

**NEW ISSUE - FULL BOOK-ENTRY
BANK QUALIFIED**

**INSURED RATING: S&P: "AA"
UNDERLYING RATING: Moody's: "A1"
See "RATINGS" herein.**

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

**\$6,300,000
BRAWLEY UNION HIGH SCHOOL DISTRICT
(Imperial County, California)
General Obligation Bonds
Election of 2018, Series A
(Bank Qualified)**

Dated: Date of Delivery

Due: August 1, as shown on inside front cover

Authority and Purpose. The above-captioned General Obligation Bonds Election of 2018, Series A (the "Bonds"), are being issued by the Brawley Union High School District (the "District") pursuant to certain provisions of the California Government Code and a resolution of the Board of Trustees of the District adopted on March 6, 2019. The Bonds were authorized at an election of the registered voters of the District held on November 6, 2018, (the "2018 Authorization") which authorized the issuance of \$18,700,000 principal amount of general obligation bonds for the purpose of financing the renovation, construction and improvement of school facilities. The Bonds are the first series of bonds to be issued under the 2018 Authorization. See "THE BONDS – Authority for Issuance" and "- Purpose of Issue" herein.

Security. The Bonds are general obligations of the District, payable solely from *ad valorem* property taxes levied on taxable property within the District and collected by Imperial County (the "County"). The County Board of Supervisors is empowered and obligated to annually levy *ad valorem* property taxes for the payment of interest on, and principal of, the Bonds upon all property subject to taxation by the District, without limitation of rate or amount (except certain personal property which is taxable at limited rates). The District has other series of general obligation bonds outstanding which are similarly secured by tax levies. See "SECURITY FOR THE BONDS."

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

Payments. The Bonds are dated the date of delivery set forth below and accrue interest at the rates set forth on the inside cover page hereof, payable semiannually on each February 1 and August 1 until maturity, commencing February 1, 2020. Payments of principal of and interest on the Bonds will be paid by U.S. Bank National Association, as the designated paying agent, registrar and transfer agent (the "Paying Agent"), to DTC for subsequent disbursement to DTC Participants who will remit such payments to the beneficial owners of the Bonds. See "THE BONDS - Description of the Bonds."

Redemption. The Bonds are subject to redemption prior to maturity as described herein. See "THE BONDS – Redemption."

Bond Insurance. The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Bonds by Build America Mutual Assurance Company ("BAM"). See "BOND INSURANCE" and APPENDIX H.



MATURITY SCHEDULE
(See inside cover)

Cover Page. This cover page contains certain information for general reference only. It is not a summary of all provisions of the Bonds. Prospective investors must read the entire Official Statement to obtain information essential to making an informed investment decision.

The Bonds will be offered when, as and if issued and accepted by the Underwriter, subject to the approval as to legality by Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel to the District, and subject to certain other conditions. Jones Hall is also serving as Disclosure Counsel to the District. Norton Rose Fulbright US LLP, Los Angeles, California is serving as counsel to the Underwriter. It is anticipated that the Bonds, in book-entry form, will be available for delivery through the facilities of DTC, on or about June 25, 2019.



RBC Capital Markets

MATURITY SCHEDULE

BRAWLEY UNION HIGH SCHOOL DISTRICT
(Imperial County, California)
General Obligation Bonds
Election of 2018, Series A
(Bank Qualified)

Base CUSIP[†]: 105727

\$1,895,000 Serial Bonds

<u>Maturity Date</u> <u>(August 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIP[†]</u>
2020	\$400,000	4.00%	1.260%	102.982%	EW7
2021	515,000	4.00	1.290	105.595	EX5
2022	410,000	4.00	1.330	108.081	EY3
2026	35,000	4.00	1.550	116.410	EZ0
2027	45,000	4.00	1.620	115.900 ^C	FA4
2028	55,000	4.00	1.700	115.320 ^C	FB2
2029	65,000	4.00	1.800	114.600 ^C	FC0
2030	75,000	4.00	1.900	113.885 ^C	FD8
2031	85,000	4.00	2.000	113.175 ^C	FE6
2032	100,000	4.00	2.100	112.470 ^C	FF3
2033	110,000	4.00	2.200	111.770 ^C	FG1

\$260,000 - 4.000% Term Bonds maturing August 1, 2035; Yield: 2.380%; Price: 110.523^C; CUSIP[†]: FH9

\$320,000 - 5.000% Term Bonds maturing August 1, 2037; Yield: 2.310%; Price: 117.519^C; CUSIP[†]: FJ5

\$390,000 - 5.000% Term Bonds maturing August 1, 2039; Yield: 2.390%; Price: 116.948^C; CUSIP[†]: FK2

\$1,380,000 - 5.000% Term Bonds maturing August 1, 2044; Yield: 2.580%; Price: 115.606^C; CUSIP[†]: FLO

\$2,055,000 - 4.000% Term Bonds maturing August 1, 2049; Yield: 2.950%; Price: 106.679^C; CUSIP[†]: FM8

[†] CUSIP Global Services, and a registered trademark of American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, which is managed on behalf of American Bankers Association by S&P Capital IQ. Neither the District nor the Underwriter takes any responsibility for the accuracy of the CUSIP data.

^C Priced to par call on the first optional redemption date of August 1, 2026.

BRAWLEY UNION HIGH SCHOOL DISTRICT

BOARD OF TRUSTEES

Patti Wilson, *President*
Rusty Garcia, *Vice President*
Gabriel Contreras, *Clerk*
Karin Morgan, *Trustee*
Carol Sassie, *Trustee*

DISTRICT ADMINISTRATION

Simon Canalez, *Superintendent*
Jennifer Layaye, *Chief Business Officer*

PROFESSIONAL SERVICES

FINANCIAL ADVISOR

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

BOND AND DISCLOSURE COUNSEL

Jones Hall, A Professional Law Corporation
San Francisco, California

BOND REGISTRAR, TRANSFER AGENT AND PAYING AGENT

U.S. Bank National Association
Los Angeles, California

GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

Use of Official Statement. 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. This Official Statement is not a contract between any bond owner and the District or the Underwriter.

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

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

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

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

Estimates and Forecasts. 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 herein, 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 information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, give rise to any implication that there has been no change in the affairs of the District or any other entity described or referenced herein since the date hereof.

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

Stabilization of and Changes to Offering Prices. The Underwriter may over allot or take other steps that stabilize or maintain the market prices of the Bonds at levels above those that might otherwise prevail in the open market. If commenced, the Underwriter may discontinue such market stabilization at any time. The Underwriter may offer and sell the Bonds to certain securities dealers, dealer banks and banks acting as agent at prices lower than the public offering prices stated on the inside cover page of this Official Statement, and those public offering prices may be changed from time to time by the Underwriter.

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

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

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

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

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\$6,300,000
BRAWLEY UNION HIGH SCHOOL DISTRICT
(Imperial County, California)
General Obligation Bonds
Election of 2018, Series A
(Bank Qualified)

The purpose of this Official Statement, which includes the cover page, inside cover page and attached appendices, is to set forth certain information concerning the sale and delivery of the general obligation bonds captioned above (the “**Bonds**”) by the District.

INTRODUCTION

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 and the documents summarized or described in this Official Statement. A full review should be made of the entire Official Statement. The offering of Bonds to potential investors is made only by means of the entire Official Statement.

The District. The District encompasses an area of approximately 175 square miles in Imperial County (the “**County**”) and is located in and around the City of Brawley (the “**City**”). The District currently operates one high school, one continuation high school, one community day school and one adult school. Enrollment in the District for the 2018-19 school year is estimated to be 1,943 students.

For more information regarding the District and its finances, see APPENDIX A and APPENDIX B attached hereto. See also APPENDIX C hereto for demographic and other statistical information regarding the City and County.

Purpose of Issue. The net proceeds of the Bonds will be used to finance construction and improvements to facilities of the District, as approved by voters in the District at an election held on November 6, 2018 (the “**Bond Election**”). See “THE BONDS - Purpose of Issue” herein.

Authority for Issuance of the Bonds. Issuance of the Bonds was approved by more than the requisite 55% of the voters of the District voting at the Bond Election and will be issued pursuant to certain provisions of the Government Code of the State of California (the “**State**”), and pursuant to a resolution adopted by the Board of Trustees of the District on March 6, 2019 (the “**Bond Resolution**”). See “THE BONDS - Authority for Issuance” herein.

Description of the Bonds. The Bonds will be issued as current interest bonds. The Bonds will be dated their date of delivery (the “**Dated Date**”) and will be issued as fully registered bonds, without coupons, in the denominations of \$5,000 or any integral multiple thereof. The Bonds will mature on August 1 in the years indicated on the inside cover page hereof. The Bonds will accrue interest from the Dated Date, which is payable semiannually on February 1 and August 1 of each year, commencing February 1, 2020. See “THE BONDS – Description of the Bonds” herein.

Payment and Registration of the Bonds. The Bonds will be issued in fully registered form only, registered in the name of Cede & Co. as nominee of DTC, and will be available to actual purchasers of the Bonds (the “**Beneficial Owners**”) in the denominations set forth on the cover page

hereof, under the book-entry system maintained by DTC, only through brokers and dealers who are or act through participants in DTC's book-entry only system ("**DTC Participants**") as described herein. Beneficial Owners will not be entitled to receive physical delivery of the Bonds. See APPENDIX F.

If 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 Bond Resolution. See "THE BONDS - Registration, Transfer and Exchange of Bonds" herein.

Security and Sources of Payment for the Bonds. The Bonds are general obligation bonds of the District payable solely from *ad valorem* property taxes levied on taxable property located in the District and collected by the County. The County is empowered and obligated to annually levy *ad valorem* taxes for the payment of interest on, and principal of, the Bonds upon all property subject to taxation by the District, without limitation of rate or amount (except with respect to certain personal property which is taxable at limited rates). The Bonds are the first series of bonds issued pursuant to the 2018 Authorization. See "SECURITY FOR THE BONDS."

Following the issuance of the Bonds, \$12,400,000 principal amount of bonds will remain authorized but unissued under the 2018 Authorization (defined herein). See "DISTRICT FINANCIAL INFORMATION - Existing Debt Obligations" in APPENDIX A.

Redemption. The Bonds are subject to redemption prior to maturity as described herein. See "THE BONDS –Redemption."

Legal Matters. Issuance of the Bonds is subject to the approving opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, to be delivered in substantially the form attached hereto as APPENDIX D. Jones Hall, A Professional Law Corporation, San Francisco, California, will serve as Disclosure Counsel to the District. Norton Rose Fulbright US LLP, Los Angeles, California is serving as counsel to the Underwriter. Payment of the fees of Bond Counsel, Disclosure Counsel, and counsel to the Underwriter is contingent upon issuance of the Bonds.

Bond Insurance. Concurrently with the issuance of the Build America Mutual Assurance Company ("BAM" or the "**Bond Insurer**") will issue its Municipal Bond Insurance Policy for the Bonds (the "**Policy**"). The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due, as set forth in the form of the Policy included as an appendix to this Official Statement. See "BOND INSURANCE" and APPENDIX H attached hereto.

Tax Matters; Bank Qualified. Assuming compliance with certain covenants and provisions of the Internal Revenue Code of 1986, in the opinion of Bond Counsel, interest on the Bonds will not be includable in gross income for federal income tax purposes although it may be includable in the calculation for certain taxes. Also, in the opinion of Bond Counsel, interest on the Bonds will be exempt from the State personal income taxes. The District has designated the Bonds as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Internal Revenue Code of 1986. Such section provides an exception to the prohibition against the ability of a "financial institution" (as defined in the Internal Revenue Code of 1986) to deduct its interest expense allocable to tax-exempt interest. See "TAX MATTERS" and APPENDIX D hereto for the form of Bond Counsel's opinion to be delivered concurrently with the Bonds.

Continuing Disclosure. The District has covenanted and agreed that it will comply with and carry out all of the provisions of a continuing disclosure certificate (the "**Continuing Disclosure**

Certificate”), the form of which is attached as APPENDIX E. See “CONTINUING DISCLOSURE” for additional information.

Other Information. This Official Statement speaks only as of its date, and the information contained in this Official Statement is subject to change. Copies of documents referred to in this Official Statement, and information concerning the Bonds, are available from the District at 480 North Imperial Avenue, Brawley, CA 92227, Telephone: (760) 312-6085. The District may impose a charge for copying, mailing and handling.

END OF INTRODUCTION

THE BONDS

Authority for Issuance

The Bonds will be issued under the provisions of Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, commencing with Section 53506 thereof, and the Bond Resolution.

The District received authorization by more than the requisite 55% of District voters at the Bond Election to issue general obligation bonds in a principal amount of \$18,700,000 (the “**2018 Authorization**”). The Bonds are the first series of bonds issued pursuant to the 2018 Authorization. Following the issuance of the Bonds, there will be \$12,400,000 remaining under the 2018 Authorization.

Purpose of Issue

Proceeds of the Bonds will be used for the purposes specified in the ballot measure approved by the District's voters on November 6, 2018, the abbreviated text of which appeared on the ballot as follows:

“To improve the quality of education, repair or replace leaky roofs; modernize/renovate classrooms, restrooms and school facilities; and construct a new science/STEM building; shall the Brawley Union High School District issue \$18,700,000 of bonds at legal interest rates, generating on average \$1,090,000 annually as long as bonds are outstanding at a rate of approximately 3 cents per \$100 assessed value, with annual audits, citizens’ oversight committee, NO money for salaries and all money staying local?”

In addition to the abbreviated statement of the ballot measure, as part of the sample ballot materials, in accordance with the requirements of State law, District voters were presented with a full text of ballot measure, which, among other items, included a project list identifying to District voters the projects eligible for funding from proceeds of bonds approved at the Bond Election (the “**Project List**”). The District makes no representation as to the specific application of the proceeds of the Bonds, the completion of any projects listed on the Project List, or whether bonds authorized by the 2018 Authorization will provide sufficient funds to complete any particular project listed in the Project List.

Description of the Bonds

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

The Bonds shall be issued in the denominations of \$5,000 principal amount each or any integral multiple thereof. Interest on Bonds is payable semiannually on each February 1 and August 1, commencing February 1, 2020 (each, an “**Interest Payment Date**”). Each Bond will bear interest from the Interest Payment Date next preceding the date of registration and authentication thereof unless (i) it is authenticated as of an Interest Payment Date, in which event it will bear interest from such date, or (ii) it is authenticated prior to an Interest Payment Date and after the close of business

on the fifteenth (15th) day of the month preceding the Interest Payment Date (each, a “**Record Date**”), in which event it will bear interest from such Interest Payment Date, or (iii) it is authenticated prior to January 15, 2020, in which event it will bear interest from the date of delivery of the Bonds identified on the cover page hereof. Notwithstanding the foregoing, if interest on any Bond is in default at the time of authentication thereof, such Bond will bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon. Payments of principal of and interest on the Bonds will be paid by the Paying Agent to DTC for subsequent disbursement to DTC Participants who will remit such payments to the beneficial owners of the Bonds.

Book-Entry Only System

The Bonds will be issued in book-entry form only, and will be initially issued and registered in the name of Cede & Co. as nominee of DTC. Purchasers of the Bonds will not receive physical certificates representing their interest in the Bonds. Payments of principal of and interest on the Bonds will be paid by the Paying Agent to DTC for subsequent disbursement to DTC Participants which will remit such payments to the Beneficial Owners of the Bonds.

As long as DTC’s book-entry method is used for the Bonds, the Paying Agent will send any notice of prepayment or other notices to owners only to DTC. Any failure of DTC to advise any DTC Participant, or of any DTC Participant to notify any Beneficial Owner, of any such notice and its content or effect will not affect the validity or sufficiency of the proceedings relating to the prepayment of the Bonds called for prepayment or any other action premised on such notice. See APPENDIX F.

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

Redemption

Optional Redemption. The Bonds maturing on or before August 1, 2026 are not subject to redemption prior to maturity. The Bonds maturing on or after August 1, 2027 are subject to redemption prior to maturity, at the option of the District, in whole or in part among maturities on such basis as shall be designated by the District and by lot within a maturity, from any available source of funds, on August 1, 2026, or on any date thereafter, at a price equal to 100% of the principal amount thereof, without premium, together with accrued interest thereon to the redemption date.

Whenever less than all of the outstanding Bonds of any one maturity are designated for redemption, the Paying Agent will select the outstanding Bonds of such maturity to be redeemed by lot in any manner deemed fair by the Paying Agent. For the purpose of selection for optional redemption, Bonds will be deemed to consist of \$5,000 portions (principal amount), and any such portion may be separately redeemed. The Bonds may all be separately redeemed.

Mandatory Sinking Fund Redemption. The Bonds maturing on August 1, 2035, August 1, 2037, August 1, 2039, August 1, 2044, and August 1, 2049 (collectively, the “**Term Bonds**”), are subject to mandatory sinking fund redemption on August 1 of each year in accordance with the schedules set forth below, respectively. The Term Bonds so called for mandatory sinking fund redemption will be redeemed in the sinking fund payments amounts and on the dates set forth below, without premium.

Term Bonds Maturing August 1, 2035

Redemption Date (August 1)	Sinking Fund Redemption
2034	\$125,000
2035 (maturity)	135,000

Term Bonds Maturing August 1, 2037

Redemption Date (August 1)	Sinking Fund Redemption
2036	\$150,000
2037 (maturity)	170,000

Term Bonds Maturing August 1, 2039

Redemption Date (August 1)	Sinking Fund Redemption
2038	\$185,000
2039 (maturity)	205,000

Term Bonds Maturing August 1, 2044

Redemption Date (August 1)	Sinking Fund Redemption
2040	\$230,000
2041	250,000
2042	275,000
2043	300,000
2044 (maturity)	325,000

Term Bonds Maturing August 1, 2049

Redemption Date (August 1)	Sinking Fund Redemption
2045	\$355,000
2046	380,000
2047	410,000
2048	440,000
2049 (maturity)	470,000

If any Term Bonds are redeemed pursuant to optional redemption, the total amount of all future sinking fund payments with respect to such Term Bonds shall be reduced by the aggregate principal amount of such Term Bonds so redeemed, to be allocated among such payments on a pro rata basis in integral multiples of \$5,000 principal amount (or on such other basis as the District may determine) as set forth in written notice given by the District to the Paying Agent.

Notice of Redemption

The Paying Agent shall give notice of the redemption of the Bonds at the expense of the District to be mailed, first class, postage prepaid, at least 20 but not more than 60 days prior to the date fixed for redemption, to the owners of the Bonds designated for redemption. Such notice shall specify: (a) that the Bonds or a designated portion thereof are to be redeemed, (b) the numbers and CUSIP numbers of the Bonds to be redeemed, (c) the date of notice and the date of redemption, (d) the place or places where the redemption will be made, and (e) descriptive information regarding the Bonds including the dated date, interest rate and stated maturity date. Such notice shall further state that on the specified date there shall become due and payable upon each Bond to be redeemed, the portion of the principal amount of such Bond to be redeemed, together with interest accrued to said date, the redemption premium, if any, and that from and after such date interest with respect thereto shall cease to accrue and be payable. Such notice may be a conditional notice of redemption and subject to rescission as set forth below.

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

Partial Redemption of Bonds

Upon surrender of Bonds redeemed in part only, the District will execute and the Paying Agent will authenticate and deliver to the owner, at the expense of the District, a new Bond or Bonds, of the same maturity, of authorized denominations in aggregate principal amount equal to the unredeemed portion of the Bond or Bonds.

Effect of Redemption

From and after the date fixed for redemption, if notice of such redemption has been duly given and funds available for the payment of the principal of and interest (and premium, if any) on the Bonds so called for redemption have been duly provided, such Bonds so called will cease to be entitled to any benefit under the Bond Resolution, other than the right to receive payment of the redemption price, and no interest will accrue thereon on or after the redemption date specified in such notice.

Right to Rescind Notice of Redemption

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

Registration, Transfer and Exchange of Bonds

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

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

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

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

Defeasance and Discharge of Bonds

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

- (a) by paying or causing to be paid the principal or redemption price of and interest on such Bonds, as and when the same become due and payable;
- (b) by irrevocably depositing, in trust, at or before maturity, money or securities in the necessary amount (as provided in the Bond Resolution) to pay or redeem such Bonds; or
- (c) by delivering such Bonds to the Paying Agent for cancellation by it.

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

- (i) lawful money of the United States of America in an amount equal to the principal amount of such Bonds and all unpaid interest thereon to maturity,

except that, in the case of Bonds which are to be redeemed prior to maturity and in respect of which notice of such redemption is given as provided in the Bond Resolution or provision satisfactory to the Paying Agent is made for the giving of such notice, the amount to be deposited or held will be the principal amount or redemption price of such Bonds and all unpaid interest thereon to the redemption date; or

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

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

“Federal Securities” means: United States Treasury notes, bonds, bills or certificates of indebtedness, or any other obligations the timely payment of which is directly or indirectly guaranteed by the faith and credit of the United States of America.

DEBT SERVICE SCHEDULES

The Bonds. The following table shows the annual debt service schedule with respect to the Bonds, assuming no optional redemptions.

Brawley Union High School District General Obligation Bonds Election of 2018, Series A Debt Service Schedule

Bond Year Ending (August 1)	Principal	Interest	Total Annual Debt Service
2020	\$400,000.00	\$300,190.00	\$700,190.00
2021	515,000.00	256,900.00	771,900.00
2022	410,000.00	236,300.00	646,300.00
2023	--	219,900.00	219,900.00
2024	--	219,900.00	219,900.00
2025	--	219,900.00	219,900.00
2026	35,000.00	219,900.00	254,900.00
2027	45,000.00	218,500.00	263,500.00
2028	55,000.00	216,700.00	271,700.00
2029	65,000.00	214,500.00	279,500.00
2030	75,000.00	211,900.00	286,900.00
2031	85,000.00	208,900.00	293,900.00
2032	100,000.00	205,500.00	305,500.00
2033	110,000.00	201,500.00	311,500.00
2034	125,000.00	197,100.00	322,100.00
2035	135,000.00	192,100.00	327,100.00
2036	150,000.00	186,700.00	336,700.00
2037	170,000.00	179,200.00	349,200.00
2038	185,000.00	170,700.00	355,700.00
2039	205,000.00	161,450.00	366,450.00
2040	230,000.00	151,200.00	381,200.00
2041	250,000.00	139,700.00	389,700.00
2042	275,000.00	127,200.00	402,200.00
2043	300,000.00	113,450.00	413,450.00
2044	325,000.00	98,450.00	423,450.00
2045	355,000.00	82,200.00	437,200.00
2046	380,000.00	68,000.00	448,000.00
2047	410,000.00	52,800.00	462,800.00
2048	440,000.00	36,400.00	476,400.00
2049	470,000.00	18,800.00	488,800.00
TOTAL	\$6,300,000.00	\$5,125,940.00	\$11,425,940.00

Combined General Obligation Bonds. The following table shows the combined annual debt service schedule with respect to all outstanding general obligation bonds of the District secured by *ad valorem* taxes, assuming no optional redemptions. See APPENDIX A – “DISTRICT FINANCIAL INFORMATION - Existing Debt Obligations” for additional information.

Period Ending August 1	2012 Refunding Bonds	2014 Refunding Bonds	The Bonds	Aggregate Debt Service
2019	\$335,481.26	\$314,975.00	--	\$650,456.26
2020	330,281.26	318,112.50	\$700,190.00	1,348,583.76
2021	335,081.26	315,945.00	771,900.00	1,422,926.26
2022	334,681.26	318,625.00	646,300.00	1,299,606.26
2023	333,493.76	321,000.00	219,900.00	874,393.76
2024	336,843.76	318,070.00	219,900.00	874,813.76
2025	334,593.76	319,987.50	219,900.00	874,481.26
2026	336,850.00	321,600.00	254,900.00	913,350.00
2027	338,462.50	322,907.50	263,500.00	924,870.00
2028	334,800.00	323,910.00	271,700.00	930,410.00
2029	71,000.00	324,607.50	279,500.00	675,107.50
2030	69,050.00	--	286,900.00	355,950.00
2031	72,100.00	--	293,900.00	366,000.00
2032	--	--	305,500.00	305,500.00
2033	--	--	311,500.00	311,500.00
2034	--	--	322,100.00	322,100.00
2035	--	--	327,100.00	327,100.00
2036	--	--	336,700.00	336,700.00
2037	--	--	349,200.00	349,200.00
2038	--	--	355,700.00	355,700.00
2039	--	--	366,450.00	366,450.00
2040	--	--	381,200.00	381,200.00
2041	--	--	389,700.00	389,700.00
2042	--	--	402,200.00	402,200.00
2043	--	--	413,450.00	413,450.00
2044	--	--	423,450.00	423,450.00
2045	--	--	437,200.00	437,200.00
2046	--	--	448,000.00	448,000.00
2047	--	--	462,800.00	462,800.00
2048	--	--	476,400.00	476,400.00
2049	--	--	488,800.00	488,800.00
TOTAL	\$3,562,718.82	\$3,519,740.00	\$11,425,940.00	\$18,508,398.82

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	\$6,300,000.00
Original Issue Premium	653,852.40
Total Sources	\$6,953,852.40

Uses of Funds

Building Fund	\$6,300,000.00
Debt Service Fund	441,378.49
Costs of Issuance ⁽¹⁾	212,473.91
Total Uses	\$6,953,852.40

⁽¹⁾ All estimated costs of issuance including, but not limited to, Underwriter's discount, printing costs, and fees of Bond Counsel, Disclosure Counsel, the Financial Advisor, the Paying Agent, premium for the municipal bond insurance policy and the rating agency.

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SECURITY FOR THE BONDS

Ad Valorem Taxes

Bonds Payable from Ad Valorem Property Taxes. The Bonds are general obligations of the District, payable solely from *ad valorem* property taxes levied on taxable property within the District and collected by the County. The County is empowered and is obligated to annually levy *ad valorem* taxes for the payment of the Bonds and the interest thereon upon all property within the District subject to taxation by the District, without limitation of rate or amount (except certain personal property which is taxable at limited rates).

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

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

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

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

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

Natural Disasters. Economic and other factors beyond the District’s control, such as economic recession, deflation of property values, a relocation out of the District or financial difficulty or bankruptcy by one or more major property taxpayers, or the complete or partial destruction of taxable property caused by, among other eventualities, earthquake, flood, fire or other natural disaster, could cause a reduction in the assessed value within the District and necessitate a corresponding increase in the annual tax rate. See “PROPERTY TAXATION- Assessed Valuation” for additional information about recent notable disasters in the State.

Building Fund

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

Debt Service Fund

Amounts to pay debt service on the Bonds will be held in the fund created and established in the Bond Resolution and known as the “Brawley Union High School District, Election of 2018, Series A Debt Service Fund” (the “**Debt Service Fund**”) for the Bonds, which will be established as a separate fund to be maintained distinct from all other funds of the County. All taxes levied by the County for the payment of the principal of and interest and premium (if any) on the Bonds will be deposited in the Debt Service Fund by the County promptly upon the receipt. The Debt Service Fund is pledged for the payment of the principal of and interest and premium (if any) on the Bonds when and as the same become due. The County will transfer amounts in the Debt Service Fund to the Paying Agent to the extent necessary to pay the principal of and interest and premium (if any) on the Bonds as the same becomes due and payable.

If, after payment in full of the Bonds, any amounts remain on deposit in the Debt Service Fund, the County shall transfer such amounts to the District’s general fund, to be applied solely in a manner which is consistent with the requirements of applicable state and federal tax law.

Not a County Obligation

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

PROPERTY TAXATION

Property Tax Collection Procedures

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

Property taxes on the secured roll are due in two installments, on November 1 and February 1 of each fiscal year. If unpaid, such taxes become delinquent after December 10 and April 10, respectively, and a 10% penalty attaches to any delinquent payment. In addition, property on the secured roll with respect to which taxes are delinquent is declared tax defaulted on or about June 30 of the fiscal year. Such property may thereafter be redeemed by payment of the delinquent taxes and a delinquency penalty, plus a redemption penalty of 1.5% 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 County.

Property taxes are levied for each fiscal year on taxable real and personal property situated in the taxing jurisdiction as of the preceding January 1. However, Senate Bill 813 (enacted by Statutes of 1983, Chapter 498) (“**SB 813**”), provided for the supplemental assessment and taxation of property as of the occurrence of a change of ownership or completion of new construction. Thus, this legislation eliminated delays in the realization of increased property taxes from new assessments. As amended, SB813 provided increased revenue to taxing jurisdictions to the extent that supplemental assessments of new construction or changes of ownership occur subsequent to the January 1 lien date and result in increased assessed value.

Property taxes on the unsecured roll are due on the January 1 lien date and become delinquent, if unpaid on the following August 31. A 10% penalty is also attached to delinquent taxes in respect of property on the unsecured roll, and further, an additional penalty of 1.5% per month accrues with respect to such taxes beginning the first day of the third month following the delinquency date. The taxing authority has four ways of collecting unsecured personal property taxes: (1) a civil action against the taxpayer; (2) filing a certificate in the office of the county clerk specifying certain facts in order to obtain a judgment lien on certain property of the taxpayer; (3) filing a certificate of delinquency for record in the county recorder’s office, in order to obtain a lien on certain property of the taxpayer; and (4) seizure and sale of personal property, improvements or possessory interests belonging or assessed to the assessee. The exclusive means of enforcing the payment of delinquent taxes in respect of property on the secured roll is the sale of the property securing the taxes for the amount of taxes which are delinquent.

Taxation of State-Assessed Utility Property

The State Constitution provides that most classes of property owned or used by regulated utilities be assessed by the State Board of Equalization (“**SBE**”) and taxed locally. Property valued by the SBE as an operating unit in a primary function of the utility taxpayer is known as “unitary property”, a concept designed to permit assessment of the utility as a going concern rather than

assessment of each individual element of real and personal property owned by the utility taxpayer. State-assessed unitary and “operating nonunitary” property (which excludes nonunitary property of regulated railways) is allocated to the counties based on the situs of the various components of the unitary property. Except for certain other excepted property, all unitary and operating nonunitary property is taxed at special county-wide rates and tax proceeds are distributed to taxing jurisdictions according to statutory formulae generally based on the distribution of taxes in the prior year.

Historic Assessed Valuations

The assessed valuation of property in the District is established by the assessor of the County, except for public utility property which is assessed by the SBE, as described above. Assessed valuations are reported at 100% of the “full value” of the property, as defined in Article XIII A of the California Constitution. For a discussion of how properties currently are assessed, see APPENDIX A under the heading “CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS.”

Certain classes of property, such as churches, colleges, not-for-profit hospitals, and charitable institutions, are exempt from property taxation and do not appear on the tax rolls.

Assessed Valuation

Assessed Valuation History. The table below shows a recent history of the District’s assessed valuation.

BRAWLEY UNION HIGH SCHOOL DISTRICT Assessed Valuation Fiscal Years 2008-09 through 2018-19

Fiscal Year	Local Secured	Utility	Unsecured	Total	% Change
2008-09	\$1,535,497,724	\$824,240	\$117,913,125	\$1,654,235,089	--%
2009-10	1,646,180,157	824,240	167,952,392	1,814,956,789	9.7
2010-11	1,622,084,728	864,949	128,295,079	1,751,244,756	(3.5)
2011-12	1,563,281,188	864,949	132,447,486	1,696,593,623	(3.1)
2012-13	1,518,001,041	881,499	144,378,182	1,663,260,722	(2.0)
2013-14	1,558,478,844	870,559	158,526,337	1,717,875,740	3.3
2014-15	1,596,240,471	870,559	184,730,351	1,781,841,381	3.7
2015-16	1,717,728,019	870,559	199,141,795	1,917,740,373	7.6
2016-17	1,798,789,918	870,559	188,784,832	1,988,445,309	3.7
2017-18	1,846,690,070	577,781	195,469,655	2,042,737,506	2.7
2018-19	1,928,682,016	577,781	189,469,762	2,118,729,559	3.7

Source: California Municipal Statistics, Inc.

Factors Relating to Increases/Decreases in Assessed Value. As indicated in the previous table, assessed valuations are subject to change in each year. Increases or decreases in assessed valuation result from a variety of factors including but not limited to general economic conditions, supply and demand for real property in the area, government regulations such as zoning, and natural disasters such as earthquakes, fires, floods and droughts.

In addition, wildfires have occurred in recent years in different regions of the State, and related flooding and mudslides have also occurred. The most destructive of the recent wildfires, which have burned thousands of acres and destroyed thousands of homes and structures, have originated in wildlands adjacent to urban areas. Although the recent natural disasters do not include

territory within the District’s boundaries, the District cannot predict or make any representations regarding the effects that wildfires, flooding, mudslides or any other natural disasters and related conditions have or may have on the value of taxable property within the District, or to what extent the effects said disasters might have had on economic activity in the District or throughout the State.

Assessed Valuation By Jurisdiction. The following table sets forth assessed valuation in the District by jurisdiction.

**BRAWLEY UNION HIGH SCHOOL DISTRICT
2018-19 Assessed Valuation by Jurisdiction**

<u>Jurisdiction:</u>	<u>Assessed Valuation in School District</u>	<u>% of School District</u>	<u>Assessed Valuation of Jurisdiction</u>	<u>% of Jurisdiction in School District</u>
City of Brawley	\$1,240,600,949	58.55%	\$1,240,600,949	100.00%
City of Westmoreland	51,945,292	2.45	\$51,945,292	100.00%
Unincorporated Imperial County	<u>826,183,318</u>	<u>38.99</u>	\$5,549,634,197	14.89%
Total District	\$2,118,729,559	100.00%		
Imperial County	\$2,118,729,559	100.00%	\$12,893,004,823	16.43%

Source: California Municipal Statistics, Inc.

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

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

	2018-19 Assessed Valuation ⁽¹⁾	% of Total	No. of Parcels	% of Total
Non-Residential:				
Agricultural	\$620,239,703	32.16%	1,441	12.78%
Commercial	165,040,400	8.56	458	4.06
Vacant Commercial	11,927,297	0.62	188	1.67
Industrial	129,099,679	6.69	88	0.78
Vacant Industrial	2,236,734	0.12	20	0.18
Recreational	2,523,920	0.13	23	0.20
Government/Social/Institutional	1,887,312	0.10	173	1.53
Miscellaneous/Vacant Desert	<u>29,790,748</u>	<u>1.54</u>	<u>1,028</u>	<u>9.12</u>
Subtotal Non-Residential	\$962,745,793	49.92%	3,419	30.32%
Residential:				
Single Family Residence	\$864,218,752	44.81%	5,811	51.53%
Mobile Home	8,351,587	0.43	113	1.00
Mobile Home Park	5,353,608	0.28	14	0.12
2-4 Residential Units	19,455,814	1.01	121	1.07
5+ Residential Units/Apartments	40,368,516	2.09	89	0.79
Vacant Residential	<u>28,187,946</u>	<u>1.46</u>	<u>1,709</u>	<u>15.16</u>
Subtotal Residential	\$965,936,223	50.08%	7,857	69.68%
Total	\$1,928,682,016	100.00%	11,276	100.00%

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

Assessed Valuation of Single Family Residential Parcels. The following table shows a breakdown of the assessed valuations of improved single-family residential parcels in the District for fiscal year 2018-19, including the median and average assessed value of single family parcels in the District.

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

	<u>No. of Parcels</u>	<u>2018-19 Assessed Valuation</u>	<u>Average Assessed Valuation</u>	<u>Median Assessed Valuation</u>
Single Family Residential	5,811	\$864,218,752	\$148,721	\$132,707

<u>2018-19 Assessed Valuation</u>	<u>No. of Parcels ⁽¹⁾</u>	<u>% of Total</u>	<u>Cumulative % of Total</u>	<u>Total Valuation</u>	<u>% of Total</u>	<u>Cumulative % of Total</u>
\$0 - \$24,999	198	3.407%	3.407%	\$ 2,841,913	0.329%	0.329%
\$25,000 - \$49,999	496	8.536	11.943	18,946,144	2.192	2.521
\$50,000 - \$74,999	483	8.312	20.255	30,353,847	3.512	6.033
\$75,000 - \$99,999	724	12.459	32.714	64,368,606	7.448	13.482
\$100,000 - \$124,999	755	12.993	45.706	84,713,972	9.802	23.284
\$125,000 - \$149,999	725	12.476	58.183	99,600,070	11.525	34.809
\$150,000 - \$174,999	624	10.738	68.921	101,157,823	11.705	46.514
\$175,000 - \$199,999	503	8.656	77.577	94,045,276	10.882	57.396
\$200,000 - \$224,999	350	6.023	83.600	74,261,958	8.593	65.989
\$225,000 - \$249,999	266	4.578	88.178	62,807,639	7.268	73.257
\$250,000 - \$274,999	201	3.459	91.637	52,730,950	6.102	79.358
\$275,000 - \$299,999	148	2.547	94.183	42,329,007	4.898	84.256
\$300,000 - \$324,999	82	1.411	95.595	25,417,002	2.941	87.197
\$325,000 - \$349,999	62	1.067	96.662	20,949,449	2.424	89.621
\$350,000 - \$374,999	44	0.757	97.419	15,885,383	1.838	91.459
\$375,000 - \$399,999	33	0.568	97.987	12,717,334	1.472	92.931
\$400,000 - \$424,999	22	0.379	98.365	9,070,657	1.050	93.980
\$425,000 - \$449,999	15	0.258	98.623	6,534,671	0.756	94.737
\$450,000 - \$474,999	24	0.413	99.036	11,082,829	1.282	96.019
\$475,000 - \$499,999	11	0.189	99.226	5,307,370	0.614	96.633
\$500,000 and greater	<u>45</u>	<u>0.774</u>	100.000	<u>29,096,852</u>	<u>3.367</u>	100.000
Total	5,811	100.000%		\$864,218,752	100.000%	

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

Reassessments and Appeals of Assessed Value

There are general means by which assessed values can be reassessed or appealed that could adversely impact property tax revenues within the District.

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

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

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

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

Proposition 8 reductions may also be unilaterally applied by the County Assessor. The District cannot predict the changes in assessed values that might result from pending or future appeals by taxpayers or by reductions initiated by the County Assessor. Any reduction in aggregate District assessed valuation due to appeals, as with any reduction in assessed valuation due to other causes, will cause the tax rate levied to repay the Bonds to increase accordingly, so that the fixed debt service on the Bonds (and other outstanding general obligation bonds, if any) may be paid.

Tax Levies and Delinquencies

The Board of Supervisors of the County has adopted the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the "**Teeter Plan**"), as provided for in Section 4701 *et seq.* of the California Revenue and Taxation Code. Under the Teeter Plan, each entity levying property taxes in the County may draw on the amount of uncollected secured taxes credited to its fund, in the same manner as if the amount credited had been collected. The District participates in the Teeter Plan, and thus receives 100% of secured property taxes levied in exchange for foregoing any interest and penalties collected on delinquent taxes. The tax levy for payment of the District's general obligation bonds, including the Bonds, is covered under the County's Teeter Plan.

So long as the Teeter Plan remains in effect, and the County continues to include the District in the Teeter Plan, the District's receipt of revenues with respect to the levy of *ad valorem* property taxes on the secured roll will not be dependent upon actual collections of the *ad valorem* property taxes by the County. However, under the statute creating the Teeter Plan, the Board of Supervisors could under certain circumstances terminate the Teeter Plan in its entirety and, in addition, the Board of Supervisors could terminate the Teeter Plan with respect to the District if the delinquency rate for all *ad valorem* property taxes levied within the District in any year exceeds 3%.

In the event that the Teeter Plan were terminated with regard to the remainder of the secured tax roll, the amount of the levy of *ad valorem* property taxes in the District would depend upon the collections of the *ad valorem* property taxes and delinquency rates experienced with respect to the parcels within the District.

Tax Rates

Below are historical typical tax rates in a typical tax rate area (Tax Rate Area 1-001) within the District for fiscal years 2014-15 through 2018-19.

BRAWLEY UNION HIGH SCHOOL DISTRICT
Typical Total Tax Rates per \$100 of Assessed Valuation (TRA 1-001) ⁽¹⁾
Fiscal Years 2014-15 through 2018-19

	2014-15	2015-16	2016-17	2017-18	2018-19
General	\$1.00000	\$1.00000	\$1.00000	\$1.00000	\$1.00000
Pioneer Memorial Hospital	.03780	.03650	.03950	.04000	.03650
Brawley Union High School District	.02570	.01740	.02960	.02940	.02670
Brawley School District	.04270	.03800	.05870	.07980	.05510
Imperial Community College District	.02610	.02560	.03250	.03670	.04500
Total Tax Rate	\$1.13870	\$1.13410	\$1.16530	\$1.18590	\$1.16330

Source: California Municipal Statistics, Inc.

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Top 20 Property Owners

The following table shows the 20 largest taxpayers in the District as determined by their secured assessed valuations in fiscal year 2018-19. Each taxpayer listed below is a unique name listed on the tax rolls. The District cannot determine from County assessment records whether individual persons, corporations or other organizations are liable for tax payments with respect to multiple properties held in various names that in aggregate may be larger than is suggested by the table below. A large concentration of ownership in a single individual or entity results in a greater amount of tax collections which are dependent upon that property owner's ability or willingness to pay property taxes.

BRAWLEY UNION HIGH SCHOOL DISTRICT Top 20 Secured Property Taxpayers Fiscal Year 2018-19

	<u>Property Owner</u>	<u>Primary Land Use</u>	<u>2018-19 Assessed Valuation</u>	<u>% of Total ⁽¹⁾</u>
1.	Alphabet Farms LLC	Agricultural	\$ 36,343,641	1.88%
2.	OWB Real Estate Holdings LLC	Industrial	35,086,300	1.82
3.	Imperial Farming LLC	Agricultural	21,545,043	1.12
4.	Five Crowns Inc.	Industrial	20,171,559	1.05
5.	MFC Imperial I LLC	Agricultural	16,590,275	0.86
6.	United States Gypsum Co.	Industrial	16,569,752	0.86
7.	Jerry Lance & Carol Yvonne Reeves, Trustees	Agricultural	14,781,734	0.77
8.	Arie H. De Jong, Trustees	Agricultural	14,706,492	0.76
9.	Wal-Mart Stores Inc.	Commercial	14,684,994	0.76
10.	Seville Solar Holding Company LLC	Solar Power Generation	13,945,638	0.72
11.	Orni LLC	Industrial	12,975,222	0.67
12.	Steven G. Dahm, Trustee	Agricultural	12,937,662	0.67
13.	Ralph & Linette Taylor, Co-Trustees	Agricultural	12,793,062	0.66
14.	Lapis Land Company LLC	Agricultural	12,423,527	0.64
15.	Three Flags Citrus LLC	Agricultural	11,109,473	0.58
16.	Inland Valley Investments LLC	Apartments	9,108,821	0.47
17.	Imperial Valley Farms LLC	Apartments	8,641,107	0.45
18.	Desert Valley Co.	Industrial	8,285,064	0.43
19.	Woodspur Farming LLC	Agricultural	8,056,162	0.42
20.	John Elmore Ranches Ltd.	Agricultural	8,031,724	0.42
			\$308,787,252	16.01%

(1) 2018-19 local secured assessed valuation: \$1,928,682,016.
Source: California Municipal Statistics, Inc.

Direct and Overlapping Debt

Set forth below is a direct and overlapping debt report (the “**Debt Report**”) prepared by California Municipal Statistics, Inc. for debt issued as of June 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.

BRAWLEY UNION HIGH SCHOOL DISTRICT Statement of Direct and Overlapping Bonded Debt (Debt Issued as of June 1, 2019)

2018-19 Assessed Valuation: \$2,118,729,559

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt 6/1/19</u>
Imperial Community College District	16.850%	\$17,601,715
Brawley Union High School District	100.000	6,015,000⁽¹⁾
Brawley School District	100.000	14,755,000
Westmorland Union School District	100.000	110,000
Pioneers Memorial Hospital District	55.442	<u>4,019,545</u>
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		\$42,501,260
<u>OVERLAPPING GENERAL FUND DEBT:</u>		
Imperial County Certificates of Participation	16.433%	\$ 1,071,432
Imperial County Pension Obligation Bonds	16.433	4,973,447
Imperial County Office of Education General Fund Obligations	16.433	1,347,827
City of Brawley Pension Obligation Bonds	100.000	15,305,000
Brawley Union High School District General Fund Obligations	100.000	<u>4,500,000⁽²⁾</u>
TOTAL OVERLAPPING GENERAL FUND DEBT		\$27,197,706
<u>OVERLAPPING TAX INCREMENT DEBT (Successor Agencies):</u>		
Brawley Redevelopment Agency	100.000%	\$4,240,000
Westmorland Redevelopment Agency	100.000	<u>355,000</u>
TOTAL OVERLAPPING TAX INCREMENT DEBT		\$4,595,000
COMBINED TOTAL DEBT		\$74,293,966⁽³⁾

Ratios to 2018-19 Assessed Valuation:

DIRECT DEBT (\$6,015,000)	0.28%
Total Direct and Overlapping Tax and Assessment Debt.....	2.01%
Combined Direct Debt (\$10,515,000)	0.50%
Combined Total Debt.....	3.51%

Ratios to Redevelopment Successor Agencies Incremental Valuation (\$273,381,647):

Total Overlapping Tax Increment Debt	1.68%
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(1) Excludes issue to be sold.

(2) Qualified Zone Academy Bonds (QZABs) (principal due at maturity).

(3) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Source: California Municipal Statistics, Inc.

BOND INSURANCE

The following information has been furnished by the Bond Insurer for use in this Official Statement. No representation is made as to the accuracy or completeness of this information, or the absence of material adverse changes therein at any time subsequent to the date hereof. Reference is made to APPENDIX H for a specimen of the Policy.

Bond Insurance Policy

Concurrently with the issuance of the Bonds, the Bond Insurer will issue the Policy for the Bonds. The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as APPENDIX H to this Official Statement.

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

Build America Mutual Assurance Company

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

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

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

BAM's financial strength is rated "AA" by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("**S&P**"). An explanation of the significance of the rating and current reports may be obtained from S&P at www.standardandpoors.com. The rating of BAM should be evaluated independently. The rating reflects the S&P's current assessment of the creditworthiness of BAM and its ability to pay claims on its policies of insurance. The above rating is not a recommendation to buy, sell or hold the Bonds, and such rating is subject to revision or withdrawal at any time by S&P, including withdrawal initiated at the request of BAM in its sole discretion. Any downward revision or withdrawal of the above rating may have an adverse effect on the market price of the Bonds. BAM only guarantees scheduled principal and scheduled interest payments payable by the issuer of the Bonds on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the Policy), and BAM does not guarantee the market price or liquidity of the Bonds, nor does it guarantee that the rating on the Bonds will not be revised or withdrawn.

Capitalization of the Bond Insurer. BAM's total admitted assets, total liabilities, and total capital and surplus, as of March 31, 2019, and as prepared in accordance with statutory accounting

practices prescribed or permitted by the New York State Department of Financial Services were \$513.9 million, \$105 million and \$408.9 million, respectively.

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

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

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

Additional Information Available from the Bond Insurer

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

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

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

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

BOND INSURANCE RISKS

In the event of default of the payment of principal or interest with respect to the Bonds when all or some becomes due, any owner of the Bonds shall have a claim under the applicable Policy for such payments. However, in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments are to be made in such amounts and at such times as such payments would have been due had there not been any such acceleration. The Policy does not insure against redemption premium, if any. The payment of principal and interest in connection with mandatory or optional prepayment of the Bonds by the District which is recovered by the District from the bond owner as a voidable preference under applicable bankruptcy law is covered by the insurance policy, however, such payments will be made by the Bond Insurer at such time and in such amounts as would have been due absence such prepayment by the District unless the Bond Insurer chooses to pay such amounts at an earlier date.

Under most circumstances, default of payment of principal and interest does not obligate acceleration of the obligations of the Bond Insurer without appropriate consent. The Bond Insurer may direct and must consent to any remedies and the Bond Insurer's consent may be required in connection with amendments to any applicable bond documents.

In the event the Bond Insurer is unable to make payment of principal and interest as such payments become due under the Policy, the Bonds are payable solely from the moneys received pursuant to the applicable bond documents. In the event the Bond Insurer becomes obligated to make payments with respect to the Bonds, no assurance is given that such event will not adversely affect the market price of the Bonds or the marketability (liquidity) for the Bonds.

The long-term ratings on the Bonds are dependent in part on the financial strength of the Bond Insurer and its claim paying ability. The Bond Insurer's financial strength and claims paying ability are predicated upon a number of factors which could change over time. No assurance is given that the long-term ratings of the Bond Insurer and of the ratings on the Bonds insured by the Bond Insurer will not be subject to downgrade and such event could adversely affect the market price of the Bonds or the marketability (liquidity) for the Bonds. See description of RATINGS herein.

The obligations of the Bond Insurer are general obligations of the Bond Insurer and in an event of default by the Bond Insurer, the remedies available may be limited by applicable bankruptcy law or other similar laws related to insolvency.

Neither the District or Underwriter have made independent investigation into the claims paying ability of the Bond Insurer and no assurance or representation regarding the financial strength or projected financial strength of the Bond Insurer is given. Thus, when making an investment decision, potential investors should carefully consider the ability of the District to pay principal and interest on the Bonds and the claims paying ability of the Bond Insurer, particularly over the life of the investment. See "BOND INSURANCE" herein for further information provided by the Bond Insurer and the Policy, which includes further instructions for obtaining current financial information concerning the Bond Insurer.

TAX MATTERS

Tax Exemption

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

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

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

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

Under the Tax Code, original issue premium is amortized on an annual basis over the term of the Bond (said term being the shorter of the Bond's maturity date or its call date). The amount of original issue premium amortized each year reduces the adjusted basis of the owner of the Bond for purposes of determining taxable gain or loss upon disposition. The amount of original issue premium on a Bond is amortized each year over the term to maturity of the Bond on the basis of a constant

interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). Amortized Bond premium is not deductible for federal income tax purposes. Owners of premium Bonds, including purchasers who do not purchase in the original offering, should consult their own tax advisors with respect to State of California personal income tax and federal income tax consequences of owning such Bonds.

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

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

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

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

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

CERTAIN LEGAL MATTERS

Legality for Investment

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

Absence of 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 that (i) questions the political existence of the District, (ii) contests the District's ability to receive *ad valorem* taxes or to collect other revenues or (iii) contests the District's ability to issue and retire the Bonds.

The District is routinely subject to lawsuits and claims. In the opinion of the District, the aggregate amount of the uninsured liabilities of the District under these lawsuits and claims will not materially affect the financial position or operations of the District.

Compensation of Certain Professionals

Payment of the fees and expenses of Jones Hall, A Professional Law Corporation, as Bond Counsel and Disclosure Counsel to the District, Isom Advisors, a Division of Urban Futures, Inc., as financial advisor to the District, and Norton Rose Fulbright US LLP, as counsel to the Underwriter, are contingent upon issuance of the Bonds.

CONTINUING DISCLOSURE

The District will execute the Continuing Disclosure Certificate in connection with the issuance of the Bonds, and covenant therein, for the benefit of holders and beneficial owners of the Bonds to provide certain financial information and operating data relating to the District to the Municipal Securities Rulemaking Board (an “**Annual Report**”) not later than nine months after the end of the District's fiscal year (which currently is June 30), commencing March 31, 2020, with the report for the 2018-19 Fiscal Year, and to provide notices of the occurrence of certain enumerated events. Such notices will be filed by the District with the Municipal Securities Rulemaking Board. The specific nature of the information to be contained in an Annual Report or the notices of enumerated events is set forth in the form of Continuing Disclosure Certificate attached as APPENDIX E. These covenants have been made in order to assist the Underwriter of the Bonds in complying with S.E.C. Rule 15c2-12(b)(5) (the “**Rule**”).

In the previous five years, the District failed to (i) file its audited financial statements and Annual Reports for fiscal years 2013-14 and 2014-15, and (ii) timely file its audited financial statements and Annual Report for fiscal year 2015-16. The above instances of non-compliance have been remediated. The District has engaged Isom Advisors, a Division of Urban Futures, Inc., to serve as dissemination agent with respect to each of its continuing disclosure undertakings, including the undertaking to be entered into for the Bonds.

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

RATINGS

S&P has assigned a rating of "AA" to the Bonds, based on the understanding that BAM will deliver its Policy with respect to the Bonds. See "BOND INSURANCE."

In addition, Moody's Investors Services ("**Moody's**"), has assigned an underlying rating of "A1" to the Bonds. The District has provided certain additional information and materials to Moody's (some of which does not appear in this Official Statement to the extent deemed not material for investment purposes). Such ratings reflect only the view of the respective rating agency, and an explanation of the significance of such ratings and outlook may be obtained only from S&P or Moody's. There is no assurance that any credit ratings given to the Bonds will be maintained for any period of time or that the ratings may not be lowered or withdrawn entirely if, in such rating agency's judgment, circumstances so warrant. Any such downward revision or withdrawal of a rating may have an adverse effect on the market price of the Bonds.

UNDERWRITING

The Bonds are being purchased by RBC Capital Markets, LLC (the "**Underwriter**"). The Underwriter has agreed to purchase the Bonds at a price of \$6,741,378.49, which is equal to the initial principal amount of the Bonds of \$6,300,000.00, plus original issue premium of \$653,852.40, less an Underwriter's discount of \$47,250.00, and less \$165,223.91 for the payment of costs of issuance of the Bonds.

The bond purchase agreement relating to the Bonds provides that the Underwriter will purchase all of the Bonds if any are purchased, and provides that the Underwriter's obligation to purchase is subject to certain terms and conditions, including the approval of certain legal matters by counsel.

The Underwriter and its respective affiliates are full-service financial institutions engaged in various activities that may include securities trading, commercial and investment banking, municipal advisory, brokerage, and asset management. In the ordinary course of business, the Underwriter and its respective affiliates may actively trade debt and, if applicable, equity securities (or related derivative securities) and provide financial instruments (which may include bank loans, credit support or interest rate swaps). The Underwriter and its respective affiliates may engage in transactions for their own accounts involving the securities and instruments made the subject of this securities offering or other offering of the District. The Underwriter and its respective affiliates may make a market in credit default swaps with respect to municipal securities in the future. The Underwriter and its respective affiliates may also communicate independent investment recommendations, market color or trading ideas and publish independent research views in respect of this securities offering or other offerings of the District.

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APPENDIX A

GENERAL AND FINANCIAL INFORMATION ABOUT THE DISTRICT

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

General Information

The District encompasses an area of approximately 175 square miles in Imperial County (the "**County**") and is located in and around the City of Brawley (the "**City**"). The District currently operates one high school, one continuation high school, one community day school and one adult school. Enrollment in the District for the 2018-19 school year is estimated to be 1,943 students.

See also APPENDIX C hereto for demographic and other statistical information regarding the City and County.

Administration

The District is governed by a five-member Board of Trustees, each member of which is elected to a four-year term. Current members of the Board of Trustees, together with their office and the date their term expires, are listed below.

<u>Name</u>	<u>Office</u>	<u>Term Expires</u>
Patti Wilson	President	December 2020
Rusty Garcia	Vice President	December 2020
Gabriel Contreras	Clerk	December 2022
Karin Morgan	Trustee	December 2022
Carol Sassie	Trustee	December 2020

Administrative Personnel. The Superintendent of the District, appointed by the Board, is responsible for management of the day-to-day operations and supervises the work of other District administrators. Simon Canalez is currently the Superintendent of the District and Jennifer Layaye is the Chief Business Officer.

Recent Enrollment Trends

The following table shows a recent history and budgeted enrollment for the District.

**ANNUAL ENROLLMENT
Fiscal Years 2014-15 through 2018-19
Brawley Union High School District**

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>% Change</u>
2014-15	1,878	--%
2015-16	1,885	0.4
2016-17	1,846	(2.1)
2017-18	1,857	0.6
2018-19 ⁽¹⁾	1,943	4.6

⁽¹⁾ Projected.
 Source: California Department of Education for 2014-15 through 2017-18; Brawley Union High School District for 2018-19.

Employee Relations

The District has 84.4 certificated full-time equivalent (“FTE”) employees, 51.3 classified FTE employees, and 36.0 management, supervisor and confidential FTE employees.

The certificated and classified employees of the District are represented by two bargaining units, as set forth in the following table.

**BARGAINING UNITS
Brawley Union High School District**

<u>Employee Group</u>	<u>Representation</u>	<u>Contract Expiration Date</u>
Certificated	Brawley Union High School Teachers’ Association	June 30, 2019
Classified	California School Employees’ Association	June 30, 2019

Source: The District.

DISTRICT FINANCIAL INFORMATION

Education Funding Generally

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

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

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

- A base grant for each local education agency per unit of ADA, which varies with respect to different grade spans. The base grant is \$2,375 more than the average revenue limit provided prior to LCFF implementation. The base grants will be adjusted upward each year to reflect cost-of-living increases. In addition, grades K-3 and 9-12 are subject to adjustments of 10.4% and 2.6%, respectively, to cover the costs of class size reduction in grades K-3 and the provision of career technical education in grades 9-12.
- A 20% supplemental grant for English learners, students from low-income families and foster youth to reflect increased costs associated with educating those students.
- An additional concentration grant of up to 50% of a local education agency's base grant, based on the number of English learners, students from low-income families and foster youth served by the local agency that comprise more than 55% of enrollment.

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

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

Funding levels used in the LCFF target entitlement calculations, not including any supplemental or concentration grant funding entitlements, for fiscal year 2018-19 are set forth in the following table. Full implementation occurred in fiscal year 2018-19 in connection with adoption of the State Budget for said fiscal year.

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

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

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

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

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

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

District Accounting Practices

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

District accounting is organized on the basis of funds, with each group consisting of a separate accounting entity. The major fund classification is the general fund which accounts for all financial resources not requiring a special fund placement. The District's fiscal year begins on July 1 and ends on June 30. For more information on the District's basis of accounting and fund accounting, see Note 1 of APPENDIX B to the Official Statement.

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

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

Financial Statements

General. The District's general fund finances the legally authorized activities of the District for which restricted funds are not provided. General fund revenues are derived from such sources as State school fund apportionments, taxes, use of money and property, and aid from other governmental agencies. The District's June 30, 2018 Audited Financial Statements were prepared by Wilkinson Hadley King & Co., LLP, CPAs and Advisors, El Cajon, California, and are attached to the Official Statement as APPENDIX B. Audited financial statements for the District for prior fiscal years are on file with the District and available for public inspection at the Office of the Chief Business Officer of the District, Brawley Union High School District, 480 North Imperial Avenue, Brawley 92227. The District has not requested, and the auditor has not provided, any review or update of such Financial Statements in connection with inclusion in this Official Statement.

General Fund Revenues, Expenditures and Changes in Fund Balance. The following table shows the audited income and expense statements for the District for the fiscal years 2013-14 through 2017-18.

GENERAL FUND REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
Fiscal Years 2013-14 through 2017-18 (Audited)
Brawley Union High School District ⁽¹⁾

	Audited 2013-14	Audited 2014-15	Audited 2015-16	Audited 2016-17	Audited 2017-18
Revenues					
LCFF sources	\$14,255,478	\$16,020,244	\$18,099,494	\$19,212,443	\$19,573,185
Federal Revenue	1,134,847	1,204,669	1,408,255	1,272,197	1,309,633
Other State Revenue	1,668,966	1,237,036	2,287,067	2,407,978	2,234,527
Other Local Revenue	1,336,718	1,416,786	701,907	753,603	709,589
Total Revenues	18,396,009	19,879,472	22,496,693	23,646,221	23,826,934
Expenditures					
Instruction	9,025,750	10,031,029	10,570,690	12,542,416	13,230,386
Instruction-Related Services	852,684	1,161,500	1,368,072	1,559,212	1,690,845
Pupil Services	2,349,949	2,471,854	2,356,039	3,018,793	3,215,570
Ancillary Services	671,339	831,967	878,060	907,542	1,086,382
Community Services	110,365	145,312	108,450	115,567	105,477
General Administration	1,220,540	1,392,875	1,384,141	1,282,619	1,472,432
Plant services	1,906,721	2,772,659	2,241,799	2,551,918	2,595,558
Other Outgo	893,813	940,699	22,411	260,032	259,856
Capital Outlay	--	--	1,758,505	748,722	438,615
Debt Service:					
Principal	--	--	264,706	264,706	264,706
Interest	--	--	--	--	--
Total Expenditures	17,031,161	19,747,895	21,154,873	23,251,527	24,359,827
Excess (Deficiency) of Revenues over expenditures	1,364,848	131,577	1,341,820	394,694	(532,893)
Operating Transfers in	--	--	--	280,083	--
Operating Transfers out	(125,581)	(288,302)	(131,835)	(142,325)	(75,799)
Total other financing sources (uses)	(125,581)	(288,302)	(131,835)	137,758	(75,799)
Net Change in Fund Balance	1,239,267	(156,725)	1,209,985	532,452	(608,692)
Fund Balance, July 1	5,906,475	7,145,742	6,989,017	8,199,001	8,731,452
Fund Balance, June 30	\$7,145,742	\$6,989,017	\$8,199,002	\$8,731,453	\$8,122,760

(1) Columns may not sum to totals due to rounding.
Source: Brawley Union High School District Audit Reports.

District Budget and Interim Financial Reporting

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

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

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

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

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

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

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

Copies of the District's budget, interim reports and certifications may be obtained upon request from the District Office at Brawley Union High School District, 480 North Imperial Avenue, Brawley, 92227, Telephone: (760) 312-6080. The District may impose charges for copying, mailing and handling.

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District's General Fund. The following table shows the general fund figures for the District for fiscal year 2018-19 (adopted budget) and 2018-19 (second interim projections).

BRAWLEY UNION HIGH SCHOOL DISTRICT
Revenues, Expenditures, and Changes in General Fund Balance
Fiscal Year 2018-19 (Adopted Budget)
Fiscal Year 2018-19 (Second Interim Projections)

Revenues	Adopted Budget 2018-19	Second Interim 2018-19
Total LCFF Sources	\$21,137,194	\$21,949,611
Federal Revenues	1,379,864	1,433,430
Other state revenues	1,844,952	1,826,834
Other local revenues	752,731	752,731
Total Revenues	25,114,741	25,962,606
Expenditures		
Certificated Salaries	10,952,972	11,097,999
Classified Salaries	3,833,400	3,849,858
Employee Benefits	5,459,467	5,448,066
Books and Supplies	1,814,508	1,867,208
Contract Services & Operating Exp.	2,478,365	2,672,552
Capital Outlay	226,572	246,401
Other Outgo (excluding indirect costs)	541,602	541,602
Other Outgo – Transfers of Indirect Costs	--	--
Total Expenditures	25,306,886	25,723,686
Excess of Revenues Over/(Under) Expenditures	(192,145)	238,920
Other Financing Sources (Uses)		
Operating transfers in	--	--
Operating transfers out	(132,922)	(140,247)
Other sources	--	--
Contributions	--	--
Total Other Financing Sources (Uses)	(132,922)	(140,247)
Net change in fund balance	(325,067)	98,673
Fund Balance, July 1	7,586,027	7,586,027
Fund Balance, June 30	\$7,260,960	\$7,684,700

Source: Brawley Union High School District Adopted Budget for fiscal year 2018-19 and 2018-19 Second Interim Report.

District Reserves. The District's ending fund balance is the accumulation of surpluses from prior years. This fund balance is used to meet the State's minimum required reserve of 3% of expenditures, plus any other allocation or reserve which might be approved as an expenditure by the District in the future. The District's Board has adopted a policy to maintain a reserve of at least 10% of the general fund balance.

In connection with legislation adopted in connection with the State's fiscal year 2014-15 Budget ("SB 858"), the Education Code was amended to provide that, beginning in fiscal year 2015-16, if a district's proposed budget includes a local reserve above the minimum recommended level, the governing board must provide the information for review at the annual

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

On October 11, 2017, the Governor signed new legislation (“**SB 751**”) amending Section 42127.01 of the Education Code, effective January 1, 2018. SB 751 raises the reserve cap established under SB 858 to no more than 10% of a school district’s combined assigned or unassigned ending general fund balance and provides that the reserve cap will be triggered only if there is a minimum balance of 3% of the Proposition 98 reserve. Basic aid school districts and small districts with 2,500 or fewer ADA are exempt from the reserve cap.

Attendance - Revenue Limit and LCFF Funding

Funding Trends under LCFF. As described herein, prior to fiscal year 2013-14, school districts in California received State funding based on a formula which considered a revenue limit per unit of ADA. With the implementation of the LCFF, commencing in fiscal year 2013-14, school districts receive base funding based on ADA, and may also be entitled to supplemental funding, concentration grants and funding based on an economic recovery target. The following table sets forth recent LCFF funding per ADA for the District for fiscal years 2013-14 through 2018-19 (projected).

**BRAWLEY UNION HIGH SCHOOL DISTRICT
ADA and LCFF Funding
Fiscal Years 2013-14 through 2018-19 (Projected)**

Fiscal Year	P-2 ADA	LCFF Funding Per ADA
2013-14	1,753	\$8,133
2014-15	1,756	9,123
2015-16	1,758	10,297
2016-17	1,744	11,019
2017-18	1,757	11,140
2018-19 ⁽¹⁾	1,853	11,845

⁽¹⁾ Second Interim Projections.
Source: California Department of Education; Brawley Union High School District.

District’s Unduplicated Student Count. Under LCFF, school districts are entitled to supplemental funding based on the unduplicated count of targeted students. The District’s percentage of unduplicated students is approximately 74% for purposes of calculating supplemental and concentration grant funding under LCFF.

Revenue Sources

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

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

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

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

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

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

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

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

For additional discussion of State aid to school districts, see “-Education Funding Generally.”

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

District Retirement Systems

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

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

**STRS Contributions
Brawley Union High School District
Fiscal Years 2015-16 through 2018-19 (Projected)**

Fiscal Year	Amount
2015-16	\$1,233,392
2016-17	1,713,153
2017-18	1,954,890
2018-19 ⁽¹⁾	2,550,510

⁽¹⁾ Second Interim Projections.
Source: Brawley Union High School District.

Historically, employee, employer and State contribution rates did not vary annually to account for funding shortfalls or surpluses in the STRS plan. In recent years, the combination of investment earnings and statutory contributions were not sufficient to pay actuarially required amounts. As a result, the STRS defined benefit program showed an estimated unfunded actuarial liability of approximately \$107.2 billion as of June 30, 2018 (the date of the last actuarial valuation). In connection with the State’s adoption of its fiscal year 2014-15 Budget, the Governor signed into law Assembly Bill 1469 (“**AB 1469**”), which represents a legislative effort to address the unfunded liabilities of the STRS pension plan. AB 1469 addressed the funding gap by increasing contributions by employees, employers and the State. In particular, employer contribution rates are scheduled to increase through at least fiscal year 2020-21, from a contribution rate of 8.88% in fiscal year 2013-14 to 19.1% in fiscal year 2020-21. Thereafter, employer contribution rates

will be determined by the STRS board to reflect the contribution required to eliminate unfunded liabilities by June 30, 2046.

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

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

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

(1) Expressed as a percentage of covered payroll.
Source: AB 1469

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

**PERS Contributions
Brawley Union High School District
Fiscal Years 2015-16 through 2018-19 (Projected)**

Fiscal Year	Amount
2015-16	\$291,467
2016-17	301,135
2017-18	398,222
2018-19 ⁽¹⁾	573,200

(1) Second Interim Projections.
Source: Brawley Union High School District.

Like the STRS program, the PERS program has experienced an unfunded liability in recent years. The PERS unfunded liability, on a market value of assets basis, was approximately \$27.2 billion as of June 30, 2018 (the date of the last actuarial valuation). To address this issue, the PERS board has taken a number of actions. In April 2013, for example, the PERS board approved changes to the PERS amortization and smoothing policy intended to reduce volatility in employer contribution rates. In addition, in April 2014, PERS set new contribution rates, reflecting new demographic assumptions and other changes in actuarial assumptions. In November 2015, PERS adopted a funding risk mitigation policy intended to incrementally lower its discount rate (its assumed rate of investment return) in years of good investment returns, help pay down the

pension fund's unfunded liability, and provide greater predictability and less volatility in contribution rates for employers. In December 2016, PERS voted to lower its discount rate from the current 7.5% to 7.0% over the next three years according to the following schedule.

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

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

Source: PERS.

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

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

**EMPLOYER CONTRIBUTION RATES (PERS)
Fiscal Years 2019-20 through 2022-23⁽¹⁾**

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

(1) The PERS board is expected to approve official employer contribution rates for each fiscal year shown during the immediately preceding fiscal year.

(2) Expressed as a percentage of covered payroll.

Source: PERS

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

hired on or after that date; existing employees who are members of employee associations, including employee associations of the District, have a five-year window to negotiate compliance with PEPRA through collective bargaining.

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

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

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

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

Other Post-Employment Retirement Benefits

The Plan Generally. The District's defined other postemployment benefit ("OPEB") plan, Brawley Union High School District Retiree Health Care Plan (the "Plan") provides OPEB for retirees and their eligible dependents that meet eligibility requirements until age 65. Retirees and their eligible dependents 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. Membership of the Plan consists of 14 retirees and beneficiaries currently receiving benefits and 161 active plan members.

Plan Eligibility. Certificated employees (members of the Brawley Union High School Teachers' Association) may retire with District-paid healthcare benefits after the later of age 55 and 15 years of service immediately prior to retirement. The District will make monthly contributions up to a cap shown below, which may be adjusted periodically through collective bargaining.

CSEA unit members hired before July 1, 1997 may retire with District-paid healthcare benefits after the later of age 55 and 15 consecutive years of service prior to retirement. Classified employees hired on or after July 1, 1997 may retire with District-paid healthcare benefits after the later of age 55 and 20 consecutive years of service prior to retirement. The District will make monthly contributions up to a cap of \$767.53 per month, which may be adjusted periodically through collective bargaining.

BUHSTA unit members with full-time equivalencies (FTE) less than 50% are not eligible for District-paid retiree healthcare benefits. CSEA unit members with FTE less than 100% receive a prorated District contribution towards retiree healthcare benefits. Retirees may self-pay for spousal and dependent coverage and/or to buy up to a more expensive medical plan. Benefits end at age 65. Certificated Management, Classified Management, Pupil Personnel, and Board Members receive the same retiree health benefits as Certificated unit members. Confidential employees receive the same retiree health benefits as CSEA unit members up to a cap of \$767.53 per month.

Actuarial Assumptions and Other Inputs. The District's total OPEB liability of \$3,434,520 was measured as of June 30, 2017 and was determined by an actuarial valuation as of that date using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified: inflation 3.00%, per annum, salary increases 3.00%, per annum, in aggregate, and healthcare cost trend rates 6.00% decreasing to 5.00%. The discount rate is the average, rounded to 5 basis points, of the range of 3-20 year municipal bond rate indices: S&P Municipal Bond 20 Year High Grade Rate Index, Bond Buyer 20-Bond GO Index, and Fidelity GO 20 Year Bond Index

Mortality rates are based on the most recent rates used by CalPERS and CalSTRS for pension valuations. The CalPERS mortality table was developed based on CalPERS specific data. The table includes 20 years of mortality improvements using the Society of Actuaries Scale BB. The CalSTRS mortality table was developed based on CalSTRS specific data. The table includes mortality improvements set at 110% of the ultimate improvement factor from the Mortality Improvement Scale (MP-2016) table, issued by the Society of Actuaries. The actuarial assumptions used in the June 30, 2017 valuation were based on the results of CalPERS actuarial

experience study for the period July 1, 1997 through June 30, 2011 and the CalSTRS experience study for the period July 1, 2010 through June 30, 2015.

Changes in OPEB Liability of the District. The changes in OPEB liability of the District as of June 30, 2018, is shown in the following table:

CHANGES IN TOTAL OPEB LIABILITY Brawley Union High School District		Total OPEB Liability
Balance at June 30, 2017		\$3,342,153
Service Cost		152,715
Interest		102,087
Benefit payments		<u>(162,435)</u>
Net changes		92,367
Balance at June 30, 2018		\$3,434,520

Source: Brawley Union High School District Audit Report.

OPEB Expense. For the year ended June 30, 2018, the District recognized an OPEB expense of \$254,802.

For more information regarding the District’s OPEB and assumptions used in its most recent actuarial study, see Note L of APPENDIX B to the Official Statement.

Insurance – Joint Powers Agreement

The District participates in joint powers agreements (“**JPA**s”) with the San Diego County Fringe Benefits Consortium (“**FBC**”), Imperial County Schools Property and Liability (“**ICSPL**”), Self-Insured Schools of California (“**SISC III**”), and Schools Excess Liability Fund (“**SELF**”). The relationship between the District and the JPA’s is such that the JPAs are not component units of the District.

The JPA’s arrange for and provide for various types of insurance for its member districts as requested. Each JPA is governed by a board consisting of a representative from each member district. The board controls the operations of the JPA’s, 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’s. Combined condensed unaudited financial information for ICSPL, SISC III, and SELF for the fiscal year ended June 30, 2018 can be obtained from the JPA.

Existing Debt Obligations

General Obligation Bonds. Prior to the issuance of the Bonds, the District has two outstanding issuance of general obligation refunding bonds secured by *ad valorem* taxes levied and collected within the District, on a parity basis with the Bonds.

On December 20, 2012, the District issued its 2012 Refunding Bonds. The net proceeds of the 2012 Refunding Bonds were used to refund a portion of the District’s General Obligation Bonds 1998 Election, Series 1999 and the District’s General Obligation Bonds 1998 Election, Series 2002. The 2012 Refunding Bonds mature in 2031 and are currently outstanding in the aggregate principal amount of \$3,065,000.

On May 6, 2014, the District privately placed its the 2014 Refunding Bonds. The net proceeds of the 2014 Refunding Bonds were used to refund a portion of the District’s 2006 General Obligation Refunding Bonds. The 2014 Refunding Bonds mature in 2029 and are currently outstanding in the aggregate principal amount of \$2,950,000.00.

See “DEBT SERVICE SCHEDULES” in the body of this Official Statement for the remaining debt service due on the District’s outstanding general obligation bonds.

Investment of District Funds

In accordance with Government Code Section 53600 *et seq.*, the County Treasurer manages funds deposited with it by the District. The County is required to invest such funds in accordance with California Government Code Sections 53601 *et seq.* In addition, counties are required to establish their own investment policies which may impose limitations beyond those required by the Government Code. See APPENDIX G to the Official Statement for the County’s current investment policy and recent investment report.

Effect of State Budget on Revenues

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

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

STATE FUNDING OF EDUCATION; RECENT STATE BUDGETS

State Funding of Education

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

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

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

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

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

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

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

Recent State Budgets

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

- The California State Treasurer internet home page at www.treasurer.ca.gov, under the heading "Bond Information", posts various State of California Official Statements, many of which contain a summary of the current State budget, past State budgets, and the impact of those budgets on school districts in the State.
- The California State Treasurer's Office Internet home page at www.treasurer.ca.gov, under the heading "Financial Information", posts the State's audited financial statements. In addition, the Financial Information section includes the State's Rule 15c2-12 filings for State bond issues. The Financial Information section also includes the Overview of the State Economy and Government, State Finances, State Indebtedness, Litigation from the State's most current Official Statement, which discusses the State budget and its impact on school districts.
- The California Department of Finance's Internet home page at www.dof.ca.gov, under the heading "California Budget", includes the text of proposed and adopted State budgets.
- The State Legislative Analyst's Office prepares analyses of the proposed and adopted State budgets. The analyses are accessible on the Legislative Analyst's Internet home page at www.lao.ca.gov under the heading "Subject Area – Budget (State)".

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

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

2018-19 State Budget

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

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

- \$640 million in Proposition 51 State bond authority for school facilities;
- \$1 billion in federal and state funds, over four years, for early childhood programs, including the addition of placement for 13,400 child-care and 2,947 preschool children, and \$450 million to reduce the number of children living in deep poverty;
- one-time funding for K-12 school districts to fund various programs, including \$300 million for the lowest-performing student subgroups, \$125 million to address the shortage of special education teachers, and \$100 million to expand facilities for kindergarten and transitional kindergarten;
- \$54 million for county offices of education to support school districts needing additional assistance, as determined based on multiple performance indicators;
- \$100 million for local fire response, including \$32.9 million to backfill property tax revenue losses that cities, counties and districts incurred in fiscal year 2017-18 and will incur in fiscal year 2018-19 from wildfires, mudslides and other natural disasters, and a hold harmless provision allowing local education agencies to recoup revenue that has been lost due to declines in average daily attendance that are directly associated with these disasters;
- \$185.4 million to multiple state agencies for the first year of implementation of a \$4 billion parks and water bond measure approved by voters in 2018; and

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

2019-20 Proposed State Budget

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

The 2019-20 Proposed Budget raises the Proposition 98 minimum funding guarantee for school districts and community college districts to \$80.7 billion, a new all-time high, which includes an additional \$2 billion in Proposition 98 funding for the LCFF, reflecting a 3.46% cost-of-living adjustment, and brings total LFCC funding to \$63 billion. To address the rising costs of STRS pensions, the 2019-20 Proposed Budget also includes a \$3 billion one-time general fund payment to STRS on behalf of school districts, which is expected to provide immediate relief and reduce the out-year contribution rate by 0.5%. The 2019-20 Proposed State Budget also includes a \$750 million one-time general fund payment to fund new or retrofitted facilities for full-day kindergarten programs and other activities that reduce barriers to providing full-day kindergarten and a general fund payment of \$576 million (\$186 million is one-time) to support expanded special education services in school districts with a high concentration of special education students. The Governor is required to release a revision to the proposed budget by May 14 of each year.

May Revision. On May 9, 2019, the Governor released the May Revision to the 2019-20 Proposed Budget (the “**May Revision**”). The May Revision projects short-term revenues of \$3.2 billion above the 2019-20 Proposed Budget, most of which are constitutionally committed funds, so the budget surplus remains relatively the same as the surplus projected in the 2019-20 Proposed Budget. The May Revision forecasts slower growth in the economy, noting that even a moderate economic decline could result in revenue declines of nearly \$70 billion and a budget deficit of \$40 billion over three years. The May Revision allocates \$15 billion to building budgetary resiliency and paying down unfunded liabilities, which is \$1.4 billion higher than the amount originally proposed in the 2019-20 Proposed Budget. This includes \$4.5 billion to eliminate debts and reverse deferrals, \$5.7 billion to build reserves, and \$4.8 billion to pay down unfunded retirement liabilities.

With respect to funding for education, \$75.6 billion of funding is provided for K-14 education under Proposition 98, representing an increase of \$389.3 million from the 2019-20 Proposed Budget, due in part to a slightly slower decline in ADA than originally projected. The May Revision includes total funding of \$101.8 billion for all K-12 education programs. In addition, the May Revision adds \$150 million in one-time non-Proposition 98 funds in order to reduce the

STRS employer contribution rate to 16.7% in 2019-20. Finally, the May Revision proposes an increase of \$142.1 million in 2019-20 for school districts, special education local plan areas and county offices of education as a result of lower offsetting property tax revenues, and approximately \$2.7 million in one-time wildfire-related cost adjustments for property tax backfill for basic aid school districts impacted by recent wildfires, and student nutrition programs resulting from wildfire-related losses.

Disclaimer Regarding State Budgets. The implementation of the State Budget and future State budgets may be affected by numerous factors, including but not limited to: (i) shifts in costs from the federal government to the State, (ii) national, State and international economic conditions, (iii) litigation risks associated with proposed spending reductions, (iv) rising health care costs and/or other unfunded liabilities, such as pension or OPEB, and (v) numerous other factors, all or any of which could cause the revenue and spending projections included in such budgets to be unattainable. The District cannot predict the impact that the 2019-20 Proposed State Budget, or subsequent state budgets, will have on its own finances and operations. However, the Bonds are secured by *ad valorem* taxes levied and collected on taxable property in the District, without limit as to rate or amount, and are not secured by a pledge of revenues of the District or its general fund.

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

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

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

Legal Challenges to State Funding of Education

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

CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS

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

Constitutionally Required Funding of Education

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

Article XIII A of the California Constitution

Basic Property Tax Levy. On June 6, 1978, California voters approved Proposition 13 (“**Proposition 13**”), which added Article XIII A to the State Constitution (“**Article XIII A**”). Article XIII A limits the amount of any *ad valorem* tax on real property to 1% of the full cash value thereof, except that additional *ad valorem* taxes may be levied to pay debt service on (i) indebtedness approved by the voters prior to July 1, 1978, (ii) (as a result of an amendment to Article XIII A approved by State voters on June 3, 1986) bonded indebtedness for the acquisition or improvement of real property which has been approved on or after July 1, 1978 by two-thirds of the voters on such indebtedness, and (iii) (as a result of an amendment to Article XIII A approved by State voters on November 7, 2000) bonded indebtedness incurred by a school district or community college district for the construction, reconstruction, rehabilitation or replacement of school facilities or the acquisition or lease of real property for school facilities, approved by 55% of the voters of the district, but only if certain accountability measures are included in the proposition. The tax for the payment of the Bonds falls within the exception described in (iii) of the immediately preceding sentence. Article XIII A defines full cash value to mean “the county assessor’s valuation of real property as shown on the 1975-76 tax bill under full cash value, or thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership have occurred after the 1975 assessment”. This full cash value may be increased at a rate not to exceed 2% per year to account for inflation.

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

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

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 county and distributed according to a formula among taxing agencies. The formula apportions the tax roughly in proportion to the relative shares of taxes levied prior to 1979.

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

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

Article 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. For fiscal years beginning on or after July 1, 1990, the appropriations limit of each entity of government shall be the appropriations limit for the 1986-87 fiscal year adjusted for the changes made from that fiscal year under the provisions of Article 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, (c) appropriations required to comply with certain mandates of the courts or the federal government, (d) appropriations of certain special districts, (e) appropriations for all qualified capital outlay projects as defined by the legislature, (f) appropriations derived from

certain fuel and vehicle taxes and (g) appropriations derived from certain taxes on tobacco products.

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

Article 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 under Section 8.5 of Article XVI of the State Constitution.

Unitary Property

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

Articles XIII C and XIII D of the California Constitution

On November 5, 1996, the voters of the State of California approved Proposition 218, popularly known as the "Right to Vote on Taxes Act." Proposition 218 added to the California Constitution Articles 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 California Attorney General, Proposition 218 limits "the authority of local governments to impose taxes and property-related assessments, fees and charges." Among other things, Article 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 California Constitution and special taxes approved by a two-thirds vote under Article XIII A, Section 4.

On November 2, 2010, Proposition 26 was approved by State voters, which amended Article XIIC 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.

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

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

Proposition 98

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

The Accountability Act also changes how tax revenues in excess of the State appropriations limit are distributed. Any excess State tax revenues up to a specified amount would, instead of being returned to taxpayers, be transferred to K-14 school districts. Any such transfer to K-14 school districts would be excluded from the appropriations limit for K-14 school

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

Proposition 111

On June 5, 1990, the voters approved Proposition 111 (Senate Constitutional Amendment No. 1) called the "Traffic Congestion Relief and Spending Limit Act of 1990" ("**Proposition 111**") which further modified Article 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:

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

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.

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 Legislature. Second, there are excluded any increases in gasoline taxes above the 1990 level (then nine cents per gallon), sales and use taxes on such increment in gasoline taxes, and increases in receipts from vehicle weight fees above the levels in effect on January 1, 1990. These latter provisions were necessary to make effective the transportation funding package approved by the Legislature and the Governor, which expected to raise over \$15 billion in additional taxes from 1990 through 2000 to fund transportation programs.

Recalculation of Appropriations Limit. The Article 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.

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

Proposition 39

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

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

Proposition 1A and Proposition 22

On November 2, 2004, California voters approved Proposition 1A, which amended the State constitution to significantly reduce the State's authority over major local government revenue sources. Under Proposition 1A, the State cannot (i) reduce local sales tax rates or alter

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

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

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

Proposition 30 and Proposition 55

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

but less than \$600,000 for joint filers), (ii) 2% for taxable income over \$300,000 but less than \$500,000 for single filers (over \$600,000 but less than \$1,000,000 for joint filers), and (iii) 3% for taxable income over \$500,000 for single filers (over \$1,000,000 for joint filers). Proposition 55 (described below) extended said increases to personal income rates through the end of 2030.

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

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

California Senate Bill 222

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

Future Initiatives

Article XIII A, Article XIII B, Article XIII C and Article XIII D of the California Constitution and Propositions 98, 111, 22, 26, 30, 39 and 55 were each adopted as measures that qualified for the ballot under the State’s initiative process. From time to time other initiative measures could be adopted further affecting District revenues or the District’s ability to expend revenues. The nature and impact of these measures cannot be anticipated by the District.

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APPENDIX B

**BRAWLEY UNION HIGH SCHOOL DISTRICT
AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR 2017-18**

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**BRAWLEY UNION HIGH SCHOOL DISTRICT
COUNTY OF IMPERIAL
BRAWLEY, CALIFORNIA**

AUDIT REPORT

JUNE 30, 2018

Introductory Section

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

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

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Financial Section



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

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

Independent Auditor's Report

To the Board of Trustees
Brawley Union High School District
Brawley, California

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Emphasis of Matter

Change in Accounting Principle

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

Other Matters

Required Supplementary Information

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

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

Wilkinson Hadley King + LLP

El Cajon, California
December 17, 2018

BRAWLEY UNION HIGH SCHOOL DISTRICT
Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
(Unaudited)

This section of Brawley Union High School District's (BUHSD) annual financial reports presents the discussion and analysis of the District's financial performance during the fiscal year that ended June 30, 2018. This Management Discussion and Analysis (MD&A) should be read in conjunction with the District's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

- District CBEDS increased from 1,851 in October 2016 to 1,854 in October 2017. This represents less than 1% increase.
- The District continues to maintain adequate reserves in the general fund and the special reserve fund. These reserves total 27.6% compared to the 3% minimum reserve required by the State.
- It was necessary for the district's general fund to give financial support to the cafeteria and child development fund.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

- The first two statements are *district-wide financial statements* that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are *fund financial statements* that focus on individual parts of the District, reporting the District's operations in more detail than the district-wide statements.
- The *governmental funds statements* tell how basic services like regular and special education were financed as well as what remains for future spending.
- *Proprietary funds statements* offer short and long-term financial information about the activities the district operates like businesses.

- *Fiduciary funds statements* provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others to whom the resources belong.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District’s budget for the fiscal year. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

Figure A-1 Organization of BUHSD's Annual Financial Report

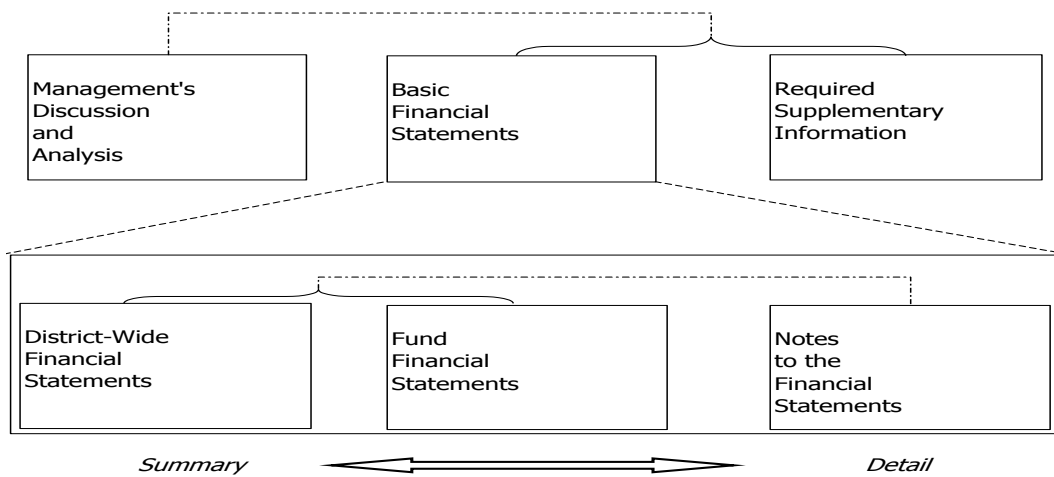


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain.

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

District-wide Statements

The District-wide statements report information about the District as a whole using accounting methods similar to those used by private sector companies. The Statement of Net Position includes all of the District’s assets and liabilities. All of the current fiscal year’s revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two district-wide statements report the District’s net position and how it has changed. Net Position – the difference between the District’s assets and liabilities – are only one way to measure the District’s financial health.

Brawley Union High School District
 Management Discussion and Analysis, June 2018

- Over time, increases or decreases in the District’s net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health of the District, you need to consider additional, non-financial factors such as changes in the District’s property tax base and the condition of school buildings and other facilities.

In the district-wide financial statements the District’s activities are divided into two categories:

- *Governmental activities* – Most of the District’s basic services are included here, such as regular and special education, transportation and administration. Property taxes and state aid finance most of these activities.
- *Business-type activities* – (Our district does not have any business-type activities)

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

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

Type of Statements	Fund Statement			
	District-Wide	Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District, except fiduciary funds	The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance	Activities the district operates similar to private business; food service and adult education	Instances in which the district administers resources on behalf of someone else, such as scholarship programs and student activities monies
	*statement of net assets	*balance sheet	*statement of net assets	*statement of fiduciary net assets
Required Financial Statements	*statement of activities	*statement of revenues, expenditures & changes in fund balances	*statement of revenues, expenses & changes in fund net assets *statement of cash flows	*statement of changes in fiduciary net assets
Accounting Basis and Measured Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability Information	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term: the funds do not currently contain non-financial assets, though they can
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter.	All revenues and expenses during the year, regardless of when cash is received or paid	All revenues and expenses during the year, regardless of when cash is received or paid.

Fund Financial Statements

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

- Some funds are required by State law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes (like repaying its long-term debts) or to show that it is properly using certain revenues (like federal grants).

There are three kinds of funds. Our district currently operates only two of these funds – governmental and fiduciary.

The following information describes the three types of funds available and their purpose.

Governmental funds – Most of the District's basic services are included in governmental funds which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at fiscal year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, we provide additional information at the bottom of the governmental funds statements that explain the relationship (or differences) between them.

Proprietary funds – Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the district-wide statements. (The district does not currently have any proprietary funds.)

Enterprise funds (one type of proprietary fund) are the same as its business-type activities, but provide more detail and additional information, such as cash flows (The district does not currently have any enterprise funds.)

Internal service funds (the other kind of proprietary fund) are used to report activities that provide supplies and services for the District's other programs and activities. (the district does not currently have any internal service funds.)

Fiduciary Funds – The District is the trustee, or fiduciary, for assets that belong to others, such as trust funds and the student activity fund. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes. All of the District's fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. These activities are excluded from the district-wide financial

statements because the District cannot use these assets to finance its operations. The only active fiduciary fund for our District is the Associated Student Body Fund.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position

The District's net position was \$931,035 as of June 30, 2018. The Statement of Net Position (see Table A-1) provides the perspective of the District as a whole. All of the data is from the District's governmental activities. *The District does not operate any business-like entities.*

Table A-1
 Statement of Net Position

	Governmental Activities <u>2017/18</u>	Governmental Activities <u>2016/17</u>	Governmental Activities <u>2015/16</u>
Current & Other Assets	10,284,887	11,572,645	10,768,234
Capital Assets	22,322,621	23,134,594	23,490,432
Total Assets	<u>32,607,508</u>	<u>34,707,239</u>	<u>34,258,666</u>
Deferred Outflows of Resources	<u>8,446,601</u>	<u>3,921,452</u>	<u>3,155,176</u>
Long-Term Debt Outstanding	36,237,100	31,209,263	28,699,885
Other Liabilities	791,748	605,791	902,793
Total Liabilities	<u>37,028,848</u>	<u>31,815,054</u>	<u>29,602,678</u>
Deferred Inflows of Resources	<u>3,094,226</u>	<u>1,587,068</u>	<u>822,976</u>
Net Position			
Invested in Net Assets, Net of Related Debt Restricted			
Unrestricted	<u>-11,184,254</u>	<u>-7,894,173</u>	<u>5,606,069</u>
Total Net Position	<u>931,035</u>	<u>6,963,063</u>	<u>10,220,168</u>

Changes in Net Position

A comparative analysis of the changes in government-wide data is shown in the table above.

The total general revenues for governmental activities were \$25,000,130 as June 30, 2018. See Table A-2 for the breakdown of the revenue sources.

Brawley Union High School District
 Management Discussion and Analysis, June 2018

Table A-2

Revenue for Governmental Activities

	<u>2017/18</u>	<u>2016/17</u>	<u>2015/16</u>
Total Program Revenue	3,701,693	4,096,818	3,404,787
Taxes	3,477,055	3,105,567	2,899,116
Federal and State	17,457,208	17,578,466	17,208,609
Interest/Investment	81,888	62,194	51,222
Interagency Revenues/Misc	<u>282,286</u>	<u>320,013</u>	<u>228,939</u>
Total General Revenue	<u>21,298,437</u>	<u>21,066,240</u>	<u>20,387,886</u>

The total cost of all programs and services was \$26,857,140. The majority of the District's expenses are for instruction and instruction related expenses. Table A-3 shows the expenditures by function.

Table A-3
 Expenditures for Government Activities

	<u>2017/18</u>	<u>2016/17</u>	<u>2015/16</u>
Instruction	14,672,369	14,891,130	12,455,387
Instruction Related			
Library/Technology	818,959	784,141	658,438
School Adm/Superv of Instruction	947,765	963,928	829,739
Pupil Services	2,449,125	3,980,025	3,158,358
General Administration	1,515,078	1,426,499	1,493,395
Plant Services	2,969,021	3,018,068	2,934,463
Other Outgo	1,150,245	1,005,417	1,286,348
Other Expenses	<u>834,783</u>	<u>838,108</u>	<u>616,096</u>
	<u>26,857,140</u>	<u>26,907,316</u>	<u>23,432,224</u>

Business type Activities

The District did not operate any business-type activities.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The financial performance as a whole is reflected in the District's governmental funds as well. As the District completed the fiscal year, the governmental funds reported a combined fund balance of \$9,571,106. This is more than the 2016/2017 balance of \$8,199,639.

General Fund Budgetary Highlights

Over the course of the fiscal year, the District revised the budget many times. The budget revisions generally fall into two categories:

- Changes made due to the adoption of the Governor’s budget and changes in revenue due to increases/decreases in ADA.

The chart below compares the restricted and unrestricted components of the general fund for the past three fiscal years. It is important to note that the unrestricted balance increased over the prior year.

Components of the Ending Balance

	<u>2017/18</u>	<u>2016/17</u>	<u>2015/16</u>
Restricted	351,762	325,442	217,310
Unrestricted	<u>7,234,264</u>	<u>7,874,197</u>	<u>7,453,636</u>
Total	<u>7,586,026</u>	<u>8,199,639</u>	<u>7,670,946</u>

These balances do not include the Special Reserve balance, which was \$536,733 as of June 30, 2018.

CAPITAL ASSET AND DEBT ADMINISTRATION

By June 30, 2018, the District had net capital assets totaling \$22,321,361. Table A-4 shows the capital assets by category for the past three years.

Table A-4
 Capital Assets, Net of Depreciation

	<u>2017/18</u>	<u>2016/17</u>	<u>2015/16</u>
Land	362,015	362,015	362,015
Site Improvements	1,558,001	1,833,425	1,541,593
Buildings	16,026,391	16,448,061	17,058,590
Equipment	4,376,214	4,465,074	4,294,853
Work In Progress	<u>0</u>	<u>26,020</u>	<u>234,374</u>
	<u>22,322,621</u>	<u>23,134,595</u>	<u>23,491,425</u>

The \$22 million in net capital assets at June 30, 2017, represents a slight decrease from June 30, 2017.

Long-Term Debt

At fiscal year-end, the District had \$36 million in long-term debt. The majority of this debt is in general obligation bonds and the Net Pension Liability but there is also debt for compensated absences and post retirement benefits. Table A-5 shows the District’s long-term debt as of June 30, 2018.

Brawley Union High School District
Management Discussion and Analysis, June 2018

Table A-5
BUHSD Outstanding Long-Term Debt

	<u>2016/17</u>	<u>2015/16</u>	<u>2014/15</u>
General Obligation Bonds	10,206,073	10,926,864	11,532,655
Net OPEB obligation	3,434,520	3,342,153	794,671
Net Pension Liability	22,382,924	18,428,940	16,257,668
Compensated Absences	213,583	156,687	132,252
	<u>36,237,100</u>	<u>32,854,644</u>	<u>28,717,246</u>

The state limits the amount of debt a district can issue to 1.25% of the assessed value of property within a District's boundaries. Based on this, the maximum debt is \$16,331,960. The District's general obligation debt ratio as of June 30, 2017 was 100%.

FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time these financial statements were prepared and audited, the District was aware of the following factors that could affect the District's future.

- The continuing encroachment on the general fund by the cafeteria fund.
- The State's fiscal condition.
- Escalating cost of health insurance coverage for all employees.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to determine the District's accountability for the money it receives. Additional financial information can be obtained by contacting the District's Business Office, Brawley Union High School District, 480 N. Imperial Ave., Brawley, CA 92227.

Basic Financial Statements

BRAWLEY UNION HIGH SCHOOL DISTRICT
 STATEMENT OF NET POSITION
 JUNE 30, 2018

	Governmental Activities
ASSETS	
Cash	\$ 9,420,833
Receivables	773,494
Stores	3,627
Prepaid Expenses	86,933
Capital Assets:	
Land	362,015
Improvements	8,193,527
Buildings	26,453,468
Equipment	7,560,639
Work in Progress	-
Less Accumulated Depreciation	(20,247,028)
Total Assets	<u>32,607,508</u>
DEFERRED OUTFLOWS OF RESOURCES	8,446,601
LIABILITIES	
Accounts Payable	573,489
Unearned Revenue	218,259
Long-Term Liabilities:	
Due Within One Year	949,374
Due in More Than One Year	35,287,726
Total Liabilities	<u>37,028,848</u>
DEFERRED INFLOWS OF RESOURCES	3,094,226
NET POSITION	
Net Investment in Capital Assets	12,115,289
Restricted for:	
Educational programs	359,118
Other purposes (expendable)	7,356
Other purposes (nonexpendable)	93,560
Unrestricted	(11,644,288)
Total Net Position	<u>\$ 931,035</u>

The accompanying notes are an integral part of this statement.

BRAWLEY UNION HIGH SCHOOL DISTRICTSTATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

Functions	Expenses	Charges for Services	Program Revenues		Net (Expenses) Revenue and Changes in Net Position
			Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
Instruction	\$ 14,672,369	\$ 75,992	\$ 2,128,591	\$ -	\$ (12,467,786)
Instruction-Related Services:					
Instructional Supervision and Administration	402,671	-	45,192	-	(357,479)
Instructional Library, Media and Technology	416,288	-	13	-	(416,275)
School Site Administration	947,765	-	194,850	-	(752,915)
Pupil Services:					
Home-to-School Transportation	902,467	-	2,207	-	(900,260)
Food Services	597,328	26,842	482,269	-	(88,217)
All Other Pupil Services	2,449,125	-	402,772	-	(2,046,353)
General Administration:					
Centralized Data Processing	84,827	-	-	-	(84,827)
All Other General Administration	1,430,251	1,475	33,527	-	(1,395,249)
Plant Services	2,969,021	1,220	49,914	-	(2,917,887)
Ancillary Services	1,150,245	-	17,980	-	(1,132,265)
Community Services	310,924	10,003	137,972	-	(162,949)
Interest on Long-Term Debt	264,003	-	-	-	(264,003)
Other Outgo	259,856	-	90,874	-	(168,982)
Total Expenses	<u>\$ 26,857,140</u>	<u>\$ 115,532</u>	<u>\$ 3,586,161</u>	<u>\$ -</u>	<u>\$ (23,155,447)</u>
General Revenues:					
Taxes and Subventions:					
Taxes Levied for General Purposes 2,685,789					
Taxes Levied for Debt Service 676,132					
Taxes Levied for Other Specific Purposes 115,134					
Federal and State Aid Not Restricted to Specific Programs 17,457,208					
Interest and Investment Earnings 81,888					
Miscellaneous 282,286					
Total General Revenues <u>\$ 21,298,437</u>					
Change in Net Position (1,857,010)					
Net Position Beginning - As Restated (See Note Q) 2,788,045					
Net Position Ending <u>\$ 931,035</u>					

The accompanying notes are an integral part of this statement.

BRAWLEY UNION HIGH SCHOOL DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2018

	General Fund	Cafeteria Fund	Other Governmental Funds	Total Governmental Funds
ASSETS:				
Cash in County Treasury	\$ 7,976,230	\$ 5,011	\$ 1,431,594	\$ 9,412,835
Cash on Hand and in Banks	-	5,000	-	5,000
Cash in Revolving Fund	3,000	-	-	3,000
Accounts Receivable	636,601	109,543	27,349	773,493
Due from Other Funds	103,713	-	653	104,366
Stores Inventories	-	3,627	-	3,627
Prepaid Expenditures	86,933	-	-	86,933
Total Assets	<u>8,806,477</u>	<u>123,181</u>	<u>1,459,596</u>	<u>10,389,254</u>
LIABILITIES AND FUND BALANCE:				
Liabilities:				
Accounts Payable	\$ 464,805	\$ 21,902	\$ 8,815	\$ 495,522
Due to Other Funds	653	86,000	17,713	104,366
Unearned Revenue	218,259	-	-	218,259
Total Liabilities	<u>683,717</u>	<u>107,902</u>	<u>26,528</u>	<u>818,147</u>
Fund Balance:				
Nonspendable Fund Balances:				
Revolving Cash	3,000	-	-	3,000
Stores Inventories	-	3,628	-	3,628
Prepaid Items	86,933	-	-	86,933
Restricted Fund Balances	351,762	11,651	7,356	370,769
Assigned Fund Balances	536,733	-	1,425,712	1,962,445
Unassigned:				
Reserve for Economic Uncertainty	4,141,171	-	-	4,141,171
Other Unassigned	3,003,161	-	-	3,003,161
Total Fund Balance	<u>8,122,760</u>	<u>15,279</u>	<u>1,433,068</u>	<u>9,571,107</u>
Total Liabilities and Fund Balances	<u>\$ 8,806,477</u>	<u>\$ 123,181</u>	<u>\$ 1,459,596</u>	<u>\$ 10,389,254</u>

The accompanying notes are an integral part of this statement.

BRAWLEY UNION HIGH SCHOOL DISTRICT

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

Total fund balances - governmental funds		\$ 9,571,106
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets: In governmental funds, only current assets are reported. In the statement of net position, all assets are reported, including capital assets and accumulated depreciation.		
Capital assets relating to governmental activities, at historical cost	42,569,649	
Accumulated depreciation	<u>(20,247,028)</u>	
	Net:	22,322,621
Unmatured interest on long-term debt: In governmental funds, interest on long-term debt is not recognized until the period in which it matures and is paid. In the government-wide statement of activities, it is recognized in the period that it is incurred. The additional liability for unmatrued interest owing at the end of the period was:		
		(77,967)
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.		
		7,983,051
		<u>(3,094,226)</u>
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:		
		329,250
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:		
General obligation bonds payable	6,500,191	
Net pension liability	22,382,924	
Net OPEB obligation	3,434,520	
Compensated absences payable	213,583	
QZAB Payable	<u>3,705,882</u>	
	Total	(36,237,100)
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.		
		134,300
		<u>-</u>
Net position of governmental activities - statement of net position		\$ <u>931,035</u>

The accompanying notes are an integral part of this statement.

BRAWLEY UNION HIGH SCHOOL DISTRICT

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

	General Fund	Cafeteria Fund	Other Governmental Funds	Total Governmental Funds
Revenues:				
LCFF Sources:				
State Apportionment or State Aid	\$ 14,054,969	\$ -	\$ -	\$ 14,054,969
Education Protection Account Funds	2,837,564	-	-	2,837,564
Local Sources	2,680,652	-	-	2,680,652
Federal Revenue	1,309,633	455,189	33,312	1,798,134
Other State Revenue	2,234,527	38,634	65,954	2,339,115
Other Local Revenue	709,589	38,434	827,432	1,575,455
Total Revenues	<u>23,826,934</u>	<u>532,257</u>	<u>926,698</u>	<u>25,285,889</u>
Expenditures:				
Current:				
Instruction	13,230,386	-	114,316	13,344,702
Instruction - Related Services	1,690,845	-	-	1,690,845
Pupil Services	3,215,570	585,941	-	3,801,511
Ancillary Services	1,086,382	-	-	1,086,382
Community Services	105,477	-	178,752	284,229
General Administration	1,472,432	-	1,475	1,473,907
Plant Services	2,595,558	26,640	4,549	2,626,747
Other Outgo	259,856	-	-	259,856
Capital Outlay	438,615	-	-	438,615
Debt Service:				
Principal	264,706	-	455,000	719,706
Interest	-	-	245,695	245,695
Total Expenditures	<u>24,359,827</u>	<u>612,581</u>	<u>999,787</u>	<u>25,972,195</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(532,893)</u>	<u>(80,324)</u>	<u>(73,089)</u>	<u>(686,306)</u>
Other Financing Sources (Uses):				
Transfers In	-	45,000	30,799	75,799
Transfers Out	(75,799)	-	-	(75,799)
Total Other Financing Sources (Uses)	<u>(75,799)</u>	<u>45,000</u>	<u>30,799</u>	<u>-</u>
Net Change in Fund Balance	(608,692)	(35,324)	(42,290)	(686,306)
Fund Balance, July 1	8,731,452	50,603	1,475,358	10,257,413
Fund Balance, June 30	<u>\$ 8,122,760</u>	<u>\$ 15,279</u>	<u>\$ 1,433,068</u>	<u>\$ 9,571,107</u>

The accompanying notes are an integral part of this statement.

BRAWLEY UNION HIGH SCHOOL DISTRICT

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

Total change in fund balances - governmental funds \$ (686,306)

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	438,615	
Depreciation expense	<u>(1,250,587)</u>	
Net		(811,972)

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 reduction of liabilities. Expenditures for repayment of the principal portion of long-term debt were:

719,706

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

41,933

Unmatured interest on long-term debt: In governmental funds, interest on long-term debt is recognized in the period that it becomes due. In the government-wide statement of activities, it is recognized in the period 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:

5,733

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:

(1,045,168)

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 discount it 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:

(24,040)

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:

(56,896)

Change in net position of governmental activities \$ (1,857,010)

The accompanying notes are an integral part of this statement.

BRAWLEY UNION HIGH SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUNDS

JUNE 30, 2018

	Agency Fund
	Student Body Fund
ASSETS:	
Cash on Hand and in Banks	\$ 211,118
Total Assets	<u>211,118</u>
LIABILITIES:	
Due to Student Groups	\$ 211,118
Total Liabilities	<u>211,118</u>
NET POSITION:	
Total Net Position	<u><u>\$ -</u></u>

The accompanying notes are an integral part of this statement.

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

A. Summary of Significant Accounting Policies

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

1. Reporting Entity

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

2. Component Units

Component units are legally separate organizations for which the District is financially accountable. Component units may also include organizations that are fiscally dependant on the District in that the District approves their budget, the issuance of their debt or the levying of their taxes. In addition, component units are other legally separate organizations for which the District is not financially accountable but the nature and significance of the organization's relationship with the District is such that exclusion would cause the District's financial statements to be misleading or incomplete. The District has no component units. Additionally the District is not a component unit of any other reporting entity as defined by GASB Statement 14, 39 and 61. The District does not have any relationships that would be considered a component unit for reporting purposes.

3. Basis of Presentation, Basis of Accounting

a. Basis of Presentation

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

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

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

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.

Cafeteria Special Revenue Fund. This fund is used to account separately for federal, state, and local resources to operate the food service program (Education Code Sections 38090-38093).

BRAWLEY UNION HIGH SCHOOL DISTRICT
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In addition, the District reports the following fund types:

Special Revenue Funds: These funds are established to account for the proceeds from specific revenue sources (other than trusts, major capital projects, or debt service) that are restricted or committed to the financing of particular and that compose a substantial portion of the inflows of the fund. Additional resources that are restricted, committed, or assigned to the purpose of the fund may also be reported in the fund.

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

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

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.

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

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

b. Measurement Focus, Basis of Accounting

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

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

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

BRAWLEY UNION HIGH SCHOOL DISTRICT
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4. Encumbrances

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

5. Budgets and Budgetary Accounting

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

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

6. Revenues and Expenses

a. Revenues - Exchange and Non-Exchange

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

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

b. Expenses/Expenditures

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

BRAWLEY UNION HIGH SCHOOL DISTRICT
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7. Assets, Liabilities, and Equity

a. Deposits and Investments

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

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

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

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

b. Stores Inventories and Prepaid Expenditures

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

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

c. Capital Assets

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

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

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

BRAWLEY UNION HIGH SCHOOL DISTRICT
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d. Compensated Absences

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

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

e. Unearned Revenue

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

f. Interfund Activity

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

g. Property Taxes

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

h. Fund Balances - Governmental Funds

Fund balances of the governmental funds are classified as follows:

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

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

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

BRAWLEY UNION HIGH SCHOOL DISTRICT

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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.

h. 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. The 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. Because amounts in the nonspendable, restricted, committed, and assigned categories are subject to varying constraints in use, the Reserve for Economic Uncertainties consists of balances that are otherwise unassigned.

8. Deferred Inflows and Deferred Outflows of Resources

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

9. GASB 54 Fund Presentation

Consistent with fund reporting requirements established by GASB Statement No. 54, Fund 17 (Special Reserve Fund for Other Than Capital Outlay) is merged with the General Fund for purposes of presentation in the audit report.

10. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and 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.

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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, 2015
Measurement Date (MD)	June 30, 2017
Measurement Period (MP)	July 1, 2016 to June 30, 2017

11. Use of Estimates

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

12. Fair Value Measurements

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

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

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

13. Change in Accounting Policies

The District has adopted accounting policies compliant with new pronouncements issued by the Government Accounting Standards Board (GASB) that are effective for the fiscal year ended June 30, 2017. 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 L. Additional note disclosures regarding the adjustment to beginning net position resulting from this change in accounting policy are located in Note Q.

BRAWLEY UNION HIGH SCHOOL DISTRICT
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GASB 81 - Irrevocable Split-Interest Agreements

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

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

GASB 85 - Omnibus 2017

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

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

GASB 86 - Certain Debt Extinguishment Issues

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

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

B. Compliance and Accountability

1. Finance-Related Legal and Contractual Provisions

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

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

BRAWLEY UNION HIGH SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
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2. Deficit Fund Balance or Fund Net Position of Individual Funds

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

Fund Name	Deficit Amount	Remarks
None reported	Not applicable	Not applicable

C. Cash and Investments

1. Cash in County Treasury:

In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the Imperial County Treasury as part of the common investment pool (9,412,835 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 9,412,835. Assumptions made in determining the fair value of the pooled investment portfolios are available from the County Treasurer.

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

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

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

Cash balances on hand and in banks (216,118 as of June 30, 2018) and in the revolving fund (3,000) are insured up to \$250,000 by the Federal Depository Insurance Corporation. All cash held by the financial institution is fully insured or collateralized.

BRAWLEY UNION HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
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3. Investments Authorized by the California Government Code and the District's Investment Policy

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

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

4. Analysis of Specific Deposit and Investment Risks

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

a. Credit Risk

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

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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. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The California Government code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

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.

As of June 30, 2018, the District's bank balances (including revolving cash) of \$219,118 was not exposed to custodial credit risk because it was insured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the name of the District.

c. Concentration of Credit Risk

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

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

d. Interest Rate Risk

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

e. Foreign Currency Risk

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

5. Investment Accounting Policy

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

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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.

D. Accounts Receivable

Accounts receivable at June 30, 2018 consisted of:

	Major Governmental Funds		Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	Cafeteria Fund		
Federal Government:				
Federal programs	\$ 405,180	\$ 70,900	\$ 8,215	\$ 484,295
State Government:				
Lottery	22,881	-	-	22,881
Other state programs	178,691	6,002	-	184,693
Adult education	-	-	15,264	15,264
Local Sources:				
Interest	22,687	123	3,870	26,680
Cafeteria sales	-	32,518	-	32,518
Other local sources	7,162	-	-	7,162
Totals	<u>\$ 636,601</u>	<u>\$ 109,543</u>	<u>\$ 27,349</u>	<u>\$ 773,493</u>

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

BRAWLEY UNION HIGH SCHOOL DISTRICT
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E. Capital Assets

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

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 362,015	\$ -	\$ -	\$ 362,015
Work in progress	26,020	-	26,020	-
Total capital assets not being depreciated	<u>388,035</u>	<u>-</u>	<u>26,020</u>	<u>362,015</u>
Capital assets being depreciated:				
Buildings	26,252,581	200,887	-	26,453,468
Improvements	8,117,729	75,799	-	8,193,528
Equipment	7,372,689	187,950	-	7,560,639
Total capital assets being depreciated	<u>41,742,999</u>	<u>464,636</u>	<u>-</u>	<u>42,207,635</u>
Less accumulated depreciation for:				
Buildings	(9,804,521)	(622,556)	-	(10,427,077)
Improvements	(6,370,300)	(265,227)	-	(6,635,527)
Equipment	(2,821,621)	(362,804)	-	(3,184,425)
Total accumulated depreciation	<u>(18,996,442)</u>	<u>(1,250,587)</u>	<u>-</u>	<u>(20,247,029)</u>
Total capital assets being depreciated, net	<u>22,746,557</u>	<u>(785,951)</u>	<u>-</u>	<u>21,960,606</u>
Governmental activities capital assets, net	<u>\$ 23,134,592</u>	<u>\$ (785,951)</u>	<u>\$ 26,020</u>	<u>\$ 22,322,621</u>

Depreciation was charged to functions as follows:

Instruction	\$ 874,998
Instruction-Related Services	1,923
Pupil Services	39,871
Ancillary Services	281
Community Services	40,336
General Administration	10,570
Plant Services	4,193
Unallocated	278,415
	<u>\$ 1,250,587</u>

F. Interfund Balances and Activities

1. Due To and From Other Funds

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

Due To Fund	Due From Fund	Amount	Purpose
General Fund	Nonmajor Governmental Funds	\$ 17,713	Reimbursement of expenses
General Fund	Capital Facilities Fund	86,000	Temporary loan - Cash flow
Nonmajor Governmental Funds	General Fund	653	Reimbursement of expenses
	Total	<u>\$ 104,366</u>	

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

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

2. Transfers To and From Other Funds

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

<u>Transfers From</u>	<u>Transfers To</u>	<u>Amount</u>	<u>Reason</u>
General Fund	Nonmajor Governmental Funds	\$ 30,799	Supplement program
Nonmajor Governmental Funds	General Fund	45,000	Supplement program
	Total	<u>\$ 75,799</u>	

G. Accounts Payable

Accounts payable at June 30, 2018 consisted of:

	<u>Major Governmental Funds</u>		<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
	<u>General Fund</u>	<u>Cafeteria Fund</u>		
Vendor payables	\$ 89,149	\$ 17,297	\$ 2,444	\$ 108,890
Payroll and related benefits	251,024	4,006	5,556	260,586
Pension liabilities	11,832	570	772	13,174
OPEB	112,800	29	43	112,872
Totals	<u>\$ 464,805</u>	<u>\$ 21,902</u>	<u>\$ 8,816</u>	<u>\$ 495,522</u>

H. Unearned Revenue

Unearned revenue at June 30, 2017 consisted of the following:

	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
State Government: State programs	192,786	-	192,786
Local Sources: Other Local Programs	25,473	-	25,473
Total	<u>\$ 218,259</u>	<u>\$ -</u>	<u>\$ 218,259</u>

I. Short-Term Debt Activity

The District accounts for short-term debts for maintenance purposes through the General Fund. The proceeds from loans are shown in the financial statements as Other Resources.

BRAWLEY UNION HIGH SCHOOL DISTRICT
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YEAR ENDED JUNE 30, 2018

J. 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 bonds					
Bond Principal	\$ 6,940,000	\$ -	\$ 455,000	\$ 6,485,000	\$ 470,000
Bond Premiums	16,276	-	1,085	15,191	1,085
	<u>6,956,276</u>	<u>-</u>	<u>456,085</u>	<u>6,500,191</u>	<u>471,085</u>
Net OPEB obligation	3,342,153	92,367	-	3,434,520	-
QZAB payable	3,970,588	-	264,706	3,705,882	264,706
Compensated absences *	156,687	56,896	-	213,583	213,583
Net pension liability	18,428,940	3,953,984	-	22,382,924	-
Total governmental activities	<u>\$ 32,854,644</u>	<u>\$ 4,103,247</u>	<u>\$ 720,791</u>	<u>\$ 36,237,100</u>	<u>\$ 949,374</u>

* Other long-term liabilities

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

<u>Liability</u>	<u>Activity Type</u>	<u>Fund</u>
Compensated absences	Governmental	General

2. Debt Service Requirements

Debt service requirements on long-term debt, net of OPEB obligation, net pension liability, and compensated absences at June 30, 2018 are as follows:

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 734,706	\$ 178,789	\$ 913,495
2020	744,706	161,926	906,632
2021	759,706	147,211	906,917
2022	774,706	134,668	909,374
2023	789,706	121,401	911,107
2024-2028	4,188,530	378,418	4,566,948
2029-2033	2,198,822	38,602	2,237,424
Totals	<u>\$ 10,190,882</u>	<u>\$ 1,161,015</u>	<u>\$ 11,351,897</u>

BRAWLEY UNION HIGH SCHOOL DISTRICT
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3. General Obligation Bonds

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

	Date of Issue	Interest Rate	Maturity Date	Amount of Original Issue
2012 Refunding Bonds	12/04/12	2.00-4.00%	08/01/31	\$ 3,955,000
2014 Refunding Bonds	05/06/14	3.05%	08/01/29	3,845,000
Total GO Bonds				<u>\$ 7,800,000</u>

	Beginning Balance	Increases	Decreases	Ending Balance
2012 Refunding Bonds	\$ 3,550,000	\$ -	\$ 240,000	\$ 3,310,000
2014 Refunding Bonds	3,390,000	-	215,000	3,175,000
2012 Refunding Premium	16,276	-	1,085	15,191
Total GO Bonds	<u>\$ 6,956,276</u>	<u>\$ -</u>	<u>\$ 456,085</u>	<u>\$ 6,500,191</u>

The annual requirements to amortize the bonds outstanding at June 30, 2018 are as follows:

Year Ending June 30,	Principal	Interest	Total
2019	\$ 470,000	\$ 178,789	\$ 648,789
2020	480,000	161,926	641,926
2021	495,000	147,211	642,211
2022	510,000	134,668	644,668
2023	525,000	121,401	646,401
2024-2028	2,865,000	378,418	3,243,418
2029-2033	1,140,000	38,602	1,178,602
Totals	<u>\$ 6,485,000</u>	<u>\$ 1,161,015</u>	<u>\$ 7,646,015</u>

4. Qualified Zone Academy Bond Program (QZAB)

On December 18, 2014 the District entered into a Qualified Zone Academy Bond Program (QZAB) in the amount of \$4,500,000 for the purpose of financing energy conservation facilities for the Brawley High School campus.

Future commitments for the QZAB as of June 30, 2018 are as follows:

Year Ending June 30,	Principal	Interest	Total
2019	\$ 264,706	\$ -	\$ 264,706
2020	264,706	-	264,706
2021	264,706	-	264,706
2022	264,706	-	264,706
2023	264,706	-	264,706
2024-2028	1,323,530	-	1,323,530
2029-2033	1,058,822	-	1,058,822
Totals	<u>\$ 3,705,882</u>	<u>\$ -</u>	<u>\$ 3,705,882</u>

BRAWLEY UNION HIGH SCHOOL DISTRICT
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5. 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 bond was issued at a premium resulting in effective interest as follows:

	<u>2012 Bond</u>
Total Interest	\$ 1,055,719
Less Bond Premium	<u>(18,634)</u>
Net Interest	<u>1,037,085</u>
Par Amount of Bonds	\$ 3,955,000
Periods	19
Effective Interest Rate	1.38%

K. 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.

BRAWLEY UNION HIGH SCHOOL DISTRICT
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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)	7.084%	7.084%

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

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

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

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

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.

BRAWLEY UNION HIGH SCHOOL DISTRICT
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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 6.89% 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	4.80%	\$ 421,116
2017	5.52%	538,552
2018	6.89%	728,361

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	\$ 419,977
2017	538,552
2018	728,361

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	\$ 1,226,529	\$ 398,222	\$ 1,624,751
Contributions - State On Behalf Payments	728,361	-	728,361
Total Contributions	\$ 1,954,890	\$ 398,222	\$ 2,353,112

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

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:

	<u>CalSTRS</u>	<u>CalPERS</u>	<u>Total</u>
Proportionate Share of Net Pension Liability - Governmental	\$ 17,053,357	\$ 5,329,567	\$ 22,382,924

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:

	<u>CalSTRS</u>		
	<u>District's Proportionate Share</u>	<u>State's Proportionate Share</u>	<u>Total For District Employees</u>
Proportion June 30, 2017	0.0177%	0.0101%	0.0278%
Proportion June 30, 2018	0.0184%	0.0110%	0.0294%
Change in Proportion	<u>0.0007%</u>	<u>0.0009%</u>	<u>0.0016%</u>
	<u>CalPERS</u>		
	<u>District's Proportionate Share</u>		
Proportion June 30, 2017	0.0210%		
Proportion June 30, 2018	0.0223%		
Change in Proportion	<u>0.0013%</u>		

a. Pension Expense

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

	<u>CalSTRS</u>	<u>CalPERS</u>	<u>Total</u>
Change in Net Pension Liability (Asset)	\$ 2,770,034	\$ 1,183,950	\$ 3,953,984
State On Behalf Pension Expense	442,602	-	442,602
Employer Contributions to Pension Expense	1,525,823	486,649	2,012,472
(Increase) Decrease in Deferred Outflows of Resources			
Employer Contributions Subsequent to Measurement Date	(273,517)	(62,147)	(335,664)
Differences between actual and expected experiences	(58,861)	(27,742)	(86,603)
Changes in assumptions	(2,948,630)	(830,365)	(3,778,995)
Changes in proportionate share	(347,659)	(170,902)	(518,561)
Net difference between projected and actual earnings	1,201	302,648	303,849
Increase (Decrease) in Deferred Inflows of Resources			
Differences between actual and expected experiences	(1,579)	-	(1,579)
Changes in assumptions	-	(54,239)	(54,239)
Changes in proportionate share	(217,291)	(37,610)	(254,901)
Net difference between projected and actual earnings	1,614,016	203,861	1,817,877
Total Pension Expense	<u>\$ 2,506,139</u>	<u>\$ 994,103</u>	<u>\$ 3,500,242</u>

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

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	\$ 1,525,823	\$ 486,649	\$ 2,012,472
Differences between actual and expected experience	58,861	246,281	305,142
Changes in assumptions	2,948,630	830,365	3,778,995
Changes in employer's proportionate share	819,492	290,800	1,110,292
Net difference between projected and actual earnings	2,969	773,181	776,150
Total Deferred Outflows of Resources	<u>\$ 5,355,775</u>	<u>\$ 2,627,276</u>	<u>\$ 7,983,051</u>

	Deferred Inflows of Resources		
	CalSTRS	CalPERS	Total
Differences between actual and expected experience	\$ (3,215)	\$ -	\$ (3,215)
Changes in assumptions	-	(108,479)	(108,479)
Changes in employer's proportionate share	(651,874)	(112,831)	(764,705)
Net difference between projected and actual earnings	(1,614,016)	(603,811)	(2,217,827)
Total Deferred Inflows of Resources	<u>\$ (2,269,105)</u>	<u>\$ (825,121)</u>	<u>\$ (3,094,226)</u>

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

Year Ended June 30,	Governmental Activities				
	Deferred Outflows of Resources		Deferred Inflows of Resources		Net Effect on Expenses
	CalSTRS	CalPERS	CalSTRS	CalPERS	
2019	\$ 2,562,408	\$ 1,180,566	\$ (622,372)	\$ (392,784)	\$ 2,727,818
2020	1,036,583	693,916	(621,857)	(192,808)	915,834
2021	878,677	468,739	(621,372)	(138,570)	587,474
2022	878,107	284,055	(403,504)	(100,959)	657,699
Total	<u>\$ 5,355,775</u>	<u>\$ 2,627,276</u>	<u>\$ (2,269,105)</u>	<u>\$ (825,121)</u>	<u>\$ 4,888,825</u>

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

c. Actuarial Assumptions

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

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

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

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

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

d. Discount Rate

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

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

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

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.

BRAWLEY UNION HIGH SCHOOL DISTRICT

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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 reflect 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

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

BRAWLEY UNION HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
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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	\$ 25,039,743	\$ 7,841,501
Current Discount Rate	7.10%	7.15%
Net Pension Liability	\$ 17,053,357	\$ 5,329,567
1% Increase	8.10%	8.15%
Net Pension Liability	\$ 10,571,865	\$ 3,245,707

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)	\$ 74,954,934	\$ 52,500,991	\$ 22,453,943	\$ 8,170,620	\$ 14,283,323
Changes for the year:					
Change in proportionate share	4,396,506	3,079,463	1,317,043	685,873	631,170
Service cost	1,782,210	-	1,782,210	664,008	1,118,202
Interest	5,944,715	-	5,944,715	2,214,857	3,729,858
Differences between expected and actual experience	117,266	-	117,266	43,691	73,575
Change in assumptions	5,874,473	-	5,874,473	2,188,686	3,685,787
Contributions:					
Employer	-	1,226,514	(1,226,514)	(456,969)	(769,545)
Employee	-	1,011,276	(1,011,276)	(376,777)	(634,499)
State On Behalf	-	728,352	(728,352)	(271,366)	(456,986)
Net investment income	-	7,396,046	(7,396,046)	(2,755,587)	(4,640,459)
Other income	-	21,162	(21,162)	(7,885)	(13,277)
Benefit payments, including refunds of employee contributions	(4,085,958)	(4,085,958)	-	-	-
Administrative expenses	-	(53,598)	53,598	19,969	33,629
Borrowing costs	-	(17,034)	17,034	6,346	10,688
Other expenses	-	(3,013)	3,013	1,122	1,891
Net Changes	14,029,212	9,303,210	4,726,002	1,955,968	2,770,034
Balance at June 30, 2018	\$ 88,984,146	\$ 61,804,201	\$ 27,179,945	\$ 10,126,588	\$ 17,053,357

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

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)	\$ 15,881,970	\$ 11,736,354	\$ 4,145,616
Changes for the year:			
Adjustment for change in proportionate share	1,009,800	746,216	263,584
Service cost	453,625	-	453,625
Interest	1,276,953	-	1,276,953
Differences between expected and actual experience	118,738	-	118,738
Changes in assumptions	1,037,956	-	1,037,956
Contributions - Employer	-	398,219	(398,219)
Contributions - Employee	-	200,353	(200,353)
Net plan to plan resource movement	-	(30)	30
Net investment income	-	1,386,780	(1,386,780)
Benefit payments, including refunds of employee contributions	(831,586)	(831,586)	-
Administrative expenses	-	(18,416)	18,416
Net Changes	<u>3,065,486</u>	<u>1,881,536</u>	<u>1,183,950</u>
Balance at June 30, 2018	<u>\$ 18,947,456</u>	<u>\$ 13,617,890</u>	<u>\$ 5,329,566</u>

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

L. Postemployment Benefits Other Than Pension Benefits

1. General Information About the OPEB Plan

Plan Description

The District's defined benefit OPEB plan, El Centro Elementary School District Retiree Health Care Plan (the Plan) provides OPEB for retirees and their eligible dependents that meet eligibility requirements until age 65. Retirees and their eligible dependents 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

Certificated employees (members of the Brawley Union High School Teachers' Association) may retire with District-paid healthcare benefits after the later of age 55 and 15 years of service immediately prior to retirement. The District will make monthly contributions up to a cap shown below, which may be adjusted periodically through collective bargaining.

BRAWLEY UNION HIGH SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2018

CSEA unit members hired before July 1, 1997 may retire with District-paid healthcare benefits after the later of age 55 and 15 consecutive years of service prior to retirement. Classified employees hired on or after July 1, 1997 may retire with District-paid healthcare benefits after the later of age 55 and 20 consecutive years of service prior to retirement. The District will make monthly contributions up to a cap of \$767.53 per month, which may be adjusted periodically through collective bargaining.

BUHSTA unit members with full-time equivalencies (FTE) less than 50% are not eligible for District-paid retiree healthcare benefits. CSEA unit members with FTE less than 100% receive a prorated District contribution towards retiree healthcare benefits. Retirees may self-pay for spousal and dependent coverage and/or to buy up to a more expensive medical plan. Benefits end at age 65.

Certificated Management, Classified Management, Pupil Personnel, and Board Members receive the same retiree health benefits as Certificated unit members. Confidential employees receive the same retiree health benefits as CSEA unit members up to a cap of \$767.53 per month.

	100-A \$20 Rx 9-35	90-C \$30 Rx9-35	80-G \$20 Rx 9-35	80-L \$30 Rx 9-35
Retiree Only	9,852	9,024	8,052	6,900
	Delta Dental	MES Vision	Life Insurance	
Retiree Only	605	136	10	

Employees Covered by Benefit Terms

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

Inactive plan members or beneficiaries currently receiving benefit payments	14
Inactive plan members entitled to but not yet receiving benefit payments	-
Active plan members	161
Total number of participants	<u>175</u>

2. Total OPEB Liability

The District's total OPEB liability of \$3,434,520 was measured as of June 30, 2017, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs

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

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

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

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

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

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

Changes in Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance at June 30, 2017	\$ 3,342,153
Changes for the year:	
Service cost	152,715
Interest	102,087
Benefit payments	<u>(162,435)</u>
Net changes	<u>92,367</u>
Balance at June 30, 2018	\$ <u>3,434,520</u>

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

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

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

	<u>1% Decrease (2.13%)</u>	<u>Discount Rate (3.13%)</u>	<u>1% Increase (4.13%)</u>
Total OPEB Liability	\$ 3,700,091	\$ 3,434,520	\$ 3,186,868

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	\$ 3,104,215	\$ 3,434,520	\$ 3,815,146

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

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

For the year ended June 30, 2018 the District recognized OPEB expense of \$254,802. At June 30, 2018 the District reported deferred outflows of resources related to the following sources:

	Deferred Outflows of Resources
Contributions made subsequent to measurement date	\$ <u>134,300</u>

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

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

M. Deferred Outflows of Resources

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 to 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.

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

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

Description	Amortization Term	Beginning Balance	Current Year Additions	Current Year Amortization	Ending Balance
2012 Loss on Refunding Bonds	19 Years	\$ 208,125	\$ -	\$ 13,875	\$ 194,250
2014 Loss on Refunding Bonds	16 Years	146,250	-	11,250	135,000
Pension Related	Varies	3,567,077	7,823,285	3,407,311	7,983,051
OPEB Related	1 Year	-	134,300	-	134,300
Total Deferred Outflows of Resources		\$ <u>3,921,452</u>	\$ <u>7,957,585</u>	\$ <u>3,432,436</u>	\$ <u>8,446,601</u>

Future amortization of deferred outflows of resources is as follows

Year Ending June 30	2012 Refunding Loss	2014 Refunding Loss	Pension Related	OPEB Related	Total
2018	\$ 13,875	\$ 11,250	\$ 3,742,974	\$ 134,300	\$ 3,902,399
2019	13,875	11,250	1,730,499	-	1,755,624
2020	13,875	11,250	1,347,416	-	1,372,541
2021	13,875	11,250	1,162,162	-	1,187,287
2022	13,875	11,250	-	-	25,125
2023-2027	69,375	56,250	-	-	125,625
2028-2032	55,500	22,500	-	-	78,000
Total	\$ <u>194,250</u>	\$ <u>135,000</u>	\$ <u>7,983,051</u>	\$ <u>134,300</u>	\$ <u>8,446,601</u>

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

N. 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.

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

Description	Amortization Term	Beginning Balance	Additions	Current Year Amortization	Ending Balance
Pension related	Varies	\$ 1,587,068	\$ 2,522,315	\$ 1,015,157	\$ 3,094,226
Total Deferred Inflows of Resources		<u>\$ 1,587,068</u>	<u>\$ 2,522,315</u>	<u>\$ 1,015,157</u>	<u>\$ 3,094,226</u>

Future amortization of deferred inflows of resources is as follows:

Year Ending June 30	Pension Related
2019	\$ 1,015,156
2020	814,665
2021	759,942
2022	504,463
Total	<u>\$ 3,094,226</u>

O. 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 view 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.

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

P. Components of Ending Fund Balance

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

	General Fund	Cafeteria Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable Fund Balances				
Revolving Cash	\$ 3,000	\$ -	\$ -	3,000
Stores Inventories	-	3,628	-	3,628
Prepaid Expense	86,933	-	-	86,933
Restricted Fund Balances				
College Readiness	120,692	-	-	120,692
Learning Communities	196,775	-	-	196,775
Special Education	30,203	-	-	30,203
Child Nutrition	-	11,651	-	11,651
Lottery	4,092	-	-	4,092
Other Restricted	-	-	7,356	7,356
Assigned Fund Balances				
Capital Projects	-	-	776,693	776,693
Debt Service	-	-	648,674	648,674
Educational Programs	536,733	-	345	537,078
Unassigned Fund Balances				
For Economic Uncertainty	4,141,171	-	-	4,141,171
Unappropriated	3,003,160	-	-	3,003,160
Total Fund Balance	\$ 8,122,759	\$ 15,279	\$ 1,433,068	9,571,106

Q. Adjustments to Beginning Fund Balance

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

Beginning net position was adjusted as follows:

Net Position, Beginning (As Originally Stated)	\$ 5,226,569
Adjustments for:	
Total OPEB Liability	(2,438,524)
Net Position, Beginning (As Restated)	\$ 2,788,045

R. Joint Ventures (Joint Powers Agreements)

The District participates in joint powers agreements (JPAs) with the San Diego County Fringe Benefits Consortium (FBC), Imperial County Schools Property and Liability (ICSPL), Self-Insured Schools of California (SISC III), and Schools Excess Liability Fund (SELF). The relationship between the District and the JPA's is such that the JPAs are not component units of the District.

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

The JPA's arrange for and provide for various types of insurance for its member districts as requested. Each JPA is governed by a board consisting of a representative from each member district. The board controls the operations of the JPA's, 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's.

Combined condensed unaudited financial information for ICSPL, SISC III, and SELF for the fiscal year ended June 30, 2018 can be obtained from the JPA.

S. 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.

BRAWLEY UNION HIGH SCHOOL DISTRICT**EXHIBIT B-1**

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

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
LCFF Sources:				
State Apportionment or State Aid	\$ 14,728,849	\$ 14,412,156	\$ 14,054,969	\$ (357,187)
Education Protection Account Funds	2,589,516	2,630,367	2,837,564	207,197
Local Sources	2,276,014	2,583,521	2,680,652	97,131
Federal Revenue	1,252,346	1,353,071	1,309,633	(43,438)
Other State Revenue	1,777,197	2,341,765	2,234,527	(107,238)
Other Local Revenue	626,220	731,606	704,669	(26,937)
Total Revenues	<u>23,250,142</u>	<u>24,052,486</u>	<u>23,822,014</u>	<u>(230,472)</u>
Expenditures:				
Current:				
Certificated Salaries	10,412,286	10,702,177	10,893,552	(191,375)
Classified Salaries	3,315,440	3,619,851	3,623,625	(3,774)
Employee Benefits	4,681,995	5,033,418	4,759,705	273,713
Books And Supplies	2,304,035	1,995,594	1,650,358	345,236
Services And Other Operating Expenditures	2,435,227	2,775,986	2,470,885	305,101
Other Outgo	266,751	266,558	259,856	6,702
Direct Support/Indirect Costs	-	-	(1,475)	1,475
Capital Outlay	315,025	461,746	438,615	23,131
Debt Service:				
Principal	264,706	264,706	264,706	-
Total Expenditures	<u>23,995,465</u>	<u>25,120,036</u>	<u>24,359,827</u>	<u>760,209</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(745,323)</u>	<u>(1,067,550)</u>	<u>(537,813)</u>	<u>529,737</u>
Other Financing Sources (Uses):				
Transfers Out	(155,775)	(100,146)	(75,799)	24,347
Total Other Financing Sources (Uses)	<u>(155,775)</u>	<u>(100,146)</u>	<u>(75,799)</u>	<u>24,347</u>
Net Change in Fund Balance	(901,098)	(1,167,696)	(613,612)	554,084
Fund Balance, July 1	7,074,456	8,199,639	8,199,639	-
Fund Balance, June 30	<u>\$ 6,173,358</u>	<u>\$ 7,031,943</u>	<u>\$ 7,586,027</u>	<u>\$ 554,084</u>

See Accompanying Notes to Required Supplementary Information.

BRAWLEY UNION HIGH SCHOOL DISTRICT**EXHIBIT B-2**

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

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Federal Revenue	\$ 470,000	\$ 470,000	\$ 455,189	\$ (14,811)
Other State Revenue	42,000	42,000	38,634	(3,366)
Other Local Revenue	74,050	73,987	38,434	(35,553)
Total Revenues	<u>586,050</u>	<u>585,987</u>	<u>532,257</u>	<u>(53,730)</u>
Expenditures:				
Current:				
Classified Salaries	193,391	219,479	198,525	20,954
Employee Benefits	76,474	88,062	79,549	8,513
Books And Supplies	12,000	5,500	5,077	423
Services And Other Operating Expenditures	395,686	378,536	329,430	49,106
Total Expenditures	<u>677,551</u>	<u>691,577</u>	<u>612,581</u>	<u>78,996</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(91,501)</u>	<u>(105,590)</u>	<u>(80,324)</u>	<u>25,266</u>
Other Financing Sources (Uses):				
Transfers In	91,501	70,000	45,000	(25,000)
Total Other Financing Sources (Uses)	<u>91,501</u>	<u>70,000</u>	<u>45,000</u>	<u>(25,000)</u>
Net Change in Fund Balance	-	(35,590)	(35,324)	266
Fund Balance, July 1	27,965	50,603	50,603	-
Fund Balance, June 30	<u>\$ 27,965</u>	<u>\$ 15,013</u>	<u>\$ 15,279</u>	<u>\$ 266</u>

See Accompanying Notes to Required Supplementary Information.

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

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
District's proportion of the net pension liability (asset)	0.018440%	0.017700%	0.019300%	0.017900%	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	0.010950%	0.010102%	0.010262%	0.010884%						
District's proportionate share of the net pension liability (asset)	\$ 17,053,357	\$ 14,283,323	\$ 12,975,610	10,445,925	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	10,126,941	8,170,765	6,908,830	6,360,276	N/A	N/A	N/A	N/A	N/A	N/A
Total	\$ 27,180,298	\$ 22,454,088	\$ 19,884,440	16,806,201	N/A	N/A	N/A	N/A	N/A	N/A
District's covered-employee payroll	\$ 9,749,833	\$ 8,773,934	\$ 8,906,594	7,920,800	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.

N/A - 2014-15 is the first implementation year and as such, no information is being presented for years prior to implementation.

See accompanying notes to required supplementary information

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

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Contractually required contribution - District	\$ 1,525,823	\$ 1,226,529	\$ 941,443	790,906	N/A	N/A	N/A	N/A	N/A	N/A
Total Contractually Required Contributions	<u>1,252,305</u>	<u>1,252,305</u>	<u>941,443</u>	<u>790,906</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>
Contributions - District	(1,525,823)	(1,226,529)	(941,443)	(790,906)	N/A	N/A	N/A	N/A	N/A	N/A
Total Contributions in relation to the contractually required contribution	<u>(1,252,305)</u>	<u>(1,252,305)</u>	<u>(941,443)</u>	<u>(790,906)</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>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	-	N/A	N/A	N/A	N/A	N/A	N/A
District's covered-employee payroll	\$ 10,573,964	\$ 9,749,833	\$ 8,773,933	8,906,594	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.

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

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
District's proportion of the net pension liability (asset)	0.0223%	0.0210%	0.0223%	0.0205%	N/A	N/A	N/A	N/A	N/A	N/A
District's proportionate share of the net pension liability (asset)	\$ 5,329,567	\$ 4,145,617	\$ 3,282,057	2,327,923	N/A	N/A	N/A	N/A	N/A	N/A
District's covered-employee payroll	\$ 2,867,382	\$ 2,541,867	\$ 2,476,145	2,156,100	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.

N/A - 2014-15 is the first year of implementation and as such, years previous to implementation are not presented in this schedule.

See accompanying notes to required supplementary information.

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

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Contractually required contribution	\$ 486,649	\$ 398,222	\$ 301,135	291,467	N/A	N/A	N/A	N/A	N/A	N/A
Contributions in relation to the contractually required contribution	(486,649)	(398,222)	(301,135)	(291,467)	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	\$ 3,133,404	\$ 2,867,382	\$ 2,541,867	2,476,145	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.

N/A - 2014-15 fiscal year was the first year of implementation and as such, years previous to implementation are not presented in this schedule.

See accompanying notes to required supplementary information.

BRAWLEY UNION HIGH SCHOOL DISTRICT
 SCHEDULE OF CHANGES IN THE DISTRICT'S
 TOTAL OPEB LIABILITY AND RELATED RATIOS
 BUHSD Retiree Health Plan
 LAST TEN FISCAL YEARS *

	Fiscal Year Ended									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Total OPEB liability:										
Service cost	\$ 152,715	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A
Interest	102,087	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Changes of benefit terms	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Differences between expected and actual experience	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Changes of assumptions or other inputs	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Benefit payments	(162,435)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net change in total OPEB liability	92,367	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total OPEB liability - beginning	3,342,153	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total OPEB liability - ending	\$ 3,434,520	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A
Covered-employee payroll	\$ 13,466,575	\$ 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	25.50%	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

BRAWLEY UNION HIGH 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 \$	191,375	The District underestimated the increase from bargaining agreement increases.
Classified Salaries	3,774	The District underestimated the increase from bargaining agreement increases.

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

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

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

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

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

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

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

CalSTRS changed the mortality assumptions based on the July 1, 2010 through June 30, 2015 experience study adopted by the CalSTRS board in February 2017. CalSTRS uses a generational mortality assumption,

which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among CalSTRS members. The projection scale was set equal to 110 percent of the ultimate improvement factor from the Mortality Improvement Scale (MP-2016) table, issued by the Society of Actuaries. Additional information can be obtained by reviewing the CalSTRS Actuarial Experience Study on CalSTRS website.

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

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

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

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

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

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

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

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

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

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

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

Combining Statements as Supplementary Information

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

BRAWLEY UNION HIGH SCHOOL DISTRICT

COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2018

	Special Revenue Funds	Debt Service Fund Bond Interest & Redemption	Capital Projects Fund Capital Facilities Fund	Total Nonmajor Governmental Funds (See Exhibit A-3)
ASSETS:				
Cash in County Treasury	\$ 7,848	\$ 647,015	\$ 776,731	\$ 1,431,594
Accounts Receivable	23,589	1,659	2,101	27,349
Due from Other Funds	653	-	-	653
Total Assets	<u>32,090</u>	<u>648,674</u>	<u>778,832</u>	<u>1,459,596</u>
LIABILITIES AND FUND BALANCE:				
Liabilities:				
Accounts Payable	\$ 6,676	\$ -	\$ 2,139	\$ 8,815
Due to Other Funds	17,713	-	-	17,713
Total Liabilities	<u>24,389</u>	<u>-</u>	<u>2,139</u>	<u>26,528</u>
Fund Balance:				
Restricted Fund Balances	7,356	-	-	7,356
Assigned Fund Balances	345	648,674	776,693	1,425,712
Total Fund Balance	<u>7,701</u>	<u>648,674</u>	<u>776,693</u>	<u>1,433,068</u>
Total Liabilities and Fund Balances	<u>\$ 32,090</u>	<u>\$ 648,674</u>	<u>\$ 778,832</u>	<u>\$ 1,459,596</u>

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

	Special Revenue Funds	Debt Service Fund Bond Interest & Redemption	Capital Projects Fund Capital Facilities Fund	Total Nonmajor Governmental Funds (See Exhibit A-5)
Revenues:				
Federal Revenue	\$ 33,312	\$ -	\$ -	\$ 33,312
Other State Revenue	142,777	5,996	(82,819)	65,954
Other Local Revenue	87,827	725,077	14,528	827,432
Total Revenues	<u>263,916</u>	<u>731,073</u>	<u>(68,291)</u>	<u>926,698</u>
Expenditures:				
Current:				
Instruction	114,316	-	-	114,316
Community Services	178,752	-	-	178,752
General Administration	1,475	-	-	1,475
Plant Services	-	-	4,549	4,549
Debt Service:				
Principal	-	455,000	-	455,000
Interest	-	245,695	-	245,695
Total Expenditures	<u>294,543</u>	<u>700,695</u>	<u>4,549</u>	<u>999,787</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(30,627)</u>	<u>30,378</u>	<u>(72,840)</u>	<u>(73,089)</u>
Other Financing Sources (Uses):				
Transfers In	30,799	-	-	30,799
Total Other Financing Sources (Uses)	<u>30,799</u>	<u>-</u>	<u>-</u>	<u>30,799</u>
Net Change in Fund Balance	172	30,378	(72,840)	(42,290)
Fund Balance, July 1	7,529	618,296	849,533	1,475,358
Fund Balance, June 30	<u>\$ 7,701</u>	<u>\$ 648,674</u>	<u>\$ 776,693</u>	<u>\$ 1,433,068</u>

BRAWLEY UNION HIGH SCHOOL DISTRICT

COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2018

	Adult Education Fund	Child Development Fund	Deferred Maintenance Fund	Total Nonmajor Special Revenue Funds (See Exhibit C-1)
ASSETS:				
Cash in County Treasury	\$ 7,848	\$ -	\$ -	\$ 7,848
Accounts Receivable	23,540	49	-	23,589
Due from Other Funds	-	653	-	653
Total Assets	<u>31,388</u>	<u>702</u>	<u>-</u>	<u>32,090</u>
LIABILITIES AND FUND BALANCE:				
Liabilities:				
Accounts Payable	\$ 6,610	\$ 66	\$ -	\$ 6,676
Due to Other Funds	17,077	636	-	17,713
Total Liabilities	<u>23,687</u>	<u>702</u>	<u>-</u>	<u>24,389</u>
Fund Balance:				
Restricted Fund Balances	7,356	-	-	7,356
Assigned Fund Balances	345	-	-	345
Total Fund Balance	<u>7,701</u>	<u>-</u>	<u>-</u>	<u>7,701</u>
Total Liabilities and Fund Balances	<u>\$ 31,388</u>	<u>\$ 702</u>	<u>\$ -</u>	<u>\$ 32,090</u>

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

	Adult Education Fund	Child Development Fund	Total Nonmajor Special Revenue Funds (See Exhibit C-2)
Revenues:			
Federal Revenue	\$ 33,312	\$ -	\$ 33,312
Other State Revenue	5,012	137,765	142,777
Other Local Revenue	77,640	10,187	87,827
Total Revenues	<u>115,964</u>	<u>147,952</u>	<u>263,916</u>
Expenditures:			
Current:			
Instruction	114,316	-	114,316
Community Services	-	178,752	178,752
General Administration	1,475	-	1,475
Total Expenditures	<u>115,791</u>	<u>178,752</u>	<u>294,543</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>173</u>	<u>(30,800)</u>	<u>(30,627)</u>
Other Financing Sources (Uses):			
Transfers In	-	30,799	30,799
Total Other Financing Sources (Uses)	<u>-</u>	<u>30,799</u>	<u>30,799</u>
Net Change in Fund Balance	173	(1)	172
Fund Balance, July 1	7,528	1	7,529
Fund Balance, June 30	<u>\$ 7,701</u>	<u>\$ -</u>	<u>\$ 7,701</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

BRAWLEY UNION HIGH SCHOOL DISTRICT

LOCAL EDUCATION AGENCY

ORGANIZATION STRUCTURE

JUNE 30, 2018

The Brawley Union High School District was established in 1908 and is comprised of an area of approximately 17 square miles. There were no changes to the boundaries of the District during the current year. The District serves the cities of Brawley and Westmorland and offers instruction for grades 9-12. The Brawley Union High School District is currently operating one continuation school, one adult school, one community day school, and one high school.

Governing Board

<u>Name</u>	<u>Office</u>	<u>Term and Term Expiration</u>
Patricia Wilson	President	Four year term Expires December 2020
Rosendo Garcia	Vice President	Four year term Expires December 2020
Gabriel Contreras	Secretary	Four year term Expires December 2022
Carol Sassie	Member	Four year term Expires December 2020
Karin Morgan	Member	Four year term Expires December 2022

Administration

Simon Canalez
Superintendent

Antonio Munguia
Principal
Desert Valley High School

Jennifer Layaye
Chief
Business Official

Jesse Sanchez
Principal
Brawley Union High School

BRAWLEY UNION HIGH SCHOOL DISTRICT

SCHEDULE OF AVERAGE DAILY ATTENDANCE
 YEAR ENDED JUNE 30, 2018

TABLE D-1

	Second Period Report		Annual Report	
	Original	Revised	Original	Revised
Grades 9-12:				
Regular ADA	1,752.36	N/A	1,741.20	N/A
Community Day School	15.86	N/A	15.82	N/A
Grades 9-12 Totals	<u>1,768.22</u>	<u>N/A</u>	<u>1,757.02</u>	<u>N/A</u>
ADA Totals	<u><u>1,768.22</u></u>	<u><u>N/A</u></u>	<u><u>1,757.02</u></u>	<u><u>N/A</u></u>

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

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

BRAWLEY UNION HIGH SCHOOL DISTRICTSCHEDULE OF INSTRUCTIONAL TIME
YEAR ENDED JUNE 30, 2018**TABLE D-2**

<u>Grade Level</u>	<u>Ed. Code Minutes Requirement</u>	<u>2017-18 Actual Minutes</u>	<u>Number of Days Traditional Calendar</u>	<u>Status</u>
Grade 9	64,800	68,112	180	Complied
Grade 10	64,800	68,112	180	Complied
Grade 11	64,800	68,112	180	Complied
Grade 12	64,800	68,112	180	Complied

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

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 46206. The District neither met nor exceeded its target funding.

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

TABLE D-3

General Fund	Budget 2019 (See Note 1)	2018	2017	2016
Revenues and other financial sources	\$ 25,114,742	\$ 23,822,013	\$ 23,922,546	\$ 22,493,160
Expenditures, other uses and transfers out	25,439,810	24,435,626	23,393,852	21,286,708
Change in fund balance (deficit)	(325,068)	(613,613)	528,694	1,206,452
Ending fund balance	\$ <u>7,260,959</u>	\$ <u>7,586,027</u>	\$ <u>8,199,640</u>	\$ <u>7,670,946</u>
Available reserves (Note 2)	\$ <u>6,983,896</u>	\$ <u>6,415,970</u>	\$ <u>6,919,581</u>	\$ <u>6,651,359</u>
Available reserves as a percentage of total outgo	<u>27.5%</u>	<u>31.0%</u>	<u>35.1%</u>	<u>36.0%</u>
Total long-term debt	\$ <u>35,287,725</u>	\$ <u>36,237,099</u>	\$ <u>30,416,123</u>	\$ <u>28,717,245</u>
Average daily attendance at P-2	<u>1,797</u>	<u>1,768</u>	<u>1,766</u>	<u>1,766</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 decreased by \$84,919 over the past two years. The fiscal year 2018-19 budget projects a decrease of \$325,068. 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 \$7,519,854 over the past two years.

Average daily attendance (ADA) has increased by 2 over the past two years.

Notes:

1. Budget 2018 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 \$728,361 \$538,552, and \$419,977, have been excluded from the calculation of available reserves as a percentage of total outgo for the fiscal years ending June 30, 2018, 2017, and 2016.
4. As described in Note A to these financial statements, for purposes of reporting in conformity with GASB Statement No. 54, the District's Special Reserve Fund for Other Than Capital Outlay (Fund 17) was included with the general fund. The above Schedule of Financial Trends and Analysis contains only the financial information of the general fund.

BRAWLEY UNION HIGH SCHOOL DISTRICT

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

TABLE D-4

	General Fund	Special Reserve Fund for Other Than Capital Outlay Projects
	<u> </u>	<u> </u>
June 30, 2018 annual financial and budget report fund balances	\$ 7,586,027	\$ 536,733
Adjustments and reclassifications:		
Increasing (decreasing) the fund balance:		
GASB # 54 reporting of Special Reserve Fund	<u>536,733</u>	<u>(536,733)</u>
June 30, 2018 audited financial statement fund balances	<u>\$ 8,122,760</u>	<u>\$ -</u>

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

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

TABLE D-5

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

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

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

TABLE D-6

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass- Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
CHILD NUTRITION CLUSTER:				
<u>U. S. Department of Agriculture</u>				
Passed Through State Department of Education:				
School Breakfast Program	10.553	13525	\$ -	\$ 154,809
National School Lunch Program - Noncash Commodities	10.555	13396	-	38,949
National School Lunch Program	10.555	13523	-	279,135
Total Passed Through State Department of Education			-	472,893
Total U. S. Department of Agriculture			-	472,893
Total Child Nutrition Cluster			-	472,893
MEDICAID CLUSTER:				
<u>U. S. Department of Health and Human Services</u>				
Passed Through State Department of Education:				
Medi-Cal	93.778	10013	-	54,994
Total U. S. Department of Health and Human Services			-	54,994
Total Medicaid Cluster			-	54,994
SPECIAL EDUCATION (IDEA) CLUSTER:				
<u>U. S. Department of Education</u>				
Passed Through State Department of Education:				
IDEA Basic Local Assistance	84.027	13379	-	282,963
Total U. S. Department of Education			-	282,963
Total Special Education (IDEA) Cluster			-	282,963
OTHER PROGRAMS:				
<u>U. S. Department of Education</u>				
Passed Through State Department of Education:				
Adult Education Secondary	84.002	13978	-	20,816
Adult Education Basic	84.002	14508	-	12,496
Title I	84.010	14329	-	560,421
Migrant Education Summer	84.011	10005	-	58,617
Migrant Education	84.011	14838	-	186,467
Carl D. Perkins Career & Technical Education	84.048	14894	-	59,649
Title III Limited English Proficiency (LEP)	84.365	14346	-	44,703
Title II Supporting Effective Instruction	84.367	14341	-	71,819
Total Passed Through State Department of Education			-	1,014,988
Total U. S. Department of Education			-	1,014,988
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ -	\$ 1,825,838

The accompanying notes are an integral part of this schedule.

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

Basis of Presentation

The accompanying schedule of expenditures of federal awards ("the Schedule") includes the federal grant activity of El Centro Elementary 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 4.06% 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 School 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:

<u>Program</u>	<u>CFDA #</u>	<u>Indirect Cost Rate</u>
Title II	84.367	1.91%
Title III	84.365	2.00%

Schoolwide Program

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

<u>Program</u>	<u>CFDA #</u>	<u>Amount Expended</u>
Title I	84.010	\$560,421

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
Brawley Union High School District
Brawley, California

Members of the Board of Trustees:

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

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Wilkinson Hadley King + 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
Brawley Union High School District
Brawley, California

Members of the Board of Trustees:

Report on Compliance for Each Major Federal Program

We have audited the Brawley Union High School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on Brawley Union High School District's major federal program for the year ended June 30, 2018. Brawley Union High School District's major federal program is 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 Brawley Union High School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Brawley Union High School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

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

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

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

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

Wilkinson Hadley King + 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
Brawley Union High School District
Brawley, California

Members of the Board of Trustees:

Report on State Compliance

We have audited the District's compliance with the types of compliance requirements described in the *2017-18 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in Title 5, *California Code of Regulations*, Section 19810 that could have a direct and material effect on each of the District's state programs identified below for the fiscal year ended June 30, 2018.

Management's Responsibility for State Compliance

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each applicable program as identified in the State's audit guide, *2017-18 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* prescribed in Title 5, *California Code of Regulations*, Section 19810. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the State's audit guide, *2017-18 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in Title 5, *California Code of Regulations*, Section 19810. Those standards and audit guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on the state programs noted below occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the District's compliance with those requirements.

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

<u>Compliance Requirements</u>	<u>Procedures in Audit Guide Performed?</u>
LOCAL EDUCATION AGENCIES OTHER THAN CHARTER SCHOOLS:	
Attendance Accounting:	
Attendance Reporting	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	N/A
Continuation Education	Yes
Instructional Time	Yes
Instructional Materials.....	Yes
Ratio of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	N/A
GANN Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	N/A
Middle or Early College High Schools	N/A
K-3 Grade Span Adjustment	N/A
Transportation Maintenance of Effort	Yes
Apprenticeship: Related and Supplemental Instruction	N/A
SCHOOL DISTRICTS, COUNTY OFFICES OF EDUCATION, AND CHARTER SCHOOLS:	
Educator Effectiveness	Yes
California Clean Energy Jobs Act	Yes
After School Education and Safety Program:	
After School	N/A
Before School	N/A
General Requirements	N/A
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study-Course Based	N/A
CHARTER SCHOOLS:	
Attendance	N/A
Mode of Instruction	N/A
Nonclassroom-Based Instruction/Independent Study.....	N/A
Determination of Funding for Nonclassroom-Based Instruction	N/A
Annual Instructional Minutes - Classroom Based	N/A
Charter School Facility Grant Program	N/A

The term "N/A" is used above to mean either the District did not offer the program during the current fiscal year or the program applies to a different type of local education agency.

Opinion on State Compliance

In our opinion, Brawley Union High School District complied, in all material respects, with the compliance requirements referred to above that are applicable to the statutory requirements listed in the schedule above for the year ended June 30, 2018.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of compliance and the results of that testing, and not to provide an opinion of the effectiveness of the entity's internal control or on compliance outside of the items tested as noted above. This report is an integral part of an audit performed in accordance with the *2017-18 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* prescribed in Title 5, *California Code of Regulations*, Section 19810 in considering the entity's compliance. Accordingly, this communication is not suitable for any other purpose.

Wilkinson Hadley King + LLP

El Cajon, California
December 17, 2018

Findings and Recommendations Section

BRAWLEY UNION HIGH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018

A. Summary of Auditor's Results

1. Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

One or more material weaknesses identified? Yes X No

One or more significant deficiencies identified that are not considered to be material weaknesses? Yes X None Reported

Noncompliance material to financial statements noted? Yes X No

2. Federal Awards

Internal control over major programs:

One or more material weaknesses identified? Yes X No

One or more significant deficiencies identified that are not considered to be material weaknesses? Yes X None Reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200? Yes X No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.010	Title I

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

BRAWLEY UNION HIGH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018

B. Financial Statement Findings

NONE

C. Federal Award Findings and Questioned Costs

NONE

D. State Award Findings and Questioned Costs

NONE

BRAWLEY UNION HIGH 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 data-bbox="155 375 461 436">Finding 2017-001 (30000) Associated Student Body</p> <p data-bbox="155 472 781 720">In our review of 40 disbursements for the ASB accounts we noted some issues that were occurring. There were 3 disbursements that the District was unable to provide supporting documents for. In addition, the disbursements that were provided, 8 invoices were not defaced in any way to prevent duplicate payments from occurring.</p> <p data-bbox="155 756 781 947">We recommend the District perform risk assessments throughout the ASB disbursement process to assess areas that need to be improved upon. Once complete the processes in place should not be able to be overridden in order to accommodate a late check request.</p>	Implemented	N/A
<p data-bbox="155 982 461 1043">Finding 2017-002 (40000) Unduplicated Pupil Counts</p> <p data-bbox="155 1079 781 1289">In our review of students randomly selected for testing we noted 3 total errors. In the category of FRPM Only, the District was unable to provide backup documentation for two students. In the EL Only category the District was unable to provide backup documentation for 1 student. We tested a total of 72 students.</p> <p data-bbox="155 1325 781 1449">We recommend processes that already exist be followed to ensure that all students being claimed as unduplicated have all the required backup documentation filed in an orderly manner.</p>	Implemented	N/A

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APPENDIX C

ECONOMIC AND DEMOGRAPHIC INFORMATION ABOUT THE CITY OF BRAWLEY AND IMPERIAL COUNTY

The Bonds are not a debt of the City of Brawley (the “City”) or Imperial County (the “County”). The County, including its Board of Supervisors, officers, officials, agents and other employees, are required, only to the extent required by law, to: (i) levy and collect ad valorem taxes for payment of the Bonds in accordance with the law; and (ii) transmit the proceeds of such taxes to the paying agent for the payment of the principal of and interest on the Bonds at the time such payment is due.

General Information

The City. The City of Brawley (the “City”) is located in Imperial County (the “County”), approximately 13 miles north of the City El Centro, 95 miles southeast of Palm Springs, California and 130 miles east of San Diego. The City has a significant cattle and feed industry, and hosts the annual Cattle Call Rodeo. Year-round agriculture is an important economic activity in Brawley. The hub of air service is Boley Field, the County airport, 12 miles to the south. Direct flights to Los Angeles, with connection worldwide are regularly scheduled. Union Pacific Railroad offers mainline service to destinations in other states for the shipment of products and supplies related to agriculture and industry. Most industrially zoned sites in Brawley offer direct rail access

The County. The County is located in the southeast corner of California. It is bordered on the north by Riverside County, on the west by San Diego County, on the south by Mexico and on the east by the Colorado River which forms the boundary between California and Arizona. It covers an area of 4,284 square miles. The county has an average annual rainfall of less than three inches, and three fourths of the area is desert sand and rugged mountains. Parts of the county are below sea level. Imperial County is one of the state’s major agricultural producers. Farming is done in the Imperial Valley, an approximately one thousand square mile area. An extensive irrigation system has been developed and adequate water is supplied from the Colorado River through the All-American Canal. There is a year round growing season with a mean monthly temperature ranging from 55 degrees to 90 degrees Fahrenheit. The City of El Centro, the largest of three major cities in the Imperial Valley, is the county seat and the principal trading center of the county.

Population

The population of the County increased to 190,266 as of January 1, 2019, according to the California Department of Finance estimates.

**IMPERIAL COUNTY
Population Estimates**

Area	2015	2016	2017	2018	2019
Brawley	26,526	26,837	27,116	27,073	27,337
Calexico	40,329	40,436	40,732	42,034	42,198
Calipatria	7,387	7,486	7,537	7,551	7,281
El Centro	44,941	45,221	45,413	46,193	46,248
Holtville	6,211	6,228	6,349	6,738	6,779
Imperial	17,267	17,897	18,341	19,511	19,929
Westmoreland	2,256	2,257	2,279	2,460	2,461
Unincorporated	39,652	39,657	40,154	38,063	38,033
Total County	184,569	186,019	187,921	189,623	190,266

Source: State Department of Finance estimates (as of January 1)

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Largest Employers

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

COUNTY OF IMPERIAL Major Employers As of May 2019

Employer Name	Location	Industry
8A Packing LLC	El Centro	Labor Organizations
Academic Services	Imperial	University-College Dept/Facility/Office
Allstar Seed Co	El Centro	Seeds & Bulbs-Wholesale
Calipatria State Prison	Calipatria	Government Offices-State
Centinela State Prison	Imperial	Government Offices-State
Central Union High School	El Centro	Schools
El Centro Naval Air Facility	El Centro	Federal Government-National Security
El Centro Regional Medical Ctr	El Centro	Hospitals
Imperial County Behavioral	El Centro	Mental Health Services
Imperial County Coroner	El Centro	Government Offices-County
Imperial County Ofc-Edu Fndtn	El Centro	Educational Associations
Imperial County Sheriff	El Centro	Government Offices-County
Imperial Date Gardens	Winterhaven	Nurserymen
Imperial Irrigation District	El Centro	Distribution Services
Jjall LLC	Calexico	Labor Contractors
Paradise Casino	Winterhaven	Casinos
Pioneers Memorial Healthcare	Brawley	Health Care Management
Spreckels Sugar Co Inc	Brawley	Sugar Refiners (mfrs)
Target	El Centro	Department Stores
United States Gypsum Co	Imperial	Gypsum & Gypsum Products (mfrs)
US Border Patrol	El Centro	Government Offices-US
Vulcan-Bn Geothermal Power	Calipatria	Power Plants
Walmart Supercenter	Brawley	Department Stores
Walmart Supercenter	El Centro	Department Stores
Walmart Supercenter	Calexico	Department Stores

Source: California Employment Development Department, extracted from The America's Labor Market Information System (ALMIS) Employer Database, 2019 2nd Edition.

Employment and Industry

The District is included in the El Centro Metropolitan Statistical Area (“MSA”). The unemployment rate in the Imperial County was 16.2% in April 2019, down from a revised 17.6% in March 2019, and above the year-ago estimate of 15.5%. This compares with an unadjusted unemployment rate of 3.9% for California and 3.3% for the nation during the same period.

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

**EL CENTRO METROPOLITAN STATISTICAL AREA
(COUNTY OF IMPERIAL)
Annual Average Civilian Labor Force,
Unemployment and Employment by Industry
(March 2018 Benchmark)**

	2014	2015	2016	2017	2018
Civilian Labor Force ⁽¹⁾	78,300	76,700	75,200	72,100	71,100
Employment	59,500	57,900	57,000	58,000	58,200
Unemployment	18,800	18,800	18,200	14,100	12,900
Unemployment Rate	24.0%	24.5%	24.1%	19.5%	18.1%
<u>Wage and Salary Employment:</u> ⁽²⁾					
Agriculture	12,300	13,200	11,700	11,800	11,700
Mining, Logging, Construction	2,300	2,600	1,800	1,800	1,700
Manufacturing	1,600	1,000	1,000	1,100	1,100
Wholesale Trade	1,800	1,800	1,900	2,000	2,100
Retail Trade	8,100	8,200	8,000	8,000	8,100
Transportation, Warehousing and Utilities	2,100	2,100	2,400	2,600	2,500
Information	300	300	300	300	300
Financial Activities	1,500	1,500	1,400	1,300	1,300
Professional and Business Services	2,600	2,300	2,400	2,600	2,600
Educational and Health Services	7,500	7,500	7,800	8,100	8,400
Leisure and Hospitality	4,000	4,200	4,400	4,400	4,200
Other Services	800	800	900	900	900
Federal Government	2,300	2,200	2,100	2,100	2,100
State Government	2,600	2,600	2,700	2,700	2,700
Local Government	13,000	13,100	13,400	13,700	14,000
Total all Industries ⁽³⁾	62,800	63,300	62,100	63,500	63,700

(1) Labor force data is by place of residence; includes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.

(2) Industry employment is by place of work; excludes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.

(3) Totals may not add due to rounding.

Source: California Employment Development Department.

Commercial Activity

Total taxable sales during the first quarter of calendar year 2018 in the City were reported to be \$49,428,192, a 11.88% increase over the total taxable sales of \$44,178,855 reported during the first quarter of calendar year 2017. Annual figures are not yet available for calendar year 2018.

**CITY OF BRAWLEY
Taxable Retail Sales
Number of Permits and Valuation of Taxable Transactions
Calendar Years 2013 through 2017 (Dollars in Thousands)**

Year	<u>Retail Stores</u>		<u>Total Outlets</u>	
	Permits on July 1	Taxable Transactions	Permits on July 1	Taxable Transactions
2013	164	\$123,278	286	\$191,201
2014	182	118,597	302	205,080
2015 ⁽¹⁾	194	135,068	334	193,136
2016	198	135,099	346	189,668
2017	194	133,691	342	191,675

(1) Permit figures for calendar year 2015 are not comparable to that of prior years due to outlet counts in these reports including the number of outlets that were active during the reporting period. Retailers that operate part-time are now tabulated with store retailers.
Source: State Board of Equalization. Taxable Sales in California (Sales & Use Tax) for years 2013-2016. State Department of Tax and Fee Administration for year 2017.

Total taxable sales during the first quarter of calendar year 2018 in the County were reported to be \$803,811,114, a 36.84% increase over the total taxable sales of \$587,425,874 reported during the first three quarters of calendar year 2017. Annual figures are not yet available for calendar year 2018.

**IMPERIAL COUNTY
Taxable Retail Sales
Number of Permits and Valuation of Taxable Transactions
Calendar Years 2012 through 2016 (Dollars in Thousands)**

	<u>Retail Stores</u>		<u>Total All Outlets</u>	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2013	2,222	\$1,561,647	3,239	\$3,661,582
2014	2,293	1,615,754	3,266	2,893,261
2015 ⁽¹⁾	1,153	1,612,423	3,509	2,652,906
2016	2,360	1,600,491	3,557	2,458,984
2017	2,247	1,686,409	3,444	2,537,636

(1) Permit figures for calendar year 2015 are not comparable to that of prior years due to outlet counts in these reports including the number of outlets that were active during the reporting period. Retailers that operate part-time are now tabulated with store retailers.
Source: State Board of Equalization. Taxable Sales in California (Sales & Use Tax) for years 2013-2016. State Department of Tax and Fee Administration for year 2017.

Construction Trends

Provided below are the building permits and valuations for the City and the County for calendar years 2013 through 2017.

**CITY OF BRAWLEY
Total Building Permit Valuations
Calendar Years 2013 through 2017
(dollars in thousands)**

	2013	2014	2015	2016	2017
<u>Permit Valuation</u>					
New Single-family	\$5,348.2	\$3,299.5	\$8,634.2	\$8,623.9	\$8,855.0
New Multi-family	0.0	0.0	5,659.9	0.0	158.7
Res. Alterations/Additions	<u>1,722.8</u>	<u>842.3</u>	<u>2,361.4</u>	<u>1,256.5</u>	<u>1,672.5</u>
Total Residential	<u>7,071.0</u>	4,141.8	16,655.5	9,880.4	10,686.2
New Commercial	2,949.1	897.6	830.4	53.6	89.5
New Industrial	0.0	0.0	0.0	1,100.0	0.0
New Other	259.2	583.4	987.8	2,602.7	553.9
Com. Alterations/Additions	<u>1,728.8</u>	<u>2,470.0</u>	<u>2,944.6</u>	<u>2,908.9</u>	<u>790.4</u>
Total Nonresidential	4,937.1	3,951.0	4,762.8	6,665.20	1,433.8
<u>New Dwelling Units</u>					
Single Family	35	33	45	55	61
Multiple Family	<u>0</u>	<u>0</u>	<u>41</u>	<u>0</u>	<u>2</u>
TOTAL	35	33	86	55	63

Source: Construction Industry Research Board, Building Permit Summary.

**IMPERIAL COUNTY
Total Building Permit Valuations
Calendar Years 2013 through 2017
(dollars in thousands)**

	2013	2014	2015	2016	2017
<u>Permit Valuation</u>					
New Single-family	\$67,396.6	\$33,809.0	\$26,492.3	\$48,224.3	\$36,490.5
New Multi-family	0.0	9,582.3	20,797.8	7,761.8	733.7
Res. Alterations/Additions	<u>4,389.1</u>	<u>4,211.5</u>	<u>6,386.9</u>	<u>10,004.3</u>	<u>5,166.4</u>
Total Residential	<u>71,785.7</u>	47,602.8	53,677.0	65,990.4	42,390.6
New Commercial	44,242.9	6,833.1	18,009.0	22,447.5	94,732.4
New Industrial	17,735.4	10,009.0	2,000.0	1,239.2	1,977.2
New Other	507,195.9	3,971.0	13,405.1	48,814.3	62,770.4
Com. Alterations/Additions	<u>22,475.6</u>	<u>12,257.6</u>	<u>13,616.3</u>	<u>18,720.0</u>	<u>12,701.0</u>
Total Nonresidential	591,649.8	33,070.7	47,030.4	91,221.0	172,181.0
<u>New Dwelling Units</u>					
Single Family	334	179	125	230	191
Multiple Family	<u>0</u>	<u>59</u>	<u>133</u>	<u>41</u>	<u>8</u>
TOTAL	334	238	258	271	199

Source: Construction Industry Research Board, Building Permit Summary.

Effective Buying Income

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

The following table summarizes the median household effective buying income for the City, the County, the State and the United States for the period 2015 through 2019.

**CITY OF BRAWLEY, IMPERIAL COUNTY, STATE OF CALIFORNIA AND UNITED STATES
Median Household Effective Buying Income
2015 through 2019**

	2015	2016	2017	2018	2019
City of Brawley	\$34,170	\$38,315	\$36,361	\$35,997	\$41,279
Imperial County	36,760	40,946	37,868	39,772	43,330
California	50,072	53,589	55,681	59,646	62,637
United States	45,448	46,738	48,043	50,735	52,841

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

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APPENDIX D

PROPOSED FORM OF OPINION OF BOND COUNSEL

[LETTERHEAD OF JONES HALL]

June 25, 2019

Board of Trustees
Brawley Union High School District
480 North Imperial Avenue
Brawley, California 95965

OPINION: \$6,300,000 Brawley Union High School District (Imperial County, California) General Obligation Bonds, Election of 2018, Series A

Members of the Board of Trustees:

We have acted as bond counsel to the Brawley Union High School District (the "District") in connection with the issuance by the District of \$6,300,000 principal amount of Brawley Union High School District (Imperial County, California) General Obligation Bonds, Election of 2018, Series A, dated the date hereof (together, the "Bonds"), under the provisions of Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, and a resolution of the Board of Trustees adopted on March 6, 2019 (the "Resolution"). We have examined the law and such certified proceedings and other papers as we deemed necessary to render this opinion.

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

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

1. The District is duly created and validly existing as a school district with the power to issue the Bonds and to perform its obligations under the Bond Resolution and the Bonds.
2. The Bond Resolution has been duly adopted by the Board and constitutes a valid and binding obligation of the Board enforceable against the Board in accordance with its terms.
3. The Bonds have been duly issued and sold by the District and are valid and binding general obligations of the District, and the County of Imperial is obligated to levy *ad valorem* taxes for the payment of the Bonds and the interest thereon upon all property within the District subject to taxation by the District, without limitation as to rate or amount.

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

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

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

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

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

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

Respectfully submitted,

Jones Hall,
A Professional Law Corporation

APPENDIX E

FORM OF CONTINUING DISCLOSURE CERTIFICATE

\$6,300,000
BRAWLEY UNION HIGH SCHOOL DISTRICT
(Imperial County, California)
General Obligation Bonds
Election of 2018, Series A
(Bank Qualified)

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (this “**Disclosure Certificate**”) is executed and delivered by the Brawley Union High School District (the “**District**”) in connection with the execution and delivery of the captioned bonds (the “**Bonds**”). The Bonds are being executed and delivered pursuant to a resolution adopted by the Board of Trustees of the District on March 6, 2019 (the “**Resolution**”). U.S. Bank National Association is initially acting as paying agent for the Bonds (the “**Paying Agent**”).

The District hereby covenants and agrees as follows:

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

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

“*Annual Report*” means any Annual Report provided by the District pursuant to, and as described in, Sections 3 and 4.

“*Annual Report Date*” means the date not later than nine months after the end of each fiscal year of the District (currently being March 31 based on a fiscal year ending June 30).

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

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

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

“*Official Statement*” means the final official statement executed by the District in connection with the issuance of the Bonds.

“*Paying Agent*” means U.S. Bank National Association, Los Angeles, California, or any successor thereto.

“*Participating Underwriter*” means RBC Capital Markets, LLC, the original Underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

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

Section 3. Provision of Annual Reports.

(a) The District shall, or shall cause the Dissemination Agent to, not later than the Annual Report Date, commencing March 31, 2020 with the report for the 2018-19 fiscal year, provide to the MSRB in an electronic format as prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than 15 Business Days prior to the Annual Report Date, the District shall provide the Annual Report to the Dissemination Agent (if other than the District). If by 15 Business Days prior to the Annual Report Date the Dissemination Agent (if other than the District) has not received a copy of the Annual Report, the Dissemination Agent shall contact the District to determine if the District is in compliance with the previous sentence. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4; provided that the audited financial statements of the District may be submitted separately from the balance of the Annual Report, and later than the Annual Report Date, if not available by that date. If the District’s fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c). The District shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by the District hereunder.

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

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

- (i) determine each year prior to the Annual Report Date the then-applicable rules and electronic format prescribed by the MSRB for the filing of annual continuing disclosure reports; and
- (ii) if the Dissemination Agent is other than the District, file a report with the District certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, and stating the date it was provided.

Section 4. Content of Annual Reports. The District's Annual Report shall contain or incorporate by reference the following:

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

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

- (i) The District's most recently adopted Budget or approved interim report with budgeted figures which is available at the time of filing the Annual Report;
- (ii) Assessed value of taxable property in the jurisdiction of the District;
- (iii) Changes, if any, in the operation of Imperial County's Teeter Plan affecting the District;
- (iv) Changes, if any, in the operation of Imperial County Investment Pool which would affect the District's access to property taxes used to pay debt service on the Bonds;
- (v) Property tax collection delinquencies for the District, for the most recently completed Fiscal Year, if the District is no longer a participant in Imperial County's Teeter Plan;
- (vi) Top 20 secured property taxpayers in the District; and
- (vii) In addition to any of the information expressly required to be provided under paragraphs (i) through (vi), of this Section, the District shall provide such further information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

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

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

Section 5. Reporting of Significant Events.

(a) The District shall give, or cause to be given, notice of the occurrence of any of the following Listed Events with respect to the Bonds:

- (1) Principal and interest payment delinquencies.
- (2) Non-payment related defaults, if material.
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties.
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties.
- (5) Substitution of credit or liquidity providers, or their failure to perform.
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security.
- (7) Modifications to rights of security holders, if material.
- (8) Bond calls, if material, and tender offers.
- (9) Defeasances.
- (10) Release, substitution, or sale of property securing repayment of the securities, if material.
- (11) Rating changes.
- (12) Bankruptcy, insolvency, receivership or similar event of the District.
- (13) The consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.
- (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material.
- (15) Incurrence of a financial obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material.
- (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties.

(b) Whenever the District obtains knowledge of the occurrence of a Listed Event, the District shall, or shall cause the Dissemination Agent (if not the District) to, file a notice of such

occurrence with the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of 10 business days after the occurrence of the Listed Event.

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

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

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

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

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

Section 8. Dissemination Agent. The District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any Dissemination Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be Isom Advisors, a Division of Urban Futures, Inc. Any Dissemination Agent may resign by providing 30 days' written notice to the District and the Paying Agent.

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

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

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

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

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

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

Section 10. 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 Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 11. Default. If the District fails to comply with any provision of this Disclosure Certificate, the Participating Underwriter or 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 12. Duties, Immunities and Liabilities of Dissemination Agent.

(a) The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the District agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent will have no duty or obligation to review any information provided to it by the District hereunder, and shall not be deemed to be acting in any fiduciary capacity for the District, the Bondholders or any other party. The obligations of the District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

(b) The Dissemination Agent shall be paid compensation by the District for its services provided hereunder in accordance with its schedule of fees as amended from time to time, and shall be reimbursed for all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder.

Section 13. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the District, the Dissemination Agent, the Participating Underwriter and holders and beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Date: June 25, 2019

BRAWLEY UNION HIGH SCHOOL DISTRICT

By: _____
Name: _____
Title: _____

ACCEPTANCE OF DUTIES
AS DISSEMINATION AGENT

**ISOM ADVISORS,
A DIVISION OF URBAN FUTURES, INC.**

By: _____
Name: _____
Title: _____

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Brawley Union High School District (the "District")
Name of Bond Issue: Brawley Union High School District General Obligation Bonds,
Election of 2018, Series A
Date of Issuance: June 25, 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, dated as of June 25, 2019. The District anticipates that the Annual Report will be filed by _____.

Dated: _____

DISSEMINATION AGENT:

By: _____
Its: _____

cc: Paying Agent and Participating Underwriter

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APPENDIX F

DTC AND THE BOOK-ENTRY ONLY SYSTEM

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

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

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

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

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

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

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

4. To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

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

7. Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC’s MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.’s consenting or voting

rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from District or Paying Agent on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, Paying Agent, or District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of District or Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to District or Paying Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Bonds are required to be printed and delivered.

10. The District may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

11. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that District believes to be reliable, but District takes no responsibility for the accuracy thereof.

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APPENDIX G
IMPERIAL COUNTY INVESTMENT POLICY
AND INVESTMENT REPORT

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IMPERIAL COUNTY
ANNUAL INVESTMENT POLICY
FOR THE
POOLED INVESTMENT FUND



TREASURER-TAX COLLECTOR

*Approved: Imperial County Board of Supervisors
On August 14, 2018*

Imperial County Investment Policy

Authority

In accordance with the laws and regulations of the State of California and authority granted by the Imperial County Board of Supervisors the County Treasurer-Tax Collector is responsible for investing all the funds in the County Treasury.

Policy Statement

The Treasurer-Tax Collector shall establish investment policy procedures for the operation of the investment program and a system of controls to regulate the activities of the subordinate officials. Each transaction and the entire portfolio must comply with the California Government Code section 53635 et seq., and this policy.

Scope

This investment policy applies to all financial assets of the County of Imperial as accounted for in the comprehensive annual financial report and shall apply to all other funds under the County Treasurer-Tax Collector's span of control unless specifically exempted by resolution.

Outside local agencies, where the County Treasurer-Tax Collector does not serve as the agency's Treasurer-Tax Collector, may invest in the Pooled Investment Fund through California Government Code section 53684 et seq. Deposits are subject to the consent of the County Treasurer-Tax Collector. The local agency legislative body must approve the Imperial County Pooled Investment Fund as an authorized investment and execute a Memorandum of Understanding. This agreement should spell out the exact rules for participating in the pool and provide the County Treasurer-Tax Collector with reasonable predefined discretion to establish the frequency and amount of voluntary funds that can be removed from the pool at a particular time.

The County Treasurer-Tax Collector may honor all requests to withdraw funds for normal cash flow purposes. Any requests to withdraw funds for purposes other than cash flow such as for external investing shall be subject to the consent of the Treasurer-Tax Collector. In accordance with California Government Code section 27136 et seq., and 27133(h) et seq., such requests for withdrawals must first be made in writing to the County Treasurer-Tax Collector. These requests are subject to the County Treasurer-Tax Collector consideration of the stability and predictability of the Pooled Investment Fund, or the adverse affect on the interests of the other depositors in the Pooled Investment Fund. Any withdrawal for such purposes shall be at the market value of the Pooled Investment Fund as of the date of the withdrawal.

Standards

The County Treasurer-Tax Collector is the trustee of the Pooled Investment Fund and therefore, a fiduciary subject to the prudent investor standard. The County Treasurer-Tax Collector and employees involved in the investment process shall refrain from all personal business activity that could conflict with the management of the investment program. All individuals involved will be required to report all gifts and income in accordance with the California State law. When investing, reinvesting, purchasing, acquiring, exchanging, selling and managing public funds, the Treasurer-Tax Collector shall act with the care, skill, prudence and diligence in order to meet the investment objectives.

The standard of prudence to be used by investment officials shall be the “prudent person” standard and shall be applied in the context of managing an overall portfolio. Investment officers acting in accordance with written procedures and the investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security’s credit risk or market price changes, provided deviations from expectations are reported in a timely fashion, and appropriate action is taken to control adverse developments.

Objectives

Investment Objectives: The Pooled Investment Fund shall be prudently invested in order to earn a reasonable return, while awaiting application for governmental purposes. The specific objectives for the Pooled Investment Fund are listed in order of importance.

Safety of Principal: The preservation of principal is the primary objective. Each transaction shall seek to ensure that capital losses are avoided, whether they are from securities default or erosion of market value.

Liquidity: As a second objective, the Pooled Investment Fund should remain sufficiently flexible to enable the County Treasurer-Tax Collector to meet all operating requirements that may be reasonably anticipated in any depositor’s fund.

Public Trust: In managing the Pooled Investment fund, the County Treasurer-Tax Collector and the authorized investment traders should try and avoid any transactions that might impair public confidence in the Imperial County and the participating local agencies. Investments should be made with precision and care, considering the probable safety of the capital as well as the probable income to be derived.

Return on Investments: The Pooled Investment Fund shall be designed with the objective of attaining a rate of return throughout budgetary and economic cycles, commensurate with the County’s investment risk constraints and the cash flow characteristics of the portfolio.

Calculation of Yield and Costs

The costs of managing the investment portfolio, including but not limited to: investment management; accounting for the investment activity; custody of the assets; managing and accounting for the banking; receiving and remitting deposits; oversight controls; indirect and overhead expenses are charged to the investment earnings based upon actual labor hours worked in respective areas. Costs of these respective areas are accumulated by specific cost accounting projects and charged to the Pooled Investment Fund on a quarterly basis throughout the fiscal year.

The Auditor/Controller will allocate the net interest earnings of the Pooled Investment Fund quarterly. The net interest earnings are allocated based upon the average daily cash balance of each Pooled Investment Fund participant.

Internal Controls

The County Treasurer-Tax Collector shall establish internal controls to provide reasonable assurance the investment objectives are met and to ensure that the assets are protected from loss, theft or misuse. To assist in implementation and internal controls, the Treasurer-Tax Collector shall establish written policy procedures for the operation of the investment program consistent with this policy. Such procedures shall include explicit delegation of authority to persons responsible for investment transaction. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the County Treasurer-Tax Collector.

Authorized Personnel: The following is a list of delegated staff responsible for investment transactions, County Treasurer-Tax Collector, Assistant Treasurer Tax-Collector, Accounting Supervisor and the Accounting Technician's. Authorized personnel may be changed from time to time at the discretion of the County Treasurer-Tax Collector.

The investment portfolio and all related transactions are reviewed and balanced to appropriate general ledger accounts by the Auditor/Controller's office on a monthly basis.

An independent audit shall be conducted annually to review internal control, account activity and compliance with policies, procedures and applicable laws.

The County Treasurer-Tax Collector, or Assistant Treasurer-Tax Collector, should, from time to time perform a review of the investment function. This review should consist of:

- Comparison of the investment records to the independent statements and confirmations received from brokers, dealers, banks and other financial institutions.
- Review of the contents of the investment portfolio to assure that it conforms to this policy.
- Review of the financial institution with which investments have been made to assure that the County Treasurer-Tax Collector or authorized staff has approved them.
- Confirmations resulting from securities purchased under a repurchase agreement should clearly state the exact and complete nomenclature of the underlying securities purchased and that said securities have been sold to the County with a promise of resale by the County back to the seller.

The County Treasurer-Tax Collector shall establish and define authorized investments as well as credit, marketability, maturity and diversification criteria for County investments. Where possible, County investments should be placed, confirmed, held and accounted for, and audited by different people.

Ethics and Conflicts of Interest

In accordance with California Government Code section 27133(d) et seq., officers and employees involved in the investment process shall refrain from personal business activity that could cause conflict with the investment program, or which could impair their ability to make impartial investment decisions.

Any individual who receives a aggregate total of gifts, honoraria and gratuities in excess of \$50 in a calendar year from a broker-dealer, bank or service provider to the Pooled Investment Fund must report the gifts, dates and firms to the designated filing official and complete the appropriate State forms. No individual may receive aggregate gifts, honoraria gratuities in excess of \$460 in a calendar year. Any violation must be reported to the State Fair Political Practices Commission.

Investment Parameters

Safekeeping and Custody: All securities purchased, with the exception of time deposits, LAIF and bank short term Investment Funds (bank's overnight investment fund), can be delivered to the independent third-party custodian selected by the County Treasurer-Tax Collector. This includes all collateral for repurchase agreement. All trades, where applicable, will be executed by delivery versus payment by the designated party.

Qualified Broker/Dealers: All financial institutions, whether investment banks and dealers, commercial banks, or savings and loans must be approved by the County Treasurer-Tax Collector or authorized staff before they receive County funds. All firms with whom the County does business should have a strong capital base and be deemed credit-worthy before any investments or deposits are placed with such firms. In accordance with California Government Code section

27133(c) et seq., the County Treasurer-Tax Collector or authorized staff will prescribe minimum standards.

The County Treasurer shall not select brokers and dealers who individually, or as a firm, have contributed more than \$250 or the current limit established under Municipal Securities Regulatory Board (MSRB) Rule G-37.

The Treasurer-Tax Collector's staff shall annually send a copy of the current investment policy to all broker/dealers approved to do business with the County. Receipt of this policy shall be considered confirmation that the broker/dealer understands the County's investments authorized by this investment policy.

The Treasurer-Tax Collector will maintain a list of financial institutions authorized to provide investment services. An annual review of the financial condition and registrations of qualified bidders will be conducted by the Treasurer-Tax Collector.

Collateral Requirements: Collateral is required for investments in certificates of deposit (over the standard maximum deposit insurance amount "SMDIA" in FDIC regulations), repurchase agreements and reverse repurchase agreements. In order to reduce market risk, the collateral level will be a least 102% of market value or principal and accrued interest.

The only securities acceptable as collateral shall be direct obligations of, or fully guaranteed as to principal and interest by, the United States or any agency of the United States.

Diversification: The County Treasurer-Tax Collector will diversify its investments by security type and institution. With the exception of U.S. Treasury, U.S. Agency securities and authorized pools, no more than 50% of the County's total investment portfolio should be invested in a single security type.

Investable Fund: Total investable funds for purposes of this policy are all Pooled Investment Fund moneys that are available for investment at any one time, including the estimated bank account float. Bond proceeds may be invested in accordance with the Government Code provisions, or they may be invested in alternative vehicles if authorized by Bond documents.

Compliance: The portfolio must be in compliance with statute at the time that the investment is purchased. It is recommended that the portfolio be monitored, as practical, for subsequent changes in percentages resulting from non-purchase activity or changes in credit rating of existing securities.

Rebalancing is not required in the case where subsequent maturities, sales, withdrawals, or similar non-purchase activities result in the remaining portfolio having one or more of the categories of investment rise above the percentage restrictions applicable at the time of purchase.

In the event the portfolio or individual investments are deemed to be out of compliance with either statute or the investment policy, the Treasurer-Tax Collector and staff shall analyze and take appropriate course of action to rebalance the portfolio with the preservation of principal being the primary objective.

Authorized Investments: As stated earlier, authorized investment shall match the general categories established by the California Government Code section 53635 et seq. Authorized investments shall also include, in accordance with California Government Code section 16429.1, investment into LAIF.

The chart on the next page provides a list of the permitted securities and conditions for using them. Only the County Treasurer-Tax Collector or authorized staff will be authorized to invest in the approved investment. (See FIGURE 1 and Table of notes)

FIGURE 1

ALLOWABLE INVESTMENT INSTRUMENTS PER STATE GOVERNMENT CODE (AS OF JANUARY 1, 2017)^A APPLICABLE TO ALL LOCAL AGENCIES^B

See "Table of Notes for Figure 1" on the next page for footnotes related to this figure.

INVESTMENT TYPE	MAXIMUM MATURITY ^C	MAXIMUM SPECIFIED % OF PORTFOLIO ^D	MINIMUM QUALITY REQUIREMENTS
Local Agency Bonds	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
State Obligations—CA And Others	5 years	None	None
CA Local Agency Obligations	5 years	None	None
U.S Agency Obligations	5 years	None	None
Bankers' Acceptances	180 days	40% ^E	None
Commercial Paper—Pooled Funds ^I	270 days	40% of the agency's money ^G	Highest letter and number rating by an NRSRO ^H
Commercial Paper—Non-Pooled Funds ^F	270 days	25% of the agency's money ^G	Highest letter and number rating by an NRSRO ^H
Negotiable Certificates of Deposit	5 years	30% ^J	None
Non-negotiable Certificates of Deposit	5 years	None	None
Placement Service Deposits	5 years	30% ^K	None
Placement Service Certificates of Deposit	5 years	30% ^K	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements and Securities Lending Agreements	92 days ^L	20% of the base value of the portfolio	None ^M
Medium-Term Notes ^N	5 years	30%	"A" rating category or its equivalent or better
Mutual Funds And Money Market Mutual Funds	N/A	20%	Multiple ^{P,Q}
Collateralized Bank Deposits	5 years	None	None
Mortgage Pass-Through Securities	5 years	20%	"AA" rating category or its equivalent or better ^R
County Pooled Investment Funds	N/A	None	None
Joint Powers Authority Pool	N/A	None	Multiple ^S
Local Agency Investment Fund (LAIF)	N/A	None	None
Voluntary Investment Program Fund ^T	N/A	None	None
Supranational Obligations ^U	5 years	30%	"AA" rating category or its equivalent or better

TABLE OF NOTES FOR FIGURE 1

- ^A Sources: Sections 16340, 16429.1, 53601, 53601.8, 53635, 53635.2, 53635.8, and 53638.
- ^B Municipal Utilities Districts have the authority under the Public Utilities Code Section 12871 to invest in certain securities not addressed here.
- ^C Section 53601 provides that the maximum term of any investment authorized under this section, unless otherwise stated, is five years. However, the legislative body may grant express authority to make investments either specifically or as a part of an investment program approved by the legislative body that exceeds this five year maturity limit. Such approval must be issued no less than three months prior to the purchase of any security exceeding the five-year maturity limit.
- ^D Percentages apply to all portfolio investments regardless of source of funds. For instance, cash from a reverse repurchase agreement would be subject to the restrictions.
- ^E No more than 30 percent of the agency's money may be in bankers' acceptances of any one commercial bank.
- ^F "Select Agencies" are defined as a "city, a district, or other local agency that do[es] not pool money in deposits or investment with other local agencies, other than local agencies that have the same governing body."
- ^G Local agencies, other than counties or a city and county, may purchase no more than 10 percent of the outstanding commercial paper of any single issuer.
- ^H Issuing corporation must be organized and operating within the U.S., have assets in excess of \$500 million, and debt other than commercial paper must be in a rating category of "A" or its equivalent or higher by a nationally recognized statistical rating organization, or the issuing corporation must be organized within the U.S. as a special purpose corporation, trust, or LLC, has program wide credit enhancements, and has commercial paper that is rated "A-1" or higher, or the equivalent, by a nationally recognized statistical rating agency.
- ^I "Other Agencies" are counties, a city and county, or other local agency "that pools money in deposits or investments with other local agencies, including local agencies that have the same governing body." Local agencies that pool exclusively with other local agencies that have the same governing body must adhere to the limits set for "Select Agencies," above.
- ^J No more than 30 percent of the agency's money may be in negotiable certificates of deposit that are authorized under Section 53601(i).
- ^K No more than 30 percent of the agency's money may be invested in deposits, including certificates of deposit, through a placement service (excludes negotiable certificates of deposit authorized under Section 53601(ii)).
- ^L Reverse repurchase agreements or securities lending agreements may exceed the 92-day term if the agreement includes a written codicil guaranteeing a minimum earning or spread for the entire period between the sale of a security using a reverse repurchase agreement or securities lending agreement and the final maturity dates of the same security.
- ^M Reverse repurchase agreements must be made with primary dealers of the Federal Reserve Bank of New York or with a nationally or state chartered bank that has a significant relationship with the local agency. The local agency must have held the securities used for the agreements for at least 30 days.
- ^N "Medium-term notes" are defined in Section 53601 as "all corporate and depository institution debt securities with a maximum remaining maturity of five years or less, issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States"
- ^O No more than 10 percent invested in any one mutual fund. This limitation does not apply to money market mutual funds.
- ^P A mutual fund must receive the highest ranking by not less than two nationally recognized rating agencies or the fund must retain an investment advisor who is registered with the SEC (or exempt from registration), has assets under management in excess of \$500 million, and has at least five years experience investing in instruments authorized by Sections 53601 and 53635.
- ^Q A money market mutual fund must receive the highest ranking by not less than two nationally recognized statistical rating organizations or retain an investment advisor registered with the SEC or exempt from registration and who has not less than five years experience investing in money market instruments with assets under management in excess of \$500 million.
- ^R Issuer must be rated in a rating category of "A" or its equivalent or better as provided by a nationally recognized statistical rating organization.
- ^S A joint powers authority pool must retain an investment advisor who is registered with the SEC (or exempt from registration), has assets under management in excess of \$500 million, and has at least five years experience investing in instruments authorized by Section 53601, subdivisions (a) to (o).
- ^T Local entities can deposit between \$200 million and \$10 billion into the Voluntary Investment Program Fund, upon approval by their governing bodies. Deposits in the fund will be invested in the Pooled Money Investment Account.
- ^U Only those obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development (IBRD), International Finance Corporation (IFC), and Inter-American Development Bank (IADB).

Prohibited Investments: No investment should be authorized that have the possibility of returning a zero or negative yield if held to maturity. These shall include inverse floaters, range notes, and interest only strips derived from a pool of mortgages.

Implementation

In accordance with California Government Code section 53646, et seq., the Board of Supervisors shall review and approve this Policy at least annually during open session.

Monthly, the Treasurer-Tax Collector shall present and file with the Board of Supervisors during public session the Imperial County Treasurer-Tax Collector's Portfolio Master Summary.

Summary

The County Treasurer-Tax Collector, or Assistant Treasurer-Tax Collector, is to have express authority to invest County funds in any investments, securities and other instruments as described herein as the County Treasurer-Tax Collector, or Assistant Treasurer-Tax Collector deems appropriate.

The County Treasurer-Tax Collector will develop, interpret, clarify and maintain this Statement of Investment Policy. As the California Government Code and legislation is amended this Policy shall likewise become amended.

**IMPERIAL COUNTY TREASURER
Portfolio Management
Portfolio Summary
February 28, 2019**

Investments	Par Value	Market Value	Book Value	% of Portfolio	YTM 360 Equiv.	YTM 365 Equiv.	Days to Maturity	Term
LAIF / HIGHMARK CAPITAL / ZBA	64,500,000.00	64,500,000.00	64,500,000.00	12.49	2.367	2.400	1	1
Certificates of Deposit - Bank	14,449,000.00	14,449,000.00	14,449,000.00	2.80	1.970	1.997	407	682
Negotiable CD's	97,950,000.00	97,197,752.69	97,950,000.00	18.97	2.158	2.188	749	1,316
Federal Agency Issues - Coupon	339,627,000.00	337,350,139.95	339,335,961.77	65.73	2.060	2.089	879	1,486
Investments	516,526,000.00	513,496,892.64	516,234,961.77	100.00%	2.114	2.144	732	1,246
Cash								
Passbook/Checking (not included in yield calculations)	151,088,181.81	151,088,181.81	151,088,181.81		0.000	0.000	1	1
Total Cash and Investments	667,614,181.81	664,585,074.45	667,323,143.58		2.114	2.144	732	1,246

Total Earnings	February 28 Month Ending	Fiscal Year To Date
Current Year	885,170.69	6,529,615.80
Average Daily Balance	655,934,070.75	639,817,498.85
Effective Rate of Return	1.76%	1.53%

In accordance with the provisions of Section 53607 and 53646 of the Government Code, the laws and regulations of the State of California and authority granted by the Imperial County Board of Supervisors the County Treasurer is responsible for investing all the funds in the County Treasury not needed for current commitment. This statement denotes the ability of the local agency to meet its pool's expenditure requirements for the next six months.

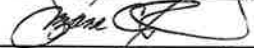
3 MONTH HISTORY OF CASH AND INVESTMENTS:

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CURRENT \$ 667,323,143.58

LAST MONTH \$ 679,733,225.99

PREVIOUS MONTH \$ 697,512,703.03


Karen Vogel, Treasurer-Tax Collector

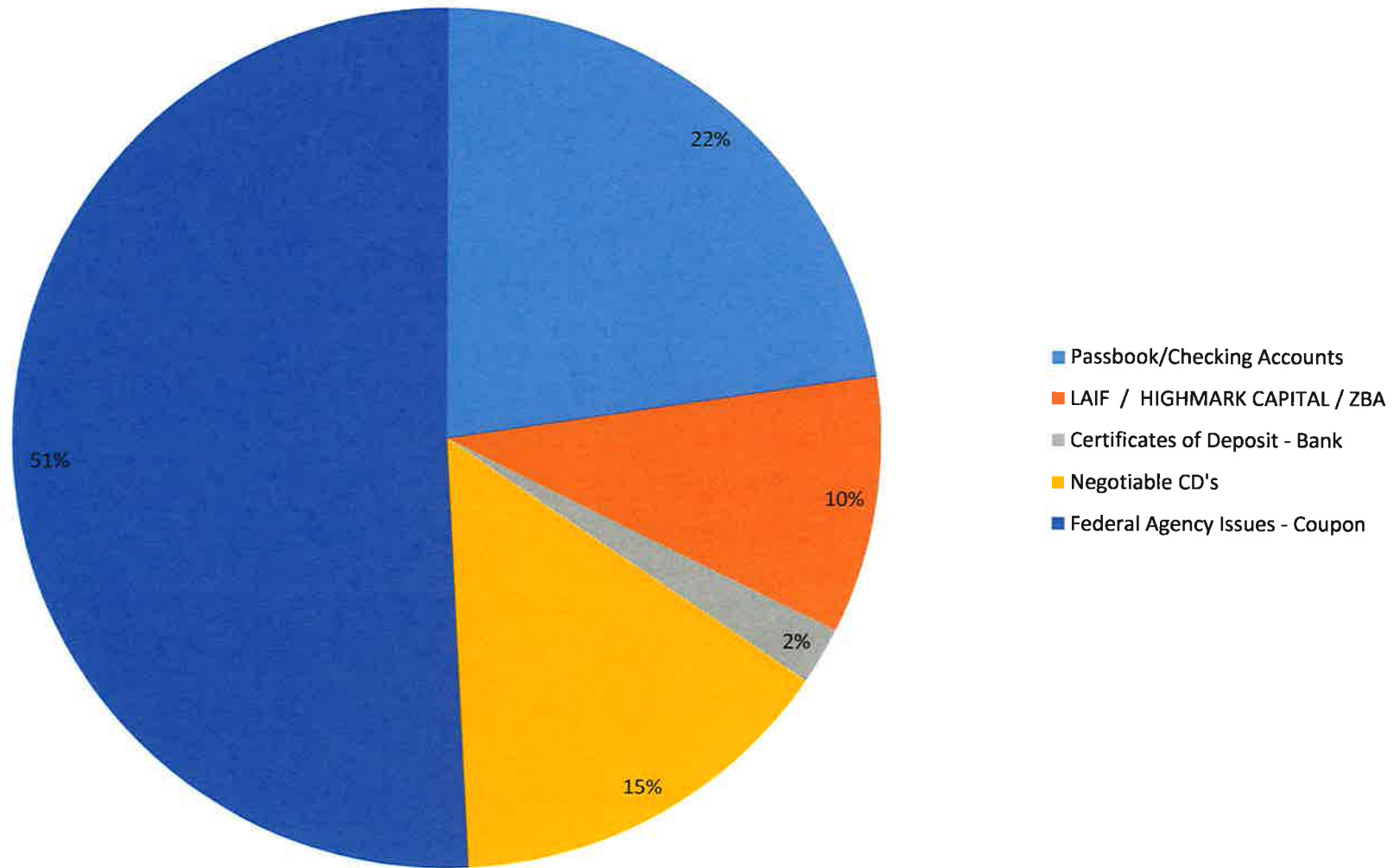
3/18/19

Reporting period 02/01/2019-02/28/2019

Run Date: 03/13/2019 - 14:46

Portfolio PTS
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PM (PRF_PM1) 7.3.0
Report Ver. 7.3.3b

IMPERIAL COUNTY TREASURER
Portfolio Management
Portfolio Summary
Book Value by Investment Type
As of February 2019



IMPERIAL COUNTY TREASURER
Portfolio Management
Portfolio Details - Investments
February 28, 2019

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	YTM 360	YTM 365	Days to Maturity	Maturity Date
LAIF / HIGHMARK CAPITAL / ZBA												
SYS1-05015	1-05015	Local Agency Invstmt Fund			64,500,000.00	64,500,000.00	64,500,000.00	2.400	2.367	2.400	1	
SYS17-RABOMM	17-RABOMM	Rabobank, N.A.			0.00	0.00	0.00	0.200	0.197	0.200	1	
Subtotal and Average			64,500,000.00		64,500,000.00	64,500,000.00	64,500,000.00		2.367	2.400	1	
Certificates of Deposit - Bank												
SYS 4-053118	4-053118	1st. Oklahoma Bank		05/31/2018	245,000.00	245,000.00	245,000.00	2.220	2.190	2.220	457	05/31/2020
SYS 4-070717	4-070717	First Republic Bank		07/07/2017	245,000.00	245,000.00	245,000.00	1.490	1.470	1.490	127	07/06/2019
4-022219	4-022219	Academy Bank N.A.		02/22/2019	245,000.00	245,000.00	245,000.00	2.900	2.860	2.900	724	02/22/2021
SYS 4-060718	4-060718	Asian Pacific National Bank		06/07/2018	245,000.00	245,000.00	245,000.00	2.350	2.318	2.350	464	06/07/2020
SYS 4-033017	4-033017	Banc of California		03/30/2017	245,000.00	245,000.00	245,000.00	1.250	1.233	1.250	29	03/30/2019
SYS 4-102618	4-102618	Bank of the Valley		10/26/2018	245,000.00	245,000.00	245,000.00	3.000	2.959	3.000	480	06/23/2020
SYS 4-081618	4-081618	Bank Of The West		08/16/2018	245,000.00	245,000.00	245,000.00	2.390	2.357	2.390	546	08/28/2020
4-021319B	4-021319B	Broadway Federal Bank		02/13/2019	100,000.00	100,000.00	100,000.00	2.600	2.564	2.600	531	08/13/2020
SYS 4-071318	4-071318	Broadway Federal Bank		07/13/2018	145,000.00	145,000.00	145,000.00	2.220	2.190	2.220	500	07/13/2020
4-012619	4-012619	Cathay Bank		01/26/2019	245,000.00	245,000.00	245,000.00	2.400	2.367	2.400	331	01/26/2020
SYS 4-032218	4-032218	Central Bank		03/22/2018	245,000.00	245,000.00	245,000.00	2.200	2.170	2.200	387	03/22/2020
SYS 4-010819	4-010819	CEN TRUST BANK		01/08/2019	245,000.00	245,000.00	245,000.00	2.850	2.811	2.850	648	12/08/2020
SYS 4-120817	4-120817	Commonwealth Business Bank		12/08/2017	240,000.00	240,000.00	240,000.00	1.300	1.300	1.318	99	06/08/2019
SYS 4-030218A	4-030218A	Community West Bank		03/02/2018	245,000.00	245,000.00	245,000.00	2.350	2.318	2.350	367	03/02/2020
SYS 4-070617	4-070617	Commerce State Bank		07/06/2017	245,000.00	245,000.00	245,000.00	1.700	1.677	1.700	127	07/06/2019
SYS 4-122217	4-122217	Community Valley Bank		12/22/2017	245,000.00	245,000.00	245,000.00	1.450	1.430	1.450	113	06/22/2019
SYS 4-072017	4-072017	Crestmark Bank		07/20/2017	245,000.00	245,000.00	245,000.00	1.850	1.825	1.850	141	07/20/2019
SYS 4-032218A	4-032218A	Dickinson County Bank		03/22/2018	245,000.00	245,000.00	245,000.00	2.000	1.973	2.000	387	03/22/2020
SYS 4-101518	4-101518	DMB Community Bank		10/15/2018	245,000.00	245,000.00	245,000.00	2.700	2.663	2.700	594	10/15/2020
SYS4-011019	4-011019	EH NATIONAL BANK		01/10/2019	245,000.00	245,000.00	245,000.00	2.660	2.624	2.660	406	04/10/2020
SYS 4-052317	4-052317	First Internet Bank of Indiana		05/23/2017	245,000.00	245,000.00	245,000.00	1.610	1.588	1.610	83	05/23/2019
SYS 4-031218	4-031218	Flagstar Bank, FSB		03/12/2018	245,000.00	245,000.00	245,000.00	2.100	0.000	0.000	377	03/12/2020
SYS4-101818S	4-101818S	First Natnl Bank		10/18/2018	245,000.00	245,000.00	245,000.00	2.400	2.367	2.400	231	10/18/2019
SYS4-112918	4-112918	FIRST CAROLINA BK		11/29/2018	245,000.00	245,000.00	245,000.00	2.700	0.000	0.000	639	11/29/2020
SYS4-102518	4-102518	Great Midwest Bank		10/25/2018	245,000.00	245,000.00	245,000.00	3.070	3.070	3.113	605	10/26/2020
4-020519	4-020519	HAB Bank		02/05/2019	245,000.00	245,000.00	245,000.00	2.750	2.712	2.750	707	02/05/2021
4-012319	4-012319	Harvard State Bank		01/23/2019	245,000.00	245,000.00	245,000.00	2.780	2.742	2.780	694	01/23/2021
4-020619	4-020619	Heritage Bank of St. Tammany		02/06/2019	245,000.00	245,000.00	245,000.00	2.700	2.663	2.700	708	02/06/2021
SYS4-090618	4-090618	Israel Discount Bank of NY		09/06/2018	245,000.00	245,000.00	245,000.00	2.716	0.000	0.000	557	09/08/2020
SYS4-071317	4-071317	Industrial & Commercial		07/13/2017	245,000.00	245,000.00	245,000.00	1.490	1.470	1.490	134	07/13/2019
SYS4-051718	4-051718	International City Bank NA		05/17/2018	245,000.00	245,000.00	245,000.00	2.350	2.318	2.350	444	05/18/2020

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Certificates of Deposit - Bank												
SYS4-063017	4-063017	Kansas State Bank of Manhattan		06/30/2017	245,000.00	245,000.00	245,000.00	1.740	1.716	1.740	121	06/30/2019
SYS4-021218	4-021218	Latino Community CU		02/12/2018	245,000.00	245,000.00	245,000.00	2.300	2.268	2.300	348	02/12/2020
4-021319A	4-021319A	Modern Bank National Associatn		02/13/2019	245,000.00	245,000.00	245,000.00	3.010	2.969	3.010	715	02/13/2021
SYS4-060817	4-060817	Merrick Bank		06/08/2017	245,000.00	245,000.00	245,000.00	1.660	1.637	1.660	99	06/08/2019
SYS4-101018	4-101018	Midwest Regional Bank		10/10/2018	245,000.00	245,000.00	245,000.00	3.000	0.000	0.000	436	05/10/2020
4-021319	4-021319	Northern Bank & Trust Company		02/13/2019	245,000.00	245,000.00	245,000.00	2.750	2.712	2.750	531	08/13/2020
4-020619A	4-020619A	Northwest Bank		02/06/2019	245,000.00	245,000.00	245,000.00	2.700	2.663	2.700	708	02/06/2021
SYS4-070518	4-070518	Origin Bank		07/05/2018	245,000.00	245,000.00	245,000.00	2.000	1.973	2.000	492	07/05/2020
SYS4-040518	4-040518	Pacific Alliance Bank		04/05/2018	245,000.00	245,000.00	245,000.00	2.130	2.101	2.130	401	04/05/2020
SYS4-010818	4-010818	Pacific Enterprise Bank		01/08/2018	245,000.00	245,000.00	245,000.00	2.000	1.973	2.000	312	01/07/2020
SYS4-061517	4-061517	Pacific Mercantile		06/15/2017	244,000.00	244,000.00	244,000.00	1.850	1.825	1.850	106	06/15/2019
SYS4-120718	4-120718	PARAMOUNT BANK		12/07/2018	245,000.00	245,000.00	245,000.00	2.700	2.663	2.700	464	06/07/2020
SYS4-091418	4-091418	Plains State Bank		09/14/2018	245,000.00	245,000.00	245,000.00	2.360	2.328	2.360	197	09/14/2019
SYS4-030918	4-030918	Pacific Premier Bank		03/09/2018	245,000.00	245,000.00	245,000.00	2.150	2.150	2.180	374	03/09/2020
SYS4-011619	4-011619	PREFERRED BANK		01/16/2019	245,000.00	245,000.00	245,000.00	2.800	2.800	2.839	687	01/16/2021
SYS4-060317	4-060317	Premier Business Bank		06/03/2017	245,000.00	245,000.00	245,000.00	1.650	1.627	1.650	94	06/03/2019
SYS4-081618	4-081618S	Royal Business Bank		08/16/2018	245,000.00	245,000.00	245,000.00	2.600	2.564	2.600	534	08/16/2020
SYS4-050418	4-050418	Security State Bank of Wewoka		05/04/2018	245,000.00	245,000.00	245,000.00	2.250	2.219	2.250	430	05/04/2020
4-012319A	4-012319A	Sargent County Bank		01/23/2019	245,000.00	245,000.00	245,000.00	2.750	2.712	2.750	694	01/23/2021
SYS4-101018S	4-101018S	Seaside National Bank & Trust		10/10/2018	245,000.00	245,000.00	245,000.00	2.700	2.663	2.700	589	10/10/2020
SYS4-101918	4-101918	State Bank of Texas		10/19/2018	245,000.00	245,000.00	245,000.00	2.800	2.762	2.800	598	10/19/2020
SYS4-112817	4-112817	Sterling SB and Trust		11/28/2017	245,000.00	245,000.00	245,000.00	1.540	0.000	0.000	29	03/30/2019
4-012319B	4-012319B	Summit State Bank		01/23/2019	245,000.00	245,000.00	245,000.00	2.860	2.860	2.900	694	01/23/2021
SYS 4-021218	4-021218A	Bank of Hope BBC		02/11/2018	245,000.00	245,000.00	245,000.00	1.600	1.578	1.600	163	08/11/2019
SYS4-060917	4-060917	Triumph Savings Bank, SSB		06/09/2017	245,000.00	245,000.00	245,000.00	1.550	1.529	1.550	100	06/09/2019
SYS4-092118	4-092118	US Metro Bank		09/21/2018	245,000.00	245,000.00	245,000.00	2.650	2.614	2.650	570	09/21/2020
SYS4-112918A	4-112918A	VERITEX COMMUNITY BANK		11/29/2018	245,000.00	245,000.00	245,000.00	2.820	0.000	0.000	639	11/29/2020
SYS4-121118	4-121118	WELCH STATE BANK		12/11/2018	245,000.00	245,000.00	245,000.00	2.800	0.000	0.000	651	12/11/2020
SYS4-071417	4-071417	Woori America Bank		07/14/2017	245,000.00	245,000.00	245,000.00	1.490	1.470	1.490	135	07/14/2019
Subtotal and Average			14,313,428.57		14,449,000.00	14,449,000.00	14,449,000.00		1.970	1.997	407	
Negotiable CD's												
319428AG3	7-021017	FIRST CENTURY BANK		02/10/2017	245,000.00	241,102.05	245,000.00	1.850	1.826	1.851	712	02/10/2021
31904JAE0	7-022618	FIRST BANK & TRUST OF FULLERTO		02/26/2018	245,000.00	240,879.10	245,000.00	2.550	2.516	2.551	1,456	02/24/2023
320636AC7	7-073117	First Iowa State Bank		07/31/2017	245,000.00	238,566.30	245,000.00	1.900	1.877	1.903	1,067	01/31/2022
32110YHC2	7-051116	First National Bank of America		05/11/2016	245,000.00	238,061.60	245,000.00	1.400	1.382	1.401	802	05/11/2021

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Negotiable CD's												
33640RCR6	7-032417	FIRST SENTRY BANK, INC.		03/24/2017	245,000.00	238,821.10	245,000.00	2.000	1.974	2.001	1,119	03/24/2022
33646CKQ6	7-121718A	1ST SOURCE BANK		12/17/2018	245,000.00	246,438.15	245,000.00	3.000	2.960	3.001	686	01/15/2021
35085FAB6	7-012419A	4FRONT		01/24/2019	245,000.00	245,600.25	245,000.00	2.750	2.712	2.750	329	01/24/2020
00257TAV8	7-061716B	Abacus Federal Savings Bank		06/17/2016	245,000.00	244,186.60	245,000.00	1.200	1.184	1.200	108	06/17/2019
00287RCH5	7-110618	ABBY BANK		11/06/2018	245,000.00	246,153.95	245,000.00	2.950	2.908	2.948	797	05/06/2021
00432KDZ3	7-072518	ACCESS NAT'L BANK		07/25/2018	245,000.00	245,793.80	245,000.00	2.900	2.791	2.830	878	07/26/2021
02554DBG1	7-040116	AMERICAN EAGLE BANK OF CHICAGO		04/01/2016	245,000.00	242,395.65	245,000.00	1.450	1.431	1.451	488	07/01/2020
00832KAB5	7-071318	AFFINITY		07/13/2018	245,000.00	245,198.45	245,000.00	2.550	2.515	2.550	133	07/12/2019
02007GEY5	7-091318	ALLY BANK		09/13/2018	245,000.00	246,303.40	245,000.00	3.000	2.959	3.000	927	09/13/2021
020080AZ0	7-061016	Alma Bk Astoria New York		06/10/2016	245,000.00	241,099.60	245,000.00	1.300	1.283	1.301	467	06/10/2020
02082CBE9	7-012916	Alpine Bank & Trust Co.		01/29/2016	245,000.00	240,955.05	245,000.00	1.800	1.777	1.802	700	01/29/2021
02554BCL3	7-032816	AMERICAN EAGLE BANK		03/28/2016	245,000.00	242,410.35	245,000.00	1.450	1.406	1.425	486	06/29/2020
02587DXK9	7-042915	American Express Centurion Bnk		04/29/2015	245,000.00	243,395.25	245,000.00	1.850	1.825	1.850	425	04/29/2020
02771PNR4	7-061217A	AMERICAN NATIONAL BANK FOX CIT		06/12/2017	245,000.00	240,149.00	245,000.00	1.850	1.826	1.851	836	06/14/2021
02587CEM8	7-050317	AMERICAN EXPRESS BANK FSB		05/03/2017	245,000.00	239,881.95	245,000.00	2.350	2.318	2.350	1,159	05/03/2022
02616AAB5	7-022819	AMERICAN FIRST		02/28/2019	245,000.00	244,794.20	245,000.00	2.550	2.513	2.547	546	08/28/2020
02769QCR8	7-122118C	AMERICAN NATIONAL BANK OF MINN		12/21/2018	245,000.00	245,872.20	245,000.00	2.850	2.673	2.710	479	06/22/2020
029728AP7	7-102315B	American State Bank- IA		10/23/2015	245,000.00	241,516.10	245,000.00	1.750	1.726	1.750	602	10/23/2020
03753XAC4	7-051116A	Apex Bank		05/11/2016	245,000.00	238,061.60	245,000.00	1.400	1.400	1.419	802	05/11/2021
05765LAQ0	7-013118B	BALBOA THRIFT AND LOAN ASSOCIA		01/31/2018	245,000.00	241,562.65	245,000.00	2.450	2.418	2.451	1,432	01/31/2023
06610PBV4	7-113018	BANKERS BANK OF KANSAS		11/30/2018	245,000.00	246,401.40	245,000.00	3.000	2.957	2.998	819	05/28/2021
06610QDH1	7-093016	THE BANKERS BANK		09/30/2016	245,000.00	236,905.20	245,000.00	1.350	1.332	1.351	944	09/30/2021
06740KLP0	7-110817B	BARCLAYS BANK DELAWARE		11/08/2017	245,000.00	239,855.00	245,000.00	2.350	2.318	2.350	1,348	11/08/2022
068360AA4	7-030615	Barre Savings Bank		03/06/2015	245,000.00	244,982.85	245,000.00	1.350	1.332	1.351	5	03/06/2019
06653ABL7	7-122916	BANKVISTA		12/29/2016	245,000.00	241,464.65	245,000.00	1.750	1.727	1.751	608	10/29/2020
12325EJB9	7-022718	BUSINESS BANK OF ST LOUIS		02/27/2018	245,000.00	241,966.90	245,000.00	2.550	2.514	2.549	1,274	08/26/2022
099703EH9	7-022817C	BORDER STATE BNK		02/28/2017	245,000.00	240,496.90	245,000.00	1.750	1.727	1.751	728	02/26/2021
084601LB7	7-110917A	BERKSHIRE BANK		11/09/2017	245,000.00	241,592.05	245,000.00	1.800	1.775	1.800	619	11/09/2020
08883AAXO	7-103015	Biddeford Savings Bank		10/30/2015	245,000.00	243,228.65	245,000.00	1.300	1.283	1.301	243	10/30/2019
06062QWJ9	7-103116A	BANK OF BARODA NEW YORK		10/31/2016	245,000.00	239,521.80	245,000.00	1.400	1.381	1.400	609	10/30/2020
061785CL3	7-093014A	Bank of Deerfield		09/30/2014	245,000.00	244,475.70	245,000.00	2.000	1.974	2.001	213	09/30/2019
06424LCH9	7-031618	THE BANK OF DELMARVA		03/16/2018	245,000.00	242,167.80	245,000.00	2.700	2.665	2.702	1,476	03/16/2023
061803AG7	7-032318	BANK OF DELIGHT		03/23/2018	245,000.00	243,138.00	245,000.00	2.600	2.566	2.602	1,118	03/23/2022
062114AR4	7-053018B	BANK FIRST NATIONAL		05/30/2018	245,000.00	245,274.40	245,000.00	3.050	3.010	3.052	1,551	05/30/2023
06251AM80	7-060116A	Bank Hapoalim B.M		06/01/2016	245,000.00	244,291.95	245,000.00	1.200	1.184	1.200	94	06/03/2019
06279VAA8	7-022817	BANK IOWA		02/28/2017	245,000.00	242,797.45	245,000.00	1.600	1.578	1.600	364	02/28/2020

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Negotiable CD's												
06426JAL5	7-031218	BANK OF LAKE MILLS		03/12/2018	245,000.00	242,197.20	245,000.00	2.700	2.665	2.702	1,470	03/10/2023
063615AV0	7-061215	Bank Midwest		06/12/2015	245,000.00	242,160.45	245,000.00	1.650	1.629	1.652	469	06/12/2020
063847AH0	7-061716A	Bank of New England - Salem		06/17/2016	245,000.00	238,747.60	245,000.00	1.400	1.382	1.401	839	06/17/2021
06647JAF1	7-012116	BankNewport		01/21/2016	245,000.00	241,023.65	245,000.00	1.800	1.777	1.802	692	01/21/2021
065847CW3	7-081215	Bank of Wisconsin Dells		08/12/2015	245,000.00	243,282.55	245,000.00	1.750	1.729	1.753	348	02/12/2020
90984FAR8	7-022818	UNITED COMMUNITY BANK OF WEST		02/28/2018	245,000.00	244,240.50	245,000.00	2.200	2.170	2.200	364	02/28/2020
05549CGQ7	7-051718	BLC COMMUNITY BANK		05/17/2018	245,000.00	244,683.95	245,000.00	2.800	2.768	2.807	1,084	02/17/2022
08016PCL1	7-051517	BELMONT BK & TRUST COMPANY		05/15/2017	245,000.00	242,219.25	245,000.00	1.600	1.580	1.601	441	05/15/2020
095067AL8	7-083018B	BLOOMSDALE BANK		08/30/2018	245,000.00	245,328.30	245,000.00	2.700	2.670	2.707	549	08/31/2020
05581WL45	7-021519	BMO HARRIS BANK NATIONAL ASSOC		02/15/2019	245,000.00	245,071.05	245,000.00	3.000	2.961	3.002	1,447	02/15/2023
05580AAD6	7-051614	BMW Bank North America		05/16/2014	245,000.00	244,848.10	245,000.00	1.900	1.874	1.900	76	05/16/2019
06610TEB7	7-111618	BARKERS BANK OF THE WEST		11/16/2018	245,000.00	246,550.85	245,000.00	3.050	3.011	3.053	991	11/16/2021
06160AAF7	7-061417	BANK OF COMMERCE		06/14/2017	245,000.00	240,149.00	245,000.00	1.850	1.826	1.851	836	06/14/2021
062163BB5	7-082318	BANK FOWARD		08/23/2018	245,000.00	245,874.65	245,000.00	3.050	3.011	3.052	1,330	10/21/2022
062683AR8	7-030918	BANK OF HOPE		03/09/2018	245,000.00	244,453.65	245,000.00	2.300	2.272	2.303	374	03/09/2020
8562846V1	7-031417	STATE BANK OF INDIA		03/14/2017	245,000.00	241,415.65	245,000.00	2.350	2.318	2.350	1,109	03/14/2022
06051VC79	7-120518B	BANK OF AMERICA NATIONAL ASSOC		12/05/2018	245,000.00	245,859.95	245,000.00	2.850	2.811	2.850	462	06/05/2020
064520AS8	7-042718A	THE BANK OF PRINCETON		04/27/2018	245,000.00	244,453.65	245,000.00	2.500	2.470	2.504	606	10/27/2020
064577DX4	7-112818	BANK RHODE ISLAND		11/28/2018	245,000.00	246,237.25	245,000.00	2.950	2.913	2.954	637	11/27/2020
06427LCF0	7-112917	BANK OF RUSTON		11/29/2017	245,000.00	241,636.15	245,000.00	1.850	1.780	1.804	640	11/30/2020
065084AA3	7-091418A	BANK OF SOUTH TEXAS		09/14/2018	245,000.00	245,311.15	245,000.00	2.700	2.667	2.704	563	09/14/2020
065284FW6	7-122217	BANK OF TENNESSEE		12/22/2017	245,000.00	243,385.45	245,000.00	1.900	1.810	1.835	388	03/23/2020
10801DAN1	7-082318B	BRICKELL BANK		08/23/2018	245,000.00	245,340.55	245,000.00	2.700	2.666	2.704	539	08/21/2020
108622FR7	7-061617A	BRIDGE WATER BANK		06/16/2017	245,000.00	240,131.85	245,000.00	1.850	1.826	1.851	838	06/16/2021
11373QFJ2	7-081718A	BROOKLINE BANK		08/17/2018	245,000.00	245,345.45	245,000.00	2.700	2.667	2.704	535	08/17/2020
130524AB7	7-053117	CALIFORNIA PACIFIC BANK		05/31/2017	245,000.00	237,990.55	245,000.00	1.850	1.825	1.850	1,095	02/28/2022
133033DR8	7-022615	The Camden National Bank		02/26/2015	245,000.00	243,865.65	245,000.00	1.800	1.776	1.801	362	02/26/2020
139797GC2	7-083017	THE CAPITAL BK		08/30/2017	245,000.00	242,405.45	245,000.00	1.700	1.677	1.700	455	05/29/2020
14042E6A3	7-082715	Capital One, Nat'l Assn		08/27/2015	245,000.00	243,939.15	245,000.00	2.350	2.318	2.350	544	08/26/2020
14069TAH8	7-061516	Capstone Bank		06/15/2016	245,000.00	244,203.75	245,000.00	1.200	1.184	1.200	105	06/14/2019
139805AP0	7-113018A	CAPITAL BANK NATIONAL ASSOCIAT		11/30/2018	245,000.00	246,648.85	245,000.00	3.050	3.012	3.054	640	11/30/2020
144153AZ6	7-020817	CAROLINA PREMIER BANK		02/08/2017	245,000.00	242,273.15	245,000.00	1.600	1.576	1.598	434	05/08/2020
144200AK8	7-012115	Carolina Trust Bank		01/21/2015	245,000.00	244,370.35	245,000.00	1.800	1.776	1.801	326	01/21/2020
20369AAD2	7-112917A	COMMUNITY CREDIT UNION OF LYNN		11/29/2017	245,000.00	238,409.50	245,000.00	2.200	2.170	2.200	1,369	11/29/2022
15118RPU5	7-082418	CELTIC BANK		08/24/2018	245,000.00	245,747.25	245,000.00	2.900	2.863	2.903	907	08/24/2021
15135TAL6	7-032118	CENDERA BANK, NAT'L ASSN		03/21/2018	245,000.00	243,145.35	245,000.00	2.600	2.566	2.602	1,116	03/21/2022

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Negotiable CD's												
152577AD4	7-013019	CENTRAL BANK		01/30/2019	245,000.00	243,708.85	245,000.00	2.650	2.616	2.652	1,067	01/31/2022
15721UCW7	7-021419	CF BANK NATIONAL ASSOCIATION		02/14/2019	245,000.00	242,550.00	245,000.00	2.800	2.761	2.799	1,627	08/14/2023
20364ABW4	7-071216	Community Financial Serv. Bank		07/12/2016	245,000.00	243,858.30	245,000.00	1.050	1.036	1.050	133	07/12/2019
147005BG6	7-032918A	CARVER FEDERAL SAVINGS BANK		03/29/2018	245,000.00	243,833.80	245,000.00	2.700	2.663	2.700	1,124	03/29/2022
17037VAZ5	7-113015	Choice Bank - Oshkosh		11/30/2015	245,000.00	244,240.50	245,000.00	1.550	1.530	1.551	273	11/29/2019
16116PHV6	7-080417	CHARTER BANK		08/04/2017	245,000.00	239,014.65	245,000.00	2.000	1.973	2.000	1,099	03/04/2022
176688CB3	7-111816B	Citizens State Bank of La Cros		11/18/2016	245,000.00	236,307.40	245,000.00	1.450	0.000	0.000	993	11/18/2021
17286TAC9	7-103018	CITADEL		10/30/2018	245,000.00	246,443.05	245,000.00	3.000	2.963	3.004	609	10/30/2020
17453FBM3	7-060515D	Citizens Deposit Bank		06/05/2015	245,000.00	244,551.65	245,000.00	1.500	1.479	1.500	96	06/05/2019
17312QH69	7-032918C	CITIBANK, NATIONAL ASSOCIATION		03/29/2018	245,000.00	243,530.00	245,000.00	2.850	2.811	2.850	1,489	03/29/2023
17668UAM2	7-033117A	CITIZENS STATE BANK & TRUST CO		03/31/2017	245,000.00	244,840.75	245,000.00	1.400	1.381	1.400	28	03/29/2019
187337AB6	7-123015A	Clinton Bank		12/30/2015	245,000.00	243,199.25	245,000.00	1.700	1.679	1.702	579	09/30/2020
20143PDJ6	7-020818	COMMERCIAL BANK		02/08/2018	245,000.00	242,763.15	245,000.00	2.300	2.266	2.298	801	05/10/2021
20056QRA3	7-052418A	COMMERCE BANK		05/24/2018	245,000.00	244,473.25	245,000.00	2.900	2.817	2.857	1,365	11/25/2022
23062KBL5	7-010218	CUMBERLAND FEDERAL BANK FSB		01/02/2018	245,000.00	242,238.85	245,000.00	1.900	1.874	1.900	581	10/02/2020
17476TAE5	7-013118A	CITIZENS NATIONAL BANK OF ALBI		01/31/2018	245,000.00	243,488.35	245,000.00	2.150	2.119	2.149	517	07/30/2020
15523RBH8	7-022217	CENTRAL STATE BANK		02/22/2017	245,000.00	242,618.60	245,000.00	1.500	1.479	1.500	357	02/21/2020
204161AE3	7-031616	Community Bank of Texas, N.A.		03/16/2016	245,000.00	243,961.20	245,000.00	1.200	1.184	1.200	137	07/16/2019
20033AXM3	7-101217A	COMENITY CAPITAL BANK		10/12/2017	245,000.00	239,602.65	245,000.00	2.300	2.270	2.301	1,321	10/12/2022
19646PAD6	7-022819D	COLORADO FEDERAL SAVINGS BANK		02/28/2019	245,000.00	244,291.95	245,000.00	2.550	2.515	2.550	728	02/26/2021
20368TCH1	7-122818A	COMMUNITY FIRST BANK OF INDIAN		12/28/2018	245,000.00	245,872.20	245,000.00	2.850	2.673	2.710	486	06/29/2020
202291AE0	7-112318A	COMMERCIAL SAVINGS BANK		11/23/2018	245,000.00	247,535.75	245,000.00	3.300	3.209	3.253	1,729	11/24/2023
203507BA5	7-061516B	Community Bank - Pasadena		06/15/2016	245,000.00	238,777.00	245,000.00	1.550	1.530	1.551	837	06/15/2021
20451PVW3	7-102618A	COMPASS BANK		10/26/2018	245,000.00	246,428.35	245,000.00	3.000	2.959	3.000	605	10/26/2020
20416TAH5	7-051117	COMMUNITYWIDE		05/11/2017	245,000.00	241,168.20	245,000.00	1.700	1.680	1.703	620	11/10/2020
20786ABX2	7-121317A	CONNECT ONE BANK		12/13/2017	245,000.00	243,071.85	245,000.00	1.950	1.924	1.951	472	06/15/2020
211163FA3	7-102115A	Continental Bank		10/21/2015	245,000.00	240,553.25	245,000.00	1.500	1.479	1.500	600	10/21/2020
20402JAC4	7-061016A	Community Point Bank		06/10/2016	245,000.00	241,312.75	245,000.00	1.300	1.282	1.300	467	06/10/2020
21923LAH6	7-091418B	CORNERSTONE COMMUNITY FINANCIA		09/14/2018	245,000.00	245,864.85	245,000.00	2.850	2.815	2.854	563	09/14/2020
219255AB2	7-060515C	Cornhusker Bank		06/05/2015	245,000.00	243,123.30	245,000.00	1.650	1.629	1.652	462	06/05/2020
22230PBX7	7-012519A	COUNTRY BANK		01/25/2019	245,000.00	244,414.45	245,000.00	2.750	2.715	2.752	1,061	01/25/2022
222297BX0	7-110918A	COUNTRY BANK FOR SAVINGS		11/09/2018	245,000.00	246,440.60	245,000.00	3.000	2.963	3.004	619	11/09/2020
20084TJL8	7-061716	Commerce West Bank		06/17/2016	245,000.00	238,747.60	245,000.00	1.400	1.382	1.401	839	06/17/2021
22766AAV7	7-022817A	Cross First Bank		02/28/2017	245,000.00	240,496.90	245,000.00	1.750	1.727	1.751	728	02/26/2021
147021AL3	7-100417	CARVER STATE BANK		10/04/2017	245,000.00	237,574.05	245,000.00	2.050	2.023	2.051	1,313	10/04/2022
22239MAQ1	7-022717	COUNTRYSIDE FEDERAL CREDIT UN		02/27/2017	245,000.00	240,065.70	245,000.00	2.050	2.022	2.050	1,004	11/29/2021

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CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	YTM 360	YTM 365	Days to Maturity	Maturity Date
Negotiable CD's												
17670BBB3	7-092917A	CITIZENS STATE BANK		09/29/2017	245,000.00	237,356.00	245,000.00	1.950	1.923	1.950	1,246	07/29/2022
140420Y53	7-030117	CAPITAL ONE BANK		03/01/2017	245,000.00	241,146.15	245,000.00	2.300	2.268	2.300	1,096	03/01/2022
17658QAY7	7-042018	CITIZENS SAVINGS BANK		04/20/2018	245,000.00	244,274.80	245,000.00	2.450	2.416	2.450	599	10/20/2020
17670DAD6	7-063017A	CITIZEN ST BANK		06/30/2017	245,000.00	240,031.40	245,000.00	1.850	1.826	1.851	852	06/30/2021
24390AAD7	7-071318A	DEER VALLEY		07/13/2018	245,000.00	245,712.95	245,000.00	2.800	2.765	2.804	439	05/13/2020
25460FAT3	7-062817	DIRECT FEDERAL CREDIT UNION		06/28/2017	245,000.00	242,510.80	245,000.00	1.800	1.732	1.756	486	06/29/2020
25590AAF7	7-061617	DNB FIRST NATIONAL ASSOCIATION		06/16/2017	245,000.00	237,738.20	245,000.00	1.950	1.924	1.951	1,203	06/16/2022
25665QBA2	7-012419	Dollar Bank, FSB		01/24/2019	245,000.00	245,433.65	245,000.00	2.900	2.860	2.900	1,060	01/24/2022
254673BZ8	7-090717	DISCOVER BANK		09/07/2017	245,000.00	240,291.10	245,000.00	2.350	2.318	2.350	1,286	09/07/2022
27002YDY9	7-090718	EAGLE BANK		09/07/2018	245,000.00	245,705.60	245,000.00	2.800	2.677	2.714	738	03/08/2021
286283AA4	7-091918	ELGA		09/19/2018	245,000.00	245,678.65	245,000.00	2.800	2.765	2.804	567	09/18/2020
292079AM2	7-022318	EMPIRE STATE BANK		02/23/2018	245,000.00	243,123.30	245,000.00	2.300	2.270	2.302	725	02/23/2021
29266NB55	7-081914	EnerBank, USA		08/19/2014	245,000.00	244,652.10	245,000.00	2.050	2.022	2.050	171	08/19/2019
29367QCH9	7-012516	Enterprise Bank NA Omaha		01/25/2016	245,000.00	242,848.90	245,000.00	1.500	1.480	1.501	332	01/27/2020
300185HA6	7-072718	EVERGREEN BK GROUP		07/27/2018	245,000.00	245,367.50	245,000.00	2.700	2.667	2.704	514	07/27/2020
29367RHR0	7-032416	ENTERPRISE BK		03/24/2016	245,000.00	239,048.95	245,000.00	1.500	1.480	1.501	754	03/24/2021
29888PBJ8	7-011516B	EvaBank		01/15/2016	245,000.00	240,624.30	245,000.00	1.700	1.679	1.702	686	01/15/2021
299547AB5	7-072718A	EVANSVILLE TEACHERS		07/27/2018	245,000.00	245,367.50	245,000.00	2.700	2.667	2.704	514	07/27/2020
29976DYJ3	7-061915	Ever Bank		06/19/2015	245,000.00	242,733.75	245,000.00	1.850	1.825	1.850	476	06/19/2020
30246AFW3	7-032318A	F AND M BANK		03/23/2018	245,000.00	242,608.80	245,000.00	2.750	2.714	2.752	1,483	03/23/2023
306275AF5	7-111717	FALL RIVER FIVE CENTS SAVINGS		11/17/2017	245,000.00	238,049.35	245,000.00	2.150	2.122	2.151	1,357	11/17/2022
30810NBN5	7-022219B	FARMERS AND MERCHANT BANK		02/22/2019	245,000.00	243,988.15	245,000.00	2.600	2.485	2.520	906	08/23/2021
307660LC2	7-121718	FARM BUREAU BANK FSB		12/17/2018	245,000.00	246,440.60	245,000.00	3.000	2.858	2.898	689	01/18/2021
31938QN34	7-071715	First Business Bank - WI		07/17/2015	245,000.00	243,787.25	245,000.00	1.900	1.874	1.900	322	01/17/2020
33767AQ53	7-123016	FirstBank Puerto Rico		12/30/2016	245,000.00	241,173.10	245,000.00	2.250	2.220	2.251	1,035	12/30/2021
32024JAC7	7-102017	FIRST FEDERAL CREDIT UNION		10/20/2017	245,000.00	240,043.65	245,000.00	2.000	1.974	2.001	964	10/20/2021
32021SEU6	7-032218	FIRST FINANCIAL BANK		03/22/2018	245,000.00	244,671.70	245,000.00	2.400	1.905	1.932	388	03/23/2020
32022MAC2	7-101615A	First Financial Northwest Bank		10/16/2015	245,000.00	243,424.65	245,000.00	1.350	1.332	1.351	229	10/16/2019
31931TFU4	7-122818	FIRST BANK		12/28/2018	245,000.00	245,833.00	245,000.00	2.850	2.810	2.849	395	03/30/2020
32057GAE9	7-101615	First International Bank Trust		10/16/2015	245,000.00	243,160.05	245,000.00	1.600	1.580	1.602	321	01/16/2020
32018YBE7	7-013019B	FIRST FEDERAL SAVINGS AND LOAN		01/30/2019	245,000.00	244,608.00	245,000.00	2.600	2.564	2.600	700	01/29/2021
32114LBK4	7-101018	FIRST NATIONAL BANK		10/10/2018	245,000.00	246,009.40	245,000.00	3.150	3.109	3.152	1,684	10/10/2023
32008JAJ2	7-110714	First Eagle Bank		11/07/2014	245,000.00	244,490.40	245,000.00	1.750	1.726	1.750	251	11/07/2019
32021MFE4	7-053018	FIRST FINANCIAL BNK		05/30/2018	245,000.00	244,333.60	245,000.00	2.800	2.766	2.804	1,187	05/31/2022
32023HAJ7	7-122217A	FIRST FEDERAL SAVINGS & LOAN A		12/22/2017	245,000.00	244,686.40	245,000.00	1.900	1.872	1.898	112	06/21/2019
32024FAB7	7-091418	FIRST FIDELITY BANK		09/14/2018	245,000.00	245,411.60	245,000.00	2.850	2.813	2.852	928	09/14/2021

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Negotiable CD's												
319141HG5	7-081617	FIRST BK OF HIGHLAND BANK		08/16/2017	245,000.00	239,222.90	245,000.00	2.200	2.170	2.200	1,264	08/16/2022
320637AN1	7-032917A	1ST IPSWICH BANK		03/29/2017	245,000.00	244,857.90	245,000.00	1.450	1.428	1.448	28	03/29/2019
319513CA3	7-112818A	FIRST CITIZENS NATIONAL BANK		11/28/2018	245,000.00	246,749.30	245,000.00	3.100	3.058	3.101	1,095	02/28/2022
336386BA4	7-012919	FIRST SECURITY STATE BANK		01/29/2019	245,000.00	244,612.90	245,000.00	2.600	2.471	2.505	700	01/29/2021
320165JD6	7-022719	FIRST FARMERS B&TC		02/27/2019	245,000.00	243,596.15	245,000.00	2.650	2.550	2.586	1,095	02/28/2022
32100LBY0	7-021319	FIRST MISSOURI STATE BANK OF C		02/13/2019	245,000.00	243,066.95	245,000.00	2.850	2.547	2.583	1,627	08/14/2023
32118GAA4	7-101718A	FIRST NATIONAL BANK AT DARLIN		10/17/2018	245,000.00	245,850.15	245,000.00	2.850	2.815	2.854	595	10/16/2020
32021YDF7	7-082818	FIRST FEDERAL SAVINGS BANK		08/28/2018	245,000.00	245,333.20	245,000.00	2.700	2.667	2.704	546	08/28/2020
33640VCF3	7-111618A	FIRST SERVICE BANK		11/16/2018	245,000.00	245,512.05	245,000.00	3.300	3.254	3.299	1,537	05/16/2023
33715LAD2	7-063016	First Technology		06/30/2016	245,000.00	238,669.20	245,000.00	1.750	1.726	1.750	852	06/30/2021
337504AF1	7-122118B	FIRST WESTERN TRUST BANK		12/21/2018	245,000.00	245,872.20	245,000.00	2.850	2.673	2.710	479	06/22/2020
308863AP4	7-032917B	FARMERS & MERCHANTS SAVINGS BN		03/29/2017	245,000.00	244,840.75	245,000.00	1.400	1.381	1.400	28	03/29/2019
330459BB3	7-071315	FNB Bank, Inc. - KY		07/13/2015	245,000.00	244,110.65	245,000.00	1.700	1.700	1.724	318	01/13/2020
30257JAL9	7-072018	FNB BANK, INC.		07/20/2018	245,000.00	245,661.50	245,000.00	3.100	3.059	3.102	1,602	07/20/2023
332135HH8	7-022118	FIRST NATIONAL BANK OF OMAHA		02/21/2018	245,000.00	244,510.00	245,000.00	2.300	2.268	2.300	357	02/21/2020
32114VBG1	7-011218	FIRST NATIONAL BANK OF MICHIGA		01/12/2018	245,000.00	240,749.25	245,000.00	2.200	2.171	2.201	1,048	01/12/2022
34415LAP6	7-112717A	FOCUS BANK		11/27/2017	245,000.00	238,451.15	245,000.00	2.200	2.170	2.200	1,364	11/24/2022
35637RCU9	7-012816	Freedom Finl Bk West		01/28/2016	245,000.00	241,827.25	245,000.00	1.750	1.728	1.752	699	01/28/2021
307811BZ1	7-041118	THE FARMERS & MERCHANTS BANK		04/11/2018	245,000.00	242,459.35	245,000.00	2.700	2.667	2.704	1,419	01/18/2023
30781TBD9	7-011817	FARMERS AND MERCHANTS BANK		01/18/2017	245,000.00	237,292.79	245,000.00	2.050	2.022	2.050	1,054	01/18/2022
31034PAM1	7-102315	Farmers State Bank		10/23/2015	245,000.00	240,913.40	245,000.00	1.600	1.580	1.602	602	10/23/2020
310567AB8	7-011918B	FARM STATE BANK		01/19/2018	245,000.00	240,183.30	245,000.00	2.350	2.319	2.351	1,298	09/19/2022
33650EAN3	7-022217A	FIRST STATE BANK		02/22/2017	245,000.00	240,536.10	245,000.00	1.750	1.727	1.751	724	02/22/2021
31911QFJ9	7-081018A	First Bank Financial Centre		08/10/2018	245,000.00	246,058.40	245,000.00	2.950	2.912	2.953	893	08/10/2021
32063KAS1	7-110817	FIRST JACKSON BANK, INC.		11/08/2017	245,000.00	238,816.20	245,000.00	2.050	1.987	2.015	1,165	05/09/2022
355576AP4	7-082517	FRAZER BANK		08/25/2017	245,000.00	239,573.25	245,000.00	1.850	1.826	1.851	908	08/25/2021
33648XAR7	7-012816B	First State Bank SD		01/28/2016	245,000.00	241,807.65	245,000.00	1.650	1.627	1.650	515	07/28/2020
32112UCJ8	7-111616B	The First National Bank of McG		11/16/2016	245,000.00	236,329.45	245,000.00	1.450	1.431	1.451	991	11/16/2021
33610RQY2	7-082117	FIRST PREMIER BK		08/21/2017	245,000.00	237,968.50	245,000.00	2.050	1.848	1.873	1,270	08/22/2022
337630BD8	7-062317	FIRSTTRUST SAVINGS BANK		06/23/2017	245,000.00	240,352.35	245,000.00	1.900	1.875	1.901	845	06/23/2021
35471TEB4	7-042018A	FRANKLIN SYNERGY BK		04/20/2018	245,000.00	244,840.75	245,000.00	2.250	2.223	2.254	203	09/20/2019
33612JHA0	7-061917	FIRST PRIORITY BANK		06/19/2017	245,000.00	242,420.15	245,000.00	1.750	1.726	1.750	476	06/19/2020
35907XDL8	7-032818	FRONTIER BANK		03/28/2018	245,000.00	242,118.80	245,000.00	2.700	2.665	2.702	1,488	03/28/2023
33749VAF5	7-062116	First Western Bank & Trust -ND		06/21/2016	245,000.00	244,154.75	245,000.00	1.200	1.184	1.200	112	06/21/2019
38058KDW3	7-022818A	GOLD COAST BANK		02/28/2018	245,000.00	242,542.65	245,000.00	2.500	2.467	2.501	1,095	02/28/2022
37148LAA6	7-063017	GENERATIONS COMMUNITY FEDERAL		06/30/2017	245,000.00	242,674.95	245,000.00	1.850	1.826	1.852	487	06/30/2020

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Negotiable CD's												
062268AE7	7-012216	Bank of Geneva		01/22/2016	245,000.00	241,317.65	245,000.00	1.700	1.678	1.701	601	10/22/2020
39103QAB2	7-051818	GREAT NORTH BANK		05/18/2018	245,000.00	244,331.15	245,000.00	2.950	2.911	2.952	1,539	05/18/2023
36198JEK6	7-122118A	GNB BANK		12/21/2018	245,000.00	245,872.20	245,000.00	2.850	2.673	2.710	479	06/22/2020
38148PSD0	7-110117	GOLDMAN SACHS BANK, USA		11/01/2017	245,000.00	239,906.45	245,000.00	2.350	2.318	2.350	1,341	11/01/2022
38644ABM0	7-110118	GRAND RIVER BANK		11/01/2018	245,000.00	246,354.85	245,000.00	3.000	2.879	2.919	885	08/02/2021
39115UBA0	7-090617	GREAT PLAIN BANK		09/06/2017	245,000.00	237,409.90	245,000.00	2.000	1.974	2.001	1,285	09/06/2022
400820CN4	7-083018	GUARANTY BANK AND TRUST COMPAN		08/30/2018	245,000.00	245,475.30	245,000.00	2.800	2.680	2.717	731	03/01/2021
401228AW1	7-123015	Guaranty State Bank & Trust		12/30/2015	245,000.00	243,405.05	245,000.00	1.600	1.580	1.601	487	06/30/2020
410493CW8	7-021618	HANMI BANK		02/16/2018	245,000.00	244,289.50	245,000.00	2.200	2.169	2.200	354	02/18/2020
412022BP9	7-103015B	Hardin County Savings Bank		10/30/2015	245,000.00	244,429.15	245,000.00	1.400	1.382	1.401	243	10/30/2019
426336BF9	7-012717	THE HENRY COUNTY BANK		01/27/2017	245,000.00	238,600.60	245,000.00	1.900	1.875	1.901	1,063	01/27/2022
429882EV1	7-021017B	HIGHLAND BANK		02/10/2017	245,000.00	238,830.90	245,000.00	1.950	1.924	1.951	1,077	02/10/2022
440392FD5	7-122816	HORICON BANK		12/28/2016	245,000.00	243,086.55	245,000.00	1.500	1.479	1.500	304	12/30/2019
41166HAR7	7-022117	HARBOR ONE BANK		02/21/2017	245,000.00	243,899.95	245,000.00	1.400	1.381	1.400	173	08/21/2019
42724JEA9	7-041218	HERITAGE BANK USA, INC.		04/12/2018	245,000.00	244,213.55	245,000.00	2.500	2.471	2.506	683	01/12/2021
45083AHT2	7-053018C	IBERIA BANK		05/30/2018	245,000.00	245,183.75	245,000.00	2.700	2.666	2.703	640	11/30/2020
45776NCM6	7-032918B	INSBANK		03/29/2018	245,000.00	243,858.30	245,000.00	2.600	2.569	2.605	943	09/29/2021
45581EAK7	7-092017	INDUSTRIAL & COMMERCIAL BK OF		09/20/2017	245,000.00	239,761.90	245,000.00	2.300	2.270	2.301	1,299	09/20/2022
457455AX1	7-071516	Inland Northwest Bank		07/15/2016	245,000.00	243,948.95	245,000.00	1.000	0.986	1.000	136	07/15/2019
45383USS5	7-111617A	INDEPENDENT BANK		11/16/2017	245,000.00	240,626.75	245,000.00	1.900	1.832	1.858	808	05/17/2021
45842PAP6	7-032818B	INTERAUDI BANK		03/28/2018	245,000.00	242,594.10	245,000.00	2.750	2.714	2.752	1,488	03/28/2023
458657LT8	7-022219A	INTERCREDIT BANK NA		02/22/2019	245,000.00	243,620.65	245,000.00	2.650	2.616	2.652	1,089	02/22/2022
46147UQL7	7-061715A	Investors Community Bank		06/17/2015	245,000.00	242,902.80	245,000.00	1.900	1.876	1.902	474	06/17/2020
46256YAD1	7-033015B	Iowa State Bank		03/30/2015	245,000.00	244,921.60	245,000.00	1.350	1.332	1.350	28	03/29/2019
46603WAA1	7-012618	IXONIA BANK		01/26/2018	245,000.00	244,169.45	245,000.00	2.100	1.993	2.020	332	01/27/2020
466682AQ4	7-083117	JACKSON COUNTY BANK		08/31/2017	245,000.00	237,890.10	245,000.00	2.050	2.022	2.050	1,279	08/31/2022
472376AF9	7-041118A	JEFFERSON BANK & TRUST CO		04/11/2018	245,000.00	244,495.30	245,000.00	2.500	2.068	2.096	591	10/12/2020
474067AE5	7-111017	JEFFERSON FINANCIAL		11/10/2017	245,000.00	241,988.95	245,000.00	2.150	2.121	2.150	801	05/10/2021
48128HAY4	7-011819A	JP MORGAN CHASE BANK NAT'L		01/18/2019	245,000.00	246,707.65	245,000.00	3.250	3.205	3.250	1,784	01/18/2024
49254FAB2	7-122118	KEESLER		12/21/2018	245,000.00	247,209.90	245,000.00	3.150	3.109	3.152	843	06/21/2021
49228XAA8	7-022719A	KERN SCHOOLS		02/27/2019	245,000.00	244,649.65	245,000.00	2.800	2.695	2.732	1,095	02/28/2022
49306SYN0	7-080917	KEY BANK NATIONAL ASSOCIATION		08/09/2017	245,000.00	242,238.85	245,000.00	1.800	1.775	1.800	525	08/07/2020
499724AD4	7-083018A	KNOXVILLE TVA EMPLOYEES		08/30/2018	245,000.00	247,119.25	245,000.00	3.250	3.207	3.252	1,643	08/30/2023
48714LAD1	7-022817B	KEARNY BANK		02/28/2017	245,000.00	238,348.25	245,000.00	1.900	1.874	1.900	1,095	02/28/2022
50625LAD5	7-092718A	LAFAYETTE		09/27/2018	245,000.00	246,771.35	245,000.00	3.150	3.109	3.152	1,306	09/27/2022
51210SMR5	7-051017A	LAKESIDE BANK		05/10/2017	245,000.00	241,371.55	245,000.00	1.750	1.729	1.753	620	11/10/2020

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Negotiable CD's												
501798LJ9	7-011918C	LCA BANK CORPORATION		01/19/2018	245,000.00	241,432.80	245,000.00	2.300	2.269	2.300	1,048	01/12/2022
52465JGC5	7-081415A	Legends Bank		08/14/2015	245,000.00	243,875.45	245,000.00	1.700	1.652	1.675	472	06/15/2020
524661BX2	7-012517	LEGACY BANK		01/25/2017	245,000.00	240,763.95	245,000.00	1.750	1.727	1.751	696	01/25/2021
53362LAM6	7-111816D	Lincoln First Bank		11/18/2016	245,000.00	237,985.65	245,000.00	1.400	1.381	1.400	809	05/18/2021
508176CK8	7-090817	LAKE CITY BNK		09/08/2017	245,000.00	242,214.35	245,000.00	1.850	1.826	1.852	557	09/08/2020
51507LBG8	7-030317	LANDMARK COMMUNITY BANK		03/03/2017	245,000.00	243,875.45	245,000.00	1.450	1.433	1.452	186	09/03/2019
538036DR2	7-081518	Live Oak Banking Company		08/15/2018	245,000.00	245,418.95	245,000.00	2.750	2.624	2.661	626	11/16/2020
54111LAC0	7-020918	LOGAN STATE BANK		02/09/2018	245,000.00	239,156.75	245,000.00	2.350	2.319	2.351	1,441	02/09/2023
549104EH6	7-010419	LUANA SAVINGS BANK		01/04/2019	245,000.00	245,382.20	245,000.00	2.700	2.663	2.700	493	07/06/2020
554479DQ5	7-091714	Machias Savings Bank		09/17/2014	245,000.00	244,500.20	245,000.00	1.900	1.875	1.901	200	09/17/2019
560507AJ4	7-101918	MAINE SAVINGS		10/19/2018	245,000.00	247,721.95	245,000.00	3.300	3.255	3.300	1,540	05/19/2023
56035BBP0	7-012819	MAIN STREET BANK		01/28/2019	245,000.00	244,615.35	245,000.00	2.600	2.568	2.603	699	01/28/2021
56817TAB7	7-062917	MARINE BANK		06/29/2017	245,000.00	240,033.85	245,000.00	1.800	1.777	1.801	851	06/29/2021
58117WAC1	7-072018A	MCHENRY SAVINGS BANK		07/20/2018	245,000.00	246,163.75	245,000.00	3.150	3.109	3.152	1,602	07/20/2023
58403B4F0	7-060816	Medallion Bank-Salt Lake		06/08/2016	245,000.00	244,223.35	245,000.00	1.200	1.184	1.200	101	06/10/2019
583626AE6	7-020518	MECHANICS COOPERATIVE BANK		02/05/2018	245,000.00	240,996.70	245,000.00	2.550	2.479	2.513	1,438	02/06/2023
583686BR0	7-020416	Mechanics Savings Bank		02/04/2016	245,000.00	241,780.70	245,000.00	1.650	1.627	1.650	706	02/04/2021
590290AC6	7-092316	MERRIMACK COUNTY SAVINGS BANK		09/23/2016	245,000.00	243,240.90	245,000.00	1.150	1.134	1.150	206	09/23/2019
59101LFC6	7-110218A	METABANK		11/02/2018	245,000.00	245,423.85	245,000.00	2.650	2.613	2.650	245	11/01/2019
59452WAD0	7-110918	MICHIGAN LEGACY		11/09/2018	245,000.00	248,209.50	245,000.00	3.350	3.303	3.349	1,530	05/09/2023
595226AX9	7-051118	MID AMERICA BANK		05/11/2018	245,000.00	245,017.15	245,000.00	2.650	2.542	2.577	622	11/12/2020
596689EGO	7-072915B	Middleton Community Bank		07/29/2015	245,000.00	244,279.70	245,000.00	1.750	1.729	1.753	273	11/29/2019
596608BB4	7-090817A	MIDDLESEX FEDERAL SAVINGS, F.A		09/08/2017	245,000.00	237,392.75	245,000.00	2.000	1.974	2.001	1,287	09/08/2022
59541KBP1	7-011918A	MID-MISSOURI BANK		01/19/2018	245,000.00	239,311.10	245,000.00	2.350	2.319	2.351	1,420	01/19/2023
59805FAD1	7-092618	MIDSOUTH BANK, NATIONAL ASSOCI		09/26/2018	245,000.00	245,514.50	245,000.00	3.100	3.059	3.102	1,670	09/26/2023
59828QBB3	7-091218	MIDWEST BANKCENTRE		09/12/2018	245,000.00	245,414.05	245,000.00	2.850	2.743	2.781	927	09/13/2021
59828PBX7	7-061217	MIDWESTBANK		06/12/2017	245,000.00	238,169.40	245,000.00	2.000	1.974	2.001	1,197	06/10/2022
598315BH1	7-070215	Midwest Community Bank- IL		07/02/2015	245,000.00	243,456.50	245,000.00	1.900	1.900	1.926	489	07/02/2020
598580AJ7	7-121515	Mifflinburg BK & Trust Company		12/15/2015	245,000.00	243,471.20	245,000.00	1.650	1.629	1.652	472	06/15/2020
59980RAC4	7-011118	MILL CITY CREDIT UNION		01/11/2018	245,000.00	241,043.25	245,000.00	2.400	2.366	2.399	1,228	07/11/2022
56034WAS0	7-020119	MAIN STREET BANK CORP		02/01/2019	245,000.00	245,759.50	245,000.00	2.950	2.912	2.952	1,068	02/01/2022
619165HZ9	7-022819A	MORTON COMMUNITY BANK		02/28/2019	245,000.00	243,841.15	245,000.00	2.750	2.711	2.748	1,215	06/28/2022
61760ACZ0	7-081717	MORGAN STANLEY PRIVATE BANK		08/17/2017	245,000.00	244,247.85	245,000.00	1.700	1.677	1.700	171	08/19/2019
58740XYZ7	7-051017	MERCANTILE BANK OF MICHIGAN		05/10/2017	245,000.00	242,400.55	245,000.00	1.650	1.401	1.421	437	05/11/2020
61747MXQ9	7-080317	Morgan Stanley Bank NA		08/03/2017	245,000.00	244,316.45	245,000.00	1.700	1.677	1.700	157	08/05/2019
59013JZW2	7-082117A	MERRICK BNK		08/21/2017	245,000.00	238,348.25	245,000.00	2.100	2.041	2.070	1,270	08/22/2022

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Negotiable CD's												
57116AJX7	7-061915A	Marlin Business Bank Salt Lake		06/19/2015	245,000.00	244,502.65	245,000.00	1.700	1.678	1.701	110	06/19/2019
62384RAB2	7-101217	MOUNTAIN AMERICA		10/12/2017	245,000.00	239,602.65	245,000.00	2.300	2.270	2.301	1,321	10/12/2022
62847HAK5	7-012816C	MutualOne Bank		01/28/2016	245,000.00	243,008.15	245,000.00	1.650	1.627	1.650	699	01/28/2021
598276BQ5	7-032918	MIDWEST BANK		03/29/2018	245,000.00	242,116.35	245,000.00	2.700	2.663	2.700	1,489	03/29/2023
55406JAJ1	7-081715	M.Y. Safra Bank, FSB		08/17/2015	245,000.00	244,247.85	245,000.00	1.700	1.677	1.700	350	02/14/2020
634116CF2	7-113015A	National Bank of NYC		11/30/2015	245,000.00	243,093.90	245,000.00	1.750	1.728	1.752	640	11/30/2020
66742UAE7	7-070115	Northwest Community Bank		07/01/2015	245,000.00	244,218.45	245,000.00	1.600	1.580	1.602	245	11/01/2019
635573AC2	7-103015C	National Cooperative Bank		10/30/2015	245,000.00	243,441.80	245,000.00	1.750	1.726	1.750	609	10/30/2020
63983RBC2	7-022819B	NEEDHAM BANK		02/28/2019	245,000.00	244,306.65	245,000.00	2.550	2.515	2.550	724	02/22/2021
64017AAG9	7-091918A	NEIGHBORS		09/19/2018	245,000.00	246,594.95	245,000.00	3.050	2.597	2.634	934	09/20/2021
666613GQ1	7-031918	NORTHPOINTE BANK		03/19/2018	245,000.00	243,985.70	245,000.00	2.500	2.468	2.502	749	03/19/2021
66980DAE6	7-011218A	NOTRE DAME		01/12/2018	245,000.00	244,698.65	245,000.00	2.000	1.973	2.000	133	07/12/2019
66612ABG2	7-033017A	NORTHFIELD BANK		03/30/2017	245,000.00	244,835.85	245,000.00	1.450	1.151	1.167	31	04/01/2019
662228CQ6	7-061516A	The North Salem State Bank		06/15/2016	245,000.00	241,050.60	245,000.00	1.300	1.283	1.301	472	06/15/2020
63861NAC9	7-111816C	Nationwide Bank		11/18/2016	245,000.00	236,625.90	245,000.00	1.500	1.480	1.501	993	11/18/2021
67054NAH6	7-062117	NUMERICA		06/21/2017	245,000.00	241,462.20	245,000.00	2.100	2.073	2.101	843	06/21/2021
677721CR1	7-090817B	THE OHIO VALLEY BANK COMPANY		09/08/2017	245,000.00	237,801.90	245,000.00	2.050	2.023	2.051	1,287	09/08/2022
68002LBE7	7-031017	OLD MISSOURI BANK		03/10/2017	245,000.00	242,711.70	245,000.00	1.550	1.530	1.551	375	03/10/2020
68235GAA6	7-101316	ONE AMERICAN BANK		10/13/2016	245,000.00	236,684.70	245,000.00	1.350	1.332	1.351	957	10/13/2021
68621KAN1	7-032917	ORIENTAL BANK		03/29/2017	245,000.00	244,046.95	245,000.00	1.700	1.677	1.700	212	09/29/2019
68956HAB9	7-011918	OTTAWA SAVINGS BANK		01/19/2018	245,000.00	240,202.90	245,000.00	2.300	2.268	2.299	1,236	07/19/2022
69406PCT4	7-121517	PACIFIC CITY BANK		12/15/2017	245,000.00	242,915.05	245,000.00	1.900	1.875	1.901	472	06/15/2020
69413CEU9	7-053116	Pacific Continental Bank-Oreg		05/31/2016	245,000.00	244,309.10	245,000.00	1.100	1.085	1.100	91	05/31/2019
70212YAR3	7-033015	Partners Bank of California		03/30/2015	245,000.00	244,394.85	245,000.00	1.500	1.482	1.502	213	09/30/2019
707312AL8	7-022019	PENN COMMUNITY BANK		02/20/2019	245,000.00	244,539.40	245,000.00	2.600	2.564	2.600	725	02/23/2021
712490AE1	7-092316A	THE PEOPLES STATE BANK OF NEWT		09/23/2016	245,000.00	236,905.20	245,000.00	1.350	1.332	1.351	937	09/23/2021
71270QQJ8	7-011817A	PEOPLE'S UNITED BANK, NAT'L		01/18/2017	245,000.00	239,710.45	245,000.00	2.050	2.022	2.050	1,054	01/18/2022
710311AT8	7-081415	Peoples Bank of Commerce		08/14/2015	245,000.00	244,713.35	245,000.00	1.550	1.530	1.551	166	08/14/2019
72143YAC6	7-112315	Pilgrim Bank		11/23/2015	245,000.00	243,120.85	245,000.00	1.750	1.728	1.752	633	11/23/2020
72247PAC0	7-082918	PINE BLUFF COTTON BELT		08/29/2018	245,000.00	245,688.45	245,000.00	2.800	2.766	2.804	549	08/31/2020
72345SHM6	7-121418	PINNACLE BANK		12/14/2018	245,000.00	245,869.75	245,000.00	2.850	2.673	2.710	472	06/15/2020
723605AL5	7-112618	PIONEER BANK SSB		11/26/2018	245,000.00	246,445.50	245,000.00	3.000	2.851	2.891	637	11/27/2020
72940UJB2	7-012618A	PLUS INTERNATIONAL BANK		01/26/2018	245,000.00	242,802.35	245,000.00	2.200	2.172	2.202	697	01/26/2021
732333AK5	7-053117A	PONCE DE LEON FEDERAL BANK		05/31/2017	245,000.00	238,255.15	245,000.00	2.000	1.974	2.001	1,187	05/31/2022
700654AT3	7-091214	The Park National Bank		09/12/2014	245,000.00	244,529.60	245,000.00	2.150	2.122	2.151	195	09/12/2019
73565NBN2	7-072215A	Portage County Bank		07/22/2015	245,000.00	243,691.70	245,000.00	1.800	1.777	1.802	509	07/22/2020

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Negotiable CD's												
74267GUU9	7-012315	The PrivateBank & Trust Co.		01/23/2015	245,000.00	244,314.00	245,000.00	1.900	1.874	1.900	328	01/23/2020
74048EBS6	7-120718A	PREMIER BANK		12/07/2018	245,000.00	246,046.15	245,000.00	2.900	2.863	2.903	525	08/07/2020
74160NGP9	7-082318A	PRIME ALLIANCE BANK		08/23/2018	245,000.00	245,455.70	245,000.00	2.850	2.814	2.853	906	08/23/2021
74163LAG6	7-101718	PRIMEBANK		10/17/2018	245,000.00	245,847.70	245,000.00	2.850	2.815	2.854	598	10/19/2020
74316VEM3	7-053116A	Profinium, Inc		05/31/2016	245,000.00	244,309.10	245,000.00	1.050	1.037	1.051	91	05/31/2019
74374MAG9	7-111518	PROVIDENCE BANK		11/15/2018	245,000.00	247,190.30	245,000.00	3.150	3.110	3.153	990	11/15/2021
74269KBS4	7-042018C	PRIORITY BANK		04/20/2018	245,000.00	244,081.25	245,000.00	2.400	2.371	2.404	599	10/20/2020
70337MCS5	7-073018	PATRIOT BANK, NATIONAL ASSOCIA		07/30/2018	245,000.00	245,759.50	245,000.00	2.950	2.564	2.600	1,067	01/31/2022
744562AA7	7-102618	PUBLIC SERVICE		10/26/2018	245,000.00	246,624.35	245,000.00	3.050	3.008	3.050	605	10/26/2020
747133CC8	7-103015A	PyraMax Bank		10/30/2015	245,000.00	244,429.15	245,000.00	1.350	1.332	1.351	243	10/30/2019
74909QAJ8	7-122817	QUONTIC BANK		12/28/2017	245,000.00	244,338.50	245,000.00	1.900	1.875	1.901	210	09/27/2019
75272LAD8	7-030918A	RANDOLPH SAVINGS BANK		03/09/2018	245,000.00	243,209.05	245,000.00	2.600	2.564	2.600	1,104	03/09/2022
74938AAA7	7-053117B	RCS BANK		05/31/2017	245,000.00	237,875.40	245,000.00	1.950	1.924	1.951	1,187	05/31/2022
75902GAX3	7-020618	REGIONAL MISSOURI BANK		02/06/2018	245,000.00	241,957.10	245,000.00	2.400	2.324	2.356	1,074	02/07/2022
75946AAL0	7-050317A	RELIANCE BANK		05/03/2017	245,000.00	244,012.65	245,000.00	1.400	1.382	1.401	157	08/05/2019
75950XAB5	7-060315	Reliance Savings Bank		06/03/2015	245,000.00	243,135.55	245,000.00	1.700	1.679	1.702	460	06/03/2020
749622AE6	7-121317	R.I.A. FEDERAL CREDIT UNION		12/13/2017	245,000.00	243,441.80	245,000.00	1.900	1.873	1.899	378	03/13/2020
76881TBR0	7-033115B	Riverland Bank		03/31/2015	245,000.00	244,448.75	245,000.00	1.400	1.382	1.401	152	07/31/2019
77315PBR2	7-072618	ROCKFORD BANK AND TRUST COMPAN		07/26/2018	245,000.00	245,367.50	245,000.00	2.700	2.566	2.602	514	07/27/2020
77311TAB4	7-102518	ROCKET		10/25/2018	245,000.00	246,575.35	245,000.00	3.050	3.011	3.053	969	10/25/2021
76951DAU4	7-050517A	RIVERWOOD BANK		05/05/2017	245,000.00	240,964.85	245,000.00	1.500	1.482	1.503	553	09/04/2020
78658Q3S0	7-071618	SAFRA NATIONAL BK OF NY		07/16/2018	245,000.00	245,112.70	245,000.00	2.450	2.418	2.451	199	09/16/2019
795450D36	7-082317	SALLIE MAE BNK		08/23/2017	245,000.00	240,379.30	245,000.00	2.350	2.318	2.350	1,271	08/23/2022
800523AL6	7-033115A	Sanford Institution For Saving		03/31/2015	240,000.00	238,656.00	240,000.00	1.600	1.580	1.602	396	03/31/2020
804375DH3	7-032216	Sauk Valley Bank & Trust Co.		03/22/2016	245,000.00	241,013.85	245,000.00	1.500	1.480	1.501	752	03/22/2021
805337AM4	7-103118	SAVINGS INSTITUTE BANK AND TRU		10/31/2018	245,000.00	246,695.40	245,000.00	3.150	3.109	3.152	1,340	10/31/2022
78414TAQ5	7-120518A	SB ONE BANK		12/05/2018	245,000.00	245,690.90	245,000.00	2.800	2.764	2.802	370	03/05/2020
78577TBA2	7-042018B	SACO & BIDDEFORD SAVINGS INSTI		04/20/2018	245,000.00	244,539.40	245,000.00	2.450	2.419	2.452	507	07/20/2020
814107AR9	7-112717B	SECURITY BANK		11/27/2017	245,000.00	238,235.55	245,000.00	2.150	2.121	2.151	1,334	10/25/2022
81406RAG5	7-122818B	SECURITY BANK		12/28/2018	245,000.00	245,698.25	245,000.00	2.800	2.760	2.799	392	03/27/2020
81425PAV3	7-013119	SECURITY FIRST BANK		01/31/2019	245,000.00	246,766.45	245,000.00	3.250	3.207	3.252	1,791	01/25/2024
82669LFJ7	7-072215	Signature Bank of Arkansas		07/22/2015	245,000.00	244,365.45	245,000.00	1.650	1.629	1.652	235	10/22/2019
82669VBY6	7-110817A	SIGNATURE BANK		11/08/2017	245,000.00	238,154.70	245,000.00	2.150	2.121	2.150	1,348	11/08/2022
831587AA0	7-102617	SLOVAK SAVINGS BANK		10/26/2017	245,000.00	237,855.80	245,000.00	2.100	2.072	2.101	1,329	10/20/2022
843355BF4	7-051818A	SOUTHERN MICHIGAN BANK & TRUST		05/18/2018	245,000.00	244,331.15	245,000.00	2.950	2.911	2.952	1,539	05/18/2023
814414AA6	7-111615	Security National Bank of SD		11/16/2015	245,000.00	244,282.15	245,000.00	1.400	1.382	1.401	262	11/18/2019

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Negotiable CD's												
845182BQ6	7-082418A	SOUTHWEST NATIONAL BANK		08/24/2018	245,000.00	245,747.25	245,000.00	2.900	2.863	2.903	907	08/24/2021
839145AA7	7-092917	SOUTH OTTUMWA SAVINGS BANK		09/29/2017	245,000.00	237,623.05	245,000.00	2.050	2.023	2.051	1,308	09/29/2022
84287PFU1	7-120718	SOUTHERN FIRST BANK		12/07/2018	245,000.00	246,048.60	245,000.00	2.900	2.743	2.781	557	09/08/2020
84470QJG3	7-012319	SOUTHSIDE BANK		01/23/2019	245,000.00	245,154.35	245,000.00	2.550	2.515	2.550	328	01/23/2020
849430AS2	7-090817C	SPRING BANK		09/08/2017	245,000.00	237,392.75	245,000.00	2.000	1.974	2.001	1,287	09/08/2022
81488PAY1	7-083117A	SECURITY SAVINGS BANK		08/31/2017	245,000.00	239,818.25	245,000.00	1.900	1.875	1.901	914	08/31/2021
81489TAW6	7-032818A	SECURITY STATE BANK		03/28/2018	245,000.00	243,059.60	245,000.00	2.800	2.763	2.802	1,488	03/28/2023
85512RBM3	7-021219A	STAR FINANCIAL BANK		02/12/2019	245,000.00	244,573.70	245,000.00	2.600	2.568	2.603	714	02/12/2021
856309AL3	7-101316A	STATE BANK OF LIZTON		10/13/2016	245,000.00	242,155.55	245,000.00	1.200	1.184	1.201	318	01/13/2020
857894SWO	7-021317	Stearns Bk NA St. Cloud		02/13/2017	245,000.00	242,946.90	245,000.00	1.600	1.578	1.600	346	02/10/2020
843879BD8	7-122917	SOUTHERN STATE BANK		12/29/2017	245,000.00	243,155.15	245,000.00	2.000	1.974	2.001	486	06/29/2020
86063QAB1	7-041218A	STIFEL BANK AND TRUST		04/12/2018	245,000.00	244,941.20	245,000.00	2.700	2.662	2.699	759	03/29/2021
85916VCM5	7-030218	STERLING BANK		03/02/2018	245,000.00	244,206.20	245,000.00	2.300	2.269	2.301	459	06/02/2020
86158RAT6	7-100318	STONE BANK		10/03/2018	245,000.00	245,923.65	245,000.00	3.050	3.010	3.052	1,312	10/03/2022
45157PAG5	7-051117A	ST. PAUL POSTAL EMPLOYEES		05/11/2017	245,000.00	241,366.65	245,000.00	1.750	1.729	1.753	630	11/20/2020
864088DL0	7-110917	STURGIS BANK & TRUST COMPANY		11/09/2017	245,000.00	241,986.50	245,000.00	1.900	1.876	1.902	619	11/09/2020
86604XKP0	7-011516A	Summit Community Bank		01/15/2016	245,000.00	243,525.10	245,000.00	1.800	1.777	1.802	686	01/15/2021
86801MAL5	7-011118A	SUNSTATE BANK		01/11/2018	245,000.00	242,214.35	245,000.00	2.050	2.024	2.052	682	01/11/2021
867352AA4	7-012519	SUNFLOWER BANK NATIONAL ASSOCI		01/25/2019	245,000.00	245,029.40	245,000.00	2.600	2.562	2.598	514	07/27/2020
86789VXR3	7-021219	SUNTRUST BANK		02/12/2019	245,000.00	245,673.75	245,000.00	3.000	2.958	2.999	1,260	08/12/2022
87043DAB3	7-090718A	SWEET WATER STATE BANK		09/07/2018	245,000.00	245,722.75	245,000.00	2.900	2.863	2.903	921	09/07/2021
87164XPQ3	7-022417	SYNCHRONY BANK		02/24/2017	245,000.00	241,173.10	245,000.00	2.300	2.268	2.300	1,091	02/24/2022
89388CCH9	7-030518	TRANSPORTATION ALLIANCE BANK I		03/05/2018	245,000.00	244,463.45	245,000.00	2.300	2.272	2.303	370	03/05/2020
87227RCJ1	7-122618	TCF NAT'L BANK		12/26/2018	245,000.00	245,389.55	245,000.00	2.700	2.663	2.700	483	06/26/2020
872308CR0	7-081018	TCM Bank National Association		08/10/2018	245,000.00	245,178.85	245,000.00	2.650	2.617	2.654	528	08/10/2020
17801GBU2	7-080618	THE CITY NATIONAL BANK OF METR		08/06/2018	245,000.00	246,070.65	245,000.00	3.050	3.010	3.052	1,256	08/08/2022
88241TAT7	7-071316	Texas Exchange Bank, ssb		07/13/2016	245,000.00	243,929.35	245,000.00	1.000	0.986	1.000	133	07/12/2019
062847BP2	7-051316	The Bank of Kaukauna		05/13/2016	245,000.00	239,901.55	245,000.00	1.400	1.382	1.401	804	05/13/2021
21685NAL1	7-110218	THE COOPERATIVE BANK		11/02/2018	245,000.00	245,703.15	245,000.00	2.800	2.763	2.801	521	08/03/2020
303117CR4	7-011119	THE FAHEY BANKING COMPANY		01/11/2019	245,000.00	245,056.35	245,000.00	2.600	2.562	2.598	497	07/10/2020
32117WAD4	7-011819	THE FIRST NATIONAL BANK OF ALB		01/18/2019	245,000.00	245,316.05	245,000.00	2.750	2.614	2.650	690	01/19/2021
366526AT8	7-100218	THE GARRETT STATE BANK		10/02/2018	245,000.00	245,551.25	245,000.00	2.750	2.713	2.751	489	07/02/2020
43732LAA6	7-101018A	THE HOME SAVINGS AND LOAN COM		10/10/2018	245,000.00	245,845.25	245,000.00	2.850	2.811	2.850	592	10/13/2020
743837DR4	7-112318	THE PROVIDENT BANK		11/23/2018	245,000.00	246,670.90	245,000.00	3.050	2.916	2.957	815	05/24/2021
88413QCC0	7-092718	THIRD FEDERAL SAVINGS AND LOA		09/27/2018	245,000.00	246,286.25	245,000.00	3.000	2.959	3.000	941	09/27/2021
88563LAE7	7-100518	THREE RIVERS		10/05/2018	245,000.00	246,046.15	245,000.00	2.900	2.864	2.904	584	10/05/2020

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Negotiable CD's												
88714RBV3	7-010816	Timberwood Bank		01/08/2016	245,000.00	243,554.50	245,000.00	1.700	1.679	1.702	679	01/08/2021
89153HCX6	7-042916	Total Bank		04/29/2016	245,000.00	240,484.65	245,000.00	1.400	1.382	1.401	790	04/29/2021
89214PBP3	7-052418	TOWNE BANK		05/24/2018	245,000.00	245,607.60	245,000.00	2.800	2.762	2.800	634	11/24/2020
89269FDE2	7-052518	TRADE CAPITAL BANK		05/25/2018	245,000.00	245,078.40	245,000.00	2.750	2.715	2.753	816	05/25/2021
89269CBV3	7-013118	TRADITIONS BANK		01/31/2018	245,000.00	239,673.70	245,000.00	2.400	2.368	2.401	1,432	01/31/2023
89579NBY8	7-092818A	TRIAD BANK		09/28/2018	245,000.00	246,558.20	245,000.00	3.050	3.009	3.051	1,215	06/28/2022
89677DET9	7-013118C	TRISTATE CAPITAL BANK		01/31/2018	245,000.00	243,458.95	245,000.00	2.350	1.998	2.026	703	02/01/2021
89267TAC7	7-013019A	Trail West Bank		01/30/2019	245,000.00	242,393.20	245,000.00	2.700	2.665	2.702	1,431	01/30/2023
90348JCR9	7-053018A	UBS BANK USA		05/30/2018	245,000.00	246,251.95	245,000.00	3.150	3.109	3.152	1,551	05/30/2023
90385LCR8	7-092818	ULTIMA BANK MINNESOTA		09/28/2018	245,000.00	246,354.85	245,000.00	3.100	3.060	3.102	1,307	09/28/2022
91330ABB2	7-071715A	Unity Bank - Clinton, NJ		07/17/2015	245,000.00	244,590.85	245,000.00	1.700	1.678	1.701	138	07/17/2019
91435LAG2	7-051418	UNIVERSITY OF IOWA COMMUNITY		05/14/2018	245,000.00	245,306.25	245,000.00	3.050	2.966	3.007	1,536	05/15/2023
91103MDN3	7-081718	UNITED NATIONAL BANK		08/17/2018	245,000.00	245,467.95	245,000.00	2.850	2.814	2.853	900	08/17/2021
90919TAT4	7-011516	Unison Bank		01/15/2016	245,000.00	243,525.10	245,000.00	1.800	1.777	1.802	686	01/15/2021
909557HM5	7-073118	UNITED BANKERS BANK		07/31/2018	245,000.00	245,526.75	245,000.00	2.800	2.766	2.805	700	01/29/2021
91134CBM2	7-042718	UNITED PRAIRIE BANK		04/27/2018	245,000.00	244,522.25	245,000.00	2.450	2.419	2.452	514	07/27/2020
90352RAA3	7-111717A	USALLIANCE		11/17/2017	245,000.00	243,953.85	245,000.00	1.800	1.427	1.447	262	11/18/2019
90840RAA3	7-060316	Union State Bank of West Salem		06/03/2016	245,000.00	244,291.95	245,000.00	1.050	1.036	1.050	94	06/03/2019
919853CL3	7-120518	VALLEY NATIONAL BANK		12/05/2018	245,000.00	245,690.90	245,000.00	2.800	2.764	2.802	370	03/05/2020
92023LAK9	7-092818B	VALLIANCE BANK		09/28/2018	245,000.00	246,286.25	245,000.00	3.000	2.959	3.000	942	09/28/2021
928066AV1	7-033017	VIRGINIA PARTNERS BANK		03/30/2017	245,000.00	242,562.25	245,000.00	1.600	1.580	1.602	395	03/30/2020
92326XDS7	7-021218	VENTURE BANK		02/12/2018	245,000.00	242,753.35	245,000.00	2.300	2.266	2.298	803	05/12/2021
92535LCC6	7-022219	VERUS BANK OF COMMERCE		02/22/2019	245,000.00	241,763.55	245,000.00	2.800	2.763	2.801	1,819	02/22/2024
92559TAA6	7-113018B	VIBRANT		11/30/2018	245,000.00	246,161.30	245,000.00	2.950	2.910	2.950	458	06/01/2020
92834CCB6	7-113016	VISIONBANK OF IOWA		11/30/2016	245,000.00	238,144.90	245,000.00	1.750	1.726	1.750	1,005	11/30/2021
928784EQ6	7-092118	VOLUNTEER STATE BANK		09/21/2018	245,000.00	245,083.30	245,000.00	2.600	2.455	2.489	479	06/22/2020
939693AF4	7-030615A	Washington Savings Bank		03/06/2015	245,000.00	244,982.85	245,000.00	1.350	1.332	1.351	5	03/06/2019
94768NJP0	7-031914	Webster Bank, National Assn		03/19/2014	245,000.00	244,946.10	245,000.00	1.800	1.775	1.800	18	03/19/2019
9497485K9	7-060116	Wells Fargo Bank, NA		06/01/2016	245,000.00	244,291.95	245,000.00	1.250	1.233	1.250	94	06/03/2019
92937CGZ5	7-032318B	WEX BANK		03/23/2018	245,000.00	244,671.70	245,000.00	2.400	2.367	2.400	388	03/23/2020
969294CB1	7-112717	WILLIAMETTE VALLEY BANK		11/27/2017	245,000.00	239,014.65	245,000.00	2.000	2.000	2.028	1,095	02/28/2022
975875AH8	7-021017A	WINTER HILL BANK, FSB		02/10/2017	245,000.00	242,726.40	245,000.00	1.500	1.479	1.500	346	02/10/2020
981571BN1	7-062515	World's Foremost Bank		06/25/2015	200,000.00	198,512.00	200,000.00	2.300	2.271	2.303	482	06/25/2020
956310AE6	7-092316B	WEST TOWN BANK AND TRUST		09/23/2016	245,000.00	239,896.65	245,000.00	1.250	1.234	1.251	572	09/23/2020
95960NJH1	7-102115	Western State Bank -Devils Lak		10/21/2015	245,000.00	240,523.85	245,000.00	1.750	1.726	1.750	600	10/21/2020
98970LBA0	7-022819C	ZIONS BANCORPORATION N.A		02/28/2019	245,000.00	244,630.05	245,000.00	2.500	2.466	2.500	539	08/21/2020

Portfolio PTS
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CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	YTM 360	YTM 365	Days to Maturity	Maturity Date
Subtotal and Average			95,193,750.00		97,950,000.00	97,197,752.69	97,950,000.00		2.158	2.188	749	
Federal Agency Issues - Coupon												
3133EJ7C7	10-020619	Federal Farm Credit Bank		02/06/2019	5,000,000.00	5,010,250.00	5,000,000.00	2.700	2.663	2.700	1,803	02/06/2024
3133EJ4Q9	10-020619A	Federal Farm Credit Bank		02/06/2019	5,000,000.00	4,997,350.00	5,001,800.00	2.550	2.496	2.530	682	01/11/2021
3133EJDE6	10-021618	Federal Farm Credit Bank		02/16/2018	10,000,000.00	9,979,600.00	10,000,000.00	2.570	2.535	2.570	1,448	02/16/2023
3133EKAT3	10-021919	Federal Farm Credit Bank		02/19/2019	7,000,000.00	6,989,640.00	6,996,628.52	2.500	2.485	2.520	902	08/19/2021
3133EFK63	10-030416	Federal Farm Credit Bank		03/04/2016	5,000,000.00	4,934,700.00	5,000,000.00	1.250	1.233	1.250	369	03/04/2020
3133EJHC6	10-032118	Federal Farm Credit Bank		03/21/2018	8,000,000.00	8,008,400.00	8,000,000.00	2.600	2.564	2.600	1,116	03/21/2022
3133EJHD4	10-032218	Federal Farm Credit Bank		03/22/2018	5,000,000.00	4,990,250.00	5,000,000.00	2.480	2.446	2.480	752	03/22/2021
3133EHEC3	10-033017	Federal Farm Credit Bank		03/30/2017	10,000,000.00	9,844,200.00	10,000,000.00	1.800	1.775	1.800	760	03/30/2021
3133EFW52	10-040116	Federal Farm Credit Bank		04/01/2016	7,000,000.00	6,970,320.00	7,000,000.00	1.150	1.134	1.150	122	07/01/2019
3133EF3Y1	10-042116	Federal Farm Credit Bank		04/21/2016	4,000,000.00	3,962,960.00	4,000,000.00	1.020	1.006	1.020	234	10/21/2019
3133EF5T0	10-050316	Federal Farm Credit Bank		05/03/2016	7,000,000.00	6,870,850.00	7,000,000.00	1.700	1.677	1.700	794	05/03/2021
3133EHHG1	10-050317	Federal Farm Credit Bank		05/03/2017	4,952,000.00	4,865,835.20	4,952,000.00	1.750	1.726	1.750	794	05/03/2021
3133EHJA2	10-050817	Federal Farm Credit Bank		05/08/2017	10,000,000.00	9,878,700.00	10,000,000.00	1.550	1.529	1.550	434	05/08/2020
3133EHLG6	10-053017	Federal Farm Credit Bank		05/30/2017	8,000,000.00	7,978,560.00	8,000,000.00	1.320	1.302	1.320	90	05/30/2019
3133EHLH4	10-060117	Federal Farm Credit Bank		06/01/2017	8,000,000.00	7,827,440.00	8,000,000.00	1.875	1.849	1.875	1,188	06/01/2022
3133EET83	10-060315	Federal Farm Credit Bank		06/03/2015	5,000,000.00	4,943,250.00	5,000,000.00	1.650	1.627	1.650	460	06/03/2020
3133EJTB5	10-062718	Federal Farm Credit Bank		06/27/2018	10,000,000.00	10,069,900.00	10,000,000.00	2.800	2.762	2.801	1,153	04/27/2022
3133EJTF6	10-070618	Federal Farm Credit Bank		07/06/2018	10,000,000.00	10,027,800.00	10,000,000.00	2.700	2.663	2.700	854	07/02/2021
3133EJSD2	10-072418	Federal Farm Credit Bank		07/24/2018	10,000,000.00	10,103,400.00	10,000,000.00	2.890	2.850	2.890	1,571	06/19/2023
3133EJVG1	10-072518	Federal Farm Credit Bank		07/25/2018	5,000,000.00	5,003,250.00	5,000,000.00	3.220	3.176	3.220	1,607	07/25/2023
3133EJD48	10-100218	Federal Farm Credit Bank		10/02/2018	10,000,000.00	10,182,100.00	10,000,000.00	3.050	3.008	3.050	1,676	10/02/2023
3133EFKY2	10-102815	Federal Farm Credit Bank		10/28/2015	5,000,000.00	4,963,400.00	5,000,000.00	1.360	1.341	1.360	241	10/28/2019
3133EFND5	10-110515	Federal Farm Credit Bank		11/05/2015	5,000,000.00	4,962,550.00	4,992,250.00	1.370	1.391	1.410	249	11/05/2019
3133EJS83	10-110918	Federal Farm Credit Bank		11/09/2018	8,000,000.00	8,123,680.00	8,000,000.00	3.050	3.009	3.051	1,257	08/09/2022
3133EJL60	10-112916	Federal Farm Credit Bank		11/29/2016	5,675,000.00	5,554,519.75	5,651,108.25	1.760	1.823	1.849	1,004	11/29/2021
3133EHW58	10-120117	Federal Farm Credit Bank		12/01/2017	7,000,000.00	6,917,960.00	7,000,000.00	1.900	1.874	1.900	637	11/27/2020
3133EGX34	10-122016	Federal Farm Credit Bank		12/20/2016	5,000,000.00	4,933,500.00	5,000,000.00	2.080	2.052	2.080	1,025	12/20/2021
313380WG8	10-010417	Federal Home Loan Bank		01/04/2017	8,000,000.00	7,859,840.00	7,940,000.00	1.375	1.563	1.585	560	09/11/2020
3130AAKB3	10-011017	Federal Home Loan Bank		01/10/2017	10,000,000.00	9,868,700.00	10,000,000.00	2.140	2.111	2.140	1,046	01/10/2022
3130ADEV0	10-011718	Federal Home Loan Bank		01/17/2018	10,000,000.00	9,922,900.00	10,000,000.00	2.380	2.347	2.380	1,418	01/17/2023
3130A3XB5	10-012115	Federal Home Loan Bank		01/21/2015	6,500,000.00	6,434,935.00	6,488,300.00	1.400	1.418	1.437	326	01/21/2020
3130AFNZ6	10-012919	Federal Home Loan Bank		01/29/2019	6,000,000.00	5,983,140.00	6,000,000.00	3.000	2.959	3.000	1,795	01/29/2024
3130ADN32	10-020918	Federal Home Loan Bank		02/09/2018	10,000,000.00	9,960,800.00	9,989,300.00	2.120	2.145	2.175	347	02/11/2020
3130AFT31	10-021419	Federal Home Loan Bank		02/14/2019	5,750,000.00	5,750,287.50	5,750,000.00	3.000	2.959	3.000	1,811	02/14/2024
3130AATR9	10-022417	Federal Home Loan Bank		02/24/2017	7,000,000.00	6,913,550.00	7,000,000.00	2.070	2.042	2.070	1,091	02/24/2022

Portfolio PTS
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**IMPERIAL COUNTY TREASURER
Portfolio Management
Portfolio Details - Investments
February 28, 2019**

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	YTM 360	YTM 365	Days to Maturity	Maturity Date
Federal Agency Issues - Coupon												
3130A7CV5	10-030216	Federal Home Loan Bank		03/02/2016	5,000,000.00	4,890,700.00	4,983,750.00	1.375	1.423	1.443	720	02/18/2021
3130A7HM0	10-032916	Federal Home Loan Bank		03/29/2016	5,000,000.00	4,996,200.00	5,000,000.00	1.250	1.233	1.250	28	03/29/2019
3130AB2F2	10-032917	Federal Home Loan Bank		03/29/2017	5,000,000.00	4,950,250.00	5,000,000.00	2.200	2.170	2.200	1,124	03/29/2022
3130A7M85	10-033016	Federal Home Loan Bank		03/30/2016	5,000,000.00	4,969,750.00	5,000,000.00	1.250	1.233	1.250	180	08/28/2019
3130A7T88	10-042916	Federal Home Loan Bank		04/29/2016	10,000,000.00	9,773,100.00	10,000,000.00	1.440	1.420	1.440	790	04/29/2021
3130AECJ7	10-052318	Federal Home Loan Bank		05/23/2018	7,000,000.00	7,005,740.00	7,000,000.00	2.625	2.589	2.625	454	05/28/2020
3130A7CV5	10-053116	Federal Home Loan Bank		05/31/2016	4,000,000.00	3,912,560.00	3,996,000.00	1.375	1.378	1.397	720	02/18/2021
3130A8H48	10-070116	Federal Home Loan Bank		07/01/2016	7,000,000.00	6,870,500.00	7,000,000.00	1.150	1.134	1.150	488	07/01/2020
3130A9B75	10-082916	Federal Home Loan Bank		08/29/2016	6,750,000.00	6,621,142.50	6,746,625.00	1.250	1.252	1.269	546	08/28/2020
313380GJO	10-102017	Federal Home Loan Bank		10/20/2017	7,000,000.00	6,858,880.00	7,000,000.00	2.000	1.972	2.000	1,288	09/09/2022
3130AEYYO	10-102618	Federal Home Loan Bank		10/26/2018	10,000,000.00	10,103,000.00	10,000,000.00	2.950	2.910	2.951	1,222	07/05/2022
3130AABG2	10-121616	Federal Home Loan Bank		12/16/2016	10,000,000.00	9,825,600.00	9,848,200.00	1.875	2.171	2.201	1,004	11/29/2021
3130A6UX3	10-122815	Federal Home Loan Bank		12/28/2015	5,000,000.00	4,984,200.00	5,000,000.00	1.500	1.479	1.500	119	06/28/2019
Subtotal and Average			334,874,350.58		339,627,000.00	337,350,139.95	339,335,961.77		2.060	2.089	879	
Total and Average			655,934,070.75		516,526,000.00	513,496,892.64	516,234,961.77		2.114	2.144	732	

IMPERIAL COUNTY TREASURER
Portfolio Management
Activity By Type
February 1, 2019 through February 28, 2019

CUSIP	Investment #	Issuer	Beginning Balance	Stated Rate	Transaction Date	Purchases or Deposits	Redemptions or Withdrawals	Ending Balance
LAIF / HIGHMARK CAPITAL / ZBA (Monthly Summary)								
Subtotal			64,500,000.00					64,500,000.00
Certificates of Deposit - Bank								
4-022219	4-022219	Academy Bank N.A.		2.900	02/22/2019	245,000.00	0.00	
SYS 4-072117	4-072117	Academy Bank N.A.		1.500	02/22/2019	0.00	245,000.00	
4-021319B	4-021319B	Broadway Federal Bank		2.600	02/13/2019	100,000.00	0.00	
SYS 4-030218	4-030218	Broadway Federal Bank		1.540	02/02/2019	0.00	99,000.00	
SYS 4-022417	4-022417	CIT Bank N.A.		1.450	02/24/2019	0.00	245,000.00	
4-020519	4-020519	HAB Bank		2.750	02/05/2019	245,000.00	0.00	
SYS 4-080517	4-080517	HAB Bank		1.600	02/05/2019	0.00	245,000.00	
4-020619	4-020619	Heritage Bank of St. Tammany		2.700	02/06/2019	245,000.00	0.00	
4-021319A	4-021319A	Modem Bank National Associatr		3.010	02/13/2019	245,000.00	0.00	
4-021319	4-021319	Northern Bank & Trust Company		2.750	02/13/2019	245,000.00	0.00	
4-020619A	4-020619A	Northwest Bank		2.700	02/06/2019	245,000.00	0.00	
Subtotal			13,713,000.00			1,570,000.00	834,000.00	14,449,000.00
Negotiable CD's								
02616AAB5	7-022819	AMERICAN FIRST		2.550	02/28/2019	245,000.00	0.00	
05581WL45	7-021519	BMO HARRIS BANK NATIONAL ASSOC		3.000	02/15/2019	245,000.00	0.00	
15721UCW7	7-021419	CF BANK NATIONAL ASSOCIATION		2.800	02/14/2019	245,000.00	0.00	
19646PAD6	7-022819D	COLORADO FEDERAL SAVINGS BANK		2.550	02/28/2019	245,000.00	0.00	
29367ACP6	7-021214	Enterprise Bank & Trust Co		1.750	02/12/2019	0.00	245,000.00	
30810NBN5	7-022219B	FARMERS AND MERCHANT BANK		2.600	02/22/2019	245,000.00	0.00	
320165JD6	7-022719	FIRST FARMERS B&TC		2.650	02/27/2019	245,000.00	0.00	
32100LBY0	7-021319	FIRST MISSOURI STATE BANK OF C		2.850	02/13/2019	245,000.00	0.00	
458657LT8	7-022219A	INTERCREDIT BANK NA		2.650	02/22/2019	245,000.00	0.00	
49228XAA8	7-022719A	KERN SCHOOLS		2.800	02/27/2019	245,000.00	0.00	
56034WAS0	7-020119	MAIN STREET BANK CORP		2.950	02/01/2019	245,000.00	0.00	
619165HZ9	7-022819A	MORTON COMMUNITY BANK		2.750	02/28/2019	245,000.00	0.00	
628779FC9	7-020514B	NBT Bank, National Association		1.750	02/05/2019	0.00	245,000.00	
63983RBC2	7-022819B	NEEDHAM BANK		2.550	02/28/2019	245,000.00	0.00	
707312AL8	7-022019	PENN COMMUNITY BANK		2.600	02/20/2019	245,000.00	0.00	
85512RBM3	7-021219A	STAR FINANCIAL BANK		2.600	02/12/2019	245,000.00	0.00	
86789VXR3	7-021219	SUNTRUST BANK		3.000	02/12/2019	245,000.00	0.00	
92535LCC6	7-022219	VERUS BANK OF COMMERCE		2.800	02/22/2019	245,000.00	0.00	
98970LBA0	7-022819C	ZIONS BANCORPORATION N.A		2.500	02/28/2019	245,000.00	0.00	

IMPERIAL COUNTY TREASURER
Portfolio Management
Activity By Type
February 1, 2019 through February 28, 2019

CUSIP	Investment #	Issuer	Beginning Balance	Stated Rate	Transaction Date	Purchases or Deposits	Redemptions or Withdrawals	Ending Balance
Subtotal			94,275,000.00			4,165,000.00	490,000.00	97,950,000.00
Federal Agency Issues - Coupon								
3133EFVD6	10-020116	Federal Farm Credit Bank		1.320	02/01/2019	0.00	1,500,000.00	
3133EJ7C7	10-020619	Federal Farm Credit Bank		2.700	02/06/2019	5,000,000.00	0.00	
3133EJ4Q9	10-020619A	Federal Farm Credit Bank		2.550	02/06/2019	5,001,800.00	0.00	
3133EKAT3	10-021919	Federal Farm Credit Bank		2.500	02/19/2019	6,996,628.52	0.00	
3133EFYS0	10-032216A	Federal Farm Credit Bank		1.150	02/22/2019	0.00	5,989,200.00	
3130AFT31	10-021419	Federal Home Loan Bank		3.000	02/14/2019	5,750,000.00	0.00	
3130AFT31	10-021419	Federal Home Loan Bank		3.000	02/14/2019	5,750,000.00	0.00	
Subtotal			468,068,908.25			28,498,428.52	7,489,200.00	489,078,136.77
Treasurer's Cash (Monthly Summary)								
SYS17-	17-	Treasurers Cash				87,902,928.42	119,983,239.35	
Subtotal			183,168,492.74			87,902,928.42	119,983,239.35	151,088,181.81
Total			823,725,400.99			122,136,356.94	128,796,439.35	817,065,318.58

IMPERIAL COUNTY TREASURER
Portfolio Management
Activity Summary
February 2018 through February 2019

Month End	Year	Number of Securities	Total Invested	Yield to Maturity		Managed Pool Rate	Number of Investments Purchased	Number of Investments Redeemed	Average Term	Average Days to Maturity
				360 Equivalent	365 Equivalent					
February	2018	446	464,121,412.25	1.612	1.634	1.200	16	11	1,211	703
March	2018	446	474,941,412.25	1.654	1.677	1.200	27	19	1,214	712
April	2018	461	476,556,412.25	1.701	1.725	1.510	11	5	1,213	689
May	2018	457	476,302,592.25	1.648	1.671	1.510	16	14	1,209	684
June	2018	453	474,150,892.25	1.680	1.704	1.510	2	12	1,206	691
July	2018	459	492,643,062.25	1.809	1.834	1.900	18	12	1,226	722
August	2018	464	494,113,062.25	1.819	1.844	1.900	18	12	1,223	702
September	2018	444	487,348,483.25	1.871	1.897	2.160	19	29	1,220	695
October	2018	449	498,573,483.25	1.947	1.974	2.160	22	17	1,237	725
November	2018	477	497,478,483.25	1.991	2.019	2.160	20	7	1,241	731
December	2018	478	496,398,483.25	2.036	2.064	2.400	19	4	1,237	712
January	2019	493	496,564,733.25	2.071	2.099	2.400	23	7	1,243	715
February	2019	517	516,234,961.77	2.114	2.144	2.400	28	8	1,246	732
Average		465	488,109,805.67	1.843%	1.868%	1.878	18	12	1,225	709

**IMPERIAL COUNTY TREASURER
Portfolio Management
Distribution of Investments By Type
February 2018 through February 2019**

Security Type	February 2018	March 2018	April 2018	May 2018	June 2018	July 2018	August 2018	September 2018	October 2018	November 2018	December 2018	January 2019	February 2019	Average by Period
LAIF / HIGHMARK CAPITAL / ZBA Repurchase Agreements	13.9	13.6	13.5	13.5	13.6	13.1	13.1	13.2	12.9	13.0	13.0	13.0	12.5	13.2%
Certificates of Deposit - S & L														
Certificates of Deposit - Bank	2.2	2.0	2.0	2.1	2.1	2.0	2.0	2.1	2.4	2.5	2.5	2.8	2.8	2.3%
Treasury Securities - Coupon														
Mortgage Backed Securities														
Negotiable CD's	17.9	18.0	18.3	18.4	18.0	17.4	17.7	17.5	17.0	17.6	18.4	19.0	19.0	18.0%
Treasury Securities - Discount														
Mutual Funds														
Federal Agency Issues - Coupon	66.0	66.4	66.2	66.0	66.3	67.5	67.3	67.2	67.7	67.0	66.1	65.3	65.7	66.5%
Commercial Paper - Interest Bearing														
Commercial Paper - Discount														
Miscellaneous Securities - Coupon														
Miscellaneous Securities - Discount														
Bankers Acceptances														
Federal Agency Issues - Discount														
Treasurer's Cash														

IMPERIAL COUNTY TREASURER
Portfolio Management
Interest Earnings Summary
February 28, 2019

	February 28 Month Ending	Fiscal Year To Date
CD/Coupon/Discount Investments:		
Interest Collected	920,654.39	5,442,167.54
Plus Accrued Interest at End of Period	1,749,709.87	1,753,001.16
Less Accrued Interest at Beginning of Period	(1,914,744.28)	(1,671,429.04)
Less Accrued Interest at Purchase During Period	(0.00)	(0.00)
	<hr/>	<hr/>
Interest Earned during Period	755,619.98	5,523,739.66
Adjusted by Capital Gains or Losses	10,800.00	14,641.00
	<hr/>	<hr/>
Earnings during Periods	766,419.98	5,538,380.66
Pass Through Securities:		
Interest Collected	0.00	0.00
Plus Accrued Interest at End of Period	0.00	0.00
Less Accrued Interest at Beginning of Period	(0.00)	(0.00)
Less Accrued Interest at Purchase During Period	(0.00)	(0.00)
	<hr/>	<hr/>
Interest Earned during Period	0.00	0.00
Adjusted by Premiums and Discounts	0.00	0.00
Adjusted by Capital Gains or Losses	0.00	0.00
	<hr/>	<hr/>
Earnings during Periods	0.00	0.00
Cash/Checking Accounts:		
Interest Collected	0.00	1,047,255.03
Plus Accrued Interest at End of Period	379,462.95	379,462.95
Less Accrued Interest at Beginning of Period	(260,712.24)	(435,482.84)
	<hr/>	<hr/>
Interest Earned during Period	118,750.71	991,235.14
	<hr/>	<hr/>
Total Interest Earned during Period	874,370.69	6,514,974.80
Total Capital Gains or Losses	10,800.00	14,641.00
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Total Earnings during Period	885,170.69	6,529,615.80

APPENDIX H
SPECIMEN MUNICIPAL BOND INSURANCE POLICY

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BAM

**MUNICIPAL BOND
INSURANCE POLICY**

ISSUER: [NAME OF ISSUER]

Policy No: _____

MEMBER: [NAME OF MEMBER]

BONDS: \$ _____ in aggregate principal
amount of [NAME OF TRANSACTION]
[and maturing on]

Effective Date: _____

Risk Premium: \$ _____
Member Surplus Contribution: \$ _____
Total Insurance Payment: \$ _____

BUILD AMERICA MUTUAL ASSURANCE COMPANY (“BAM”), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the “Trustee”) or paying agent (the “Paying Agent”) for the Bonds named above (as set forth in the documentation providing for the issuance and securing of the Bonds), for the benefit of the Owners or, at the election of BAM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the first Business Day following the Business Day on which BAM shall have received Notice of Nonpayment, BAM will disburse (but without duplication in the case of duplicate claims for the same Nonpayment) to or for the benefit of each Owner of the Bonds, the face amount of principal of and interest on the Bonds that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by BAM, in a form reasonably satisfactory to it, of (a) evidence of the Owner’s right to receive payment of such principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner’s rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in BAM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by BAM is incomplete, it shall be deemed not to have been received by BAM for purposes of the preceding sentence, and BAM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, any of whom may submit an amended Notice of Nonpayment. Upon disbursement under this Policy in respect of a Bond and to the extent of such payment, BAM shall become the owner of such Bond, any appurtenant coupon to such Bond and right to receipt of payment of principal of or interest on such Bond and shall be fully subrogated to the rights of the Owner, including the Owner’s right to receive payments under such Bond. Payment by BAM either to the Trustee or Paying Agent for the benefit of the Owners, or directly to the Owners, on account of any Nonpayment shall discharge the obligation of BAM under this Policy with respect to said Nonpayment.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. “Business Day” means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer’s Fiscal Agent (as defined herein) are authorized or required by law or executive order to remain closed. “Due for Payment” means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity (unless BAM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration) and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. “Nonpayment” means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. “Nonpayment” shall also include, in respect of a Bond, any payment made to an Owner by or on behalf of the Issuer of principal or interest that is Due for Payment, which payment has been recovered from such Owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court having competent jurisdiction. “Notice” means delivery to BAM of a notice of claim and certificate, by certified mail, email or telecopy as set forth on the attached Schedule or other acceptable electronic delivery, in a form satisfactory to BAM, from and signed by an Owner, the Trustee or the Paying Agent, which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount, (d) payment instructions and (e) the date such claimed amount becomes or became Due for Payment. “Owner” means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that “Owner” shall not include the Issuer, the Member or any other person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

BAM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee, the Paying Agent, the Member and the Issuer specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee, the Paying Agent, the Member or the Issuer (a) copies of all notices required to be delivered to BAM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to BAM and shall not be deemed received until received by both and (b) all payments required to be made by BAM under this Policy may be made directly by BAM or by the Insurer's Fiscal Agent on behalf of BAM. The Insurer's Fiscal Agent is the agent of BAM only, and the Insurer's Fiscal Agent shall in no event be liable to the Trustee, Paying Agent or any Owner for any act of the Insurer's Fiscal Agent or any failure of BAM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, BAM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to BAM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy. This Policy may not be canceled or revoked.

This Policy sets forth in full the undertaking of BAM and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW. THIS POLICY IS ISSUED WITHOUT CONTINGENT MUTUAL LIABILITY FOR ASSESSMENT.

In witness whereof, BUILD AMERICA MUTUAL ASSURANCE COMPANY has caused this Policy to be executed on its behalf by its Authorized Officer.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By: _____
Authorized Officer

SPECIMEN

Notices (Unless Otherwise Specified by BAM)

Email:

claims@buildamerica.com

Address:

200 Liberty Street, 27th floor
New York, New York 10281

Telecopy:

212-962-1524 (attention: Claims)

SPECIMEN



CALIFORNIA
ENDORSEMENT TO
MUNICIPAL BOND
INSURANCE POLICY
NO.

This Policy is not covered by the California Insurance Guaranty Association established pursuant to Article 15.2 of Chapter 1 of Part 2 of Division 1 of the California Law.

Nothing herein shall be construed to waive, alter, reduce or amend coverage in any other section of the Policy. If found contrary to the Policy language, the terms of this Endorsement supersede the Policy language

IN WITNESS WHEREOF, BUILDAMERICA MUTUAL ASSURANCE COMPANY has caused this policy to be executed on its behalf by its Authorized Officer.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By

Authorized Officer