

*In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California ("Bond Counsel"), under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described herein, interest (and original issue discount) on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals. In the further opinion of Bond Counsel, interest (and original issue discount) on the Bonds is exempt from State of California personal income tax. See "TAX MATTERS" herein with respect to tax consequences relating to the Bonds.*

**\$84,995,000  
CARLSBAD UNIFIED SCHOOL DISTRICT  
(San Diego County, California)  
Election of 2018 General Obligation Bonds, Series A**

**Dated: Date of Delivery**

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

*This cover page contains certain information for general 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 but not otherwise defined on this cover page shall have the meanings assigned to such terms herein.*

The Carlsbad Unified School District (San Diego County, California) Election of 2018 General Obligation Bonds, Series A (the "Bonds") were authorized at an election of the registered voters of the Carlsbad Unified School District (the "District") held on November 6, 2018, at which more than fifty-five percent of the persons voting on the proposition voted to authorize the issuance and sale of \$265,000,000 principal amount of general obligation bonds of the District. The Bonds are being issued by the District to (i) finance the repair, upgrading, acquisition, construction and equipping of certain District property and facilities and (ii) pay the costs of issuing the Bonds.

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

The Bonds will be issued in book-entry form only, and will be initially issued and registered in the name of Cede & Co. as nominee for The Depository Trust Company, New York, New York (collectively referred to herein as "DTC"). Purchasers of the Bonds (the "Beneficial Owners") will not receive physical certificates representing their interest in the Bonds, but will instead receive credit balances on the books of their respective nominees. The Bonds will be dated as of their date of initial delivery (the "Date of Delivery") and will be issued as current interest bonds, such that interest thereon will accrue from the Date of Delivery and be payable semiannually on February 1 and August 1 of each year, commencing August 1, 2019. The Bonds are issuable in denominations of \$5,000 principal amount or any integral multiple thereof.

Payments of principal of and interest on the Bonds will be made by the designated paying agent, bond registrar and transfer agent (the "Paying Agent"), to DTC for subsequent disbursement to DTC Participants who will remit such payments to the Beneficial Owners of the Bonds. The Treasurer-Tax Collector of San Diego County has been appointed as Paying Agent for the Bonds.

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

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**Maturity Schedule**  
(see inside front cover)

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*The Bonds will be offered when, as and if issued and received by the Underwriters, subject to the approval of legality by Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California, Bond Counsel and Disclosure Counsel. Certain legal matters will be passed upon for the Underwriters by Katten Muchin Rosenman LLP, New York, New York. The Bonds, in book-entry form, will be available for delivery through the facilities of The Depository Trust Company in New York, New York on or about June 27, 2019.*

**J.P.Morgan**

**Jefferies**

## MATURITY SCHEDULE

**\$84,995,000**  
**CARLSBAD UNIFIED SCHOOL DISTRICT**  
**(San Diego County, California)**  
**Election of 2018 General Obligation Bonds, Series A**

**Base CUSIP<sup>(†)</sup>: 142665**

**\$43,010,000 Serial Bonds**

<b>Maturity (August 1)</b>	<b>Principal Amount</b>	<b>Interest Rate</b>	<b>Yield</b>	<b>CUSIP<sup>†</sup></b>
2020	\$7,390,000	4.000%	1.090%	FF0
2021	5,410,000	5.000	1.100	FG8
2022	6,040,000	5.000	1.110	FH6
2023	215,000	5.000	1.190	FJ2
2024	235,000	5.000	1.220	FK9
2025	315,000	5.000	1.250	FL7
2026	600,000	5.000	1.280	FM5
2027	630,000	5.000	1.320	FN3
2028	745,000	5.000	1.410	FP8
2029	975,000	5.000	1.490	FQ6
2030	1,065,000	4.000	1.630 <sup>(1)</sup>	FR4
2031	1,310,000	4.000	1.770 <sup>(1)</sup>	FS2
2032	1,500,000	4.000	1.930 <sup>(1)</sup>	FT0
2033	1,705,000	4.000	2.080 <sup>(1)</sup>	FU7
2034	1,920,000	4.000	2.200 <sup>(1)</sup>	FV5
2035	2,100,000	3.000	2.610 <sup>(1)</sup>	FW3
2036	2,355,000	3.000	2.680 <sup>(1)</sup>	FX1
2037	2,585,000	3.000	2.740 <sup>(1)</sup>	FY9
2038	2,830,000	3.000	2.830 <sup>(1)</sup>	FZ6
2039	3,085,000	3.000	2.920 <sup>(1)</sup>	GA0

**\$10,955,000 – 3.000% Term Bonds due August 1, 2042 – Yield 3.100%; CUSIP Suffix<sup>†</sup>: GB8**

**\$31,030,000 – 3.125% Term Bonds due August 1, 2048 – Yield 3.170%; CUSIP Suffix<sup>†</sup>: GC6**

<sup>(1)</sup> Yield to call at par on August 1, 2029.

<sup>†</sup> CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services (“CGS”), managed by S&P Capital IQ on behalf of The American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP numbers have been assigned by an independent company not affiliated with the District, the Municipal Advisor or the Underwriter and are included solely for the convenience of the registered owners of the applicable Bonds. None of the District, the Municipal Advisor or the Underwriter is responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the applicable Bonds or as included herein. The CUSIP number for a specific maturity is subject to being changed after the execution and delivery of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

This Official Statement does not constitute an offering of any security other than the original offering of the Bonds of the District. No dealer, broker, salesperson or other person has been authorized by the District to give any information or to make any representations other than as contained in this Official Statement, and if given or made, such other information or representation not so authorized should not be relied upon as having been given or authorized by the District.

The issuance and sale of the Bonds have not been registered under the Securities Act of 1933 or the Securities Exchange Act of 1934, both as amended, in reliance upon exemptions provided thereunder by Sections 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 of 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.

The Underwriters have provided the following sentence for inclusion in this Official Statement: “The Underwriters have 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 Underwriters do not guarantee the accuracy or completeness of such information.”

**IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS 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 UNDERWRITERS MAY OFFER AND SELL THE BONDS TO CERTAIN SECURITIES DEALERS AND DEALER BANKS AND BANKS ACTING AS AGENT AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED ON THE COVER PAGE HEREOF AND SAID PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITERS.**

The District maintains a website. However, the information presented on the District’s website is not incorporated into this Official Statement by any reference, and should not be relied upon in making investment decisions with respect to the Bonds. References to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader’s convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement for purposes of, and as that term is defined in, the Rule (defined herein).

**CARLSBAD UNIFIED SCHOOL DISTRICT**

**BOARD OF TRUSTEES**

Kathy Rallings, *President, Trustee Area 5*  
Veronica Williams, *Vice President, Trustee Area 1*  
Claudine Jones, *Clerk, Trustee Area 4*  
Elisa Williamson, *Member, Trustee Area 2*  
Ray Pearson, *Member, Trustee Area 3*

**DISTRICT ADMINISTRATION**

Benjamin Churchill, *Superintendent*  
Christopher Wright, *Assistant Superintendent of Business Services*  
Shelly Kruse, *Direct of Fiscal Services*

**PROFESSIONAL SERVICES**

**BOND COUNSEL AND DISCLOSURE COUNSEL**

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

**MUNICIPAL ADVISOR**

Piper Jaffray & Co.  
*El Segundo, California*

**PAYING AGENT, REGISTRAR AND TRANSFER AGENT**

Treasurer-Tax Collector of San Diego County  
*San Diego, California*

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**\$84,995,000**  
**CARLSBAD UNIFIED SCHOOL DISTRICT**  
**(San Diego County, California)**  
**Election of 2018 General Obligation Bonds, Series A**

**INTRODUCTION**

This Official Statement, which includes the cover page, inside cover page and appendices hereto, provides information in connection with the sale of the Carlsbad Unified School District (San Diego County, California) Election of 2018 General Obligation Bonds, Series A (the “Bonds”).

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

**The District**

The Carlsbad Unified School District (the “District”) was established as a unified school district in 1921. The District is located in the northwestern portion of San Diego County (the “County”) and encompasses approximately 30.2 square miles. The District provides kindergarten through twelfth grade education services, maintaining nine elementary schools, three middle schools, two high schools, one alternative school and one independent study school. For fiscal year 2018-19, the District’s estimated average daily attendance (“ADA”) is 10,937 students, and taxable property within the District has an assessed valuation of \$23,848,055,071.

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

For more information regarding the District generally, see “DISTRICT FINANCIAL INFORMATION” and “CARLSBAD UNIFIED SCHOOL DISTRICT” herein, and for more information regarding the District’s assessed valuation, see “TAX BASE FOR PAYMENT OF BONDS” herein.

**Purpose of the Bonds**

The Bonds are being issued by the District to (i) finance the repair, upgrading, acquisition, construction and equipping of certain District property and facilities and (ii) pay the costs of issuing the Bonds. See “THE BONDS – Application and Investment of Bond Proceeds” and “ESTIMATED SOURCES AND USES OF FUNDS” herein.

**Authority for Issuance of the Bonds**

The Bonds are issued pursuant to certain provisions of the Government Code and pursuant to a resolution adopted by the Board. See “THE BONDS – Authority for Issuance” herein.

## Sources of Payment for the Bonds

The Bonds are general obligations of the District payable solely from *ad valorem* property taxes. The Board of Supervisors of the County is empowered and obligated to levy such *ad valorem* property taxes, without limitation as to rate or amount, upon all property within the District subject to taxation thereby (except certain personal property which is taxable at limited rates), for the payment of principal of and interest on the Bonds when due. See “THE BONDS – Security and Sources of Payment” and “TAX BASE FOR PAYMENT OF BONDS” herein.

## Description of the Bonds

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

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

**Denominations.** Individual purchases of interests in the Bonds will be available to purchasers of the Bonds in the denominations of \$5,000 principal amount, or any integral multiple thereof.

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

**Payments.** The Bonds will be dated as of the date of their initial delivery (the “Date of Delivery”). Interest on the Bonds accrues from the Date of Delivery, and is payable semiannually on each February 1 and August 1, commencing August 1, 2019 (each, a “Bond Payment Date”). Principal of the Bonds is payable on August 1, in the amounts and years as shown on the inside cover page hereof. Payments of the principal of and interest on the Bonds will be made by the County, as the designated paying agent, registrar and transfer agent (the “Paying Agent”) to DTC for subsequent disbursement through DTC Participants (defined herein) to the Beneficial Owners of the Bonds.

## Tax Matters

In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California (“Bond Counsel”), based on existing statutes, regulations, rulings and judicial decisions and assuming the accuracy of certain representations and compliance with certain covenants and requirements described herein, interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals. In the further opinion of Bond Counsel, interest on the Bonds is exempt from State of California (“State”) personal income tax. In addition, the excess of the stated redemption price at maturity over the issue price of a Bond (the first price at which a substantial amount of the Bonds of a



maturity is to be sold to the public) constitutes original issue discount, and the amount of original issue discount that accrues to the owner of the Bond is excluded from gross income of such owner for federal income tax purposes, is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals, and is exempt from State personal income tax. See “TAX MATTERS” herein.

### **Offering and Delivery of the Bonds**

The Bonds are offered when, as and if issued, subject to approval as to their legality by Bond Counsel. It is anticipated that the Bonds in book-entry form will be available for delivery through the facilities of DTC in New York, New York, on or about June 27, 2019.

### **Bond Owner’s Risks**

The Bonds are general obligations of the District payable solely from the proceeds of *ad valorem* property taxes which may be levied on all taxable property in the District, without limitation as to rate or amount (except with respect to certain personal property which is taxable at limited rates). For more complete information regarding the District’s financial condition and taxation of property within the District, see “TAX BASE FOR PAYMENT OF BONDS,” “DISTRICT FINANCIAL INFORMATION” and “CARLSBAD UNIFIED SCHOOL DISTRICT” herein.

### **Continuing Disclosure**

Pursuant to that certain Continuing Disclosure Certificate relating to the Bonds, the District will covenant for the benefit of the Owners and Beneficial Owners of the Bonds to make available certain financial information and operating data relating to the District and to provide notices of the occurrence of certain listed events, in order to assist the Underwriters in complying with S.E.C. Rule 15c2-12(b)(5) (the “Rule”). See “LEGAL MATTERS – Continuing Disclosure” herein. The specific nature of the information to be made available and the notices of listed events required to be provided are described in “APPENDIX C – Form of Continuing Disclosure Certificate” attached hereto.

### **Professionals Involved in the Offering**

Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California, is acting as Bond Counsel and Disclosure Counsel to the District with respect to the Bonds. Piper Jaffray & Co., El Segundo, California, is acting as municipal advisor (“Municipal Advisor”) to the District with respect to the Bonds. Stradling Yocca Carlson & Rauth, a Professional Corporation and the Municipal Advisor will each receive compensation from the District contingent upon the sale and delivery of the Bonds. Certain matters will be passed upon for J.P. Morgan Securities LLC (“JPMS”), as representative on behalf of itself and Jefferies LLC (“Jefferies”, and together, the “Underwriters”), by Katten Muchin Rosenman LLP, New York, New York.

### **Forward-Looking Statements**

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

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

### **Other Information**

This Official Statement speaks only as of its date, and the information contained herein is subject to change. Copies of documents referred to herein and information concerning the Bonds are available from the Carlsbad Unified School District, 6225 El Camino Real, Carlsbad, California 92009, Attention: Assistant Superintendent of Business Services. The District may impose a charge for copying, mailing and handling.

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

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

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

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

## THE BONDS

### Authority for Issuance

The Bonds are issued pursuant to the provisions of Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code (the “Act”), commencing with Section 53506 *et seq.*, as amended, Article XIII A of the State Constitution and pursuant to a resolution adopted by the Board on April 17, 2019 (the “Resolution”). The District received authorization at an election held on November 6, 2018 by the requisite 55% of the votes cast by eligible voters within the District to issue \$265,000,000 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, \$180,005,000 of the Authorization will remain unissued.

### Security and Sources of Payment

The Bonds are general obligations of the District payable solely from *ad valorem* property taxes. The Board of Supervisors of the County is empowered and obligated to annually levy *ad valorem* property taxes upon all property subject to taxation by the District, without limitation as to rate or amount (except certain personal property which is taxable at limited rates), for the payment of principal of and interest on the Bonds when due. The levy may include allowance for an annual reserve, established for the purpose of avoiding fluctuating tax levies. The County, however, is not obligated to establish such a reserve, and the District can make no representation that such reserve will be established by the County or that such a reserve, if previously established by the County, will be maintained in the future.

Such taxes will be levied annually in addition to all other taxes during the period that the Bonds are outstanding in an amount sufficient to pay the principal of and interest on the Bonds when due. Such taxes, when collected, will be placed by the County in the Debt Service Fund (as defined herein) established by the Resolution, which is required to be segregated and maintained by the County and which is designated for the payment of the Bonds, and interest thereon when due, and for no other purpose. Pursuant to the Resolution, the District has pledged funds on deposit in the Debt Service Fund to the payment of the Bonds. Although the County is obligated to levy *ad valorem* property taxes for the payment of the Bonds as described above, and will maintain the Debt Service Fund, none of the Bonds are a debt of the County.

The moneys in the Debt Service Fund, to the extent necessary to pay the principal of and interest on the Bonds as the same becomes due and payable, will be transferred by the County to the Paying Agent. The Paying Agent will in turn remit the funds to DTC for remittance of such principal and interest to its Participants for subsequent disbursement to the Beneficial Owners of the Bonds.

The amount of the annual *ad valorem* property taxes levied by the County to repay the Bonds will be determined by the relationship between the assessed valuation of taxable property in the District and the amount of debt service due on the Bonds in any year. Fluctuations in the annual debt service on the Bonds and the assessed value of taxable property in the District may cause the annual tax rate to fluctuate. Economic and other factors beyond the District’s control, such as general market decline in land values, disruption in financial markets that may reduce the availability of financing for purchasers of property, reclassification of property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by the State 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, drought or toxic contamination, could cause a reduction in the assessed value of taxable property within the District and necessitate a corresponding increase in the annual tax rate. For further information regarding the District’s assessed

valuation, tax rates, overlapping debt, and other matters concerning taxation, see “CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Article XIII A of the California Constitution” and “TAX BASE FOR PAYMENT OF BONDS – Assessed Valuations” herein.

### **Statutory Lien**

Pursuant to Government Code Section 53515, the Bonds will be secured by a statutory lien on all revenues received pursuant to the levy and collection of *ad valorem* property taxes for the payment thereof. The lien automatically attaches, without further action or authorization by the Board, and is valid and binding from the time the Bonds are executed and delivered. The revenues received pursuant to the levy and collection of the *ad valorem* property tax will be immediately subject to the lien, and such lien will be enforceable against the District, its successor, transferees and creditors, and all other parties asserting rights therein, irrespective of whether such parties have notice of the lien and without the need for physical delivery, recordation, filing or further act.

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

### **General Provisions**

The Bonds will be issued in book-entry form only, and will be initially issued and registered in the name of Cede & Co. as nominee for DTC. See “—Book-Entry Only System” herein. Beneficial Owners will not receive certificates representing their interest in the Bonds, but instead will receive credit balances on the books of their respective nominees. The Bonds will be dated as of the Date of Delivery.

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

**Payment.** The principal of the Bonds will be payable in lawful money of the United States of America to the registered Owner thereof, upon the surrender thereof at the designated office of the Paying Agent. The interest on the Bonds will be payable in lawful money to the person whose name appears on the bond registration books of the Paying Agent as the registered Owner thereof as of the close of business on the 15th day of the month preceding any Bond Payment Date (a “Record Date”), whether or not such day is a business day. Such interest is to be paid by wire transfer on such Bond Payment Date to such registered Owner to the bank and account number on file with the Paying Agent as of the Record Date. The Paying Agent is authorized to pay the Bonds when duly presented for payment at maturity, and to cancel all Bonds upon payment thereof. So long as the Bonds are held in the book-entry system of

DTC, all payments of principal of and interest on the Bonds will be made by the Paying Agent to Cede & Co. (as a nominee of DTC), as the registered Owner of the Bonds.

### Annual Debt Service

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

Year Ending <u>August 1</u>	Annual Principal <u>Payment</u>	Annual Interest <u>Payment</u> <sup>(1)</sup>	Total Annual Debt <u>Service Payment</u>
2019	--	\$287,190.21	\$287,190.21
2020	\$7,390,000.00	3,040,837.50	10,430,837.50
2021	5,410,000.00	2,745,237.50	8,155,237.50
2022	6,040,000.00	2,474,737.50	8,514,737.50
2023	215,000.00	2,172,737.50	2,387,737.50
2024	235,000.00	2,161,987.50	2,396,987.50
2025	315,000.00	2,150,237.50	2,465,237.50
2026	600,000.00	2,134,487.50	2,734,487.50
2027	630,000.00	2,104,487.50	2,734,487.50
2028	745,000.00	2,072,987.50	2,817,987.50
2029	975,000.00	2,035,737.50	3,010,737.50
2030	1,065,000.00	1,986,987.50	3,051,987.50
2031	1,310,000.00	1,944,387.50	3,254,387.50
2032	1,500,000.00	1,891,987.50	3,391,987.50
2033	1,705,000.00	1,831,987.50	3,536,987.50
2034	1,920,000.00	1,763,787.50	3,683,787.50
2035	2,100,000.00	1,686,987.50	3,786,987.50
2036	2,355,000.00	1,623,987.50	3,978,987.50
2037	2,585,000.00	1,553,337.50	4,138,337.50
2038	2,830,000.00	1,475,787.50	4,305,787.50
2039	3,085,000.00	1,390,887.50	4,475,887.50
2040	3,360,000.00	1,298,337.50	4,658,337.50
2041	3,645,000.00	1,197,537.50	4,842,537.50
2042	3,950,000.00	1,088,187.50	5,038,187.50
2043	4,270,000.00	969,687.50	5,239,687.50
2044	4,610,000.00	836,250.00	5,446,250.00
2045	4,980,000.00	692,187.50	5,672,187.50
2046	5,350,000.00	536,562.50	5,886,562.50
2047	5,695,000.00	369,375.00	6,064,375.00
2048	<u>6,125,000.00</u>	<u>191,406.26</u>	<u>6,316,406.26</u>
Total	\$84,995,000.00	\$47,710,321.47	\$132,705,321.47

<sup>(1)</sup> Interest payments on the Bonds will be made semiannually on February 1 and August 1 of each year, commencing August 1, 2019.

See “CARLSBAD UNIFIED SCHOOL DISTRICT – District Debt Structure – General Obligation Bonds” herein for a full table of the annual debt service requirements for the District’s outstanding general obligation bonded debt.

## Application and Investment of Bond Proceeds

The Bonds are being issued by the District to (i) finance the repair, upgrading, acquisition, construction and equipping of certain District property and facilities and (ii) pay the costs of issuing the Bonds.

**Building Fund.** The net proceeds of the sale of the Bonds will be deposited into the fund held by the County and designated as the “Carlsbad Unified School District Election of 2018 General Obligation Bonds, Series A Building Fund” (the “Building Fund”) and will be applied only for the purposes approved by the voters of the District pursuant to the 2018 Authorization. Any interest earnings on moneys held in the Building Fund will be retained therein. The County will have no responsibility for assuring the proper use of the proceeds of the Bonds.

**Debt Service Fund.** Any premium or accrued interest received by the District from the sale of the Bonds will be kept separate and apart in the fund designated as the “Carlsbad Unified School District Election of 2018 General Obligation Bonds, Series A Debt Service Fund” (the “Debt Service Fund”), which fund is held by the County for the payment of principal of and interest on the Bonds, and for no other purpose. Any interest earnings on moneys held in the Debt Service Fund will be retained therein. Any excess proceeds of the Bonds not needed for authorized purposes for which the Bonds are being issued will be transferred to the Debt Service Fund and applied to the payment of the principal of and interest on the Bonds. Pursuant to the Resolution, the District has pledged monies on deposit in the Debt Service Fund to the payment of the Bonds. If, after payment in full of the Bonds, there remain excess proceeds, any such excess amounts will be transferred to the general fund of the District.

**Investment of Proceeds.** Moneys in the Building Fund and the Debt Service Fund are expected to be invested through the County’s pooled investment fund. See “APPENDIX E – SAN DIEGO COUNTY INVESTMENT POOL” attached hereto.

## Redemption

**Optional Redemption.** The Bonds maturing on or before August 1, 2029 are not subject to optional redemption prior to their respective stated maturity dates. The Bonds maturing on or after August 1, 2030 are subject to optional redemption prior to their respective stated maturity dates at the option of the District, from any source of available funds, as a whole or in part, on any date on or after August 1, 2029, at a redemption price equal to the principal amount of the Bonds called for redemption, together with interest accrued thereon to the date fixed for redemption, without premium.

**Mandatory Sinking Fund Redemption.** The Bonds maturing on August 1, 2042 (the “2042 Term Bonds”) 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 as of the date fixed for redemption, together with interest accrued to the date set for such redemption, without premium. The principal amount represented by such 2042 Term Bonds to be redeemed and the redemption dates, and the final payment date is as indicated in the following table:

Redemption Date (August 1)	Principal Amount
2040	\$3,360,000
2041	3,645,000
2042 <sup>(1)</sup>	<u>3,950,000</u>
Total	\$10,995,000

<sup>(1)</sup> Maturity.

In the event that a portion of the 2042 Term Bonds shown above is 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 2042 Term Bonds optionally redeemed.

The Bonds maturing on August 1, 2048 (the “2048 Term Bonds”) are subject to redemption prior to maturity from mandatory sinking fund payments on August 1 of each year, on and after August 1, 2043, at a redemption price equal to the principal amount thereof as of the date fixed for redemption, together with interest accrued to the date set for such redemption, without premium. The principal amount represented by such 2048 Term Bonds to be redeemed and the redemption dates, and the final payment date is as indicated in the following table:

Redemption Date ( <u>August 1</u> )	<u>Principal Amount</u>
2043	\$4,270,000
2044	4,610,000
2045	4,980,000
2046	5,350,000
2047	5,695,000
2048 <sup>(1)</sup>	<u>6,125,000</u>
Total	\$31,030,000

<sup>(1)</sup> Maturity.

In the event that a portion of the 2048 Term Bonds shown above is 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 2048 Term Bonds optionally redeemed.

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

***Notice of Redemption.*** When optional redemption is authorized or required pursuant to the Resolution, the Paying Agent, upon written instruction from the District, shall give notice (a “Redemption Notice”) of the redemption of the Bonds. Such Redemption Notice shall specify (a) the Bonds or designated portions thereof (in the case of redemption of the Bonds in part but not in whole) which are to be redeemed, (b) the date of redemption, (c) the place or places where the redemption will be made, including the name and address of the Paying Agent, (d) the redemption price, (e) the CUSIP numbers (if any) assigned to the Bonds to be redeemed, (f) the Bond numbers of the Bonds to be redeemed in whole or in part and, in the case of any Bond to be redeemed in part only, the portion of the principal amount of such Bond to be redeemed, and (g) the original issue date, interest rate and stated maturity date of each Bond to be redeemed in whole or in part. Such Redemption Notice shall further state that on the specified date there shall become due and payable upon each Bond or portion thereof being redeemed at the redemption price thereof, together with the interest accrued to the redemption date, and that from and after such date, interest thereon shall cease to accrue.

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

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

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

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

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

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



***Effect of Notice of Redemption.*** Notice having been given as described above, and the moneys for the redemption (including the interest accrued to the applicable date of redemption) having been set aside as described in “—Defeasance” herein, the Bonds to be redeemed shall become due and payable on such date of redemption.

If on such redemption date, moneys for the redemption of all the Bonds to be redeemed, together with interest accrued to such redemption date, shall be held in trust, so as to be available therefor on such redemption date, and if a Redemption Notice thereof shall have been given as described above, then from and after such redemption date, interest on the Bonds to be redeemed will cease to accrue and become payable. All money held for the redemption of Bonds shall be held in trust for the account of the Owners of the Bonds to be so redeemed.

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

### **Book-Entry Only System**

*The information 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 Underwriters take any responsibility for the accuracy or completeness thereof. The District and the Underwriters cannot and do not give any assurances that DTC or the Direct Participants or Indirect Participants (as defined herein) 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 or the Direct Participants or Indirect Participants will act in the manner described in this Official Statement. The current “Rules” applicable to DTC are on file with the Securities and Exchange Commission and the current “Procedures” of DTC to be followed in dealing with the Direct Participants or Indirect Participants are on file with DTC.*

The DTC, New York, NY, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each 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 3.6 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 is rated “AA+” by Standard & Poor’s. 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](http://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 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, defaults, and proposed amendments to the Resolution. 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 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 and distributions on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or 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 or distributions to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

For every transfer and exchange of Bonds, Owners requesting such transfer or exchange may be charged a sum sufficient to cover any tax, governmental charge or transfer fees that may be imposed in relation thereto, which charge may include transfer fees imposed by the Paying Agent, DTC or the DTC Participant in connection with such transfers or exchanges.

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.

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 the District takes no responsibility for the accuracy thereof.

### **Discontinuation of Book-Entry Only System; Registration, Exchange and Transfer of Bonds**

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

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

The principal of the Bonds and any premium and interest upon the redemption thereof prior to the maturity will be payable in lawful money of the United States of America upon presentation and surrender of the Bonds at the designated office of the Paying Agent, initially located in San Francisco, California. Interest on the Bonds will be paid by the Paying Agent by wire transfer to the bank and account number on file with the Paying Agent as of the Record Date.

Any Bond may be exchanged for Bonds of like Series, tenor, maturity and Transfer Amount upon presentation and surrender at the designated 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 be transferred on the Bond Register only upon presentation and surrender of the Bond at the designated office of the Paying Agent together with an assignment executed by the Owner or by a person legally empowered to do so in a form satisfactory to the Paying Agent. Upon exchange or transfer, the Paying Agent will complete, authenticate, and deliver a new bond or bonds of like series and tenor, and of any authorized denomination or denominations requested by the Owner equal to the Transfer Amount of the Bond surrendered and bearing or accruing interest at the same rate and maturing on the same date.

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

### **Defeasance**

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

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

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

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

“Government Obligations” means direct and general obligations of the United States of America, or obligations that are unconditionally guaranteed as to principal and interest by the United States of America (which may consist of obligations of the Resolution Funding Corporation that constitute interest strips), or obligations the payment of the principal of and interest on which is secured, guaranteed or otherwise backed by, directly or indirectly, a pledge of the full faith and credit of the United States of America. In the case of direct and general obligations of the United States of America, Government Obligations shall include evidences of direct ownership of proportionate interests in future interest or principal payments of such obligations. Investments in such proportionate interests must be limited to circumstances where (a) a bank or trust company acts as custodian and holds the underlying United States obligations; (b) the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor of the underlying United States obligations; and (c) the

underlying United States obligations are held in a special account, segregated from the custodian's general assets, and are not available to satisfy any claim of the custodian, any person claiming through the custodian, or any person to whom the custodian may be obligated; provided that such obligations are rated or assessed at least as high as direct and general obligations of the United States of America by either Moody's Investors Service ("Moody's") or S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P").

### **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 Bonds	\$84,995,000.00
Original Issue Premium	<u>3,612,819.40</u>
Total Sources	<u>\$88,607,819.40</u>
Uses of Funds	
Building Fund	\$84,668,200.00
Debt Service Fund	3,322,551.46
Costs of Issuance <sup>(1)</sup>	326,800.00
Underwriters' Discount	290,267.94
Total Uses	<u>\$88,607,819.40</u>

<sup>(1)</sup> A portion of the proceeds of the Bonds will be used to pay costs of issuance thereof, including, but not limited to, legal fees, municipal advisory fees, printing costs, rating agency fees, the costs and fees of the Paying Agent, and other costs of issuance of the Bonds.

### **TAX BASE FOR PAYMENT OF BONDS**

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

## ***Ad Valorem Property Taxation***

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

Taxes are levied for each fiscal year on taxable real and personal property which is located 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 assessor, to secure payment of the taxes. Other property is assessed on the “unsecured roll.” A supplemental roll is developed when property changes hands or new construction is completed. The County levies and collects all property taxes for property falling within the County’s taxing boundaries.

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

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

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

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

Assessed valuation growth allowed under Article XIII A (new construction, certain changes of ownership, 2% inflation) is allocated on the basis of “situs” among the jurisdictions that serve the tax rate area within which the growth occurs. Local agencies and K-14 school districts (as defined herein) share

the growth of “base” revenues from the tax rate area. Each year’s growth allocation becomes part of each agency’s allocation in the following year.

**Assessed Valuations**

Property within the District has a total assessed valuation for fiscal year 2018-19 of \$23,848,055,071. The following table shows a 10-year history of assessed valuations in the District.

**ASSESSED VALUATIONS  
Fiscal Years 2009-10 through 2018-19  
Carlsbad Unified School District**

	<u>Local Secured</u>	<u>Utility</u>	<u>Unsecured</u>	<u>Total</u>
2009-10	\$16,066,035,712	\$121,746,018	\$857,267,082	\$17,045,048,812
2010-11	15,942,061,027	143,125,804	776,739,847	16,861,926,678
2011-12	15,777,488,319	146,025,804	782,408,112	16,705,922,235
2012-13	15,684,309,743	165,925,804	793,041,360	16,643,276,907
2013-14	16,027,982,766	116,800,000	842,981,609	16,987,764,375
2014-15	17,339,892,057	99,891,000	898,041,290	18,337,824,347
2015-16	18,343,553,082	80,601,000	872,862,734	19,297,025,816
2016-17	19,458,398,988	76,100,000	1,462,284,238	20,996,783,226
2017-18	21,179,696,381	60,600,000	922,273,497	22,162,569,878
2018-19	22,463,459,489	438,346,568	946,249,014	23,848,055,071

*Source: California Municipal Statistics, Inc.*

Economic and other factors beyond the District’s control, such as a general market decline in real property values, disruption in financial markets that may reduce availability of financing for purchasers of property, reclassification of property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by the State and local agencies and property used for qualified education, hospital, charitable or religious purposes), or the complete or partial destruction of the taxable property caused by a natural or manmade disaster, such as earthquake, drought, flood, fire 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” herein.

**Appeals and Adjustments of Assessed Valuations**

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

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

In addition to the above-described taxpayer appeals, county assessors may independently reduce assessed valuations based on changes in the market value of property, or for other factors such as the complete or partial destruction of taxable property caused by natural or man-made disasters such as earthquakes, floods, fire, drought or toxic contamination pursuant to relevant provisions of the State Constitution.

Whether resulting from taxpayer appeals or county assessor reductions, adjustments to assessed value are subject to yearly reappraisals by the county assessor and may be adjusted back to their original values when real estate market conditions improve. Once property has regained its prior assessed value, adjusted for inflation, it once again is subject to the annual inflationary growth rate factor allowed under Article XIII A. See also “CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Article XIII A of the California Constitution” herein.

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

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





## Assessed Valuation and Parcels by Land Use

The following table shows a per-parcel analysis of the distribution of taxable property within the District by principal use, and the fiscal year 2018-19 assessed valuation of such parcels.

### ASSESSED VALUATION AND PARCELS BY LAND USE Fiscal Year 2018-19 Carlsbad Unified School District

<u>Non-Residential:</u>	2018-19 <u>Assessed Valuation</u> <sup>(1)</sup>	% of <u>Total</u>	No. of <u>Parcels</u>	% of <u>Total</u>
Agricultural/Rural	\$40,235,230	0.18%	19	0.04%
Commercial	3,655,886,586	16.27	774	1.77
Vacant Commercial	167,881,444	0.75	92	0.21
Industrial	2,725,431,353	12.13	471	1.08
Vacant Industrial	210,903,614	0.94	50	0.11
Recreational/Open Space	319,395,086	1.42	166	0.38
Government/Social/Institutional	<u>29,036,269</u>	<u>0.13</u>	<u>34</u>	<u>0.08</u>
Subtotal Non-Residential	\$7,148,769,582	31.82%	1,606	3.68%
 <u>Residential:</u>				
Single Family Residence	\$10,376,261,309	46.19%	17,111	39.24%
Condominium/Townhouse	2,866,986,841	12.76	5,890	13.51
Mobile Home	218,055,682	0.97	927	2.13
Mobile Home Park	20,881,803	0.09	5	0.01
2-4 Residential Units	300,472,977	1.34	482	1.11
5+ Residential Units/Apartments	952,531,437	4.24	187	0.43
Timeshare Properties	333,617,283	1.49	16,700	38.30
Miscellaneous Residential Improvements	1,873,927	0.01	188	0.43
Vacant Residential	<u>244,008,648</u>	<u>1.09</u>	<u>512</u>	<u>1.17</u>
Subtotal Residential	\$15,314,689,907	68.18%	42,002	96.32%
 Total	 \$22,463,459,489	 100.00%	 43,608	 100.00%

<sup>(1)</sup> Local secured assessed valuation; excluding tax-exempt property.

Source: California Municipal Statistics, Inc.

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**Assessed Valuation by Jurisdiction**

The following table shows the fiscal year 2018-19 assessed valuation of the District by jurisdiction.

**ASSESSED VALUATION BY JURISDICTION  
Fiscal Year 2018-19  
Carlsbad Unified School District**

<u>Jurisdiction:</u>	<u>Assessed Valuation in District</u>	<u>% of District</u>	<u>Assessed Valuation of Jurisdiction</u>	<u>% of Jurisdiction in District</u>
City of Carlsbad	\$23,402,541,931	98.13%	\$33,222,405,443	70.44%
City of Oceanside	436,887,839	1.83	23,696,755,046	1.84
City of Vista	<u>8,625,301</u>	<u>0.04</u>	11,608,396,227	0.07
Total District	\$23,848,055,071	100.00%		
San Diego County	\$23,848,055,071	100.00%	\$23,848,055,071	100.00%

*Source: California Municipal Statistics, Inc.*

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## Tax Levies, Collections and Delinquencies

The following table shows secured *ad valorem* property tax levies within the District, and amounts delinquent as of June 30, for fiscal years 2009-10 through 2017-18.

### SECURED TAX CHARGES AND DELINQUENCIES Fiscal Years 2009-10 through 2017-18 Carlsbad Unified School District

	<u>Secured Tax Charge</u> <sup>(1)</sup>	<u>Amt. Del. June 30</u>	<u>% Del. June 30</u>
2009-10	\$57,765,927.10	(2)	(2)
2010-11	56,898,696.18	(2)	(2)
2011-12	56,253,406.27	(2)	(2)
2012-13	56,607,278.92	(2)	(2)
2013-14	57,930,386.33	(2)	(2)
2014-15	62,659,685.43	(2)	(2)
2015-16	66,147,838.84	(2)	(2)
2016-17	70,468,125.13	(2)	(2)
2017-18	74,498,758.56	(2)	(2)

	<u>Secured Tax Charge</u> <sup>(3)</sup>	<u>Amt. Del. June 30</u>	<u>% Del. June 30</u>
2009-10	\$5,910,424.16	(2)	(2)
2010-11	6,154,493.44	(2)	(2)
2011-12	11,041,339.12	(2)	(2)
2012-13	11,435,148.54	(2)	(2)
2013-14	11,356,118.03	(2)	(2)
2014-15	11,725,462.42	(2)	(2)
2015-16	11,878,735.32	(2)	(2)
2016-17	8,383,112.02	(2)	(2)
2017-18	12,857,714.65	(2)	(2)

<sup>(1)</sup> 1% general fund apportionment.

<sup>(2)</sup> San Diego County utilizes the Teeter Plan for assessment levy and distribution. This method guarantees distribution of 100% of the assessments levied to the taxing entity, with the County retaining all penalties and interest. See “– Alternative Method of Tax Apportionment – Teeter Plan” below.

<sup>(3)</sup> Reflects general obligation bond debt service levy only.

Source: *California Municipal Statistics, Inc.*

### Alternative Method of Tax Apportionment - “Teeter Plan”

The Board of Supervisors of the County has approved the implementation of the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the “Teeter Plan”), as provided for in California Revenue and Taxation Code Section 4701 *et seq.* Under the Teeter Plan, the County apportions the unpaid secured property taxes as of June 30 of the current fiscal year (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 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 current year’s *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**

A representative tax rate area (a “TRA”) located within the District is TRA 2-006. The table below shows the total *ad valorem* property tax rates, as a percentage of assessed valuation, levied by all taxing entities in this TRA during the five-year period from fiscal years 2014-15 through 2018-19.

**SUMMARY OF AD VALOREM TAX RATES (TRA 2-006)<sup>(1)</sup>  
Fiscal Years 2014-15 through 2018-19  
Carlsbad Unified School District**

	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
General Tax Rate	1.0000%	1.0000%	1.0000%	1.0000%	1.0000%
Carlsbad Unified School District	0.0675	0.0646	0.0528	0.0611	0.0593
Mira Costa Community College District	--	--	--	0.0144	0.0129
Metropolitan Water District	<u>0.0035</u>	<u>0.0035</u>	<u>0.0035</u>	<u>0.0035</u>	<u>0.0035</u>
Total	1.0710%	1.0681%	1.0563%	1.0790%	1.0757%

<sup>(1)</sup> Fiscal year 2017-18 assessed valuation of TRA 9-000 is \$5,633,132,552.

Source: California Municipal Statistics, Inc.

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## Principal Taxpayers

The more property (by assessed value) which is owned by a single taxpayer within the District, the greater amount of tax collections that are exposed to weaknesses in such a taxpayer's financial situation and ability or willingness to pay property taxes. The following table lists the 20 largest local secured taxpayers in the District in terms of their fiscal year 2018-19 secured assessed valuations. Each taxpayer listed below is a name listed on the tax rolls. The District cannot make any representation as to whether individual persons, corporations or other organizations are liable for tax payments with respect to multiple properties held in various names that in aggregate may be larger than is suggested by the table below.

### 20 LARGEST LOCAL SECURED TAXPAYERS Fiscal Year 2018-19 Carlsbad Unified School District

<u>Property Owner</u>	<u>Primary Land Use</u>	2018-19 <u>Assessed Valuation</u>	% of <u>Total</u> <sup>(1)</sup>
1. Poseidon Resources (Channelside) LLC	Seawater Desalination Plant	\$544,402,445	2.42%
2. LC Investment 2010 LLC	Hotel	231,075,840	1.03
3. Legoland California LLC	Theme Park	226,235,083	1.01
4. Grand Pacific Carlsbad Hotel LP	Hotel	219,358,423	0.98
5. RPI Carlsbad LP	Shopping Center/Movie Theater	173,289,771	0.77
6. CPG Carlsbad Holdings LLC	Outlet Stores	126,982,812	0.57
7. Pacific View Apartments Carlsbad LLC	Apartments	124,725,402	0.56
8. H.G. Fenton Company	Industrial	117,054,086	0.52
9. DP Carlsbad Magnifica Investors LP	Apartments	115,900,559	0.52
10. 7100 Four Seasons Point Holdings LLC	Hotel	112,678,000	0.50
11. Levine Investments LP	Industrial	108,965,526	0.49
12. Brookwood CBI LLC	Industrial	97,183,888	0.43
13. Isis Pharmaceuticals Inc.	Commercial Building	93,370,303	0.42
14. BA Leasing BSC LLC	Industrial	85,494,870	0.38
15. Grand Pacific Palisades Owners Assn Inc.	Resort/Timeshare	70,342,931	0.31
16. Carlsbad 2200 LLC	Commercial Building	64,691,488	0.29
17. SSR Western Multifamily LLC	Apartments	60,939,988	0.27
18. Stellar Properties LLC	Industrial	60,771,404	0.27
19. Callaway Golf Co.	Industrial	55,536,164	0.25
20. Wave Crest Oceanfront LLC	Hotel	<u>52,800,396</u>	<u>0.24</u>
		<u>\$2,741,799,379</u>	<u>12.21%</u>

<sup>(1)</sup> The District has a fiscal year 2018-19 local secured assessed valuation of \$22,463,459,489.

Source: California Municipal Statistics, Inc.

## Statement of Direct and Overlapping Debt

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

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

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

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

**STATEMENT OF DIRECT AND OVERLAPPING DEBT  
Carlsbad Unified School District**

2018-19 Assessed Valuation: \$23,848,055,071

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt 5/1/19</u>
Metropolitan Water District	0.817%	\$392,569
Mira Costa Community College District	22.043	18,923,916
Palomar Community College District	0.007	43,310
<b>Carlsbad Unified School District</b>	<b>100.000</b>	<b>155,953,680<sup>(1)</sup></b>
Palomar Pomerado Health System	0.116	500,104
Carlsbad Unified School District Community Facilities District No. 1	100.000	1,430,000
City of Carlsbad Community Facilities District No. 3, Improvement Area No. 1	50.657	3,865,129
City of Carlsbad Community Facilities District No. 3, Improvement Area No. 2	100.000	12,085,000
City of Carlsbad 1915 Act Bonds	89.742-100.00	<u>25,488,316</u>
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		\$218,682,024

<u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>		
San Diego County General Fund Obligations	4.534%	\$11,578,249
San Diego County Pension Obligation Bonds	4.534	23,067,405
San Diego County Superintendent of Schools General Fund Obligations	4.534	457,254
Mira Costa and Palomar Community College District General Fund Obligations	22.043-0.007	33,215
<b>Carlsbad Unified School District Certificates of Participation</b>	<b>100.000</b>	<b>42,315,000</b>
City of Oceanside General Fund Obligations	1.844	162,814
City of Oceanside Pension Obligation Bonds	1.844	436,844
City of Vista General Fund Obligations	0.074	<u>66,082</u>
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT		\$78,116,863

OVERLAPPING TAX INCREMENT DEBT (Successor Agency): \$4,520,000

COMBINED TOTAL DEBT \$301,318,887<sup>(2)</sup>

Ratios to 2018-19 Assessed Valuation:

<b>Direct Debt (\$155,953,680)</b> .....	<b>0.65%</b>
Total Direct and Overlapping Tax and Assessment Debt.....	0.92%
<b>Combined Direct Debt (\$198,268,680)</b> .....	<b>0.83%</b>
Combined Total Debt .....	1.26%

Ratios to Redevelopment Incremental Valuation (\$1,421,144,210):

Total Overlapping Tax Increment Debt 0.32%

<sup>(1)</sup> Excludes the Bonds.

<sup>(2)</sup> Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Source: California Municipal Statistics, Inc.

## **CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS**

*The principal of and interest on the Bonds are payable solely from the proceeds of an ad valorem property tax levied by the County for the payment thereof. See “The Bonds – Security and Sources of Payment” herein. Articles XIII A, XIII B, XIII C and XIII D of the State 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 of the District to spend tax proceeds for operating and other purposes, and it should not be inferred from the inclusion of such materials that these laws impose any limitation on the ability of the County to levy taxes for payment of the principal of and interest on the Bonds.*

### **Article XIII A of the California Constitution**

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

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

Article XIII A requires a vote of two-thirds or more of the qualified electorate of a city, county, special district or other public agency to impose special taxes, while totally precluding the imposition of any additional *ad valorem*, sales or transaction tax on real property. Article XIII A exempts from the 1% tax limitation any taxes above that level required to pay debt service (a) on any indebtedness approved by the voters prior to July 1, 1978, or (b) as the result of an amendment approved by State voters on June 3, 1986, on any bonded indebtedness approved by two-thirds or more of the votes cast by the voters for the acquisition or improvement of real property on or after July 1, 1978, or (c) bonded indebtedness incurred by a school district or community college district for the construction, reconstruction, rehabilitation or replacement of school facilities or the acquisition or lease of real property for school facilities, approved by 55% or more of the votes cast on the proposition, but only if certain accountability measures are included in the proposition. The tax for payment of the Bonds falls within the exception described in (c) of the immediately preceding sentence. In addition, Article XIII A requires the approval of two-thirds or more of all members of the legislature of the State (the “State Legislature”) to change any State taxes for the purpose of increasing tax revenues.



## **Legislation Implementing Article XIII A**

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

Increases of assessed valuation resulting from reappraisals of property due to new construction or 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 State Supreme Court have upheld the general validity of Article XIII A.

## **State-Assessed Utility 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. 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 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 – State Funding of Education” herein.

## **Article XIII B of the California Constitution**

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

- (a) “change in the cost of living” with respect to school districts to mean the percentage change in State per capita income from the preceding year, and
- (b) “change in population” with respect to a school district to mean the percentage change in the ADA of the school district from the preceding fiscal year.

For fiscal years beginning on or after July 1, 1990, the appropriations limit of each entity of government shall be the appropriations limit for the 1986-87 fiscal year adjusted for the changes made from that fiscal year pursuant to the provisions of Article XIII B, as amended.

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

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

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

Article XIII B also includes a requirement that 50% of all revenues received by the State in a fiscal year and in the fiscal year immediately following it in excess of the amount permitted to be appropriated during that fiscal year and the fiscal year immediately following it shall be transferred and allocated to the State School Fund pursuant to Section 8.5 of Article XVI of the State Constitution. See "— Propositions 98 and 111" herein.

#### **Article XIII C and Article XIII D 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 State Constitution Articles XIII C and XIII D (respectively, "Article XIII C" and "Article XIII D"), 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 State Attorney General, Proposition 218 limits "the authority of local governments to impose taxes and property-related assessments, fees and charges." Among other things, Article XIII C 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 XIII C further provides that no tax may be assessed on property other than *ad valorem* property taxes imposed in accordance with Articles XIII and XIII A of the State Constitution and special taxes approved by a two-thirds vote under Article XIII A, Section 4. Article XIII D deals with assessments and property-related fees and charges, and explicitly provides that nothing in Article XIII C or XIII D will be construed to affect existing laws relating to the imposition of fees or charges as a condition of property development.

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

limiting or reducing the revenues otherwise available to other local governments whose boundaries encompass property located within the District thereby causing such local governments to reduce service levels and possibly adversely affecting the value of property within the District.

### **Proposition 26**

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

### **Propositions 98 and 111**

On November 8, 1988, voters of the State 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 changed State funding of public education below the university level and the operation of the State’s appropriations limit. The Accountability Act guarantees State funding for K-12 school districts and community college districts (hereinafter referred to collectively as “K-14 school districts”) at a level equal to the greater of (a) the same percentage of the State general fund revenues as the percentage appropriated to such districts in the 1986-87 fiscal year, and (b) the amount actually appropriated to such districts from the State general fund in the previous fiscal year, adjusted for increases in enrollment and changes in the cost of living. The Accountability Act permits the State Legislature to suspend this formula for a one-year period.

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

Since the Accountability Act is unclear in some details, there can be no assurances that the State 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 of the State approved Proposition 111 (Senate Constitutional Amendment No. 1) called the "Traffic Congestion Relief and Spending Limitation Act of 1990" ("Proposition 111") which further modified Article XIII B 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 XIII B spending limit were liberalized to be more closely linked to the rate of economic growth. Instead of being tied to the Consumer Price Index, the "change in the cost of living" is now measured by the change in State per capita personal income. The definition of "change in population" specifies that a portion of the State's spending limit is to be adjusted to reflect changes in school attendance.
- b. Treatment of Excess Tax Revenues. "Excess" tax revenues with respect to Article XIII B are now determined based on a two-year cycle, so that the State can avoid having to return to taxpayers excess tax revenues in one year if its appropriations in the next fiscal year are under its limit. In addition, the Proposition 98 provision regarding excess tax revenues was modified. After any two-year period, if there are excess State tax revenues, 50% of the excess 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 XIII B spending limit. First, there are excluded all appropriations for "qualified capital outlay projects" as defined by the State 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 State 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 XIII B appropriations limit for each unit of government, including the State, is to be recalculated beginning in fiscal year 1990-91. It is based on the actual limit for fiscal year 1986-87, adjusted forward to 1990-91 as if Proposition 111 had been in effect.
- e. School Funding Guarantee. There is a complex adjustment in the formula enacted in Proposition 98 which guarantees K-14 school districts a certain amount of State general fund revenues. Under prior law, K-14 school districts were guaranteed the greater of (1)

40.9% of State general fund revenues (“Test 1”) or (2) the amount appropriated in the prior year adjusted for changes in the cost of living (measured as in Article XIII B by reference to per capita personal income) and enrollment (“Test 2”). Under Proposition 111, K-14 school districts will receive the greater of (1) Test 1, (2) Test 2, or (3) a third test (“Test 3”), which will replace Test 2 in any year when growth in per capita State general fund revenues from the prior year is less than the annual growth in the State per capita personal income. Under Test 3, K-14 school districts will receive the amount appropriated in the prior year adjusted for change in enrollment and per capita State general fund revenues, plus an additional small adjustment factor. If Test 3 is used in any year, the difference between Test 3 and Test 2 will become a “credit” to schools which will be paid in future years when State general fund revenue growth exceeds personal income growth.

### **Proposition 39**

On November 7, 2000, State voters approved an amendment (commonly known as Proposition 39) to the State Constitution. This amendment (1) allows school facilities bond measures to be approved by 55% (rather than two-thirds) of the voters in local elections and permits property taxes to exceed the current 1% limit in order to repay the bonds and (2) changes existing statutory law regarding charter school facilities. As adopted, the constitutional amendments may be changed only with another statewide vote of the people. The statutory provisions could be changed by a majority vote of both houses of the State 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 State Constitution previously limited property taxes to 1% of the value of property. Prior to the approval of Proposition 39, property taxes could only exceed this limit to pay for (1) any local government debts approved by the voters prior to July 1, 1978 or (2) bonds to acquire or improve real property that receive two-thirds voter approval after July 1, 1978.

The 55% vote requirement authorized by Proposition 39 applies only if the local bond measure presented to the voters includes: (1) a requirement that the bond funds can be used only for construction, rehabilitation, equipping of school facilities, or the acquisition or lease of real property for school facilities; (2) a specific list of school projects to be funded and certification that the school board has evaluated safety, class size reduction, and information technology needs in developing the list; and (3) a requirement that the school board conduct annual, independent financial and performance audits until all bond funds have been spent to ensure that the bond funds have been used only for the projects listed in the measure. Legislation approved in June 2000 placed certain limitations on local school bonds to be approved by 55% of the voters. These provisions require that the tax rate 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, such as the District, or elementary school district), or \$25 (for a community college district) per \$100,000 of taxable property value, when assessed valuation is projected to increase in accordance with Article XIII A of the State Constitution. These requirements are not part of Proposition 39 and can be changed with a majority vote of both houses of the State Legislature and approval by the Governor. See “- Article XIII A of the California Constitution” herein.

### **Propositions 1A and Proposition 22**

On November 2, 2004, State 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 was projected to 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" herein.

### ***Jarvis vs. Connell***

On May 29, 2002, the State 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). 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 State 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 State 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 55**

The California Children's Education and Health Care Protection Act of 2016 (also known as "Proposition 55") is a constitutional amendment approved by the voters of the State on November 4, 2014. Proposition 55 extends, through 2030, the increases to personal income tax rates for high-income taxpayers that were approved as part of Temporary Taxes to Fund Education, Guaranteed Local Public

Safety Funding, Initiative Constitutional Amendment (also known as “Proposition 30”). Proposition 30 increased the marginal personal income tax rate by: (i) 1% for taxable income over \$250,000 but less than \$300,001 for single filers (over \$500,000 but less than \$600,001 for joint filers and over \$340,000 but less than \$408,001 for head-of-household filers), (ii) 2% for taxable income over \$300,000 but less than \$500,001 for single filers (over \$600,000 but less than \$1,000,001 for joint filers and over \$408,000 but less than \$680,001 for head-of-household filers), and (iii) 3% for taxable income over \$500,000 for single filers (over \$1,000,000 for joint filers and over \$680,000 for head-of-household filers).

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

## **Proposition 2**

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

Under Proposition 2, and beginning in fiscal year 2015-16 and each fiscal year thereafter, the State will generally be required to annually transfer to the BSA an amount equal to 1.5% of estimated State general fund revenues (the “Annual BSA Transfer”). Supplemental transfers to the BSA (a “Supplemental BSA Transfer”) are also required in any fiscal year in which the estimated State general fund revenues that are allocable to capital gains taxes exceed 8% of the 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 State 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 State Legislature may draw upon or reduce transfers to the BSA. The Governor does not retain unilateral discretion to suspend transfers to the BSA, nor does the State Legislature retain discretion to transfer funds from the BSA for any reason, as previously provided by law. Rather, the Governor must declare a “budget emergency,” defined as an emergency within the meaning of Article XIII B of the State 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 the 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 otherwise be 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* property 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 a voter initiative that was approved by voters on November 4, 2014. Proposition 51 authorizes the sale and issuance of \$9 billion in general obligation bonds for the new construction and modernization of K-14 facilities.

***K-12 School Facilities.*** Proposition 51 includes \$3 billion for the new construction of K-12 facilities and an additional \$3 billion for the modernization of existing K-12 facilities. K-12 school districts will be required to pay for 50% of the new construction costs and 40% of the modernization costs with local revenues. If a school 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 million 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 State Legislature and Governor based on a scoring system that factors in the amount of local funds contributed to the project. The Governor and State 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 XIII A, Article XIII B, Article XIII C and Article XIII D of the State Constitution and Propositions 22, 26, 30, 39, 98, 55 and 51 were each adopted as measures that qualified for the ballot pursuant to the State's initiative process. From time to time other initiative measures could be adopted further affecting District revenues or the District's ability to expend revenues. The nature and impact of these measures cannot be anticipated by the District.

## DISTRICT FINANCIAL INFORMATION

*The information in this section concerning the State funding of public education is provided as supplementary information only, and it should not be inferred from the inclusion of this information in this Official Statement that the principal of or interest on the Bonds are payable from the general fund of the District. The principal of and interest on the Bonds are payable solely from the proceeds of an ad valorem property tax which is required to be levied by the County in the District in an amount sufficient for the payment thereof. See “THE BONDS – Security and Sources of Payment” herein.*

### State Funding of Education

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

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

The following table reflects the District’s historical ADA and the revenue limit rates per unit of ADA for fiscal years 2007-08 through 2012-13.

### AVERAGE DAILY ATTENDANCE AND REVENUE LIMIT Fiscal Years 2007-08 through 2012-13 Carlsbad Unified School District

<u>Year</u>	<u>Average Daily Attendance</u> <sup>(1)</sup>	<u>Base Revenue Limit Per ADA</u> <sup>(2)</sup>	<u>Deficit Revenue Limit per ADA</u> <sup>(2)</sup>
2007-08	10,285	\$5,775.31	\$5,775.31
2008-09	10,313	6,104.31	5,625.49
2009-10	10,418	6,366.31	5,197.77
2010-11	10,593	6,349.70	5,202.22
2011-12	10,619	6,492.88	5,155.22
2012-13	10,471	6,705.16	5,211.79

<sup>(1)</sup> 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 each four-week period of instruction beginning with the first day of school for any school district.

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

Source: Carlsbad Unified School District.

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

The primary component of AB 97, as amended by SB 91, 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 State categorical program funding. State allocations are 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 is required to be 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, and in each subsequent year, the Base Grants are to be 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 “—State Budget Measures” herein for information on the adjusted Base Grants provided by current State 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. Additional add-ons are also provided to school districts that received categorical block grant funding pursuant to the Targeted Instructional Improvement and Home-to-School Transportation programs during fiscal year 2012-13.

School districts that serve students of limited English proficiency (“EL” students), students from low income families who 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, and are therefore not discussed separately herein). A supplemental grant add-on (each, a “Supplemental Grant”) is authorized for school districts that serve EL/LI students, equal to 20% of the applicable Base Grant multiplied by such district’s 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 following table shows the District’s ADA, enrollment, and percentage of EL/LI student enrollment, for fiscal years 2013-14 through 2018-19.

**ADA, ENROLLMENT AND EL/LI ENROLLMENT PERCENTAGE**  
**Fiscal Years 2013-14 through 2018-19**  
**Carlsbad Unified School District**

<b>Fiscal Year</b>	<b>Average Daily Attendance</b>					<b>Enrollment<sup>(1)</sup></b>	
	<b>K-3</b>	<b>4-6</b>	<b>7-8</b>	<b>9-12</b>	<b>Total ADA</b>	<b>Total Enrollment</b>	<b>% of EL/LI Enrollment<sup>(2)</sup></b>
2013-14	3,062.58	2,519.71	1,709.42	3,269.70	10,561.41	10,993	20.90%
2014-15	3,089.37	2,517.59	1,617.84	3,371.44	10,596.24	11,049	23.00
2015-16	3,017.16	2,522.02	1,662.17	3,436.89	10,638.24	11,077	22.00
2016-17	3024.10	2459.82	1,763.63	3,494.49	10,742.04	11,169	21.72
2017-18	3099.00	2484.52	1,734.00	3,576.87	10,894.39	11,326	25.47
2018-19 <sup>(3)</sup>	3090.10	2469.89	1,757.49	3,619.02	10,936.50	11,428	24.81

<sup>(1)</sup> Fiscal years 2013-14 through 2018-19 reflect certified enrollment as of the fall census day (the first Wednesday in October), which is reported to the California Longitudinal Pupil Achievement Data System (“CALPADS”) in each school year and used to calculate each school district’s unduplicated EL/LI student enrollment. Adjustments may be made to the certified EL/LI counts by the California Department of Education. CALPADS figures generally exclude preschool and adult transitional students.

<sup>(2)</sup> For purposes of calculating Supplemental and Concentration Grants, a school district’s fiscal year 2013-14 percentage of unduplicated EL/LI students will be 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 will be 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 is 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.

<sup>(3)</sup> Estimated.

Source: Carlsbad Unified School District.

For certain school districts that would have received greater funding levels under the prior revenue limit system, the LCFF provides for a permanent economic recovery target (“ERT”) add-on, equal to the difference between the revenue limit allocations such districts would have received under the prior system in fiscal year 2020-21, and the target LCFF allocations owed to such districts in the same year. To derive the projected funding levels, the LCFF assumes the discontinuance of deficit revenue limit funding, implementation of 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 State Legislature to school districts.

Certain school districts, known as “basic aid” districts, have allocable local property tax collections that equal or exceed such districts’ total LCFF allocation, and result in the receipt of no State apportionment aid. Basic aid school districts receive only special categorical funding, which is deemed to satisfy the “basic aid” requirement of \$120 per student per year guaranteed by Article IX, Section 6 of the State Constitution. The implication for basic aid districts is that the legislatively determined allocations to school districts, and other politically determined factors, are less significant in determining their

primary funding sources. Rather, property tax growth and the local economy are the primary determinants. The District does not currently qualify as a basic aid district.

**Accountability.** 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. Beginning in fiscal year 2014-15, LCAPs have been required to be adopted covering a period of three fiscal years, and updated annually. 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, establishes a new system of support and intervention to assist school districts in meeting 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 in identifying and implementing 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 with achieving the goals set forth in their LCAPs. On or before October 1, 2015, the State Board of Education is required to develop 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 Revenue Sources

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

**Federal and Local Sources.** The federal government provides funding for several school district programs, including 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 unrestricted property taxes, including but not limited to interest income, leases and rentals, foundations, donations and sales of property.

**Developer Fees.** The District collects developer fees to finance essential school facilities within the District that are deposited into the Capital Facilities Fund. The following table of developer fee revenues reflects the collection of fees from fiscal year 2012-13 through 2017-18 and an estimated amount for fiscal year 2018-19.

**DEVELOPER FEES**  
**Fiscal Years 2012-13 through 2018-19**  
**Carlsbad Unified School District**

<u>Year</u>	<u>Total</u> <u>Revenues</u>
2012-13	\$288,825
2013-14	913,601
2014-15	1,060,999
2015-16	1,137,940
2016-17	2,943,469
2017-18	2,226,434
2018-19 <sup>(1)</sup>	1,736,000

<sup>(1)</sup> Estimated.

Source: Carlsbad Unified School District.

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**Foundation.** The Carlsbad Educational Foundation (“the Foundation”) is an independent 501(c)(3) nonprofit corporation that supports the District. It was established in 1983 by a group of citizens. The District deposits the cash contributions made by the Foundation into its unrestricted general fund. The following table shows a four-year history of cash contributions made by the Foundation to the District:

**FOUNDATION CONTRIBUTIONS  
Fiscal Years 2014-15 through 2017-18  
Carlsbad Unified School District**

<u>Fiscal Year</u>	<u>Donations</u>
2014-15	\$480,466
2015-16	544,793
2016-17	494,109
2017-18	526,211

*Source: The Carlsbad Unified School District.*

**Tax Offset Revenues and Pass-Through Revenues.** The District receives tax offset revenue from the County as a part of certain redevelopment projects within the boundaries of the District (the “Tax Offset Revenues”). The Tax Offset Revenues received by the District are deposited directly into the District’s general fund and are offset against the State apportionment received by the District. The amount of Tax Offset Revenues received by the District from fiscal years 2013-14 through 2017-18, and an estimated amount for fiscal year 2018-19 are shown in the following table.

**TAX OFFSET REVENUES AND PASS-THROUGH REVENUES  
Fiscal Years 2013-14 through 2018-19  
Carlsbad Unified School District**

<u>Fiscal Year</u>	<u>Tax Offset Revenues<sup>(1)</sup></u>
2013-14	\$671,043
2014-15	843,357
2015-16	846,023
2016-17	2,259,818
2017-18	1,961,903
2018-19 <sup>(2)</sup>	1,891,681

<sup>(1)</sup> Tax Offset Revenues received by the District are offset against the State apportionments received by the District.

<sup>(2)</sup> Estimated.

*Source: Carlsbad Unified School District.*

**Dissolution of Redevelopment Agencies**

On December 30, 2011, the State 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 the State 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 State 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 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, not to exceed \$250,000 in any year, to the extent such costs have been approved in an administrative budget; 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 State 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, including the District. 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 apportionments by the State. Only 43.3% of AB 1290 pass-throughs are offset against State aid so long as the District uses the moneys 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 pursuant to the operation of ABx1 26 using current assessed values and pursuant to statutory pass-through 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 any apportionments from the State may be offset by the future receipt of residual distributions or from unencumbered cash and assets of former redevelopment agencies or any other surplus property tax revenues pursuant to the Dissolution Act.

## **Budget Process**

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

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

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

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

***Interim Financial Reporting.*** 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 current 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 the two subsequent fiscal years.

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

***Budgeting Trends.*** The table on the following page summarizes the District's general fund adopted budgets for fiscal years 2014-15 through 2018-19, audited ending results for fiscal years 2013-14 through 2017-18, and projected totals for fiscal year 2018-19.

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**GENERAL FUND BUDGETING<sup>(1)</sup>**  
**Fiscal Years 2014-15 through 2018-19**  
**Carlsbad Unified School District**

	Fiscal Year <u>2014-15<sup>(2)</sup></u>		Fiscal Year <u>2015-16<sup>(2)</sup></u>		Fiscal Year <u>2016-17<sup>(2)</sup></u>		Fiscal Year <u>2017-18<sup>(2)</sup></u>		Fiscal Year <u>2018-19<sup>(3)</sup></u>	
	<u>Adopted Budget</u>	<u>Audited Actuals</u>	<u>Adopted Budget</u>	<u>Audited Actuals</u>	<u>Adopted Budget</u>	<u>Audited Actuals</u>	<u>Adopted Budget</u>	<u>Audited Actuals</u>	<u>Adopted Budget</u>	<u>Projected Actuals</u>
<b>REVENUES:</b>										
LCFF/Revenue Limit Sources	\$68,023,562	\$72,195,013	\$79,842,222	\$80,159,953	\$85,312,700	\$86,478,884	\$88,847,900	\$90,238,684	\$96,607,941	\$ 97,892,978
Federal Revenue	2,827,588	3,187,071	3,128,234	3,461,789	3,441,880	3,574,622	3,530,933	3,668,263	3,546,771	3,802,985
Other State Revenue	2,799,465	5,813,724	9,246,872	13,741,120	9,559,686	10,408,169	7,050,888	9,921,445	11,508,449	10,169,238
Other Local Revenue	<u>7,012,284</u>	<u>8,735,337</u>	<u>6,647,450</u>	<u>8,802,944</u>	<u>6,281,894</u>	<u>8,342,662</u>	<u>6,139,270</u>	<u>8,587,570</u>	<u>6,091,088</u>	<u>8,216,005</u>
Total Revenues	80,662,899	89,931,145	98,864,778	106,165,806	104,596,160	108,804,337	105,568,991	112,415,962	117,754,249	120,081,206
<b>EXPENDITURES:</b>										
Certificated Salaries	40,658,885	42,734,897	43,151,959	46,938,907	47,445,505	48,777,164	48,336,918	50,529,603	52,353,841	53,503,759
Classified Salaries	11,752,046	12,323,137	12,196,683	13,381,099	13,863,841	13,791,833	13,939,029	14,238,095	15,321,119	15,498,604
Employee Benefits	17,986,733	20,672,134	19,795,687	22,827,982	26,449,499	26,528,090	28,484,141	28,496,912	32,161,831	31,443,062
Books and Supplies	3,676,071	2,781,651	3,589,511	4,415,329	4,037,382	3,187,442	5,063,391	4,180,401	4,174,212	5,182,382
Services and Operating Expenditures	10,793,846	11,425,894	11,906,740	11,518,835	11,406,493	11,503,971	12,410,710	13,675,126	14,408,028	15,647,583
Direct Support/Indirect Costs	--	--	--	--	(280)	--	--	--	--	--
Other Outgo	299,402	543,687	460,813	747,005	723,848	805,839	773,078	1,398,611	1,225,168	1,396,195
Capital Outlay	<u>53,000</u>	<u>599,620</u>	<u>271,032</u>	<u>938,052</u>	<u>1,030,736</u>	<u>1,262,755</u>	<u>452,475</u>	<u>645,472</u>	<u>50,000</u>	<u>520,439</u>
Total Expenditures	85,220,039	91,081,020	91,372,425	100,767,209	104,957,304	105,857,094	109,459,742	113,164,220	119,694,199	123,192,024
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	(4,557,140)	(1,149,875)	7,492,353	5,398,597	(360,864)	2,947,243	(3,890,751)	(748,258)	(1,939,950)	(3,110,818)
<b>OTHER FINANCING SOURCES (USES):</b>										
Operating Transfers In	--	--	--	--	--	--	--	--	--	--
Operating Transfer Out	--	--	--	--	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)
Other Sources	--	--	--	--	--	--	--	--	--	--
Contributions	--	--	--	--	--	--	--	--	--	--
Total Other Financing Sources (Uses)	--	--	--	--	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)
<b>NET CHANGE IN FUND BALANCES</b>	(4,557,140)	(1,149,875)	7,492,353	5,398,597	(460,864)	2,847,243	(3,990,751)	(848,258)	(2,039,950)	(3,210,818)
<b>FUND BALANCE, JULY 1</b>	<u>16,375,099</u>	<u>16,375,099</u>	<u>15,225,224</u>	<u>15,225,224</u>	<u>20,623,821</u>	<u>20,623,821</u>	<u>23,471,064</u>	<u>23,471,064</u>	<u>22,622,805</u>	<u>22,622,805</u>
<b>FUND BALANCE, JUNE 30</b>	<u>\$11,817,959</u>	<u>\$15,225,224</u>	<u>\$22,717,577</u>	<u>\$20,623,821</u>	<u>\$20,162,957</u>	<u>\$23,471,064</u>	<u>\$19,480,313</u>	<u>\$22,622,806</u>	<u>\$20,582,855</u>	<u>\$19,411,987</u>

Note: Sums may differ from totals due to rounding.

<sup>(1)</sup> From the District's Comprehensive Audited Financial Report for fiscal years 2014-15 through 2017-18.

<sup>(2)</sup> On behalf payments of \$2,086,777, \$2,737,163, and \$3,669,407 for fiscal years 2015-16, 2016-17 and 2017-18, respectively, are not included in the actual revenues and expenditures, but have been included in the budgeted amounts. An on behalf payment of \$1,217,452 for fiscal year 2014-2015 is included in both revenues and expenses pursuant to GASB Statement No. 24.

<sup>(3)</sup> From the District's second interim financial report for fiscal year 2018-19, approved by the Board on March 13, 2019.

Source: Carlsbad Unified School District.

## **Accounting Practices**

The accounting practices of the District conform to generally accepted accounting principles in accordance with policies and procedures of the California School Accounting Manual. This manual, according to Education Code Section 41010 is to be followed by all State 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 District's fiscal year begins on July 1 and ends on June 30.

## **Comparative 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 for the District for the fiscal year ended June 30, 2018, and prior fiscal years are on file with the District and available for public inspection at the Carlsbad Unified School District, 6225 El Camino Real, Carlsbad, California 92009, telephone: (760) 331-5000, Attention: Assistant Superintendent of Business Services. The audited financial statements for the year ended June 30, 2018, are included in APPENDIX B hereto.

The table on the following page reflects the District's audited general fund revenues, expenditures and fund balances from fiscal year 2013-14 through fiscal year 2017-18.

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**AUDITED GENERAL FUND REVENUES, EXPENDITURES AND FUND BALANCE<sup>(1)</sup>**  
**Fiscal Years 2013-14 through 2017-18**  
**Carlsbad Unified School District**

	<b>Audited Actuals <u>2013-14</u></b>	<b>Audited Actuals <u>2014-15</u></b>	<b>Audited Actuals <u>2015-16</u></b>	<b>Audited Actuals <u>2016-17</u></b>	<b>Audited Actuals <u>2017-18</u></b>
<b>REVENUES:</b>					
Revenue Limit Sources/LCFF Sources <sup>(1)</sup>					
State Apportionments	\$912,334	\$912,282	\$4,954,477	\$6,593,985	\$7,219,842
Education Protection Account Funds	2,113,736	2,119,162	2,127,834	2,149,942	2,180,194
Local Sources	63,466,901	69,163,569	73,077,642	77,734,957	80,838,648
Federal Sources	3,262,085	3,187,071	3,461,789	3,574,622	3,668,263
Other State Sources	5,210,358	5,813,724	13,741,120	10,408,169	9,921,445
Other Local Sources	<u>8,205,500</u>	<u>8,735,337</u>	<u>8,802,944</u>	<u>8,342,662</u>	<u>8,587,570</u>
<b>TOTAL REVENUES</b>	<b>83,548,021</b>	<b>89,931,145</b>	<b>106,165,806</b>	<b>108,804,337</b>	<b>112,415,962</b>
<b>EXPENDITURES:</b>					
Current:					
Instruction	53,109,074	56,652,193	64,015,696	66,878,680	72,901,487
Instruction-Related Services:	8,567,263	9,442,709	9,838,247	10,497,835	11,015,630
Pupil Services	7,131,492	7,937,787	8,101,216	8,643,863	9,177,391
Ancillary Services	751,108	1,016,820	1,309,110	1,441,191	1,529,877
Community Services	112,671	107,385	121,711	104,775	100,831
General Administration	5,362,706	6,135,004	6,301,307	6,233,947	6,517,594
Plant Services	8,272,817	9,089,778	9,394,865	9,988,209	9,877,327
Other outgo	502,160	699,344	747,005	805,839	1,398,611
Capital Outlay	--	--	--	1,262,755	645,472
Debt Service	--	--	--	--	--
Debt Issue Costs	179,731	--	--	--	--
Principal	--	--	--	--	--
Interest	--	--	--	--	--
<b>TOTAL EXPENDITURES</b>	<b>83,989,022</b>	<b>91,081,020</b>	<b>100,767,209</b>	<b>105,857,094</b>	<b>113,164,220</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>1,636,065</b>	<b>(1,149,875)</b>	<b>5,398,597</b>	<b>2,947,243</b>	<b>(748,258)</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers In	--	--	--	--	--
Transfers Out	--	--	--	(100,000)	(100,000)
Other Sources	--	--	--	--	--
<b>NET FINANCING SOURCES (USES)</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>(100,000)</b>	<b>(100,000)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>1,636,065</b>	<b>(1,149,875)</b>	<b>5,398,597</b>	<b>2,847,243</b>	<b>(848,258)</b>
<b>Fund Balance, July 1</b>	<b><u>14,739,035</u></b>	<b><u>16,375,099</u></b>	<b><u>15,225,224</u></b>	<b><u>20,623,821</u></b>	<b><u>23,471,064</u></b>
<b>Fund Balance, June 30</b>	<b><u>\$16,375,100</u></b>	<b><u>\$15,225,224</u></b>	<b><u>\$20,623,821</u></b>	<b><u>\$23,471,064</u></b>	<b><u>\$22,622,806</u></b>

<sup>(1)</sup> Beginning in fiscal year 2013-14, this category is coded LCFF Sources.  
Source: Carlsbad Unified School District.

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## State Budget Measures

*The following information concerning the State's budgets has been obtained from publicly available information which the District believes to be reliable; however, the District does not guarantee the accuracy or completeness of this information and has not independently verified such information. Furthermore, it should not be inferred from the inclusion of this information herein that the principal of or interest on the Bonds is payable from the general fund of the District. The Bonds are payable solely from the proceeds of an ad valorem property tax required to be levied by the County on taxable property within the District 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% COLA to the adjusted Base Grants for the prior year. Additionally, the 2018-19 Budget provides nearly an extra 1 percentage point increase in the LCFF rates. The adjusted Base Grants for fiscal year 2018-19 are as follows: \$8,235 for grades K-3, \$7,571 for grades 4-6, \$7,796 for grades 7-8 and \$9,269 for grades 9-12.
- *Low-Performing Students Block Grant* – \$300 million in one-time Proposition 98 funding to provide resources to local education agencies to help certain low-performing students, with funding allocated to local education agencies based on the count of students who did not meet statewide standards in spring 2018 on assessments of reading and math and who are not foster youth, low-income students, English learners, or students with disabilities.
- *State System of Support* – An increase of \$54 million in Proposition 98 funding for county offices of education to provide technical assistance to low-performing local educational agencies.
- *California Collaborative for Educational Excellence* – \$12 million in ongoing Proposition 98 funding for the California Collaborative for Educational Excellence (the “Collaborative”) to assist county offices of education and regional lead agencies. Additionally, the 2018-19 Budget re-appropriates \$5.6 million from prior-year one-time Proposition 98 appropriations for use by the Collaborative for additional statewide trainings and technical assistance.
- *Special Education Local Plan Area (SELPA) Technical Assistance* – \$10 million in Proposition 98 funding for up to ten SELPAs to assist county offices of education in providing technical assistance to school districts identified for differentiated assistance within the Statewide system of support.
- *Career Technical Education (CTE)* – \$164 million in ongoing Proposition 98 funding to create a new K-12 CTE program funded through the Strong Workforce Program, which is administrated by California Community College Chancellor’s Office, in consultation with the State Department of Education, as well as \$150 million in ongoing Proposition 98 funding to make permanent the State’s Career Technical Education Incentive Grant Program.
- *One-Time Discretionary Funding* – An increase of \$1.1 billion in one-time Proposition 98 funding for school districts, charter schools and county offices of education to use at local discretion. Similar to features included in prior State budgets, these funds would offset any applicable mandate reimbursement claims for these entities.
- *Special Education, Bilingual, and STEM Teachers* – \$75 million in one-time Proposition 98 funding to start new or expand existing teacher residency programs with \$50 million earmarked for special education teachers and \$25 million earmarked for bilingual and STEM teachers; and \$50 million in one-time Proposition 98 funding to provide one-time competitive grants to local educational agencies to fund new or existing local efforts to recruit and retain special education teachers.

- *Classified School Employee Summer Assistance Program* – \$50 million one-time Proposition 98 funding to provide state matching funds to classified school employees that elect to have a portion of their monthly paychecks withheld during the 2019-20 school year, supplemented by State funding, and paid during the summer recess period.
- *Classified School Employee Professional Development Block Grant Program* – \$50 million one-time Proposition 98 funding for professional development opportunities for classified staff, with a priority on professional development for the implementation of school safety plans.
- *Federal Funds for Academic Enrichment* – \$165 million one-time federal ESSA Title IV funding for academic enrichment, with \$121 million of such funds distributed to local education agencies based on their share of existing Title I funding, and the remainder distributed competitively.
- *Charter School Facility Grant Program* – \$21 million one-time and \$25 million ongoing Proposition 98 funding to reflect increases in programmatic costs.
- *Kids Code After School Program* – \$15 million one-time Proposition 98 funding to fund the inclusion of computer coding in after-school curriculum.
- *Fiscal Crisis and Management Assistance Team (FCMAT)* – \$972,000 Proposition 98 funding to allow FCMAT provide additional assistance for fiscally distressed school districts and provide additional training for county offices of education regarding fiscal oversight of school districts.
- *Kindergarten Facilities* – \$100 million one-time non-Proposition 98 funding to help school districts cover facility costs associated with converting their part-day kindergarten programs into full-day programs.
- *Proposition 51* – a total allocation of \$594 million in Proposition 51 bond funds for K-12 school facility projects.

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

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

For fiscal year 2018-19, the Proposed 2019-20 Budget projects total general fund revenues and transfers of \$136.9 billion and total expenditures of \$144.1 billion. The State is projected to end the 2018-19 fiscal year with total available general fund reserves of \$18.3 billion, including \$3.9 billion in the traditional general fund reserve, \$13.5 billion in the BSA and \$900 million in the Safety Net Reserve Fund. For fiscal year 2019-20, the Proposed 2019-20 Budget projects total general fund revenues and transfers of \$142.6 billion and authorizes expenditures of \$144.2 billion. The State is projected to end the 2019-20 fiscal year with total available general fund reserves of \$18.5 billion, including \$2.3 billion in the traditional general fund reserve, \$15.3 billion in the BSA and \$900 million in the Safety Net Reserve Fund. The Governor notes that additional deposits to the BSA are premised on a recent opinion by the



California Office of Legislative Counsel which concluded that supplemental payments to the BSA made in prior fiscal years do not count towards calculating its constitutional maximum of 10%. Under the Governor's new estimates, mandatory deposits to the BSA represent only 8.1% of State general fund taxes. See also "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Proposition 2" herein.

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

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

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

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

- *Local Control Funding Formula* – An increase of \$2 billion in Proposition 98 funding for the LCFF, reflecting a 3.46% COLA, and bringing total LFCC funding to \$63 billion.
- *Categorical Programs* – An increase of \$187 million in Proposition 98 funding to support a 3.46% COLA for categorical programs that remain outside the LCFF.
- *Pension Costs* – A \$3 billion, one-time payment from non-Proposition 98 funds to CalSTRS, to reduce long-term liabilities for K-14 school districts. Of this amount, \$700 million would be provided to buy down employer contribution rates in fiscal years 2019-20 and 2020-21. The remaining \$2.3 billion would be paid towards employers' long-term unfunded liability.
- *State System of Support* – An increase of \$20.2 million in Proposition 98 funding for county offices of education to provide technical assistance to low-performing local educational agencies.
- *Special Education* – \$577 million in Proposition 98 funding (of which \$186 million is one-time) to school districts based on their unduplicated counts of low-income, English learner and disabled students. These funds may be used for either (i) special education services for students with disabilities, or (ii) early intervention programs for students are not yet receiving special education services.

- *Preschool* – \$125 million in non-Proposition 98, ongoing funding to provide 10,000 full-day preschool slots for children from low income families. The Proposed 2019-20 Budget also provides for an increase of \$26.8 million in Proposition 98 funding to reflect the full-year cost of full-day preschool slots implemented during the prior fiscal year.
- *Early Education* – An increase of \$750 million in one-time non-Proposition 98 funding to create more full-day Kindergarten programs. The funds are primarily intended for constructing new or retrofitting existing school facilities needed to operate longer-day programs. The Proposed 2019-20 Budget also includes \$500 million for improvements to early education (including \$245 million for facilities, \$245 million for the child care workforce, and \$10 million to improve access and quality).
- *County Offices of Education* – An increase of \$9 million in Proposition 98 funding for county offices of education, reflecting a 3.46% COLA and ADA changes applicable to the LCFF.
- *Proposition 51* – a total allocation of \$1.5 billion in Proposition 51 bond funds for K-12 school facility projects.

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

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

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

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

For fiscal year 2019-20, the May Revision sets the minimum funding guarantee at \$81.1 billion (including \$55.9 billion from the State general fund), an increase of \$389 million from the Proposed

2019-20 Budget. Fiscal year 2019-20 is now projected to be a “Test 1” year. Although total Proposition 98 funding increases during fiscal years 2017-18 through 2019-20, the State general fund share of education funding also increases by approximately \$1.1 billion, due to a decrease in projected property tax revenues over this period.

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

- *Local Control Funding Formula* – An increase of \$70 million Proposition 98 funding in fiscal year 2018-19, as well as a decrease of \$63.9 million to the funding level for fiscal year 2019-20, each relative to the Proposed 2019-20 Budget. These changes reflect adjustments to ADA and the fiscal year 2019-20 COLA that affect the LCFF calculation.
- *Proposition 98 Reserve Deposit* – The May Revision projects that a deposit to the PSSSA of \$389.3 million will be required during fiscal year 2019-20 in order to comply with Proposition 2. The amount of the deposit reflects the difference between the projected “Test 1” funding level in 2019-20, and the prior year’s funding level, as adjusted for growth and inflation. The amount proposed to be deposited into the PSSSA is below the threshold required to trigger certain maximum local reserve levels for school districts created by State legislation approved in 2014 (as amended in 2017). See “CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Proposition 2 – SB 858; SB 751.”
- *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](http://www.dof.ca.gov) and the LAO’s website at [www.lao.ca.gov](http://www.lao.ca.gov). However, the information presented on such websites is not incorporated herein by reference.

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

**CARLSBAD UNIFIED SCHOOL DISTRICT**

*The information in this section concerning the operations of the District and the District’s finances are provided as supplementary information only, and it should not be inferred from the inclusion of this information in this Official Statement that the principal of and interest on the Bonds are payable from the general fund of the District. The Bonds are payable solely from the revenues generated by an ad valorem property tax required to be levied by the County on taxable property within the District for the payment thereof. See “THE BONDS – Security and Sources of Payment” herein.*

**Introduction**

The District was established as a unified school district in 1921. The District is located in the northwestern portion of the County and encompasses approximately 30.2 square miles. The District provides kindergarten through twelfth grade education services, maintaining nine elementary schools, three middle schools, two high schools, one alternative school and one independent study school. The District’s average daily attendance for fiscal year 2018-19 is estimated to be \$10,937 and the total assessed value of property within the District is \$23,848,055,071.

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: Carlsbad Unified School District, 6225 El Camino Real, Carlsbad, California 92009, telephone: (760) 331-5000, Attention: Assistant Superintendent of Business Services.

**Administration**

The District is governed by a five-member Board of Trustees, each member of which is elected to a four-year term. Elections for positions to the Board are held every two years, alternating between two and three available positions. Current members of the Board, together with their offices and the date each member’s term expires, are listed below:

**BOARD OF TRUSTEES  
Carlsbad Unified School District**

<u>Name</u>	<u>Office</u>	<u>Term Expires</u>
Kathy Rallings	President	December 2022
Veronica Williams	Vice President	December 2022
Claudine Jones	Clerk	December 2022
Elisa Williamson	Trustee	December 2020
Ray Pearson	Trustee	December 2020

The Superintendent of the District is responsible for administering the affairs of the District in accordance with the policies of the Board. Dr. Benjamin Churchill is the Superintendent of the District. Brief biographies of the Superintendent and Assistant Superintendent of Business Services follow:

***Benjamin Churchill Ed.D., Superintendent.*** Dr. Benjamin Churchill became the Superintendent of the District on July 1, 2016. Prior thereto, he served as the Chief Academic Officer for Community Unit School District 300 in Alonquin, Illinois for 8 years. In addition, during his 21 year career in education he has served as an Assistant Superintendent of Teaching and Learning, a high school principal, an associate principal of curriculum and instruction and a high school English teacher. Dr. Churchill holds a B.A. in philosophy from Valparaiso University, a M.S. in teaching and learning from DePaul University, a M.S. in school leadership from Northeastern Illinois University, and an Ed.D. in advanced education administration from Argosy University.

***Christopher Wright, Assistant Superintendent of Business Services.*** Mr. Wright became Assistant Superintendent of Business Services on July 1, 2017. Prior thereto, he served as Associate Superintendent of Business Services at Oceanside Unified School District for three years. Prior to that, he served as Vice President, School Finance for ExED San Diego. In 2009, he was selected as a Broad Resident, a two year leadership development program focused on developing emerging business leaders to make an impact in the management of school districts, and completed his residency with Denver Public Schools in Denver, Colorado. Mr. Wright holds a B.S. in political science from the United States Naval Academy, and a M.B.A. in finance from San Diego State University.

**Historical Enrollment**

On average throughout the District, the regular education pupil-teacher ratio is approximately 24:1 for grades K-3, 31.3:1 for grades 4-6, 34.5:1 for grades 7-8 and 36.0:1 for grades 9-12. The following table shows enrollment figures for the District for fiscal years indicated.

**HISTORICAL ENROLLMENT  
Fiscal Years 2010-11 through 2018-19  
Carlsbad Unified School District**

<u>Fiscal Year</u>	<u>Average Daily Attendance<sup>(1)</sup></u>	<u>Enrollment</u>
2010-11	10,593	11,046
2011-12	10,619	11,063
2012-13	10,496	10,956
2013-14	10,564	10,993
2014-15	10,596	11,049
2015-16	10,633	11,077
2016-17	10,742	11,169
2017-18	10,894	11,326
2018-19 <sup>(2)</sup>	10,937	11,428

<sup>(1)</sup> Enrollment is as of the fall census day (the first Wednesday in October) reported to CALPADS. See also “DISTRICT FINANCIAL INFORMATION – State Funding of Education – Local Control Funding Formula” herein

<sup>(2)</sup> Estimated.

Source: Carlsbad Unified School District

## Labor Relations

The District currently employs 546 certificated employees full time equivalent (“FTE”) and 341 classified employees FTE. District employees, except management and some part-time employees, are represented by two bargaining units as noted below:

<u>Labor Organization</u>	<u>Number of Employees In Bargaining Unit</u>	<u>Contract Expiration Date</u>
Carlsbad Unified Teachers Association (“CUTA”)	569	June 30, 2019
Laborers’ International Union of North America (“LIUNA”)	410	June 30, 2019

*Source: Carlsbad Unified School District.*

## District Retirement Systems

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

**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)**

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

*Source: AB 1469.*

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

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)**

<u>Effective Date</u>	<u>K-14 school districts</u>
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 \$3,708,727 in fiscal year 2014-15, \$5,086,424 in fiscal year 2015-16, \$4,784,838 in fiscal year 2016-17 and \$6,179,127 in fiscal year 2017-18, and in each such year was equal to 100% of the required contributions. The District has projected a contribution of \$7,051,335 to STRS in fiscal year 2018-19.

The State also contributes to STRS, currently in an amount equal to 7.328% for fiscal year 2018-19 and 7.828% for fiscal year 2019-20. The State's contribution reflects a base contribution rate of 2.017%, and a supplemental contribution rate that will vary from year to year based on statutory criteria. Based upon the recommendation from its actuary, for fiscal year 2017-18 and each fiscal year thereafter, the STRS Board is required, with certain limitations, to increase or decrease the State's contribution rates to reflect the contribution required to eliminate the unfunded actuarial accrued liability attributed to benefits in effect before July 1, 1990.

In addition, the State is currently required to make an annual general fund contribution up to 2.5% of the fiscal year covered STRS member payroll to the Supplemental Benefit Protection Account (the "SBPA"), which was established by statute to provide supplemental payments to beneficiaries whose purchasing power has fallen below 85% of the purchasing power of their initial allowance.

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

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

The District's contributions to PERS were \$1,302,874 in fiscal year 2014-15, \$1,399,970 in fiscal year 2015-16, \$1,502,276 in fiscal year 2016-17 and \$1,809,876 in fiscal year 2017-18, and in each such year was equal to 100% of the required contributions. The District has projected a contribution of \$1,955,777 to PERS in 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](http://www.calstrs.com);



(ii) PERS: [www.calpers.ca.gov](http://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) <sup>(1)</sup>**  
**Fiscal Years 2010-11 through 2017-18**

<b><u>STRS</u></b>					
<b>Fiscal Year</b>	<b>Accrued Liability</b>	<b>Value of Trust Assets (MVA) <sup>(2)</sup></b>	<b>Unfunded Liability (MVA) <sup>(2)</sup></b>	<b>Value of Trust Assets (AVA) <sup>(3)</sup></b>	<b>Unfunded Liability (AVA) <sup>(3)</sup></b>
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

<b><u>PERS</u></b>					
<b>Fiscal Year</b>	<b>Accrued Liability</b>	<b>Value of Trust Assets (MVA)</b>	<b>Unfunded Liability (MVA)</b>	<b>Value of Trust Assets (AVA) <sup>(3)</sup></b>	<b>Unfunded Liability (AVA) <sup>(3)</sup></b>
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	-- <sup>(4)</sup>	-- <sup>(4)</sup>
2014-15	73,325	56,814	16,511	-- <sup>(4)</sup>	-- <sup>(4)</sup>
2015-16	77,544	55,785	21,759	-- <sup>(4)</sup>	-- <sup>(4)</sup>
2016-17	84,416	60,865	23,551	-- <sup>(4)</sup>	-- <sup>(4)</sup>
2017-18 <sup>(5)</sup>	92,071	64,846	27,225	-- <sup>(4)</sup>	-- <sup>(4)</sup>

<sup>(1)</sup> Amounts may not add due to rounding.

<sup>(2)</sup> 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.

<sup>(3)</sup> Reflects actuarial value of assets.

<sup>(4)</sup> Effective for the June 30, 2014 actuarial valuation, PERS no longer uses an actuarial value of assets.

<sup>(5)</sup> On April 16, 2019, the PERS Board (defined below) approved the K-14 school district contribution rate for fiscal year 2019-20 and released certain actuarial information to be incorporated into the June 30, 2018 actuarial valuation to be released in summer 2019

Source: PERS Schools Pool Actuarial Valuation; STRS Defined Benefit Program Actuarial Valuation.

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

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

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

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

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

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

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

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

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

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

The District can make no representations regarding the future program liabilities of STRS, or whether the District will be required to make additional contributions to STRS in the future above those

amounts required under AB 1469. The District can also provide no assurances that the District's required contributions to PERS will not increase in the future.

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

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

As of June 20, 2018, the District's proportionate shares of the STRS and PERS pension liabilities were \$85,913,224 and \$24,222,373, respectively. See also "APPENDIX B – 2017-18 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT – Note O."

## **Other Post-Employment Benefits**

**Benefits Plan.** The District provides certain post-employment benefits through a single-employer defined benefit health care plan (the “Plan”). The Plan provides medical benefits to eligible retirees and their eligible dependents to age 65 (the “Post-Employment Benefits”). Eligibility for Post-Employment Benefits requires retirement from the District with at least 10 years of eligible service (15 years for classified employees and certificated employees hired after November 1, 2008). The retirees are required to contribute to the cost of the health care coverage based on an active employee contribution schedule. As of July 1, 2018, membership in the Plan consisted of 165 eligible active employees and 975 eligible retirees. See “APPENDIX B – 2017-18 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT – Note O – Other Postemployment Benefits” herein.

**Funding Policy.** The District currently funds the Plan on a “pay-as-you-go” basis to cover the cost of premiums for current retirees. During fiscal years 2014-15, 2015-16, 2016-17 and 2017-18 the District recognized \$1,343,763, \$791,505, \$1,218,769 and \$1,026,272 of expenditures for the Benefits, respectively, all of which were used for current premiums. For fiscal year 2018-19, the District has projected expenditures of \$1,209,983 for the Benefits, all of which are expected to be used for current premiums.

**Accrued Liability.** The District has implemented *Governmental Accounting Standards Board Statement #74, Financial Reporting for Postemployment Benefit Plans Other Than Pensions* (“GASB Statement No. 74”) and *Governmental Accounting Standards Board Statement #75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (“GASB Statement No. 75”), pursuant to which the District has commissioned and received an actuarial study of its liability with respect to the Program benefits. GASB Statements No. 74 and No. 75 (discussed below) require biennial actuarial valuations for all plans. The most recent actuarial study was dated June 30, 2018 (the “Study”). The Study concluded that, as of a June 30, 2018 measurement date, the Total OPEB Liability (the “TOL”) with respect to such Program benefits, was \$32,893,045. Because the District does not maintain a qualifying irrevocable trust, the District’s Net OPEB Liability (the “NOL”) is equal to the TOL.

**GASB Statement Nos. 74 and 75.** On June 2, 2015, GASB Statement No. 74 and GASB Statement No. 75 with respect to pension accounting and financial reporting standards for public sector post-retirement benefit programs and the employers that sponsor them. GASB Statement No. 74 replaces GASB Statements No. 43 and 57 and GASB Statement No. 75 replaces GASB Statement No. 45.

Most of GASB Statement No. 74 applies to plans administered through trusts, in which contributions are irrevocable, trust assets are dedicated to providing other post-employment benefits to plan members, and trust assets are legally protected from creditors. GASB Statements No. 74 and No. 75 will require a liability for OPEB obligations, known as the NOL, to be recognized on the balance sheet of the plan and the participating employer’s financial statements. In addition, an OPEB expense (service cost plus interest on total OPEB liability plus current-period benefit changes minus member contributions minus assumed earning on plan investments plus administrative expenses plus recognition of deferred outflows minus recognition of deferred inflows) will be recognized in the income statement of the participating employers. In the notes to its financial statements, employers providing other post-employment benefits will also have to include information regarding the year-to-year change in the NOL and a sensitivity analysis of the NOL to changes in the discount rate and healthcare trend rate. The required supplementary information will also be required to show a 10-year schedule of the plan’s net OPEB liability reconciliation and related ratios, and any actuarially determined contributions and investment returns.

Under GASB Statement No. 74, the measurement date must be the same as the plan’s fiscal year end, but the actuarial valuation date may be any date up to 24 months prior to the measurement date. For the Total OPEB Liability (the “TOL”), if the valuation date is before the measurement date, the results must be projected forward from the valuation date to the measurement date using standard actuarial roll-forward techniques. For plans that are unfunded or have assets insufficient to cover the projected benefit payments, a discount rate reflecting a 20-year tax-exempt municipal bond yield or index rate must be used. For plans with assets that meet the GASB Statement No. 74 requirements, a projection of the benefit payments and future Fiduciary Net Position (the “FNP”) is performed based on the funding policy and assumptions of the plan, along with the methodology specified in GASB.

GASB Statement No. 74 has an effective date for plan fiscal years beginning after June 15, 2016 and GASB Statement No. 75 is effective for employer fiscal years beginning after June 15, 2017. The District has recognized GASB Statement No. 74 and GASB Statement No. 75 in their financial statements for fiscal year 2017-18. See “APPENDIX B – 2017-18 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT” attached hereto. The full extent of the effect of the new standards on the District is not known at this time.

**Net OPEB Obligation.** As of June 30, 2018, the District recognized a net long-term balance sheet liability (the “Net OPEB Obligation”) of \$7,842,822, as restated. The Net OPEB Obligation was calculated as originally stated in the amount of \$21,658,586, less adjustments due to an accounting policy change resulting from the adoption of GASB Statement No. 75 of \$(13,815,764). See “APPENDIX B – 2017-18 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT – Note S” attached hereto.

**Risk Management**

The District is exposed to various loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District has one self-insurance fund (the “Internal Service Fund”) to account for and finance its uninsured risks of loss. The Internal Service Fund provides dental and vision coverage to employees.

All funds of the District participate in the program, but only the general fund makes payments to the Self Insurance Fund based on actuarial estimates of the amounts needed to pay prior and current year claims and to establish a liability for open claims and Incurred But Not Reported (“IBNR”) claims. The claims and liability of \$149,907 is included in the liabilities under accounts payable and is reported in accordance with Financial Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated at the end of the fiscal year. Changes in the Internal Service Fund’s claim liability in the fiscal year ended June 30, 2018 are indicated below.

	<b>Beginning Fiscal Year</b>	<b>Current Year Claims and Changes in</b>	<b>Claim</b>	<b>Ending Fiscal Year</b>
	<b><u>Liability</u></b>	<b><u>Estimates</u></b>	<b><u>Payments</u></b>	<b><u>Liability</u></b>
<b>Internal Service Fund:</b>				
Fiscal Year 2017-18	\$158,573	\$1,127,177	\$1,135,843	\$149,907

See also APPENDIX B – “2017-18 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT – Note N” herein.

## Joint Powers Agreements

The District participates in one joint power agreement (“JPA”) entity, the San Diego County Schools Risk Management (“SDCSR”). The relationship between the District and the JPA is such that the JPA is not a component unit of the District.

SDCSR arranges for and provides various types of insurances for its member districts as requested. SDCSR is governed by a board consisting of a representative from each member district. The board controls the operations of the JPA, including selection of management and approval of operating budgets, independent of any influence by the member districts beyond their representation on the board. Each member pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionate to their participation in the JPA. For more information, see “APPENDIX B – “2017-18 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT – Note M” attached hereto.

## District Debt Structure

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental Activities:</b>				
<b>General Obligation (GO) Bonds</b>				
Bond Principal	\$168,548,763	\$60,090,000	\$45,185,762	\$183,453,001
Bond Premiums	13,406,384	9,891,127	1,300,138	21,997,373
Bond Accreted Interest	46,396,032	7,378,255	23,530,161	30,244,126
Total GO Bonds	\$228,351,179	\$77,359,382	\$70,016,061	\$235,694,500
<b>Certificates of Participation (COPs)</b>				
COPs Principal	41,805,000	--	1,700,000	40,105,000
COPs Premium	5,963,509	--	242,506	5,721,003
Total COPs	\$47,768,509	--	\$1,942,506	\$45,826,003
Capital Leases	4,490,000	--	350,000	4,140,000
Special Tax Bonds	1,635,000	--	100,000	1,535,000
Compensated Absences	346,843	--	19,650	327,193
Net Pension Liability	93,275,569	16,860,028	--	110,135,597
Total OPEB Obligation	<u>30,633,506</u>	<u>2,259,539</u>	<u>--</u>	<u>32,893,045</u>
Total Governmental Activities	<u>\$406,500,606</u>	<u>\$96,478,949</u>	<u>\$72,428,217</u>	<u>\$430,551,338</u>

Source: Carlsbad Unified School District.

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**General Obligation Bonds.** The District has issued general obligation bonds pursuant to several voter-approved authorizations. The proceeds of such bonds have been used to acquire, construct and equip District sites and facilities. The District has also issued several series of general obligation refunding bonds to refinance portions of its outstanding bonded indebtedness. The District does not have any meaningful amount of unauthorized bonds under the two separate voter-approved authorizations.

The following table summarizes the outstanding general obligation bond issuances by the District (not including the Bonds) as of June 30, 2018.

<b><u>Issuance</u></b>	<b><u>Initial Principal Amount</u></b>	<b><u>Principal Outstanding</u></b>	<b><u>Date of Delivery</u></b>
1997 Election, Series A	\$26,498,696	\$4,661,346	10/03/1997
2006 Election, Series A <sup>(1)</sup>	40,000,000	0	08/29/2007
2006 Election, Series B	79,998,017	3,413,807	5/29/2009
2006 Election, Series C	52,998,238	36,342,848	6/07/2011
2006 Election, Series D	25,000,000	25,000,000	6/07/2011
2014 Refunding Bonds <sup>(2)</sup>	16,495,000	15,940,000	5/14/2014
2016 Refunding Bonds <sup>(3)</sup>	38,305,000	38,005,000	2/25/2016
2017A Refunding Bonds <sup>(4)</sup>	49,990,000	49,990,000	11/08/2017
2017B Refunding Bonds <sup>(5)</sup>	10,100,000	10,100,000	11/08/2017

<sup>(1)</sup> 2006 Election, Series A Bonds redeemed on August 1, 2017, and no longer outstanding.

<sup>(2)</sup> Issued for the purpose of refunding a portion of the then-outstanding 2006 Series A Bonds.

<sup>(3)</sup> Issued for the purpose of refunding a portion of the then-outstanding 2006 Series A Bonds and 2006 Series B Bonds.

<sup>(4)</sup> Issued for the purpose of refunding on a crossover basis, a portion of the then-outstanding 2006 Series B Bonds.

<sup>(5)</sup> Issued for the purpose of refunding a portion of the then-outstanding 2006 Series C Bonds.

Source: Carlsbad Unified School District.

The following table displays the total annual debt service requirements of the District for all its outstanding general obligation bonded debt (and assuming no optional redemptions):



**OUTSTANDING GENERAL OBLIGATION BONDED INDEBTEDNESS<sup>(1)</sup>**  
**Carlsbad Unified School District**

<b>Year Ending (August 1)</b>	<b>1997 Series A Bonds</b>	<b>2006 Series B Bonds<sup>(2)</sup></b>	<b>2006 Series C Bonds</b>	<b>2006 Series D Bonds<sup>(3)</sup></b>	<b>2014 Refunding Bonds</b>	<b>2016 Refunding Bonds</b>	<b>2017A Refunding Bonds</b>	<b>2017B Refunding Bonds</b>	<b>The Bonds</b>	<b>Total Annual Debt Service</b>
2019	\$3,120,000.00	\$5,490,000.00	\$ 693,750.00	\$1,227,250.00	\$1,938,250.00	\$1,782,050.00	\$2,119,400.00	\$455,000.00	\$287,190.21	\$17,112,890.21
2020	3,185,000.00	3,078,000.00	1,171,500.00	1,227,250.00	1,932,650.00	4,222,050.00	2,119,400.00	455,000.00	10,430,837.50	27,821,687.50
2021	3,255,000.00	3,078,000.00	1,669,500.00	13,727,250.00	1,933,850.00	4,380,050.00	2,119,400.00	455,000.00	8,155,237.50	38,773,287.50
2022	3,320,000.00	3,078,000.00	1,368,018.76	654,250.00	1,930,350.00	4,549,050.00	2,119,400.00	1,140,000.00	8,514,737.50	26,673,806.26
2023	--	3,078,000.00	1,368,018.76	654,250.00	1,938,350.00	4,717,800.00	2,119,400.00	1,692,600.00	2,387,737.50	17,956,156.26
2024	--	3,078,000.00	1,368,018.76	654,250.00	1,933,350.00	4,890,550.00	2,119,400.00	2,277,000.00	2,396,987.50	18,717,556.26
2025	--	3,078,000.00	1,368,018.76	654,250.00	1,934,100.00	5,071,300.00	2,194,400.00	2,911,000.00	2,465,237.50	19,676,306.26
2026	--	3,078,000.00	1,368,018.76	13,154,250.00	1,931,000.00	5,248,800.00	2,190,650.00	3,580,500.00	2,734,487.50	33,285,706.26
2027	--	3,078,000.00	7,554,343.76	--	1,936,400.00	5,442,300.00	2,191,900.00	--	2,734,487.50	22,937,431.26
2028	--	8,633,000.00	8,302,750.00	--	--	2,090,050.00	7,747,900.00	--	2,817,987.50	29,591,687.50
2029	--	8,824,700.00	9,086,031.26	--	--	2,088,300.00	7,935,900.00	--	3,010,737.50	30,945,668.76
2030	--	9,024,900.00	9,908,675.00	--	--	2,092,300.00	8,140,400.00	--	3,051,987.50	32,218,262.50
2031	--	9,231,200.00	10,784,556.26	--	--	2,089,850.00	8,345,600.00	--	3,254,387.50	33,705,593.76
2032	--	9,436,200.00	11,711,325.00	--	--	2,085,750.00	8,552,000.00	--	3,391,987.50	35,177,262.50
2033	--	9,647,800.00	15,296,325.00	--	--	--	8,763,800.00	--	3,536,987.50	37,244,912.50
2034	--	9,863,300.00	16,328,706.26	--	--	--	8,970,000.00	--	3,683,787.50	38,845,793.76
2035	--	--	23,409,518.76	--	--	--	--	--	3,786,987.50	27,196,506.26
2036	--	--	--	--	--	--	--	--	3,978,987.50	3,978,987.50
2037	--	--	--	--	--	--	--	--	4,138,337.50	4,138,337.50
2038	--	--	--	--	--	--	--	--	4,305,787.50	4,305,787.50
2039	--	--	--	--	--	--	--	--	4,475,887.50	4,475,887.50
2040	--	--	--	--	--	--	--	--	4,658,337.50	4,658,337.50
2041	--	--	--	--	--	--	--	--	4,842,537.50	4,842,537.50
2042	--	--	--	--	--	--	--	--	5,038,187.50	5,038,187.50
2043	--	--	--	--	--	--	--	--	5,239,687.50	5,239,687.50
2044	--	--	--	--	--	--	--	--	5,446,250.00	5,446,250.00
2045	--	--	--	--	--	--	--	--	5,672,187.50	5,672,187.50
2046	--	--	--	--	--	--	--	--	5,886,562.50	5,886,562.50
2047	--	--	--	--	--	--	--	--	6,064,375.00	6,064,375.00
2048	--	--	--	--	--	--	--	--	<u>6,316,406.26</u>	<u>6,316,406.26</u>
<b>Total</b>	<b>\$12,880,000.00</b>	<b>\$94,775,100.00</b>	<b>\$122,757,075.10</b>	<b>\$31,953,000.00</b>	<b>\$17,408,300.00</b>	<b>\$50,750,200.00</b>	<b>\$77,748,950.00</b>	<b>\$12,966,100.00</b>	<b>\$132,705,321.47</b>	<b>\$553,944,046.57</b>

<sup>(1)</sup> Includes debt service on the 2006 Series B Bonds to be refunded with the 2017A Refunding Bonds. Excludes debt service on the 2006 Series C Bonds to be refunded with the proceeds of the 2017B Refunding Bonds.

<sup>(2)</sup> Debt service on the 2006 Series B Bonds is based on the year ending on May 1.

<sup>(3)</sup> Reflects gross debt service on the District's Election of 2006 General Obligation Bonds, Series D, which were designated as federally-taxable "Qualified School Construction Bonds" pursuant to

[Footnote continued on following page]

an irrevocable election by the District to have Section 6431(f)(3)(B) of the Internal Revenue Code apply thereto. As a result, the District expects to receive, on or about each interest payment date, a cash subsidy (the "Subsidy Payment") from the United States Treasury (the "Treasury") equal to the lesser of (a) the interest payable on such 2006 Series D Bonds or (b) the amount of interest that would have been payable on each such interest payment date if such interest were determined at a federally-determined tax credit rate on the date of the sale of the Series 2006 Series D Bonds. The cash payment does not constitute a full faith and credit guarantee of the United States Government, but is required to be paid by the Treasury under the American Recovery and Reinvestment Act of 2009 (the "Recovery Act"). The Subsidy Payments are subject to reduction (the "Sequestration Reduction") pursuant to the federal Balanced Budget and Emergency Deficit Control Act of 1985, as amended, which currently includes provisions reducing the Subsidy Payments by 6.2% through the end of the current federal fiscal year (September 30, 2019). In the absence of action by the U.S. Congress, the rate of the Sequestration Reduction is subject to change in the following federal fiscal year. The District cannot predict whether or how subsequent sequestration actions may affect Subsidy Payments currently scheduled for receipt in future federal fiscal years. However, notwithstanding any such reduction, the County Board of Supervisors is empowered and obligated to levy *ad valorem* property taxes in an amount sufficient to pay the principal of and interest on the 2006 Series D Bonds. The County will deposit any cash subsidy payments received into a debt service fund for such bonds.

***Mello-Roos Community Facilities Districts.*** In 1989, the District established its Community Facilities District No. 1 ("CFD No. 1") pursuant to the Mello-Roos Community Facilities Act of 1982 (the "Mello-Roos Act"), to finance school facilities and related school improvements within the Aviara Residential Community and on other sites within the District. CFD No. 1 is located within the District in the southern portion of the City of Carlsbad. The qualified electors of CFD No. 1, by a two-thirds affirmative vote, approved a rate and method of apportionment of an annual special tax on residential and commercial property in CFD No. 1 (the "CFD No. 1 RMA") and the issuance of not-to-exceed \$14,000,000 in bonded indebtedness.

On April 11, 1990, the District issued its Carlsbad Unified School District Community Facilities District No. 1 (Aviara), Special Tax Bonds, Series 1990 in the aggregate principal amount of \$12,175,000 ("Series 1990 CFD Bonds") to provide funds to pay costs of the acquisition and construction of certain school facilities. On July 7, 1998, the District issued its 1998 Special Tax Refunding Bonds (CFD No. 1) in the aggregate principal amount of \$12,460,000 (the "1998 Refunding CFD Bonds") in order to advance refund the outstanding Series 1990 CFD Bonds. The 1998 Refunding CFD Bonds have fully matured and are no longer outstanding.

In 1994, the District established its Community Facilities District No. 3 ("CFD No. 3") pursuant to the Mello-Roos Act, to finance school facilities and related school improvements within the District. CFD No. 3 is comprised of several non-contiguous properties in the District, the largest portion of which is located in the northeastern portion of the City of Carlsbad. The qualified electors of CFD No. 3, by a two-thirds affirmative vote, approved a rate and method of apportionment of an annual special tax on residential and commercial property in CFD No. 3 and the issuance of not-to-exceed \$175,000,000 in bonded indebtedness. No bonds have been issued by the District on behalf of CFD No. 3.

The District receives approximately \$4.5 million each year from the special tax levied within CFD No. 3 and such proceeds are currently being used to offset lease payments due on the 2016 COPs (defined below) and 2013 Refunding Lease (defined below), however, such special tax revenues have not been pledged for the repayment of any of the obligations and no assurance can be given that special tax revenues will be received by the District in an amount sufficient to pay any portion of payments with respect to the 2016 COPs or payments under the 2013 Refunding Lease coming due or that the District will elect to use the proceeds from such special taxes for those purposes. See "– Certificates of Participation" and "– Lease Refinancing" below.

In 1998, the District established its Community Facilities District No. 4 ("CFD No. 4") pursuant to the Mello-Roos Act to provide funds to plan for, design, acquire, lease, expand, improve, rehabilitate and finance the costs of school and school facilities, real property or other tangible property within the boundaries of CFD No. 4. CFD No. 4, which is located in the City of Carlsbad and lies in the southern portion of the District. The qualified electors of CFD No. 4, by a two-thirds affirmative vote, approved a rate and method of apportionment of an annual special tax on residential and commercial property in CFD No. 4. No bonds have been issued by the District on behalf of CFD No. 4.

In 2012, the District established its Community Facilities District No. 5 (“CFD No. 5”) pursuant to the Mello-Roos Act, to provide funds to design, acquire, construct, lease, expand, improve, rehabilitate and finance any elementary school, middle school, or high school needed by the District to serve the student population generated as a result of the development of property within CFD No. 5. The qualified electors of CFD No. 5, by a two-thirds affirmative vote, approved a rate and method of apportionment of an annual special tax on residential and commercial property in CFD No. 5 and the issuance of not-to-exceed \$60,000,000 in bonded indebtedness. No bonds have been issued by the District on behalf of CFD No. 5.

On June 18, 2014, the District issued its Community Facilities District No. 1 of the Carlsbad Unified School District Special Tax Bonds, Series 2014 in the aggregate principal amount of \$1,825,000 (the “Series 2014 CFD Bonds”) for the purpose of financing certain school facilities. The Series 2014 CFD Bonds are payable from a special tax levied on all taxable parcels within CFD No. 1 pursuant to the CFD No. 1 RMA. The Series 2014 CFD Bonds are special obligations of CFD No. 1, payable solely from the net proceeds of the special tax levied within CFD No. 1. The District’s general fund is not a source of payment for the Series 2014 CFD Bonds. CFD No. 1 has covenanted to levy in each year an amount of special taxes at least equal to (i) any amounts necessary to fund specified administration costs of CFD No. 1, and (ii) 110% of the debt service coming due on all outstanding special tax bonds of CFD No. 1 in such year.

The following table shows the debt service on the Series 2014 CFD Bonds.

**SERIES 2014 CFD BONDS ANNUAL DEBT SERVICE**  
**Community Facilities District No. 1**

<b><u>Year Ending</u></b> <b><u>(September 1)</u></b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Total Payment</u></b>
2019	\$105,000.00	\$52,195.00	\$157,195.00
2020	110,000.00	48,362.50	158,362.50
2021	115,000.00	44,347.50	159,347.50
2022	120,000.00	40,150.00	160,150.00
2023	125,000.00	35,770.00	160,770.00
2024	130,000.00	31,207.50	161,207.50
2025	135,000.00	26,462.50	161,462.50
2026	140,000.00	21,535.00	161,535.00
2027	145,000.00	16,425.00	161,425.00
2028	150,000.00	11,132.50	161,132.50
2029	<u>155,000.00</u>	<u>5,657.50</u>	<u>160,657.50</u>
Total	<u>\$1,430,000.00</u>	<u>\$333,245.00</u>	<u>\$1,763,245.00</u>

*Source: Carlsbad Unified School District.*

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**Lease Refinancing.** On August 8, 2013, the District entered into a lease agreement with Capital One Public Funding, LLC in the aggregate principal amount of \$6,105,000 (the “2013 Refunding Lease”), the proceeds of which were used to currently refund certain of the District’s then-outstanding lease obligations. The following table summarizes future payment requirements of the District with respect to the 2013 Refunding Lease:

**2013 REFUNDING LEASE SEMI-ANNUAL PAYMENTS  
Carlsbad Unified School District**

<b><u>Period Ending</u></b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Debt Service</u></b>
10/1/2019	\$375,000	\$52,850	\$427,850
4/1/2020	--	47,600	47,600
10/1/2020	385,000	47,600	432,600
4/1/2021	--	42,210	42,210
10/1/2021	395,000	42,210	437,210
4/1/2022	--	36,680	36,680
10/1/2022	410,000	36,680	446,680
4/1/2023	--	30,940	30,940
10/1/2023	415,000	30,940	445,940
4/1/2024	--	25,130	25,130
10/1/2024	430,000	25,130	455,130
4/1/2025	--	19,110	19,110
10/1/2025	440,000	19,110	459,110
4/1/2026	--	12,950	12,950
10/1/2026	450,000	12,950	462,950
4/1/2027	<u>475,000</u>	<u>6,650</u>	<u>481,650</u>
Total	<u>\$3,775,000</u>	<u>\$488,740</u>	<u>\$4,263,740</u>

*Source: Carlsbad Unified School District.*

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**Certificates of Participation.** On November 10, 2016, the District executed and delivered the Certificates of Participation (2016 Refunding and Financing Projects) in an aggregate principal amount of \$41,805,000 (the “2016 COPs”), the net proceeds of which were used (i) prepay all of the District’s then-outstanding Certificates of Participation (Refunding Project) 2009 Series A (the “2009 COPs”), and (ii) finance improvements to District sites and facilities.

The following table shows future annual lease payment obligations of the District with respect to the 2016 COPs.

**ANNUAL LEASE PAYMENTS – CERTIFICATES OF PARTICIPATION  
Carlsbad Unified School District**

<u>Year Ending (October 1)</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Payment</u>
2019	\$1,640,000.00	\$1,701,218.76	\$3,341,218.76
2020	1,725,000.00	1,619,218.76	3,344,218.76
2021	1,810,000.00	1,532,968.76	3,342,968.76
2022	1,895,000.00	1,442,468.76	3,337,468.76
2023	2,000,000.00	1,347,718.76	3,347,718.76
2024	2,095,000.00	1,247,718.76	3,342,718.76
2025	2,205,000.00	1,142,968.76	3,347,968.76
2026	2,315,000.00	1,032,718.76	3,347,718.76
2027	2,425,000.00	916,968.76	3,341,968.76
2028	2,550,000.00	795,718.76	3,345,718.76
2029	2,680,000.00	668,218.76	3,348,218.76
2030	2,760,000.00	561,018.76	3,321,018.76
2031	2,790,000.00	450,618.76	3,240,618.76
2032	2,475,000.00	339,018.76	2,814,018.76
2033	2,310,000.00	240,018.76	2,550,018.76
2034	1,980,000.00	147,618.76	2,127,618.76
2035	1,550,000.00	88,218.76	1,638,218.76
2036	<u>1,335,000.00</u>	<u>41,718.76</u>	<u>1,376,718.76</u>
Total	<u>\$38,540,000.00</u>	<u>\$15,316,137.68</u>	<u>\$53,856,137.68</u>

Source: Carlsbad Unified School District.

**TAX MATTERS**

In the opinion of Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, interest on the Bonds is excluded from gross income for federal income tax purposes, and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals. In the further opinion of Bond Counsel, interest on the Bonds is exempt from State personal income tax.

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

tax imposed on individuals. In the opinion of Bond Counsel, the amount of original issue discount that accrues to the Bond Owner of the Bonds is exempt from State personal income tax.

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

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

The Internal Revenue Service (the "IRS") has initiated an expanded program for the auditing of tax-exempt bond issues, including both random and targeted audits. It is possible that the Bonds will be selected for audit by the IRS. It is also possible that the market value of the Bonds might be affected as a result of such an audit of the Bonds (or by an audit of similar bonds). No assurance can be given that in the course of an audit, as a result of an audit, or otherwise, Congress or the IRS might not change the Code (or interpretation thereof) subsequent to the issuance of the Bonds to the extent that it adversely affects the exclusion from gross income of interest (and original issue discount) on the Bonds or their market value.

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

Bond Counsel's opinions may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. Bond Counsel has not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. The Resolution and the Tax Certificate

relating to the Bonds permit certain actions to be taken or to be omitted if a favorable opinion of a bond counsel is provided with respect thereto. Bond Counsel expresses no opinion as to the effect on the exclusion from gross income for federal income tax purposes of interest (or original issue discount) on any Bond if any such action is taken or omitted based upon the advice of counsel other than Bond Counsel.

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

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

### **LIMITATION ON REMEDIES; BANKRUPTCY**

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

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

**Statutory Lien.** Pursuant to Government Code Section 53515, the Bonds are secured by a statutory lien on all revenues received pursuant to the levy and collection of the tax, and such lien automatically arises, without the need for any action or authorization by the local agency or its governing board, and is valid and binding from the time the Bonds are executed and delivered. See “THE BONDS – Security and Sources of Payment” herein. Although a statutory lien would not be automatically terminated by the filing of a Chapter 9 bankruptcy petition by the District, the automatic stay provisions of the Bankruptcy Code would apply and payments that become due and owing on the Bonds during the

pendency of the Chapter 9 proceeding could be delayed, unless the Bonds are determined to be secured by a pledge of “special revenues” within the meaning of the Bankruptcy Code and the pledged *ad valorem* property taxes are applied to pay the Bonds in a manner consistent with the Bankruptcy Code.

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

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

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

## LEGAL MATTERS

### **Legality for Investment in California**

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

### **Information Reporting Requirements**

On May 17, 2006, the President signed the Tax Increase Prevention and Reconciliation Act of 2005 (“TIPRA”). Under Section 6049 of the Internal Revenue Code of 1986, as amended by TIPRA, interest paid on tax-exempt obligations will be subject to information reporting in a manner similar to interest paid on taxable obligations. The effective date for this provision is for interest paid after



December 31, 2005, regardless of when the tax-exempt obligations were issued. The purpose of this change was to assist in relevant information gathering for the IRS relating to other applicable tax provisions. TIPRA provides that backup withholding may apply to such interest payments made after March 31, 2007 to any bondholder who fails to file an accurate Form W-9 or who meets certain other criteria. The information reporting and backup withholding requirements of TIPRA do not affect the excludability of such interest from gross income for federal income tax purposes.

### **Continuing Disclosure**

***Current Undertaking.*** The District has covenanted for the benefit of the Owners 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 (which currently ends June 30), commencing with the report for the 2018-19 fiscal year, and to provide notices of the occurrence of certain listed events. The Annual Reports and notices of listed events will be filed by the District in accordance with the requirements of the Rule. The specific nature of the information to be contained in the Annual Reports or the notices of listed events is included in “APPENDIX C – FORM OF CONTINUING DISCLOSURE CERTIFICATE” attached hereto. These covenants have been made in order to assist the Underwriters in complying with the Rule.

***Prior Undertakings.*** The District has not, in the past five years, failed to file in a timely manner the annual reports or notices of listed events as required pursuant to its prior continuing disclosure undertakings.

### **Absence of Material Litigation**

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

### **Financial Statements**

The financial statements with required 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 December 17, 2018 of Wilkinson Hadley King & Co. LLP (the “Auditor”), are included in this Official Statement as Appendix B. In connection with the inclusion of the financial statements and the report of the Auditor herein, 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 report.

### **Legal Opinion**

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

## MISCELLANEOUS

### Ratings

Moody's and S&P have assigned ratings of "Aa1" and "AA", respectively, to the Bonds. Such ratings reflect only the views of such organizations and any desired explanation of the significance of such ratings should be obtained from the rating agency furnishing the same, at the following addresses: Moody's Investors Service, 7 World Trade Center at 250 Greenwich, New York, New York 10007 and S&P Global Ratings, 55 Water Street, New York, New York 10041.

Generally, rating agencies base their ratings on information and materials furnished to them (which may include information and material from the District which is not included in this Official Statement) and on investigations, studies and assumptions by the rating agencies.

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

### Underwriting

The Underwriters have agreed to purchase the Bonds at a price of \$88,317,551.46, which is equal to the aggregate principal amount of the Bonds of \$84,995,000.00, plus original issue premium of \$3,612,819.40, less an underwriting discount of \$290,267.94.

The Purchase Contract for the Bonds provides that the Underwriters 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 Underwriters may offer and sell Bonds to certain dealers and others at prices lower than the offering prices stated on the inside cover page. The offering prices may be changed from time to time by the Underwriters.

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

JPMS, one of the Underwriters of the Bonds, has entered into negotiated dealer agreements (each, a "Dealer Agreement") with each of Charles Schwab & Co., Inc. ("CS&Co.") and LPL Financial LLC ("LPL") for the retail distribution of certain securities offerings at the original issue prices. Pursuant to each Dealer Agreement, each of CS&Co. and LPL may purchase Bonds from JPMS at the original issue price less a negotiated portion of the selling concession applicable to any Bonds that such firm sells.

Jefferies, one of the underwriter of the Bonds, has entered into an agreement (the "Agreement") with E\*TRADE Securities LLC ("E\*TRADE") for the retail distribution of municipal securities. Pursuant to the Agreement, Jefferies will sell Bonds to E\*TRADE and will share a portion of its selling concession compensation with E\*TRADE.

**Additional Information**

The purpose of this Official Statement is to supply information to prospective buyers of the Bonds. Quotations from and summaries and explanations of the Bonds, the Resolution providing for issuance of the Bonds, and the constitutional provisions, statutes and other documents referenced herein, do not purport to be complete, and reference is made to said documents, constitutional provisions and statutes for full and complete statements of their provisions.

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

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.

**CARLSBAD UNIFIED SCHOOL DISTRICT**

By:           /s/ Benjamin Churchill, Ed.D.            
                                  Superintendent

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## APPENDIX A

### FORM OF OPINION OF BOND COUNSEL

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

June 27, 2019

Board of Trustees  
Carlsbad Unified School District

Members of the Board of Trustees:

We have examined a certified copy of the record of the proceedings relative to the issuance and sale of \$84,995,000 Carlsbad Unified School District Election of 2018 General Obligation Bonds, Series A (the “Bonds”). As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

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

1. Such proceedings and proofs show lawful authority for the issuance and sale of the Bonds pursuant to Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code of the State of California (the “Act”), commencing with Section 53506 *et seq.*, a vote of 55% of the qualified electors of the Carlsbad Unified School District (the “District”) voting at an election held on November 6, 2018, and a resolution of the Board of Trustees of the District (the “Resolution”).
2. The Bonds constitute valid and binding general obligations of the District, payable as to both principal and interest from the proceeds of a levy of *ad valorem* property taxes on all property subject to such taxes in the District, which taxes are unlimited as to rate or amount.
3. Under existing statutes, regulations, rulings and judicial decisions, interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals.
4. Interest on the Bonds is exempt from State of California personal income tax.
5. The excess of the stated redemption price at maturity over the issue price of a Bond (the first price at which a substantial amount of the Bonds of a maturity is to be sold to the public) constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a Bondowner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by a

Bondowner will increase the Bondowner's basis in the applicable Bond. Original issue discount that accrues to the Bondowner is excluded from the gross income of such owner for federal income tax purposes, is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals, and is exempt from State of California personal income tax.

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

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

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

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

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

Respectfully submitted,

**APPENDIX B**

**2017-18 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT**

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**CARLSBAD UNIFIED SCHOOL DISTRICT  
COUNTY OF SAN DIEGO  
CARLSBAD, CALIFORNIA**

**AUDIT REPORT**

**JUNE 30, 2018**

## Introductory Section

Carlsbad Unified School District  
 Audit Report  
 For The Year Ended June 30, 2018

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Carlsbad Unified School District  
 Audit Report  
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Financial Section



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

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

**Independent Auditor's Report**

To the Board of Trustees  
Carlsbad Unified School District  
Carlsbad, California 92008

**Report on the Financial Statements**

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

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

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

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

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

**Opinions**

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

## **Emphasis of Matter**

### *Change in Accounting Principle*

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

## **Other Matters**

### *Required Supplementary Information*

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

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Carlsbad Unified School District's basic financial statements. The combining financial statements are presented for purposes of additional analysis and are not required parts of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements. The accompanying other supplementary information is presented for purposes of additional analysis as required by the State's audit guide, *2017-18 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* prescribed in Title 5, *California Code of Regulations*, Section 19810 and is also not a required part of the basic financial statements.

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2018 on our consideration of Carlsbad Unified School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Carlsbad Unified School District's internal control over financial reporting and compliance.

*Wilkinson Hadley King & Co., LLP*

El Cajon, California  
December 17, 2018



**CARLSBAD UNIFIED SCHOOL DISTRICT**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
JUNE 30, 2018  
(Unaudited)

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

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

**FINANCIAL HIGHLIGHTS**

- The increase in Local Control Funding Formula (LCFF) sources from 2016-17 to 2017-18 was \$3.76 million. The increase is due to the State of California funding some of the LCFF gap because of actual revenues outpacing all forecasts.
- The general fund expenditures increased by \$7.3 million or 6.9% over the previous year amount.
- General Fund expenses and other uses exceeded revenues and other sources by \$0.85 million.
- The General Fund ended the fiscal year with 5.0% economic reserve within the unrestricted fund balance.

**Overview of the Financial Statements**

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

**The Basic Financial Statements**

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

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

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

## **Reporting the School District as a Whole**

### *Statement of Net Position and the Statement of Activities*

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

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

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

## **Reporting the School District's Most Significant Funds**

### *Fund Financial Statements*

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

### *Governmental Funds*

Most of the School District's activities are reported in governmental funds. The major governmental funds of the District are the General Fund, the Building Fund, the Capital Projects Fund for Blended Component Units, and the Bond Interest and Redemption Fund. Governmental funds focus on how money flows into and out of the funds and the balances that remain at the end of the year. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's operations and services that help determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

### *Fiduciary Funds*

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

## **FINANCIAL ANALYSIS OF THE GOVERNMENT WIDE STATEMENTS**

### *The School District as a Whole*

The District's net position was \$1.0 million at June 30, 2018. Of this amount, the unrestricted net position was (\$84.2) million, the net investment in capital assets was \$41.1 million, and the restricted net position was \$44.1 million. The Comparative Statement of Net Position is presented in Table 1.

The District's net position decreased \$6.8 million this fiscal year (See Table 2). The District's expenses for instructional and pupil services represented 72% of total expenses. The administrative activities of the District accounted for just 5% of total costs. The remaining 23% was spent in the areas of plant services and other expenses. (See Figure 2)

**(Table 1)**  
**Comparative Statement of Net Position**

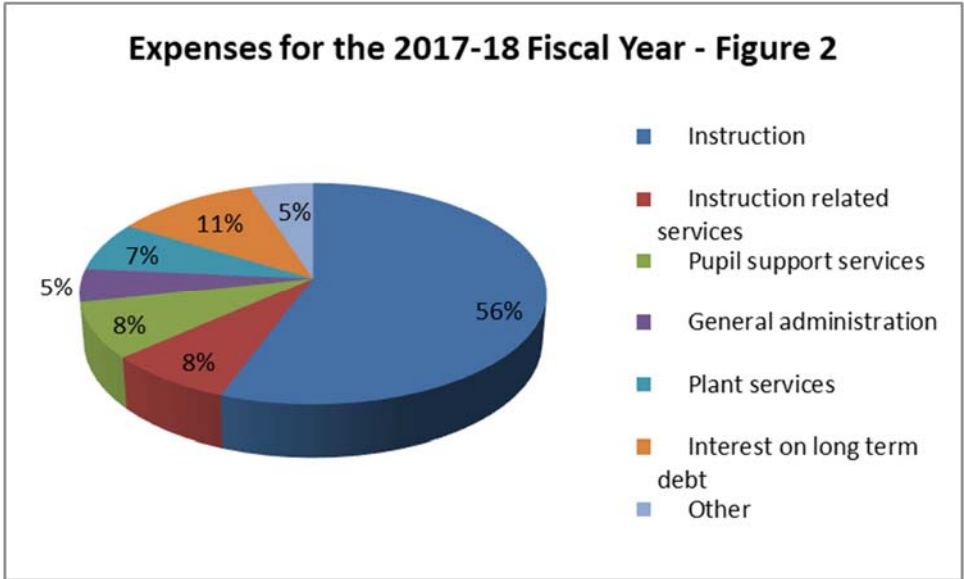
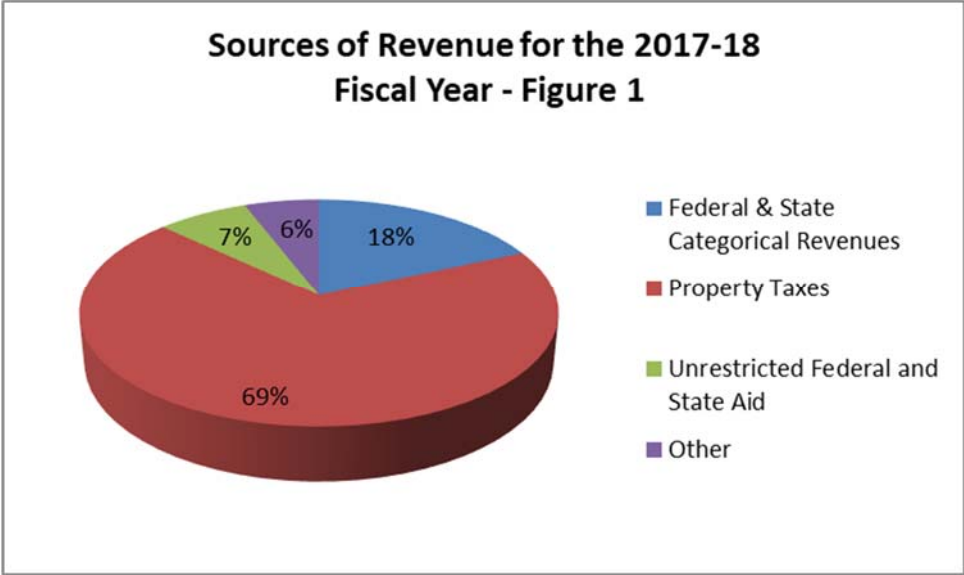
	<b>Governmental Activities</b>	
	<b>June 30, 2018</b>	<b>June 30, 2017</b>
<b>Assets</b>		
Cash	\$ 68,625,007	\$ 74,745,223
Accounts receivable	2,320,597	3,065,968
Stores inventory	99,863	103,804
Prepaid expenses	1,658,232	1,845,466
Capital assets, net	328,345,935	322,136,421
Total Assets	<u>\$ 401,049,634</u>	<u>\$ 401,896,882</u>
<b>Deferred Outflows of Resources</b>		
Deferred outflows of resources - pensions	36,964,529	16,760,671
Deferred outflows of resources - other	19,466,313	13,579,382
Total Deferred Outflows of Resources	<u>\$ 56,430,842</u>	<u>\$ 30,340,053</u>
<b>Liabilities</b>		
Accounts payable and other current liabilities	9,922,897	10,560,263
Unearned revenue	1,032,608	840,119
Long-term liabilities	430,551,338	392,684,844
Total Liabilities	<u>441,506,843</u>	<u>404,085,226</u>
<b>Deferred Inflows of Resources</b>		
Deferred inflows of resources - pensions	14,745,281	6,493,123
Deferred inflows of resources - OPEB	194,791	0
Total Deferred Inflows of Resources	<u>\$ 14,940,072</u>	<u>\$ 6,493,123</u>
<b>Net Assets</b>		
Net investment in capital assets	41,150,432	39,891,733
Restricted	44,076,424	49,673,258
Unrestricted	(84,193,295)	(67,906,405)
Total Net Position	<u>\$ 1,033,561</u>	<u>\$ 21,658,586</u>

**(Table 2)**  
**Comparative Statement of Change in Net Position**

	<u>Governmental Activities</u>	
	<u>June 30, 2018</u>	<u>June 30, 2017</u>
<b>Revenues</b>		
Program revenues		
Charges for services	\$ 4,928,767	\$ 5,643,365
Operating grants	24,178,475	21,969,152
Capital grants	2,314,835	0
General revenues		
Taxes levied for general purposes	83,690,786	79,546,362
Taxes levied for debt service	15,277,303	12,613,998
Taxes levied for other specific purposes	126,054	248,356
Federal and state aid not restricted to specific purposes	10,357,713	11,260,838
Interest and investment earnings	505,237	301,391
Miscellaneous	3,033,576	3,565,076
Total Revenues	<u>144,412,746</u>	<u>135,148,538</u>
<b>Expenses</b>		
Instruction	84,156,758	82,804,528
Instruction related services	11,767,839	12,129,874
Pupil support services	12,299,917	12,356,531
General administration	7,416,808	7,733,143
Plant services	10,874,209	11,799,774
Interest on long term debt	17,077,442	11,388,805
Other	7,629,034	4,036,776
Total Expenses	<u>151,222,007</u>	<u>142,249,431</u>
Increase (Decrease) in Net Position	(6,809,261)	(7,100,893)
Net Position - Beginning Balance	21,658,586	28,759,479
Adjustment for implementation of GASB 75	(13,815,764)	0
Net Position - Ending Balance	<u>\$ 1,033,561</u>	<u>\$ 21,658,586</u>

**GOVERNMENTAL ACTIVITIES**

As reported in the Statement of Activities, the cost of all of the District's governmental activities this year was \$151.2 million. The amount that our local taxpayers financed for these activities through property taxes was \$99.1 million and covered 65.5% of the expenses of the entire district. Federal and State aid not restricted to specific purposes totaled \$10.4 million. Operating grants, capital grants, and charges for services revenue was \$31.4 million. (See Figure 1).



**FINANCIAL ANALYSIS OF THE FUND STATEMENTS**

The fund financial statements focus on individual parts of the District’s operations in more detail than the government-wide statements. The District’s individual fund statements provide information on inflows and outflows and balances of spendable resources. The District’s Governmental Funds reported a combined fund balance of \$64.3 million, a decrease of \$6.1 million from the previous fiscal year’s combined ending balance of \$70.4 million.

## General Fund Budgetary Highlights

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

- Budget revisions to the adopted budget required after approval of the State budget.
- Budget revisions to update revenues to actual enrollment information and to update expenditures for staffing adjustments related to actual enrollments.
- Other budget revisions are routine in nature, including adjustments to categorical revenues and expenditures based on final awards, and adjustments between expenditure categories for school and department budgets.
- An analysis of significant variations between original and final budget amounts and between final budget amounts and actual budget results for the general fund (or its equivalent). The analysis should include any currently known reasons for those variations that are expected to have a significant effect on future services or liquidity.

The final revised budget for the General Fund reflected a net decrease to the ending balance of \$3.8 million.

The District ended the year with a \$0.85 million decrease to the general fund ending balance. The State recommends available reserves of 3% of District expenditures.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

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

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

	<u>2018</u>	<u>2017</u>	<u>Net \$ Change</u>	<u>Net % Change</u>
Land	\$ 36,276,875	\$ 36,276,875	\$ 0	0.0%
Work in Progress	39,219,590	24,813,527	14,406,063	58.1%
Land Improvements	22,614,383	22,614,383	0	0.0%
Buildings & Improvements	296,415,204	296,415,204	0	0.0%
Equipment	27,931,835	27,819,029	112,806	0.4%
Less Accumulated Depreciation for				
Land Improvements	(12,194,351)	(11,282,339)	(912,012)	8.1%
Buildings & Improvements	(62,597,405)	(56,523,492)	(6,073,913)	10.7%
Equipment	(19,320,196)	(17,996,766)	(1,323,430)	7.4%
<b>Total</b>	<u><u>\$ 328,345,935</u></u>	<u><u>\$ 322,136,421</u></u>	<u><u>\$ 6,209,514</u></u>	<u><u>1.9%</u></u>

## Long-Term Debt

At June 30, 2018 the District had \$287.2 million in long-term debt outstanding. Table 4 shows a comparative schedule of long-term debt items.

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

	<u>2018</u>	<u>2017</u>	<u>Net \$ Change</u>	<u>Net % Change</u>
General Obligation Bonds	\$ 235,694,500	\$ 228,351,179	\$ 7,343,321	3.2%
Capital Lease Obligation	4,140,000	4,490,000	(350,000)	-7.8%
Certificates of Participation	45,826,003	47,768,509	(1,942,506)	-4.1%
Special Tax Bonds	<u>1,535,000</u>	<u>1,635,000</u>	<u>(100,000)</u>	<u>-6.1%</u>
Total Long-Term Debt	<u>\$ 287,195,503</u>	<u>\$ 282,244,688</u>	<u>\$ 4,950,815</u>	<u>1.8%</u>

## FACTORS BEARING ON THE DISTRICT'S FUTURE

The State's economic downturns and surpluses impact the District's future dramatically. The financial well-being of the District is tied in large measure to the state funding formula which is currently not funding the District at 100%.

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

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

## CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, parents, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact Chris Wright, Assistant Superintendent – Business Services, at Carlsbad Unified School District, 6225 El Camino Real, Carlsbad, California 92009, or e-mail at [chris.wright@carlsbadusd.net](mailto:chris.wright@carlsbadusd.net).



## Basic Financial Statements

**CARLSBAD UNIFIED SCHOOL DISTRICT**  
 STATEMENT OF NET POSITION  
 JUNE 30, 2018

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash	\$ 68,625,007
Receivables	2,320,597
Stores	99,863
Prepaid Expenses	1,658,232
Capital Assets:	
Land	36,276,875
Improvements	22,614,383
Buildings	296,415,204
Equipment	27,931,835
Work in Progress	39,219,590
Less Accumulated Depreciation	(94,111,952)
Total Assets	<u>401,049,634</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<u>56,430,842</u>
<b>LIABILITIES</b>	
Accounts Payable and Other Current Liabilities	9,922,897
Unearned Revenue	1,032,608
Long-Term Liabilities:	
Due Within One Year	13,074,244
Due in More Than One Year	417,477,094
Total Liabilities	<u>441,506,843</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>14,940,072</u>
<b>NET POSITION</b>	
Net Investment in Capital Assets	41,150,432
Restricted for:	
Capital Projects	19,975,392
Debt Service	21,617,547
Educational Programs	331,818
Other Purposes (Expendable)	363,571
Other Purposes (Nonexpendable)	1,788,096
Unrestricted	(84,193,295)
Total Net Position	<u>\$ 1,033,561</u>

The accompanying notes are an integral part of this statement.

**CARLSBAD UNIFIED SCHOOL DISTRICT**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2018

Functions	Expenses	Program Revenues		Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions		
Governmental Activities:					
Instruction	\$ 84,156,758	\$ 2,103,860	\$ 18,030,103	\$ 2,314,835	\$ (61,707,960)
Instruction-Related Services:					
Instructional Supervision and Administration	1,854,636	3,751	689,880	-	(1,161,005)
Instructional Library, Media and Technology	1,415,183	104	8,429	-	(1,406,650)
School Site Administration	8,498,020	41	235,492	-	(8,262,487)
Pupil Services:					
Home-to-School Transportation	2,642,330	-	35,682	-	(2,606,648)
Food Services	2,738,289	1,277,461	1,277,783	-	(183,045)
All Other Pupil Services	6,919,298	25,934	1,328,148	-	(5,565,216)
General Administration:					
Centralized Data Processing	1,218,801	-	6,342	-	(1,212,459)
All Other General Administration	6,198,007	1,448	153,354	-	(6,043,205)
Plant Services	10,874,209	290,806	1,877,166	-	(8,706,237)
Ancillary Services	1,569,206	105	16,980	-	(1,552,121)
Community Services	100,831	2,087	9,482	-	(89,262)
Self-Insured Activities	1,110,880	1,213,365	-	-	102,485
Interest on Long-Term Debt	17,077,442	-	-	-	(17,077,442)
Other Outgo - Transfers Between Agencies	1,398,611	9,805	509,634	-	(879,172)
Other Outgo - Debt Issue Costs	3,449,506	-	-	-	(3,449,506)
<b>Total Expenses</b>	<b>\$ 151,222,007</b>	<b>\$ 4,928,767</b>	<b>\$ 24,178,475</b>	<b>\$ 2,314,835</b>	<b>\$ (119,799,930)</b>
General Revenues:					
Taxes and Subventions:					
					83,690,786
					15,277,303
					126,054
					10,357,713
					505,237
					41,741
					2,991,835
					<u>\$ 112,990,669</u>
					(6,809,261)
					<u>7,842,822</u>
					<u>\$ 1,033,561</u>

The accompanying notes are an integral part of this statement.

**CARLSBAD UNIFIED SCHOOL DISTRICT**

## BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2018

	General Fund	Building Fund
<b>ASSETS:</b>		
Cash in County Treasury	\$ 24,975,910	\$ 7,731,547
Cash in Revolving Fund	30,000	-
Cash with a Fiscal Agent/Trustee	-	-
Accounts Receivable	1,856,868	37,609
Due from Other Funds	136,480	-
Stores Inventories	20,589	-
Prepaid Expenditures	1,578,896	2,036
Total Assets	<u>28,598,743</u>	<u>7,771,192</u>
<b>LIABILITIES AND FUND BALANCE:</b>		
Liabilities:		
Accounts Payable	\$ 5,401,724	\$ 42,960
Due to Other Funds	1,061	2,312
Unearned Revenue	573,152	-
Total Liabilities	<u>5,975,937</u>	<u>45,272</u>
Fund Balance:		
Nonspendable Fund Balances:		
Revolving Cash	30,000	-
Stores Inventories	20,589	-
Prepaid Items	1,578,897	2,036
Restricted Fund Balances	789,638	7,723,884
Committed Fund Balances	3,124,698	-
Assigned Fund Balances	11,415,773	-
Unassigned:		
Reserve for Economic Uncertainty	5,663,211	-
Total Fund Balance	<u>22,622,806</u>	<u>7,725,920</u>
Total Liabilities and Fund Balances	<u>\$ 28,598,743</u>	<u>\$ 7,771,192</u>

The accompanying notes are an integral part of this statement.

Blended Component Unit	Bond Interest & Redemption	Other Governmental Funds	Total Governmental Funds
\$ 2,286,682	\$ 21,617,547	\$ 6,213,757	\$ 62,825,443
-	-	-	30,000
4,447,450	-	-	4,447,450
11,672	-	410,138	2,316,287
-	-	1,061	137,541
-	-	79,275	99,864
-	-	77,300	1,658,232
<u>6,745,804</u>	<u>21,617,547</u>	<u>6,781,531</u>	<u>71,514,817</u>
\$ 984,286	\$ -	\$ 94,163	\$ 6,523,133
100,971	-	33,198	137,542
-	-	883	574,035
<u>1,085,257</u>	<u>-</u>	<u>128,244</u>	<u>7,234,710</u>
-	-	-	30,000
-	-	79,275	99,864
-	-	77,300	1,658,233
5,660,547	21,617,547	6,496,712	42,288,328
-	-	-	3,124,698
-	-	-	11,415,773
-	-	-	5,663,211
<u>5,660,547</u>	<u>21,617,547</u>	<u>6,653,287</u>	<u>64,280,107</u>
\$ <u>6,745,804</u>	\$ <u>21,617,547</u>	\$ <u>6,781,531</u>	\$ <u>71,514,817</u>

**CARLSBAD UNIFIED SCHOOL DISTRICT**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2018

Total fund balances - governmental funds balance sheet		\$ 64,280,107
<p>Capital assets: In governmental funds, only current assets are reported. In the statement of net position, all assets are reported, including capital assets and accumulated depreciation.</p>		
Capital assets relating to governmental activities, at historical cost	422,457,887	
Accumulated depreciation	<u>(94,111,952)</u>	
	Net	328,345,935
<p>Unmatured interest on long-term debt: In governmental funds, interest on long-term debt is not recognized until the period in which it matures and is paid. In the government-wide statement of net position, it is recognized in the period that it is incurred. The additional liability for unmatrued interest owing at the end of the period was:</p>		
		(3,223,188)
<p>Long-term liabilities: In governmental funds, only current liabilities are reported. In the statement of net position, all liabilities, including long-term liabilities, are reported. Long-term liabilities relating to governmental activities consist of:</p>		
General obligation bonds payable	235,694,500	
Net pension liability	110,135,597	
Total OPEB liability	32,893,045	
Compensated absences payable	327,193	
Certificates of participation payable	45,826,003	
Special tax bonds payable	1,535,000	
Capital leases payable	<u>4,140,000</u>	
	Total:	(430,551,338)
<p>Deferred gain or loss on debt refunding: In the government wide financial statements deferred gain or loss on debt refunding is recognized as a deferred outflow of resources (for a loss) or deferred inflow of resources (for a gain) and subsequently amortized over the life of the debt. Deferred gain or loss on debt refunding recognized as a deferred outflow of resources or deferred inflow of resources on the statement of net position was:</p>		
		19,466,313
<p>Deferred outflows and inflows of resources relating to pensions: In governmental funds, deferred outflows and inflows of resources relating to pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions are reported.</p>		
Deferred outflows of resources relating to pensions		36,964,529
Deferred inflows of resources relating to pensions		(14,745,281)
<p>Deferred outflows and inflows of resources related to other postemployment benefits (OPEB): In governmental funds, deferred outflows and inflows of resources related to OPEB are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources related to OPEB are reported.</p>		
Deferred outflows of resources relating to OPEB		-
Deferred inflows of resources relating to OPEB		(194,791)
<p>Internal service funds: Internal service funds are used to conduct certain activities for which costs are charged to other funds on a full cost-recovery basis. Because internal service funds are presumed to operate for the benefit of governmental activities, assets and liabilities of internal service funds are reported with governmental activities in the statement of net position. Net position for internal service funds are:</p>		
		<u>691,275</u>
Net position of governmental activities - statement of net position		\$ <u><u>1,033,561</u></u>

The accompanying notes are an integral part of this statement.

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# CARLSBAD UNIFIED SCHOOL DISTRICT

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES

### IN FUND BALANCES - GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2018

	<u>General Fund</u>	<u>Building Fund</u>
Revenues:		
LCFF Sources:		
State Apportionment or State Aid	\$ 7,219,842	\$ -
Education Protection Account Funds	2,180,194	-
Local Sources	80,838,648	-
Federal Revenue	3,668,263	-
Other State Revenue	9,921,445	-
Other Local Revenue	8,587,570	114,709
Total Revenues	<u>112,415,962</u>	<u>114,709</u>
Expenditures:		
Current:		
Instruction	72,901,487	-
Instruction - Related Services	11,015,630	-
Pupil Services	9,177,391	-
Ancillary Services	1,529,877	-
Community Services	100,831	-
General Administration	6,517,594	-
Plant Services	9,877,327	51,373
Other Outgo	1,398,611	485,958
Capital Outlay	645,472	1,993,831
Debt Service:		
Principal	-	39,323,450
Interest	-	30,171,720
Total Expenditures	<u>113,164,220</u>	<u>72,026,332</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(748,258)</u>	<u>(71,911,623)</u>
Other Financing Sources (Uses):		
Transfers In	-	2,309,811
Transfers Out	(100,000)	-
Proceeds From Sale of Bonds	-	60,090,000
Other Sources	-	9,891,128
Other Uses	-	-
Total Other Financing Sources (Uses)	<u>(100,000)</u>	<u>72,290,939</u>
Net Change in Fund Balance	(848,258)	379,316
Fund Balance, July 1	23,471,064	7,346,604
Fund Balance, June 30	<u>\$ 22,622,806</u>	<u>\$ 7,725,920</u>

The accompanying notes are an integral part of this statement.



Blended Component Unit	Bond Interest & Redemption	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ -	\$ 7,219,842
-	-	-	2,180,194
-	-	-	80,838,648
-	1,121,798	1,184,542	5,974,603
-	63,346	2,397,024	12,381,815
8,323,711	15,472,673	3,529,660	36,028,323
<u>8,323,711</u>	<u>16,657,817</u>	<u>7,111,226</u>	<u>144,623,425</u>
-	-	-	72,901,487
-	-	-	11,015,630
-	-	2,612,899	11,790,290
-	-	-	1,529,877
-	-	-	100,831
-	-	64,401	6,581,995
150,556	-	22,273	10,101,529
-	-	-	1,884,569
11,323,159	-	507,599	14,470,061
350,000	5,862,274	1,800,000	47,335,724
120,820	7,870,361	1,871,321	40,034,222
<u>11,944,535</u>	<u>13,732,635</u>	<u>6,878,493</u>	<u>217,746,215</u>
<u>(3,620,824)</u>	<u>2,925,182</u>	<u>232,733</u>	<u>(73,122,790)</u>
-	-	3,771,321	6,081,132
(3,671,321)	-	(2,309,811)	(6,081,132)
-	-	-	60,090,000
-	9,181	-	9,900,309
(2,972,729)	-	-	(2,972,729)
<u>(6,644,050)</u>	<u>9,181</u>	<u>1,461,510</u>	<u>67,017,580</u>
(10,264,874)	2,934,363	1,694,243	(6,105,210)
15,925,421	18,683,184	4,959,044	70,385,317
<u>\$ 5,660,547</u>	<u>\$ 21,617,547</u>	<u>\$ 6,653,287</u>	<u>\$ 64,280,107</u>

**CARLSBAD UNIFIED SCHOOL DISTRICT**

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

Net change in fund balances - total governmental funds \$ (6,105,210)

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

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

Expenditures for capital outlay	14,518,869	
Depreciation expense	<u>(8,309,355)</u>	
Net		6,209,514

Debt service: In governmental funds, repayments of long-term debt are reported as expenditures. In the government-wide statements, repayments of long-term debt are reported as reductions of liabilities. Expenditures for repayment of the principal portion of long-term debt were: 47,335,724

Debt proceeds: In governmental funds, proceeds from debt are recognized as Other Financing Sources. In the government-wide statements, proceeds from debt are reported as increases to liabilities. Amounts recognized in governmental funds as proceeds from debt, net of issue premium or discount were: (69,981,128)

Unmatured interest on long-term debt: In governmental funds, interest on long-term debt is recognized in the period 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: 15,527,202

Pensions: In government funds, pension costs are recognized when employer contributions are made. In the statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual-basis pension costs and actual employer contributions was: (4,908,327)

Postemployment benefits other than pensions (OPEB): In governmental funds, OPEB costs are recognized when the employer contributions are made. In the statement of activities, costs are measured and recognized in relation to the annual required contribution. The annual required contribution is the normal costs related to the current period plus a calculated amount necessary to systematically amortize any unfunded liability in accordance with generally accepted accounting principles. This year, the difference between the annual required contribution and amounts actually funded was: (2,454,330)

Compensated absences: In governmental funds, compensated absences are measured by the amounts paid during the period. In the statement of activities, compensated absences are measured by the amounts earned. The difference between compensated absences paid and compensated absences earned was: 19,650

Amortization of debt issue premium or discount or deferred gain or loss from debt refunding: In governmental funds, if debt is issued at a premium or at a discount, the premium or discount is recognized as an Other Financing Source or an Other Financing Use in the period it is incurred. In the government-wide statements, the premium or discount, plus any deferred gain or loss from debt refunding, is amortized as interest over the life of the debt. Amortization of premium or discount, or deferred gain or loss from debt refunding, for the period is: 7,429,576

Internal Service Funds: Internal service funds are used to conduct certain activities for which costs are charged to other funds on a full cost-recovery basis. Because internal service funds are presumed to benefit governmental activities, internal service activities are reported as governmental in the statement of activities. The net increase or decrease in internal service funds was:

118,068

Change in net position of governmental activities - statement of activities

\$ (6,809,261)

The accompanying notes are an integral part of this statement.

**CARLSBAD UNIFIED SCHOOL DISTRICT**

STATEMENT OF NET POSITION

INTERNAL SERVICE FUND

JUNE 30, 2018

Nonmajor  
Internal Service  
Fund

Self-Insurance  
Fund

**ASSETS:**

Current Assets:

Cash in County Treasury

\$ 933,671

Cash with a Fiscal Agent/Trustee

388,444

Accounts Receivable

4,312

Total Current Assets

1,326,427

Total Assets

1,326,427

**LIABILITIES:**

Current Liabilities:

Accounts Payable

\$ 176,579

Unearned Revenue

458,573

Total Current Liabilities

635,152

Total Liabilities

635,152

**NET POSITION:**

Unrestricted

691,275

Total Net Position

\$ 691,275

The accompanying notes are an integral part of this statement.

**CARLSBAD UNIFIED SCHOOL DISTRICT**  
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES  
 IN FUND NET POSITION - INTERNAL SERVICE FUND  
 FOR THE YEAR ENDED JUNE 30, 2018

	Nonmajor Internal Service Fund
	Self-Insurance Fund
Operating Revenues:	
Local Revenue	\$ 15,582
In District Premiums/Contributions	1,213,365
Total Revenues	<u>1,228,947</u>
Operating Expenses:	
Services and Other Operating Expenses	1,110,880
Total Expenses	<u>1,110,880</u>
Change in Net Position	118,067
Total Net Position - Beginning	573,208
Total Net Position - Ending	<u>\$ 691,275</u>

The accompanying notes are an integral part of this statement.

**CARLSBAD UNIFIED SCHOOL DISTRICT**

## STATEMENT OF CASH FLOWS

## PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2018

	Nonmajor Internal Service Fund <u>Self-Insurance Fund</u>
<b>Cash Flows from Operating Activities:</b>	
Cash Received for Interfund Services Provided	\$ 1,689,990
Cash Payments to Other Suppliers for Goods and Services	<u>(1,135,844)</u>
Net Cash Provided (Used) by Operating Activities	<u>554,146</u>
<b>Cash Flows from Investing Activities:</b>	
Interest and Dividends on Investments	<u>13,471</u>
Net Cash Provided (Used) for Investing Activities	<u>13,471</u>
Net Increase (Decrease) in Cash and Cash Equivalents	567,617
Cash and Cash Equivalents at Beginning of Year	754,498
Cash and Cash Equivalents at End of Year	<u>\$ 1,322,115</u>
<b>Reconciliation of Operating Income to Net Cash     Provided by Operating Activities:</b>	
Operating Income (Loss)	\$ 118,067
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities	
Change in Assets and Liabilities:	
Decrease (Increase) in Receivables	15,940
Increase (Decrease) in Accounts Payable	(24,964)
Increase (Decrease) in Unearned Revenue	<u>458,574</u>
Total Adjustments	<u>449,550</u>
Net Cash Provided (Used) by Operating and Investment Activities	<u>\$ 567,617</u>

The accompanying notes are an integral part of this statement.

**CARLSBAD UNIFIED SCHOOL DISTRICT**

STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUNDS

JUNE 30, 2018

	Agency Fund
	Student Body Fund
<b>ASSETS:</b>	
Cash in County Treasury	\$ 210,273
Cash on Hand and in Banks	440,688
Total Assets	<u>650,961</u>
<b>LIABILITIES:</b>	
Due to Student Groups	\$ 650,961
Total Liabilities	<u>650,961</u>
<b>NET POSITION:</b>	
Total Net Position	<u>\$ -</u>

The accompanying notes are an integral part of this statement.

**CARLSBAD UNIFIED SCHOOL DISTRICT**  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2018

A. Summary of Significant Accounting Policies

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

1. Reporting Entity

The Board of Education is the level of government which has governance responsibilities over all activities related to public school education in the District. The Board is not included in any other governmental reporting "entity" as defined by the Governmental Accounting Standards Board since Board members have decision-making authority, the power to designate management, the responsibility to significantly influence operations and primary accountability for fiscal matters.

The Carlsbad Unified School District Educational Facilities Corporation (Corporation) and the Carlsbad Unified School District Community Facilities Districts (CFDs) have a financial and operational relationship which meet the reporting entity definition criteria of the Codification of Governmental Accounting and Financial Reporting Standards, Section 2100, for inclusion of the Corporation and the CFDs as component units of the District. Therefore, the financial activities of the Corporation and the CFDs have been included in the basic financial statements of the District as a blended component unit.

The following are those aspects of the relationship between the District, the Corporation, and the CFDs which satisfy Codification of Governmental Accounting and Financial Reporting Standards, Section 2100, criteria:

Manifestations of Oversight

- a. The Corporation and the CFDs Boards of Directors were appointed by the District's Board of Education.
- b. The Corporation and the CFDs have no employees. The District's Superintendent, Assistant Superintendent of Business Services, and other employees of the District function as agents of the Corporation and the CFDs. None of the aforementioned individuals receive additional compensation for work performed in this capacity.
- c. The District exercises significant influence over operations of the Corporation and CFDs.

Accounting for Fiscal Matters

- a. All major financing arrangements, contracts, and other transactions of the Corporation and the CFDs must have consent of the District.

Scope of Public Service and Financial Presentation

- a. The Corporation and CFDs were created for the sole purpose of financially assisting the District.
- b. The Corporation and CFDs were created pursuant to a joint powers agreement between the District and the California Statewide Communities Development Authority (CSCDA), pursuant to the California Government Code, commencing with Section 6500. The Corporation and CFDs were formed to provide financing assistance to the District for construction and acquisition of major capital facilities.
- c. The Corporation and CFDs financial activity are presented in the financial statements in the Capital Projects Fund for Blended Component Units and the Debt Service Fund for Blended Component Units. Debt issued by the Corporation and the CFDs are included in the government-wide financial statements.



**CARLSBAD UNIFIED SCHOOL DISTRICT**  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2018

2. Basis of Presentation, Basis of Accounting

a. Basis of Presentation

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

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

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

The District reports the following major governmental funds:

General Fund. This is the District's primary operating fund. It accounts for all financial resources of the District except those required to be accounted for in another fund.

Building Fund. This fund accounts for the acquisition of major governmental capital facilities and buildings from the sale of bond proceeds.

Capital Project Fund for Blended Component Units. This fund accounts for the activities of the District's Community Facilities Districts.

Bond Interest and Redemption Fund. This fund is used to account for the accumulation of resources for, and the repayment of District bonds, interest, and related costs.

In addition, the District reports the following fund types:

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

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

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

Internal Service Funds: These funds are used to account for revenues and expenses related to services provided to parties inside the District. These funds facilitate distribution of support costs to the users of support services on a cost-reimbursement basis. Because the principal users of the internal services are the District's governmental activities, this fund type is included in the "Governmental Activities" column of the government-wide financial statements.

**CARLSBAD UNIFIED SCHOOL DISTRICT**  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2018

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

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

b. Measurement Focus, Basis of Accounting

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

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

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

3. 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.

4. Budgets and Budgetary Accounting

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

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

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

**CARLSBAD UNIFIED SCHOOL DISTRICT**  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2018

5. Revenues and Expenses

a. Revenues - Exchange and Non-Exchange

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

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

b. Expenses/Expenditures

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

6. Assets, Liabilities, and Equity

a. Deposits and Investments

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

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

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

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

**CARLSBAD UNIFIED SCHOOL DISTRICT**  
 NOTES TO THE FINANCIAL STATEMENTS  
 YEAR ENDED JUNE 30, 2018

b. Stores Inventories and Prepaid Expenditures

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

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

c. Capital Assets

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

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings	25-50
Building Improvements	10-50
Vehicles	5-15
Office Equipment	5-15
Computer Equipment	5-15

d. Compensated Absences

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

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

e. Unearned Revenue

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

**CARLSBAD UNIFIED SCHOOL DISTRICT**  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2018

f. Interfund Activity

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

g. Property Taxes

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

h. Fund Balances - Governmental Funds

Fund balances of the governmental funds are classified as follows:

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

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

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

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

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

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

**CARLSBAD UNIFIED SCHOOL DISTRICT**  
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i. Minimum Fund Balance

The District maintains a minimum reserve, within the general fund, an amount not less than three percent or the amount required by state law. The minimum reserve shall apply towards the established three percent minimum Reserve for Economic Uncertainties or an amount that meets or exceeds the requirements by law. The primary purpose of this reserve is to avoid the need for service level reductions in the event of an economic downturn which causes revenues to come in lower than budget. This reserve may be increased from time to time in order to address specific anticipated shortfalls. The District believes a reserve at this level is prudent to maintain a high bond rating and to protect the District from the effects of fluctuations in property tax revenues to which school districts are vulnerable. Because amounts in the nonspendable, restricted, committed, and assigned categories are subject to varying constraints in use, the reserve for Economic Uncertainties consists of balances that are otherwise unassigned.

On June 17, 2015 the Board voted to approve an increase in the reserve level for economic uncertainties from 3% to 5%. The Board also directed staff to maintain a committed Basic Aid Reserve.

7. Deferred Inflows and Deferred Outflows of Resources

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

8. Pensions

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

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

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

9. Use of Estimates

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

**CARLSBAD UNIFIED SCHOOL DISTRICT**  
NOTES TO THE FINANCIAL STATEMENTS  
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10. Fair Value Measurements

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

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

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

11. Change in Accounting Policies

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

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

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

The District provides a defined benefit OPEB plan that is not administered through a trust, but meets the criteria specified in GASB 75. As a result, the District has adjusted measurement of OPEB liability, OPEB expense, and related deferred outflows and inflows of resources in compliance with GASB 75. The change in accounting policies resulted in an adjustment to beginning net position in order to accurately reflect current period transactions. Additional note disclosures regarding OPEB liability, OPEB expense, and related deferred inflows and outflows of resources are located in Note P. Additional note disclosures regarding the adjustment to beginning net position resulting from this change in accounting policy are located in Note S.

GASB 81 - Irrevocable Split-Interest Agreements

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

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

GASB 85 - Omnibus 2017

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

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

GASB 86 - Certain Debt Extinguishment Issues

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

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

**B. Compliance and Accountability**

**1. Finance-Related Legal and Contractual Provisions**

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

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

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

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

<u>Fund Name</u>	<u>Deficit Amount</u>	<u>Remarks</u>
None reported	Not applicable	Not applicable



**CARLSBAD UNIFIED SCHOOL DISTRICT**  
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C. Cash and Investments

1. Cash in County Treasury

In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the San Diego County Treasury as part of the common investment pool (\$63,969,387 as of June 30, 2018). The fair value of the District's portion of this pool as of that date, as provided by the pool sponsor, was \$63,969,387. Assumptions made in determining the fair value of the pooled investment portfolios are available from the County Treasurer.

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

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

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

Cash balances on hand and in banks (\$440,688 as of June 30, 2018) and in the revolving fund (\$30,000) are insured up to \$250,000 by the Federal Depository Insurance Corporation.

3. Cash with Fiscal Agent

The District's cash with fiscal agent at June 30, 2018 are shown below.

Account Type	Maturity	Account Balance
Money Market	<30 Days	\$ 2,956,987
Treasury Obligations	<30 Days	1,490,463
JPA Treasury Funds	<30 Days	388,444
Total Cash with Fiscal Agent		\$ 4,835,894

**CARLSBAD UNIFIED SCHOOL DISTRICT**  
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4. Investments Authorized by the California Government Code and the District's Investment Policy

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

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

5. Analysis of Specific Deposit and Investment Risks

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

a. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The county is restricted by Government Code Section 53635 pursuant to Section 53601 to invest only in time deposits, U.S. government securities, state registered warrants, notes or bonds, State Treasurer's investment pool, bankers' acceptances, commercial paper, negotiable certificates of deposit, and repurchase or reverse repurchase agreements. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At year end, the District was not exposed to credit risk.

b. Custodial Credit Risk

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the District's name. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the District's name. At year end, the District was not exposed to custodial credit risk.

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

As of June 30, 2018, the District's bank balances (including revolving cash) of \$184,533 was exposed to custodial credit risk because it was insured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the name of the District.

c. Concentration of Credit Risk

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

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

d. Interest Rate Risk

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

e. Foreign Currency Risk

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

6. Investment Accounting Policy

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

The District's investments in external investment pools are reported in conformity with GASB Statement No. 77 unless the pool is 2a7-like, in which case they are reported at share value. A 2a7-like pool is one which is not registered with the Securities and Exchange Commission ("SEC") as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940.

**CARLSBAD UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**D. Accounts Receivable**

Accounts receivable at June 30, 2018 consisted of intergovernmental grants, entitlements, interest and other local sources as follows:

	Major Governmental Funds				Total Governmental Funds
	General Fund	Building Fund	Blended Component Unit	Nonmajor Governmental Funds	
Federal Government:					
Special Education	\$ 560,374	\$ -	\$ -	\$ -	\$ 560,374
Child Nutrition	-	-	-	381,657	381,657
Other Federal Programs	158,615	-	-	-	158,615
State Government:					
Lottery	482,102	-	-	-	482,102
Special Education	309,080	-	-	-	309,080
Other State Programs	780	-	-	-	780
Local Sources:					
Interest	165,861	37,609	11,672	27,684	242,826
Other Local Sources	180,056	-	-	797	180,853
Total Accounts Receivable	<u>\$ 1,856,868</u>	<u>\$ 37,609</u>	<u>\$ 11,672</u>	<u>\$ 410,138</u>	<u>\$ 2,316,287</u>
	Self Insurance Fund				
Local Sources:					
Interest	\$ 4,312				
Total Accounts Receivable	<u>\$ 4,312</u>				

All accounts receivable are considered to be collectible in full and as such no allowance for doubtful accounts has been established.

**E. Prepaid Expenses**

Prepaid expenses at June 30, 2018 consisted of:

	Major Governmental Funds			Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	Building Fund	Capital Projects Fund		
Health & Welfare Benefits	\$ 1,578,896	\$ 2,036	\$ -	\$ 77,300	\$ 1,658,232
Totals	<u>\$ 1,578,896</u>	<u>\$ 2,036</u>	<u>\$ -</u>	<u>\$ 77,300</u>	<u>\$ 1,658,232</u>

**CARLSBAD UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2018**

F. Capital Assets

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

	Beginning Balances	Increases	Decreases	Ending Balances
<u>Governmental activities:</u>				
Capital assets not being depreciated:				
Land	\$ 36,276,875	\$ -	\$ -	\$ 36,276,875
Work in progress	24,813,527	14,518,869	112,806	39,219,590
Total capital assets not being depreciated	<u>61,090,402</u>	<u>14,518,869</u>	<u>112,806</u>	<u>75,496,465</u>
Capital assets being depreciated:				
Buildings	296,415,204	-	-	296,415,204
Improvements	22,614,383	-	-	22,614,383
Equipment	27,819,029	112,806	-	27,931,835
Total capital assets being depreciated	<u>346,848,616</u>	<u>112,806</u>	<u>-</u>	<u>346,961,422</u>
Less accumulated depreciation for:				
Buildings	(56,523,492)	(6,073,913)	-	(62,597,405)
Improvements	(11,282,339)	(912,012)	-	(12,194,351)
Equipment	(17,996,766)	(1,323,430)	-	(19,320,196)
Total accumulated depreciation	<u>(85,802,597)</u>	<u>(8,309,355)</u>	<u>-</u>	<u>(94,111,952)</u>
Total capital assets being depreciated, net	<u>261,046,019</u>	<u>(8,196,549)</u>	<u>-</u>	<u>252,849,470</u>
Governmental activities capital assets, net	<u>\$ 322,136,421</u>	<u>\$ 6,322,320</u>	<u>\$ 112,806</u>	<u>\$ 328,345,935</u>

Depreciation was charged to functions as follows:

Instruction	\$ 7,253,128
Instruction-Related Services	81,240
Pupil Services	3,723
General Administration	520,246
Plant Services	451,018
	<u>\$ 8,309,355</u>

G. Interfund Balances and Activities

1. Due To and From Other Funds

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

Due To Fund	Due From Fund	Amount	Purpose
General Fund	Building Fund	\$ 2,312	Reimburse expenses
General Fund	Nonmajor Govt. Funds	33,198	Reimburse expenses
General Fund	Self Insurance Fund	100,970	Reimburse expenses
Nonmajor Govt. Funds	General Fund	1,061	Reimburse expenses
	Total	<u>\$ 137,541</u>	

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

**CARLSBAD UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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2. Transfers To and From Other Funds

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

Transfers From	Transfers To	Amount	Reason
General Fund	Nonmajor Govt. Funds	\$ 100,000	Child nutrition contribution
Blended Component Unit	Nonmajor Govt. Funds	3,671,321	Debt service
Nonmajor Govt. Funds	Building Fund	2,309,811	Capital projects
	Total	<u>\$ 6,081,132</u>	

H. Accounts Payable

Accounts payable at June 30, 2018 consisted of:

	Major Governmental Funds				Total Governmental Funds
	General Fund	Building Fund	Blended Component Unit	Nonmajor Governmental Funds	
Vendor payables	\$ 1,538,173	\$ 40,731	\$ 984,126	\$ 25,925	\$ 2,588,955
Pension related	877,774	-	-	8,958	886,732
Payroll and other benefits	1,918,812	1,282	-	59,263	1,979,357
LCFF Repayment	1,060,122	-	-	-	1,060,122
Other current liabilities	6,843	947	160	17	7,967
Totals	<u>\$ 5,401,724</u>	<u>\$ 42,960</u>	<u>\$ 984,286</u>	<u>\$ 94,163</u>	<u>\$ 6,523,133</u>
	Self Insurance Fund				
Claims liabilities	\$ 149,907				
Vendors payable	26,672				
Totals	<u>\$ 176,579</u>				

I. Unearned Revenue

Unearned revenue at June 30, 2018 consisted of:

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Federal Sources			
Team Nutrition Training	\$ -	\$ 883	\$ 883
State Sources:			
Career and Technical Education Grant	414,844	-	414,844
CA Career Pathways Trust	91,304	-	91,304
Local Sources:			
Linked Learning Pilot	22,248	-	22,248
CEF Music & Science Program	44,756	-	44,756
	<u>\$ 573,152</u>	<u>\$ 883</u>	<u>\$ 574,035</u>
	Self Insurance Fund		
Local Sources:			
Prepaid premium contributions	<u>\$ 458,573</u>		

**CARLSBAD UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2018**

J. Short-Term Debt Activity

The District accounts for short-term debts for maintenance purposes through the General Fund. The proceeds from loans are shown in the financial statements as Other Resources. The District did not issue any short term debt during the fiscal year ended June 30, 2018.

K. Components of Ending Fund Balance

As of June 30, 2018 ending fund balance in governmental funds consisted of the following:

	Major Funds				
	General Fund	Building Fund	Blended Component Unit	Bond Interest and Redemption Fund	Nonmajor Governmental Funds
<b>Nonspendable Fund Balances</b>					
Revolving Cash	\$ 30,000	\$ -	\$ -	\$ -	\$ -
Stores Inventory	20,589	-	-	-	79,275
Prepaid Expenses	1,578,897	2,036	-	-	77,300
<b>Total Nonspendable</b>	<b>1,629,486</b>	<b>2,036</b>	<b>-</b>	<b>-</b>	<b>156,575</b>
<b>Restricted Fund Balances</b>					
Educational Programs	331,818	-	-	-	-
Capital Projects	409,621	7,723,884	5,660,547	-	6,181,341
Debt Service	-	-	-	21,617,547	-
Child Nutrition Program	-	-	-	-	315,371
Other Restrictions	48,199	-	-	-	-
<b>Total Restricted</b>	<b>789,638</b>	<b>7,723,884</b>	<b>5,660,547</b>	<b>21,617,547</b>	<b>6,496,712</b>
<b>Committed Fund Balances</b>					
Basic Aid Reserve	3,124,698	-	-	-	-
<b>Total Committed</b>	<b>3,124,698</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Assigned Fund Balances</b>					
Band Uniform Reserve	30,000	-	-	-	-
Digitization of Records	200,000	-	-	-	-
Donations/Site Carryovers	573,882	-	-	-	-
Facility Reserve	500,000	-	-	-	-
Furniture & Equipment	250,000	-	-	-	-
Mandated Costs	3,722,335	-	-	-	-
Maintenance & Operations	250,000	-	-	-	-
Staffing Reserve	500,000	-	-	-	-
Technology Replacement	1,800,000	-	-	-	-
Textbook Adoption	500,000	-	-	-	-
Retirement Contributions	1,000,000	-	-	-	-
Other Assigned	2,089,556	-	-	-	-
<b>Total Assigned</b>	<b>11,415,773</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Unassigned Fund Balances</b>					
For Economic Uncertainty	5,663,211	-	-	-	-
<b>Total Unassigned</b>	<b>5,663,211</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Fund Balance</b>	<b>\$ 22,622,806</b>	<b>\$ 7,725,920</b>	<b>\$ 5,660,547</b>	<b>\$ 21,617,547</b>	<b>\$ 6,653,287</b>

**CARLSBAD UNIFIED SCHOOL DISTRICT**  
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L. Long-Term Obligations

1. Long-Term Obligation Activity

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

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<u>Governmental activities:</u>					
General Obligation (GO) Bonds					
Bond Principal	\$ 168,548,763	60,090,000	45,185,762	183,453,001	6,057,811
Bond Premiums	13,406,384	9,891,127	1,300,138	21,997,373	279,545
Bond Accreted Interest	46,396,032	7,378,255	23,530,161	30,244,126	4,132,189
Total GO Bonds	<u>228,351,179</u>	<u>77,359,382</u>	<u>70,016,061</u>	<u>235,694,500</u>	<u>10,469,545</u>
Certificates of Participation (COPs)					
COPs Principal	41,805,000	-	1,700,000	40,105,000	1,565,000
COPs Premium	5,963,509	-	242,506	5,721,003	242,506
Total COPs	<u>47,768,509</u>	<u>-</u>	<u>1,942,506</u>	<u>45,826,003</u>	<u>1,807,506</u>
Capital Leases	4,490,000	-	350,000	4,140,000	365,000
Special Tax Bonds	1,635,000	-	100,000	1,535,000	105,000
Compensated Absences *	346,843	-	19,650	327,193	327,193
Net Pension Liability	93,275,569	16,860,028	-	110,135,597	-
Total OPEB Liability	30,633,506	2,259,539	-	32,893,045	-
Total governmental activities	<u>\$ 406,500,606</u>	<u>\$ 96,478,949</u>	<u>\$ 72,428,217</u>	<u>\$ 430,551,338</u>	<u>\$ 13,074,244</u>

\* Other long-term liabilities

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

Liability	Activity Type	Fund
Compensated absences	Governmental	General

2. General Obligation Bonds

General obligation bonds issued by the District as of June 30, 2018 consisted of the following:

	Date of Issue	Interest Rate	Maturity Date	Original Issue Amount
1997 Election, Series A	10/03/1997	4.15-5.45%	8/1/2022	\$ 26,498,696
2006 Election, Series A	08/29/2007	4.00-5.25%	8/1/2032	40,000,000
2006 Election, Series B	05/29/2009	1.73-6.00%	8/1/2034	79,998,017
2006 Election, Series C	06/07/2011	3.00-6.63%	8/1/2036	52,998,238
2006 Election, Series D	06/07/2011	4.58-5.23%	8/1/2036	25,000,000
2014 Refunding Bonds	05/14/2014	2.00-5.00%	8/1/2027	16,495,000
2016 Refunding Bonds	02/25/2016	3.00-5.00%	8/1/2032	38,305,000
2017 Series A Refunding	11/08/2017	4.00-5.00%	8/1/2034	49,990,000
2017 Series B Refunding	11/08/2017	2.00-5.00%	8/1/2026	10,100,000
				<u>\$ 339,384,951</u>



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	Amount Outstanding 7/01/2017	Issued Current Year	Redeemed Current Year	Amount Outstanding 6/30/2018
1997 Election, Series A	\$ 5,697,439	\$ -	\$ 1,036,093	\$ 4,661,346
1997-A Accreted Interest	10,779,848	769,798	1,948,907	9,600,739
2006 Election, Series A	1,180,000	-	1,180,000	-
2006-A Bond Premium	39,890	-	39,890	-
2006 Election, Series B	35,528,476	-	32,114,669	3,413,807
2006-B Bond Premium	1,028,220	-	929,422	98,798
2006-B Accreted Interest	20,405,546	3,251,861	21,581,254	2,076,153
2006 Election, Series C	47,117,848	-	10,775,000	36,342,848
2006-C Bond Premium	1,302,645	-	297,892	1,004,753
2006-C Accreted Interest	15,210,638	3,356,596	-	18,567,234
2006 Election, Series D	25,000,000	-	-	25,000,000
2006-D Bond Premium	1,134,927	-	-	1,134,927
2014 Refunding Bond	16,020,000	-	80,000	15,940,000
2014 Bond Premium	1,572,740	-	32,934	1,539,806
2016 Refunding Bonds	38,005,000	-	-	38,005,000
2016 Bond Premium	8,327,962	-	-	8,327,962
2017 Series A Refunding	-	49,990,000	-	49,990,000
2017-A Bond Premium	-	7,794,566	-	7,794,566
2017 Series B Refunding	-	10,100,000	-	10,100,000
2017-B Bond Premium	-	2,096,561	-	2,096,561
	<u>\$ 228,351,179</u>	<u>\$ 77,359,382</u>	<u>\$ 70,016,061</u>	<u>\$ 235,694,500</u>

Debt service requirements on general obligation bonds, net of premiums at June 30, 2018 is as follows:

Year Ending June 30,	Accreted		Interest	Total
	Principal	Interest		
2019	\$ 6,057,811	\$ 4,132,189	\$ 6,712,702	\$ 16,902,702
2020	2,899,018	2,155,982	6,770,313	11,825,313
2021	5,852,631	2,262,369	6,693,488	14,808,488
2022	19,173,530	2,361,470	6,857,097	28,392,097
2023	6,137,203	2,432,797	6,971,231	15,541,231
2024-2028	52,394,766	1,130,234	33,191,223	86,716,223
2029-2033	56,283,573	14,081,427	29,003,269	99,368,269
2034-2038	34,654,509	30,085,491	6,103,289	70,843,289
Totals	<u>\$ 183,453,041</u>	<u>\$ 58,641,959</u>	<u>\$ 102,302,612</u>	<u>\$ 344,397,612</u>

Note: Amounts represented in repayment schedule for accreted interest are reflective of 100% of amounts to be repaid. Amounts represented as accreted interest in debt summary are reflective of amounts that have accrued as of June 30, 2018.

4. Capital Leases

In August 2014, the District entered into a lease agreement with Capital One Financing to refinance an equipment lease the District held with SunTrust Bank which was used to purchase equipment for the District. The lease requires annual principal payments as scheduled along with semi-annual interest payments at a rate of 2.8%. Upon final payment the title to the equipment transfers to the District.

**CARLSBAD UNIFIED SCHOOL DISTRICT**  
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Commitments under capitalized lease agreements provide for minimum future lease payments as of June 30, 2018, as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 365,000	\$ 110,810	\$ 475,810
2020	375,000	100,450	475,450
2021	385,000	89,810	474,810
2022	395,000	78,890	473,890
2023	410,000	67,620	477,620
2024-2028	2,210,000	151,970	2,361,970
Totals	<u>\$ 4,140,000</u>	<u>\$ 599,550</u>	<u>\$ 4,739,550</u>

5. Certificates of Participation

Certificates of participation as of June 30, 2018 consisted of the following:

	<u>Date of Issue</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Original Issue Amount</u>
2016 Refunding COPs	11/10/2016	3.125-5.00%	10/01/2036	\$ 41,805,000
Total COPs				<u>\$ 41,805,000</u>
	<u>Amount Outstanding 7/01/2017</u>	<u>Issued Current Year</u>	<u>Redeemed Current Year</u>	<u>Amount Outstanding 6/30/2018</u>
2016 Refunding COPs	\$ 41,805,000	\$ -	\$ 1,700,000	\$ 40,105,000
2016 COPs Premium	5,963,509	-	242,506	5,721,003
	<u>\$ 47,768,509</u>	<u>\$ -</u>	<u>\$ 1,942,506</u>	<u>\$ 45,826,003</u>

Future commitments for certificates of participation, net of premium as of June 30, 2018 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 1,565,000	\$ 1,740,344	\$ 3,305,344
2020	1,640,000	1,660,219	3,300,219
2021	1,725,000	1,576,094	3,301,094
2022	1,810,000	1,487,719	3,297,719
2023	1,895,000	1,395,094	3,290,094
2024-2028	11,040,000	5,412,095	16,452,095
2029-2033	13,255,000	2,536,745	15,791,745
2034-2038	7,175,000	397,563	7,572,563
Totals	<u>\$ 40,105,000</u>	<u>\$ 16,205,873</u>	<u>\$ 56,310,873</u>

6. Special Tax Bonds

Special tax bonds as of June 30, 2018 consisted of the following:

	<u>Date of Issue</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Original Issue Amount</u>
2014 Special Tax Bonds	06/26/2014	3.65%	09/01/2029	\$ 1,825,000
				<u>\$ 1,825,000</u>

**CARLSBAD UNIFIED SCHOOL DISTRICT**  
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	Amount Outstanding 7/01/2017	Issued Current Year	Redeemed Current Year	Amount Outstanding 6/30/2018
2014 Special Tax Bonds	\$ 1,635,000	\$ -	\$ 100,000	\$ 1,535,000
	<u>\$ 1,635,000</u>	<u>\$ -</u>	<u>\$ 100,000</u>	<u>\$ 1,535,000</u>

Debt service requirements on special tax bonds as of June 30, 2018 are as follows:

Year Ending June 30,	Principal	Interest	Total
2019	\$ 105,000	\$ 54,112	\$ 159,112
2020	105,000	50,279	155,279
2021	110,000	46,355	156,355
2022	115,000	42,249	157,249
2023	120,000	37,960	157,960
2024-2028	675,000	119,079	794,079
2029-2033	305,000	11,224	316,224
Totals	<u>\$ 1,535,000</u>	<u>\$ 361,258</u>	<u>\$ 1,896,258</u>

Special tax bonds are issued by the Carlsbad Unified School District Community Facilities District's (CFD's) which are included in the audit as a blended component unit of the District. The CFD's are funded by Mello-Roos taxes which will be used to repay these bonds. The repayment of these bonds will not be the obligation of the District outside of the CFD's.

7. Bond Premium

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

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

	2006 Series A	2006 Series B	2006 Series C	2006 Series D	2014 Bonds
Total Interest	\$ 28,622,113	\$ 91,617,432	\$ 95,703,430	\$ 15,680,111	\$ 5,324,322
Less Bond Premium	(1,352,207)	(2,315,200)	(1,465,217)	(1,134,927)	(1,671,542)
Net Interest	<u>27,269,906</u>	<u>89,302,232</u>	<u>94,238,213</u>	<u>14,545,184</u>	<u>3,652,780</u>
Par Amount of Bonds	\$ 40,000,000	\$ 79,998,017	\$ 52,998,238	\$ 25,000,000	\$ 16,495,000
Periods	25	26	24	15	14
Effective Interest Rate	2.73%	4.29%	7.41%	3.88%	1.58%
	2016 Bonds	2017-A Bonds	2017-B Bonds		
Total Interest	\$ 17,088,022	\$ 28,612,597	\$ 3,396,117		
Less Bond Premium	(8,393,700)	(7,794,566)	(2,096,561)		
Net Interest	<u>8,694,322</u>	<u>20,818,031</u>	<u>1,299,556</u>		
Par Amount of Bonds	\$ 38,305,000	\$ 49,990,000	\$ 10,100,000		
Periods	17	17	9		
Effective Interest Rate	1.34%	2.45%	1.43%		

**CARLSBAD UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2018**

8. COPs Premium

COPs premium arises when the market rate of interest is higher than the stated interest rate on the COPs. Generally Accepted Accounting Principles (GAAP) require that the premium increase the face value of the COPs and then be amortized over the life of the COPs. The premium is being amortized over the life of the COPs using the straight line method.

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

	<u>2016 COPs</u>
Total Interest	\$ 18,742,933
Less COPs Premium	<u>(5,963,509)</u>
Net Interest	<u>12,779,424</u>
Par Amount of COPs	\$ 41,805,000
Periods	20
Effective Interest Rate	1.53%

9. Economic Gain on 2017 Refunding Bonds

On November 8, 2017 the District issued \$60,090,000 of Refunding Bonds (\$49,990,000 in Series A and \$10,100,000 in Series B). The Series A refunding bonds bear fixed interest rates ranging from 4.00 - 5.00% with annual maturities from May 1, 2025 through May 1, 2034. The Series B refunding bonds bear fixed interest rates ranging from 2.00 - 5.00% with annual maturities from August 1, 2018 through August 1, 2026. The net proceeds (including premiums of \$9,891,127) were used to partially refund the 2006 Election Series B and Series C bonds in addition to paying the costs of issuance of the refunding bonds.

Economic Gain on the refunding is as follows:

	<u>2017</u>	<u>2017</u>	<u>Total</u>
	Series A	Series B	
Prior Debt Service Payments Remaining	\$ 73,895,100	\$ 14,852,875	\$ 88,747,975
Refunding Debt Service	(78,602,597)	(13,496,117)	(92,098,714)
Refunding Receipts	<u>13,570,047</u>	-	<u>13,570,047</u>
Savings in Total Debt Service Payments	8,862,550	1,356,758	10,219,308
Discount to Present Value at issue date (2.2689460%)	(2,039,958)	(165,476)	(2,205,434)
Plus Refunding funds on hand	341	3,562	3,903
Economic Gain (Present Value of Savings)	<u>\$ 6,822,933</u>	<u>\$ 1,194,844</u>	<u>\$ 8,017,777</u>

10. Compensated Absences

Total unpaid employee compensated absences as of June 30, 2018 amounted to \$327,193. This amount is included as part of long-term liabilities in the government-wide financial statements.

11. Net Pension Liability

The District's beginning net pension liability was \$93,275,569 and increased by \$16,860,028 during the year ended June 30, 2018. The ending net pension liability at June 30, 2018 was \$110,135,597. See Note O for additional information regarding the net pension liability.

12. Total OPEB Liability

The District's beginning OPEB liability was \$30,633,506 and increased during the year ended June 30, 2018 by \$2,259,539. The ending OPEB liability at June 30, 2018 was \$32,893,045. See Note P for additional information regarding the net pension liability.

**CARLSBAD UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2018**

M. Joint Ventures (Joint Powers Agreements)

The District participates in one joint powers agreement (JPA) entity, the San Diego County Schools Risk Management (SDCSRM). The relationship between the District and the JPA is such that the JPA is not a component unit of the District.

The JPA arranges for and provides for various types of insurances for its member districts as requested. The JPA is governed by a board consisting of a representative from each member district. The board controls the operations of the JPA, including selection of management and approval of operating budgets, independent of any influence by the member districts beyond their representation on the board. Each member district pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionate to their participation in the JPA.

Combined condensed unaudited financial information for the year ended June 30, 2018 is as follows:

	Workers Compensation Fund	Property & Liability Fund	Miscellaneous Property Fund	Combined SDCSRM Total
Total Assets & Deferred Outflows of Resources	\$ 3,404,265	\$ 171,671	\$ 72,184	\$ 3,648,120
Total Liabilities & Deferred Inflows of Resources	2,132,760	415,048	3,594	2,551,402
Total Net Position	<u>\$ 1,271,505</u>	<u>\$ (243,377)</u>	<u>\$ 68,590</u>	<u>\$ 1,096,718</u>
Total Cash Receipts	\$ 1,707,730	\$ 494,094	\$ 47,024	\$ 2,248,848
Total Cash Disbursements	1,131,869	470,352	31,628	1,633,849
Net Change in Net Position	<u>\$ 575,861</u>	<u>\$ 23,742</u>	<u>\$ 15,396</u>	<u>\$ 614,999</u>

The district has a deficit ending fund balance in one fund within the SDCSRM. The district is working with the JPA to establish a plan to repay the deficit. As of June 30, 2018 a repayment plan is not yet in place.

N. Risk Management

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District has one self-insurance fund (Internal Service Fund) to account for and finance its uninsured risks of loss. The Internal Service Fund provides dental and vision coverage to employees.

All funds of the District participate in the program, but only the General Fund makes payments to the Self Insurance Fund based on actuarial estimates of the amounts needed to pay prior and current year claims and to establish a liability for open claims and Incurred But Not Reported (IBNR) claims. The claims and liability of \$149,907 is included in the liabilities under accounts payable and is reported in accordance with Financial Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated at the end of the fiscal year. Changes in the Internal Service Fund's claim liability in the fiscal year ended June 30, 2018 are indicated below:

Internal Service Fund:	Beginning Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Ending Fiscal Year Liability
Year 2017-18	\$ 158,573	\$ 1,127,177	\$ 1,135,843	\$ 149,907

**CARLSBAD UNIFIED SCHOOL DISTRICT**  
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 YEAR ENDED JUNE 30, 2018

O. Pension Plans

1. General Information About the Pension Plans

a. Plan Descriptions

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

b. Benefits Paid

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

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

	CalSTRS	
	Before Jan. 1, 2013	On or After Jan. 1, 2013
Hire Date		
Benefit Formula	2% at 60	2% at 62**
Benefit Vesting Schedule	5 Years	5 Years
Benefit Payments	Monthly for Life	Monthly for Life
Retirement Age	50-62	55-67
Monthly Benefits as a % of Eligible Compensation	1.1-2.4%	1.0-2.4%*
Required Employee Contribution Rates (at June 30, 2018)	10.250%	9.205%
Required Employer Contribution Rates (at June 30, 2018)	14.430%	14.430%
Required State Contribution Rates (at June 30, 2018)	7.379%	7.379%

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

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

	CalPERS	
	Before Jan. 1, 2013	On or After Jan. 1, 2013
Hire Date		
Benefit Formula	2% at 55	2% at 62
Benefit Vesting Schedule	5 Years	5 Years
Benefit Payments	Monthly for Life	Monthly For Life
Retirement Age	50-62	52-67
Monthly Benefits as a % of Eligible Compensation	1.1-2.5%	1.0-2.5%*
Required Employee Contribution Rates (at June 30, 2018)	7.000%	6.500%
Required Employer Contribution Rates (at June 30, 2018)	15.531%	15.531%

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

**CARLSBAD UNIFIED SCHOOL DISTRICT**  
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 YEAR ENDED JUNE 30, 2018

c. Contributions

CalSTRS

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

CalPERS

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The CalPERS Board retains the authority to amend contribution rates. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the measurement period ending June 30, 2017 (measurement date), employees hired prior to January 1, 2013 paid in 7.00%, employees hired on or after January 1, 2013 paid in 6.00%, and the employer contribution rate was 13.888% of covered payroll. For the fiscal year ending June 30, 2018, employees hired prior to January 1, 2013 contributed 7.00%, employees hired on or after January 1, 2013 contributed 6.50%, and the employer's contribution rate was 15.531%.

On Behalf Payments

Consistent with Section 22955.1 of the California Education Code, the State of California makes contributions to CalSTRS on behalf of employees working for the District. For the measurement period ended June 30, 2017 (measurement date) the State contributed 7.379% of salaries creditable to CalSTRS. In accordance with GASB 85 the District recorded these contributions as revenue and expense in the fund financial statements based on contributions made for the measurement period (current financial resources measurement focus). The government-wide financial statements have recorded revenue and expense for pension expense paid on behalf of the District (economic resources measurement focus). On behalf payments have been excluded from the calculation of available reserves, and have not been included in the budgeted amounts reported in the General Fund Budgetary Comparison Schedule. Contributions reported each fiscal year are based on the District's proportionate share of the States contribution for the measurement period.

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

Year Ended June 30,	Contribution Rate	Contribution Amount
2016	4.680%	\$ 2,086,777
2017	5.570%	2,737,163
2018	7.379%	3,669,407

**CARLSBAD UNIFIED SCHOOL DISTRICT**  
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The State's pension expense associated with District employees for the past three fiscal years are as follows:

Year Ended June 30,	On Behalf Pension Expense
2016	\$ 3,975,439
2017	6,755,257
2018	2,229,781

d. Contributions Recognized

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

	CalSTRS	CalPERS	Total
Contributions - Employer	\$ 6,179,127	\$ 1,809,876	\$ 7,989,003
Contributions - State On Behalf Payments	3,669,408	-	3,669,408
Total Contributions	<u>\$ 9,848,535</u>	<u>\$ 1,809,876</u>	<u>\$ 11,658,411</u>

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

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

	CalSTRS	CalPERS	Total
Proportionate Share of Net Pension Liability - Governmental	<u>\$ 85,913,224</u>	<u>\$ 24,222,373</u>	<u>\$ 110,135,597</u>

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

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

	District's Proportionate Share	CalSTRS State's Proportionate Share	Total For District Employees
Proportion June 30, 2017	0.0898%	0.0513%	0.1411%
Proportion June 30, 2018	0.0929%	0.0552%	0.1481%
Change in Proportion	<u>0.0031%</u>	<u>0.0039%</u>	<u>0.0070%</u>
	<u>CalPERS</u>		
	District's Proportionate Share		
Proportion June 30, 2017	0.1047%		
Proportion June 30, 2018	0.1015%		
Change in Proportion	<u>-0.0032%</u>		



**CARLSBAD UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2018**

a. Pension Expense

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

	CalSTRS	CalPERS	Total
Change in Net Pension Liability (Asset)	\$ 13,318,944	\$ 3,541,084	\$ 16,860,028
State On Behalf Pension Expense	2,229,781	-	2,229,781
Employer Contributions to Pension Expense	7,175,543	2,187,480	9,363,023
(Increase) Decrease in Deferred Outflows of Resources			
Employer Contributions Subsequent to Measurement Date	(1,124,148)	(330,429)	(1,454,577)
Differences between actual and expected experiences	(296,534)	(103,194)	(399,728)
Changes in assumptions	(14,854,922)	(3,773,930)	(18,628,852)
Changes in proportionate share	(1,217,978)	-	(1,217,978)
Net difference between projected and actual earnings	6,023	1,491,254	1,497,277
Increase (Decrease) in Deferred Inflows of Resources			
Differences between actual and expected experiences	(7,820)	-	(7,820)
Changes in assumptions	-	(263,110)	(263,110)
Changes in proportionate share	(774,538)	393,923	(380,615)
Net difference between projected and actual earnings	8,131,264	772,439	8,903,703
Total Pension Expense	<u>\$ 12,585,615</u>	<u>\$ 3,915,517</u>	<u>\$ 16,501,132</u>

b. Deferred Outflows and Inflows of Resources

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

	Deferred Outflows of Resources		
	CalSTRS	CalPERS	Total
Pension contributions subsequent to measurement date	\$ 7,175,543	\$ 2,187,480	\$ 9,363,023
Differences between actual and expected experience	296,534	1,172,571	1,469,105
Changes in assumptions	14,854,922	3,773,930	18,628,852
Changes in employer's proportionate share	3,668,559	-	3,668,559
Net difference between projected and actual earnings	14,943	3,820,047	3,834,990
Total Deferred Outflows of Resources	<u>\$ 26,010,501</u>	<u>\$ 10,954,028</u>	<u>\$ 36,964,529</u>

	Deferred Inflows of Resources		
	CalSTRS	CalPERS	Total
Differences between actual and expected experience	\$ (15,960)	\$ -	\$ (15,960)
Changes in assumptions	-	(526,221)	(526,221)
Changes in employer's proportionate share	(2,323,612)	(849,868)	(3,173,480)
Net difference between projected and actual earnings	(8,131,264)	(2,898,356)	(11,029,620)
Total Deferred Inflows of Resources	<u>\$ (10,470,836)</u>	<u>\$ (4,274,445)</u>	<u>\$ (14,745,281)</u>

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

Year Ended June 30,	Governmental Activities				
	Deferred Outflows of Resources		Deferred Inflows of Resources		Net Effect on Expenses
	CalSTRS	CalPERS	CalSTRS	CalPERS	
2019	\$ 12,295,001	\$ 5,058,676	\$ (2,815,173)	\$ (2,032,884)	\$ 12,505,620
2020	5,119,457	2,871,194	(2,812,632)	(969,925)	4,208,094
2021	4,299,474	1,972,748	(2,810,215)	(684,411)	2,777,596
2022	4,296,569	1,051,410	(2,032,816)	(587,225)	2,727,938
Total	\$ 26,010,501	\$ 10,954,028	\$ (10,470,836)	\$ (4,274,445)	\$ 22,219,248

c. Actuarial Assumptions

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

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

- (1) Depending on age, service and type of employment
- (2) Net of pension plan investment expenses, including inflation
- (3) RP2000 series tables adjusted to fit CalSTRS/CalPERS specific experience.

d. Discount Rate

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

	CalSTRS	CalPERS
1% Decrease	6.10%	6.15%
Net Pension Liability	\$ 126,147,889	\$ 35,638,873
Current Discount Rate	7.10%	7.15%
Net Pension Liability	\$ 85,913,224	\$ 24,222,373
1% Increase	8.10%	8.15%
Net Pension Liability	\$ 53,260,068	\$ 14,751,430

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

CalSTRS - Governmental Activities

	Increase (Decrease)				
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)	State's Share of Net Pension Liability (c)	District's Share of Net Pension Liability (a) - (b) - (c)
Balance at June 30, 2017 (Previously Reported)	\$ 380,957,660	\$ 266,835,735	\$ 114,121,925	\$ 41,527,645	\$ 72,594,280
Changes for the year:					
Change in proportionate share	18,812,677	13,177,041	5,635,636	3,092,088	2,543,548
Service cost	8,978,722	-	8,978,722	3,345,327	5,633,395
Interest	29,949,310	-	29,949,310	11,158,629	18,790,681
Differences between expected and actual experience	590,783	-	590,783	220,116	370,667
Change in assumptions	29,595,432	-	29,595,432	11,026,780	18,568,652
Contributions:					
Employer	-	6,179,142	(6,179,142)	(2,302,248)	(3,876,894)
Employee	-	5,094,778	(5,094,778)	(1,898,232)	(3,196,546)
State On Behalf	-	3,669,415	(3,669,415)	(1,367,165)	(2,302,250)
Net investment income	-	37,261,075	(37,261,075)	(13,882,875)	(23,378,200)
Other income	-	106,615	(106,615)	(39,723)	(66,892)
Benefit payments, including refunds of employee contributions	(20,584,941)	(20,584,941)	-	-	-
Administrative expenses	-	(270,024)	270,024	1,100,606	(830,582)
Borrowing costs	-	(85,816)	85,816	31,974	53,842
Other expenses	-	(15,178)	15,178	5,655	9,523
<b>Net Changes</b>	<b>67,341,983</b>	<b>44,532,107</b>	<b>22,809,876</b>	<b>10,490,932</b>	<b>12,318,944</b>
Balance at June 30, 2018	\$ 448,299,643	\$ 311,367,842	\$ 136,931,801	\$ 52,018,577	\$ 84,913,224

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CalPERS - Governmental Activities

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at June 30, 2017 (Previously Reported)	\$ 79,230,583	\$ 58,549,294	\$ 20,681,289
Changes for the year:			
Adjustment for change in proportionate share	(2,459,093)	(1,817,204)	(641,889)
Service cost	2,061,681	-	2,061,681
Interest	5,803,630	-	5,803,630
Differences between expected and actual experience	539,653	-	539,653
Changes in assumptions	4,717,412	-	4,717,412
Contributions - Employer	-	1,809,868	(1,809,868)
Contributions - Employee	-	910,586	(910,586)
Net plan to plan resource movement	-	(137)	137
Net investment income	-	6,302,784	(6,302,784)
Benefit payments, including refunds of employee contributions	(3,779,480)	(3,779,480)	-
Administrative expenses	-	(83,698)	83,698
Net Changes	<u>6,883,803</u>	<u>3,342,719</u>	<u>3,541,084</u>
Balance at June 30, 2018	<u>\$ 86,114,386</u>	<u>\$ 61,892,013</u>	<u>\$ 24,222,373</u>

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

P. Postemployment Benefits Other Than Pension Benefits

1. General Information About the OPEB Plan

Plan Description

The District's defined benefit OPEB plan, Carlsbad Unified School District (CUSD) Retiree Health Care Plan (the Plan) provides OPEB for retirees meet eligibility requirements until age 65. Retirees in the plan are eligible for the same medical plans as active employees. The Plan is a single-employer defined benefit OPEB plan administered by the District. Authority to establish and amend the benefit terms and financing requirements lie with the District's board of directors. No assets are accumulated in a trust that meets the criteria in Paragraph 4 of GASB Statement No. 75.

Plan Eligibility

Eligibility in the Plan varies based on employee group as described below:

**Certificated Employees:** The District will pay for retiree health coverage (medical, dental and vision) including dependent coverage up to the month in which the retiree turns age 65. The retiree is required to contribute to the cost of coverage based on active employee contributions. Spouse & dependents coverage (except for COBRA) ceases upon the death of the retiree. The District does not provide any financial contribution beyond age 65. Eligibility for retiree health coverage requires retirement under CalSTRS (at least age 55) with at least 10 years of service (15 years of service for employees hired on or after November 1, 2008).

**CARLSBAD UNIFIED SCHOOL DISTRICT**  
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Classified Employees (Including Confidential Employees): The District will pay for retiree health coverage (medical, dental and vision) including dependent coverage up to the month in which the retiree turns age 65. The retiree is required to contribute to the cost of coverage based on the active employee contributions. Spouse and dependents coverage (except for COBRA) ceases upon the death of the retiree. The District does not provide any financial contribution for coverage beyond age 65. Eligibility for retiree health coverage requires retirement under CalPERS (at least age 50) with at least 15 years of service. Employees hired after September 24, 2012 will be eligible for employee-only retirement benefits, while dependents of retirees will be eligible to purchase benefits at the prevailing District rate.

Management Employees: The District will pay for retiree health coverage (medical, dental and vision) including dependent coverage up to the month the retiree turns age 65. The retiree is required to contribute to the cost of coverage based on the active employee contributions. Spouse and dependent coverage (except for COBRA) ceases upon the death of the retiree. The District does not provide any financial contribution for coverage beyond age 65. Eligibility for retiree health coverage requires retirement under CalSTRS or CalPERS with at least 10 years of service (15 years of service for employees hired on or after November 1, 2008).

Board Members: Retired board members may continue health coverage to age 65 on a self-pay basis.

Employees Covered by Benefit Terms

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

Inactive plan members or beneficiaries currently receiving benefit payments	165
Inactive plan members entitled to but not yet receiving benefit payments	-
Active plan members	975
Total number of participants	<u>1,140</u>

2. Total OPEB Liability

The District's total OPEB liability of \$32,893,045 was measured as of June 30, 2018, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs

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

Inflation	2.75% per annum
Salary Increases	3.00% per annum, in aggregate
Discount Rate	3.50% per annum
Healthcare Cost Trend Rates	6.00% decreasing to 5.00%
Retiree's Share of Costs	Same as active employee contributions

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

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

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The actuarial assumptions used in the June 30, 2018 valuation were based on the results of CalPERS actuarial experience study for the period July 1, 1997 through June 30, 2011 and the CalSTRS experience study for the period July 1, 2010 through June 30, 2015.

Changes in Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance at June 30, 2017	\$ 30,633,506
Changes for the year:	
Service cost	2,578,153
Interest	1,108,716
Changes in assumptions or other inputs	(222,618)
Benefit payments	<u>(1,204,712)</u>
Net changes	<u>2,259,539</u>
Balance at June 30, 2018	\$ <u>32,893,045</u>

During the fiscal year ended June 30, 2018 changes in assumptions were a change in the measurement date from June 30, 2017 to June 30, 2018.

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

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.50%) or 1-percentage-point-higher (4.50%) than the current discount rate:

	<u>1% Decrease (2.50%)</u>	<u>Discount Rate (3.50%)</u>	<u>1% Increase (4.50%)</u>
Total OPEB Liability	\$ 35,167,424	\$ 32,893,045	\$ 30,730,813

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

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

	<u>1% Decrease 5.00% decreasing to 4.00%</u>	<u>Healthcare Cost Trend Rate 6.00% decreasing to 5.00%</u>	<u>1% Increase 7.00% decreasing to 6.00%</u>
Total OPEB Liability	\$ 29,676,204	\$ 32,893,045	\$ 36,615,166



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

For the year ended June 30, 2018 the District recognized OPEB expense of \$3,659,042. At June 30, 2018 the District reported deferred inflows of resources related to the following sources:

	Deferred Inflows of Resources
Changes in assumptions or other inputs	\$ <u>(194,791)</u>

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

Amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Measurement Period Ending June 30,	Increase or (Decrease) in OPEB Expense
2019	\$ (27,827)
2020	(27,827)
2021	(27,827)
2022	(27,827)
2023	(27,827)
Thereafter	(55,656)
Total	<u>(194,791)</u>

Q. Deferred Outflows of Resources

In 2014 the District issued refunding bonds as a partial refunding of 2006 Series A General Obligation Bonds. The refunding resulted in a loss on refunding of \$2,002,998 which is recorded as a deferred outflow of resources and amortized over 14 years (the life of the bonds).

In 2016 the District issued refunding bonds as a partial refunding of 2006 Series A General Obligation Bonds and 2006 Series B General Obligation Bonds. The refunding resulted in a loss on refunding of \$4,179,757 which is recorded as a deferred outflow of resources and amortized over the life of the bonds.

In November 2016 the District issued refunding Certificates of Participation (COPs) to refund the 2009 Refunding COPs outstanding. The refunding resulted in an accounting loss on refunding of \$8,169,353 which is recorded as a deferred outflow of resources and amortized over the life of the COPs.

In November 2017 the District issued 2017 Series A & Series B refunding bonds to partially refund the 2006 election Series B & Series C bonds outstanding. The refunding resulted in an accounting loss on refunding of \$5,658,312 for Series A and \$1,123,669 for Series B, which are recorded as deferred outflows of resources and amortized over the life of the bonds.

GASB Statement No. 68 requires certain items related to net pension liability be recorded as deferred outflows of resources and amortized over five years. Further detail on the items accumulated as pension related deferred outflows of resources is available in the pension note disclosure.

GASB Statement No. 71 requires that contributions of pension plans subsequent to the measurement date be recorded as deferred outflows of resources. Pension related deferred outflows of resources as of year end are representative of contributions made after the measurement date.

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

Description	Amortization Term	Beginning Balance	Current Year Additions	Current Year Amortization	Ending Balance
2014 Loss on Refunding Bonds	14 Years	\$ 1,573,785	\$ -	\$ 143,071	\$ 1,430,714
2016 Loss on Refunding Bonds	17 Years	3,836,244	-	343,518	3,492,726
2016 Loss on Refunding COPs	20 Years	8,169,353	-	408,461	7,760,892
2017 Series A Loss on Refunding	17 Years	-	5,658,312	-	5,658,312
2017 Series B Loss on Refunding	9 Years	-	1,123,669	-	1,123,669
Pension Related	Varies	16,760,671	36,102,955	15,899,097	36,964,529
<b>Total Deferred Outflows of Resources</b>		<b>\$ 30,340,053</b>	<b>\$ 42,884,936</b>	<b>\$ 16,794,147</b>	<b>\$ 56,430,842</b>

Future amortization of deferred outflows of resources is as follows:

Year Ending June 30	Refunding Losses	Pension Related	Total
2019	\$ 1,352,751	\$ 17,353,677	\$ 18,706,428
2020	1,352,751	7,990,651	9,343,402
2021	1,352,751	6,272,222	7,624,973
2022	1,352,751	5,347,979	6,700,730
2023	1,352,751	-	1,352,751
Thereafter	12,702,558	-	12,702,558
<b>Total</b>	<b>\$ 19,466,313</b>	<b>\$ 36,964,529</b>	<b>\$ 56,430,842</b>

**R. Deferred Inflows of Resources**

Consistent with the requirements of GASB Statement No. 68, the pension related deferred inflows of resources have been recorded for changes in assumptions, change in employer's proportionate share, and the net difference between projected and actual earnings on investments.

Consistent with the requirements of GASB Statement No. 75, the OPEB related deferred inflows of resources have been recorded for changes in assumptions.

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

Description	Amortization Term	Beginning Balance	Current Year Additions	Current Year Amortization	Ending Balance
Pension Related	Varies	\$ 6,493,123	\$ 13,100,216	\$ 4,848,058	\$ 14,745,281
OPEB Related	7 Years	-	222,618	27,827	194,791
<b>Total Deferred Inflows of Resources</b>		<b>\$ 6,493,123</b>	<b>\$ 13,322,834</b>	<b>\$ 4,875,885</b>	<b>\$ 14,940,072</b>

Future amortization of deferred inflows of resources is as follows:

Year Ending June 30	Pension Related	OPEB Related	Total
2019	\$ 4,848,057	\$ 27,827	\$ 4,875,884
2020	3,782,557	27,827	3,810,384
2021	3,494,626	27,827	3,522,453
2022	2,620,041	27,827	2,647,868
2023	-	27,827	27,827
Thereafter	-	55,656	55,656
<b>Total</b>	<b>\$ 14,745,281</b>	<b>\$ 194,791</b>	<b>\$ 14,940,072</b>

**CARLSBAD UNIFIED SCHOOL DISTRICT**  
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S. Adjustment to Beginning Balance

During the fiscal year ended June 30, 2018, the District implemented GASB Statement No. 75 "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions". Implementation of GASB Statement No. 75 resulted in a change in calculations of total OPEB liability as well as deferred outflows and deferred inflows of resources associated with OPEB. The result of applying the change in accounting policy is an adjustment to beginning net position on the government wide financial statements.

A summary of adjustments to beginning balance are as follows:

	Government Wide Financial Statements
Beginning Net Position - Originally Stated	\$ 21,658,586
Adjustments for Accounting Policy Change:	
Total OPEB Liability	(13,815,764)
Total Adjustments	(13,815,764)
Beginning Net Position - As Restated	\$ 7,842,822

T. Commitments and Contingencies

Litigation

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

State and Federal Allowances, Awards, and Grants

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

U. Construction Commitments

As of June 30, 2018 the District had the following commitments with respect to unfinished capital projects:

	Commitment	*Expected Date of Final Completion
Construction in Process:		
Sage Creek High School PAC	\$ 796,751	August 2018
Carlsbad High School Lancer Arena Re-Roof	1,615,362	August 2018
Carlsbad Cultural Arts Center Modernization	3,565,034	August 2019
Security Fencing at Buena Vista ES, Kelly ES, & Magnolia ES	1,600,000	August 2019
Total Construction Commitments	\$ 7,577,147	

\* Expected date of final completion subject to change

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V. Subsequent Events

Implementation of New Accounting Guidance

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

GASB 83 - Certain Asset Retirement Obligations

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

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

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

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

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

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

## Required Supplementary Information

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

**CARLSBAD UNIFIED SCHOOL DISTRICT**

**EXHIBIT B-1**

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

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
LCFF Sources:				
State Apportionment or State Aid	\$ 11,873,092	\$ 10,159,810	\$ 7,219,842	\$ (2,939,968)
Education Protection Account Funds	2,149,942	2,175,035	2,180,194	5,159
Local Sources	74,824,866	77,775,253	80,838,648	3,063,395
Federal Revenue	3,530,933	3,838,578	3,668,263	(170,315)
Other State Revenue	7,050,888	10,590,143	9,921,445	(668,698)
Other Local Revenue	6,139,270	7,682,031	8,587,570	905,539
Total Revenues	<u>105,568,991</u>	<u>112,220,850</u>	<u>112,415,962</u>	<u>195,112</u>
Expenditures:				
Current:				
Certificated Salaries	48,336,918	49,618,936	50,529,603	(910,667)
Classified Salaries	13,939,029	14,118,247	14,238,095	(119,848)
Employee Benefits	28,484,141	29,501,929	28,496,912	1,005,017
Books And Supplies	5,063,391	6,272,325	4,180,401	2,091,924
Services And Other Operating Expenditures	12,410,710	14,653,039	13,675,126	977,913
Other Outgo	773,078	661,251	1,398,611	(737,360)
Capital Outlay	452,475	1,107,286	645,472	461,814
Total Expenditures	<u>109,459,742</u>	<u>115,933,013</u>	<u>113,164,220</u>	<u>2,768,793</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(3,890,751)</u>	<u>(3,712,163)</u>	<u>(748,258)</u>	<u>2,963,905</u>
Other Financing Sources (Uses):				
Transfers Out	<u>(100,000)</u>	<u>(100,000)</u>	<u>(100,000)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(100,000)</u>	<u>(100,000)</u>	<u>(100,000)</u>	<u>-</u>
Net Change in Fund Balance	(3,990,751)	(3,812,163)	(848,258)	2,963,905
Fund Balance, July 1	23,471,064	23,471,064	23,471,064	-
Fund Balance, June 30	<u>\$ 19,480,313</u>	<u>\$ 19,658,901</u>	<u>\$ 22,622,806</u>	<u>\$ 2,963,905</u>

**CARLSBAD UNIFIED SCHOOL DISTRICT**  
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE  
 SHARE OF THE NET PENSION LIABILITY  
 CALIFORNIA STATE TEACHERS' RETIREMENT SYSTEM  
 LAST TEN FISCAL YEARS \*

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
District's proportion of the net pension liability (asset)	0.0929%	0.0898%	0.0955%	0.0883%	N/A	N/A	N/A	N/A	N/A	N/A
District's proportionate share of the net pension liability (asset)	\$ 85,913,224	\$ 72,594,281	\$ 64,298,731	\$ 51,579,916	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A
State's proportionate share of the net pension liability (asset) associated with the District	51,018,487	41,527,503	34,235,691	31,405,788	N/A	N/A	N/A	N/A	N/A	N/A
<b>Total</b>	<b>\$ 136,931,711</b>	<b>\$ 114,121,784</b>	<b>\$ 98,534,422</b>	<b>\$ 82,985,704</b>	<b>\$ N/A</b>	<b>\$ N/A</b>	<b>\$ N/A</b>	<b>\$ N/A</b>	<b>\$ N/A</b>	<b>\$ N/A</b>
District's covered-employee payroll	\$ 49,118,657	\$ 44,593,084	\$ 44,135,320	\$ 39,111,345	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	174.91%	162.79%	145.69%	131.88%	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	69.46%	70.04%	74.02%	76.52%	N/A	N/A	N/A	N/A	N/A	N/A

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

See accompanying notes to required supplementary information.

**CARLSBAD UNIFIED SCHOOL DISTRICT**  
 SCHEDULE OF DISTRICT CONTRIBUTIONS  
 CALIFORNIA STATE TEACHERS' RETIREMENT SYSTEM  
 LAST TEN FISCAL YEARS \*

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Contractually required contribution	\$ 7,175,543	\$ 6,179,127	\$ 4,784,838	\$ 3,919,216	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A
Contributions in relation to the contractually required contribution	(7,175,543)	(6,179,127)	(4,784,838)	(3,919,216)	N/A	N/A	N/A	N/A	N/A	N/A
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A
District's covered-employee payroll	\$ 49,726,563	\$ 49,118,657	\$ 44,593,085	\$ 44,135,320	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A
Contributions as a percentage of covered-employee payroll	14.43%	12.58%	10.73%	8.88%	N/A	N/A	N/A	N/A	N/A	N/A

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

See accompanying notes to required supplementary information.



**CARLSBAD UNIFIED SCHOOL DISTRICT**  
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE  
 SHARE OF THE NET PENSION LIABILITY  
 CALIFORNIA PUBLIC EMPLOYEE'S RETIREMENT SYSTEM  
 LAST TEN FISCAL YEARS \*

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
District's proportion of the net pension liability (asset)	0.1015%	0.1047%	0.1080%	0.1090%	N/A	N/A	N/A	N/A	N/A	N/A
District's proportionate share of the net pension liability (asset)	\$ 24,222,373	\$ 20,681,289	\$ 15,921,015	\$ 12,373,971	N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A
District's covered-employee payroll	\$ 13,031,941	\$ 12,680,644	\$ 12,011,596	\$ 11,460,654	N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	185.87%	163.09%	132.55%	107.97%	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	71.87%	73.90%	79.43%	83.38%	N/A	N/A	N/A	N/A	N/A	N/A

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

See accompanying notes to required supplementary information.

**CARLSBAD UNIFIED SCHOOL DISTRICT**  
 SCHEDULE OF DISTRICT CONTRIBUTIONS  
 CALIFORNIA PUBLIC EMPLOYEE'S RETIREMENT SYSTEM  
 LAST TEN FISCAL YEARS \*

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Contractually required contribution	\$ 2,187,480	\$ 1,809,876	\$ 1,502,276	\$ 1,413,885	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A
Contributions in relation to the contractually required contribution	(2,187,480)	(1,809,876)	(1,502,276)	(1,413,885)	N/A	N/A	N/A	N/A	N/A	N/A
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A
District's covered-employee payroll	\$ 14,084,605	\$ 13,031,941	\$ 12,680,645	\$ 12,011,596	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A
Contributions as a percentage of covered-employee payroll	15.531%	13.888%	11.847%	11.771%	N/A	N/A	N/A	N/A	N/A	N/A

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

See accompanying notes to required supplementary information.

**CARLSBAD UNIFIED SCHOOL DISTRICT**  
 SCHEDULE OF CHANGES IN THE DISTRICT'S  
 TOTAL OPEB LIABILITY AND RELATED RATIOS  
 CUSD RETIREE HEALTHCARE PLAN  
 LAST TEN FISCAL YEARS \*

	Fiscal Year Ended									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Total OPEB liability:										
Service cost	\$ 2,578,153	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A
Interest	1,108,716	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Changes of benefit terms	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Differences between expected and actual experience	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Changes of assumptions or other inputs	(222,618)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Benefit payments	(1,204,712)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net change in total OPEB liability	2,259,539	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total OPEB liability - beginning	30,633,506	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total OPEB liability - ending	<u>\$ 32,893,045</u>	<u>\$ N/A</u>	<u>\$ N/A</u>	<u>\$ N/A</u>	<u>\$ N/A</u>	<u>\$ N/A</u>	<u>\$ N/A</u>	<u>\$ N/A</u>	<u>\$ N/A</u>	<u>\$ N/A</u>
Covered-employee payroll	\$ 64,615,000	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A
Total OPEB liability as a percentage of covered-employee payroll	50.91%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

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

See Accompanying Notes to Required Supplementary Information.

**CARLSBAD UNIFIED SCHOOL DISTRICT**  
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
 FOR THE YEAR ENDED JUNE 30, 2018

Excess of Expenditures Over Appropriations

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

<u>Appropriations Category</u>	<u>Excess Expenditures</u>	<u>Reason for Excess Expenditures</u>
General Fund:		
Certificated Salaries \$	910,667	Unanticipated increases in salaries
Classified Salaries	119,848	Unanticipated increases in salaries
Other Outgo	737,360	Unanticipated costs of special education services transferred to SDCOE

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

<u>Year</u>	<u>Discount Rate</u>
2018	3.50%

## Combining Statements as Supplementary Information

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

**CARLSBAD UNIFIED SCHOOL DISTRICT**

COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2018

	Special Revenue Fund	Debt Service Fund		Total Nonmajor Governmental Funds (See Exhibit A-3)
	Cafeteria Fund	Blended Component Unit	Capital Projects Funds	
<b>ASSETS:</b>				
Cash in County Treasury	\$ 43,402	\$ -	\$ 6,170,355	\$ 6,213,757
Accounts Receivable	383,378	-	26,760	410,138
Due from Other Funds	1,061	-	-	1,061
Stores Inventories	79,275	-	-	79,275
Prepaid Expenditures	77,300	-	-	77,300
Total Assets	<u>584,416</u>	<u>-</u>	<u>6,197,115</u>	<u>6,781,531</u>
<b>LIABILITIES AND FUND BALANCE:</b>				
Liabilities:				
Accounts Payable	\$ 78,389	\$ -	\$ 15,774	\$ 94,163
Due to Other Funds	33,198	-	-	33,198
Unearned Revenue	883	-	-	883
Total Liabilities	<u>112,470</u>	<u>-</u>	<u>15,774</u>	<u>128,244</u>
Fund Balance:				
Nonspendable Fund Balances:				
Stores Inventories	79,274	-	-	79,274
Prepaid Items	77,300	-	-	77,300
Restricted Fund Balances	315,372	-	6,181,341	6,496,713
Total Fund Balance	<u>471,946</u>	<u>-</u>	<u>6,181,341</u>	<u>6,653,287</u>
Total Liabilities and Fund Balances	<u>\$ 584,416</u>	<u>\$ -</u>	<u>\$ 6,197,115</u>	<u>\$ 6,781,531</u>



**CARLSBAD UNIFIED SCHOOL DISTRICT**

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

	Special Revenue Fund	Debt Service Fund		Total Nonmajor Governmental Funds (See Exhibit A-5)
	Cafeteria Fund	Blended Component Unit	Capital Projects Funds	
Revenues:				
Federal Revenue	\$ 1,184,542	\$ -	\$ -	\$ 1,184,542
Other State Revenue	90,182	-	2,306,842	2,397,024
Other Local Revenue	1,295,232	-	2,234,428	3,529,660
Total Revenues	<u>2,569,956</u>	<u>-</u>	<u>4,541,270</u>	<u>7,111,226</u>
Expenditures:				
Current:				
Pupil Services	2,612,899	-	-	2,612,899
General Administration	-	-	64,401	64,401
Plant Services	-	-	22,273	22,273
Capital Outlay	-	-	507,599	507,599
Debt Service:				
Principal	-	1,800,000	-	1,800,000
Interest	-	1,871,321	-	1,871,321
Total Expenditures	<u>2,612,899</u>	<u>3,671,321</u>	<u>594,273</u>	<u>6,878,493</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(42,943)</u>	<u>(3,671,321)</u>	<u>3,946,997</u>	<u>232,733</u>
Other Financing Sources (Uses):				
Transfers In	100,000	3,671,321	-	3,771,321
Transfers Out	-	-	(2,309,811)	(2,309,811)
Total Other Financing Sources (Uses)	<u>100,000</u>	<u>3,671,321</u>	<u>(2,309,811)</u>	<u>1,461,510</u>
Net Change in Fund Balance	57,057	-	1,637,186	1,694,243
Fund Balance, July 1	414,889	-	4,544,155	4,959,044
Fund Balance, June 30	<u>\$ 471,946</u>	<u>\$ -</u>	<u>\$ 6,181,341</u>	<u>\$ 6,653,287</u>

**CARLSBAD UNIFIED SCHOOL DISTRICT**

COMBINING BALANCE SHEET  
 NONMAJOR CAPITAL PROJECTS FUNDS  
 JUNE 30, 2018

	Capital Facilities Fund	County School Facilities Fund	Total Nonmajor Capital Projects Funds (See Exhibit C-1)
<b>ASSETS:</b>			
Cash in County Treasury	\$ 6,165,339	\$ 5,016	\$ 6,170,355
Accounts Receivable	26,752	8	26,760
Total Assets	<u>6,192,091</u>	<u>5,024</u>	<u>6,197,115</u>
<b>LIABILITIES AND FUND BALANCE:</b>			
Liabilities:			
Accounts Payable	\$ 15,774	\$ -	\$ 15,774
Total Liabilities	<u>15,774</u>	<u>-</u>	<u>15,774</u>
Fund Balance:			
Restricted Fund Balances	6,176,317	5,024	6,181,341
Total Fund Balance	<u>6,176,317</u>	<u>5,024</u>	<u>6,181,341</u>
Total Liabilities and Fund Balances	<u>\$ 6,192,091</u>	<u>\$ 5,024</u>	<u>\$ 6,197,115</u>

**CARLSBAD UNIFIED SCHOOL DISTRICT**

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

	Capital Facilities Fund	County School Facilities Fund	Total Nonmajor Capital Projects Funds (See Exhibit C-2)
Revenues:			
Other State Revenue	\$ -	\$ 2,306,842	\$ 2,306,842
Other Local Revenue	2,226,435	7,993	2,234,428
Total Revenues	<u>2,226,435</u>	<u>2,314,835</u>	<u>4,541,270</u>
Expenditures:			
Current:			
General Administration	64,401	-	64,401
Plant Services	22,273	-	22,273
Capital Outlay	507,599	-	507,599
Total Expenditures	<u>594,273</u>	<u>-</u>	<u>594,273</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,632,162</u>	<u>2,314,835</u>	<u>3,946,997</u>
Other Financing Sources (Uses):			
Transfers Out	-	(2,309,811)	(2,309,811)
Total Other Financing Sources (Uses)	<u>-</u>	<u>(2,309,811)</u>	<u>(2,309,811)</u>
Net Change in Fund Balance	1,632,162	5,024	1,637,186
Fund Balance, July 1	4,544,155	-	4,544,155
Fund Balance, June 30	<u>\$ 6,176,317</u>	<u>\$ 5,024</u>	<u>\$ 6,181,341</u>

## Other Supplementary Information

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

## Supplementary Information Section

# CARLSBAD UNIFIED SCHOOL DISTRICT

LOCAL EDUCATION AGENCY

ORGANIZATION STRUCTURE

JUNE 30, 2018

The Carlsbad Unified School District was established in 1921, and encompasses approximately 30 square miles and includes most of the City of Carlsbad and a small part of the City of Oceanside in San Diego County. The Carlsbad Unified School District provides a quality educational program for approximately 11,000 students in grades K-12 plus preschool. The District is currently operating nine elementary schools, three middle schools, two high schools, one continuation school, and one alternative school that includes an opportunity program, full-time independent study, and adult education.

## Governing Board

<u>Name</u>	<u>Office</u>	<u>Term and Term Expiration</u>
Ray Pearson	President	Four year term Expires December 2020
Kathy Rallings	Vice President	Four year term Expires December 2018
Veronica Williams	Clerk	Four year term Expires December 2018
Claudine Jones	Member	Four year term Expires December 2018
Elisa Williamson	Member	Four year term Expires December 2020

## Administration

Benjamin Churchill, Ed.D.  
Superintendent

Chris Wright  
Assistant Superintendent  
Business Services

Richard Grove  
Assistant Superintendent  
Personnel Services

Robert Nye, Ed.D.  
Assistant Superintendent  
Instructional Services

**CARLSBAD UNIFIED SCHOOL DISTRICT**

SCHEDULE OF AVERAGE DAILY ATTENDANCE  
 YEAR ENDED JUNE 30, 2018

**TABLE D-1**

	Second Period Report Certificate #B3327DA2		Annual Report Certificate #DC94D32B	
	Original	Revised	Original	Revised
TK/K-3:				
Regular ADA	3,092.21	N/A	3,103.82	N/A
Extended Year Special Education	3.31	N/A	3.31	N/A
Nonpublic, Nonsectarian Schools	3.18	N/A	3.42	N/A
Extended Year - Nonpublic	0.30	N/A	0.30	N/A
TK/K-3 Totals	<u>3,099.00</u>	<u>N/A</u>	<u>3,110.85</u>	<u>N/A</u>
Grades 4-6:				
Regular ADA	2,476.20	N/A	2,479.08	N/A
Extended Year Special Education	3.03	N/A	3.03	N/A
Nonpublic, Nonsectarian Schools	4.53	N/A	4.73	N/A
Extended Year - Nonpublic	0.76	N/A	0.76	N/A
Grades 4-6 Totals	<u>2,484.52</u>	<u>N/A</u>	<u>2,487.60</u>	<u>N/A</u>
Grades 7-8:				
Regular ADA	1,729.51	N/A	1,730.83	N/A
Extended Year Special Education	1.78	N/A	1.78	N/A
Nonpublic, Nonsectarian Schools	2.71	N/A	2.75	N/A
Grades 7-8 Totals	<u>1,734.00</u>	<u>N/A</u>	<u>1,735.36</u>	<u>N/A</u>
Grades 9-12:				
Regular ADA	3,550.19	N/A	3,528.81	N/A
Extended Year Special Education	3.99	N/A	3.99	N/A
Nonpublic, Nonsectarian Schools	19.68	N/A	19.29	N/A
Extended Year - Nonpublic	3.01	N/A	3.01	N/A
Grades 9-12 Totals	<u>3,576.87</u>	<u>N/A</u>	<u>3,555.10</u>	<u>N/A</u>
ADA totals	<u>10,894.39</u>	<u>N/A</u>	<u>10,888.91</u>	<u>N/A</u>

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

**CARLSBAD UNIFIED SCHOOL DISTRICT**  
 SCHEDULE OF INSTRUCTIONAL TIME  
 YEAR ENDED JUNE 30, 2018

**TABLE D-2**

Grade Level	Ed. Code Minutes Requirement	2017-18 Actual Minutes	Number of Days Traditional Calendar	Number of Days Multitrack Calendar	Status
Transitional Kindergarten	36,000	36,000	180	-	Complied
Kindergarten	36,000	36,000	180	-	Complied
Grade 1	50,400	54,060	180	-	Complied
Grade 2	50,400	54,060	180	-	Complied
Grade 3	50,400	54,060	180	-	Complied
Grade 4	54,000	54,060	180	-	Complied
Grade 5	54,000	54,060	180	-	Complied
Grade 6	54,000	58,800	180	-	Complied
Grade 7	54,000	58,800	180	-	Complied
Grade 8	54,000	58,800	180	-	Complied
Grade 9	64,800	65,143	180	-	Complied
Grade 10	64,800	65,203	180	-	Complied
Grade 11	64,800	65,568	180	-	Complied
Grade 12	64,800	65,143	180	-	Complied

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

The District has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day. This schedule presents information on the amount of instruction time offered by the District and whether the District complied with the provisions of Education Code Sections 46200 through 46207. The District neither met nor exceeded its target funding.



**CARLSBAD UNIFIED SCHOOL DISTRICT**  
 SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS  
 YEAR ENDED JUNE 30, 2018

**TABLE D-3**

General Fund	Budget 2019 (Note 1)	2018	2017	2016
Revenues and other financial sources	\$ 117,754,249	\$ 112,415,962	\$ 108,804,337	\$ 106,165,806
Expenditures, other uses and transfers out	119,794,199	113,264,220	105,957,094	100,767,209
Change in fund balance (deficit)	(2,039,950)	(848,258)	2,847,243	5,398,597
Ending fund balance	<u>\$ 20,582,856</u>	<u>\$ 22,622,806</u>	<u>\$ 23,471,064</u>	<u>\$ 20,623,821</u>
Available reserves (Note 2)	<u>\$ 14,701,043</u>	<u>\$ 17,078,986</u>	<u>\$ 17,587,361</u>	<u>\$ 14,508,567</u>
Available reserves as a percentage of total outgo (Note 3)	<u>12.3%</u>	<u>15.6%</u>	<u>17.2%</u>	<u>14.8%</u>
Total long-term debt	<u>\$ 278,267,683</u>	<u>\$ 287,195,503</u>	<u>\$ 282,244,688</u>	<u>\$ 279,899,232</u>
Average daily attendance at P-2	<u>10,894</u>	<u>10,894</u>	<u>10,742</u>	<u>10,634</u>

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

The general fund balance has increased by \$1,998,985 (9.7%) over the past two years. The fiscal year 2018-19 budget projects a decrease of \$2,039,950 (9.0%). For a district of this size, the State recommends available reserves of at least 3% of total general fund expenditures, transfers out and other uses (total outgo).

Total long-term debt has increased by \$7,296,271 over the past two years.

Average daily attendance has increased by 260 over the past two years.

Notes:

- 1 Budget 2019 is included for analytical purposes only and has not been subjected to audit.
- 2 Available reserves consist of all assigned fund balances, all unassigned fund balances, and all funds reserved for economic uncertainties contained within the General Fund.
- 3 On behalf payments of \$3,669,407, \$3,776,079, and \$2,835,848, have been excluded from the calculation of available reserves for the fiscal years ending June 30, 2018, 2017 and 2016.

The ending fund balances reported in this audit report for all funds are in agreement with the amounts reported by the District in their Unaudited Financial Statement submission to the California Department of Education.

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

**CARLSBAD UNIFIED SCHOOL DISTRICT**  
SCHEDULE OF CHARTER SCHOOLS  
YEAR ENDED JUNE 30, 2018

**TABLE D-5**

No charter schools are chartered by Carlsbad Unified School District.

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

**CARLSBAD UNIFIED SCHOOL DISTRICT**  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE YEAR ENDED JUNE 30, 2018

**TABLE D-6**

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass- Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
<b>CHILD NUTRITION CLUSTER:</b>				
<u>U. S. Department of Agriculture</u>				
Passed Through State Department of Education:				
School Breakfast Program	10.553	13525	\$ -	\$ 318,166
National School Lunch Program	10.555	13396	-	853,341
National School Lunch Program Noncash Commodities	10.555	13396	-	116,553
Total Passed Through State Department of Education			-	1,288,060
Total U. S. Department of Agriculture			-	1,288,060
Total Child Nutrition Cluster			-	1,288,060
<b>MEDICAID CLUSTER:</b>				
<u>U. S. Department of Health and Human Services</u>				
Passed Through State Department of Education:				
Medi-Cal	93.778	10013	-	28,454
Total U. S. Department of Health and Human Services			-	28,454
Total Medicaid Cluster			-	28,454
<b>SPECIAL EDUCATION (IDEA) CLUSTER:</b>				
<u>U. S. Department of Education</u>				
Passed Through State Department of Education:				
IDEA Basic Local - Private Schools	84.027	10015	58,695	58,695
IDEA Basic Local Assistance	84.027	13379	-	1,604,340
IDEA Preschool Local Assistance	84.027	13682	-	157,600
IDEA Mental Health	84.027	14468	-	124,252
IDEA Preschool	84.173	13430	-	50,977
IDEA Preschool Staff Development	84.173	13431	-	540
Total Passed Through State Department of Education			58,695	1,996,404
Total U. S. Department of Education			58,695	1,996,404
Total Special Education (IDEA) Cluster			58,695	1,996,404
<b>OTHER PROGRAMS:</b>				
<u>U. S. Department of Education</u>				
Passed Through State Department of Education:				
Title I	84.010	14329	-	1,261,596
Carl D. Perkins Career & Technical Education	84.048	14894	-	59,727
Title III	84.365	15146 & 14346	-	103,328
Title II Supporting Effective Instruction	84.367	14341	8,905	242,724
Total Passed Through State Department of Education			8,905	1,667,375
Total U. S. Department of Education			8,905	1,667,375
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<b>\$ 67,600</b>	<b>\$ 4,980,293</b>

The accompanying notes are an integral part of this schedule.

**CARLSBAD UNIFIED SCHOOL DISTRICT**  
 NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE YEAR ENDED JUNE 30, 2018

Basis of Presentation

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

Indirect Cost Rate

Indirect costs were calculated in accordance with 2 CFR §200.412 Direct and Indirect Costs. The District used an indirect cost rate of 6.25% based on the rate approved by the California Department of Education for each program which did not have a pre-defined allowable indirect cost rate. The District did not elect to use the 10% de minimis cost rate as covered in 2 CFR §200.414 Indirect Costs. The following programs utilized a lower indirect cost rate based on program restrictions or other factors determined by the District:

Program	CFDA #	Indirect Cost Rate
Carl D. Perkins Career & Technical Education	84.048	5.00%
Title III Limited English Proficiency	84.365	2.00%
Title III Immigrant Education	84.365	5.69%
Child Nutrition Cluster	10.553 & 10.555	0.00%

Schoolwide Program

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

Program	CFDA #	Amount Expended
Title I	84.010	\$285,785

Summary of Significant Accounting Policies

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

## Other Independent Auditor's Reports



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

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

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

Board of Trustees  
Carlsbad Unified School District  
Carlsbad, California 92008

Members of the Board of Trustees:

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

**Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item(s) 2018-001, that we consider to be significant deficiencies.

## **Compliance and Other Matters**

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

## **Carlsbad Unified School District's Response to Findings**

Carlsbad Unified School District's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Carlsbad Unified School District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

## **Purpose of this Report**

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

*Wilkinson Hadley King & Co., LLP*

El Cajon, California  
December 17, 2018





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

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

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

Board of Trustees  
Carlsbad Unified School District  
Carlsbad, California 92008

Members of the Board of Trustees:

**Report on Compliance for Each Major Federal Program**

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

**Management's Responsibility**

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

**Auditor's Responsibility**

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

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

**Opinion on Each Major Federal Program**

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

## Report on Internal Control Over Compliance

Management of the Carlsbad Unified School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Carlsbad Unified 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 Carlsbad Unified School District's internal control over compliance.

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

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

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

*Wilkinson Hadley King & Co., LLP*

El Cajon, California  
December 17, 2018



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

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

**Independent Auditor's Report on State Compliance**

Board of Trustees  
Carlsbad Unified School District  
Carlsbad, California 92008

Members of the Board of Trustees:

**Report on State Compliance**

We have audited the District's compliance with the types of compliance requirements described in the *2017-18 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in Title 5, *California Code of Regulations*, Section 19810 that could have a direct and material effect on each of the District's state programs identified below for the fiscal year ended June 30, 2018.

**Management's Responsibility for State Compliance**

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each applicable program as identified in the State's audit guide, *2017-18 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* prescribed in Title 5, *California Code of Regulations*, Section 19810. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the State's audit guide, *2017-18 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in Title 5, *California Code of Regulations*, Section 19810. Those standards and audit guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on the state programs noted below occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the District's compliance with those requirements.

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

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

The term "N/A" is used above to mean either the District did not offer the program during the current fiscal year or the program applies to a different type of local education agency.

We did not perform testing for Independent Study or Continuation Education. The procedures were not required to be performed because the ADA reported in those programs was below the level which required testing.

## Opinion on State Compliance

In our opinion, Carlsbad Unified School District complied, in all material respects, with the compliance requirements referred to above that are applicable to the statutory requirements listed in the schedule above for the year ended June 30, 2018.

## Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of compliance and the results of that testing, and not to provide an opinion of the effectiveness of the entity's internal control or on compliance outside of the items tested as noted above. This report is an integral part of an audit performed in accordance with the *2017-18 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* prescribed in Title 5, *California Code of Regulations*, Section 19810 in considering the entity's compliance. Accordingly, this communication is not suitable for any other purpose.

*Wilkinson Abbey King & Co., LLP*

El Cajon, California  
December 17, 2018

## Findings and Recommendations Section

**CARLSBAD UNIFIED SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

**A. Summary of Auditor's Results**

1. Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

One or more material weaknesses identified?      Yes   X   No

One or more significant deficiencies identified that are not considered to be material weaknesses?   X   Yes      None Reported

Noncompliance material to financial statements noted?      Yes   X   No

2. Federal Awards

Internal control over major programs:

One or more material weaknesses identified?      Yes   X   No

One or more significant deficiencies identified that are not considered to be material weaknesses?      Yes   X   None Reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200?      Yes   X   No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.553, 10.555	Child Nutrition Cluster

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee?   X   Yes      No

3. State Awards

Any audit findings disclosed that are required to be reported in accordance with the state's Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting?      Yes   X   No

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

**CARLSBAD UNIFIED SCHOOL DISTRICT**  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2018

**B. Financial Statement Findings**

Finding Number: 2018-001  
Repeat Finding: Yes  
Audit Area: Associated Student Body Funds  
Type of Finding: Internal Control - Significant Deficiency (30000)

Criteria or Specific Requirement

Determine if internal controls are in place over the student body funds that will ensure all student body deposits, disbursements, and bank reconciliations are properly maintained, clerically accurate and have sufficient supporting documentation to ensure the safeguard of assets of the student body accounts.

Condition

In review of the receipts and deposits of the student body funds at Valley Middle School, we noted that three out of fifteen selections tested did not have proper supporting documentation that reconciled to the bank deposits. Proper ticket reconciliations for the sale of drama and band tickets were not attached to supporting documentation and over/short reconciliation of tickets sold to cash was not evident.

Cause

Insufficient proper training administered to site clerks and limited account monitoring and oversight by District personnel resulted in inadequate internal controls over the receipts and deposits in the student body fund.

Effect

The student body receipts and deposits are exposed to significant risk of misstatement, whether due to error or fraud, that may not be detected through the normal procedures performed by district personnel.

Context

In order to detect errors and deter fraud, proper internal controls must be established over the student body receipts and deposits for all school sites. Documentation should include dual cash count forms, ticket reconciliations, inventory reconciliations, and/or other documentation that supports the amounts received.

Recommendation

Provide inservice training to the individuals involved in daily student body account operations, including clerks, advisors, and principals. Implement proper ticket reconciliation forms that reflect over/short reconciliation for the tickets sold to the cash collected for all event sales.

Views of Responsible Officials

See Corrective Action Plan

**C. Federal Award Findings and Questioned Costs**

None

**D. State Award Findings and Questioned Costs**

None





6225 El Camino Real • Carlsbad, CA 92009  
760-331-5000 p • 760-431-6707 f

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December 17, 2018

To Whom It May Concern:

The accompanying Corrective Action Plan has been prepared as required by the 2017-18 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting published by the Education Audit Appeals Panel. The name of the contact person responsible for corrective action, the planned corrective action, and the anticipated completion date for each finding included in the current year's Schedule of Findings and Questioned Costs have been provided.

In addition, we have also prepared the accompanying Summary Schedule of Prior Audit Findings which includes the status of audit findings reported in the prior year's audit.

Sincerely,

A handwritten signature in blue ink, appearing to read "CW", enclosed in a blue oval.

Chris Wright  
Assistant Superintendent, Business Services

**CARLSBAD UNIFIED SCHOOL DISTRICT**  
CORRECTIVE ACTION PLAN  
FOR THE YEAR ENDED JUNE 30, 2018

**Findings and Questioned Costs Related to Financial Statements**

Finding Number: 2018-001  
Program Name: Associated Student Body Funds  
Contact Person: Shelly Kruse, Director of Fiscal Services  
Anticipated Completion Date: Ongoing  
Planned Corrective Action: The District will use the existing successful ticket reconciliation template in use at our high schools and apply it to our middle school programs. FCMAT provided a workshop to our ASB personnel and school administrators in May 2018 regarding documentation requirements and reconciliation. The District also assigned an accountant as our ASB liaison, and this person will continue to provide ongoing training to ASB clerks and administrators throughout the upcoming year which builds upon the FCMAT training that was received. Further, this person will provide oversight to all of the District's ASB programs, with additional support to the middle school programs, to ensure that discrepancies are avoided.

**CARLSBAD UNIFIED SCHOOL DISTRICT**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

Finding/Recommendation	Current Status	Management's Explanation If Not Implemented
<p>Finding 2017-001 (30000)  Associated Student Body Accounts</p> <p>At one middle school, one out of ten deposits tested did not have dual counts of cash collected. In addition, the the school refunded donations to parents who made donations to the robotics club.</p> <p>Provide training in established internal control policies and procedures to all ASB clerks, ASB advisors, and school site principals with designated responsibility over ASB accounts. Establish a monitoring system over ASB accounts to verify that policies and procedures are being consistently followed at all school sites.</p>	<p>Partially  Implemented</p>	<p>See Corrective Action Plan  for Finding 2018-001</p>
<p>Finding 2017-002 (10000)  Attendance</p> <p>In review of the class rosters at Carlsbad High School for the seventh month of attendance, we noted that the class rosters were not being verified on a timely basis. Two out of four weeks tested were printed greater than one week past the attendance week.</p> <p>Implement procedures to ensure class rosters are printed timely and are being signed, dated and verified by the teachers within one week after the end of each attendance week. Retain all original rosters printed and verified by teachers even if changes or corrections have been made as proper support that weekly attendance is being validated on a timely basis.</p>	<p>Implemented</p>	

**CARLSBAD UNIFIED SCHOOL DISTRICT**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

Finding/Recommendation	Current Status	Management's Explanation If Not Implemented
<p>Finding 2017-003 (40000)            After School Education and Safety Program</p> <p>In six days from the month of October tested at Buena Vista Elementary School, we noted nine instances of attendance being counted outside of early release times noted as allowable in the attendance system. Additionally, when comparing early release forms to allowable times entered into the system we noted ten students where the time written by parents did not agree with the time entered into the attendance system. As a result, it appears that the school site is not following District established early release policies.</p> <p>Provide training to all school site personnel working in the ASES program regarding district early release policies and procedures. Establish monitoring procedures to ensure sites are following district procedures. Keep written documentation of all early releases and prepare attendance reports based on valid attendance days as established by district early release policies.</p>	<p>Implemented</p>	
<p>Finding 2017-004 (72000)            School Accountability Report Card</p> <p>In our review of the Facility Inspection Tool (FIT), School Facility Evaluations performed by the District, we noted errors in the preparation of the FIT that caused the data to be presented in a manner inconsistent with the requirements of Education Code Section 17002(d) at Calavera Hills Middle School.</p> <p>Provide training to maintenance personnel performing walk-throughs and the use of the FIT as a tool. Implement a procedure to review the data provided by the FIT prior to including in the publication of SARCs annually.</p>	<p>Implemented</p>	

## APPENDIX C

### FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the Carlsbad Unified School District (the “District”) in connection with the issuance of \$84,995,000 of the District’s Election of 2018 General Obligation Bonds, Series A (the “Bonds”). The Bonds are being issued pursuant to a resolution adopted by the Board of Trustees of the District on April 17, 2019. 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 Underwriters in complying with Securities and Exchange Commission Rule 15c2-12(b)(5).

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

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

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

“Dissemination Agent” shall mean initially, Willdan Financial Services, or any successor Dissemination Agent designated in writing by the District (which may be the District) and which has filed with the District a written acceptance of such designation.

“Financial Obligation” means: (a) a debt obligation; (b) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of (a) or (b). The term “Financial Obligation” does not include municipal securities as to which a final official statement has been provided to the Repository consistent with the Rule.

“Holders” shall mean registered owners of the Bonds.

“Listed Events” shall mean any of the events listed in Section 5(a) or Section 5(b) of this Disclosure Certificate.

“Official Statement” means that certain official statement, dated June 5, 2019, relating to the offering and sale of the Bonds.

“Participating Underwriters” shall mean J.P. Morgan Securities LLC and Jefferies LLC, as the original Underwriters of the Bonds required to comply with the Rule in connection with the offering of the Bonds.

“Repository” shall mean, the Municipal Securities Rulemaking Board, which can be found at <http://emma.msrb.org/>, or any other repository of disclosure information that may be designated by the Securities and Exchange Commission as such for purposes of the Rule in the future.

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

“State” shall mean the State of California.

### SECTION 3. 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), commencing with the report for the 2018-19 fiscal year, provide 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 thirty (30) days (nor more than sixty (60) days) prior to said date the Dissemination Agent shall give notice to the District that the Annual Report shall be required to be filed in accordance with the terms of this Disclosure Certificate. Not later than fifteen (15) Business Days prior to said date, the District shall provide the Annual Report in a format suitable for reporting to the 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 notice in a timely manner 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 to the Repository.

SECTION 4. Content and Form of Annual Reports. (a) The District’s Annual Report shall contain or include by reference the following:

1. The audited financial statements of the District for the prior fiscal year, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the District’s audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

2. Financial information and operating data with respect to the District of the type included in the Official Statement in the following categories (to the extent not included in the District’s audited financial statements):

- (a) State funding received by the District for the last completed fiscal year;
- (b) average daily attendance of the District for the last completed fiscal year;
- (c) outstanding District indebtedness;
- (d) summary financial information on revenues, expenditures and fund balances for the District's general fund reflecting adopted budget for the current fiscal year;
- (e) assessed valuation of taxable property within the District for the then current fiscal year; and
- (f) secured *ad valorem* tax charges and delinquencies within the District, to the extent that the County is no longer on the Teeter Plan.

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, and accompanied by identifying information, prescribed by the Municipal Securities Rulemaking Board.

**SECTION 5. Reporting of Significant Events.**

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

- 1. principal and interest payment delinquencies.
- 2. tender offers.
- 3. optional, contingent or unscheduled Bond calls.
- 4. defeasances.
- 5. rating changes.
- 6. adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, or Notices of Proposed Issue (IRS Form 5701-TEB).
- 7. unscheduled draws on the debt service reserves reflecting financial difficulties.
- 8. unscheduled draws on credit enhancement reflecting financial difficulties.
- 9. substitution of the credit or liquidity providers or their failure to perform.
- 10. default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation, any of which reflect financial difficulties.

11. bankruptcy, insolvency, receivership or similar event (within the meaning of the Rule) of the District. For the purposes of the event identified in this Section 5(a)(9), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the District in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District.

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

1. non-payment related defaults.
2. modifications to rights of Bondholders.
3. unless described under Section 5(a)(5) above, material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds.
4. release, substitution or sale of property securing repayment of the Bonds.
5. the consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms.
6. appointment of a successor or additional trustee or paying agent with respect to the Bonds or the change of name of such a trustee or paying agent.
7. incurrence of a Financial Obligation, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation, any of which affect Bondowners.

(c) Whenever the District obtains knowledge of the occurrence of a Listed Event under Section 5(b) hereof, the District shall as soon as possible determine if such event would be material under applicable federal securities laws.

(d) If the District determines that knowledge of the occurrence of a Listed Event under Section 5(b) hereof would be material under applicable federal securities laws, the District shall (i) file a notice of such occurrence with the Repository in a timely manner not in excess of 10 business days after the occurrence of the event or (ii) provide notice of such reportable event to the Dissemination Agent in format suitable for filing with the Repository in a timely manner not in excess of 10 business days after the occurrence of the event. The Dissemination Agent shall have no duty to independently prepare or file any report of Listed Events. The Dissemination Agent may conclusively rely on the District's determination of materiality pursuant to Section 5(c).



SECTION 6. Termination of Reporting Obligation. The District's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the District shall give notice of such termination in the same manner as for a Listed Event under Section 5(a) 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 fifteen (15) days written notice to the District. Upon such resignation, the District shall act as its own Dissemination Agent until it appoints a successor. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the District pursuant to this Disclosure Certificate and shall not be responsible to verify the accuracy, completeness or materiality of any continuing disclosure information provided by the District. The District shall compensate the Dissemination Agent for its fees and expenses hereunder as agreed by the parties. Any entity succeeding to all or substantially all of the Dissemination Agent's corporate trust business shall be the successor Dissemination Agent without the execution or filing of any paper or further act.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the District may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

- (a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, 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(a), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

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

SECTION 10. Default. In the event of a failure of the District to comply with any provision of this Disclosure Certificate any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default under the Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate. The Dissemination Agent acts hereunder solely for the benefit of the District; this Disclosure Certificate shall confer no duties on the Dissemination Agent to the Participating 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 attorney's fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's gross negligence or willful misconduct. The obligations of the District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds. The Dissemination Agent shall have no liability for the failure to report any event or any financial information as to which the District has not provided an information report in format suitable for filing with the 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 27, 2019

CARLSBAD UNIFIED SCHOOL DISTRICT

By: \_\_\_\_\_  
Authorized Officer

**EXHIBIT A**

**NOTICE TO REPOSITORY OF FAILURE TO FILE ANNUAL REPORT**

Name of District: CARLSBAD UNIFIED SCHOOL DISTRICT

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

Date of Issuance: June 27, 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: \_\_\_\_\_

CARLSBAD UNIFIED SCHOOL DISTRICT

By \_\_\_\_\_ [form only; no signature required]

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## APPENDIX D

### GENERAL ECONOMIC AND DEMOGRAPHIC INFORMATION FOR THE CITY OF CARLSBAD AND SAN DIEGO COUNTY

*The following information regarding economic activity within San Diego County (the “County”) and City of Carlsbad (“Carlsbad”), in which the District is located is provided as background information only, to describe the general economic health of the region.*

#### **Introduction**

***City of Carlsbad.*** The City of Carlsbad (the “City”) is located on the coast of Southern California in San Diego County about 35 miles north of San Diego and 86 miles south of Los Angeles. It is bordered by two lagoons, Buena Vista and Batiquitos, on the north and south respectively. City limits cover approximately 42 square miles. The City, a general law city with the council-manager form of government, was incorporated July 16, 1952. A five-member City Council is elected at large for four-year alternating terms at elections held every two years. The mayor is the presiding officer of the council and also is elected to serve a four-year term. The city manager, appointed by the council for an indeterminate term, acts as chief executive officer in carrying out council policies.

***San Diego County.*** The County is the southernmost major metropolitan area in the State of California. The County covers 4,255 square miles, extending 70 miles along the Pacific Coast from the border with Mexico to Orange County, and inland 75 miles to Imperial County. The County was incorporated on February 18, 1850 and functions under a charter adopted in 1933, and is amended from time to time. The County is governed by a five-member Board of Supervisors elected to four-year terms in district nonpartisan elections. The Board of Supervisors appoints the Chief Administrative Officer and the County Counsel. Elected officials include the Assessor/County Clerk/Recorder, District Attorney, Sheriff and Treasurer/Tax Collector.

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## Population

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

### POPULATION ESTIMATES 2010 through 2019 City of Carlsbad, San Diego County and State of California

<u>Year</u> <sup>(1)</sup>	<u>City of Carlsbad</u>	<u>San Diego County</u>	<u>State of California</u>
2010 <sup>(2)</sup>	105,328	3,095,313	37,253,956
2011	106,752	3,125,264	37,594,781
2012	108,171	3,161,750	37,971,427
2013	109,464	3,201,417	38,321,459
2014	111,334	3,235,142	38,622,301
2015	112,216	3,267,992	38,952,462
2016	112,860	3,287,279	39,214,803
2017	114,065	3,309,626	39,504,609
2018	115,095	3,333,128	39,740,508
2019	115,241	3,351,786	39,927,315

<sup>(1)</sup> As of January 1.

<sup>(2)</sup> As of April 1.

Source: 2010: U.S. Department of Commerce, Bureau of the Census, for April 1. 2008-09, 2011-18 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 past 10 years that data is currently available.

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

<u>Year</u>	<u>San Diego County</u>	<u>State of California</u>	<u>United States</u>
2008	\$45,136	\$43,895	\$40,904
2009	43,086	42,050	39,284
2010	44,113	43,609	40,545
2011	46,505	46,145	42,727
2012	48,256	48,751	44,582
2013	49,460	49,173	44,826
2014	52,166	52,237	47,025
2015	54,742	55,679	48,940
2016	56,116	57,497	49,831
2017	57,913	59,796	51,640

Note: All dollar estimates are in current dollars (not adjusted for inflation).

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

## Commercial Activity

The following tables show summaries of annual taxable sales for the City and the County from 2013 through 2017.

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

<u>Year</u>	<u>Retail Permits</u>	<u>Retail Stores Taxable Transactions</u>	<u>Total Permits</u>	<u>Total Taxable Transactions</u>
2013	2,626	\$2,047,743	4,087	\$2,711,152
2014	2,696	2,140,010	4,185	2,876,793
2015	2,547	2,137,279	4,555	2,823,122
2016	2,549	2,155,107	4,572	2,857,833
2017	2,565	2,234,039	4,666	3,012,793

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 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  
San Diego County  
(Dollars in Thousands)**

<u>Year</u>	<u>Retail Permits</u>	<u>Retail Stores Taxable Transactions</u>	<u>Total Permits</u>	<u>Total Taxable Transactions</u>
2013	58,466	\$35,948,594	85,143	\$50,297,331
2014	59,705	37,257,495	86,671	52,711,639
2015	59,096	37,989,566	95,645	54,185,588
2016	58,391	38,576,363	95,435	55,407,866
2017	59,798	39,814,405	97,412	56,993,548

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 are not comparable to that of prior years.

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

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## Employment

The following table summarizes civilian labor force, employment and unemployment statistics for the City, County and State from 2014 through 2018.

### CIVILIAN LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT 2014 through 2018 City of Carlsbad, San Diego County and State of California

<u>Year</u>	<u>Area</u>	<u>Labor Force</u>	<u>Employment</u>	<u>Unemployment</u>	<u>Unemployment Rate</u>
2014	City of Carlsbad	53,100	50,000	3,100	5.8%
	San Diego County	1,540,700	1,441,700	99,000	6.4
	State of California	18,714,700	17,310,900	1,403,800	7.5
2015	City of Carlsbad	53,400	50,900	2,500	4.7%
	San Diego County	1,550,100	1,469,500	80,600	5.2
	State of California	18,851,100	17,681,800	1,169,200	6.2
2016	City of Carlsbad	53,900	51,600	2,300	4.3%
	San Diego County	1,564,300	1,490,500	73,900	4.7
	State of California	19,044,500	18,002,800	1,041,700	5.5
2017	City of Carlsbad	54,700	52,600	2,000	3.7%
	San Diego County	1,574,600	1,511,400	63,200	4.0
	State of California	19,205,300	18,285,500	919,800	4.8
2018	City of Carlsbad	55,300	53,600	1,700	3.1%
	San Diego County	1,592,200	1,539,500	52,700	3.3
	State of California	19,398,200	18,582,800	815,400	4.2

Note: Data is based on annual averages, unless otherwise specified, and is not seasonally adjusted.

Source: U.S. Department of Labor – Bureau of Labor Statistics, California Employment Development Department, March 2018.

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## Industry

The County is included in the San Diego-Carlsbad Metropolitan Statistical Area (the “MSA”). The distribution of employment is presented in the following table for the past five years. These figures may be multi county-wide statistics and may not necessarily accurately reflect employment trends in the County.

### INDUSTRY EMPLOYMENT & LABOR FORCE ANNUAL AVERAGES 2014 through 2018 San Diego-Carlsbad Metropolitan Statistical Area

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Total Farm	9,400	9,100	8,900	8,700	9,100
Mining and Logging	400	300	300	300	300
Construction	63,900	69,900	76,300	79,500	84,200
Manufacturing	102,400	106,600	108,400	109,400	112,700
Wholesale Trade	44,900	44,100	43,700	43,800	43,700
Retail Trade	144,300	146,800	147,500	149,000	148,200
Transportation, Warehousing & Utilities	27,000	28,400	29,700	32,000	33,500
Information	24,500	23,800	23,700	24,000	24,000
Financial Activities	69,600	71,400	73,000	74,600	75,900
Professional and Business Services	222,400	229,300	234,500	238,800	248,800
Education and Health Services	186,100	192,700	198,700	204,300	210,500
Leisure and Hospitality	175,500	182,400	190,400	195,600	199,900
Other Services	52,000	53,200	54,400	55,000	55,400
Government	<u>231,900</u>	<u>236,200</u>	<u>242,200</u>	<u>246,300</u>	<u>247,600</u>
Total All Industries	1,354,300	1,394,100	1,431,800	1,461,300	1,493,800

Note: May not add to total due to independent rounding.

Source: California Employment Development Department, Labor Market Information Division. March 2018 Benchmark.

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## Largest Employers

The following tables summarize the largest employers in the City and the County.

### LARGEST EMPLOYERS City of Carlsbad 2018

<u>Rank</u>	<u>Employer</u>	<u>Employees</u>
1.	Legoland California	2,300
2.	ViaSat	2,153
3.	Life Technologies	1,982
4.	Omni La Costa Resort & Spa	1,300
5.	Carlsbad Unified School District <sup>(1)</sup>	1,013
6.	Gemological Institute of America	856
7.	City of Carlsbad	698
8.	Nortex Security Control	637
9.	HM Electronics	571
10.	Taylor Made Golf Company	570

<sup>(1)</sup> For updated information regarding the District's employees, see "CARLSBAD UNIFIED SCHOOL DISTRICT – Labor Relations" in the front part of this Official Statement.

Source: *City of Carlsbad 'Comprehensive Annual Financial Report' for the year ending June 30, 2018.*

### LARGEST EMPLOYERS San Diego County 2018

<u>Rank</u>	<u>Employer</u>	<u>Employees</u>
1.	University of California, San Diego	34,448
2.	Naval Base San Diego	34,185
3.	Sharp Healthcare	18,364
4.	County of San Diego	17,413
5.	Scripps Health	14,941
6.	San Diego Unified School District	13,815
7.	Qualcomm Inc.	11,800
8.	City of San Diego	11,462
9.	Kaiser Permanente	9,606
10.	UC San Diego Health	8,932

Source: *San Diego County 'Comprehensive Annual Financial Report' for the year ending June 30, 2018.*

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## Building Activity

The following tables show the annual building permit valuations and number of permits for new dwelling units issued from 2013 through 2017 for the County and the City.

### BUILDING PERMIT VALUATIONS San Diego County 2013 through 2017 (Dollars in Thousands)

Valuation (\$000's)	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Residential	\$2,060,249	\$1,818,853	\$2,447,042	\$2,472,237	\$2,632,826
Non-residential	<u>1,425,426</u>	<u>1,920,627</u>	<u>1,862,502</u>	<u>1,782,421</u>	<u>2,371,303</u>
Total	\$3,485,675	\$3,739,480	\$4,309,544	\$4,254,658	\$5,004,129
New Housing Units					
Single Units	2,539	2,276	3,136	2,420	3,960
Multiple Units	<u>5,803</u>	<u>4,327</u>	<u>6,869</u>	<u>7,680</u>	<u>6,056</u>
Total	8,342	6,603	10,005	10,100	10,016

Note: Totals may not add to sum because of rounding.

Source: Construction Industry Research Board.

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

Valuation (in \$000s)	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Residential	\$71,835	\$102,726	\$105,677	\$189,782	\$220,706
Non-residential	<u>60,692</u>	<u>112,546</u>	<u>81,496</u>	<u>121,805</u>	<u>268,016</u>
Total	\$132,527	\$215,272	\$187,173	\$311,587	\$488,722
New Housing Units					
Single Units	185	186	220	274	372
Multiple Units	<u>15</u>	<u>66</u>	<u>4</u>	<u>394</u>	<u>356</u>
Total	200	252	224	668	728

Note: Totals may not add to sum because of rounding.

Source: Construction Industry Research Board.

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## APPENDIX E

### SAN DIEGO COUNTY INVESTMENT POOL

*The following information concerning the San Diego County Treasury Pool (the “Treasury Pool”) has been provided by the Treasurer-Tax Collector (the “Treasurer”) of San Diego County (the “County”), and has not been confirmed or verified by the District, the Financial Advisor or the Underwriters. The District and the Financial Advisor have not made an independent investigation of the investments in the Treasury Pool and have made no assessment of the current County investment policy. The value of the various investments in the Treasury Pool will fluctuate on a daily basis as a result of a multitude of factors, including generally prevailing interest rates and other economic conditions. Additionally, the Treasurer, with the consent of the County Board of Supervisors, may change the County investment policy at any time. Therefore, there can be no assurance that the values of the various investments in the Treasury Pool will not vary significantly from the values described herein. Finally, neither the District nor the Financial Advisor make any representation as to the accuracy or adequacy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof, or that the information contained or incorporated hereby by reference is correct as of any time subsequent to its date. Additional information regarding the Treasury Pool may be obtained from the Treasurer at <http://www.sdtreastax.com>; however, the information presented on such website is not incorporated herein by any reference.*

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**COUNTY OF SAN DIEGO INVESTMENT POOL**  
**TREASURY INVESTMENT RESULTS**

**APR**  
**2019**

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Note: The Information provided, including all charts, tables, graphs and numerical representations, are provided to readers solely as a general overview of the economic and market conditions which the Treasurer utilizes in making investment decisions.



# SUMMARY PORTFOLIO STATISTICS

## County of San Diego Pooled Money Fund

As of April 30, 2019

Investment Type	Par Value	Book Value	Market Value	% of Portfolio	Market Price	WAM	YTM	Accrued Interest	Unrealized Gain/Loss
<b>Asset Backed Securities</b>	600,251,624	598,697,684	600,913,342	5.34	100.110	1184	2.54	727,875	2,215,658
<b>Bank Deposit</b>	5,281,092	5,281,092	5,281,092	0.05	100.000	1	2.25	24,449	-
<b>Commercial Paper Disc</b>	3,615,000,000	3,599,446,040	3,600,817,400	32.10	99.609	57	2.72	-	1,371,360
<b>Federal Agency</b>	2,643,547,000	2,643,289,363	2,628,338,919	23.57	99.425	799	1.95	10,380,249	(14,950,444)
<b>Medium-Term Notes</b>	474,688,000	473,431,308	474,099,069	4.22	99.878	901	2.75	979,236	667,761
<b>Money Market Accounts</b>	67,300,000	67,300,000	67,300,000	0.60	100.000	1	2.35	185,885	-
<b>Negotiable CDs</b>	2,382,000,000	2,382,001,509	2,384,371,930	21.24	100.100	128	2.83	29,107,360	2,370,421
<b>Supranationals</b>	923,500,000	924,483,173	921,624,020	8.24	99.797	979	2.10	1,937,859	(2,859,153)
<b>Sweep Fund</b>	11,058,302	11,058,302	11,058,302	0.10	100.000	1	2.02	20,355	-
<b>Treasury Coupon Securities</b>	510,000,000	509,211,303	505,863,610	4.54	99.191	516	1.52	1,987,030	(3,347,693)
<b>Totals for April 2019</b>	11,232,626,018	11,214,199,774	11,199,667,684	100.00	99.708	439	2.44	45,350,300	(14,532,089)
<b>Totals for March 2019</b>	9,708,535,819	9,689,523,453	9,673,900,081	100.00	99.644	409	2.42	44,560,766	(15,623,372)
<b>Change from Prior Month</b>	1,524,090,199	1,524,676,321	1,525,767,603		0.064	30	0.02	789,534	1,091,283

**Portfolio Effective Duration** 0.87 years

Return Information	Fiscal Year To		Calendar Year	
	Monthly Return	Annualized	Date Return	Annualized
Book Value	0.200%	2.439%	1.857%	2.230%
			To Date Return	Annualized
			0.795%	2.420%

### Notes

Yield to maturity (YTM) is the estimated rate of return on a bond given its purchase price, assuming all coupon payments are made on a timely basis and reinvested at this same rate of return to the maturity date.

Weighted Average Maturity (WAM) is average time it takes for securities in a portfolio to mature, weighted in proportion to the dollar amount that is invested in the portfolio.

Yields for the portfolio are aggregated based on the book value of each security.

Monthly Investment Returns are reported gross of fees. Administration fees since fiscal year 17-18 have averaged approximately 7 basis points per annum.

\*All Investments held during the month of April 2019 were in compliance with the Investment Policy dated January 1, 2019.

# PROJECTED LIQUIDITY

## County of San Diego Pooled Money Fund

As of April 30, 2019

(\$000)

	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19
Beginning Pool Book Balance	11,214,200	10,572,961	9,765,810	8,643,264	7,714,265	7,321,569
<b>CASH FLOW ITEMS</b>						
INFLOWS:	945,000	1,105,000	1,552,000	1,155,000	745,000	316,000
Investment Inflows	1,075,735	834,883	1,042,456	840,475	817,050	1,068,000
Projected Credits/Deposits	2,020,735	1,939,883	2,594,456	1,995,475	1,562,050	1,384,000
Outflows						
Investment Purchases	-	-	-	-	-	-
Projected Debits	1,716,974	1,642,034	2,165,002	1,769,474	1,209,746	1,124,300
	<b>1,716,974</b>	<b>1,642,034</b>	<b>2,165,002</b>	<b>1,769,474</b>	<b>1,209,746</b>	<b>1,124,300</b>
<b>Net Cash Flows</b>	(641,239)	(807,151)	(1,122,546)	(928,999)	(392,696)	(56,300)
MONTH END POOL BALANCE	10,572,961	9,765,810	8,643,264	7,714,265	7,321,569	7,265,269
<b>PROJECTED MONTH END LIQUIDITY</b>	<b>\$ 423,669</b>	<b>\$ 721,518</b>	<b>\$ 1,150,972</b>	<b>\$ 1,376,973</b>	<b>\$ 1,729,277</b>	<b>\$ 1,988,977</b>

Note: The above is not meant to be a complete Cash Flow Statement. The data represents a subset of the main cash flow items and does not include accrued interest or other adjustment items.

*The projected cash flows indicate sufficient liquidity to meet all scheduled expenditures for the next 6 months.*

# PARTICIPANT CASH BALANCES

## County of San Diego Pooled Money Fund

As of April 30, 2019

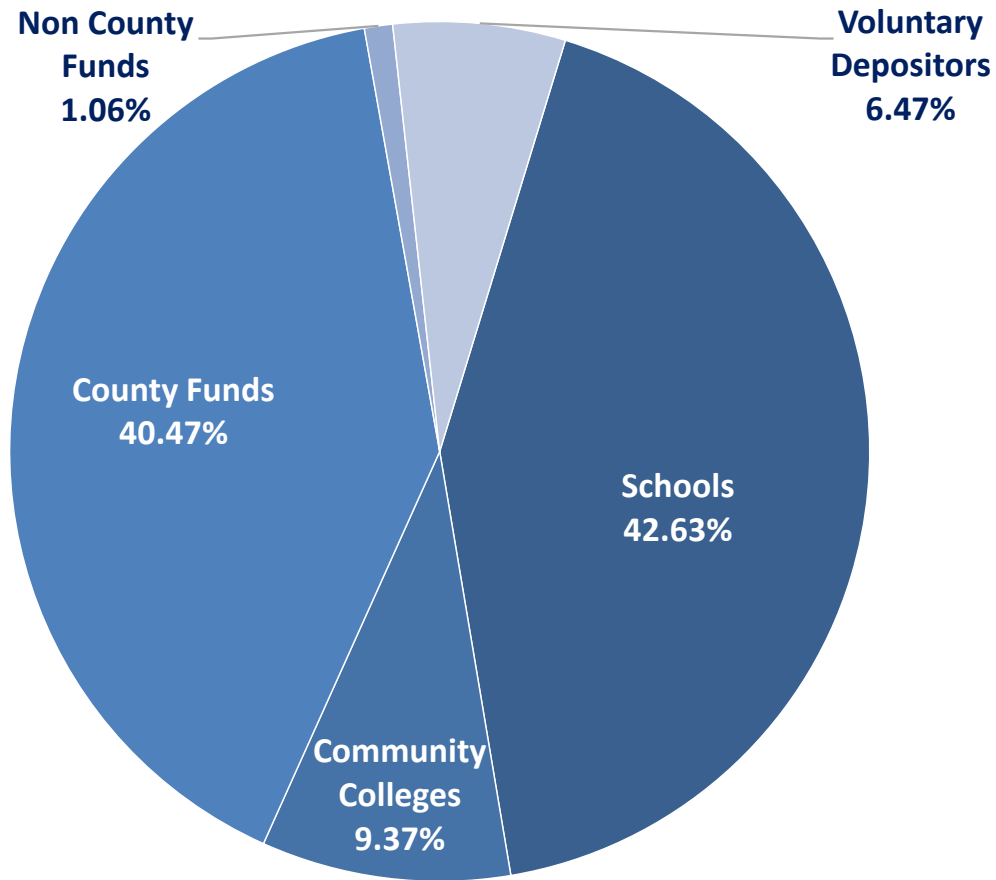
(\$000)

PARTICIPANT	FMV 02/28/19	FMV 03/31/19	FMV 04/30/19	% of Total	PARTICIPANT	FMV 02/28/19	FMV 03/31/19	FMV 04/30/19	% of Total
<b>COUNTY</b>	\$ 975,502	\$ 1,553,101	\$ 1,257,216	<b>11.23%</b>	Lakeside FPD	8,950	7,929	12,415	
<b>COUNTY - SPECIAL TRUST FUNDS</b>	2,670,826	2,602,155	3,274,565	<b>29.24%</b>	Leucadia Wastewater District	4,782	4,764	4,818	
<b>NON-COUNTY INVESTMENT FUNDS</b>	118,778	117,517	118,927	<b>1.06%</b>	Lower Sweetwater FPD	621	619	760	
<b>SCHOOLS - (K THRU 12)</b>	4,064,654	3,827,325	4,773,926	<b>42.63%</b>	Metropolitan Transit System	66,485	56,845	49,451	
					Mission Resource Conservation District	253	252	268	
<b>COMMUNITY COLLEGES</b>					North County Cemetery District	5,223	5,230	5,560	
San Diego	157,086	144,653	210,126	1.88%	North County Dispatch	2,358	2,735	3,035	
Grossmont-Cuyamaca	193,358	184,274	200,370	1.78%	North County FPD	2,885	1,212	6,404	
MiraCosta	128,119	117,127	154,446	1.38%	Otay Water District	279	278	281	
Palomar	251,907	238,517	283,635	2.53%	Pomerado Cemetery District	1,999	1,850	2,045	
Southwestern	193,723	185,309	201,950	1.80%	Palomar Health	0	0	2,793	
<b>Total Community Colleges</b>	<b>924,192</b>	<b>869,880</b>	<b>1,050,527</b>	<b>9.37%</b>	Public Agencies Self-Insurance System	3,468	3,455	3,495	
					Ramona Cemetery District	906	976	1,051	
<b>FIRST 5 COMMISSION</b>	44,515	44,188	35,332		Rancho Santa Fe FPD	13,126	12,207	16,979	
<b>SANCAL</b>	1,546	761	785		Rincon del Diablo Municipal Water District	3,622	3,608	3,650	
<b>SDCERA</b>	416	5,596	605		SANDAG	87,956	85,964	88,436	
					SD County Regional Airport Authority	228,099	232,066	239,934	
<b>CITIES</b>					San Diego Housing Commission	21,176	21,094	21,336	
Chula Vista	64,731	63,289	62,860		San Diego Geographic Information Source	440	599	544	
Coronado	50,385	50,188	50,697		San Diego Law Library	5,476	5,574	3,778	
Del Mar	2,650	2,639	2,670		San Diego Local Agency Formation Comm	1,258	1,126	996	
El Cajon	4,987	4,968	5,004		San Diego Regional Training Center	724	704	724	
Encinitas	4,018	4,003	4,048		San Dieguito River Park	1,781	1,607	1,481	
National	8,298	8,265	8,360		San Marcos FPD	1	1	1	
Oceanside	0	0	7,000		San Miguel Consolidated FPD	9,844	9,209	13,180	
					Santa Fe Irrigation District	4,311	4,294	4,344	
<b>INDEPENDENT AGENCIES</b>					Serra Cooperative Library System	0	0	1	
Alpine FPD	1,734	1,474	2,764		Upper San Luis Rey Resource Conserv Dist	56	56	59	
Bonita-Sunnyside FPD	5,678	5,656	6,431		Vallecitos Water District	5,295	5,275	5,335	
Borrego Springs FPD	1,280	1,146	1,534		Valley Center FPD	2,255	2,184	2,882	
Canebrake County Water District	52	52	53		Valley Center Cemetery District	415	413	431	
Deer Springs FPD	11,882	10,423	11,316		Valley Center Water District	24,505	23,920	23,460	
Fallbrook Public Utility District	15	15	15		Vista FPD	3,916	4,547	4,607	
Grossmont Healthcare District	2	2	2		<b>Total Voluntary Participants</b>	<b>715,359</b>	<b>703,921</b>	<b>724,507</b>	<b>6.47%</b>
Julian-Cuyamaca FPD	262	261	158						
Lake Cuyamaca Rec & Park District	441	405	341		<b>Pooled Money Fund Total</b>	<b>\$ 9,469,313</b>	<b>\$ 9,673,900</b>	<b>\$ 11,199,668</b>	<b>100.00%</b>

# INVESTMENT FUND PARTICIPANTS

## San Diego Pooled Money Fund

As of April 30, 2019

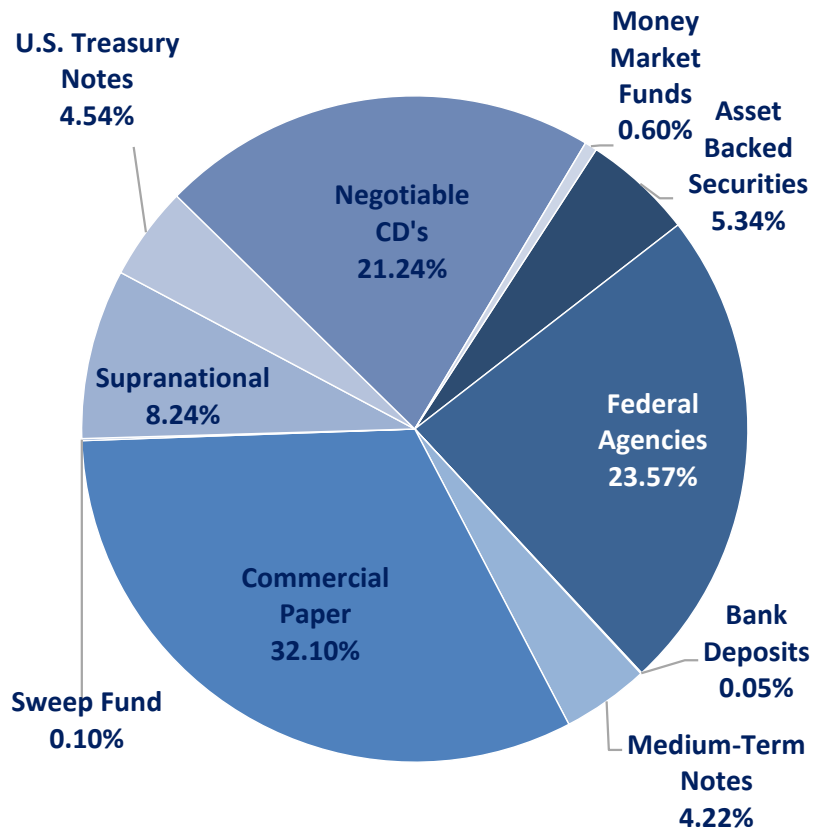


\*Totals may not add to 100% due to rounding

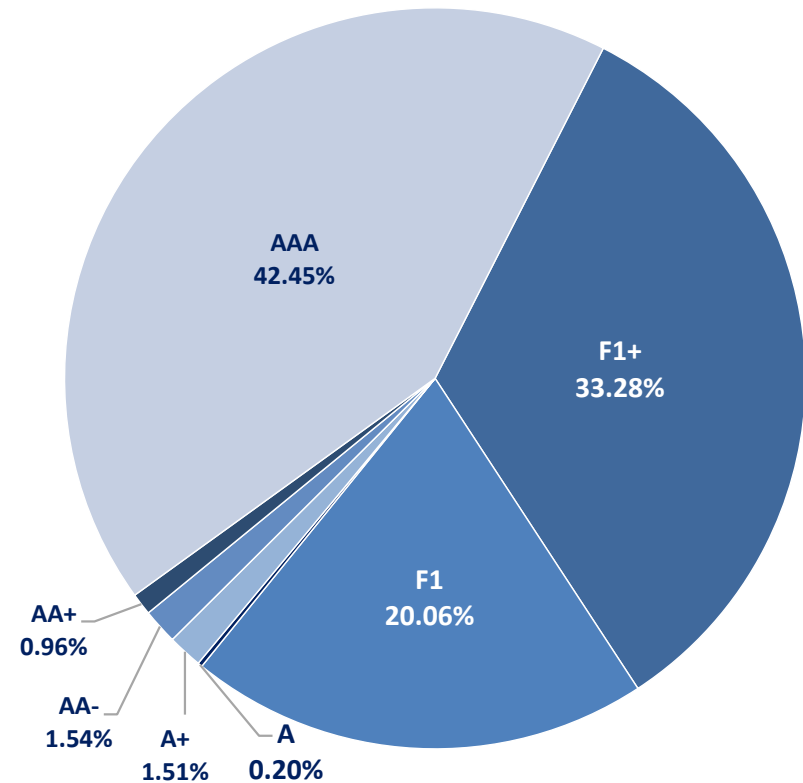
# INVESTMENT FUND OVERVIEW

As of April 30, 2019

## Asset Allocation



## Credit Quality



\*Totals may not add to 100% due to rounding





# APPENDIX



# INVESTMENT POLICY COMPLIANCE REPORT

## County of San Diego Pooled Money Fund As of April 30, 2019

Category	Standard	Comment
Treasury Issues	No Limit	Complies - 4.5%
Agency Issues	35% per issuer	Complies
Local Agency Obligations	SP-1/"A" by S&P or MIG1/"A" by Moody's or F-1/"A" by Fitch minimum rating by 1 of 3 NRSROs; (ST ratings for 1 year or less; LT ratings for over 1 year) ; 30% maximum; 10% per issuer	Complies
Banker's Acceptance	A-1 by S&P or P-1 by Moody's or F-1 by Fitch minimum rating by 1 of 3 NRSROs; 40% maximum; 5% per issuer; 180 days max maturity	Complies
Commercial Paper	A-1/"A" by S&P or P-1/"A" by Moody's or F-1/"A" by Fitch minimum rating by 1 of 3 NRSROs; 40% maximum; 10% per issuer; 270 days max maturity	Complies - 32.1%
Medium Term Notes	A-1/"A" by S&P or P-1/"A" by Moody's or F-1/"A" by Fitch minimum rating by 1 of 3 NRSROs; (ST ratings for 1 year or less; LT ratings for over 1 year); 30% maximum; 5% per issuer	Complies - 4.2%
Negotiable Certificates of Deposit	A-1/"A" by S&P or P-1/"A" by Moody's or F-1/"A" by Fitch minimum rating by 1 of 3 NRSROs; (ST ratings for 1 year or less; LT ratings for over 1 year); 30% maximum; 10% per issuer; 5 years maximum maturity for NCDs; 13 months max maturity for FDIC insured	Complies - 21.2%
Repurchase Agreements	40% maximum; 10% per issuer if avg weighted maturity >5 days; 15% per issuer if avg weighted maturity <5 days; 1-year maximum maturity;	Complies
Reverse Repurchase Agreements	20% maximum combined with Securities Lending; 10% per issuer; 92-day maximum maturity	N/A
Collateralized Certificates of Deposit	A-1 by S&P or P-1 by Moody's, or F-1 by Fitch minimum rating; 5% maximum; 5% per issuer; 13 months maximum maturity; 110% collateral required	Complies
FDIC & NCUA Insured Deposit	5% maximum; 5% per issuer; 13 months maximum maturity; No minimum credit requirement for FDIC or NCUA insured deposit accounts	Complies - 0.0%
Covered Call Option/ Put Option	10% maximum; 90-day maximum maturity	N/A
Money Market Mutual Funds	AAAm by S&P, or Aaa-mf by Moody's, or AAAmmf by Fitch minimum rating by 1 of 3 NRSROs; 20% maximum; 10% per fund	Complies - 0.7%
Investment Trust of California - CalTRUST	2.5% maximum	Complies
Supranationals	A-1/"AA" by S&P or P-1/"Aa" by Moody's, or F-1/"AA" by Fitch minimum rating by 1 of 3 NRSROs; 30% maximum; 10% per issuer; USD denominated senior unsecured unsubordinated obligations issued by IBRD, IFC, and IADB	Complies - 8.2%
Pass-Through Securities	Non-mortgaged backed; "A" minimum rated issuer by 1 of 3 NRSROs; "AA" minimum rated by 1 of 3 NRSROs; 20% maximum; 5% per issuer	Complies - 5.3%
Maximum Maturity	5 years	Complies
Illiquidity Limitations	10% maximum for combined categories for Collateralized CDs and FDIC Insured Deposit Accounts	Complies
Maximum Issuer Exposure	10% per any single CP and CD issuer, and 5% per any single issuer for the other categories listed above (does not include US Government, repurchase agreements, supranationals, money market fund)	Complies
Maturity Policy - Portfolio Structure	Minimum 25% ≤ 90 days; and minimum 50% ≤ 1 year; maximum effective duration for portfolio 1.5 years	Complies
Prohibited Securities	Inverse floaters; Ranges notes, Interest-only strips from mortgaged backed securities; Zero interest accrual securities	Complies
Credit Rating Policy - monitoring ratings	Overall credit rating of AAAs/S1, by Fitch; Investments rated below A-1 (short term) or below the "A" category (long term), at the time of purchase, are prohibited in this policy	Complies
Securities Lending	92-day maximum maturity; 10% per counterparty; 20% maximum combined with Reverse Repurchase Agreements	N/A

\*Complied at time of purchase

# INVESTMENT INVENTORY - MARKET VALUE

## County of San Diego Pooled Money Fund As of April 30, 2019

Issuer	Purchase Date	Par Value	Book Value	Market Value	Coupon	YTM	Maturity Date	Accrued Interest	Unrealized Gain/Loss
<b>Asset Backed Securities</b>									
John Deere Owner Trust	07/25/2018	467,962.85	467,962.85	467,947.88	2.53	2.55	08/15/2019	(11,675.99)	(14.97)
Honda Auto Rec Owner Trust	09/29/2017	85,663.97	85,656.35	85,627.07	1.57	1.58	01/21/2020	48.63	(29.28)
John Deere Owner Trust	03/13/2019	19,760,567.17	19,760,567.17	19,760,351.78	2.63	2.65	03/16/2020	15,922.60	(215.39)
Honda Auto Rec Owner Trust	05/30/2016	800,453.72	800,438.19	799,536.00	1.39	1.40	04/15/2020	494.53	(902.19)
Honda Auto Rec Owner Trust	12/22/2016	2,153,220.51	2,145,818.81	2,150,751.84	1.39	1.59	04/15/2020	1,330.21	4,933.03
Honda Auto Rec Owner Trust	04/10/2019	20,000,000.00	20,000,000.00	20,000,850.00	2.60	2.62	04/15/2020	27,011.08	850.00
Toyota Auto Receivables	03/12/2019	2,395,901.84	2,391,409.74	2,393,129.30	1.30	1.45	04/15/2020	1,384.29	1,719.56
Honda Auto Rec Owner Trust	12/10/2016	534,412.58	531,907.52	533,153.61	1.16	1.40	05/18/2020	206.62	1,246.09
Toyota Auto Receivables	01/31/2018	10,976,581.53	10,975,459.72	10,960,467.91	2.10	2.12	10/15/2020	10,244.79	(14,991.81)
Honda Auto Rec Owner Trust	10/25/2016	4,971,192.55	4,970,869.92	4,945,108.21	1.21	1.22	12/18/2020	2,172.16	(25,761.71)
Honda Auto Rec Owner Trust	05/30/2018	17,407,016.60	17,406,990.49	17,410,508.45	2.60	2.61	12/18/2020	3,183.38	3,517.96
Honda Auto Rec Owner Trust	08/28/2018	30,714,487.06	30,713,955.70	30,716,775.29	2.67	2.69	12/22/2020	22,779.93	2,819.59
Honda Auto Rec Owner Trust	01/16/2019	1,620,189.19	1,617,784.22	1,620,309.89	2.67	2.92	12/22/2020	1,201.64	2,525.67
Toyota Auto Receivables	03/12/2019	6,703,974.11	6,663,907.34	6,672,478.17	1.76	2.66	07/15/2021	5,984.67	8,570.83
Toyota Auto Receivables	11/07/2018	20,000,000.00	19,998,250.00	20,051,918.00	2.98	3.01	08/15/2021	26,488.91	53,668.00
Honda Auto Rec Owner Trust	02/27/2019	16,000,000.00	15,998,969.60	16,020,009.60	3.10	3.12	09/20/2021	27,244.43	21,040.00
Toyota Auto Receivables	02/13/2019	9,000,000.00	8,999,182.80	9,015,532.20	2.83	2.77	10/15/2021	11,320.00	16,349.40
Citibank Credit Card Issuance	02/12/2019	25,000,000.00	24,830,953.80	24,891,220.00	1.75	2.72	11/19/2021	96,006.94	60,266.20
Citibank Credit Card Issuance	03/07/2019	4,738,000.00	4,708,284.70	4,717,384.01	1.75	2.00	11/19/2021	12,437.25	9,099.31
John Deere Owner Trust	03/13/2019	13,250,000.00	13,249,395.80	13,279,025.45	2.85	2.87	12/15/2021	16,783.34	29,629.65
Toyota Auto Receivables	11/30/2018	5,500,000.00	5,408,046.88	5,464,333.05	1.93	2.97	01/18/2022	4,717.78	56,286.17
Bank of America Corp	02/15/2019	15,000,000.00	14,868,750.00	14,929,045.50	1.95	2.42	08/15/2022	13,000.00	60,295.50
American Express Credit Accoun	04/16/2018	7,478,000.00	7,370,503.75	7,440,441.75	1.93	2.62	09/15/2022	6,414.57	69,938.00
American Express Credit Accoun	07/25/2018	5,765,000.00	5,681,452.54	5,736,045.29	1.93	2.65	09/15/2022	4,945.09	54,592.75
American Express Credit Accoun	08/03/2018	2,100,000.00	2,068,910.15	2,089,452.75	1.93	2.64	09/15/2022	1,801.33	20,542.60
American Express Credit Accoun	01/11/2019	15,000,000.00	14,839,453.13	14,924,662.50	1.93	2.46	09/15/2022	12,866.67	85,209.37
American Express Credit Accoun	01/23/2019	7,325,000.00	7,249,174.82	7,288,210.19	1.93	2.51	09/15/2022	6,283.22	39,035.37
American Express Credit Accoun	04/02/2019	5,925,000.00	5,889,125.98	5,895,241.69	1.93	2.65	09/15/2022	5,082.35	6,115.71
American Express Credit Accoun	03/21/2018	23,000,000.00	22,997,329.70	23,016,773.90	2.67	2.69	10/17/2022	27,293.33	19,444.20
American Express Credit Accoun	04/20/2018	20,000,000.00	19,971,093.75	20,014,586.00	2.67	2.73	10/17/2022	23,733.33	43,492.25
Bank of America Corp	12/11/2018	63,738,000.00	62,450,791.17	63,194,901.25	1.84	1.67	01/17/2023	52,123.62	744,110.08
Citibank Credit Card Issuance	04/16/2019	28,310,000.00	28,254,225.90	28,294,353.06	2.49	2.55	01/20/2023	29,371.62	40,127.16
Toyota Auto Receivables	11/07/2018	15,000,000.00	14,996,755.50	15,170,359.50	3.18	3.15	03/15/2023	21,199.99	173,604.00
Honda Auto Rec Owner Trust	02/27/2019	9,750,000.00	9,749,738.70	9,815,205.07	3.11	3.13	03/20/2023	15,499.81	65,466.37
American Express Credit Accoun	04/02/2019	11,738,000.00	11,656,842.76	11,661,173.62	2.04	1.23	05/15/2023	10,642.45	4,330.86
Citibank Credit Card Issuance	03/18/2019	7,000,000.00	6,992,029.06	7,027,943.30	2.68	2.71	06/07/2023	22,407.78	35,914.24
Bank of America Corp	03/20/2019	22,790,000.00	22,772,195.31	22,878,308.97	2.70	2.76	07/17/2023	27,348.00	106,113.66
Toyota Auto Receivables	02/13/2019	20,000,000.00	19,996,356.00	20,155,162.00	2.91	2.94	07/17/2023	25,866.66	158,806.00
American Express Credit Accoun	12/17/2018	38,000,000.00	37,881,250.00	38,345,670.80	2.99	3.04	12/15/2023	50,497.70	464,420.80
Discover Card Execution Note T	03/27/2019	30,000,000.00	30,460,546.88	30,371,331.00	3.11	2.39	01/16/2024	41,466.66	(89,215.88)
American Express Credit Accoun	03/27/2019	40,253,000.00	40,825,347.34	40,708,056.14	3.06	2.43	02/15/2024	54,744.08	(117,291.20)
<b>Asset Backed Securities Subtotal:</b>		<b>600,251,623.68</b>	<b>598,697,684.04</b>	<b>600,913,341.99</b>	<b>2.51</b>	<b>2.54</b>		<b>727,875.45</b>	<b>2,215,657.95</b>



# INVESTMENT INVENTORY - MARKET VALUE

## County of San Diego Pooled Money Fund As of April 30, 2019

Issuer	Purchase Date	Par Value	Book Value	Market Value	Coupon	YTM	Maturity Date	Accrued Interest	Unrealized Gain/Loss
<b>Bank Deposit</b>									
Wells Fargo Bank NA	07/01/2017	5,281,092.16	5,281,092.16	5,281,092.16	2.25	2.25		24,449.42	0.00
<b>Bank Deposit Subtotal:</b>		<b>5,281,092.16</b>	<b>5,281,092.16</b>	<b>5,281,092.16</b>	<b>2.25</b>	<b>2.25</b>		<b>24,449.42</b>	<b>0.00</b>
<b>Commercial Paper</b>									
Canadian Imperial Holding	08/29/2018	25,000,000.00	25,000,000.00	24,998,250.00	2.50	2.57	05/01/2019	0.00	(1,750.00)
Canadian Imperial Holding	10/19/2018	25,000,000.00	25,000,000.00	24,998,250.00	2.73	2.80	05/01/2019	0.00	(1,750.00)
Cooperatieve Rabobank	10/29/2018	100,000,000.00	100,000,000.00	99,993,000.00	2.75	2.82	05/01/2019	0.00	(7,000.00)
Cooperatieve Rabobank	04/30/2019	290,000,000.00	290,000,000.00	289,979,700.00	2.42	2.42	05/01/2019	0.00	(20,300.00)
JP Morgan	08/24/2018	50,000,000.00	50,000,000.00	49,996,500.00	2.55	2.64	05/01/2019	0.00	(3,500.00)
JP Morgan	08/27/2018	30,000,000.00	30,000,000.00	29,997,900.00	2.55	2.64	05/01/2019	0.00	(2,100.00)
Natixis US Finance Co.	01/14/2019	40,000,000.00	39,993,955.56	39,991,600.00	2.72	2.74	05/03/2019	0.00	(2,355.56)
Natixis US Finance Co.	01/15/2019	15,000,000.00	14,997,741.67	14,996,850.00	2.71	2.73	05/03/2019	0.00	(891.67)
Prudential Funding LLC	04/26/2019	75,000,000.00	74,989,916.67	74,985,000.00	2.42	2.42	05/03/2019	0.00	(4,916.67)
MUFG Bank NY	04/05/2019	100,000,000.00	99,958,833.33	99,953,000.00	2.47	2.48	05/07/2019	0.00	(5,833.33)
Canadian Imperial Holding	08/17/2018	20,000,000.00	19,990,238.89	19,989,200.00	2.51	2.59	05/08/2019	0.00	(1,038.89)
Natixis US Finance Co.	04/26/2019	10,000,000.00	9,995,313.89	9,994,600.00	2.41	2.41	05/08/2019	0.00	(713.89)
Natixis US Finance Co.	04/26/2019	10,000,000.00	9,994,644.44	9,993,900.00	2.41	2.41	05/09/2019	0.00	(744.44)
Natixis US Finance Co.	04/26/2019	25,000,000.00	24,979,916.67	24,978,000.00	2.41	2.41	05/13/2019	0.00	(1,916.67)
Natixis US Finance Co.	04/26/2019	25,000,000.00	24,978,243.06	24,976,250.00	2.41	2.41	05/14/2019	0.00	(1,993.06)
Natixis US Finance Co.	04/26/2019	20,000,000.00	19,981,255.55	19,979,600.00	2.41	2.41	05/15/2019	0.00	(1,655.55)
Natixis US Finance Co.	01/16/2019	50,000,000.00	49,939,777.78	49,942,500.00	2.71	2.73	05/17/2019	0.00	2,722.22
Natixis US Finance Co.	01/17/2019	55,000,000.00	54,905,125.00	54,910,900.00	2.70	2.73	05/24/2019	0.00	5,775.00
Natixis US Finance Co.	01/24/2019	75,000,000.00	74,872,062.50	74,878,500.00	2.67	2.69	05/24/2019	0.00	6,437.50
JP Morgan	10/26/2018	50,000,000.00	49,882,500.00	49,892,500.00	2.82	2.90	05/31/2019	0.00	10,000.00
MUFG Bank NY	04/22/2019	25,000,000.00	24,947,916.67	24,947,250.00	2.50	2.51	05/31/2019	0.00	(666.67)
Toyota Motor Credit Corp	11/27/2018	50,000,000.00	49,883,750.00	49,896,000.00	2.79	2.85	05/31/2019	0.00	12,250.00
Toyota Motor Credit Corp	11/28/2018	25,000,000.00	24,941,666.67	24,948,000.00	2.80	2.86	05/31/2019	0.00	6,333.33
Canadian Imperial Holding	09/27/2018	50,000,000.00	49,880,375.00	49,883,500.00	2.61	2.68	06/03/2019	0.00	3,125.00
Cooperatieve Rabobank	09/27/2018	100,000,000.00	99,760,750.00	99,765,000.00	2.61	2.68	06/03/2019	0.00	4,250.00
MUFG Bank NY	04/22/2019	25,000,000.00	24,942,708.33	24,942,000.00	2.50	2.51	06/03/2019	0.00	(708.33)
Natixis US Finance Co.	01/04/2019	50,000,000.00	49,866,833.33	49,881,500.00	2.82	2.85	06/04/2019	0.00	14,666.67
Natixis US Finance Co.	12/12/2018	50,000,000.00	49,839,444.44	49,861,500.00	2.89	2.93	06/10/2019	0.00	22,055.56
MUFG Bank NY	03/27/2019	10,000,000.00	9,961,450.00	9,961,800.00	2.57	2.59	06/24/2019	0.00	350.00
Credit Agricole CIB	11/16/2018	15,000,000.00	14,931,125.00	14,940,300.00	2.85	2.92	06/28/2019	0.00	9,175.00
Credit Agricole CIB	11/26/2018	50,000,000.00	49,770,416.67	49,801,000.00	2.85	2.92	06/28/2019	0.00	30,583.33
JP Morgan	10/26/2018	50,000,000.00	49,768,805.56	49,793,000.00	2.87	2.96	06/28/2019	0.00	24,194.44
MUFG Bank NY	03/22/2019	50,000,000.00	49,791,361.11	49,794,500.00	2.59	2.61	06/28/2019	0.00	3,138.89
MUFG Bank NY	03/27/2019	35,000,000.00	34,855,080.56	34,856,150.00	2.57	2.59	06/28/2019	0.00	1,069.44
BNP Paribas NY	10/29/2018	100,000,000.00	99,525,555.55	99,573,000.00	2.80	2.88	07/01/2019	0.00	47,444.45
BNP Paribas NY	12/27/2018	100,000,000.00	99,518,777.78	99,573,000.00	2.84	2.91	07/01/2019	0.00	54,222.22
ING (US) Funding LLC	11/28/2018	75,000,000.00	74,634,000.00	74,677,500.00	2.88	2.95	07/01/2019	0.00	43,500.00
JP Morgan	10/31/2018	10,000,000.00	9,950,352.78	9,956,400.00	2.93	3.01	07/01/2019	0.00	6,047.22
Natixis US Finance Co.	02/05/2019	30,000,000.00	29,865,291.67	29,873,400.00	2.65	2.68	07/01/2019	0.00	8,108.33

# INVESTMENT INVENTORY - MARKET VALUE

## County of San Diego Pooled Money Fund As of April 30, 2019

Issuer	Purchase Date	Par Value	Book Value	Market Value	Coupon	YTM	Maturity Date	Accrued Interest	Unrealized Gain/Loss
Natixis US Finance Co.	02/19/2019	50,000,000.00	49,778,875.00	49,789,000.00	2.61	2.64	07/01/2019	0.00	10,125.00
Natixis US Finance Co.	01/02/2019	35,000,000.00	34,828,811.11	34,849,850.00	2.84	2.88	07/02/2019	0.00	21,038.89
Credit Agricole CIB	11/29/2018	25,000,000.00	24,874,875.00	24,892,000.00	2.86	2.93	07/03/2019	0.00	17,125.00
Credit Agricole CIB	12/04/2018	100,000,000.00	99,499,500.00	99,568,000.00	2.86	2.94	07/03/2019	0.00	68,500.00
ING (US) Funding LLC	11/28/2018	75,000,000.00	74,622,000.00	74,666,250.00	2.88	2.95	07/03/2019	0.00	44,250.00
JP Morgan	12/03/2018	25,000,000.00	24,872,250.00	24,887,250.00	2.92	3.00	07/03/2019	0.00	15,000.00
MUFG Bank NY	03/29/2019	45,000,000.00	44,797,612.50	44,799,300.00	2.57	2.59	07/03/2019	0.00	1,687.50
MUFG Bank NY	04/09/2019	25,000,000.00	24,887,562.50	24,888,500.00	2.57	2.59	07/03/2019	0.00	937.50
Natixis US Finance Co.	02/20/2019	15,000,000.00	14,932,537.50	14,934,450.00	2.57	2.59	07/03/2019	0.00	1,912.50
MUFG Bank NY	04/09/2019	25,000,000.00	24,883,993.06	24,885,000.00	2.57	2.59	07/05/2019	0.00	1,006.94
MUFG Bank NY	04/10/2019	25,000,000.00	24,883,993.06	24,885,000.00	2.57	2.59	07/05/2019	0.00	1,006.94
Natixis US Finance Co.	01/07/2019	30,000,000.00	29,847,250.00	29,864,700.00	2.82	2.86	07/05/2019	0.00	17,450.00
Credit Agricole CIB	01/29/2019	10,000,000.00	9,949,944.44	9,953,400.00	2.65	2.68	07/08/2019	0.00	3,455.56
MUFG Bank NY	04/09/2019	50,000,000.00	49,757,277.78	49,759,000.00	2.57	2.59	07/08/2019	0.00	1,722.22
Credit Agricole CIB	01/30/2019	45,000,000.00	44,772,300.00	44,787,150.00	2.64	2.67	07/09/2019	0.00	14,850.00
MUFG Bank NY	04/10/2019	25,000,000.00	24,876,854.17	24,877,750.00	2.57	2.59	07/09/2019	0.00	895.83
BNP Paribas NY	04/09/2019	50,000,000.00	49,690,972.22	49,684,000.00	2.50	2.52	07/29/2019	0.00	(6,972.22)
BNP Paribas NY	04/08/2019	25,000,000.00	24,842,013.89	24,838,500.00	2.50	2.52	07/31/2019	0.00	(3,513.89)
Canadian Imperial Holding	04/08/2019	50,000,000.00	49,680,555.55	49,674,500.00	2.50	2.52	08/01/2019	0.00	(6,055.55)
ING (US) Funding LLC	11/13/2018	50,000,000.00	49,628,166.67	49,674,500.00	2.91	2.99	08/01/2019	0.00	46,333.33
JP Morgan	11/05/2018	50,000,000.00	49,616,666.67	49,663,000.00	3.00	3.09	08/01/2019	0.00	46,333.33
JP Morgan	11/06/2018	20,000,000.00	19,846,666.67	19,865,200.00	3.00	3.09	08/01/2019	0.00	18,533.33
JP Morgan	11/07/2018	60,000,000.00	59,540,000.00	59,595,600.00	3.00	3.09	08/01/2019	0.00	55,600.00
BNP Paribas NY	04/09/2019	50,000,000.00	49,677,083.33	49,670,000.00	2.50	2.52	08/02/2019	0.00	(7,083.33)
Canadian Imperial Holding	04/09/2019	50,000,000.00	49,666,752.67	49,659,500.00	2.50	2.52	08/05/2019	0.00	(7,252.67)
BNP Paribas NY	04/08/2019	50,000,000.00	49,652,125.00	49,648,500.00	2.53	2.55	08/08/2019	0.00	(3,625.00)
Bank of Montreal	12/27/2018	75,000,000.00	74,408,333.33	75,000,000.00	2.84	2.92	08/09/2019	0.00	591,666.67
BNP Paribas NY	04/09/2019	30,000,000.00	29,782,841.66	29,780,700.00	2.53	2.55	08/12/2019	0.00	(2,141.66)
BNP Paribas NY	04/08/2019	50,000,000.00	49,634,555.55	49,631,000.00	2.53	2.55	08/13/2019	0.00	(3,555.55)
Credit Agricole CIB	11/29/2018	25,000,000.00	24,790,555.56	24,820,750.00	2.90	2.98	08/13/2019	0.00	30,194.44
JP Morgan	12/11/2018	130,000,000.00	128,663,888.89	128,805,300.00	2.96	3.05	09/03/2019	0.00	141,411.11
BNP Paribas NY	04/22/2019	25,000,000.00	24,777,750.00	24,775,750.00	2.54	2.56	09/04/2019	0.00	(2,000.00)
Canadian Imperial Holding	12/20/2018	25,000,000.00	24,722,083.33	24,752,000.00	2.90	2.99	09/16/2019	0.00	29,916.67
Natixis US Finance Co.	03/21/2019	50,000,000.00	49,487,222.22	49,491,500.00	2.60	2.69	09/20/2019	0.00	4,277.78
Natixis US Finance Co.	03/27/2019	80,000,000.00	79,128,533.34	79,127,200.00	2.58	2.67	09/30/2019	0.00	(1,333.34)
BNP Paribas NY	04/24/2019	25,000,000.00	24,717,777.78	24,712,750.00	2.54	2.57	10/08/2019	0.00	(5,027.78)
BNP Paribas NY	04/22/2019	25,000,000.00	24,705,430.56	24,700,000.00	2.54	2.57	10/15/2019	0.00	(5,430.56)
Canadian Imperial Holding	04/24/2019	25,000,000.00	24,625,243.06	24,609,750.00	2.51	2.59	12/02/2019	0.00	(15,493.06)
<b>Commercial Paper Subtotal:</b>		<b>3,615,000,000.00</b>	<b>3,599,446,040.20</b>	<b>3,600,817,400.00</b>	<b>2.67</b>	<b>2.72</b>		<b>0.00</b>	<b>1,371,359.80</b>
<b>Medium-Term Notes</b>									
US Bank NA Cincinnati	11/16/2018	25,000,000.00	24,883,552.63	24,931,750.00	2.13	3.09	10/28/2019	4,427.08	48,197.37
JP Morgan	03/06/2019	6,850,000.00	6,822,201.97	6,829,107.50	2.25	2.82	01/23/2020	23,546.87	6,905.53
JP Morgan	03/06/2019	7,320,000.00	7,290,294.65	7,297,674.00	2.25	2.82	01/23/2020	25,162.50	7,379.35

# INVESTMENT INVENTORY - MARKET VALUE

## County of San Diego Pooled Money Fund As of April 30, 2019

Issuer	Purchase Date	Par Value	Book Value	Market Value	Coupon	YTM	Maturity Date	Accrued Interest	Unrealized Gain/Loss
JP Morgan	03/13/2019	10,000,000.00	9,961,376.13	9,969,500.00	2.25	2.75	01/23/2020	30,000.00	8,123.87
JP Morgan	04/09/2019	8,569,000.00	8,573,636.74	8,573,198.81	2.75	2.70	06/23/2020	14,400.68	(437.93)
American Honda Finance	03/04/2019	8,710,000.00	8,752,359.46	8,787,954.50	3.15	2.85	01/08/2021	43,441.12	35,595.04
Toyota Motor Credit Corp	01/08/2019	20,000,000.00	19,989,883.33	20,167,400.00	3.05	3.08	01/08/2021	191,472.22	177,516.67
US Bank NA Cincinnati	04/01/2019	12,000,000.00	12,089,021.00	12,079,320.00	3.00	2.54	02/04/2021	30,000.00	(9,701.00)
American Honda Finance	04/05/2019	14,338,000.00	14,029,409.56	14,044,787.90	1.65	2.67	07/12/2021	17,086.12	15,378.34
JP Morgan	03/07/2019	14,780,000.00	14,539,754.64	14,649,197.00	2.30	3.77	08/15/2021	50,880.15	109,442.36
JP Morgan	04/05/2019	8,816,000.00	8,723,528.66	8,737,978.40	2.30	3.47	08/15/2021	14,612.52	14,449.74
US BANKCORP	04/04/2019	25,000,000.00	24,997,566.83	24,979,000.00	2.63	2.63	01/24/2022	49,218.75	(18,566.83)
US BANKCORP	04/05/2019	5,000,000.00	4,998,684.79	4,995,800.00	2.63	2.63	01/24/2022	9,479.16	(2,884.79)
Microsoft Corp	04/05/2019	50,000,000.00	49,875,941.72	49,946,000.00	2.40	2.49	02/06/2022	86,666.66	70,058.28
Apple Inc	04/12/2019	25,000,000.00	24,963,691.25	24,955,000.00	2.50	2.55	02/09/2022	32,986.11	(8,691.25)
Apple Inc	04/22/2019	20,000,000.00	19,751,045.08	19,794,600.00	2.15	2.62	02/09/2022	10,750.00	43,554.92
Apple Inc	04/25/2019	8,355,000.00	8,344,701.71	8,339,961.00	2.50	2.55	02/09/2022	3,481.25	(4,740.71)
Apple Inc	04/29/2019	4,950,000.00	4,943,973.08	4,941,090.00	2.50	2.55	02/09/2022	687.50	(2,883.08)
Toyota Motor Credit Corp	03/18/2019	50,000,000.00	50,000,000.00	50,061,000.00	2.85	2.85	02/18/2022	170,208.33	61,000.00
Toyota Motor Credit Corp	04/12/2019	25,000,000.00	24,984,527.08	25,055,750.00	2.65	2.67	04/12/2022	34,965.28	71,222.92
Toyota Motor Credit Corp	04/29/2019	50,000,000.00	50,000,000.00	50,014,000.00	2.70	2.70	04/29/2022	7,500.00	14,000.00
JP Morgan	04/30/2019	50,000,000.00	50,000,000.00	49,810,500.00	2.75	2.75	04/30/2022	3,819.44	(189,500.00)
Toyota Motor Credit Corp	02/27/2019	25,000,000.00	24,916,157.89	25,138,500.00	2.80	2.52	07/13/2022	124,444.44	222,342.11
<b>Medium-Term Notes Subtotal:</b>		<b>474,688,000.00</b>	<b>473,431,308.20</b>	<b>474,099,069.11</b>	<b>2.58</b>	<b>2.75</b>		<b>979,236.18</b>	<b>667,760.91</b>

### Federal Agency

Federal Farm Credit Bank	10/19/2016	20,000,000.00	20,000,000.00	19,989,000.00	1.17	1.17	05/16/2019	107,250.00	(11,000.00)
Federal Home Loan Mtg Corp	06/06/2016	25,000,000.00	25,000,000.00	24,970,500.00	1.25	1.25	06/06/2019	125,868.06	(29,500.00)
Federal Home Loan Bank	06/22/2016	25,000,000.00	25,018,541.74	24,975,250.00	1.63	0.99	06/14/2019	154,600.69	(43,291.74)
Federal National Mtg Assn	07/08/2015	20,000,000.00	20,010,378.90	19,979,400.00	1.75	1.36	06/20/2019	127,361.11	(30,978.90)
Federal Home Loan Mtg Corp	07/26/2016	25,000,000.00	25,000,000.00	24,916,500.00	1.07	1.07	07/26/2019	70,590.28	(83,500.00)
Federal Home Loan Mtg Corp	06/27/2016	25,000,000.00	25,020,843.81	24,924,000.00	1.25	0.91	08/01/2019	78,125.00	(96,843.81)
Federal Home Loan Mtg Corp	08/23/2016	25,000,000.00	25,000,000.00	24,894,750.00	1.15	1.15	08/23/2019	54,305.56	(105,250.00)
Federal Farm Credit Bank	08/26/2016	50,000,000.00	50,000,000.00	49,778,500.00	1.00	1.00	08/26/2019	90,277.78	(221,500.00)
Federal Farm Credit Bank	12/06/2016	25,000,000.00	25,000,000.00	24,921,000.00	1.48	1.63	09/06/2019	56,527.78	(79,000.00)
Federal National Mtg Assn	09/30/2016	35,000,000.00	34,997,356.00	34,834,100.00	1.13	1.15	09/09/2019	56,875.00	(163,256.00)
Federal National Mtg Assn	09/13/2016	50,000,000.00	50,000,000.00	49,760,500.00	1.15	1.15	09/13/2019	76,666.67	(239,500.00)
Federal Home Loan Mtg Corp	03/30/2016	25,000,000.00	25,000,000.00	24,886,500.00	1.40	1.40	09/30/2019	30,138.89	(113,500.00)
Federal Home Loan Mtg Corp	11/21/2014	25,000,000.00	24,946,442.59	24,873,500.00	1.25	1.79	10/02/2019	25,173.61	(72,942.59)
Federal National Mtg Assn	10/04/2016	25,000,000.00	25,000,000.00	24,867,750.00	1.20	1.20	10/04/2019	22,500.00	(132,250.00)
Federal National Mtg Assn	10/28/2016	25,000,000.00	25,000,000.00	24,855,500.00	1.30	1.30	10/28/2019	2,708.33	(144,500.00)
Federal Home Loan Bank	05/03/2017	15,000,000.00	14,994,304.44	14,918,100.00	1.38	1.45	11/15/2019	95,104.17	(76,204.44)
Federal Home Loan Bank	01/09/2015	20,000,000.00	20,090,942.41	19,992,200.00	2.38	1.61	12/13/2019	182,083.33	(98,742.41)
Federal Home Loan Bank	05/03/2017	20,000,000.00	20,109,016.17	19,992,200.00	2.38	1.47	12/13/2019	182,083.33	(116,816.17)
Federal Farm Credit Bank	12/27/2016	25,000,000.00	25,000,000.00	24,892,500.00	1.70	1.70	12/27/2019	146,388.89	(107,500.00)
Federal National Mtg Assn	03/30/2016	25,000,000.00	25,000,000.00	24,831,750.00	1.38	1.38	12/30/2019	115,538.19	(168,250.00)
Federal Home Loan Mtg Corp	07/28/2016	50,000,000.00	50,000,000.00	49,514,000.00	1.10	1.10	01/28/2020	142,083.33	(486,000.00)

# INVESTMENT INVENTORY - MARKET VALUE

## County of San Diego Pooled Money Fund As of April 30, 2019

Issuer	Purchase Date	Par Value	Book Value	Market Value	Coupon	YTM	Maturity Date	Accrued Interest	Unrealized Gain/Loss
Federal Farm Credit Bank	02/27/2017	21,870,000.00	21,870,000.00	21,753,214.20	1.71	1.71	02/27/2020	66,484.80	(116,785.80)
Federal Home Loan Mtg Corp	04/13/2017	25,000,000.00	25,000,000.00	24,833,750.00	1.80	1.80	04/13/2020	22,500.00	(166,250.00)
Federal Home Loan Mtg Corp	04/13/2017	25,000,000.00	25,000,000.00	24,833,750.00	1.80	1.80	04/13/2020	22,500.00	(166,250.00)
Federal Home Loan Mtg Corp	05/19/2015	25,000,000.00	24,947,777.78	24,737,500.00	1.38	1.59	05/01/2020	171,875.00	(210,277.78)
Federal Farm Credit Bank	11/01/2017	47,000,000.00	47,000,000.00	46,736,330.00	1.83	1.83	06/01/2020	358,375.00	(263,670.00)
Federal Farm Credit Bank	06/29/2016	25,000,000.00	25,000,000.00	24,733,750.00	1.42	1.42	06/29/2020	120,305.56	(266,250.00)
Federal Home Loan Mtg Corp	07/05/2017	25,000,000.00	25,000,000.00	24,792,250.00	1.75	1.75	06/29/2020	148,263.89	(207,750.00)
Federal Home Loan Mtg Corp	07/13/2017	20,000,000.00	20,000,000.00	19,856,000.00	1.85	1.85	07/13/2020	111,000.00	(144,000.00)
Federal Home Loan Mtg Corp	07/13/2017	5,000,000.00	5,000,000.00	4,964,000.00	1.85	1.85	07/13/2020	27,750.00	(36,000.00)
Federal Farm Credit Bank	07/25/2018	20,000,000.00	19,724,678.93	19,841,200.00	1.77	2.78	09/28/2020	32,450.00	116,521.07
Federal Home Loan Mtg Corp	09/29/2017	25,000,000.00	24,991,768.52	24,768,000.00	1.80	1.82	09/29/2020	40,000.00	(223,768.52)
Federal National Mtg Assn	11/03/2017	25,000,000.00	25,000,000.00	24,781,750.00	1.85	1.85	10/30/2020	1,284.72	(218,250.00)
Federal Home Loan Mtg Corp	11/03/2017	10,000,000.00	10,000,000.00	9,896,900.00	1.96	1.96	11/03/2020	96,911.11	(103,100.00)
Federal Home Loan Mtg Corp	11/03/2017	15,000,000.00	15,000,000.00	14,845,350.00	1.96	1.96	11/03/2020	145,366.67	(154,650.00)
Federal Farm Credit Bank	11/09/2016	25,000,000.00	25,000,000.00	24,635,000.00	1.36	1.36	11/09/2020	162,444.44	(365,000.00)
Federal National Mtg Assn	11/29/2017	25,000,000.00	24,992,245.28	24,845,000.00	1.95	1.97	11/09/2020	232,916.67	(147,245.28)
Federal Home Loan Bank	11/30/2017	35,000,000.00	35,000,000.00	34,760,250.00	2.00	2.00	11/25/2020	303,333.33	(239,750.00)
Federal Home Loan Mtg Corp	11/27/2017	15,000,000.00	15,000,000.00	14,864,400.00	1.88	1.88	11/27/2020	120,312.50	(135,600.00)
Federal Home Loan Mtg Corp	11/27/2017	25,000,000.00	25,000,000.00	24,774,000.00	1.88	1.88	11/27/2020	200,520.83	(226,000.00)
Federal Home Loan Bank	11/27/2018	25,000,000.00	25,000,000.00	25,073,250.00	3.00	3.00	11/27/2020	320,833.33	73,250.00
Federal Home Loan Mtg Corp	12/18/2017	15,000,000.00	15,000,000.00	14,900,100.00	2.00	2.00	12/18/2020	110,833.33	(99,900.00)
Federal Home Loan Mtg Corp	12/28/2018	17,000,000.00	17,000,000.00	17,011,900.00	3.00	3.00	12/28/2020	174,250.00	11,900.00
Federal Home Loan Mtg Corp	04/20/2018	6,045,000.00	5,991,059.30	6,025,716.45	2.15	2.69	01/26/2021	34,296.98	34,657.15
Federal National Mtg Assn	04/20/2018	4,910,000.00	4,866,187.12	4,894,926.30	2.15	2.69	01/26/2021	27,857.43	28,739.18
Federal Home Loan Bank	04/30/2018	25,000,000.00	24,800,456.02	24,888,500.00	2.25	2.73	01/29/2021	143,750.00	88,043.98
Federal Home Loan Bank	09/21/2016	25,000,000.00	25,049,197.68	24,586,750.00	1.38	1.26	02/18/2021	69,704.86	(462,447.68)
Federal Home Loan Bank	02/14/2017	25,000,000.00	24,824,248.10	24,586,750.00	1.38	1.78	02/18/2021	69,704.86	(237,498.10)
Federal Home Loan Bank	02/17/2017	25,000,000.00	25,000,000.00	24,782,750.00	1.82	1.82	03/17/2021	55,611.11	(217,250.00)
Federal Home Loan Bank	10/30/2017	25,000,000.00	25,000,000.00	24,777,500.00	2.00	2.00	04/30/2021	1,388.89	(222,500.00)
Federal National Mtg Assn	06/17/2016	15,000,000.00	15,003,894.97	14,700,300.00	1.25	1.24	05/06/2021	91,145.83	(303,594.97)
Federal National Mtg Assn	09/21/2016	25,000,000.00	24,969,737.24	24,500,500.00	1.25	1.31	05/06/2021	151,909.72	(469,237.24)
Federal Home Loan Mtg Corp	06/28/2017	7,900,000.00	7,900,000.00	7,839,960.00	2.00	2.00	05/28/2021	67,150.00	(60,040.00)
Federal Home Loan Bank	07/14/2016	15,000,000.00	15,203,826.71	14,854,050.00	1.88	1.21	06/11/2021	109,375.00	(349,776.71)
Federal Home Loan Mtg Corp	07/12/2016	25,000,000.00	25,000,000.00	24,973,000.00	2.00	2.02	07/12/2021	151,388.89	(27,000.00)
Federal Home Loan Bank	08/04/2016	35,000,000.00	34,934,198.82	34,102,950.00	1.13	1.21	07/14/2021	117,031.25	(831,248.82)
Federal Home Loan Mtg Corp	07/20/2016	25,000,000.00	25,000,000.00	24,684,250.00	1.25	1.61	07/20/2021	87,673.61	(315,750.00)
Federal National Mtg Assn	07/20/2016	14,500,000.00	14,500,000.00	14,309,470.00	1.25	1.61	07/20/2021	50,850.69	(190,530.00)
Federal Home Loan Mtg Corp	07/27/2016	25,000,000.00	25,000,000.00	24,604,000.00	1.50	1.61	07/27/2021	97,916.67	(396,000.00)
Federal National Mtg Assn	07/27/2016	25,000,000.00	25,000,000.00	24,961,750.00	1.88	1.89	07/27/2021	122,395.83	(38,250.00)
Federal National Mtg Assn	07/27/2016	14,445,000.00	14,445,000.00	14,190,045.75	1.40	1.48	07/27/2021	52,804.50	(254,954.25)
Federal Home Loan Mtg Corp	08/03/2016	25,000,000.00	25,000,000.00	24,942,000.00	1.50	1.93	08/03/2021	91,666.67	(58,000.00)
Federal Home Loan Mtg Corp	10/05/2016	20,000,000.00	19,890,502.00	19,486,600.00	1.13	1.37	08/12/2021	49,375.00	(403,902.00)
Federal National Mtg Assn	09/21/2016	35,000,000.00	34,917,166.14	34,191,150.00	1.25	1.36	08/17/2021	89,930.56	(726,016.14)
Federal Home Loan Mtg Corp	09/07/2016	25,000,000.00	25,000,000.00	24,924,750.00	1.63	1.85	09/07/2021	60,937.50	(75,250.00)

# INVESTMENT INVENTORY - MARKET VALUE

## County of San Diego Pooled Money Fund As of April 30, 2019

Issuer	Purchase Date	Par Value	Book Value	Market Value	Coupon	YTM	Maturity Date	Accrued Interest	Unrealized Gain/Loss
Federal Home Loan Bank	09/27/2017	25,000,000.00	25,000,000.00	24,745,250.00	2.00	2.00	09/27/2021	47,222.22	(254,750.00)
Federal Home Loan Mtg Corp	09/30/2016	20,000,000.00	20,000,000.00	19,922,000.00	1.50	1.80	09/30/2021	25,833.33	(78,000.00)
Federal Home Loan Mtg Corp	09/30/2016	12,000,000.00	12,000,000.00	11,863,800.00	1.50	1.68	09/30/2021	15,500.00	(136,200.00)
Federal Farm Credit Bank	10/05/2017	20,000,000.00	20,000,000.00	19,842,000.00	2.00	2.00	10/05/2021	28,888.89	(158,000.00)
Federal National Mtg Assn	11/08/2016	35,000,000.00	34,943,324.93	34,209,700.00	1.38	1.44	10/07/2021	32,083.33	(733,624.93)
Federal Home Loan Mtg Corp	10/07/2016	25,000,000.00	25,000,000.00	24,869,250.00	2.00	1.98	10/07/2021	33,333.33	(130,750.00)
Federal Home Loan Mtg Corp	10/28/2016	50,000,000.00	50,000,000.00	49,787,500.00	1.50	1.98	10/28/2021	6,250.00	(212,500.00)
Federal Farm Credit Bank	12/10/2018	10,000,000.00	10,000,000.00	10,033,400.00	3.11	3.11	12/10/2021	121,808.33	33,400.00
Federal Farm Credit Bank	12/10/2018	10,000,000.00	10,000,000.00	10,033,400.00	3.11	3.11	12/10/2021	121,808.33	33,400.00
Federal Home Loan Bank	03/27/2017	25,000,000.00	25,154,442.26	24,960,000.00	2.25	2.02	03/11/2022	78,125.00	(194,442.26)
Federal Home Loan Bank	04/05/2019	18,290,000.00	18,368,137.79	18,374,316.90	2.50	2.34	03/11/2022	33,023.61	6,179.11
Federal National Mtg Assn	04/12/2019	50,000,000.00	49,838,885.19	49,910,500.00	2.25	2.36	04/12/2022	59,375.00	71,614.81
Federal Farm Credit Bank	01/31/2019	15,000,000.00	15,000,000.00	15,000,450.00	2.94	2.94	04/25/2022	7,350.00	450.00
Federal National Mtg Assn	09/26/2017	14,475,000.00	14,474,056.63	14,305,063.50	2.25	2.25	04/27/2022	3,618.75	(168,993.13)
Federal Farm Credit Bank	07/25/2017	20,000,000.00	20,022,088.17	19,836,200.00	2.07	2.03	05/09/2022	197,800.00	(185,888.17)
Federal Farm Credit Bank	03/19/2019	23,650,000.00	23,638,604.26	23,642,905.00	2.70	2.72	06/06/2022	74,497.50	4,300.74
Federal Home Loan Bank	04/08/2019	10,000,000.00	10,009,700.61	10,016,800.00	2.38	2.34	06/10/2022	15,173.61	7,099.39
Federal Home Loan Mtg Corp	06/29/2017	15,000,000.00	14,997,629.17	14,905,800.00	2.13	2.13	06/29/2022	108,020.83	(91,829.17)
Federal Home Loan Mtg Corp	07/12/2017	40,000,000.00	39,956,517.78	39,854,400.00	2.00	2.28	07/12/2022	242,222.22	(102,117.78)
Federal Home Loan Mtg Corp	07/27/2017	6,132,000.00	6,132,000.00	6,089,995.80	2.05	2.22	07/27/2022	32,823.23	(42,004.20)
Federal Farm Credit Bank	08/22/2017	18,250,000.00	18,248,797.30	18,073,887.50	2.05	2.05	08/08/2022	86,256.60	(174,909.80)
Federal Home Loan Bank	08/10/2017	25,000,000.00	25,000,000.00	24,877,000.00	2.00	2.29	08/10/2022	112,500.00	(123,000.00)
Federal Farm Credit Bank	08/29/2017	30,000,000.00	29,996,013.38	29,706,300.00	2.05	2.05	08/23/2022	116,166.67	(289,713.38)
Federal Farm Credit Bank	09/12/2017	25,000,000.00	25,000,000.00	24,610,750.00	2.00	2.00	09/12/2022	68,055.56	(389,250.00)
Federal Home Loan Bank	04/03/2019	25,000,000.00	24,729,678.77	24,742,250.00	2.15	2.48	09/26/2022	41,805.55	12,571.23
Federal Farm Credit Bank	10/11/2017	24,000,000.00	24,000,000.00	23,840,400.00	2.16	2.16	10/11/2022	28,800.00	(159,600.00)
Federal Farm Credit Bank	10/17/2017	25,000,000.00	25,000,000.00	24,872,000.00	2.28	2.28	10/17/2022	22,166.67	(128,000.00)
Federal Home Loan Bank	11/29/2017	25,000,000.00	24,956,497.59	24,700,000.00	2.28	2.33	10/26/2022	7,916.67	(256,497.59)
Federal Home Loan Mtg Corp	10/30/2017	25,000,000.00	25,000,000.00	24,791,250.00	2.28	2.28	10/26/2022	7,916.67	(208,750.00)
Federal Home Loan Bank	12/04/2018	4,155,000.00	4,155,000.00	4,156,204.95	3.25	3.25	11/28/2022	55,140.31	1,204.95
Federal Home Loan Mtg Corp	12/28/2017	10,000,000.00	10,000,000.00	9,960,400.00	2.45	2.45	12/28/2022	83,708.33	(39,600.00)
Federal Farm Credit Bank	04/17/2019	15,000,000.00	15,000,000.00	15,002,250.00	2.71	2.71	01/17/2023	15,808.33	2,250.00
Federal Farm Credit Bank	03/06/2019	10,000,000.00	9,987,977.43	10,001,300.00	2.84	2.87	03/06/2023	43,388.89	13,322.57
Federal Home Loan Bank	04/04/2019	29,195,000.00	29,643,189.64	29,684,016.25	2.75	2.64	03/10/2023	60,214.68	40,826.61
Federal Home Loan Bank	04/04/2019	10,000,000.00	10,153,515.89	10,167,500.00	2.75	2.33	03/10/2023	20,625.00	13,984.11
Federal Farm Credit Bank	04/17/2019	25,000,000.00	25,000,000.00	25,012,000.00	2.67	2.67	04/17/2023	25,958.33	12,000.00
Federal Farm Credit Bank	02/08/2019	30,000,000.00	30,000,000.00	30,001,500.00	3.05	3.05	05/08/2023	210,958.33	1,500.00
Federal Farm Credit Bank	06/27/2018	15,000,000.00	15,000,000.00	15,009,000.00	3.20	3.20	06/27/2023	165,333.33	9,000.00
Federal Home Loan Mtg Corp	04/26/2019	25,000,000.00	25,000,000.00	24,988,250.00	2.49	2.49	07/26/2023	8,645.83	(11,750.00)
Federal National Mtg Assn	04/18/2019	10,000,000.00	10,178,026.83	10,227,900.00	2.88	2.45	09/12/2023	10,381.94	49,873.17
Federal Home Loan Mtg Corp	03/27/2019	5,070,000.00	5,069,255.46	5,075,171.40	2.75	2.75	09/27/2023	13,167.92	5,915.94
Federal Home Loan Bank	12/28/2018	25,000,000.00	25,000,000.00	25,017,000.00	3.25	3.25	12/28/2023	277,604.17	17,000.00
Federal Home Loan Mtg Corp	03/29/2019	25,000,000.00	25,000,000.00	25,040,500.00	2.73	2.73	01/09/2024	41,708.33	40,500.00
Federal Home Loan Bank	01/29/2019	8,745,000.00	8,745,000.00	8,761,528.05	3.10	3.10	01/29/2024	69,279.83	16,528.05



# INVESTMENT INVENTORY - MARKET VALUE

## County of San Diego Pooled Money Fund As of April 30, 2019

Issuer	Purchase Date	Par Value	Book Value	Market Value	Coupon	YTM	Maturity Date	Accrued Interest	Unrealized Gain/Loss
Federal National Mtg Assn	02/07/2019	25,000,000.00	25,000,000.00	25,046,500.00	3.10	3.10	02/07/2024	180,833.33	46,500.00
Federal Home Loan Bank	02/15/2019	15,000,000.00	14,949,144.49	15,106,500.00	2.58	2.58	02/13/2024	81,573.65	157,355.51
Federal Home Loan Bank	02/22/2019	23,175,000.00	23,175,000.00	23,240,121.75	2.80	2.80	02/22/2024	124,372.50	65,121.75
Federal Home Loan Mtg Corp	02/22/2019	25,000,000.00	25,000,000.00	25,002,750.00	2.99	2.99	02/22/2024	143,270.83	2,750.00
Federal Home Loan Mtg Corp	02/28/2019	20,000,000.00	20,000,000.00	20,018,800.00	2.88	2.88	02/28/2024	100,625.00	18,800.00
Federal Home Loan Mtg Corp	03/21/2019	15,200,000.00	15,234,598.82	15,234,656.00	3.20	2.73	03/20/2024	54,044.45	57.18
Federal Home Loan Mtg Corp	03/22/2019	20,000,000.00	20,000,000.00	20,031,800.00	2.75	2.75	03/22/2024	59,583.33	31,800.00
Federal Home Loan Bank	03/27/2019	6,400,000.00	6,400,000.00	6,402,880.00	2.87	2.87	03/27/2024	17,347.56	2,880.00
Federal Home Loan Mtg Corp	03/27/2019	2,915,000.00	2,915,000.00	2,916,982.20	2.70	2.70	03/27/2024	7,433.25	1,982.20
Federal Home Loan Bank	04/24/2019	8,225,000.00	8,225,000.00	8,229,277.00	2.75	2.75	04/24/2024	4,398.09	4,277.00
Federal Home Loan Mtg Corp	04/30/2019	25,000,000.00	24,982,509.72	24,974,750.00	2.70	2.72	04/30/2024	1,875.00	(7,759.72)
<b>Federal Agency Subtotal:</b>		<b>2,643,547,000.00</b>	<b>2,643,289,362.78</b>	<b>2,628,338,919.00</b>	<b>1.92</b>	<b>1.95</b>		<b>10,380,249.47</b>	<b>(14,950,443.78)</b>
<b>Money Market Accounts</b>									
BlackRock FedFund	07/06/2018	1,000,000.00	1,000,000.00	1,000,000.00	2.33	2.33		1,907.75	0.00
BlackRock FedFund/CalTrust	02/07/2019	35,000,000.00	35,000,000.00	35,000,000.00	2.36	2.36		66,771.08	0.00
Fidelity Government Fund	06/21/2016	28,600,000.00	28,600,000.00	28,600,000.00	2.35	2.35		98,384.02	0.00
Federated Government Fund	06/30/2016	1,700,000.00	1,700,000.00	1,700,000.00	2.35	2.35		9,277.36	0.00
Morgan Stanley Govnt Fund	06/01/2015	1,000,000.00	1,000,000.00	1,000,000.00	2.34	2.34		2,073.10	0.00
Wells Fargo Bank NA	09/19/2017	0.00	0.00	0.00	2.27	2.27		7,472.11	0.00
<b>Money Market Accounts Subtotal:</b>		<b>67,300,000.00</b>	<b>67,300,000.00</b>	<b>67,300,000.00</b>	<b>2.35</b>	<b>2.35</b>		<b>185,885.42</b>	<b>0.00</b>
<b>Negotiable CDs</b>									
Bank of Montreal	05/02/2018	60,000,000.00	60,000,000.00	60,000,600.00	2.67	2.67	05/01/2019	1,619,800.00	600.00
Toronto Dominion NY	10/16/2018	15,000,000.00	15,000,000.00	15,000,150.00	2.70	2.70	05/01/2019	221,625.00	150.00
Bank of Montreal	12/06/2018	50,000,000.00	50,000,000.00	50,004,500.00	2.81	2.81	05/08/2019	569,805.56	4,500.00
UBS AG Stamford	05/22/2018	25,000,000.00	25,000,000.00	25,004,500.00	2.75	2.75	05/28/2019	656,944.44	4,500.00
Bank of Montreal	11/29/2018	25,000,000.00	25,000,000.00	25,008,750.00	2.85	2.85	05/30/2019	302,812.50	8,750.00
UBS AG Stamford	06/04/2018	25,000,000.00	25,000,000.00	25,003,750.00	2.67	2.67	06/03/2019	613,729.17	3,750.00
Bank of Montreal	06/14/2018	50,000,000.00	50,000,000.00	50,016,000.00	2.73	2.73	06/14/2019	1,217,125.00	16,000.00
Royal Bk of Canada/Dain Rausch	05/16/2018	25,000,000.00	25,000,000.00	25,005,750.00	2.78	2.69	06/17/2019	85,085.92	5,750.00
Westpac Bank NY	06/22/2018	25,000,000.00	25,000,000.00	25,006,500.00	2.70	2.70	06/26/2019	586,875.00	6,500.00
Bank of Nova Scotia	06/18/2018	25,000,000.00	25,000,000.00	25,006,500.00	2.73	2.73	06/28/2019	600,979.17	6,500.00
Canadian Imp Bk Comm NY	06/27/2018	25,000,000.00	25,000,000.00	25,008,250.00	2.71	2.71	06/28/2019	579,638.89	8,250.00
Royal Bk of Canada/Dain Rausch	12/03/2018	140,000,000.00	140,000,000.00	140,093,800.00	2.92	2.92	06/28/2019	1,691,977.78	93,800.00
Toronto Dominion NY	11/14/2018	15,000,000.00	15,000,000.00	15,009,750.00	2.94	2.94	06/28/2019	205,800.00	9,750.00
Toronto Dominion NY	11/15/2018	30,000,000.00	30,000,000.00	30,019,500.00	2.94	2.94	06/28/2019	409,150.00	19,500.00
Toronto Dominion NY	11/20/2018	50,000,000.00	50,000,000.00	50,031,000.00	2.92	2.92	06/28/2019	657,000.00	31,000.00
Toronto Dominion NY	11/20/2018	50,000,000.00	50,000,000.00	50,033,000.00	2.93	2.93	07/01/2019	659,250.00	33,000.00
Bank of Nova Scotia	07/02/2018	75,000,000.00	75,000,000.00	75,018,750.00	2.71	2.71	07/03/2019	1,710,687.50	18,750.00
Bank of Nova Scotia	11/27/2018	50,000,000.00	50,000,000.00	50,027,000.00	2.85	2.85	07/03/2019	613,541.67	27,000.00
Royal Bk of Canada/Dain Rausch	11/28/2018	75,000,000.00	75,000,000.00	75,054,000.00	2.92	2.92	07/03/2019	936,833.33	54,000.00
Royal Bk of Canada/Dain Rausch	11/29/2018	25,000,000.00	25,000,000.00	25,018,500.00	2.93	2.93	07/03/2019	311,312.50	18,500.00
Royal Bk of Canada/Dain Rausch	12/03/2018	45,000,000.00	45,000,000.00	45,033,300.00	2.93	2.93	07/03/2019	545,712.50	33,300.00

# INVESTMENT INVENTORY - MARKET VALUE

## County of San Diego Pooled Money Fund As of April 30, 2019

Issuer	Purchase Date	Par Value	Book Value	Market Value	Coupon	YTM	Maturity Date	Accrued Interest	Unrealized Gain/Loss
Toronto Dominion NY	11/20/2018	50,000,000.00	50,000,000.00	50,034,000.00	2.93	2.93	07/03/2019	659,250.00	34,000.00
Royal Bk of Canada/Dain Rausch	07/17/2018	25,000,000.00	25,000,000.00	25,009,750.00	2.73	2.73	07/12/2019	546,000.00	9,750.00
BNP Paribas SF	07/25/2018	20,000,000.00	20,000,000.00	20,007,800.00	2.74	2.74	07/23/2019	426,222.22	7,800.00
Toronto Dominion NY	04/03/2019	50,000,000.00	50,000,000.00	50,005,500.00	2.57	2.57	07/31/2019	99,944.44	5,500.00
Royal Bk of Canada/Dain Rausch	11/28/2018	75,000,000.00	75,000,000.00	75,086,250.00	2.97	2.97	08/01/2019	952,875.00	86,250.00
Toronto Dominion NY	11/08/2018	30,000,000.00	30,000,000.00	30,034,800.00	3.01	3.01	08/01/2019	436,450.00	34,800.00
Toronto Dominion NY	11/26/2018	50,000,000.00	50,000,000.00	50,053,500.00	2.97	2.97	08/01/2019	643,500.00	53,500.00
Toronto Dominion NY	04/04/2019	65,000,000.00	65,000,000.00	65,007,150.00	2.57	2.57	08/01/2019	125,287.50	7,150.00
Canadian Imp Bk Comm NY	02/14/2018	50,000,000.00	50,000,000.00	50,002,500.00	2.45	2.45	08/14/2019	1,499,093.75	2,500.00
BNP Paribas SF	08/16/2018	10,000,000.00	10,000,000.00	10,004,600.00	2.74	2.74	08/16/2019	196,366.67	4,600.00
Toronto Dominion NY	12/04/2018	100,000,000.00	100,000,000.00	100,144,000.00	2.99	2.99	08/30/2019	1,229,222.22	144,000.00
UBS AG Stamford	02/28/2019	60,000,000.00	60,000,000.00	60,013,800.00	2.62	2.62	08/30/2019	270,733.33	13,800.00
Toronto Dominion NY	09/27/2018	25,000,000.00	25,000,000.00	25,027,500.00	2.85	2.85	09/27/2019	427,500.00	27,500.00
Bank of Nova Scotia	09/26/2018	50,000,000.00	50,000,000.00	50,053,500.00	2.86	2.86	09/30/2019	861,972.22	53,500.00
Toronto Dominion NY	12/14/2018	30,000,000.00	30,000,000.00	30,056,700.00	3.02	3.02	09/30/2019	347,300.00	56,700.00
Westpac Bank NY	12/14/2018	30,000,000.00	30,000,000.00	30,046,800.00	2.97	2.97	09/30/2019	341,550.00	46,800.00
JP Morgan	03/27/2019	100,000,000.00	100,000,000.00	100,000,000.00	2.59	2.59	09/30/2019	7,203.18	0.00
Nordea Bank NY	04/04/2019	21,000,000.00	21,000,000.00	20,998,950.00	2.56	2.56	10/08/2019	40,320.00	(1,050.00)
Canadian Imp Bk Comm NY	10/19/2018	10,000,000.00	10,000,000.00	10,021,200.00	3.03	3.03	10/18/2019	163,283.34	21,200.00
Royal Bk of Canada/Dain Rausch	04/10/2019	25,000,000.00	25,000,000.00	25,003,250.00	2.55	2.55	10/31/2019	37,187.50	3,250.00
Royal Bk of Canada/Dain Rausch	04/10/2019	25,000,000.00	25,000,000.00	25,004,750.00	2.56	2.56	11/08/2019	37,333.33	4,750.00
Toronto Dominion NY	04/24/2019	35,000,000.00	35,000,000.00	35,003,500.00	2.58	2.58	11/29/2019	17,558.33	3,500.00
Canadian Imp Bk Comm NY	12/20/2018	50,000,000.00	50,000,000.00	50,137,500.00	3.03	3.03	12/11/2019	555,500.00	137,500.00
Toronto Dominion NY	12/12/2018	50,000,000.00	50,001,508.62	50,147,500.00	3.08	3.07	12/11/2019	597,916.67	145,991.38
Westpac Bank NY	12/17/2018	60,000,000.00	60,000,000.00	60,148,200.00	3.02	3.02	12/11/2019	679,500.00	148,200.00
Bank of Montreal	12/06/2018	100,000,000.00	100,000,000.00	100,310,000.00	3.06	3.06	12/13/2019	1,241,000.00	310,000.00
Royal Bk of Canada/Dain Rausch	12/11/2018	50,000,000.00	50,000,000.00	50,163,000.00	3.05	3.05	01/09/2020	597,291.67	163,000.00
Toronto Dominion NY	01/07/2019	30,000,000.00	30,000,000.00	30,065,700.00	2.91	2.91	01/15/2020	276,450.00	65,700.00
UBS AG Stamford	02/15/2019	20,000,000.00	20,000,000.00	20,020,600.00	2.75	2.75	02/18/2020	114,583.33	20,600.00
Bank of Montreal	03/15/2019	40,000,000.00	40,000,000.00	40,037,600.00	2.67	2.67	02/21/2020	139,433.33	37,600.00
Royal Bk of Canada/Dain Rausch	08/29/2018	50,000,000.00	50,000,000.00	50,201,000.00	2.92	2.92	02/28/2020	255,499.94	201,000.00
Bank of Montreal	03/13/2019	1,000,000.00	1,000,000.00	1,001,130.00	2.69	2.69	03/13/2020	3,661.39	1,130.00
Bank of Montreal	03/19/2019	25,000,000.00	25,000,000.00	25,031,000.00	2.70	2.70	03/20/2020	80,625.00	31,000.00
Bank of Nova Scotia	04/05/2019	50,000,000.00	50,000,000.00	50,001,500.00	2.63	2.63	05/06/2020	94,972.22	1,500.00
Bank of Montreal	09/06/2018	15,000,000.00	15,000,000.00	15,083,550.00	3.13	3.13	09/08/2020	309,087.50	83,550.00
<b>Negotiable CDs Subtotal:</b>		<b>2,382,000,000.00</b>	<b>2,382,001,508.62</b>	<b>2,384,371,930.00</b>	<b>2.83</b>	<b>2.83</b>		<b>29,107,360.01</b>	<b>2,370,421.38</b>
<b>Supranationals</b>									
Intl Bank For Recon and Dev	09/30/2016	25,000,000.00	25,000,000.00	24,861,500.00	1.20	1.20	09/30/2019	25,833.33	(138,500.00)
Intl Bank For Recon and Dev	09/30/2016	25,000,000.00	25,000,000.00	24,861,500.00	1.20	1.20	09/30/2019	25,833.33	(138,500.00)
Intl Bank For Recon and Dev	11/10/2016	25,000,000.00	25,000,000.00	24,834,750.00	1.30	1.30	10/25/2019	5,416.67	(165,250.00)
Intl Bank For Recon and Dev	05/12/2017	35,000,000.00	34,937,237.83	34,768,650.00	1.30	1.68	10/25/2019	7,583.33	(168,587.83)
Intl Bank For Recon and Dev	12/23/2016	25,000,000.00	24,917,717.27	24,796,250.00	1.13	1.72	11/27/2019	119,812.50	(121,467.27)
Intl Bank For Recon and Dev	01/04/2017	25,000,000.00	24,926,132.31	24,796,250.00	1.13	1.66	11/27/2019	119,812.50	(129,882.31)

# INVESTMENT INVENTORY - MARKET VALUE

## County of San Diego Pooled Money Fund As of April 30, 2019

Issuer	Purchase Date	Par Value	Book Value	Market Value	Coupon	YTM	Maturity Date	Accrued Interest	Unrealized Gain/Loss
Intl Bank For Recon and Dev	04/06/2017	25,000,000.00	25,052,804.45	24,866,750.00	1.88	1.97	04/21/2020	12,583.33	(186,054.45)
Intl Bank For Recon and Dev	04/20/2017	25,000,000.00	25,076,734.51	24,866,750.00	1.88	1.86	04/21/2020	12,583.33	(209,984.51)
Inter-American Development Bk	04/12/2017	50,000,000.00	49,960,393.24	49,577,500.00	1.63	1.70	05/12/2020	381,381.94	(382,893.24)
Intl Bank For Recon and Dev	08/29/2017	15,000,000.00	14,998,597.74	14,856,000.00	1.63	1.63	09/04/2020	38,454.17	(142,597.74)
Intl Bank For Recon and Dev	08/29/2017	35,000,000.00	34,996,728.06	34,664,000.00	1.63	1.63	09/04/2020	89,726.39	(332,728.06)
Intl Bank For Recon and Dev	09/21/2017	25,000,000.00	24,983,983.30	24,760,000.00	1.63	1.67	09/04/2020	64,090.28	(223,983.30)
Intl Bank For Recon and Dev	10/30/2015	25,000,000.00	25,000,000.00	24,927,500.00	2.00	1.35	10/15/2020	22,305.55	(72,500.00)
Inter-American Development Bk	04/19/2018	100,000,000.00	99,855,777.78	100,476,000.00	2.63	2.70	04/19/2021	87,500.00	620,222.22
International Finance Corp	07/20/2016	25,000,000.00	24,944,180.97	24,344,500.00	1.13	1.23	07/20/2021	77,702.50	(599,680.97)
International Finance Corp	10/07/2016	12,500,000.00	12,437,049.19	12,172,250.00	1.13	1.36	07/20/2021	39,719.38	(264,799.19)
Intl Bank For Recon and Dev	11/23/2016	10,000,000.00	10,000,000.00	9,828,500.00	1.75	1.75	11/23/2021	38,402.76	(171,500.00)
Intl Bank For Recon and Dev	09/29/2017	25,000,000.00	25,000,000.00	24,562,000.00	1.98	1.98	09/29/2022	44,000.00	(438,000.00)
Inter-American Development Bk	04/04/2019	15,000,000.00	15,090,423.94	15,092,100.00	2.50	2.33	01/18/2023	28,125.00	1,676.06
Inter-American Development Bk	04/04/2019	10,000,000.00	10,061,164.81	10,061,400.00	2.50	2.33	01/18/2023	18,750.00	235.19
Intl Bank For Recon and Dev	03/06/2019	25,000,000.00	25,000,000.00	25,000,000.00	2.90	2.90	03/06/2023	110,763.89	0.00
Inter-American Development Bk	04/16/2019	50,000,000.00	50,000,000.00	50,086,000.00	2.53	2.53	07/06/2023	52,708.33	86,000.00
Inter-American Development Bk	04/16/2019	25,000,000.00	25,000,000.00	25,043,000.00	2.53	2.53	07/06/2023	26,354.17	43,000.00
Intl Bank For Recon and Dev	04/22/2019	10,000,000.00	10,224,824.20	10,280,700.00	3.00	2.46	09/27/2023	7,500.00	55,875.80
Intl Bank For Recon and Dev	04/25/2019	6,000,000.00	6,142,979.10	6,168,420.00	3.00	2.43	09/27/2023	3,000.00	25,440.90
Inter-American Development Bk	03/21/2019	25,000,000.00	25,468,242.50	25,632,250.00	3.00	2.55	10/04/2023	56,250.00	164,007.50
Inter-American Development Bk	04/25/2019	25,000,000.00	25,199,543.65	25,240,750.00	2.63	2.44	01/16/2024	10,937.50	41,206.35
Inter-American Development Bk	04/29/2019	25,000,000.00	25,248,456.84	25,240,750.00	2.63	2.40	01/16/2024	3,645.83	(7,706.84)
Inter-American Development Bk	04/02/2019	50,000,000.00	50,000,000.00	50,019,500.00	2.29	2.29	01/31/2024	92,236.11	19,500.00
Inter-American Development Bk	04/08/2019	50,000,000.00	50,000,000.00	49,977,000.00	2.33	2.33	02/29/2024	74,430.56	(23,000.00)
Intl Bank For Recon and Dev	03/11/2019	25,000,000.00	25,000,000.00	25,000,000.00	2.89	2.89	03/11/2024	100,173.61	0.00
Intl Bank For Recon and Dev	03/19/2019	25,000,000.00	24,960,200.83	25,143,250.00	2.50	2.53	03/19/2024	72,916.67	183,049.17
Intl Bank For Recon and Dev	03/26/2019	25,000,000.00	25,000,000.00	24,818,250.00	2.77	2.77	03/26/2024	67,326.39	(181,750.00)
<b>Supranationals Subtotal:</b>		<b>923,500,000.00</b>	<b>924,483,172.52</b>	<b>921,624,020.00</b>	<b>2.09</b>	<b>2.10</b>		<b>1,937,859.35</b>	<b>(2,859,152.52)</b>
<b>Sweep Fund</b>									
JP Morgan	12/11/2018	11,058,301.90	11,058,301.90	11,058,301.90	2.02	2.02		20,355.42	0.00
<b>Sweep Fund Subtotal:</b>		<b>11,058,301.90</b>	<b>11,058,301.90</b>	<b>11,058,301.90</b>	<b>2.02</b>	<b>2.02</b>		<b>20,355.42</b>	<b>0.00</b>
<b>Treasury Coupon Securities</b>									
U.S. Treasury	06/16/2014	15,000,000.00	14,997,620.64	14,988,600.00	1.50	1.70	05/31/2019	93,956.04	(9,020.64)
U.S. Treasury	06/27/2016	25,000,000.00	25,015,197.07	24,981,000.00	1.50	0.75	05/31/2019	156,593.41	(34,197.07)
U.S. Treasury	11/08/2016	40,000,000.00	40,044,735.48	39,944,800.00	1.63	0.94	06/30/2019	217,265.19	(99,935.48)
U.S. Treasury	07/15/2016	10,000,000.00	9,999,170.59	9,964,800.00	0.75	0.79	07/15/2019	21,961.33	(34,370.59)
U.S. Treasury	08/21/2014	15,000,000.00	14,999,645.52	14,969,550.00	1.63	1.63	07/31/2019	60,600.83	(30,095.52)
U.S. Treasury	12/09/2016	42,000,000.00	42,034,071.90	41,914,740.00	1.63	1.29	07/31/2019	169,682.32	(119,331.90)
U.S. Treasury	09/15/2017	10,000,000.00	9,995,867.57	9,957,000.00	1.25	1.38	08/31/2019	21,059.78	(38,867.57)
U.S. Treasury	10/24/2014	15,000,000.00	15,014,926.12	14,955,450.00	1.75	1.50	09/30/2019	22,233.61	(59,476.12)
U.S. Treasury	12/08/2014	15,000,000.00	14,984,553.88	14,916,750.00	1.50	1.68	11/30/2019	93,956.04	(67,803.88)
U.S. Treasury	01/09/2015	15,000,000.00	15,011,802.59	14,915,700.00	1.63	1.50	12/31/2019	81,474.45	(96,102.59)



# INVESTMENT INVENTORY - MARKET VALUE

## County of San Diego Pooled Money Fund As of April 30, 2019

Issuer	Purchase Date	Par Value	Book Value	Market Value	Coupon	YTM	Maturity Date	Accrued Interest	Unrealized Gain/Loss
U.S. Treasury	02/12/2016	20,000,000.00	20,048,780.95	19,842,200.00	1.38	1.04	01/31/2020	68,370.17	(206,580.95)
U.S. Treasury	04/09/2015	10,000,000.00	9,992,158.65	9,903,900.00	1.25	1.35	02/29/2020	21,059.78	(88,258.65)
U.S. Treasury	02/12/2016	20,000,000.00	20,050,456.70	19,827,400.00	1.38	1.06	02/29/2020	46,331.52	(223,056.70)
U.S. Treasury	04/09/2015	10,000,000.00	9,979,413.76	9,886,300.00	1.13	1.36	03/31/2020	9,528.69	(93,113.76)
U.S. Treasury	01/06/2017	20,000,000.00	19,972,940.97	19,811,800.00	1.38	1.53	03/31/2020	23,292.35	(161,140.97)
U.S. Treasury	06/05/2015	15,000,000.00	14,977,968.49	14,857,650.00	1.50	1.64	05/31/2020	93,956.04	(120,318.49)
U.S. Treasury	07/06/2018	20,000,000.00	19,990,818.97	20,027,400.00	2.50	2.54	06/30/2020	167,127.07	36,581.03
U.S. Treasury	01/06/2017	20,000,000.00	19,873,288.19	19,680,400.00	1.38	1.75	01/31/2021	68,370.17	(192,888.19)
U.S. Treasury	02/01/2019	13,000,000.00	13,003,121.34	13,037,570.00	2.50	2.49	01/31/2021	79,903.31	34,448.66
U.S. Treasury	06/17/2016	35,000,000.00	35,207,050.68	34,361,600.00	1.38	1.08	05/31/2021	200,961.54	(845,450.68)
U.S. Treasury	09/07/2016	5,000,000.00	4,998,593.13	4,881,450.00	1.13	1.14	06/30/2021	18,801.80	(117,143.13)
U.S. Treasury	09/07/2016	5,000,000.00	5,119,691.82	4,998,450.00	2.25	1.15	07/31/2021	27,969.61	(121,241.82)
U.S. Treasury	10/06/2016	25,000,000.00	24,925,140.58	24,352,500.00	1.13	1.25	09/30/2021	23,821.72	(572,640.58)
U.S. Treasury	12/09/2016	15,000,000.00	14,971,080.42	14,812,500.00	1.75	1.83	11/30/2021	109,615.38	(158,580.42)
U.S. Treasury	04/30/2019	50,000,000.00	49,072,941.79	49,092,000.00	1.75	2.27	01/31/2023	2,417.13	19,058.21
U.S. Treasury	02/01/2019	10,000,000.00	10,015,606.16	10,093,400.00	2.50	2.46	01/31/2024	61,464.09	77,793.84
U.S. Treasury	04/02/2019	15,000,000.00	14,914,659.25	14,888,700.00	2.13	2.25	03/31/2024	25,256.15	(25,959.25)
<b>Treasury Coupon Securities Subtotal:</b>		<b>510,000,000.00</b>	<b>509,211,303.21</b>	<b>505,863,610.00</b>	<b>1.59</b>	<b>1.52</b>		<b>1,987,029.52</b>	<b>(3,347,693.21)</b>
<b>Grand Total</b>		<b>11,232,626,017.74</b>	<b>11,214,199,773.63</b>	<b>11,199,667,684.16</b>	<b>2.39</b>	<b>2.44</b>		<b>45,350,300.24</b>	<b>(14,532,089.47)</b>

# TRANSACTION ACTIVITY REPORT

Investment #	Instrument Type	Issuer	Coupon	Transaction Type	Total Cash	Transaction Date
3608	Money Market Funds	Fidelity Government	2.37	Purchase	(30,000,000.00)	04/01/19
4393	Bank Deposit	Wells Fargo Bank NA	2.25	Purchase	(2,658,950.48)	04/01/19
5309	Sweep Fund	JP Morgan	1.91	Redemption	675,575.04	04/01/19
5528	Commercial Paper	Canadian Imperial Ho	2.40	Redemption	75,000,000.00	04/01/19
5529	Commercial Paper	Prudential Funding L	2.40	Redemption	55,000,000.00	04/01/19
5531	Commercial Paper	Rabobank Nederland	2.38	Redemption	70,000,000.00	04/01/19
5534	Commercial Paper	Rabobank Nederland	2.37	Purchase	(254,983,212.50)	04/01/19
5538	Corporate Notes	US Bank NA Cincinnat	3.00	Purchase	(12,150,240.00)	04/01/19
3608	Money Market Funds	Fidelity Government	2.36	Redemption	40,000,000.00	04/02/19
3630	Money Market Funds	Federated Government	2.36	Purchase	(85,000,000.00)	04/02/19
4393	Bank Deposit	Wells Fargo Bank NA	2.25	Purchase	(971,273.41)	04/02/19
4944	Commercial Paper	ING (US) Funding LLC	2.56	Redemption	40,000,000.00	04/02/19
5309	Sweep Fund	JP Morgan	1.91	Purchase	(773,659.83)	04/02/19
5510	Negotiable CD	Bank of Montreal	2.40	Redemption	50,000,000.00	04/02/19
5534	Commercial Paper	Rabobank Nederland	2.37	Redemption	255,000,000.00	04/02/19
5537	Commercial Paper	Prudential Funding L	2.38	Purchase	(149,990,083.33)	04/02/19
5542	Commercial Paper	MUFG Bank NY	2.40	Purchase	(99,953,333.33)	04/02/19
5543	U.S. Treasury Notes	U.S. Treasury	2.13	Purchase	(14,915,023.05)	04/02/19
5545	Supranational	Inter-American Devel	2.29	Purchase	(50,000,000.00)	04/02/19
5547	Asset Backed Securities	American Express Cre	1.93	Purchase	(5,899,925.94)	04/02/19
5548	Asset Backed Securities	American Express Cre	2.04	Purchase	(11,679,457.98)	04/02/19
3608	Money Market Funds	Fidelity Government	2.35	Redemption	8,000,000.00	04/03/19
3630	Money Market Funds	Federated Government	2.34	Redemption	87,000,000.00	04/03/19
4393	Bank Deposit	Wells Fargo Bank NA	2.25	Redemption	4,592,284.60	04/03/19
5287	Commercial Paper	MUFG Bank NY	2.74	Redemption	75,000,000.00	04/03/19
5309	Sweep Fund	JP Morgan	1.89	Purchase	(5,264,927.59)	04/03/19
5537	Commercial Paper	Prudential Funding L	2.38	Redemption	150,000,000.00	04/03/19
5549	Commercial Paper	Rabobank Nederland	2.37	Purchase	(199,986,833.33)	04/03/19
5550	Commercial Paper	Natixis US Finance C	2.40	Purchase	(99,993,333.33)	04/03/19
5552	Negotiable CD	Toronto Dominion NY	2.57	Purchase	(50,000,000.00)	04/03/19
5553	Federal Agencies	Federal Home Loan Ba	2.15	Purchase	(24,733,951.39)	04/03/19
3608	Money Market Funds	Fidelity Government	2.35	Redemption	10,000,000.00	04/04/19
4393	Bank Deposit	Wells Fargo Bank NA	2.25	Redemption	152,315.49	04/04/19
5309	Sweep Fund	JP Morgan	1.89	Redemption	4,110,532.89	04/04/19

# TRANSACTION ACTIVITY REPORT

Investment #	Instrument Type	Issuer	Coupon	Transaction Type	Total Cash	Transaction Date
5549	Commercial Paper	Rabobank Nederland	2.37	Redemption	200,000,000.00	04/04/19
5550	Commercial Paper	Natixis US Finance C	2.40	Redemption	100,000,000.00	04/04/19
5554	Commercial Paper	Natixis US Finance C	2.40	Purchase	(199,986,666.67)	04/04/19
5555	Commercial Paper	Prudential Funding L	2.38	Purchase	(59,996,033.33)	04/04/19
5556	Commercial Paper	Natixis US Finance C	2.40	Purchase	(99,993,333.33)	04/04/19
5557	Commercial Paper	Rabobank Nederland	2.37	Purchase	(469,969,058.33)	04/04/19
5558	Supranational	Inter-American Devel	2.50	Purchase	(15,171,416.67)	04/04/19
5560	Negotiable CD	Toronto Dominion NY	2.57	Purchase	(65,000,000.00)	04/04/19
5561	Federal Agencies	Federal Home Loan Ba	2.75	Purchase	(29,705,425.92)	04/04/19
5563	Corporate Notes	US BANKCORP	2.63	Purchase	(25,125,104.17)	04/04/19
5564	Federal Agencies	Federal Home Loan Ba	2.75	Purchase	(10,174,833.33)	04/04/19
5565	Negotiable CD	Nordea Bank NY	2.56	Purchase	(21,000,000.00)	04/04/19
5566	Supranational	Inter-American Devel	2.50	Purchase	(10,115,177.78)	04/04/19
3608	Money Market Funds	Fidelity Government	2.34	Purchase	(25,000,000.00)	04/05/19
4393	Bank Deposit	Wells Fargo Bank NA	2.25	Purchase	(5,035,407.93)	04/05/19
5309	Sweep Fund	JP Morgan	1.89	Redemption	598,519.95	04/05/19
5554	Commercial Paper	Natixis US Finance C	2.40	Redemption	200,000,000.00	04/05/19
5555	Commercial Paper	Prudential Funding L	2.38	Redemption	60,000,000.00	04/05/19
5556	Commercial Paper	Natixis US Finance C	2.40	Redemption	100,000,000.00	04/05/19
5557	Commercial Paper	Rabobank Nederland	2.37	Redemption	470,000,000.00	04/05/19
5567	Commercial Paper	Natixis US Finance C	2.40	Purchase	(349,930,000.00)	04/05/19
5568	Commercial Paper	Prudential Funding L	2.38	Purchase	(49,990,083.33)	04/05/19
5570	Corporate Notes	American Honda Finan	1.65	Purchase	(14,073,810.40)	04/05/19
5571	Commercial Paper	MUFG Bank NY	2.47	Purchase	(99,780,444.44)	04/05/19
5572	Commercial Paper	MUFG Bank NY	2.42	Purchase	(99,905,888.89)	04/05/19
5573	Commercial Paper	MUFG Bank NY	2.40	Purchase	(99,953,333.33)	04/05/19
5574	Negotiable CD	Bank of Nova Scotia	2.63	Purchase	(50,000,000.00)	04/05/19
5575	Corporate Notes	US BANKCORP	2.63	Purchase	(5,024,535.42)	04/05/19
5577	Corporate Notes	JP Morgan	2.30	Purchase	(8,748,711.88)	04/05/19
5578	Federal Agencies	Federal Home Loan Ba	2.50	Purchase	(18,400,593.53)	04/05/19
5579	Corporate Notes	Microsoft Corp	2.40	Purchase	(50,069,366.67)	04/05/19
3608	Money Market Funds	Fidelity Government	2.34	Purchase	(135,000,000.00)	04/08/19
4393	Bank Deposit	Wells Fargo Bank NA	2.25	Purchase	(10,218,688.82)	04/08/19
5309	Sweep Fund	JP Morgan	1.89	Purchase	(1,691,386.76)	04/08/19

# TRANSACTION ACTIVITY REPORT

Investment #	Instrument Type	Issuer	Coupon	Transaction Type	Total Cash	Transaction Date
5567	Commercial Paper	Natixis US Finance C	2.40	Redemption	350,000,000.00	04/08/19
5568	Commercial Paper	Prudential Funding L	2.38	Redemption	50,000,000.00	04/08/19
5580	Commercial Paper	Natixis US Finance C	2.40	Purchase	(199,986,666.67)	04/08/19
5581	Commercial Paper	Canadian Imperial Ho	2.50	Purchase	(49,600,694.44)	04/08/19
5582	Commercial Paper	BNP Paribas NY	2.53	Purchase	(49,553,736.11)	04/08/19
5583	Commercial Paper	BNP Paribas NY	2.53	Purchase	(49,571,305.56)	04/08/19
5584	Commercial Paper	BNP Paribas NY	2.50	Purchase	(24,802,083.33)	04/08/19
5585	Supranational	Inter-American Devel	2.33	Purchase	(50,000,000.00)	04/08/19
5586	Federal Agencies	Federal Home Loan Ba	2.38	Purchase	(10,087,747.22)	04/08/19
3608	Money Market Funds	Fidelity Government	2.34	Redemption	139,000,000.00	04/09/19
4393	Bank Deposit	Wells Fargo Bank NA	2.25	Redemption	14,390,594.35	04/09/19
5309	Sweep Fund	JP Morgan	1.89	Purchase	(392,324.09)	04/09/19
5542	Commercial Paper	MUFG Bank NY	2.40	Redemption	100,000,000.00	04/09/19
5580	Commercial Paper	Natixis US Finance C	2.40	Redemption	200,000,000.00	04/09/19
5587	Commercial Paper	MUFG Bank NY	2.57	Purchase	(24,844,729.17)	04/09/19
5588	Commercial Paper	MUFG Bank NY	2.57	Purchase	(49,678,750.00)	04/09/19
5589	Commercial Paper	Canadian Imperial Ho	2.50	Purchase	(49,590,383.49)	04/09/19
5590	Commercial Paper	BNP Paribas NY	2.50	Purchase	(49,614,583.33)	04/09/19
5591	Commercial Paper	BNP Paribas NY	2.50	Purchase	(49,600,694.44)	04/09/19
5592	Commercial Paper	BNP Paribas NY	2.53	Purchase	(29,736,458.33)	04/09/19
5593	Commercial Paper	MUFG Bank NY	2.57	Purchase	(24,848,298.61)	04/09/19
5594	Commercial Paper	Rabobank Nederland	2.40	Purchase	(49,996,666.67)	04/09/19
5595	Commercial Paper	Natixis US Finance C	2.40	Purchase	(299,980,000.00)	04/09/19
5596	Corporate Notes	JP Morgan	2.75	Purchase	(8,643,269.43)	04/09/19
3608	Money Market Funds	Fidelity Government	2.34	Redemption	4,000,000.00	04/10/19
4393	Bank Deposit	Wells Fargo Bank NA	2.25	Redemption	141,168.91	04/10/19
5309	Sweep Fund	JP Morgan	1.89	Redemption	1,055,528.57	04/10/19
5505	Negotiable CD	Bank of Montreal	2.43	Redemption	65,000,000.00	04/10/19
5508	Commercial Paper	MUFG Bank NY	2.42	Redemption	50,000,000.00	04/10/19
5594	Commercial Paper	Rabobank Nederland	2.40	Redemption	50,000,000.00	04/10/19
5595	Commercial Paper	Natixis US Finance C	2.40	Redemption	300,000,000.00	04/10/19
5597	Commercial Paper	MUFG Bank NY	2.57	Purchase	(24,846,513.89)	04/10/19
5598	Commercial Paper	MUFG Bank NY	2.57	Purchase	(24,839,375.00)	04/10/19
5599	Commercial Paper	Rabobank Nederland	2.40	Purchase	(249,983,333.33)	04/10/19

# TRANSACTION ACTIVITY REPORT

Investment #	Instrument Type	Issuer	Coupon	Transaction Type	Total Cash	Transaction Date
5600	Asset Backed Securities	Honda Auto Rec Owner	2.60	Purchase	(20,000,000.00)	04/10/19
5601	Negotiable CD	Royal Bk of Canada/D	2.55	Purchase	(25,000,000.00)	04/10/19
5602	Negotiable CD	Royal Bk of Canada/D	2.56	Purchase	(25,000,000.00)	04/10/19
3608	Money Market Funds	Fidelity Government	2.34	Purchase	(7,000,000.00)	04/11/19
4393	Bank Deposit	Wells Fargo Bank NA	2.25	Purchase	(29,531.77)	04/11/19
5309	Sweep Fund	JP Morgan	1.88	Purchase	(4,426,998.91)	04/11/19
5599	Commercial Paper	Rabobank Nederland	2.40	Redemption	250,000,000.00	04/11/19
5603	Commercial Paper	Natixis US Finance C	2.40	Purchase	(69,995,333.33)	04/11/19
5604	Commercial Paper	Rabobank Nederland	2.40	Purchase	(274,981,666.67)	04/11/19
3608	Money Market Funds	Fidelity Government	2.34	Redemption	15,000,000.00	04/12/19
4393	Bank Deposit	Wells Fargo Bank NA	2.25	Purchase	(2,702,744.96)	04/12/19
5309	Sweep Fund	JP Morgan	1.88	Redemption	7,214,785.41	04/12/19
5573	Commercial Paper	MUFG Bank NY	2.40	Redemption	100,000,000.00	04/12/19
5603	Commercial Paper	Natixis US Finance C	2.40	Redemption	70,000,000.00	04/12/19
5604	Commercial Paper	Rabobank Nederland	2.40	Redemption	275,000,000.00	04/12/19
5605	Commercial Paper	Natixis US Finance C	2.40	Purchase	(274,945,000.00)	04/12/19
5606	Commercial Paper	MUFG Bank NY	2.41	Purchase	(74,949,791.67)	04/12/19
5607	Commercial Paper	Rabobank Nederland	2.39	Purchase	(99,980,083.33)	04/12/19
5608	Corporate Notes	Toyota Motor Credit	2.65	Purchase	(24,984,250.00)	04/12/19
5609	Corporate Notes	Apple Inc	2.50	Purchase	(25,072,375.00)	04/12/19
5610	Federal Agencies	Federal National Mtg	2.25	Purchase	(49,836,000.00)	04/12/19
3581	Asset Backed Securities	Honda Auto Rec Owner	1.39	Redemption	420,656.27	04/15/19
3946	Asset Backed Securities	Honda Auto Rec Owner	1.39	Redemption	1,131,565.37	04/15/19
4301	Asset Backed Securities	John Deere Owner Tru	1.59	Redemption	463,505.84	04/15/19
4393	Bank Deposit	Wells Fargo Bank NA	2.25	Redemption	4,066,429.50	04/15/19
4674	Asset Backed Securities	Toyota Auto Receivab	2.10	Redemption	1,673,675.48	04/15/19
4979	Asset Backed Securities	John Deere Owner Tru	2.53	Redemption	6,123,907.67	04/15/19
5309	Sweep Fund	JP Morgan	1.89	Purchase	(4,280,569.01)	04/15/19
5448	Asset Backed Securities	Toyota Auto Receivab	1.30	Redemption	1,153,548.42	04/15/19
5449	Asset Backed Securities	Toyota Auto Receivab	1.76	Redemption	523,078.71	04/15/19
5468	Asset Backed Securities	John Deere Owner Tru	2.63	Redemption	5,239,432.83	04/15/19
5605	Commercial Paper	Natixis US Finance C	2.40	Redemption	275,000,000.00	04/15/19
5607	Commercial Paper	Rabobank Nederland	2.39	Redemption	100,000,000.00	04/15/19
5611	Commercial Paper	MUFG Bank NY	2.43	Purchase	(74,924,062.50)	04/15/19

# TRANSACTION ACTIVITY REPORT

Investment #	Instrument Type	Issuer	Coupon	Transaction Type	Total Cash	Transaction Date
5612	Commercial Paper	Rabobank Nederland	2.40	Purchase	(319,978,666.67)	04/15/19
3608	Money Market Funds	Fidelity Government	2.34	Redemption	11,500,000.00	04/16/19
4393	Bank Deposit	Wells Fargo Bank NA	2.25	Purchase	(1,127,265.60)	04/16/19
5309	Sweep Fund	JP Morgan	1.89	Redemption	3,974,415.73	04/16/19
5612	Commercial Paper	Rabobank Nederland	2.40	Redemption	320,000,000.00	04/16/19
5613	Commercial Paper	Natixis US Finance C	2.40	Purchase	(59,996,000.00)	04/16/19
5614	Commercial Paper	Natixis US Finance C	2.40	Purchase	(244,983,666.67)	04/16/19
5615	Supranational	Inter-American Devel	2.53	Purchase	(50,000,000.00)	04/16/19
5616	Supranational	Inter-American Devel	2.53	Purchase	(25,000,000.00)	04/16/19
5617	Asset Backed Securities	Citibank Credit Card	2.49	Purchase	(28,421,998.42)	04/16/19
3608	Money Market Funds	Fidelity Government	2.34	Purchase	(17,000,000.00)	04/17/19
4393	Bank Deposit	Wells Fargo Bank NA	2.25	Purchase	(596,225.48)	04/17/19
5309	Sweep Fund	JP Morgan	1.91	Redemption	567,260.11	04/17/19
5613	Commercial Paper	Natixis US Finance C	2.40	Redemption	60,000,000.00	04/17/19
5614	Commercial Paper	Natixis US Finance C	2.40	Redemption	245,000,000.00	04/17/19
5618	Commercial Paper	Rabobank Nederland	2.40	Purchase	(99,993,333.33)	04/17/19
5619	Commercial Paper	Prudential Funding L	2.42	Purchase	(49,996,638.89)	04/17/19
5620	Commercial Paper	Prudential Funding L	2.42	Purchase	(99,993,277.78)	04/17/19
5621	Federal Agencies	Federal Farm Credit	2.67	Purchase	(25,000,000.00)	04/17/19
5622	Federal Agencies	Federal Farm Credit	2.71	Purchase	(15,000,000.00)	04/17/19
3825	Asset Backed Securities	Honda Auto Rec Owner	1.21	Redemption	640,197.71	04/18/19
3906	Asset Backed Securities	Honda Auto Rec Owner	1.16	Redemption	170,906.45	04/18/19
4393	Bank Deposit	Wells Fargo Bank NA	2.25	Purchase	(44,548,455.31)	04/18/19
4439	Asset Backed Securities	Honda Auto Rec Owner	1.57	Redemption	906,592.55	04/18/19
4886	Asset Backed Securities	Honda Auto Rec Owner	2.60	Redemption	1,897,724.00	04/18/19
5309	Sweep Fund	JP Morgan	1.91	Purchase	(4,205,459.59)	04/18/19
5618	Commercial Paper	Rabobank Nederland	2.40	Redemption	100,000,000.00	04/18/19
5619	Commercial Paper	Prudential Funding L	2.42	Redemption	50,000,000.00	04/18/19
5620	Commercial Paper	Prudential Funding L	2.42	Redemption	100,000,000.00	04/18/19
5623	Commercial Paper	Rabobank Nederland	2.40	Purchase	(119,968,000.00)	04/18/19
5624	Commercial Paper	Prudential Funding L	2.42	Purchase	(49,986,555.56)	04/18/19
5625	Federal Agencies	Federal National Mtg	2.88	Purchase	(10,208,250.00)	04/18/19
4435	Money Market Funds	Wells Fargo Bank NA	2.25	Purchase	(120,374,183.16)	04/19/19
4822	Negotiable CD	Canadian Imp Bk Comm	2.67	Redemption	35,000,000.00	04/19/19

# TRANSACTION ACTIVITY REPORT

Investment #	Instrument Type	Issuer	Coupon	Transaction Type	Total Cash	Transaction Date
5572	Commercial Paper	MUFG Bank NY	2.42	Redemption	100,000,000.00	04/19/19
5030	Asset Backed Securities	Honda Auto Rec Owner	2.67	Redemption	3,296,550.90	04/21/19
5315	Asset Backed Securities	Honda Auto Rec Owner	2.67	Redemption	173,893.06	04/21/19
3608	Money Market Funds	Fidelity Government	2.35	Redemption	24,400,000.00	04/22/19
4393	Bank Deposit	Wells Fargo Bank NA	2.25	Redemption	44,918,409.95	04/22/19
4435	Money Market Funds	Wells Fargo Bank NA	2.27	Redemption	120,374,183.16	04/22/19
5309	Sweep Fund	JP Morgan	1.88	Redemption	5,210,358.44	04/22/19
5606	Commercial Paper	MUFG Bank NY	2.41	Redemption	75,000,000.00	04/22/19
5623	Commercial Paper	Rabobank Nederland	2.40	Redemption	120,000,000.00	04/22/19
5624	Commercial Paper	Prudential Funding L	2.42	Redemption	50,000,000.00	04/22/19
5626	Commercial Paper	Rabobank Nederland	2.40	Purchase	(314,979,000.00)	04/22/19
5627	Commercial Paper	MUFG Bank NY	2.50	Purchase	(24,932,291.67)	04/22/19
5628	Commercial Paper	MUFG Bank NY	2.50	Purchase	(24,927,083.33)	04/22/19
5629	Commercial Paper	BNP Paribas NY	2.54	Purchase	(24,761,875.00)	04/22/19
5630	Commercial Paper	BNP Paribas NY	2.54	Purchase	(24,689,555.56)	04/22/19
5631	Supranational	Intl Bank For Recon	3.00	Purchase	(10,246,933.33)	04/22/19
5632	Corporate Notes	Apple Inc	2.15	Purchase	(19,835,994.44)	04/22/19
4393	Bank Deposit	Wells Fargo Bank NA	2.25	Purchase	(4,595,270.30)	04/23/19
5309	Sweep Fund	JP Morgan	1.90	Redemption	236,241.96	04/23/19
5626	Commercial Paper	Rabobank Nederland	2.40	Redemption	315,000,000.00	04/23/19
5633	Commercial Paper	Rabobank Nederland	2.40	Purchase	(294,980,333.33)	04/23/19
5634	Commercial Paper	Natixis US Finance C	2.40	Purchase	(9,999,333.33)	04/23/19
4393	Bank Deposit	Wells Fargo Bank NA	2.25	Redemption	281,017.17	04/24/19
5309	Sweep Fund	JP Morgan	1.89	Purchase	(112,954.87)	04/24/19
5633	Commercial Paper	Rabobank Nederland	2.40	Redemption	295,000,000.00	04/24/19
5634	Commercial Paper	Natixis US Finance C	2.40	Redemption	10,000,000.00	04/24/19
5635	Commercial Paper	BNP Paribas NY	2.54	Purchase	(24,705,430.56)	04/24/19
5636	Commercial Paper	Rabobank Nederland	2.40	Purchase	(199,986,666.67)	04/24/19
5637	Commercial Paper	Canadian Imperial Ho	2.51	Purchase	(24,613,041.67)	04/24/19
5638	Negotiable CD	Toronto Dominion NY	2.58	Purchase	(35,000,000.00)	04/24/19
5639	Federal Agencies	Federal Home Loan Ba	2.75	Purchase	(8,225,000.00)	04/24/19
3608	Money Market Funds	Fidelity Government	2.34	Purchase	(9,000,000.00)	04/25/19
4393	Bank Deposit	Wells Fargo Bank NA	2.25	Redemption	2,356,896.59	04/25/19
4841	Negotiable CD	Canadian Imp Bk Comm	2.68	Redemption	25,000,000.00	04/25/19



# TRANSACTION ACTIVITY REPORT

Investment #	Instrument Type	Issuer	Coupon	Transaction Type	Total Cash	Transaction Date
5309	Sweep Fund	JP Morgan	1.89	Redemption	105,277.12	04/25/19
5328	Federal Agencies	Fed National Mtg Ass	2.95	Redemption	20,000,000.00	04/25/19
5636	Commercial Paper	Rabobank Nederland	2.40	Redemption	200,000,000.00	04/25/19
5640	Commercial Paper	Rabobank Nederland	2.40	Purchase	(199,986,666.67)	04/25/19
5641	Supranational	Inter-American Devel	2.63	Purchase	(25,380,718.75)	04/25/19
5642	Supranational	Intl Bank For Recon	3.00	Purchase	(6,157,520.00)	04/25/19
5643	Corporate Notes	Apple Inc	2.50	Purchase	(8,388,735.63)	04/25/19
3521	Supranational	Intl Bank For Recon	1.25	Redemption	25,000,000.00	04/26/19
3522	Supranational	Intl Bank For Recon	1.25	Redemption	25,000,000.00	04/26/19
3608	Money Market Funds	Fidelity Government	2.34	Purchase	(15,000,000.00)	04/26/19
4393	Bank Deposit	Wells Fargo Bank NA	2.25	Purchase	(1,939,618.57)	04/26/19
4472	Supranational	Intl Bank For Recon	1.25	Redemption	25,000,000.00	04/26/19
5309	Sweep Fund	JP Morgan	1.90	Redemption	139,980.08	04/26/19
5640	Commercial Paper	Rabobank Nederland	2.40	Redemption	200,000,000.00	04/26/19
5644	Commercial Paper	Natixis US Finance C	2.41	Purchase	(24,969,875.00)	04/26/19
5645	Commercial Paper	Natixis US Finance C	2.41	Purchase	(24,971,548.61)	04/26/19
5646	Commercial Paper	Natixis US Finance C	2.41	Purchase	(9,991,966.67)	04/26/19
5647	Commercial Paper	Natixis US Finance C	2.41	Purchase	(9,991,297.22)	04/26/19
5648	Commercial Paper	Natixis US Finance C	2.41	Purchase	(19,974,561.11)	04/26/19
5649	Commercial Paper	Rabobank Nederland	2.40	Purchase	(199,946,666.67)	04/26/19
5650	Commercial Paper	Rabobank Nederland	2.40	Purchase	(99,980,000.00)	04/26/19
5651	Commercial Paper	Prudential Funding L	2.42	Purchase	(74,964,708.33)	04/26/19
5652	Commercial Paper	Prudential Funding L	2.40	Purchase	(99,980,000.00)	04/26/19
5653	Federal Agencies	Federal Home Loan Mt	2.49	Purchase	(25,000,000.00)	04/26/19
3608	Money Market Funds	Fidelity Government	2.35	Redemption	13,000,000.00	04/29/19
4393	Bank Deposit	Wells Fargo Bank NA	2.25	Redemption	2,568,902.35	04/29/19
5076	Negotiable CD	Bank of Montreal	2.65	Redemption	50,000,000.00	04/29/19
5121	Supranational	Intl Bank For Recon	3.22	Redemption	25,000,000.00	04/29/19
5309	Sweep Fund	JP Morgan	1.91	Purchase	(606,357.17)	04/29/19
5341	Federal Agencies	Fed National Mtg Ass	3.19	Redemption	25,000,000.00	04/29/19
5342	Federal Agencies	Fed National Mtg Ass	3.00	Redemption	25,000,000.00	04/29/19
5650	Commercial Paper	Rabobank Nederland	2.40	Redemption	100,000,000.00	04/29/19
5652	Commercial Paper	Prudential Funding L	2.40	Redemption	100,000,000.00	04/29/19
5654	Commercial Paper	Rabobank Nederland	2.40	Purchase	(274,981,666.67)	04/29/19



# TRANSACTION ACTIVITY REPORT

Investment #	Instrument Type	Issuer	Coupon	Transaction Type	Total Cash	Transaction Date
5655	Supranational	Inter-American Devel	2.63	Purchase	(25,436,510.42)	04/29/19
5656	Corporate Notes	Toyota Motor Credit	2.70	Purchase	(50,000,000.00)	04/29/19
5657	Corporate Notes	Apple Inc	2.50	Purchase	(4,971,461.00)	04/29/19
3608	Money Market Funds	Fidelity Government	2.35	Redemption	7,000,000.00	04/30/19
4027	U.S. Treasury Notes	U.S. Treasury	1.63	Redemption	40,000,000.00	04/30/19
4393	Bank Deposit	Wells Fargo Bank NA	2.25	Redemption	1,128,570.65	04/30/19
4834	Negotiable CD	Royal Bk of Canada/D	2.67	Redemption	25,000,000.00	04/30/19
4850	Negotiable CD	Bank of Montreal	2.66	Redemption	25,000,000.00	04/30/19
5309	Sweep Fund	JP Morgan	2.02	Purchase	(401,428.40)	04/30/19
5611	Commercial Paper	MUFG Bank NY	2.43	Redemption	75,000,000.00	04/30/19
5649	Commercial Paper	Rabobank Nederland	2.40	Redemption	200,000,000.00	04/30/19
5654	Commercial Paper	Rabobank Nederland	2.40	Redemption	275,000,000.00	04/30/19
5658	Commercial Paper	Cooperatieve Raboban	2.42	Purchase	(289,980,505.56)	04/30/19
5659	Corporate Notes	JP Morgan	2.75	Purchase	(50,000,000.00)	04/30/19
5660	U.S. Treasury Notes	U.S. Treasury	1.75	Purchase	(49,287,389.91)	04/30/19
5661	Federal Agencies	Federal Home Loan Mt	2.70	Purchase	(24,982,500.00)	04/30/19
<b>Grand Total</b>					<b>(1,518,985,486.28)</b>	

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