

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

**INSURED RATING: S&P: "AA"
UNDERLYING RATING: S&P: "A+"
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.

**\$4,000,000
EL CENTRO ELEMENTARY SCHOOL DISTRICT
(Imperial County, California)
General Obligation Bonds
Election of 2016, Series B
(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 2016, Series B (Bank Qualified) (the "Bonds"), are being issued by the El Centro Elementary 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 June, 11, 2019. The Bonds were authorized at an election of the registered voters of the District held on November 8, 2016, (the "2016 Authorization") which authorized the issuance of \$22,100,000 principal amount of general obligation bonds for the purpose of financing the renovation, construction and improvement of school facilities. The Bonds are the second series of bonds to be issued under the 2016 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* 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 an insurance policy to be issued concurrently with the delivery of the Bonds by ASSURED GUARANTY MUNICIPAL CORP.



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. It is anticipated that the Bonds, in book-entry form, will be available for delivery through the facilities of DTC, on or about August 14, 2019.

PiperJaffray

The date of this Official Statement is July 30, 2019.

MATURITY SCHEDULE

EL CENTRO ELEMENTARY SCHOOL DISTRICT
(Imperial County, California)
General Obligation Bonds
Election of 2016, Series B
(Bank Qualified)

Base CUSIP[†]: 28282P

\$795,000 Serial Bonds

<u>Maturity Date</u> <u>(August 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP[†]</u>
2021	\$330,000	5.000%	1.050%	DD3
2022	215,000	4.000	1.060	DE1
2023	250,000	5.000	1.070	DF8

\$155,000 5.000% Term Bond maturing August 1, 2033; Yield: 2.030%; CUSIP[†]: DG6
\$250,000 5.000% Term Bond maturing August 1, 2036; Yield: 2.200%^c; CUSIP[†]: DH4
\$235,000 5.000% Term Bond maturing August 1, 2038; Yield: 2.280%^c; CUSIP[†]: DJ0
\$1,085,000 4.000% Term Bond maturing August 1, 2044; Yield: 2.750%^c; CUSIP[†]: DK7
\$1,480,000 4.000% Term Bond maturing August 1, 2049; Yield: 2.800%^c; CUSIP[†]: DL5

[†] 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 Yield to the par call date of August 1, 2029.

EL CENTRO ELEMENTARY SCHOOL DISTRICT

BOARD OF TRUSTEES

Michael Minnix, *President*
Patricia Dunnam, *Clerk*
Charles Fisher, *Trustee*
Eddie Hernandez, *Trustee*
Katalina Penland, *Trustee*

DISTRICT ADMINISTRATION

Jon LeDoux, *Superintendent*
Kristy Curry, *Assistant Superintendent of Administrative Services*

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.

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.

Bond Insurance. Assured Guaranty Municipal Corp. (“AGM”) makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AGM 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 AGM supplied by AGM and presented under the heading “Bond Insurance” and “Appendix H - Specimen Municipal Bond Insurance Policy”.

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 overallocate 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.

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTION.....	1
THE BONDS	4
Authority for Issuance.....	4
Purpose of Issue	4
Description of the Bonds	4
Book-Entry Only System	5
Redemption	5
Notice of Redemption.....	7
Partial Redemption of Bonds.....	7
Effect of Redemption.....	7
Right to Rescind Notice of Redemption	7
Registration, Transfer and Exchange of Bonds.....	7
Defeasance and Discharge of Bonds.....	8
DEBT SERVICE SCHEDULES.....	10
SOURCES AND USES OF FUNDS.....	12
SECURITY FOR THE BONDS	13
<i>Ad Valorem</i> Taxes.....	13
Building Fund	14
Debt Service Fund.....	14
Not a County Obligation	14
PROPERTY TAXATION	15
Property Tax Collection Procedures.....	15
Taxation of State-Assessed Utility Property	15
Historic Assessed Valuations	16
Assessed Valuation.....	16
Reassessments and Appeals of Assessed Value.....	19
Tax Levies and Delinquencies	20
Tax Rates	21
Top 20 Property Owners	21
Direct and Overlapping Debt.....	22
BOND INSURANCE.....	23
Bond Insurance Policy.....	23
Assured Guaranty Municipal Corp.	23
TAX MATTERS	25
Tax Exemption	25
CERTAIN LEGAL MATTERS.....	27
Legality for Investment	27
Absence of Litigation.....	27
Compensation of Certain Professionals.....	27
CONTINUING DISCLOSURE	27
RATINGS	28
UNDERWRITING.....	28
ADDITIONAL INFORMATION	29
EXECUTION	29

APPENDIX A - GENERAL AND FINANCIAL INFORMATION ABOUT THE DISTRICT

APPENDIX B - EL CENTRO ELEMENTARY SCHOOL DISTRICT AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR 2017-18

APPENDIX C - ECONOMIC AND DEMOGRAPHIC INFORMATION ABOUT THE CITY OF EL CENTRO AND IMPERIAL COUNTY

APPENDIX D - PROPOSED FORM OF OPINION OF BOND COUNSEL

APPENDIX E - FORM OF CONTINUING DISCLOSURE CERTIFICATE

APPENDIX F - DTC AND THE BOOK-ENTRY ONLY SYSTEM

APPENDIX G - IMPERIAL COUNTY INVESTMENT POLICY AND INVESTMENT REPORT

APPENDIX H - SPECIMEN MUNICIPAL BOND INSURANCE POLICY

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\$4,000,000
EL CENTRO ELEMENTARY SCHOOL DISTRICT
(Imperial County, California)
General Obligation Bonds
Election of 2016, Series B
(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 is located in the City of El Centro (the “**City**”) in Imperial County (the “**County**”), in the State of California (the “**State**”). The City, with a population of approximately 30,000 is a rural community located twenty-seven miles north of the Port of Entry into the United States from Mexicali, Mexico. Imperial Valley is ranked fourth in the nation in terms of agricultural production and 30% of parents of the students in the District are employed in agricultural-related jobs.

The District serves transitional kindergarten through eighth grade students eleven school sites: DeAnza Magnet, Desert Garden Elementary, Harding Elementary, Kennedy Middle, Lincoln Elementary, Margaret Hedrick Elementary, Martin Luther King Jr. Elementary, McKinley Elementary, Sunflower Elementary, Washington Elementary, and Wilson Jr. High. Total enrollment for the 2018-19 school year is approximately 5,324 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 County.

Purpose of Issue. The net proceeds of the Bonds will be used to finance renovation, construction and improvements to facilities of the District, as approved by voters in the District at an election held on November 8, 2016 (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, and pursuant to a resolution adopted by the Board of Trustees of the District on June, 11, 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 second series of bonds to be issued pursuant to the 2016 Authorization (defined herein). See “SECURITY FOR THE BONDS.”

The District has other series of general obligation bonds outstanding, which are similarly payable from *ad valorem* property taxes. 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. Payment of the fees of Bond Counsel and Disclosure Counsel is contingent upon issuance of the Bonds.

Bond Insurance. The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Bonds by Assured Guaranty Municipal Corp. See “BOND INSURANCE.”

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 State of California (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 1256 Broadway, El Centro, CA 92243, Telephone: (760) 352-5712. The District may impose a charge for copying, mailing and handling.

END OF INTRODUCTION

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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 \$22,100,000 (the “**2016 Authorization**”). The Bonds represent the second series of bonds to be issued pursuant to the 2016 Authorization. Following the issuance of the Bonds, there will be \$10,100,000 in unused authorization remaining under the 2016 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 8, 2016, the abbreviated text of which appeared on the ballot as follows:

“To improve the quality of education with funding that cannot be taken by the State; replace temporary portables with permanent classrooms; improve student access to computers and modern technology; modernize outdated classrooms, restrooms and school facilities; and construct new school facilities to reduce student overcrowding; shall El Centro Elementary School District issue \$22,100,000 of bonds at legal interest rates, have an independent citizens’ oversight committee, and have NO money used for administrative or teacher salaries?”

In addition to the abbreviated statement of the ballot measure, as part of the sample ballot materials, in accordance with the requirements of California 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 2016 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, 2023 are not subject to redemption prior to maturity. The Bonds maturing on or after August 1, 2033 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, 2029, 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, 2033, August 1, 2036, August 1, 2038, 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. 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 Bond Maturing August 1, 2033

Redemption Date (August 1)	Sinking Fund Redemption
2031	\$45,000
2032	50,000
2033 (maturity)	60,000

Term Bond Maturing August 1, 2036

Redemption Date (August 1)	Sinking Fund Redemption
2034	\$70,000
2035	85,000
2036 (maturity)	95,000

Term Bond Maturing August 1, 2038

Redemption Date (August 1)	Sinking Fund Redemption
2037	\$110,000
2038 (maturity)	125,000

Term Bond Maturing August 1, 2044

Redemption Date (August 1)	Sinking Fund Redemption
2039	\$140,000
2040	155,000
2041	170,000
2042	190,000
2043	205,000
2044 (maturity)	225,000

Term Bond Maturing August 1, 2049

Redemption Date (August 1)	Sinking Fund Redemption
2045	\$250,000
2046	270,000
2047	295,000
2048	320,000
2049 (maturity)	345,000

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 County and 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.

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DEBT SERVICE SCHEDULES

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

El Centro Elementary School District General Obligation Bonds Election of 2016, Series B Debt Service Schedule

Bond Year Ending (August 1)	Principal	Interest	Total Annual Debt Service
2020	-	\$165,981.67	\$165,981.67
2021	\$330,000	172,200.00	502,200.00
2022	215,000	155,700.00	370,700.00
2023	250,000	147,100.00	397,100.00
2024	--	134,600.00	134,600.00
2025	--	134,600.00	134,600.00
2026	--	134,600.00	134,600.00
2027	--	134,600.00	134,600.00
2028	--	134,600.00	134,600.00
2029	--	134,600.00	134,600.00
2030	--	134,600.00	134,600.00
2031	45,000	134,600.00	179,600.00
2032	50,000	132,350.00	182,350.00
2033	60,000	129,850.00	189,850.00
2034	70,000	126,850.00	196,850.00
2035	85,000	123,350.00	208,350.00
2036	95,000	119,100.00	214,100.00
2037	110,000	114,350.00	224,350.00
2038	125,000	108,850.00	233,850.00
2039	140,000	102,600.00	242,600.00
2040	155,000	97,000.00	252,000.00
2041	170,000	90,800.00	260,800.00
2042	190,000	84,000.00	274,000.00
2043	205,000	76,400.00	281,400.00
2044	225,000	68,200.00	293,200.00
2045	250,000	59,200.00	309,200.00
2046	270,000	49,200.00	319,200.00
2047	295,000	38,400.00	333,400.00
2048	320,000	26,600.00	346,600.00
2049	345,000	13,800.00	358,800.00
TOTAL	\$4,000,000	\$3,278,681.67	\$7,278,681.67

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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	Election of 2003, Series B Bonds	Series A Refunding Bonds	Election of 2016, Series A Bonds	The Bonds	Aggregate Debt Service
2020	--	\$545,550.00	\$615,656.26	\$165,981.67	\$1,327,187.93
2021	--	564,550.00	282,856.26	502,200.00	1,349,606.26
2022	--	575,350.00	282,856.26	370,700.00	1,228,906.26
2023	--	592,350.00	282,856.26	397,100.00	1,272,306.26
2024	--	602,350.00	282,856.26	134,600.00	1,019,806.26
2025	--	615,600.00	282,856.26	134,600.00	1,033,056.26
2026	\$485,000.00	141,850.00	282,856.26	134,600.00	1,044,306.26
2027	505,000.00	137,950.00	412,856.26	134,600.00	1,190,406.26
2028	515,000.00	139,050.00	417,656.26	134,600.00	1,206,306.26
2029	740,000.00	--	432,056.26	134,600.00	1,306,656.26
2030	--	--	445,656.26	134,600.00	580,256.26
2031	--	--	458,456.26	179,600.00	638,056.26
2032	--	--	472,456.26	182,350.00	654,806.26
2033	--	--	485,856.26	189,850.00	675,706.26
2034	--	--	498,656.26	196,850.00	695,506.26
2035	--	--	515,531.26	208,350.00	723,881.26
2036	--	--	526,625.00	214,100.00	740,725.00
2037	--	--	541,712.50	224,350.00	766,062.50
2038	--	--	560,987.50	233,850.00	794,837.50
2039	--	--	578,387.50	242,600.00	820,987.50
2040	--	--	599,737.50	252,000.00	851,737.50
2041	--	--	614,862.50	260,800.00	875,662.50
2042	--	--	633,937.50	274,000.00	907,937.50
2043	--	--	656,787.50	281,400.00	938,187.50
2044	--	--	673,962.50	293,200.00	967,162.50
2045	--	--	693,775.00	309,200.00	1,002,975.00
2046	--	--	720,962.50	319,200.00	1,040,162.50
2047	--	--	--	333,400.00	333,400.00
2048	--	--	--	346,600.00	346,600.00
2049	--	--	--	358,800.00	358,800.00
TOTAL	\$2,245,000.00	\$3,914,600.00	\$13,253,712.66	\$7,278,681.67	\$26,691,994.33

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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	\$4,000,000.00
Original Issue Premium	512,977.80
Total Sources	<u>\$4,512,977.80</u>

Uses of Funds

Building Fund	\$4,000,000.00
Debt Service Fund	319,458.47
Costs of Issuance ⁽¹⁾	193,519.33
Total Uses	<u>\$4,512,977.80</u>

(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 “El Centro Elementary School District, Election of 2016, Series B 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 “El Centro Elementary School District, Election of 2016, Series B 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.

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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 State Board of Equalization, 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.

**EL CENTRO ELEMENTARY SCHOOL DISTRICT
Assessed Valuation
Fiscal Years 2004-05 through 2018-19**

Fiscal Year	Local Secured	Utility	Unsecured	Total	% Change
2004-05	\$1,172,433,263	\$2,558,532	\$ 92,195,627	\$1,267,187,422	--
2005-06	1,321,777,182	3,401,144	103,203,318	1,428,381,644	12.7%
2006-07	1,409,185,456	3,314,698	113,577,034	1,526,077,188	6.8
2007-08	1,595,756,574	2,914,998	139,443,461	1,738,115,033	13.9
2008-09	1,714,244,026	2,915,497	118,943,613	1,836,103,136	5.6
2009-10	1,666,007,106	2,834,594	129,771,530	1,798,613,230	(2.0)
2010-11	1,605,866,672	2,834,594	114,897,075	1,723,598,341	(4.2)
2011-12	1,566,131,040	2,834,594	105,772,808	1,674,738,442	(2.8)
2012-13	1,538,288,078	2,801,488	112,607,614	1,653,697,180	(1.3)
2013-14	1,525,978,880	2,788,445	112,503,258	1,641,270,583	(0.8)
2014-15	1,531,069,904	2,788,445	123,317,635	1,657,175,984	1.0
2015-16	1,649,417,062	2,788,445	115,846,812	1,768,052,319	6.7
2016-17	1,733,628,041	2,788,445	117,915,015	1,854,331,501	4.9
2017-18	1,813,608,302	1,872,796	122,363,289	1,937,844,387	4.5
2018-19	1,913,675,792	1,890,596	118,850,338	2,034,416,726	5.0

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.

The District cannot predict or make any representations regarding the effects that 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 shows the assessed valuation by jurisdiction in the District.

EL CENTRO ELEMENTARY SCHOOL DISTRICT
Assessed Valuation by Jurisdiction
Fiscal Year 2018-19

Jurisdiction:	Assessed Valuation in School District	% of School District	Assessed Valuation of Jurisdiction	% of Jurisdiction in School District
City of El Centro	\$1,895,790,204	93.19%	\$2,695,585,714	70.33%
City of Imperial	116,249,163	5.71	\$1,254,737,567	9.26%
Unincorporated Imperial County	<u>22,377,359</u>	<u>1.10</u>	\$5,549,634,197	0.40%
Total District	\$2,034,416,726	100.00%		
Imperial County	\$2,034,416,726	100.00%	\$12,893,004,823	15.78%

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. As shown, the majority of the District's assessed valuation is represented by residential property.

**EL CENTRO ELEMENTARY SCHOOL DISTRICT
Local Secured Property Assessed Valuation and Parcels by Land Use
Fiscal Year 2018-19**

Non-Residential:	2018-19 Assessed Valuation ⁽¹⁾	% of Total	No. of Parcels	% of Total
Agricultural	\$ 7,450,018	0.39%	24	0.25%
Commercial	575,496,469	29.86	686	7.14
Vacant Commercial	24,755,269	1.28	160	1.67
Industrial	52,078,453	2.70	151	1.57
Vacant Industrial	1,990,794	0.10	61	0.64
Government/Social/Institutional	10,778,411	0.56	334	3.48
Miscellaneous	<u>3,001,534</u>	<u>0.16</u>	<u>89</u>	<u>0.93</u>
Subtotal Non-Residential	\$675,550,948	35.05%	1,505	15.67%
Residential:				
Single Family Residence	\$1,033,632,082	53.63%	7,171	74.68%
Mobile Home	7,168,957	0.37	89	0.93
Mobile Home Park	15,140,910	0.79	17	0.18
2-4 Residential Units	44,819,041	2.33	288	3.00
5+ Residential Units/Apartments	137,256,379	7.12	156	1.62
Vacant Residential	<u>13,766,755</u>	<u>0.71</u>	<u>376</u>	<u>3.92</u>
Subtotal Residential	\$1,251,784,124	64.95%	8,097	84.33%
Total	\$1,927,335,072	100.00%	9,602	100.00%

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

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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.

**EL CENTRO ELEMENTARY 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	7,171	\$1,033,632,082	\$144,141	\$135,119

<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	121	1.687%	1.687%	\$ 1,768,495	0.171%	0.171%
\$25,000 - \$49,999	413	5.759	7.447	16,624,092	1.608	1.779
\$50,000 - \$74,999	673	9.385	16.832	42,505,072	4.112	5.892
\$75,000 - \$99,999	868	12.104	28.936	75,743,256	7.328	13.219
\$100,000 - \$124,999	1,045	14.573	43.509	117,811,127	11.398	24.617
\$125,000 - \$149,999	1,140	15.897	59.406	156,755,141	15.165	39.783
\$150,000 - \$174,999	936	13.053	72.459	151,812,374	14.687	54.470
\$175,000 - \$199,999	623	8.688	81.146	115,986,729	11.221	65.691
\$200,000 - \$224,999	382	5.327	86.473	80,919,723	7.829	73.520
\$225,000 - \$249,999	326	4.546	91.019	77,305,358	7.479	80.999
\$250,000 - \$274,999	237	3.305	94.324	62,227,959	6.020	87.019
\$275,000 - \$299,999	158	2.203	96.528	45,321,374	4.385	91.404
\$300,000 - \$324,999	111	1.548	98.076	34,628,313	3.350	94.754
\$325,000 - \$349,999	56	0.781	98.857	18,787,957	1.818	96.572
\$350,000 - \$374,999	34	0.474	99.331	12,307,953	1.191	97.763
\$375,000 - \$399,999	15	0.209	99.540	5,812,059	0.562	98.325
\$400,000 - \$424,999	6	0.084	99.623	2,433,968	0.235	98.560
\$425,000 - \$449,999	7	0.098	99.721	3,085,345	0.298	98.859
\$450,000 - \$474,999	5	0.070	99.791	2,293,441	0.222	99.081
\$475,000 - \$499,999	8	0.112	99.902	3,925,615	0.380	99.460
\$500,000 and greater	7	0.098	100.000	5,576,731	0.540	100.000
Total	7,171	100.000%		\$1,033,632,082	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 4-000) within the District for fiscal years 2014-15 through 2018-19.

EL CENTRO ELEMENTARY SCHOOL DISTRICT
Typical Total Tax Rates per \$100 of Assessed Valuation (TRA 4-000)⁽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
El Centro School District	.06560	.07250	.06280	.06210	.04300
Central Union High School District	.04830	.03530	.04970	.05200	.05214
Imperial Community College District	.03250	.04220	.03730	.03670	.04500
Total Tax Rate	\$1.14640	\$1.15000	\$1.14980	\$1.15080	\$1.14014

(1) 2018-19 assessed valuation of TRA 4-000 is \$693,261,215, which is 34.08% of the district's total assessed valuation.
Source: California Municipal Statistics, Inc.

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.

EL CENTRO ELEMENTARY 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.	EGP CH El Centro LLC	Commercial	\$ 24,805,879	1.30%
2.	R J Development Company LLC	Commercial/Office	21,496,587	1.12
3.	Wal-Mart Stores Inc.	Commercial	19,023,196	0.99
4.	Parkside Villas Associates Ltd.	Apartments	17,482,272	0.91
5.	Target Corporation	Commercial	14,442,507	0.75
6.	Auto Plaza Apartments LLC	Apartments	12,500,000	0.65
7.	Lakeside Investment Property LLC	Commercial	11,728,500	0.61
8.	Imperial Valley Properties Inc.	Commercial	10,268,311	0.54
9.	Costco Wholesale Corporation	Commercial	10,241,789	0.54
10.	Bear Valley 2005 LLC	Commercial	9,228,672	0.48
11.	Nueva Posada LP	Apartments	8,471,377	0.44
12.	Lowes HIW Inc.	Commercial	8,323,600	0.43
13.	Town Center Villa LLC	Apartments	7,896,231	0.41
14.	Imperial Valley Commercial Properties LLC	Commercial	7,855,325	0.41
15.	Town Center Village II LLC	Commercial	7,728,993	0.40
16.	Charcon Associates	Apartments	7,030,905	0.37
17.	Plaza El Centro LLC	Commercial	6,987,000	0.37
18.	Real Lucky LLC	Hotel	6,956,955	0.36
19.	Government Agencies Federal Credit Union	Credit Union/Bank	6,894,014	0.36
20.	El Centro Collection26 LLC	Commercial	<u>6,838,000</u>	<u>0.36</u>
			\$226,200,113	11.82%

(1) 2018-19 local secured assessed valuation: \$1,913,675,792.
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.

**EL CENTRO ELEMENTARY SCHOOL DISTRICT
Statement of Direct and Overlapping Bonded Debt
(Debt Issued as of June 1, 2019)**

2018-19 Assessed Valuation: \$2,034,416,726

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt 6/1/19</u>
Imperial Community College District	16.180%	\$16,901,825
Central Union High School District	53.084	17,050,581
El Centro School District	100.000	12,031,651⁽¹⁾
El Centro School District Maintenance Assessment District	100.000	450,000
City of Imperial Community Facilities District No. 2004-1	100.000	<u>4,905,000</u>
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		\$51,339,057
<u>OVERLAPPING GENERAL FUND DEBT:</u>		
Imperial County Certificates of Participation	15.779%	\$ 1,028,791
Imperial County Pension Obligation Bonds	15.779	4,775,514
Imperial County Office of Education General Fund Obligations	15.779	1,294,186
City of El Centro General Fund Obligations	70.329	<u>7,472,456</u>
TOTAL OVERLAPPING GENERAL FUND DEBT		\$14,570,947
<u>OVERLAPPING TAX INCREMENT DEBT (Successor Agencies):</u>		\$27,610,023
COMBINED TOTAL DEBT		\$93,520,027 ⁽²⁾

Ratios to 2018-19 Assessed Valuation:

Direct Debt (\$12,031,651)	0.59%
Total Direct and Overlapping Tax and Assessment Debt	2.52%
Combined Total Debt	4.60%

Ratios to Redevelopment Successor Agency Incremental Valuation (\$781,638,542):

Total Overlapping Tax Increment Debt	3.53%
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(1) Excludes the Bonds offered for sale hereunder.

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

Source: California Municipal Statistics, Inc.

BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the Bonds, Assured Guaranty Municipal Corp. (“**AGM**”) will issue its Municipal Bond Insurance Policy for the Bonds (the “**Policy**”). The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as an exhibit to this Official Statement.

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

Assured Guaranty Municipal Corp.

AGM is a New York domiciled financial guaranty insurance company and an indirect subsidiary of Assured Guaranty Ltd. (“**AGL**”), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol “AGO”. AGL, through its operating subsidiaries, provides credit enhancement products to the U.S. and global public finance, infrastructure and structured finance markets. Neither AGL nor any of its shareholders or affiliates, other than AGM, is obligated to pay any debts of AGM or any claims under any insurance policy issued by AGM.

AGM’s financial strength is rated “AA” (stable outlook) by S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC (“**S&P**”), “AA+” (stable outlook) by Kroll Bond Rating Agency, Inc. (“**KBRA**”) and “A2” (stable outlook) by Moody’s Investors Service, Inc. (“**Moody’s**”). Each rating of AGM should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AGM in its sole discretion. In addition, the rating agencies may at any time change AGM’s long-term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any security guaranteed by AGM. AGM only guarantees scheduled principal and scheduled interest payments payable by the issuer of bonds insured by AGM 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 relevant insurance policy), and does not guarantee the market price or liquidity of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

Current Financial Strength Ratings

On June 27, 2019, S&P announced it had affirmed AGM’s financial strength rating of “AA” (stable outlook). AGM can give no assurance as to any further ratings action that S&P may take.

On December 21, 2018, KBRA announced it had affirmed AGM’s insurance financial strength rating of “AA+” (stable outlook). AGM can give no assurance as to any further ratings action that KBRA may take.

On May 7, 2018, Moody's announced it had affirmed AGM's insurance financial strength rating of "A2" (stable outlook). AGM can give no assurance as to any further ratings action that Moody's may take.

For more information regarding AGM's financial strength ratings and the risks relating thereto, see AGL's Annual Report on Form 10-K for the fiscal year ended December 31, 2018.

Capitalization of AGM

At March 31, 2019:

- The policyholders' surplus of AGM was approximately \$2,523 million.
- The contingency reserves of AGM and its indirect subsidiary Municipal Assurance Corp. ("**MAC**") (as described below) were approximately \$1,054 million. Such amount includes 100% of AGM's contingency reserve and 60.7% of MAC's contingency reserve.
- The net unearned premium reserves and net deferred ceding commission income of AGM and its subsidiaries (as described below) were approximately \$1,848 million. Such amount includes (i) 100% of the net unearned premium reserve and deferred ceding commission income of AGM, (ii) the net unearned premium reserves and net deferred ceding commissions of AGM's wholly owned subsidiary Assured Guaranty (Europe) plc ("**AGE**"), and (iii) 60.7% of the net unearned premium reserve of MAC.

The policyholders' surplus of AGM and the contingency reserves, net unearned premium reserves and deferred ceding commission income of AGM and MAC were determined in accordance with statutory accounting principles. The net unearned premium reserves and net deferred ceding commissions of AGE were determined in accordance with accounting principles generally accepted in the United States of America.

Incorporation of Certain Documents by Reference

Portions of the following documents filed by AGL with the Securities and Exchange Commission (the "**SEC**") that relate to AGM are incorporated by reference into this Official Statement and shall be deemed to be a part hereof:

- (i) the Annual Report on Form 10-K for the fiscal year ended December 31, 2018 (filed by AGL with the SEC on March 1, 2019); and
- (ii) the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2019 (filed by AGL with the SEC on May 10, 2019).

All consolidated financial statements of AGM and all other information relating to AGM included in, or as exhibits to, documents filed by AGL with the SEC pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, excluding Current Reports or portions thereof "furnished" under Item 2.02 or Item 7.01 of Form 8-K, after the filing of the last document referred to above and before the termination of the offering of the Bonds shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC's website at <http://www.sec.gov>, at AGL's website at <http://www.assuredguaranty.com>, or will be provided upon request to Assured Guaranty Municipal

Corp.: 1633 Broadway, New York, New York 10019, Attention: Communications Department (telephone (212) 974-0100). Except for the information referred to above, no information available on or through AGL's website shall be deemed to be part of or incorporated in this Official Statement.

Any information regarding AGM included herein under the caption "BOND INSURANCE – Assured Guaranty Municipal Corp." or included in a document incorporated by reference herein (collectively, the "**AGM Information**") shall be modified or superseded to the extent that any subsequently included AGM Information (either directly or through incorporation by reference) modifies or supersedes such previously included AGM Information. Any AGM Information so modified or superseded shall not constitute a part of this Official Statement, except as so modified or superseded.

Miscellaneous Matters

AGM makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AGM 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 AGM supplied by AGM and presented under the heading "BOND INSURANCE".

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 and Isom Advisors, a Division of Urban Futures, Inc., as financial advisor to the District, 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**”).

The District has entered into undertakings pursuant to the Rule with respect to its prior general obligation bond issues and a 1996 limited obligation improvement bond issue. During the past five years, the District has complied with each of its undertakings and has timely filed notices of enumerated events. The District has retained Isom Advisors, a Division of Urban Futures, Inc., to serve as its dissemination agent with respect to the general obligation bonds. The District has retained SCI Consulting Group as dissemination agent for its continuing disclosure obligation for the limited obligation improvement 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 Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("**S&P**"), is expected to assign a rating of "AA" to the Bonds with the understanding that the Insurer will issue its policy for the Bonds. Additionally, S&P has assigned an underlying rating of "A+" to the Bonds. The District has provided certain additional information and materials to S&P (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 S&P and an explanation of the significance of such ratings and outlook may be obtained only from S&P. There is no assurance that any credit rating given to the Bonds will be maintained for any period of time or that the rating may not be lowered or withdrawn entirely by S&P if, in its 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 Piper Jaffray & Co. (the "**Underwriter**"). The Underwriter has agreed to purchase the Bonds at a price of \$4,319,458.47 which is equal to the initial principal amount of the Bonds of \$4,000,000.00, plus original issue premium of \$512,977.80, less an Underwriter's discount of \$36,000.00, and less the amount of \$157,519.33 used to pay costs of issuance.

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 has entered into a distribution agreement (the "**Schwab Agreement**") with Charles Schwab & Co., Inc. ("**CS&Co.**") for the retail distribution of certain securities offerings at the original issue prices. Pursuant to the Schwab Agreement, CS&Co. will purchase Bonds from the Underwriter at the original issue price less a negotiated portion of the selling concession applicable to any Bonds that CS&Co. sells.

ADDITIONAL INFORMATION

The discussions herein about the Bond Resolution and the Continuing Disclosure Certificate are brief outlines of certain provisions thereof. Such outlines do not purport to be complete and for full and complete statements of such provisions reference is made to such documents. Copies of these documents mentioned are available from the Underwriter and following delivery of the Bonds will be on file at the offices of the Paying Agent in Los Angeles, California.

References are also made herein to certain documents and reports relating to the District; such references are brief summaries and do not purport to be complete or definitive. Copies of such documents are available upon written request to the District.

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

EXECUTION

The execution and delivery of this Official Statement have been duly authorized by the District.

EL CENTRO ELEMENTARY SCHOOL DISTRICT

By: _____ /s/ Jon LeDoux
Superintendent

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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 is located in the City of El Centro (the "**City**") in Imperial County (the "**County**"), in the State of California (the "**State**"). The City, with a population of approximately 30,000 is a rural community located twenty-seven miles north of the Port of Entry into the United States from Mexicali, Mexico. Imperial Valley is ranked fourth in the nation in terms of agricultural production and 30% of parents of the students in the District are employed in agricultural-related jobs.

The District serves transitional kindergarten through eighth grade students eleven school sites: DeAnza Magnet, Desert Garden Elementary, Harding Elementary, Kennedy Middle, Lincoln Elementary, Margaret Hedrick Elementary, Martin Luther King Jr. Elementary, McKinley Elementary, Sunflower Elementary, Washington Elementary, and Wilson Jr. High. Total enrollment for the 2018-19 school year is approximately 5,324 students.

See also APPENDIX C hereto for demographic and other statistical information regarding the 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>
Michael Minnix	President	December 2019
Patricia Dunnam	Clerk	December 2019
Charles Fisher	Trustee	December 2019
Eddie Hernandez	Trustee	December 2021
Katalina Penland	Trustee	December 2021

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. Jon LeDoux is the Superintendent of the District and Kristy Curry currently serves as the Assistant Superintendent of Administrative Services.

Recent Enrollment Trends

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

ANNUAL ENROLLMENT
Fiscal Years 2010-11 through 2020-21
El Centro Elementary School District

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>% Change</u>
2010-11	5,337	--%
2011-12	5,166	(3.2)
2012-13	5,010	(3.0)
2013-14	4,933	(1.5)
2014-15	4,918	(0.3)
2015-16	4,982	1.3
2016-17	4,889	(1.9)
2017-18	4,934	0.9
2018-19	5,324	7.9
2019-20 ⁽¹⁾	5,324	0.0
2020-21 ⁽¹⁾	5,324	0.0

(1) Projected.

Source: California Department of Education for 2010-11 through 2018-19; El Centro Elementary School District for 2019-20 and 2020-21.

Employee Relations

The District has 246.5 certificated full-time equivalent (“FTE”) employees, 252.3 classified FTE employees, and 54.5 management/supervisor/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
El Centro Elementary School District

<u>Employee Group</u>	<u>Representation</u>	<u>Contract Expiration Date</u>
Certificated	El Centro Elementary Teachers Association	June 30, 2019
Classified	Certificated Service Employees Association	June 30, 2020

Source: The District.

Negotiations between the District and the Elementary Teachers Association are not yet settled.

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 Director of Fiscal Services, El Centro Elementary School District, 1256 Broadway, El Centro, CA 92243. 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)
El Centro Elementary School District ⁽¹⁾**

Revenues	Audited 2013-14	Audited 2014-15	Audited 2015-16	Audited 2016-17	Audited 2017-18
LCFF sources					
State apportionment	\$24,714,106	\$28,894,341	\$34,534,622	\$37,971,620	\$39,170,432
Education Protection Account Funds	5,316,986	6,311,761	6,237,447	5,985,066	6,271,726
Local sources	1,945,375	1,771,123	2,112,114	2,148,229	2,329,066
Total Revenue Limit Sources	31,976,467	36,977,225	43,884,183	46,104,915	47,771,224
Federal Revenues	4,056,238	4,235,816	4,563,540	4,458,173	5,120,541
Other state revenues	4,776,639	3,679,997	7,266,304	5,645,944	5,418,328
Other local revenues	2,255,210	3,272,800	2,457,130	2,532,959	2,501,754
Total Revenues	43,064,554	48,165,838	57,171,157	58,741,984	60,811,847
Expenditures					
Instruction	27,737,072	30,432,130	32,633,340	36,091,647	38,220,974
Instruction-Related Services	4,744,385	5,020,556	5,852,422	6,444,138	6,674,648
Pupil Services	2,472,119	2,808,436	3,331,977	3,501,900	4,031,218
Ancillary Services	-	50	7,983	5,900	216
Community Services	-	-	-	3,524,033	--
General Administration	2,209,161	2,818,978	3,187,374	5,628,378	3,657,196
Plant services	4,976,282	7,653,615	5,664,447	495,906	6,149,231
Other Outgo	478,787	379,706	417,391-	--	610,226
Capital Outlay	-	-	561,062	1,199,334	762,523
Debt Service:					
Principal	200,049	355,955	609,683	359,913	323,005
Interest	99,532	31,233	117,082	100,255	86,222
Total Expenditures	42,917,387	49,500,659	52,382,761	57,351,404	60,515,459
Excess of Revenues Over/(Under) Expenditures	147,167	(1,334,821)	4,788,396	1,390,580	296,388
Other Financing Sources (Uses)					
Operating transfers in	16,483	13,135	19,097	--	--
Operating transfers out	-	(177,957)	(1,685,779)	(1,263,362)	(400,000)
Other sources	-	1,869,795	259,000	--	--
Total Other Financing Sources (Uses)	16,483	1,704,973	(1,407,682)	(1,263,362)	(400,000)
Net change in fund balance	163,650	370,152	3,380,714	127,218	(103,612)
Fund Balance, July 1	10,364,767	10,528,417	10,898,569	14,279,281	14,406,498
Fund Balance, June 30	\$10,528,417	\$10,898,569	\$14,279,283	\$14,406,499	\$14,302,886

(1) Columns may not sum to totals due to rounding.
Source: El Centro Elementary 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 El Centro Elementary School District, 1256 Broadway, CA 92243, Telephone: (760) 352-5712. 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 estimated actuals) and 2019-20 (adopted budget).

EL CENTRO ELEMENTARY SCHOOL DISTRICT
Revenues, Expenditures, and Changes in General Fund Balance
Fiscal Year 2018-19 (Adopted Budget and Estimated Actuals)
Fiscal Year 2019-20 (Adopted Budget)

Revenues	Adopted Budget 2018-19	Estimated Actuals 2018-19	Adopted Budget 2019-20
Total LCFF Sources	\$56,136,547	\$55,581,786	\$57,339,891
Federal Revenues	5,275,299	5,945,728	4,835,036
Other state revenues	5,417,888	5,437,666	4,493,954
Other local revenues	2,051,133	2,223,440	1,724,821
Total Revenues	68,880,867	69,188,620	68,393,702
Expenditures			
Certificated Salaries	28,812,718	28,075,242	29,454,338
Classified Salaries	10,702,541	10,778,686	11,448,903
Employee Benefits	15,950,345	15,379,628	16,777,617
Books and Supplies	5,232,255	5,031,803	3,510,176
Contract Services & Operating Exp.	5,930,514	6,203,150	5,830,238
Capital Outlay	439,000	574,000	348,000
Other Outgo (excluding indirect costs)	1,975,560	2,245,647	1,562,145
Other Outgo – Transfers of Indirect Costs	(246,828)	(240,746)	(1,817,110)
Total Expenditures	68,796,105	68,047,410	68,744,307
Excess of Revenues Over/(Under) Expenditures	84,762	1,141,210	(350,605)
Other Financing Sources (Uses)			
Operating transfers in	--	--	--
Operating transfers out	--	(750,000)	--
Other sources	--	--	--
Contributions	--	--	--
Total Other Financing Sources (Uses)	--	(750,000)	--
Net change in fund balance	84,762	391,210	(350,605)
Fund Balance, July 1	14,302,888	14,302,889	14,694,099
Fund Balance, June 30	\$14,387,650	\$14,694,099	\$14,343,494

Source: El Centro Elementary School District Adopted Budget for fiscal year 2018-19 and Adopted Budget for fiscal year 2019-20.

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 maintains an unrestricted reserve which meets the State's minimum requirements.

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 2019-20 (budgeted).

**EL CENTRO ELEMENTARY SCHOOL DISTRICT
ADA and LCFF Funding
Fiscal Years 2013-14 through 2019-20 (Budgeted)**

Fiscal Year	ADA	LCFF Funding Per ADA
2013-14	4,708	\$6,792
2014-15	4,757	7,772
2015-16	4,726	9,075
2016-17	4,726	9,757
2017-18	4,723	10,114
2018-19 ⁽¹⁾	5,161	10,770
2019-20 ⁽²⁾	5,161	11,110

(1) Estimated Actuals.

(2) Budgeted.

Source: California Department of Education; El Centro Elementary 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 88% for fiscal year 2018-19 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 Basic Aid 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
El Centro Elementary School District
Fiscal Years 2013-14 through 2018-19 (Projected)**

Fiscal Year	Amount ⁽¹⁾
2013-14	\$1,659,399
2014-15	2,604,469
2015-16	4,709,560
2016-17	4,371,371
2017-18	4,878,314
2018-19 ⁽²⁾	6,340,629

(1) Increases attributed to increase in contribution rates and modified accounting reporting requirements, which include reporting the District’s proportionate share of the plan’s net pension liability and recognizing on-behalf STRS contributions in governmental funds.

(2) Second Interim Projections.

Source: El Centro Elementary 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
El Centro Elementary School District
Fiscal Years 2013-14 through 2018-19 (Projected)**

Fiscal Year	Amount
2013-14	\$832,657
2014-15	1,331,950
2015-16	1,528,087
2016-17	1,043,821
2017-18	1,299,975
2018-19 ⁽¹⁾	1,908,555

(1) Second Interim Projections.
Source: El Centro Elementary 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	19.721%
2020-21	23.500
2021-22	24.600
2022-23	25.300

(1) Rates were estimated by PERS in 2017. The FY 2019-20 employer contribution rate was reduced pursuant to Circular Letter 200-029-19 dated June 27, 2019. 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.*

Post-Employment Retirement Benefits

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 plan that is used to provide post-employment benefits other than pensions (“**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 51 retirees and beneficiaries currently receiving benefits and 475 active plan members.

The District provides medical and prescription drug benefits for its Certificated employees on a pooled basis through the Self-Insured Schools of California (“**SISCI**”). Classified, Management, and Confidential employees are offered medical and prescription drug plan options through the Imperial County Schools Voluntary Employee Beneficiary Association (“**ICSVEBA**”). The District maintains the same plans for its retirees as for its active employees with the general exception that benefits end when the retiree attains age 65.

The District’s annual limits (caps) on retiree premiums are as follows:

Certificated (Retiree only)	\$7,400
Certificated (Retiree +1)	12,542
Certificated (Retiree + family)	14,791
Classified	9,700
Confidential/Management	11,800

Actuarial Assumptions and Other Inputs. The District’s total OPEB liability of \$12,732,056 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, discount rate of 3.13% per annum, healthcare cost trend rates 6.00% decreasing to 5.00%, and retiree’s share of costs is 0.00% of projected premiums. The discount rate is the average, rounded to 5 basis points, of the range of 3-20 year municipal bond rate indices: S&P Municipal Bond 20 Year High Grade Rate Index, Bond Buyer 20-Bond GO Index, and Fidelity GO 20 Year Bond Index. Mortality rates are based on the most recent rates used by CalPERS and CalSTRS for pension valuations. The CalPERS mortality table was developed based on CalPERS specific data. The table includes 20 years of mortality improvements using the Society of Actuaries Scale BB. The CalSTRS mortality table was developed based on CalSTRS specific data. The table includes mortality improvements set at 110% of the ultimate improvement factor from the Mortality Improvement Scale (MP-2016) table, issued by the Society of Actuaries.

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

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
El Centro Elementary School District**

	Total OPEB Liability
Balance at June 30, 2017	\$12,340,702
Service Cost	737,562
Interest	375,063
Benefit payments	<u>(721,271)</u>
Net changes	391,354
Balance at June 30, 2018	\$12,732,056

Source: El Centro Elementary School District Audit Report.

OPEB Expense. For the year ended June 30, 2018, the District recognized an OPEB expense of \$1,112,625.

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

Existing Debt Obligations

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:

	July 1, 2015				June 30, 2018
	<u>Balance</u>	<u>Increases</u>	<u>Decreases</u>		<u>Balance</u>
General Obligation Bonds	\$17,032,974	\$65,946	\$1,221,834		\$115,877,086
Capital leases	1,827,844	--	392,737		1,435,107
Net Pension liability	52,366,219	7,587,632	--		59,953,851
Net OPEB liability	12,340,702	391,354	--		12,732,056
Compensated absences	503,113	80,245	--		583,358
Total	\$ 84,070,852	8,125,177	\$1,614,571		\$90,581,458

General Obligation Bonds. For debt service attributable to general obligation bonds, see "DEBT SERVICE SCHEDULES – Combined Debt Service Schedule."

Capital Leases. In 2005 the District entered into a capital lease agreement for the purchase of two modular buildings. The lease provides for annual payments of \$56,642 inclusive of interest at a rate of 4.25% for a period of 10 years. Commitments under the lease agreement provide for minimum lease payments as follows:

In 2014 the District entered into a capital lease agreement for the purchase of relocatable classrooms for the amount of \$598,650. The lease provides for semi-annual payments of principal and interest in the amount of \$48,990 due June 1 and December 1 for a period of 7 years. The first payment was made on December 1, 2014 and the final payment will be made on June 1, 2021. The lease bears an interest rate of 3.6% per annum.

On July 11, 2014 the District entered into a capital lease agreement for the purchase of technology equipment for the amount of \$722,992. The lease included a financing promotion

payment from Cisco Systems Inc. in the amount of \$54,251. The District is responsible for annual payments of principal and interest in the amount of \$120,499 with the first payment due on July 11, 2014 and the final payment due on July 11, 2019. The lease bears an interest rate of 3.2% per annum.

On July 11, 2014 the District entered into a capital lease agreement for the purchase of technology equipment for the amount of \$548,153. The lease included a financing promotion payment from Cisco Systems Inc. in the amount of \$40,926. The District is responsible for annual payments of principal and interest in the amount of \$96,731 with the first payment due on July 11, 2014 and the final payment due on July 11, 2019. The lease bears an interest rate of 3.0% per annum.

On February 15, 2017 the District entered into a capital lease agreement for funds to use for capital projects. The lease carries an interest rate of 3.61% and payments over seven fiscal years.

Commitments under the lease agreements provide for minimum lease payments as follows:

<u>Year ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	406,105	49,337	455,442
2020	419,932	35,510	455,442
2021	217,002	21,210	238,212
2022	126,085	14,147	140,232
2023	130,635	9,597	140,232
2024	<u>135,348</u>	<u>4,884</u>	<u>140,232</u>
Totals	\$1,435,107	\$110,771	\$1,569,792

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.

2019-20 State Budget

On June 27, 2019, Governor Newsom signed the 2019-20 State budget (the "**2019-20 State Budget**") into law. The 2019-20 State Budget calls for total spending of \$214.8 billion, with \$147.9 billion in general fund spending. The 2019-20 State Budget provides for \$81.1 billion of funding through Proposition 98, the primary source of funding for K-12 school districts and community college districts, an increase of \$2.7 billion, or 3.4%, from the 2018-19 State budget. Of that \$81.1 billion, \$62.9 billion will be distributed to K-12 school districts through the LCFF, which will be fully funded during fiscal year 2019-20, restoring every school district in the State to at least pre-recession funding levels.

The 2019-20 State Budget continues to build State reserves, with the rainy-day fund balance projected to grow to \$16.5 billion by the end of the budget year. Additionally, revenues have been set aside in new savings funds, including a \$900 million reserve for safety net programs. Other significant features of the 2019-20 State Budget include:

- \$1.5 billion anticipated in Proposition 51 bond funds for school facilities and an additional \$1.2 million of ongoing Proposition 51 bond funds;
- \$5 million one-time funding for a long-term strategic plan to provide childcare and preschool for children from birth through age twelve;
- \$300 million one-time funding to construct new or retrofit existing facilities to support full-date kindergarten programs;
- \$645.3 million ongoing funding for special education, including \$152.6 million to provide all Special Education Loan Plan Areas with at least the statewide target rate for base special education funding.
- \$147.4 million one-time and ongoing funding to address the shortage of teachers;
- \$918 million in additional funding to identify and implement recommendations and solutions to reduce wildfire risk, bolster the state's emergency preparedness capacity and protect vulnerable communities;
- \$518,000 one-time funding to reimburse cities, counties and special districts for 2018-2019 property tax losses and a corresponding \$530,000 that will be

used to backfill property tax revenue losses for K-14 schools in those cities, counties and districts;

- \$460 million one-time general funding to increase the quality and availability of child care, including \$263 million for child care and preschool facilities expansion and \$195 million for childcare and preschool workforce development;
- one-time funding of \$750 million to support local governments in increasing and accelerating housing production; and
- one-time funding of \$650 million to support local governments in addressing homelessness, to be used for emergency shelters and navigation centers, rapid rehousing, permanent supportive housing, job programs and hotel/motel conversions.

Disclaimer Regarding State Budgets. The implementation of the foregoing 2019-20 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 2018-19 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 2019-20 State Budget is 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 (which provided the authority for the issuance of the Refunded Bonds), 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 XIIC further provides that no tax may be assessed on property other than *ad valorem* property taxes imposed in accordance with Articles XIII and XIII A of the California Constitution and special taxes approved by a two-thirds vote under Article XIII A, Section 4.

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

**EL CENTRO ELEMENTARY SCHOOL DISTRICT
AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR 2017-18**

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**EL CENTRO ELEMENTARY
SCHOOL DISTRICT**

**COUNTY OF IMPERIAL
EL CENTRO, CALIFORNIA**

AUDIT REPORT

JUNE 30, 2018

**WILKINSON HADLEY
KING & Co. LLP**
CPAs AND ADVISORS

Introductory Section

El Centro Elementary School District
 Audit Report
 For The Year Ended June 30, 2018

TABLE OF CONTENTS

	<u>Page</u>	<u>Exhibit/Table</u>
FINANCIAL SECTION		
Independent Auditor's Report.....	1	
Management's Discussion and Analysis (Required Supplementary Information).....	4	
 <u>Basic Financial Statements</u>		
Government-wide Financial Statements:		
Statement of Net Position.....	12	Exhibit A-1
Statement of Activities.....	13	Exhibit A-2
Fund Financial Statements:		
Balance Sheet - Governmental Funds.....	14	Exhibit A-3
Reconciliation of the Governmental Funds		
Balance Sheet to the Statement of Net Position.....	16	Exhibit A-4
Statement of Revenues, Expenditures, and Changes in		
Fund Balances - Governmental Funds.....	17	Exhibit A-5
Reconciliation of the Statement of Revenues, Expenditures, and Changes in		
Fund Balances of Governmental Funds to the Statement of Activities.....	19	Exhibit A-6
Statement of Fiduciary Net Position - Fiduciary Funds.....	20	Exhibit A-7
Notes to the Financial Statements	21	
 <u>Required Supplementary Information</u>		
Budgetary Comparison Schedules:		
General Fund.....	54	Exhibit B-1
Cafeteria Fund.....	55	Exhibit B-2
 Schedule of the District's Proportionate Share of the		
Net Pension Liability - California State Teachers' Retirement System.....	56	Exhibit B-3
Schedule of District's Contributions - California State Teachers' Retirement System.....	57	Exhibit B-4
Schedule of the District's Proportionate Share of the		
Net Pension Liability - California Public Employees' Retirement System.....	58	Exhibit B-5
Schedule of District's Contributions - California Public Employees' Retirement System..	59	Exhibit B-6
Schedule of Changes in the District's Total OPEB Liability		
And Related Ratios -OPEB Plan	60	Exhibit B-7
Notes to Required Supplementary Information.....	61	
 <u>Combining Statements as Supplementary Information:</u>		
Combining Balance Sheet - All Nonmajor Governmental Funds.....	64	Exhibit C-1
Combining Statement of Revenues, Expenditures and Changes in		
Fund Balances - All Nonmajor Governmental Funds.....	65	Exhibit C-2
 Special Revenue Funds:		
Combining Balance Sheet - Nonmajor Special Revenue Funds.....	66	Exhibit C-3
Combining Statement of Revenues, Expenditures and Changes		
in Fund Balances - Nonmajor Special Revenue Funds.....	67	Exhibit C-4

El Centro Elementary School District
 Audit Report
 For The Year Ended June 30, 2018

TABLE OF CONTENTS

	<u>Page</u>	<u>Exhibit/Table</u>
Capital Projects Funds:		
Combining Balance Sheet - Nonmajor Capital Projects Funds.....	68	Exhibit C-5
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Capital Projects Funds.....	69	Exhibit C-6
 OTHER SUPPLEMENTARY INFORMATION SECTION		
Local Education Agency Organization Structure.....	70	
Schedule of Average Daily Attendance.....	71	Table D-1
Schedule of Instructional Time.....	72	Table D-2
Schedule of Financial Trends and Analysis.....	73	Table D-3
Reconciliation of Annual Financial and Budget Report With Audited Financial Statements.....	74	Table D-4
Schedule of Charter Schools.....	75	Table D-5
Schedule of Expenditures of Federal Awards	76	Table D-6
Notes to the Schedule of Expenditures of Federal Awards.....	77	
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	78	
Report on Compliance for Each Major Program and on Internal Control over Compliance Required by Title 2 CFR Part 200 (Uniform Guidance).....	80	
Independent Auditor's Report on State Compliance.....	82	
Schedule of Findings and Questioned Costs	85	
Summary Schedule of Prior Audit Findings.....	87	

Financial Section



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Independent Auditor's Report

To the Board of Trustees
El Centro Elementary School District
El Centro, California 92243

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the El Centro Elementary 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 El Centro Elementary 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, El Centro Elementary 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, budgetary comparison information, schedule of the District's proportionate share of the net pension liability, schedule of District pension contributions, and schedule of changes in 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 El Centro Elementary 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 November 9, 2018 on our consideration of El Centro Elementary 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 El Centro Elementary School District's internal control over financial reporting and compliance.

Wilkinson Hadley King & Co., LLP

El Cajon, California
November 9, 2018

El Centro Elementary School District
Management's Discussion and Analysis
June 30, 2018
(Unaudited)

The El Centro Elementary School District (ECESD) is committed to making ongoing improvements in our schools. As part of supporting this commitment, the ECESD follows a policy of conservatism and prudent practices in regard to the District's financial performance and operational accountability. The El Centro Elementary School District has prepared this annual Management Discussion and Analysis (MD&A) section in order to provide an overview of the ECESD financial performance for fiscal year ended June 30, 2018 in accordance with the Governmental Accounting Standards Board Statement No. 34.

The Governmental Accounting Standards Board (GASB) approved GASB Statement No. 34 on June 30, 1999. This established new requirements on what will be included as part of the annual financial report. These requirements are meant to enhance financial and operational accountability reporting by making the financial documents easier to understand and more useful to the public.

The intent of this discussion and analysis is to provide additional information on the District's financial documents as a whole in addition to providing a prospective look at revenue, expenses, and economic conditions of the District's operations over the past year.

FINANCIAL HIGHLIGHTS

- ❑ The El Centro Elementary School District's Government-wide Statement of Net Position shows total net position ending of a negative \$6,650,149, the result of having assets and deferred outflows of resources of \$93,246,373 minus liabilities and deferred inflows of resources of \$99,896,522.
- ❑ In November 2016, the District passed a GO Bond for \$22 million dollars to improve the quality of education with funding that cannot be taken by the State; replace temporary portables with permanent classrooms; improve student access to computers and modern technology; modernize outdated classrooms, restrooms and school facilities; and construct new school facilities to reduce student overcrowding. The District sold its first issuance in June 2016 for \$8 million dollars. As of 2017-18, the De Anza MPR/Gym and Harding Classroom Projects were started with GO Bond funds.
- ❑ The ECESD has an agreement with Victoria Ranch, LLC (Developers) for the mitigation and transfer of property for the construction of two new school sites based on the new home development. The El Centro Elementary School District has received site approval for its two new schools within the Victoria Development by the California Department of Education. Jim Sanders, Inc. was selected as the architect by the district for plan development and school construction within this development. After a few years of slow development in this area, the development has added numerous new homes over the past year. The District has been working for months on the plans for the new school and will have them submitted to DSA/OPSC by the end of this school year.
- ❑ After a decade of declining enrollment, the District has stabilized over the past couple years. Enrollment for the District is increasing and expected over 5,400 students in the upcoming year.

OVERVIEW OF THE FINANCIAL STATEMENTS

Using the integrated approach as given by GASB Statement Number 34, the financial statements of the El Centro Elementary School District include all of the activities of the District and its fiscal elements. The District's MD&A report requires that there be a comparison of the current closing statements to the prior year financials.

Government-Wide Financial Statements

The Government-Wide statements report information about the District as a whole. The statement of net position includes *all* of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the *Statement of Activities* regardless of when cash is received or paid. A prior year comparison is included in the GASB 34 Statement for 2017-2018.

REPORTING THE SCHOOL DISTRICT AS A WHOLE

The report includes two government-wide statements that focus on operations of the district as a whole using accounting methods similar to those used by private-sector companies. These statements measure inputs and outflows using an economic resources measurement focus. The accrual method of accounting is used for these reports.

The Statement of Net Position and the Statement of Activities and Changes in Net Position

The Statement of Net Position shows the "assets" (what is **owned**), deferred outflows of resources, "liabilities" (what is **owed**), deferred inflows of resources, and "net position" (the resources that would remain if all obligations were settled) of the school district. The statement categorizes assets to show that some assets are very liquid, such as cash and cash equivalents. Some assets are invested in "fixed" or "capital" assets, such as buildings, equipment, and other long-lived property while some assets are available to fund budgets for the following year.

The Statement of Activities shows the amounts of program-specific and general school district revenues used to support the school district's various functions.

The Statement of Net Position and the Statement of Activities divide the activities of the school district into two categories.

- ❑ Government Activities – The school functions, including instruction, student services, administration, etc. Property taxes, state, and federal revenues usually support most of these functions of the district.
- ❑ Business-type Activities – These services are provided on a charge for goods or services basis to recover all of the expenses of the goods or services provided. The District is not involved in operations that charge fees services or business-type activities.

The Net Position, the difference between the District's assets and deferred outflows of resources compared to liabilities and deferred inflows of resources is one way to measure the District's financial stability or position.

Other items to consider when evaluating the district are:

- 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 condition of various school buildings and other facilities.
- The quality of education and the safety of our schools.
- The growth or decline of the District as it pertains to student enrollment.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing more specifically on its most significant or "major" funds – not the District as a whole. Funds are considered accounting devices that the District uses to keep track of specific sources of funding and spending on particular programs. Fund information to consider is as follows:

- 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 State grants for building projects).

Although there are three types of "Funds" (Governmental, Proprietary, and Fiduciary), the District has two types of funds– Governmental and Fiduciary. Here is a description of each kind of fund:

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 can readily be converted to cash flow in and out and (2) the balances left at year-end that are available to meet future obligations. 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 expended 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 with 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 government-wide statements. The District does not have activities that are proprietary in nature and so are not included in these statements.

Fiduciary funds – These funds would be used if the District were a trustee or fiduciary for assets that belong to others, such as the pass-through agency fund. The District would be responsible for ensuring that those to whom the assets belong to be used only for their intended purposes. The assets would also be reported in these funds. The District has one agency fund, the student body fund, which accounts for transactions of the student body organization.

The El Centro Elementary School District as a Whole

The Statement of Net Position and the Statement of Activities and Changes in Net Position provides information about the activities of the District and the District as a whole. These statements include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the District using the accrual basis of accounting.

The Net Position of Governmental Activities represents the accumulated results of all operations for the past year. The District's net position, as reported on June 30, 2018, (See Table A-1). The negative balance reported is due to GASB reporting requirements of the District's net pension liability and total OPEB liability. This means that if the District used the total assets to pay all outstanding bills today, including all of our non-capital liabilities, the district would have a negative net position of \$6,650,149.

Statement of Net Position
Table A-1

	Governmental Activities	Governmental Activities
	2017	2018
Current and other assets	34,476,836	33,796,232
Capital assets, net of depreciation	39,365,675	38,627,582
Total Assets	73,842,511	72,423,814
Deferred Outflows of Resources	10,164,032	20,822,559
Current liabilities	2,745,376	2,306,811
Long-term liabilities	76,917,499	90,581,458
Total Liabilities	79,662,875	92,888,269
Deferred Inflows of Resources	1,882,292	7,008,253
Net Position		
Invested in capital assets, net of related debt	19,586,912	21,315,390
Restricted	18,372,715	17,885,527
Unrestricted	(35,498,251)	(45,851,066)
Total Net Position	2,461,376	-6,650,149

Note: Totals may not add up due to rounding.

The elements or designated accounts that make up Net Position as a category and their amounts are as follows:

□ Invested Capital Assets, net of related debt	\$ 21,315,390
□ Restricted for:	
○ Capital Projects	\$ 15,219,996
○ Debt Services	\$ 1,622,344
○ Educational Programs	\$ 401,617
○ Other Purposes (expendable)	\$ 170,228
○ Other Purposes (non-expendable)	\$ 471,342
○ Unrestricted	\$ (45,851,066)
Total Net Position	\$ (6,650,149)

Changes in Net Position
Table A-2

	Governmental Activities	Governmental Activities
	2017	2018
Revenues		
Program revenues:		
Charges for services	152,857	131,737
Operating grants and contributions	12,646,217	12,330,730
Capital grants and contributions	0	0
General revenues:		
Federal & State Aid Not Restricted to Specific Purposes	46,046,787	47,301,435
Property taxes	4,702,644	4,829,373
Interest & Interagency Revenues	285,240	407,378
Miscellaneous	1,306,394	1,636,277
Total Revenues	65,140,139	66,636,930
Expenses		
Instruction	41,369,349	39,804,602
Supervision of Instruction	2,092,321	2,027,487
Library, Media and Technology	617,236	561,247
School Site Administration	4,567,953	5,517,095
Pupil Services	7,407,460	7,475,583
General Administration & Data Processing	4,133,693	3,939,696
Maintenance, Operations, Facility Acquisition and Construction	9,059,681	8,838,353
Other Outgo	707,118	610,226
Debt Service - Interest	869,271	730,990
Total Expenses	70,824,082	69,505,279
Change in Net Position	-5,683,943	-2,868,349

Note: Totals may not add up due to rounding.

The total cost of all programs and services for 2017-18 was \$69,505,279 with a change in Net Position of (\$2,868,349). The District's certificated salary costs are the predominant expense related to instruction, which of course, is the District's main purpose; education.

The expenses related specifically to school site costs (Instruction, Supervision, Library/Media, and School Site Administration) account for 69% of all District expenses while general administration and data processing activities of the District accounted for 6% of total expenses. The remaining 25% of total expenses attributed to Maintenance/Operations, Debt Service, and Pupil Services.

Governmental Activities

As reported in the Statement of Activities, the cost of all our governmental activities this year was \$57,042,812. Table A-3 presents the cost of six major District activities: Instruction, Instruction-related Services, Pupil Services, General Administration, Plant Services, and Other/Debt Services. Most of the expenses denoted in Table A-3 come from Federal and State governments subsidizing program costs through government fund allocations. Therefore, as such, the majority of the District’s costs paid from the District’s Federal and State Aid revenue not restricted to specific purposes and program category.

Net Cost of Governmental Activities

Table A-3

Net Cost of Governmental Activities	2017	2018
Instruction	33,821,050	32,660,705
Instruction-related Services:		
Supervision of Instruction	1,609,214	1,575,830
Library, Media and Technology	617,236	561,247
School Site Administration	4,422,837	5,432,834
Pupil Services:		
Home-to-School Transportation	1,203,263	1,452,036
Food Services	202,412	126,697
All Other Pupil Services	1,992,067	1,727,960
General Administration:		
Data Processing	891,904	859,323
All Other General Administration	2,834,726	2,674,957
Plant Service-Maintenance and Operations	6,487,563	6,610,717
Other Outgo, Debt Service, and Depreciation	3,942,735	3,360,506
Total Net Expenses - GSA Report	58,025,007	57,042,812

Note: Totals may not add up due to rounding.

HISTORICAL ANALYSIS OF THE DISTRICT'S FUNDS

The financial performance of the District as a whole is also reflected in its governmental funds consolidation report.

General Fund

- In 2017-18, the District closed the fiscal year with a small deficit of \$103,612, but a healthy fund balance. The District continues to spend their funds in various one-time projects such as curriculum adoptions, infrastructure improvements and vehicles. As part of the board commitment to keeping the District fiscally stable they established a ten-percent reserve requirement, well above the State mandated three-percent. Many site improvements were completed this year including site playgrounds, Lincoln bathrooms remodel and reroofing, STEM Lab windows and remodel, cafeteria tables, maintenance trucks, a bus, and various other LCAP projects.

Other Funds

- The Cafeteria Fund, which accounts for all the Federal, State, and Local Revenues that supports the operation of the Child Nutrition Program of the District. In 2016-17 the cafeteria fund undertook a very large freezer replacement project. This project was completed in 2017-18 and expended a large percentage of the reserves. We were advised during our last Child Nutrition review that they do not prefer a District to carry a high reserve level in this fund. The District is focused on the cafeteria being a self-supporting agency and we will continue to ensure this is the case.
- The Charter School Fund tracks Imperial Valley Home School Academy (IVHSA) finances separate from the District's general fund. The IVHSA new building was constructed in the 2014-15 school year. In 2015-16, the District had a major setback with an audit finding on its Master Student Agreements. After appealing to the education appeal panel, the District settled for an eight-year plan with payments of \$22,500 annually ending in 2024/25. Enrollment for IVHSA is steady, ending at 83 for 2017-18.
- In 2015-16, the District opened three new funds, Fund 14, Fund 40, and Fund 49. Funds 14 and 40 are used for deferred maintenance and special projects. Fund 49, previously Fund 251, is used to collect CFD funds for future use in building a new school. In 2017-18 these funds continue to operate and will be used to pay for PACE center, RRMA projects, and planning for new school.
- The Building Fund ended 2016-17 with a balance of \$8,170,167. The \$170,167 is being held to pay off the limited obligation bonds from Wilson's Gym. \$8,000,000 was deposited this year in June with the issuance of our first bond sales. The only expenditures recorded in this fund were costs related to the bond sales.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

For 2017-18, the District is reporting capital assets of \$38,627,582 (See Table A-4).

Capital Assets
Table A-4

Capital Assets - Governmental Activities	2017	2018
Land	2,574,904	2,574,904
Improvement of Sites	3,286,388	3,286,388
Buildings	112,126,023	112,640,516
Equipment	7,695,659	8,486,721
Work in Progress	-	62,622.00
Accumulated depreciation	-86,317,299	-88,423,569
Totals	39,365,675	38,627,582

Long-Term Obligations

At year-end, the District had \$90,581,458 in long-term obligations (See Table A-5). The District issued bonds through the voter approved Measure "G" in the amount of \$3,250,000 of the \$8 million authorized in 2003-04.

The remaining balance of Measure “G” bond funds were issued in February of 2006 (\$4.75 million). The District is now in a position of paying down the principal of not only the outstanding bonds but also the capital leases that the District has because of adding modular buildings to our facility inventory. In 2014-15, the District entered into new debt for a technology seven-year lease, the IVHSA Modular building and Balboa (A/C) leases. In 2015-16, the District entered into a bus lease, which was paid off within the same fiscal year. There were no new leases to report in 2015-16. In 2016-17, the District entered into a lease agreement for the PACE center and obtained an \$8M new bond issue. In 2017-18, the District continues to pay the PACE lease, and no new capital leases are reported for 2017-18.

State agencies and cities are required to report post-employment benefits as per GASB 75 accounting procedures. Districts are now required to do an actuarial study to account for Other Post-Employment Benefits (OPEB), which includes health and welfare benefit costs for current and retired employees. The actuarial study as of July 1, 2017, states the District’s total liability is \$12,732,056.

Based on the current fiscal status, the District has development a management plan that incorporated a “Pay As You Go” method of funding OPEB. This plan includes a process of “taxing” programs based on payroll in order to generate funds to cover their particular employees. The District has completed a new actuarial that includes a new eight (8) year vesting clause which reduced the District’s future liability.

Outstanding Long-Term Obligations
Table A-5

Outstanding Long-Term Obligations – Governmental Activities	2017	2018
General Obligation Bonds Payable	17,534,619	15,877,086
Certificates of Participation	0	0
Capital Leases Payable	1,827,844	1,435,107
Deferred Gain or Loss on Debt Refunding	0	0
Other General Long-Term Debt	0	0
Net Pension Liability	52,102,969	59,953,851
Other Postemployment Benefits	5,096,640	12,732,056
Compensated Absences Payable	503,113	583,358
Totals	77,065,185	90,581,458

FACTORS BEARING ON THE DISTRICT'S FUTURE

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

- CALPERS and CALSTRS increasing costs
- Dependence on the economy and State funding

REQUEST INFORMATION

This financial report is designed to provide a general overview of the El Centro Elementary School District’s finances for all those with an interest in the government’s finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Fiscal Services, El Centro Elementary School District, 1256 Broadway, El Centro, CA 92243.

Basic Financial Statements

EL CENTRO ELEMENTARY SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2018

	Governmental Activities
ASSETS	
Cash	\$ 30,491,995
Receivables	2,907,895
Stores	132,400
Prepaid Expenses	263,942
Capital Assets:	
Land	2,574,904
Improvements	3,286,388
Buildings	112,640,516
Equipment	8,486,721
Work in Progress	62,622
Less Accumulated Depreciation	(88,423,569)
Total Assets	<u>72,423,814</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>20,822,559</u>
LIABILITIES	
Accounts Payable and Other Current Liabilities	2,262,089
Unearned Revenue	44,722
Long-Term Liabilities:	
Due Within One Year	2,310,663
Due in More Than One Year	88,270,795
Total Liabilities	<u>92,888,269</u>
DEFERRED INFLOWS OF RESOURCES	<u>7,008,253</u>
NET POSITION	
Net Investment in Capital Assets	21,315,390
Restricted for:	
Capital Projects	7,937,378
Educational Programs	200,488
Other Purposes (Expendable)	348,454
Other Purposes (Nonexpendable)	471,342
Unrestricted	(36,923,201)
Total Net Position	<u>\$ (6,650,149)</u>

The accompanying notes are an integral part of this statement.

EL CENTRO ELEMENTARY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2018

Functions	Expenses	Program Revenues		Net (Expense) Revenues and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
Governmental Activities:				
Instruction	\$ 39,804,602	\$ -	\$ 7,143,897	\$ (32,660,705)
Instruction-Related Services:				
Instructional Supervision and Administration	2,027,487	-	451,657	(1,575,830)
Instructional Library, Media and Technology	561,247	-	-	(561,247)
School Site Administration	5,517,095	-	84,261	(5,432,834)
Pupil Services:				
Home-to-School Transportation	1,452,046	-	10	(1,452,036)
Food Services	3,344,263	125,598	3,091,968	(126,697)
All Other Pupil Services	2,679,274	-	951,314	(1,727,960)
General Administration:				
Centralized Data Processing	859,323	-	-	(859,323)
All Other General Administration	3,080,373	4,944	400,472	(2,674,957)
Plant Services	6,732,219	1,195	120,528	(6,610,496)
Ancillary Services	226	-	5	(221)
Interest on Long-Term Debt	730,990	-	-	(730,990)
Other Outgo - Transfers Between Agencies	610,226	-	86,618	(523,608)
Depreciation (unallocated)*	2,105,908	-	-	(2,105,908)
Total Expenses	\$ 69,505,279	\$ 131,737	\$ 12,330,730	\$ (57,042,812)

General Revenues:**Taxes and Subventions:**

Taxes Levied for General Purposes	2,762,752
Taxes Levied for Debt Service	1,450,833
Taxes Levied for Other Specific Purposes	615,788
Federal and State Aid Not Restricted to Specific Programs	47,301,435
Interest and Investment Earnings	272,280
Interagency Revenues	135,098
Miscellaneous	1,636,277

Total General Revenues	\$ 54,174,463
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Change in Net Position	(2,868,349)
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Net Position Beginning - As Restated (See Note P)	(3,781,800)
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Net Position Ending	\$ (6,650,149)
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*This amount excludes depreciation that is included in the direct expenses of various programs.

The accompanying notes are an integral part of this statement.

EL CENTRO ELEMENTARY SCHOOL DISTRICT**BALANCE SHEET - GOVERNMENTAL FUNDS**

JUNE 30, 2018

	General Fund	Cafeteria Fund
ASSETS:		
Cash in County Treasury	\$ 12,971,291	\$ 228,612
Cash in Revolving Fund	75,000	-
Cash with a Fiscal Agent/Trustee	-	-
Accounts Receivable	2,378,147	497,791
Due from Other Funds	450,000	-
Stores Inventories	42,797	89,603
Prepaid Expenditures	263,942	-
Total Assets	<u>16,181,177</u>	<u>816,006</u>
LIABILITIES AND FUND BALANCE:		
Liabilities:		
Accounts Payable	\$ 1,845,315	\$ 84,356
Due to Other Funds	32,976	450,000
Unearned Revenue	-	44,722
Total Liabilities	<u>1,878,291</u>	<u>579,078</u>
Fund Balance:		
Nonspendable Fund Balances:		
Revolving Cash	75,000	-
Stores Inventories	42,797	89,603
Prepaid Items	263,942	-
Restricted Fund Balances	368,550	147,325
Committed Fund Balances	-	-
Assigned Fund Balances	-	-
Unassigned:		
Reserve for Economic Uncertainty	6,091,546	-
Other Unassigned	7,461,051	-
Total Fund Balance	<u>14,302,886</u>	<u>236,928</u>
Total Liabilities and Fund Balances	<u>\$ 16,181,177</u>	<u>\$ 816,006</u>

The accompanying notes are an integral part of this statement.

Building Fund	Capital Facilities Fund	Other Governmental Funds	Total Governmental Funds
\$ 7,938,831	\$ 4,735,045	\$ 4,373,136	\$ 30,246,915
-	-	-	75,000
170,080	-	-	170,080
-	12,198	19,757	2,907,893
-	-	32,976	482,976
-	-	-	132,400
-	-	-	263,942
<u>8,108,911</u>	<u>4,747,243</u>	<u>4,425,869</u>	<u>34,279,206</u>
\$ 1,366	\$ -	\$ 86,173	\$ 2,017,210
-	-	-	482,976
-	-	-	44,722
<u>1,366</u>	<u>-</u>	<u>86,173</u>	<u>2,544,908</u>
-	-	-	75,000
-	-	-	132,400
-	-	-	263,942
7,937,378	-	33,067	8,486,320
170,167	4,747,243	1,751,710	6,669,120
-	-	2,554,919	2,554,919
-	-	-	6,091,546
-	-	-	7,461,051
<u>8,107,545</u>	<u>4,747,243</u>	<u>4,339,696</u>	<u>31,734,298</u>
<u>\$ 8,108,911</u>	<u>\$ 4,747,243</u>	<u>\$ 4,425,869</u>	<u>\$ 34,279,206</u>

EL CENTRO ELEMENTARY SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2018

Total fund balances - governmental funds balance sheet \$ 31,734,298

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:	127,051,151	
Accumulated depreciation:	<u>(88,423,569)</u>	
Net:		38,627,582

Unamortized costs: In governmental funds, debt issue costs are recognized as expenditures in the period they are incurred. In the government-wide statements, debt issue costs for prepaid debt insurance are amortized over the life of the debt. Unamortized debt insurance costs included in deferred outflows of resources on the statement of net position are:

37,364

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 unamatured interest owing at the end of the period was:

(244,877)

Deferred outflows and inflows of resources relating to pensions: In governmental funds, deferred outflows and inflows of resources relating to pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions are reported.

Deferred outflows of resources relating to pensions	19,961,772
Deferred inflows of resources relating to pensions	(7,008,253)

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.

Deferred outflows of resources relating to OPEB	756,075
Deferred inflows of resources relating to OPEB	-

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	15,877,086	
Compensated absences payable	59,953,851	
Net pension liability	12,732,056	
Net OPEB obligation	583,358	
Capital leases payable	<u>1,435,107</u>	
Total:		(90,581,458)

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:

67,348

Net position of governmental activities - statement of net position \$ (6,650,149)

The accompanying notes are an integral part of this statement.

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

	<u>General Fund</u>	<u>Cafeteria Fund</u>
Revenues:		
LCFF Sources:		
State Apportionment or State Aid	\$ 39,170,432	\$ -
Education Protection Account Funds	6,271,726	-
Local Sources	2,329,066	-
Federal Revenue	5,120,541	3,121,731
Other State Revenue	5,418,328	232,153
Other Local Revenue	2,501,754	173,164
Total Revenues	<u>60,811,847</u>	<u>3,527,048</u>
Expenditures:		
Current:		
Instruction	38,220,974	-
Instruction - Related Services	6,674,648	-
Pupil Services	4,031,218	3,459,313
Ancillary Services	216	-
General Administration	3,657,196	146,944
Plant Services	6,149,231	35,522
Other Outgo	610,226	-
Capital Outlay	762,523	456,049
Debt Service:		
Principal	323,005	-
Interest	86,222	-
Total Expenditures	<u>60,515,459</u>	<u>4,097,828</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>296,388</u>	<u>(570,780)</u>
Other Financing Sources (Uses):		
Transfers In	-	50,000
Transfers Out	(400,000)	-
Total Other Financing Sources (Uses)	<u>(400,000)</u>	<u>50,000</u>
Net Change in Fund Balance	(103,612)	(520,780)
Fund Balance, July 1	14,406,498	757,708
Fund Balance, June 30	<u>\$ 14,302,886</u>	<u>\$ 236,928</u>

The accompanying notes are an integral part of this statement.

Building Fund	Capital Facilities Fund	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 515,641	\$ 39,686,073
-	-	114,369	6,386,095
-	-	32,976	2,362,042
-	-	-	8,242,272
-	-	75,331	5,725,812
-	709,286	1,717,141	5,101,345
<u>-</u>	<u>709,286</u>	<u>2,455,458</u>	<u>67,503,639</u>
-	-	586,653	38,807,627
-	-	116,290	6,790,938
-	-	-	7,490,531
-	-	-	216
-	-	44,305	3,848,445
-	10,808	441,093	6,636,654
-	-	-	610,226
62,622	-	-	1,281,194
-	85,315	1,134,417	1,542,737
-	12,665	417,121	516,008
<u>62,622</u>	<u>108,788</u>	<u>2,739,879</u>	<u>67,524,576</u>
<u>(62,622)</u>	<u>600,498</u>	<u>(284,421)</u>	<u>(20,937)</u>
-	263,244	350,000	663,244
-	-	(263,244)	(663,244)
-	<u>263,244</u>	<u>86,756</u>	<u>-</u>
(62,622)	863,742	(197,665)	(20,937)
8,170,167	3,883,501	4,537,361	31,755,235
<u>\$ 8,107,545</u>	<u>\$ 4,747,243</u>	<u>\$ 4,339,696</u>	<u>\$ 31,734,298</u>

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

Net change in fund balances - total governmental funds \$ (20,937)

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:	1,281,195	
Depreciation expenses:	<u>(2,105,908)</u>	
Net:		(824,713)

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

1,542,737

Debt issue costs for prepaid debt insurance: In governmental funds, debt issue costs are recognized as expenditures in the period they are incurred. In the government-wide statements, debt issue costs for prepaid debt insurance are amortized over the life of the debt. The difference between debt issue costs for prepaid insurance incurred in the current period and prepaid insurance costs amortized for the period is:

(2,253)

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

(2,913,660)

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:

(356,550)

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:

(260,928)

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

48,200

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:

(80,245)

Change in net position of governmental activities - statement of activities \$ (2,868,349)

The accompanying notes are an integral part of this statement.

EL CENTRO ELEMENTARY SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2018

	<u>Agency Fund</u>	<u>Student Body Fund</u>
ASSETS:		
Cash on Hand and in Banks	\$ 125,203	
Total Assets	<u>125,203</u>	
LIABILITIES:		
Due to Student Groups	\$ 125,203	
Total Liabilities	<u>125,203</u>	
NET POSITION:		
Total Net Position	<u>\$ -</u>	

The accompanying notes are an integral part of this statement.

EL CENTRO ELEMENTARY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

A. Summary of Significant Accounting Policies

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

The District and the El Centro Community Facilities District (the CFD) have a financial and operational relationship which meet the reporting entity definition criteria of the Codification of Governmental Accounting and Financial Reporting Standards, Section 2100, for inclusion of the CFD as a component unit of the District. Therefore, the financial activities of the CFD have been included in the basic financial statements of the District as a blended component unit.

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

a. Manifestations of Oversight

The governing body of the CFD is substantively the same as the District's Board of Directors.

The CFD has no employees. The District's Superintendent and Assistant Superintendent of Business Services function as agents of the CFD. Neither individual received additional compensation for work performed in this capacity.

The District exercises significant influence over operations of the CFD as it is anticipated that the District will be the sole lessee of all facilities owned by the CFD.

b. Accounting and Fiscal Matters

All major financing arrangements, contracts, and other transactions of the CFD must have the consent of the District.

The District will assume a "moral obligation", and potentially a legal obligation, for any debt incurred by the CFD.

c. Scope of Public Service and Financial Presentation

The CFD was created for the sole purpose of financially assisting the District.

The CFD was created pursuant to a joint powers agreement between the District and the California Statewide Communities Development Authority, pursuant to California Government Code, commencing with Section 6500. The CFD was formed to provide financing assistance to the District for construction and acquisition of major capital facilities. Upon completion the District intends to occupy all CFD facilities.

The CFD's financial activity is presented in the financial statements in the Capital Projects Fund for Blended Component Units.

EL CENTRO ELEMENTARY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

2. Basis of Presentation, Basis of Accounting

a. Basis of Presentation

Government-wide Statements: The statement of net position and the statement of activities include the financial activities of the overall government. 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).

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

Capital Facilities Fund. This fund is used primarily to account separately for monies received from fees levied on developers or other agencies as a condition of approving a development (Education Code Sections 17620-17626).

In addition, the District reports the following fund types:

Special Revenue Funds. Special revenue 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 activities 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. Capital projects 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 and trust funds).

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

EL CENTRO ELEMENTARY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

Agency Funds. These funds are used to report student activity funds and other resources held in a purely custodial capacity (assets equal liabilities). Agency funds typically involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments. The District has one agency fund, the student body fund, which is used to account for proceeds and expenditures of the student body organization.

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

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

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

3. Encumbrances

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

4. Budgets and Budgetary Accounting

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

EL CENTRO ELEMENTARY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

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

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

5. Revenues and Expenses

a. Revenues - Exchange and Non-Exchange

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

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

b. Expenses/Expenditures

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

6. Assets, Liabilities, and Equity

a. Deposits and Investments

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

In accordance with Education Code Section 41001, the District maintains substantially all its cash in the 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.

EL CENTRO ELEMENTARY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

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

b. Stores Inventories and Prepaid Expenditures

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

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

c. Capital Assets

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

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings	25-50
Building Improvements	10-20
Vehicles	5-15
Office Equipment	5-15
Computer Equipment	5-15

d. Compensated Absences

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

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

e. Unearned Revenue

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

EL CENTRO ELEMENTARY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

f. Interfund Activity

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

g. Property Taxes

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

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.

EL CENTRO ELEMENTARY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

i. Minimum Fund Balance

The District maintains a minimum reserve of 3% of general fund expenditures including other financing uses within the general fund. This reserve may be increased from time to time in order to address specific anticipated shortfalls. If necessary, The Special Reserve Fund for Capital Outlay may also be used to meet the minimum state required reserve level. The minimum reserve shall apply towards the established minimum Reserve for Economic Uncertainties or an amount that that meets or exceeds the requirements by law. The District is committed to maintaining a prudent level of financial resources to protect against the need to reduce service levels because of temporary revenue shortfalls or unpredicted expenditures. If the fund balance drops below 3%, it shall be recovered at a rate of 1% minimally, each year.

7. Deferred Inflows and Deferred Outflows of Resources

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

8. Pensions

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

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

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

9. Use of Estimates

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

10. Fair Value Measurements

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

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

EL CENTRO ELEMENTARY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

Level 3 Inputs: Unobservable inputs for an asset or liability.

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

11. Change in Accounting Policies

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

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

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

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

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.

EL CENTRO ELEMENTARY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

GASB 86 - Certain Debt Extinguishment Issues

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

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

B. Compliance and Accountability

1. Finance-Related Legal and Contractual Provisions

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

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

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

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

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

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 (\$30,246,915 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 \$30,246,915. 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.

EL CENTRO ELEMENTARY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

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

Cash balances on hand and in banks (\$125,203 as of June 30, 2018) and in revolving fund (\$75,000) are insured up to \$250,000 by the Federal Depository Insurance Corporation. All cash held by the financial institution is fully insured or collateralized.

3. Investments:

The District's investments at June 30, 2018 are shown below.

<u>Investment or Investment Type</u>	<u>Maturity</u>	<u>Fair Value</u>
First American Treasury Obligation	<30 Days	\$ 170,080
Total Investments		\$ 170,080

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

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

<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

EL CENTRO ELEMENTARY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

5. Analysis of Specific Deposit and Investment Risks

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

a. Credit Risk

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

b. Custodial Credit Risk

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

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

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

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. At year end, 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. At year end, the District was not exposed to interest rate risk.

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.

EL CENTRO ELEMENTARY SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2018

6. Investment Accounting Policy

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

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

D. Accounts Receivable

The District expects all accounts receivable to be collected within one year. As such, no allowance for doubtful accounts has been established. Accounts receivable at June 30, 2018 were as follows:

	Major Funds				Total
	General Fund	Cafeteria Fund	Capital Facilities Fund	Nonmajor Governmental Funds	
Federal Government:					
Special Education - IDEA	\$ 945,128	\$ -	\$ -	\$ -	\$ 945,128
Title I - Part A	206,973	-	-	-	206,973
Title II	228,170	-	-	-	228,170
Title III	134,306	-	-	-	134,306
Child Nutrition Program	-	458,472	-	-	458,472
Other Federal Programs	145,908	-	-	-	145,908
State Government:					
Lottery	206,493	-	-	8,463	214,956
ASES Revenue	121,790	-	-	-	121,790
Child Nutrition Program	-	36,606	-	-	36,606
Other State Revenue	-	-	-	5,753	5,753
Local Sources:					
Interest	62,270	1,373	12,198	5,541	81,382
Charter School Oversight Fees	174,022	-	-	-	174,022
RC Migrant Head Start	61,953	-	-	-	61,953
Other Local Sources	91,134	1,340	-	-	92,474
Totals	\$ 2,378,147	\$ 497,791	\$ 12,198	\$ 19,757	\$ 2,907,893

EL CENTRO ELEMENTARY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

E. Prepaid Expenses

Prepaid Expenses at June 30, 2018 consisted of the following:

	General Fund
Insurance premiums	\$ 42,441
Rental payments	217,230
Other prepaid expenses	4,271
Totals	<u>\$ 263,942</u>

F. 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	\$ 2,574,904	\$ -	\$ -	\$ 2,574,904
Work in progress	416,212	62,622	416,212	62,622
Total capital assets not being depreciated	<u>2,991,116</u>	<u>62,622</u>	<u>416,212</u>	<u>2,637,526</u>
Capital assets being depreciated:				
Buildings	111,796,793	843,723	-	112,640,516
Improvements	3,286,388	-	-	3,286,388
Equipment	7,695,659	791,062	-	8,486,721
Total capital assets being depreciated	<u>122,778,840</u>	<u>1,634,785</u>	<u>-</u>	<u>124,413,625</u>
Less accumulated depreciation for:				
Buildings	(77,220,803)	(1,553,749)	-	(78,774,552)
Improvements	(3,184,771)	(44,126)	-	(3,228,897)
Equipment	(5,912,087)	(508,033)	-	(6,420,120)
Total accumulated depreciation	<u>(86,317,661)</u>	<u>(2,105,908)</u>	<u>-</u>	<u>(88,423,569)</u>
Total capital assets being depreciated, net	<u>36,461,179</u>	<u>(471,123)</u>	<u>-</u>	<u>35,990,056</u>
Governmental activities capital assets, net	<u>\$ 39,452,295</u>	<u>\$ (408,501)</u>	<u>\$ 416,212</u>	<u>\$ 38,627,582</u>

Depreciation was charged to functions as follows:

Unallocated	\$ 2,105,908
	<u>\$ 2,105,908</u>

EL CENTRO ELEMENTARY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

G. Interfund Balances and Activities

1. Due To and From Other Funds

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

<u>Due To Fund</u>	<u>Due From Fund</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Cafeteria Fund	\$ 450,000	Temporary interfund loan
Charter School Fund	General Fund	32,976	In-lieu property taxes due
	Total	<u>\$ 482,976</u>	

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

2. Transfers To and From Other Funds

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

<u>Transfers From</u>	<u>Transfers To</u>	<u>Amount</u>	<u>Reason</u>
General Fund	Cafeteria Fund	\$ 50,000	Child nutrition unpaid meals
General Fund	Nonmajor Govt. Funds	350,000	Deferred maintenance
Nonmajor Govt. Funds	Capital Facilities Fund	263,244	Correct classification of CFD developer fees
	Total	<u>\$ 663,244</u>	

H. Accounts Payable

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

	<u>Major Funds</u>			<u>Nonmajor Governmental Funds</u>	<u>Total</u>
	<u>General Fund</u>	<u>Cafeteria Fund</u>	<u>Building Fund</u>		
Vendor payables	\$ 1,624,798	\$ 66,231	\$ 1,366	\$ 85,867	\$ 1,778,262
Payroll and related benefits	187,744	15,882	-	-	203,626
Pension related liabilities*	18,170	2,243	-	-	20,413
LCFF repayment to State	14,603	-	-	306	14,909
Totals	<u>\$ 1,845,315</u>	<u>\$ 84,356</u>	<u>\$ 1,366</u>	<u>\$ 86,173</u>	<u>\$ 2,017,210</u>

*Pension related payables are amounts that have accrued as of June 30, 2018 for legally required contributions that were not yet paid at year end.

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. During the year ended June 30, 2018, the District did not enter into any short-term debt agreements.

EL CENTRO ELEMENTARY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

J. Components of Ending Fund Balance

As of June 30, 2018 components of ending fund balance were as follows:

	Major Funds				
	General Fund	Cafeteria Fund	Building Fund	Capital Facilities Fund	Nonmajor Governmental Funds
Nonspendable Fund Balances					
Revolving Cash	\$ 75,000	\$ -	\$ -	\$ -	\$ -
Stores Inventory	42,797	89,603	-	-	-
Prepaid Expenses	263,942	-	-	-	-
Total Nonspendable	381,739	89,603	-	-	-
Restricted Fund Balances					
Educational Programs	197,661	-	-	-	2,827
Capital Projects	170,889	-	7,937,378	-	30,240
Medi-Cal Program	-	-	-	-	-
Child Nutrition Program	-	147,325	-	-	-
Other Restricted Funds	-	-	-	-	-
Total Restricted	368,550	147,325	7,937,378	-	33,067
Committed Fund Balances					
Capital Projects	-	-	170,167	4,747,243	-
Community Facilities District	-	-	-	-	1,728,806
Deferred Maintenance	-	-	-	-	22,904
Total Committed	-	-	170,167	4,747,243	1,751,710
Assigned Fund Balances					
Educational Programs	-	-	-	-	296,173
Capital Projects	-	-	-	-	636,402
Debt Service	-	-	-	-	1,622,344
Total Assigned	-	-	-	-	2,554,919
Unassigned Fund Balances					
For Economic Uncertainty	6,091,546	-	-	-	-
Other Unassigned	7,461,051	-	-	-	-
Total Unassigned	13,552,597	-	-	-	-
Total Fund Balance	\$ 14,302,886	\$ 236,928	\$ 8,107,545	\$ 4,747,243	\$ 4,339,696

EL CENTRO ELEMENTARY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

K. Long-Term Obligations

1. Long-Term Obligation Activity

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

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental activities:					
General obligation (GO) bonds					
Principal balance	\$ 14,861,651	\$ -	\$ 1,150,000	\$ 13,711,651	\$ 1,230,000
Accreted interest	1,006,238	65,946	-	1,072,184	-
Premiums/Discounts	1,165,085	-	71,834	1,093,251	91,200
Total GO Bonds	17,032,974	65,946	1,221,834	15,877,086	1,321,200
Capital leases	1,827,844	-	392,737	1,435,107	406,105
Net pension liability	52,366,219	7,587,632	-	59,953,851	-
Total OPEB liability	12,340,702	391,354	-	12,732,056	-
Compensated absences *	503,113	80,245	-	583,358	583,358
Total governmental activities	\$ 84,070,852	\$ 8,125,177	\$ 1,614,571	\$ 90,581,458	\$ 2,310,663

* Other long-term liabilities

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

Liability	Activity Type	Fund
Compensated absences	Governmental	General

2. Debt Service Requirements

Debt service requirements on long-term debt for principal balances of general obligation bonds and capital leases at June 30, 2018 consisted of the following:

Year Ending June 30,	Governmental Activities			
	Principal	Accreted Interest	Interest	Total
2019	\$ 1,636,105	\$ -	\$ 567,564	\$ 2,203,669
2020	1,209,932	-	518,982	1,728,914
2021	1,087,002	-	471,397	1,558,399
2022	721,085	-	433,069	1,154,154
2023	590,635	-	404,879	995,514
2024-2028	2,500,002	625,346	1,635,394	4,760,742
2029-2033	1,446,997	843,003	1,355,285	3,645,285
2034-2038	1,420,000	-	1,168,823	2,588,823
2039-2043	2,120,000	-	869,399	2,989,399
2044-2048	2,415,000	-	267,094	2,682,094
Totals	\$ 15,146,758	\$ 1,468,349	\$ 7,691,886	\$ 24,306,993

EL CENTRO ELEMENTARY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

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
1992 Election Series A	08/01/92	5.60-8.50%	08/01/17	\$ 1,500,000
Limited Obligation Bonds	09/01/96	4.25-5.70%	09/02/21	2,130,000
2003 Election Series B	01/31/06	3.30-5.00%	08/01/29	4,746,651
2015 Series A Refunding	02/03/15	2.00-5.00%	08/01/28	5,030,000
2015 Series B Refunding	05/05/15	3.00%	08/01/18	1,240,000
2016 Election Series A	06/29/17	3.00-5.25%	08/01/46	8,000,000
Total GO Bonds				\$ 22,646,651

	Beginning Balance	Increases	Decreases	Ending Balance
1992 Election Series A	\$ 120,000	\$ -	\$ 120,000	\$ -
Limited Obligation Bonds	705,000	-	125,000	580,000
Bond Issue Discount	(14,100)	-	(2,500)	(11,600)
2003 Election Series B	776,651	-	-	776,651
2003 Accreted Interest	1,006,238	65,946	-	1,072,184
2003 Series B Premium	44,652	-	-	44,652
2015 Series A Refunding	4,500,000	-	400,000	4,100,000
2015 Series A Premium	630,756	-	56,067	574,689
2015 Series B Refunding	760,000	-	505,000	255,000
2015 Series B Premium	27,491	-	18,267	9,224
2016 Election Series A	8,000,000	-	-	8,000,000
2016 Series A Premium	476,286	-	-	476,286
Total GO Bonds	\$ 17,032,974	\$ 65,946	\$ 1,221,834	\$ 15,877,086

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

<u>Year Ending June 30,</u>	Principal	Accreted Interest	Interest	Total
2019	\$ 1,230,000	\$ -	\$ 518,227	\$ 1,748,227
2020	790,000	-	483,472	1,273,472
2021	870,000	-	450,187	1,320,187
2022	595,000	-	418,922	1,013,922
2023	460,000	-	395,282	855,282
2024-2028	2,364,654	625,346	1,630,510	4,620,510
2029-2033	1,446,997	843,003	1,355,285	3,645,285
2034-2038	1,420,000	-	1,168,823	2,588,823
2039-2043	2,120,000	-	869,399	2,989,399
2044-2048	2,415,000	-	267,094	2,682,094
Totals	\$ 13,711,651	\$ 1,468,349	\$ 7,557,201	\$ 22,737,201

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

Accreted interest is the process of systematically increasing the carrying amount of capital appreciation bonds to their estimated value at the maturity date of the bond. The district imputes the effective interest rate, using the present value, the face value, and the period of the bond and multiplies the effective interest rate by the book value of the debt at the end of the period.

EL CENTRO ELEMENTARY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

4. Capital Leases

In 2014 the District entered into a capital lease agreement with California Capital Leasing Corporation for the purchase of relocatable classrooms for the amount of \$598,650. The lease provided for semi-annual payments of principal and interest in the amount of \$48,990 due December 1st and June 1st for a period of 7 years. The first payment was made on December 1, 2014 and the final payment will be made on June 1, 2021. The lease bears an interest rate of 3.6% per annum.

On July 11, 2014 the District entered into a capital lease agreement with Key Government Finance for the purchase of technology equipment for the amount of \$722,992. The lease included a financing promotion payment from Cisco Systems, Inc. in the amount of \$54,251. The District is responsible for annual payments of principal and interest in the amount of \$120,499 with the first payment due on July 11, 2014 and the final payment due on July 11, 2019. The lease bears an interest rate of 3.2% per annum.

On July 11, 2014 the District entered into a capital lease agreement with Key Government Finance for the purchase of technology equipment for the amount of \$548,153. The lease included a financing promotion payment from Cisco Systems, Inc. in the amount of \$40,926. The District is responsible for annual payments of principal and interest in the amount of \$96,731 with the first payment due on July 11, 2014 and the final payment due on July 11, 2019. The lease bears an interest rate of 3.0% per annum.

On February 15, 2017 the District entered into a capital lease agreement with California Capital Leasing Corporation for funds to use for capital projects. The lease carries an interest rate of 3.61% and payments over seven fiscal years.

Commitments under the lease agreements provide for minimum future lease payments as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 406,105	\$ 49,337	\$ 455,442
2020	419,932	35,510	455,442
2021	217,002	21,210	238,212
2022	126,085	14,147	140,232
2023	130,635	9,597	140,232
2024	135,348	4,884	140,232
Totals	\$ 1,435,107	\$ 134,685	\$ 1,569,792

5. Bond Premiums and Discounts

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

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

EL CENTRO ELEMENTARY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

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

	1996 Bonds	2003 Series B	2015 Series A	2015 Series B	2016 Series A
Total Interest	\$ 1,038,948	\$ 4,161,266	\$ 1,404,543	\$ 76,537	\$ 6,597,259
Less Bond Premium	-	(272,898)	(705,045)	(44,854)	(476,286)
Plus Bond Discount	42,600	-	-	-	-
Net Interest	\$ 1,081,548	\$ 3,888,368	\$ 699,498	\$ 31,683	\$ 6,120,973
Par Amount of Bonds	\$ 2,130,000	\$ 4,746,651	\$ 5,030,000	\$ 1,240,000	\$ 8,000,000
Periods	25	25	14	4	29
Effective Interest Rate	2.03%	3.28%	0.99%	0.64%	2.64%

L. Pension Plans

1. General Information About the Pension Plans

a. Plan Descriptions

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

b. Benefits Paid

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

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

	CalSTRS	
	Before Jan. 1, 2013	On or After Jan. 1, 2013
Hire Date		
Benefit Formula	2% at 60	2% at 62**
Benefit Vesting Schedule	5 Years	5 Years
Benefit Payments	Monthly for Life	Monthly for Life
Retirement Age	50-62	50-62
Monthly Benefits as a % of Eligible Compensation	1.1-2.4%	1.0-2.4%*
Required Employee Contribution Rates (at June 30, 2018)	10.250%	9.205%
Required Employer Contribution Rates (at June 30, 2018)	14.430%	14.430%
Required State Contribution Rates (at June 30, 2018)	7.084%	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.

EL CENTRO ELEMENTARY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

	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.

CalPERS

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

On Behalf Payments

Consistent with Section 22955.1 of the California Education Code, the State of California makes contributions to CalSTRS on behalf of employees working for the District. For the measurement period ended June 30, 2017 (measurement date) the State contributed 7.084% 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.

EL CENTRO ELEMENTARY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

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	4.250%	\$ 993,011
2017	5.890%	1,432,649
2018	7.084%	1,817,582

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

Year Ended June 30,	On Behalf Pension Expense
2016	\$ 1,896,735
2017	3,535,745
2018	1,104,486

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	\$ 3,060,731	\$ 1,299,975	\$ 4,360,706
Contributions - State On Behalf Payments	1,817,583	-	1,817,583
Total Contributions	\$ 4,878,314	\$ 1,299,975	\$ 6,178,289

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

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

	CalSTRS	CalPERS	Total
Proportionate Share of Net Pension Liability - Governmental	\$ 42,555,710	\$ 17,398,141	\$ 59,953,851

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:

	CalSTRS		Total For District Employees
	District's Proportionate Share	State's Proportionate Share	
Proportion June 30, 2017	0.0470%	0.0269%	0.0739%
Proportion June 30, 2018	0.0460%	0.0273%	0.0733%
Change in Proportion	-0.0010%	0.0004%	-0.0006%

EL CENTRO ELEMENTARY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

	<u>CalPERS</u> <u>District's</u> <u>Proportionate</u> <u>Share</u>
Proportion June 30, 2017	0.0728%
Proportion June 30, 2018	0.0729%
Change in Proportion	<u>0.0001%</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)	\$ 4,559,396	\$ 3,028,236	\$ 7,587,632
State On Behalf Pension Expense	1,104,486	-	1,104,486
Employer Contributions to Pension Expense	3,702,214	1,552,042	5,254,256
(Increase) Decrease in Deferred Outflows of Resources			
Employer Contributions Subsequent to Measurement Date	(663,084)	(251,022)	(914,106)
Differences between actual and expected experiences	(146,883)	(86,734)	(233,617)
Changes in assumptions	(7,358,142)	(2,710,690)	(10,068,832)
Changes in proportionate share	314,382	84,860	399,242
Net difference between projected and actual earnings	3,007	1,023,044	1,026,051
Increase (Decrease) in Deferred Inflows of Resources			
Differences between actual and expected experiences	(3,826)	-	(3,826)
Changes in assumptions	-	(177,536)	(177,536)
Changes in proportionate share	622,416	(3,620)	618,796
Net difference between projected and actual earnings	4,027,689	652,167	4,679,856
Total Pension Expense	<u>\$ 6,161,655</u>	<u>\$ 3,110,747</u>	<u>\$ 9,272,402</u>

b. Deferred Outflows and Inflows of Resources

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

	<u>Deferred Outflows of Resources</u>		
	<u>CalSTRS</u>	<u>CalPERS</u>	<u>Total</u>
Pension contributions subsequent to measurement date	\$ 3,702,214	\$ 1,552,042	\$ 5,254,256
Differences between actual and expected experience	146,883	815,031	961,914
Changes in assumptions	7,358,142	2,710,690	10,068,832
Changes in employer's proportionate share	814,512	226,701	1,041,213
Net difference between projected and actual earnings	7,527	2,628,030	2,635,557
Total Deferred Outflows of Resources	<u>\$ 12,029,278</u>	<u>\$ 7,932,494</u>	<u>\$ 19,961,772</u>

	<u>Deferred Inflows of Resources</u>		
	<u>CalSTRS</u>	<u>CalPERS</u>	<u>Total</u>
Differences between actual and expected experience	\$ (7,771)	-	\$ (7,771)
Changes in assumptions	-	(355,071)	(355,071)
Changes in employer's proportionate share	(622,416)	(10,861)	(633,277)
Net difference between projected and actual earnings	(4,027,689)	(1,984,445)	(6,012,134)
Total Deferred Inflows of Resources	<u>\$ (4,657,876)</u>	<u>\$ (2,350,377)</u>	<u>\$ (7,008,253)</u>

EL CENTRO ELEMENTARY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

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				Net Effect on Expenses
	Deferred Outflows of Resources		Deferred Inflows of Resources		
	CalSTRS	CalPERS	CalSTRS	CalPERS	
2019	\$ 5,895,860	\$ 3,662,243	\$ (1,166,352)	\$ (1,176,872)	\$ 7,214,879
2020	2,193,644	2,110,198	(1,165,075)	(510,732)	2,628,035
2021	2,063,520	1,400,112	(1,163,922)	(333,198)	1,966,512
2022	1,876,254	759,941	(1,162,527)	(329,575)	1,144,093
Total	\$ 12,029,278	\$ 7,932,494	\$ (4,657,876)	\$ (2,350,377)	\$ 12,953,519

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.

EL CENTRO ELEMENTARY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

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

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

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

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

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

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

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

EL CENTRO ELEMENTARY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

CalPERS

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

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

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

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

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

	<u>CalSTRS</u>	<u>CalPERS</u>
1% Decrease	6.10%	6.15%
Net Pension Liability	\$ 62,485,293	\$ 25,598,241
Current Discount Rate	7.10%	7.15%
Net Pension Liability	\$ 42,555,710	\$ 17,398,141
1% Increase	8.10%	8.15%
Net Pension Liability	\$ 26,381,503	\$ 10,595,472

EL CENTRO ELEMENTARY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

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

CalSTRS - Governmental Activities

	Increase (Decrease)				
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)	State's Share of Net Pension Liability (c)	District's Share of Net Pension Liability (a) - (b) - (c)
Balance at June 30, 2017 (Previously Reported)	\$ 199,396,287	\$ 139,663,958	\$ 59,732,329	\$ 21,736,015	\$ 37,996,314
Changes for the year:					
Change in proportionate share	(1,376,781)	(964,344)	(412,437)	365,583	(778,020)
Service cost	4,447,459	-	4,447,459	1,657,049	2,790,410
Interest	14,834,886	-	14,834,886	5,527,230	9,307,656
Differences between expected and actual experience	292,635	-	292,635	109,031	183,604
Change in assumptions	14,659,599	-	14,659,599	5,461,921	9,197,678
Contributions:					
Employer	-	3,060,734	(3,060,734)	(1,140,378)	(1,920,356)
Employee	-	2,523,612	(2,523,612)	(940,256)	(1,583,356)
State On Behalf	-	1,817,583	(1,817,583)	(677,201)	(1,140,382)
Net investment income	-	18,456,646	(18,456,646)	(6,876,637)	(11,580,009)
Other income	-	52,810	(52,810)	(19,676)	(33,134)
Benefit payments, including refunds of employee contributions	(10,196,404)	(10,196,404)	-	-	-
Administrative expenses	-	(133,752)	133,752	49,834	83,918
Borrowing costs	-	(42,508)	42,508	15,838	26,670
Other expenses	-	(7,518)	7,518	2,801	4,717
Net Changes	22,661,394	14,566,859	8,094,535	3,535,139	4,559,396
Balance at June 30, 2018	\$ 222,057,681	\$ 154,230,817	\$ 67,826,864	\$ 25,271,154	\$ 42,555,710

EL CENTRO ELEMENTARY 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)	\$ 55,051,498	\$ 40,681,593	\$ 14,369,905
Changes for the year:			
Adjustment for change in proportionate share	90,959	67,216	23,743
Service cost	1,480,838	-	1,480,838
Interest	4,168,558	-	4,168,558
Differences between expected and actual experience	387,615	-	387,615
Changes in assumptions	3,388,363	-	3,388,363
Contributions - Employer	-	1,299,969	(1,299,969)
Contributions - Employee	-	654,044	(654,044)
Net plan to plan resource movement	-	(99)	99
Net investment income	-	4,527,084	(4,527,084)
Benefit payments, including refunds of employee contributions	(2,714,677)	(2,714,677)	-
Administrative expenses	-	(60,117)	60,117
Net Changes	<u>6,801,656</u>	<u>3,773,420</u>	<u>3,028,236</u>
Balance at June 30, 2018	<u>\$ 61,853,154</u>	<u>\$ 44,455,013</u>	<u>\$ 17,398,141</u>

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

M. 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

The District provides medical and prescription drug benefits for its Certificated employees on a pooled basis through the Self-Insured Schools of California (SISCI). Classified, Management, and Confidential employees are offered medical and prescription drug plan options through the Imperial County Schools Voluntary Employee Beneficiary Association (ICSVEBA). The District maintains the same plans for its retirees as for its active employees with the general exception that benefits end when the retiree attains age 65.

EL CENTRO ELEMENTARY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

Eligibility for retiree health benefits for all retiree groups requires retirement from the District with at least 10 years of eligible service and attainment of age 55, except that Certificated employees hired before July 1, 2009 have no service requirement, and those hired on or after July 1, 2009 have an 8 year service requirement. The District's annual limits (cap) on contributions for the 2017-18 fiscal year are as follows:

Certificated (Retiree Only)	\$ 7,400
Certificated (Retiree +1)	12,542
Certificated (Retiree + Family)	15,631
Classified	9,700
Confidential/Management	11,800

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	51
Inactive plan members entitled to but not yet receiving benefit payments	-
Active plan members	475
Total number of participants	<u>526</u>

2. Total OPEB Liability

The District's total OPEB liability of \$12,732,056 was measured as of June 30, 2017, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs

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

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

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

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

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

EL CENTRO ELEMENTARY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

Changes in Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance at June 30, 2017	\$ 12,340,702
Changes for the year:	
Service cost	737,562
Interest	375,063
Benefit payments	(721,271)
Net changes	<u>391,354</u>
Balance at June 30, 2018	\$ <u>12,732,056</u>

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

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

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

	<u>1% Decrease</u> <u>(2.13%)</u>	<u>Discount Rate</u> <u>(3.13%)</u>	<u>1% Increase</u> <u>(4.13%)</u>
Total OPEB Liability	\$ 13,572,615	\$ 12,732,056	\$ 11,936,823

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

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

	<u>1% Decrease</u> <u>5.00%</u> <u>decreasing to</u> <u>4.00%</u>	<u>Healthcare</u> <u>Cost Trend</u> <u>Rate</u> <u>6.00%</u> <u>decreasing to</u> <u>5.00%</u>	<u>1% Increase</u> <u>7.00%</u> <u>decreasing to</u> <u>6.00%</u>
Total OPEB Liability	\$ 11,635,453	\$ 12,732,056	\$ 13,986,166

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 \$1,112,625. At June 30, 2018 the District reported deferred outflows of resources related to the following sources:

	<u>Deferred</u> <u>Outflows of</u> <u>Resources</u>
Contributions made subsequent to measurement date	\$ <u>756,075</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.

EL CENTRO ELEMENTARY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

N. Deferred Outflows of Resources

On February 17, 2015 the District issued 2015 refunding bonds Series A to repay the 2003 general obligation bonds Series A and 2003 general obligation bonds Series B. The refunding resulted in a loss on refunding of \$61,192 which is recorded as a deferred outflow of resources and amortized over 14 years (the life of the bonds). In addition, the refunding bonds included prepaid bond insurance in the amount of \$9,794 which is recorded as a deferred outflow of resources and amortized over the life of the debt.

On May 5, 2015 the District issued 2015 refunding bonds Series B as a refunding of 2002 general obligation refunding bonds. The refunding resulted in a loss on refunding of \$77,054 which is recorded as a deferred outflow of resources and amortized over 4 years (the life of the bonds). In addition, the refunding bonds included prepaid bond insurance in the amount of \$2,054 which is recorded as a deferred outflow of resources and amortized over the life of the debt.

On June 29, 2017 the District issued 2016 Election Series A bonds. When issued the District prepaid bond insurance was \$30,193. The prepaid bond insurance is recorded as a deferred outflow of resources and amortized over the life of the debt.

GASB Statement No. 68 & 71 requires that contributions of pension plans subsequent to the measurement date be recorded as deferred outflows of resources. In addition, the statements prescribe certain items that must be recorded as deferred outflows of resources based on changes in the net pension liability.

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
2015 Series A Refunding Loss	14 Years	\$ 52,454	\$ -	\$ 4,371	\$ 48,083
2015 Series B Refunding Loss	4 Years	38,528	-	19,263	19,265
2015 Series A Prepaid Insurance	14 Years	8,396	-	699	7,697
2015 Series B Prepaid Insurance	4 Years	1,028	-	513	515
2016 Series A Prepaid Insurance	29 Years	30,193	-	1,041	29,152
OPEB Related	Varies	721,271	756,075	721,271	756,075
Pension Related	Varies	10,170,510	18,435,259	8,643,997	19,961,772
Total Deferred Outflows of Resources		\$ 11,022,380	\$ 19,191,334	\$ 9,391,155	\$ 20,822,559

Future amortization of deferred outflows of resources is as follows

Year Ending June 30	Refunding Losses	Prepaid Insurance	OPEB Related	Pension Related	Total
2019	\$ 26,636	\$ 2,255	\$ 756,075	\$ 9,558,103	\$ 10,343,069
2020	4,371	2,255	-	4,303,842	4,310,468
2021	4,371	1,741	-	3,463,632	3,469,744
2022	4,371	1,741	-	2,636,195	2,642,307
2023	4,371	1,741	-	-	6,112
2024-2028	21,855	8,705	-	-	30,560
2029-2033	1,373	6,603	-	-	7,976
2034-2038	-	5,205	-	-	5,205
2039-2043	-	5,205	-	-	5,205
2044-2048	-	1,913	-	-	1,913
Total	\$ 67,348	\$ 37,364	\$ 756,075	\$ 19,961,772	\$ 20,822,559

EL CENTRO ELEMENTARY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

O. Deferred Inflows of Resources

In accordance with GASB Statement No. 68 the District has recorded deferred inflows of resources for pension related items as prescribed by the statement in the amount of \$7,008,253. The District does not have any other deferred inflows of resources recorded.

Future amortization of deferred inflows of resources is as follows

Year Ending June 30	Pension Related
2019	\$ 2,343,224
2020	1,675,807
2021	1,497,120
2022	1,492,102
Total	<u>\$ 7,008,253</u>

P. Adjustment to Beginning Balance

During the fiscal year ended June 30, 2018, the District implemented GASB Statement No. 75 "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions". Implementation of GASB Statement No. 75 resulted in a change in calculations of total OPEB liability as well as deferred outflows and deferred inflows of resources associated with OPEB. In addition, the District 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.

A summary of adjustments to beginning balance are as follows:

	Government Wide Financial Statements
Beginning Net Position - Originally Stated	\$ <u>2,705,667</u>
Adjustments for Accounting Policy Change:	
Total OPEB Liability	(7,208,738)
Deferred Outflows of Resources	721,271
Total Adjustments	<u>(6,487,467)</u>
Beginning Net Position - As Restated	<u>\$ (3,781,800)</u>

Q. 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.

EL CENTRO ELEMENTARY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

R. Construction Commitments

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

<u>Project</u>	<u>Commitment</u>	<u>Expected Date of Completion</u>
Harding Classroom Project	\$ 3,000,000	August 2019
DeAnza Multipurpose Room/Gym	5,000,000	August 2020

S. Risk Management

The District is exposed to risk of losses due to:

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

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

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

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

T. Subsequent Events

Implementation of New Accounting Guidance

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

GASB 83 - Certain Asset Retirement Obligations

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

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

EL CENTRO ELEMENTARY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

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.

EL CENTRO ELEMENTARY 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	\$ 40,269,865	\$ 40,138,107	\$ 39,170,432	\$ (967,675)
Education Protection Account Funds	5,729,510	5,815,536	6,271,726	456,190
Local Sources	1,774,735	2,309,551	2,329,066	19,515
Federal Revenue	4,238,705	5,446,325	5,120,541	(325,784)
Other State Revenue	4,467,487	5,506,428	5,418,328	(88,100)
Other Local Revenue	1,741,004	2,300,572	2,501,754	201,182
Total Revenues	<u>58,221,306</u>	<u>61,516,519</u>	<u>60,811,847</u>	<u>(704,672)</u>
Expenditures:				
Current:				
Certificated Salaries	25,776,363	26,707,901	26,740,260	(32,359)
Classified Salaries	9,202,788	9,841,804	9,787,315	54,489
Employee Benefits	13,983,954	14,402,795	13,796,434	606,361
Books And Supplies	3,460,952	4,094,808	2,669,500	1,425,308
Services And Other Operating Expenditures	4,219,460	5,836,026	5,931,223	(95,197)
Other Outgo	512,599	513,035	610,226	(97,191)
Direct Support/Indirect Costs	(243,142)	(219,572)	(191,249)	(28,323)
Capital Outlay	300,000	753,375	762,523	(9,148)
Debt Service:				
Principal	597,015	597,015	323,005	274,010
Interest	86,703	86,703	86,222	481
Total Expenditures	<u>57,896,692</u>	<u>62,613,890</u>	<u>60,515,459</u>	<u>2,098,431</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>324,614</u>	<u>(1,097,371)</u>	<u>296,388</u>	<u>1,393,759</u>
Other Financing Sources (Uses):				
Transfers Out	(953,647)	(400,000)	(400,000)	-
Total Other Financing Sources (Uses)	<u>(953,647)</u>	<u>(400,000)</u>	<u>(400,000)</u>	<u>-</u>
Net Change in Fund Balance	(629,033)	(1,497,371)	(103,612)	1,393,759
Fund Balance, July 1	14,406,498	14,406,498	14,406,498	-
Fund Balance, June 30	<u>\$ 13,777,465</u>	<u>\$ 12,909,127</u>	<u>\$ 14,302,886</u>	<u>\$ 1,393,759</u>

See Accompanying Notes to Required Supplementary Information.

EL CENTRO ELEMENTARY 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	\$ 2,991,041	\$ 3,064,648	\$ 3,121,731	\$ 57,083
Other State Revenue	308,924	233,000	232,153	(847)
Other Local Revenue	153,308	94,600	173,164	78,564
Total Revenues	<u>3,453,273</u>	<u>3,392,248</u>	<u>3,527,048</u>	<u>134,800</u>
Expenditures:				
Current:				
Classified Salaries	1,064,640	1,073,037	1,080,415	(7,378)
Employee Benefits	586,876	584,921	554,733	30,188
Books And Supplies	1,632,539	1,609,848	1,845,438	(235,590)
Services And Other Operating Expenditures	33,970	35,539	14,249	21,290
Direct Support/Indirect Costs	161,291	173,426	146,944	26,482
Capital Outlay	200,000	487,088	456,049	31,039
Total Expenditures	<u>3,679,316</u>	<u>3,963,859</u>	<u>4,097,828</u>	<u>(133,969)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(226,043)</u>	<u>(571,611)</u>	<u>(570,780)</u>	<u>831</u>
Other Financing Sources (Uses):				
Transfers In	50,000	50,000	50,000	-
Total Other Financing Sources (Uses)	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>-</u>
Net Change in Fund Balance	(176,043)	(521,611)	(520,780)	831
Fund Balance, July 1	757,708	757,708	757,708	-
Fund Balance, June 30	<u>\$ 581,665</u>	<u>\$ 236,097</u>	<u>\$ 236,928</u>	<u>\$ 831</u>

See Accompanying Notes to Required Supplementary Information.

EL CENTRO ELEMENTARY 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)	0.0460%	0.0470%	0.0454%	0.0443%	N/A	N/A	N/A	N/A	N/A	N/A
District's proportionate share of the net pension liability (asset)	\$ 42,555,710	\$ 37,996,313	\$ 30,597,107	\$ 25,914,964	\$ 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	25,271,185	21,271,756	17,369,569	16,712,933	N/A	N/A	N/A	N/A	N/A	N/A
Total	<u>\$ 67,826,895</u>	<u>\$ 59,268,069</u>	<u>\$ 47,966,676</u>	<u>\$ 42,627,897</u>	<u>\$ N/A</u>	<u>\$ N/A</u>	<u>\$ N/A</u>	<u>\$ N/A</u>	<u>\$ N/A</u>	<u>\$ N/A</u>
District's covered-employee payroll	\$ 25,656,369	\$ 24,158,426	\$ 23,340,308	\$ 21,002,173	\$ 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	165.87%	157.28%	131.09%	123.39%	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	69.46%	70.04%	74.02%	76.52%	N/A	N/A	N/A	N/A	N/A	N/A

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

See Accompanying Notes to Required Supplementary Information.

EL CENTRO ELEMENTARY SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
CALIFORNIA STATE TEACHERS' RETIREMENT SYSTEM
LAST TEN FISCAL YEARS *

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Contractually required contribution	\$ 3,702,214	\$ 3,039,130	\$ 2,504,415	\$ 1,864,993	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A
Contributions in relation to the contractually required contribution	(3,702,214)	(3,039,130)	(2,504,415)	(1,864,993)	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	\$ 25,656,369	\$ 24,158,426	\$ 23,340,308	\$ 21,002,173	\$ 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

EL CENTRO ELEMENTARY 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)	0.0729%	0.0728%	0.0729%	0.0683%	N/A	N/A	N/A	N/A	N/A	N/A
District's proportionate share of the net pension liability (asset)	\$ 17,398,141	\$ 14,369,905	\$ 10,742,819	\$ 7,754,567	N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A
District's covered-employee payroll	\$ 9,993,188	\$ 9,367,944	\$ 8,810,847	\$ 8,104,910	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	174.10%	153.39%	121.93%	95.68%	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	71.87%	73.90%	79.43%	83.38%	N/A	N/A	N/A	N/A	N/A	N/A

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

See Accompanying Notes to Required Supplementary Information

EL CENTRO ELEMENTARY SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
LAST TEN FISCAL YEARS *

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Contractually required contribution	\$ 1,552,042	\$ 1,301,020	\$ 1,043,821	\$ 954,029	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A
Contributions in relation to the contractually required contribution	(1,552,042)	(1,301,020)	(1,043,821)	(954,029)	N/A	N/A	N/A	N/A	N/A	N/A
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ N/A</u>	<u>\$ N/A</u>	<u>\$ N/A</u>	<u>\$ N/A</u>	<u>\$ N/A</u>	<u>\$ N/A</u>
District's covered-employee payroll	\$ 9,993,188	\$ 9,367,944	\$ 8,810,847	\$ 8,104,910	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A
Contributions as a percentage of covered-employee payroll	15.531%	13.888%	11.847%	11.771%	N/A	N/A	N/A	N/A	N/A	N/A

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

See Accompanying Notes to Required Supplementary Information

EL CENTRO ELEMENTARY SCHOOL DISTRICT
SCHEDULE OF CHANGES IN THE DISTRICT'S
TOTAL OPEB LIABILITY AND RELATED RATIOS
ECESD 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	\$ 737,562	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A
Interest	375,063	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	(721,271)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net change in total OPEB liability	391,354	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total OPEB liability - beginning	12,340,702	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total OPEB liability - ending	\$ 12,732,056	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A
Covered-employee payroll	\$ 35,563,560	\$ 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	35.80%	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

EL CENTRO ELEMENTARY 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	\$ 32,359	The District underestimated the increase from bargaining agreement increases.
Services & Other	95,197	The District underestimated the cost of other services.
Other Outgo	97,191	The District underestimated the cost of tuition to the county office of education.
Capital Outlay	9,148	The District underestimated the cost of equipment replacement.
Cafeteria Fund:		
Classified Salaries	7,378	The District underestimated the increase from bargaining agreement increases.
Books & Supplies	235,590	The District underestimated the costs of food and supplies for the child nutrition program.

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.

EL CENTRO ELEMENTARY SCHOOL DISTRICT

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2018

	Special Revenue Funds	Debt Service Fund Bond Interest & Redemption	Capital Projects Funds	Total Nonmajor Governmental Funds (See Exhibit A-3)
ASSETS:				
Cash in County Treasury	\$ 390,043	\$ 1,622,344	\$ 2,360,749	\$ 4,373,136
Accounts Receivable	15,298	-	4,459	19,757
Due from Other Funds	32,976	-	-	32,976
Total Assets	<u>438,317</u>	<u>1,622,344</u>	<u>2,365,208</u>	<u>4,425,869</u>
LIABILITIES AND FUND BALANCE:				
Liabilities:				
Accounts Payable	\$ 86,173	\$ -	\$ -	\$ 86,173
Total Liabilities	<u>86,173</u>	<u>-</u>	<u>-</u>	<u>86,173</u>
Fund Balance:				
Restricted Fund Balances	33,067	-	-	33,067
Committed Fund Balances	22,904	-	1,728,806	1,751,710
Assigned Fund Balances	296,173	1,622,344	636,402	2,554,919
Total Fund Balance	<u>352,144</u>	<u>1,622,344</u>	<u>2,365,208</u>	<u>4,339,696</u>
Total Liabilities and Fund Balances	<u>\$ 438,317</u>	<u>\$ 1,622,344</u>	<u>\$ 2,365,208</u>	<u>\$ 4,425,869</u>

EL CENTRO ELEMENTARY 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 <u>Bond Interest & Redemption</u>	Capital Projects Funds	Total Nonmajor Governmental Funds (See Exhibit A-5)
Revenues:				
LCFF Sources:				
State Apportionment or State Aid	\$ 515,641	\$ -	\$ -	\$ 515,641
Education Protection Account Funds	114,369	-	-	114,369
Local Sources	32,976	-	-	32,976
Other State Revenue	59,546	15,785	-	75,331
Other Local Revenue	3,457	1,444,110	269,574	1,717,141
Total Revenues	<u>725,989</u>	<u>1,459,895</u>	<u>269,574</u>	<u>2,455,458</u>
Expenditures:				
Current:				
Instruction	586,653	-	-	586,653
Instruction - Related Services	116,290	-	-	116,290
General Administration	44,305	-	-	44,305
Plant Services	429,872	-	11,221	441,093
Debt Service:				
Principal	-	1,025,000	109,417	1,134,417
Interest	-	383,482	33,639	417,121
Total Expenditures	<u>1,177,120</u>	<u>1,408,482</u>	<u>154,277</u>	<u>2,739,879</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(451,131)</u>	<u>51,413</u>	<u>115,297</u>	<u>(284,421)</u>
Other Financing Sources (Uses):				
Transfers In	350,000	-	-	350,000
Transfers Out	-	-	(263,244)	(263,244)
Total Other Financing Sources (Uses)	<u>350,000</u>	<u>-</u>	<u>(263,244)</u>	<u>86,756</u>
Net Change in Fund Balance	<u>(101,131)</u>	<u>51,413</u>	<u>(147,947)</u>	<u>(197,665)</u>
Fund Balance, July 1	453,275	1,570,931	2,513,155	4,537,361
Fund Balance, June 30	<u>\$ 352,144</u>	<u>\$ 1,622,344</u>	<u>\$ 2,365,208</u>	<u>\$ 4,339,696</u>

EL CENTRO ELEMENTARY SCHOOL DISTRICT

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

JUNE 30, 2018

	Charter School Fund	Deferred Maintenance Fund	Total Nonmajor Special Revenue Funds (See Exhibit C-1)
ASSETS:			
Cash in County Treasury	\$ 282,513	\$ 107,530	\$ 390,043
Accounts Receivable	14,999	299	15,298
Due from Other Funds	32,976	-	32,976
Total Assets	<u>330,488</u>	<u>107,829</u>	<u>438,317</u>
LIABILITIES AND FUND BALANCE:			
Liabilities:			
Accounts Payable	\$ 1,248	\$ 84,925	\$ 86,173
Total Liabilities	<u>1,248</u>	<u>84,925</u>	<u>86,173</u>
Fund Balance:			
Restricted Fund Balances	33,067	-	33,067
Committed Fund Balances	-	22,904	22,904
Assigned Fund Balances	296,173	-	296,173
Total Fund Balance	<u>329,240</u>	<u>22,904</u>	<u>352,144</u>
Total Liabilities and Fund Balances	<u>\$ 330,488</u>	<u>\$ 107,829</u>	<u>\$ 438,317</u>

EL CENTRO ELEMENTARY SCHOOL DISTRICT

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

	Charter School Fund	Deferred Maintenance Fund	Total Nonmajor Special Revenue Funds (See Exhibit C-2)
Revenues:			
LCFF Sources:			
State Apportionment or State Aid	\$ 515,641	\$ -	\$ 515,641
Education Protection Account Funds	114,369	-	114,369
Local Sources	32,976	-	32,976
Other State Revenue	59,546	-	59,546
Other Local Revenue	3,157	300	3,457
Total Revenues	<u>725,689</u>	<u>300</u>	<u>725,989</u>
Expenditures:			
Current:			
Instruction	586,653	-	586,653
Instruction - Related Services	116,290	-	116,290
General Administration	44,305	-	44,305
Plant Services	20,307	409,565	429,872
Total Expenditures	<u>767,555</u>	<u>409,565</u>	<u>1,177,120</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(41,866)</u>	<u>(409,265)</u>	<u>(451,131)</u>
Other Financing Sources (Uses):			
Transfers In	-	350,000	350,000
Total Other Financing Sources (Uses)	<u>-</u>	<u>350,000</u>	<u>350,000</u>
Net Change in Fund Balance	(41,866)	(59,265)	(101,131)
Fund Balance, July 1	371,106	82,169	453,275
Fund Balance, June 30	<u>\$ 329,240</u>	<u>\$ 22,904</u>	<u>\$ 352,144</u>

EL CENTRO ELEMENTARY SCHOOL DISTRICT

COMBINING BALANCE SHEET

NONMAJOR CAPITAL PROJECTS FUNDS

JUNE 30, 2018

	Capital Outlay Projects	Blended Component Unit Fund	Total Nonmajor Capital Projects Funds (See Exhibit C-1)
ASSETS:			
Cash in County Treasury	\$ 636,402	\$ 1,724,347	\$ 2,360,749
Accounts Receivable	-	4,459	4,459
Total Assets	<u>636,402</u>	<u>1,728,806</u>	<u>2,365,208</u>
LIABILITIES AND FUND BALANCE:			
Liabilities:			
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance:			
Committed Fund Balances	\$ -	\$ 1,728,806	\$ 1,728,806
Assigned Fund Balances	636,402	-	636,402
Total Fund Balance	<u>636,402</u>	<u>1,728,806</u>	<u>2,365,208</u>
Total Liabilities and Fund Balances	<u>\$ 636,402</u>	<u>\$ 1,728,806</u>	<u>\$ 2,365,208</u>

EL CENTRO ELEMENTARY SCHOOL DISTRICT

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

	Capital Outlay Projects	Blended Component Unit Fund	Total Nonmajor Capital Projects Funds (See Exhibit C-2)
Revenues:			
Other Local Revenue	\$ -	\$ 269,574	\$ 269,574
Total Revenues	<u>-</u>	<u>269,574</u>	<u>269,574</u>
Expenditures:			
Current:			
Plant Services	-	11,221	11,221
Debt Service:			
Principal	109,417	-	109,417
Interest	33,639	-	33,639
Total Expenditures	<u>143,056</u>	<u>11,221</u>	<u>154,277</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(143,056)</u>	<u>258,353</u>	<u>115,297</u>
Other Financing Sources (Uses):			
Transfers Out	-	(263,244)	(263,244)
Total Other Financing Sources (Uses)	<u>-</u>	<u>(263,244)</u>	<u>(263,244)</u>
Net Change in Fund Balance	(143,056)	(4,891)	(147,947)
Fund Balance, July 1	779,458	1,733,697	2,513,155
Fund Balance, June 30	<u>\$ 636,402</u>	<u>\$ 1,728,806</u>	<u>\$ 2,365,208</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

EL CENTRO ELEMENTARY SCHOOL DISTRICT

LOCAL EDUCATION AGENCY

ORGANIZATION STRUCTURE

JUNE 30, 2018

The El Centro Elementary School District was established in 1906. There were no changes in the boundaries of the district during the current fiscal year. The district is currently operating eight elementary schools for grades kindergarten through sixth, one magnet school for grades kindergarten through eighth, one middle school, one junior high school, and one charter school for grades kindergarten through eighth.

Governing Board

<u>Name</u>	<u>Office</u>	<u>Term and Term Expiration</u>
Charles Fisher	President	Four year term Expires December 2020
Michael Minnix	Clerk	Four year term Expires December 2020
Frances Terrazas	Member	Four year term Expires December 2018
Patricia Dunnam	Member	Four year term Expires December 2020
George McFaddin	Member	Four year term Expires December 2018

Administration

Jon K. LeDoux, EdD
Superintendent

Ruben Castro
Associate Superintendent
Educational Services

Kristy Curry
Assistant Superintendent
Administrative Services

EL CENTRO ELEMENTARY SCHOOL DISTRICT
SCHEDULE OF AVERAGE DAILY ATTENDANCE
YEAR ENDED JUNE 30, 2018

TABLE D-1

EI Centro Elementary School District

	Second Period Report		Annual Report	
	Original	Revised	Original	Revised
TK/K-3:				
Regular ADA	2,148.52	N/A	2,145.93	N/A
Extended Year Special Education	1.17	N/A	1.17	N/A
TK/K-3 Totals	<u>2,149.69</u>	<u>N/A</u>	<u>2,147.10</u>	<u>N/A</u>
Grades 4-6:				
Regular ADA	1,495.37	N/A	1,496.50	N/A
Extended Year Special Education	0.28	N/A	0.28	N/A
Grades 4-6 Totals	<u>1,495.65</u>	<u>N/A</u>	<u>1,496.78</u>	<u>N/A</u>
Grades 7 and 8:				
Regular ADA	1,082.10	N/A	1,079.31	N/A
Extended Year Special Education	-	N/A	-	N/A
Grades 7 and 8 Totals	<u>1,082.10</u>	<u>N/A</u>	<u>1,079.31</u>	<u>N/A</u>
ADA Totals	<u><u>4,727.44</u></u>	<u><u>N/A</u></u>	<u><u>4,723.19</u></u>	<u><u>N/A</u></u>

Imperial Valley Home School

	Second Period Report		Annual Report	
	Original	Revised	Original	Revised
TK/K-3:				
Regular ADA - Nonclassroom Based	53.50	N/A	54.33	N/A
Grades 4-6:				
Regular ADA - Nonclassroom Based	19.74	N/A	20.04	N/A
Grades 7 and 8:				
Regular ADA - Nonclassroom Based	11.86	N/A	12.63	N/A
ADA Totals	<u><u>85.10</u></u>	<u><u>N/A</u></u>	<u><u>87.00</u></u>	<u><u>N/A</u></u>

N/A - There were no audit findings which resulted in necessary revisions to attendance for EI Centro Elementary School District or Imperial Valley Home School.

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.

EL CENTRO ELEMENTARY SCHOOL DISTRICT
SCHEDULE OF INSTRUCTIONAL TIME
YEAR ENDED JUNE 30, 2018

TABLE D-2

<u>Grade Level</u>	<u>Ed. Code 46207 Minutes Requirement</u>	<u>2017-18 Actual Minutes</u>	<u>Number of Days Traditional Calendar</u>	<u>Number of Days Multitrack Calendar</u>	<u>Status</u>
Transitional Kindergarten	36,000	36,000	180	-	Complied
Kindergarten	36,000	53,775	180	-	Complied
Grade 1	50,400	51,480	180	-	Complied
Grade 2	50,400	51,480	180	-	Complied
Grade 3	50,400	51,480	180	-	Complied
Grade 4	54,000	55,755	180	-	Complied
Grade 5	54,000	55,755	180	-	Complied
Grade 6	54,000	55,755	180	-	Complied
Grade 7	54,000	60,660	180	-	Complied
Grade 8	54,000	60,660	180	-	Complied

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

The District has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day. This schedule presents information on the amount of instruction time offered by the District and whether the District complied with the provisions of Education Code Sections 46200 through 46206. The District neither met nor exceeded its target funding.

Imperial Valley Home School Academy

The Imperial Valley Home School Academy is a nonclassroom based charter school. The Schedule of Instructional Time is not applicable for this charter school. The charter school neither met nor exceeded its target funding.

EL CENTRO ELEMENTARY 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	\$ 63,930,007	\$ 60,811,847	\$ 58,741,984	\$ 57,449,253
Expenditures, other uses and transfers out	66,059,539	60,915,459	58,614,766	54,068,540
Change in fund balance (deficit)	(2,129,532)	(103,612)	127,218	3,380,713
Ending fund balance	\$ 12,173,354	\$ 14,302,886	\$ 14,406,498	\$ 14,279,280
Available reserves (See Note 2)	\$ 11,975,804	\$ 13,552,597	\$ 13,300,354	\$ 12,636,184
Available reserves as a percentage of total outgo (See Note 3)	18.1%	22.9%	23.4%	24.0%
Total long-term debt	\$ 15,584,888	\$ 17,312,193	\$ 18,860,818	\$ 10,947,437
Average daily attendance at P-2 (See Note 4)	4,813	4,813	4,808	4,740

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

The fund balance of the general fund has increased by \$3,642,384 over the past three years. The fiscal year 2018-19 budget projects a decrease of \$2,129,532. 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 \$6,364,756 over the past two years.

Average daily attendance has increased by 73 over the past two years.

Notes:

- 1 Budget 2019 is included for analytical purposes only and has not been subjected to audit.
- 2 Available reserves consist of all unassigned fund balances and all funds reserved for economic uncertainties contained within the General Fund.
- 3 On behalf payments of \$1,817,582, \$1,838,674, and \$1,415,436; have been excluded from the calculation of available reserves for the fiscal years ending June 30, 2018, 2017, and 2016.
- 4 Average daily attendance (ADA) at P-2 consists of ADA generated by the District as well as ADA generated by Imperial Valley Home School Academy.

EL CENTRO ELEMENTARY SCHOOL DISTRICT
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET
REPORT WITH AUDITED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

TABLE D-4

The ending fund balances reported in this audit report for all funds are in agreement with the amounts reported by the District in their Unaudited Financial Statement submission to the California Department of Education.

This schedule provides the information necessary to reconcile the fund balances of all funds and the net position balance of the government wide financial statements SACS report to the audited financial statements. Funds that required no adjustment are not presented.

EL CENTRO ELEMENTARY SCHOOL DISTRICT
SCHEDULE OF CHARTER SCHOOLS
YEAR ENDED JUNE 30, 2018

TABLE D-5

The El Centro Elementary School District charters three charter schools:

<u>Charter Schools</u>	<u>Charter Number</u>	<u>Included In Audit?</u>
Ballington Academy for the Arts and Sciences	#1030	No
Imperial Valley Home School Academy	#1249	Yes
Imagine Schools at Imperial Valley	#1044	No

EL CENTRO ELEMENTARY 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	13526	\$ -	\$ 975,451
National School Lunch Program - Section 4	10.555	13391	-	244,809
National School Lunch Program - Meal Supplement	10.555	13392	-	158,504
National School Lunch Program - Noncash Commodities	10.555	13396	-	153,613
National School Lunch Program - Section 11	10.555	13396	-	1,560,886
Total Passed Through State Department of Education			-	3,093,263
Total U. S. Department of Agriculture			-	3,093,263
Total Child Nutrition Cluster			-	3,093,263
MEDICAID CLUSTER:				
<u>U. S. Department of Health and Human Services</u>				
Passed Through State Department of Education:				
Medi-Cal Billing Option	93.778	10013	-	357,414
Medi-Cal MAA	93.778	10013	-	238,925
Total Passed Through State Department of Education			-	596,339
Total U. S. Department of Health and Human Services			-	596,339
Total Medicaid Cluster			-	596,339
SPECIAL EDUCATION (IDEA) CLUSTER:				
<u>U. S. Department of Education</u>				
Passed Through State Department of Education:				
IDEA Basic Early Intervention	84.027	10119	-	3,136
IDEA Basic	84.027	13379	-	943,831
IDEA Quality Assurance	84.027	13693	-	32,600
Total Passed Through State Department of Education			-	979,567
Total U. S. Department of Education			-	979,567
Total Special Education (IDEA) Cluster			-	979,567
OTHER PROGRAMS:				
<u>U. S. Department of Education</u>				
Passed Through State Department of Education:				
Title I	84.010	14329	-	2,516,700
Migrant Education	84.011	14838	-	393,321
Title III	84.365	14346 & 15146	2,771	324,678
Title II Supporting Effective Instruction	84.367	14341	11,600	394,627
Total Passed Through State Department of Education			14,371	3,629,326
Total U. S. Department of Education			14,371	3,629,326
<u>U. S. Department of Agriculture</u>				
Passed Through State Department of Education:				
National School Lunch Equipment Assistance	10.579	14906	-	28,468
Total U. S. Department of Agriculture			-	28,468
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 14,371	\$ 8,326,963

The accompanying notes are an integral part of this schedule.

EL CENTRO ELEMENTARY 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 6.37% 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:

Program	CFDA #	Indirect Cost Rate
Title I	84.010	5.86%
Migrant Education	84.011	6.13%
Title III	84.365	2.00%
Child Nutrition Cluster	10.553 & 10.555	4.40%

Schoolwide Program

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

Program	CFDA #	Amount Expended
Title I	84.010	\$2,516,700

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
El Centro Elementary School District
El Centro, California 92243

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 El Centro Elementary School District, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise El Centro Elementary School District's basic financial statements, and have issued our report thereon dated October 15, 2018.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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 El Centro Elementary 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 Hubley King & Co., LLP

El Cajon, California
November 9, 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
El Centro Elementary School District
El Centro, California 92243

Members of the Board of Trustees:

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

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

El Cajon, California
November 9, 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
El Centro Elementary School District
El Centro, California 92243

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	N/A
Instructional Time	Yes
Instructional Materials.....	Yes
Ratio of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	N/A
GANN Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	N/A
Middle or Early College High Schools	N/A
K-3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	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	Yes
Before School	N/A
General Requirements	Yes
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study-Course Based	N/A
CHARTER SCHOOLS:	
Attendance	Yes
Mode of Instruction	Yes
Nonclassroom-Based Instruction/Independent Study.....	Yes
Determination of Funding for Nonclassroom-Based Instruction	Yes
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, El Centro Elementary 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 Hobbly King & Co., LLP

El Cajon, California
November 9, 2018

Findings and Recommendations Section

EL CENTRO ELEMENTARY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018

A. Summary of Auditor's Results

1. Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

One or more material weaknesses identified? Yes X No

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

Noncompliance material to financial statements noted? Yes X No

2. Federal Awards

Internal control over major programs:

One or more material weaknesses identified? Yes X No

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

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

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

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.553, 10.555 93.778	Child Nutrition Cluster Medi-Cal

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

EL CENTRO ELEMENTARY 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

EL CENTRO ELEMENTARY SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2018

<u>Finding/Recommendation</u>	<u>Current Status</u>	<u>Management's Explanation If Not Implemented</u>
There were no audit findings for the year ended June 30, 2017		

APPENDIX C

GENERAL INFORMATION ABOUT THE CITY OF EL CENTRO AND IMPERIAL COUNTY

The following information concerning the City of El Centro (the "City") Imperial County (the "County") is included only for the purpose of supplying general information regarding the area of the District. The Bonds are not a debt of the City, the County, the State or any of its political subdivisions, and neither the City, the County, the State nor any of its political subdivisions is liable therefor.

General

The City. The City of El Centro (the "**City**") is approximately 11 square miles and located 616 miles southeast of San Francisco, 117 miles east of San Diego, 245 miles west of Phoenix, Arizona and just 15 minutes from the international industrial complexes in Mexicali, Baja California. The City was incorporated in 1908 and is the regional administrative and commercial center for the County. El Centro is accessible via Interstate 8, State Highway 86 and State Highway 111.

The County. Imperial 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. 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.

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Population

The following table shows population estimates for the City and County for the past five years as of January 1.

**COUNTY OF IMPERIAL
Population Estimates
Calendar Years 2015 through 2019
As of January 1**

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 ⁽¹⁾	184,569	186,019	187,921	189,623	190,266

(1) Totals may not add due to rounding.

Source: U.S. Census and State of California, Department of Finance.

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Employment and Industry

The District is included in the El Centro Metropolitan Statistical area (“MSA”). The unemployment rate in the 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 following table shows the average annual estimated numbers of wage and salary workers by industry. The table does not include proprietors, the self-employed, unpaid volunteers or family workers, domestic workers in households, and persons in labor management disputes.

**EL CENTRO METROPOLITAN STATISTICAL AREA
(COUNTY OF IMPERIAL)
Annual Average Civilian Labor Force,
Unemployment and Employment by Industry
Calendar Years 2014 through 2018
(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%
Wage and Salary Employment: ⁽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
Finance and Insurance	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.

Major Employers

The following table lists the major employers within the County as of May 2019.

COUNTY OF IMPERIAL Major Employers (Listed Alphabetically)

<u>Employer Name</u>	<u>Location</u>	<u>Industry</u>
8A Packing LLC	El Centro	Labor Organizations
Academic Services	Imperial	University-College Dept/Facility/Office
Allstar Seed Co	El Centro	Seeds & Bulbs-Wholesale
Calipatria State Prison	Calipatria	Government Offices-State
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-U.S.
Vulcan-Bn Geothermal Power	Calipatria	Power Plants
Walmart Supercenter	Calexico	Department Stores
Walmart Supercenter	El Centro	Department Stores
Walmart Supercenter	Brawley	Department Stores

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

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Effective Buying Income

“Effective Buying Income” is defined as personal income less personal tax and nontax 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), nontax 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 County, the State and the United States for the period 2015 through 2019:

**CITY OF EL CENTRO; IMPERIAL COUNTY;
STATE OF CALIFORNIA; UNITED STATES
Effective Buying Income
2015 through 2019**

Year	Area	Total Effective Buying Income (000's Omitted)	Median Household Effective Buying Income
2015	City of El Centro	\$665,138	\$37,943
	Imperial County	2,374,243	36,760
	California	901,189,699	50,072
	United States	7,357,153,421	45,448
2016	City of El Centro	\$761,095	\$42,783
	Imperial County	2,691,905	40,946
	California	981,231,666	53,589
	United States	7,757,960,399	46,738
2017	El Centro	\$722,438	\$39,086
	Imperial County	2,662,288	37,868
	California	1,036,142,723	55,681
	United States	8,132,748,136	48,043
2018	City of El Centro	\$735,611	\$40,563
	Imperial County	2,754,282	39,772
	California	1,113,648,181	59,646
	United States	8,640,770,229	50,735
2019	El Centro	\$765,788	\$43,968
	Imperial County	2,916,886	43,330
	California	1,183,264,399	62,637
	United States	9,017,967,563	52,841

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

Commercial Activity

Summaries of historic taxable sales within the City and County during the past five years in which data is available are shown in the following tables. Figures are not yet available for calendar year 2018.

Total taxable sales during the first quarter of calendar year 2018 in the City were reported to be \$261,623,625, a 7.45% increase from the total taxable sales of \$243,476,754 reported during the first quarter of calendar year 2017.

CITY OF EL CENTRO
Taxable Retail Sales
Number of Permits and Valuation of Taxable Transactions
(Dollars in Thousands)

	<u>Retail Stores</u>		<u>Total All Outlets</u>	
	<u>Number of Permits</u>	<u>Taxable Transactions</u>	<u>Number of Permits</u>	<u>Taxable Transactions</u>
2013	596	\$805,305	951	\$980,923
2014	616	799,964	953	989,237
2015 ⁽¹⁾	621	786,379	1,001	962,198
2016	622	786,054	1,024	963,356
2017	589	820,209	976	1,003,443

(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, an 36.84% increase from the total taxable sales of \$587,425,874 reported during the first quarter of calendar year 2017.

IMPERIAL COUNTY
Taxable Retail Sales
Number of Permits and Valuation of Taxable Transactions
(Dollars in Thousands)

	<u>Retail Stores</u>		<u>Total All Outlets</u>	
	<u>Number of Permits</u>	<u>Taxable Transactions</u>	<u>Number of Permits</u>	<u>Taxable Transactions</u>
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 Activity

Provided below are the building permits and valuations for the City and the County, for calendar years 2013 through 2017. Annual figures for 2018 are not yet available.

CITY OF EL CENTRO Total Building Permit Valuations (Valuations in Thousands)

Permit Valuation	2013	2014	2015	2016	2017
New Single-family	\$1,961.3	\$7,514.0	\$3,057.8	\$1,631.5	\$970.4
New Multi-family	0.0	0.0	6,424.5	0.0	0.0
Res. Alterations/Additions	<u>986.0</u>	<u>702.6</u>	<u>1,447.0</u>	<u>1,126.3</u>	<u>1,566.9</u>
Total Residential ⁽¹⁾	2,947.3	8,216.6	10,929.3	2,757.8	2,537.3
New Commercial	7,198.6	4,506.0	11,702.3	2,929.2	12,556.7
New Industrial	0.0	0.0	0.0	139.2	0.0
New Other	1,360.3	804.0	1,540.2	1,941.9	1,221.3
Com. Alterations/Additions	<u>8,974.7</u>	<u>4,954.5</u>	<u>5,298.5</u>	<u>4,582.8</u>	<u>3,900.8</u>
Total Nonresidential ⁽¹⁾	17,533.6	10,264.5	18,541.0	9,593.1	17,678.8
<u>New Dwelling Units</u>					
Single Family	9	40	14	8	7
Multiple Family	<u>0</u>	<u>0</u>	<u>76</u>	<u>0</u>	<u>0</u>
TOTAL	9	40	90	8	7

(1) Totals may not add due to rounding.

Source: Construction Industry Research Board, Building Permit Summary.

IMPERIAL COUNTY Total Building Permit Valuations (Valuations in Thousands)

Permit Valuation	2013	2014	2015	2016	2017
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	7761.8	733.7
Res. Alterations/Additions	<u>4,389.1</u>	<u>4,211.5</u>	<u>6,386.9</u>	<u>10004.3</u>	<u>5,166.4</u>
Total Residential ⁽¹⁾	71,785.7	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 ⁽¹⁾	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>33</u>	<u>41</u>	<u>8</u>
TOTAL	334	238	158	271	199

(1) Totals may not add due to rounding.

Source: Construction Industry Research Board, Building Permit Summary.

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APPENDIX D

PROPOSED FORM OF OPINION OF BOND COUNSEL

[LETTERHEAD OF JONES HALL]

August 14, 2019

Board of Trustees
El Centro Elementary School District
1256 Broadway
El Centro, California 92243

OPINION: \$4,000,000 El Centro Elementary School District (Imperial County, California) General Obligation Bonds, Election of 2016, Series B (Bank Qualified)

Members of the Board of Trustees:

We have acted as bond counsel to the El Centro Elementary School District (the "District") in connection with the issuance by the District of \$4,000,000 principal amount of El Centro Elementary School District (Imperial County, California) General Obligation Bonds, Election of 2016, Series B (Bank Qualified), 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 June, 11, 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 Resolution and the Bonds.
2. The 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

\$4,000,000

EL CENTRO ELEMENTARY SCHOOL DISTRICT
(Imperial County, California)
General Obligation Bonds
Election of 2016, Series B
(Bank Qualified)

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (this “**Disclosure Certificate**”) is executed and delivered by the El Centro Elementary 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 June, 11, 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*” Piper Jaffray & Co., 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, and the District's most recently adopted budget. 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, financial information and operating data with respect to the District for the preceding fiscal year which is customarily prepared by the District and is publicly available, which shall include:

- (i) budget for the current fiscal year;
- (ii) current fiscal year assessed valuation of taxable properties in the District;
- (iii) the top twenty property owners in the District based on assessed valuation in the current fiscal year; and
- (iv) property tax levies, collections and delinquencies if no longer on the Teeter Plan.

(c) In addition to any of the information expressly required to be provided under paragraphs (a) and (b) 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.

(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.

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 Municipal Securities Rulemaking Board 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: August 14, 2019

EL CENTRO ELEMENTARY 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: El Centro Elementary School District (the "District")
Name of Bond Issue: \$4,000,000 El Centro Elementary School District General
Obligation Bonds, Election of 2016, Series B (Bank Qualified)
Date of Issuance: August 14, 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 August 14, 2019. The District anticipates that the Annual Report will be filed by _____.

Dated: _____

DISSEMINATION AGENT:

By: _____
Its: _____

cc: Paying Agent and Participating Underwriter

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 Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com. *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.

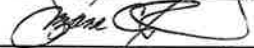
3 MONTH HISTORY OF CASH AND INVESTMENTS:

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CURRENT \$ 667,323,143.58

LAST MONTH \$ 679,733,225.99

PREVIOUS MONTH \$ 697,512,703.03

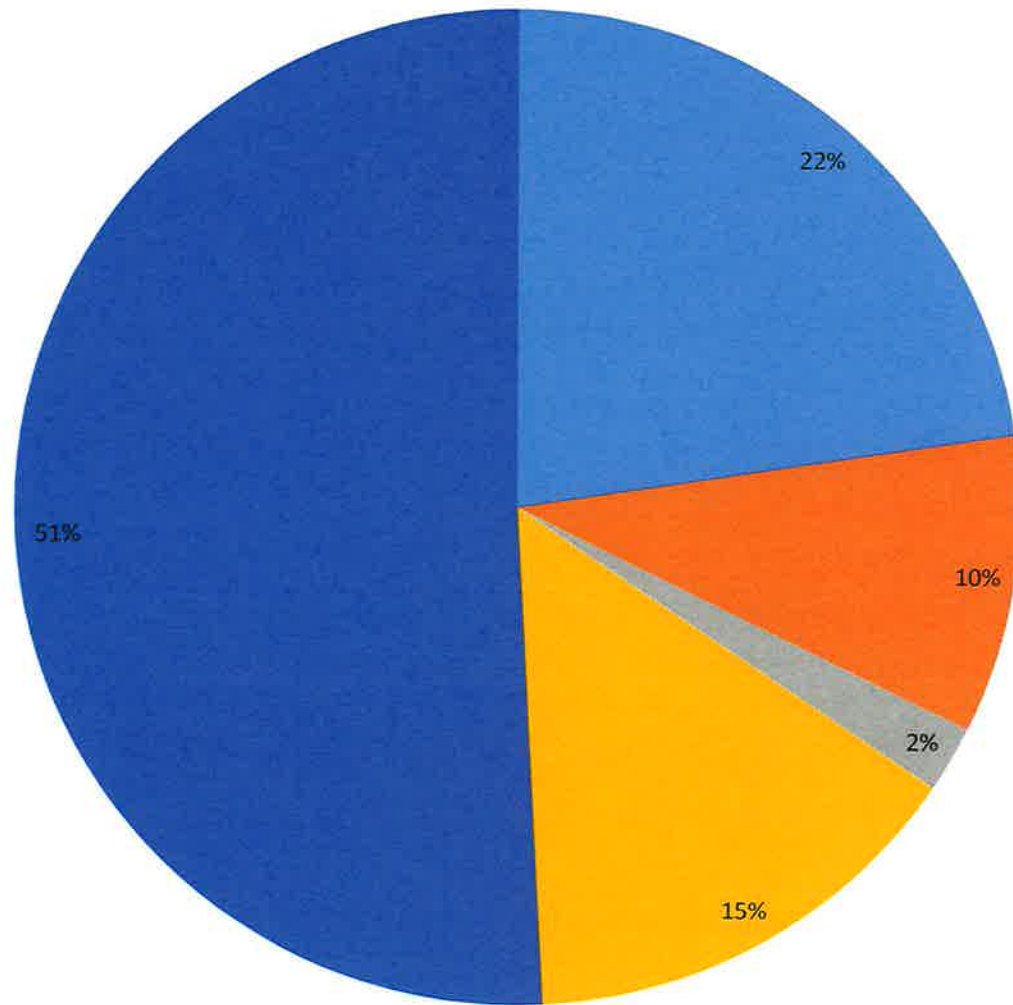

 Karen Vogel, Treasurer-Tax Collector 3/18/19

Reporting period 02/01/2019-02/28/2019

Run Date: 03/13/2019 - 14:46

Portfolio PTS
 CP
 PM (PRF_PM1) 7.3.0
 Report Ver. 7.3.3b

IMPERIAL COUNTY TREASURER
Portfolio Management
Portfolio Summary
Book Value by Investment Type
As of February 2019



- Passbook/Checking Accounts
- LAIF / HIGHMARK CAPITAL / ZBA
- Certificates of Deposit - Bank
- Negotiable CD's
- Federal Agency Issues - Coupon

IMPERIAL COUNTY TREASURER
Portfolio Management
Portfolio Details - Investments
February 28, 2019

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	YTM 360	YTM 365	Days to Maturity	Maturity Date
LAIF / HIGHMARK CAPITAL / ZBA												
SYS1-05015	1-05015	Local Agency Invstmt Fund			64,500,000.00	64,500,000.00	64,500,000.00	2.400	2.367	2.400	1	
SYS17-RABOMM	17-RABOMM	Rabobank, N.A.			0.00	0.00	0.00	0.200	0.197	0.200	1	
Subtotal and Average			64,500,000.00		64,500,000.00	64,500,000.00	64,500,000.00		2.367	2.400	1	
Certificates of Deposit - Bank												
SYS 4-053118	4-053118	1st. Oklahoma Bank		05/31/2018	245,000.00	245,000.00	245,000.00	2.220	2.190	2.220	457	05/31/2020
SYS 4-070717	4-070717	First Republic Bank		07/07/2017	245,000.00	245,000.00	245,000.00	1.490	1.470	1.490	127	07/06/2019
4-022219	4-022219	Academy Bank N.A.		02/22/2019	245,000.00	245,000.00	245,000.00	2.900	2.860	2.900	724	02/22/2021
SYS 4-060718	4-060718	Asian Pacific National Bank		06/07/2018	245,000.00	245,000.00	245,000.00	2.350	2.318	2.350	464	06/07/2020
SYS 4-033017	4-033017	Banc of California		03/30/2017	245,000.00	245,000.00	245,000.00	1.250	1.233	1.250	29	03/30/2019
SYS 4-102618	4-102618	Bank of the Valley		10/26/2018	245,000.00	245,000.00	245,000.00	3.000	2.959	3.000	480	06/23/2020
SYS 4-081618	4-081618	Bank Of The West		08/16/2018	245,000.00	245,000.00	245,000.00	2.390	2.357	2.390	546	08/28/2020
4-021319B	4-021319B	Broadway Federal Bank		02/13/2019	100,000.00	100,000.00	100,000.00	2.600	2.564	2.600	531	08/13/2020
SYS 4-071318	4-071318	Broadway Federal Bank		07/13/2018	145,000.00	145,000.00	145,000.00	2.220	2.190	2.220	500	07/13/2020
4-012619	4-012619	Cathay Bank		01/26/2019	245,000.00	245,000.00	245,000.00	2.400	2.367	2.400	331	01/26/2020
SYS 4-032218	4-032218	Central Bank		03/22/2018	245,000.00	245,000.00	245,000.00	2.200	2.170	2.200	387	03/22/2020
SYS 4-010819	4-010819	CEN TRUST BANK		01/08/2019	245,000.00	245,000.00	245,000.00	2.850	2.811	2.850	648	12/08/2020
SYS 4-120817	4-120817	Commonwealth Business Bank		12/08/2017	240,000.00	240,000.00	240,000.00	1.300	1.300	1.318	99	06/08/2019
SYS 4-030218A	4-030218A	Community West Bank		03/02/2018	245,000.00	245,000.00	245,000.00	2.350	2.318	2.350	367	03/02/2020
SYS 4-070617	4-070617	Commerce State Bank		07/06/2017	245,000.00	245,000.00	245,000.00	1.700	1.677	1.700	127	07/06/2019
SYS 4-122217	4-122217	Community Valley Bank		12/22/2017	245,000.00	245,000.00	245,000.00	1.450	1.430	1.450	113	06/22/2019
SYS 4-072017	4-072017	Crestmark Bank		07/20/2017	245,000.00	245,000.00	245,000.00	1.850	1.825	1.850	141	07/20/2019
SYS 4-032218A	4-032218A	Dickinson County Bank		03/22/2018	245,000.00	245,000.00	245,000.00	2.000	1.973	2.000	387	03/22/2020
SYS 4-101518	4-101518	DMB Community Bank		10/15/2018	245,000.00	245,000.00	245,000.00	2.700	2.663	2.700	594	10/15/2020
SYS4-011019	4-011019	EH NATIONAL BANK		01/10/2019	245,000.00	245,000.00	245,000.00	2.660	2.624	2.660	406	04/10/2020
SYS 4-052317	4-052317	First Internet Bank of Indiana		05/23/2017	245,000.00	245,000.00	245,000.00	1.610	1.588	1.610	83	05/23/2019
SYS 4-031218	4-031218	Flagstar Bank, FSB		03/12/2018	245,000.00	245,000.00	245,000.00	2.100	0.000	0.000	377	03/12/2020
SYS4-101818S	4-101818S	First Natnl Bank		10/18/2018	245,000.00	245,000.00	245,000.00	2.400	2.367	2.400	231	10/18/2019
SYS4-112918	4-112918	FIRST CAROLINA BK		11/29/2018	245,000.00	245,000.00	245,000.00	2.700	0.000	0.000	639	11/29/2020
SYS4-102518	4-102518	Great Midwest Bank		10/25/2018	245,000.00	245,000.00	245,000.00	3.070	3.070	3.113	605	10/26/2020
4-020519	4-020519	HAB Bank		02/05/2019	245,000.00	245,000.00	245,000.00	2.750	2.712	2.750	707	02/05/2021
4-012319	4-012319	Harvard State Bank		01/23/2019	245,000.00	245,000.00	245,000.00	2.780	2.742	2.780	694	01/23/2021
4-020619	4-020619	Heritage Bank of St. Tammany		02/06/2019	245,000.00	245,000.00	245,000.00	2.700	2.663	2.700	708	02/06/2021
SYS4-090618	4-090618	Israel Discount Bank of NY		09/06/2018	245,000.00	245,000.00	245,000.00	2.716	0.000	0.000	557	09/08/2020
SYS4-071317	4-071317	Industrial & Commercial		07/13/2017	245,000.00	245,000.00	245,000.00	1.490	1.470	1.490	134	07/13/2019
SYS4-051718	4-051718	International City Bank NA		05/17/2018	245,000.00	245,000.00	245,000.00	2.350	2.318	2.350	444	05/18/2020

IMPERIAL COUNTY TREASURER
Portfolio Management
Portfolio Details - Investments
February 28, 2019

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	YTM 360	YTM 365	Days to Maturity	Maturity Date
Certificates of Deposit - Bank												
SYS4-063017	4-063017	Kansas State Bank of Manhattan		06/30/2017	245,000.00	245,000.00	245,000.00	1.740	1.716	1.740	121	06/30/2019
SYS4-021218	4-021218	Latino Community CU		02/12/2018	245,000.00	245,000.00	245,000.00	2.300	2.268	2.300	348	02/12/2020
4-021319A	4-021319A	Modern Bank National Associatn		02/13/2019	245,000.00	245,000.00	245,000.00	3.010	2.969	3.010	715	02/13/2021
SYS4-060817	4-060817	Merrick Bank		06/08/2017	245,000.00	245,000.00	245,000.00	1.660	1.637	1.660	99	06/08/2019
SYS4-101018	4-101018	Midwest Regional Bank		10/10/2018	245,000.00	245,000.00	245,000.00	3.000	0.000	0.000	436	05/10/2020
4-021319	4-021319	Northern Bank & Trust Company		02/13/2019	245,000.00	245,000.00	245,000.00	2.750	2.712	2.750	531	08/13/2020
4-020619A	4-020619A	Northwest Bank		02/06/2019	245,000.00	245,000.00	245,000.00	2.700	2.663	2.700	708	02/06/2021
SYS4-070518	4-070518	Origin Bank		07/05/2018	245,000.00	245,000.00	245,000.00	2.000	1.973	2.000	492	07/05/2020
SYS4-040518	4-040518	Pacific Alliance Bank		04/05/2018	245,000.00	245,000.00	245,000.00	2.130	2.101	2.130	401	04/05/2020
SYS4-010818	4-010818	Pacific Enterprise Bank		01/08/2018	245,000.00	245,000.00	245,000.00	2.000	1.973	2.000	312	01/07/2020
SYS4-061517	4-061517	Pacific Mercantile		06/15/2017	244,000.00	244,000.00	244,000.00	1.850	1.825	1.850	106	06/15/2019
SYS4-120718	4-120718	PARAMOUNT BANK		12/07/2018	245,000.00	245,000.00	245,000.00	2.700	2.663	2.700	464	06/07/2020
SYS4-091418	4-091418	Plains State Bank		09/14/2018	245,000.00	245,000.00	245,000.00	2.360	2.328	2.360	197	09/14/2019
SYS4-030918	4-030918	Pacific Premier Bank		03/09/2018	245,000.00	245,000.00	245,000.00	2.150	2.150	2.180	374	03/09/2020
SYS4-011619	4-011619	PREFERRED BANK		01/16/2019	245,000.00	245,000.00	245,000.00	2.800	2.800	2.839	687	01/16/2021
SYS4-060317	4-060317	Premier Business Bank		06/03/2017	245,000.00	245,000.00	245,000.00	1.650	1.627	1.650	94	06/03/2019
SYS4-081618	4-081618S	Royal Business Bank		08/16/2018	245,000.00	245,000.00	245,000.00	2.600	2.564	2.600	534	08/16/2020
SYS4-050418	4-050418	Security State Bank of Wewoka		05/04/2018	245,000.00	245,000.00	245,000.00	2.250	2.219	2.250	430	05/04/2020
4-012319A	4-012319A	Sargent County Bank		01/23/2019	245,000.00	245,000.00	245,000.00	2.750	2.712	2.750	694	01/23/2021
SYS4-101018S	4-101018S	Seaside National Bank & Trust		10/10/2018	245,000.00	245,000.00	245,000.00	2.700	2.663	2.700	589	10/10/2020
SYS4-101918	4-101918	State Bank of Texas		10/19/2018	245,000.00	245,000.00	245,000.00	2.800	2.762	2.800	598	10/19/2020
SYS4-112817	4-112817	Sterling SB and Trust		11/28/2017	245,000.00	245,000.00	245,000.00	1.540	0.000	0.000	29	03/30/2019
4-012319B	4-012319B	Summit State Bank		01/23/2019	245,000.00	245,000.00	245,000.00	2.860	2.860	2.900	694	01/23/2021
SYS 4-021218	4-021218A	Bank of Hope BBC		02/11/2018	245,000.00	245,000.00	245,000.00	1.600	1.578	1.600	163	08/11/2019
SYS4-060917	4-060917	Triumph Savings Bank, SSB		06/09/2017	245,000.00	245,000.00	245,000.00	1.550	1.529	1.550	100	06/09/2019
SYS4-092118	4-092118	US Metro Bank		09/21/2018	245,000.00	245,000.00	245,000.00	2.650	2.614	2.650	570	09/21/2020
SYS4-112918A	4-112918A	VERITEX COMMUNITY BANK		11/29/2018	245,000.00	245,000.00	245,000.00	2.820	0.000	0.000	639	11/29/2020
SYS4-121118	4-121118	WELCH STATE BANK		12/11/2018	245,000.00	245,000.00	245,000.00	2.800	0.000	0.000	651	12/11/2020
SYS4-071417	4-071417	Woori America Bank		07/14/2017	245,000.00	245,000.00	245,000.00	1.490	1.470	1.490	135	07/14/2019
Subtotal and Average			14,313,428.57		14,449,000.00	14,449,000.00	14,449,000.00		1.970	1.997	407	
Negotiable CD's												
319428AG3	7-021017	FIRST CENTURY BANK		02/10/2017	245,000.00	241,102.05	245,000.00	1.850	1.826	1.851	712	02/10/2021
31904JAE0	7-022618	FIRST BANK & TRUST OF FULLERTO		02/26/2018	245,000.00	240,879.10	245,000.00	2.550	2.516	2.551	1,456	02/24/2023
320636AC7	7-073117	First Iowa State Bank		07/31/2017	245,000.00	238,566.30	245,000.00	1.900	1.877	1.903	1,067	01/31/2022
32110YHC2	7-051116	First National Bank of America		05/11/2016	245,000.00	238,061.60	245,000.00	1.400	1.382	1.401	802	05/11/2021

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
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

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
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

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
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

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
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

Portfolio PTS
CP

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
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

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
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

Portfolio PTS
CP

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
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

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
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

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
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

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
Negotiable CD's												
845182BQ6	7-082418A	SOUTHWEST NATIONAL BANK		08/24/2018	245,000.00	245,747.25	245,000.00	2.900	2.863	2.903	907	08/24/2021
839145AA7	7-092917	SOUTH OTTUMWA SAVINGS BANK		09/29/2017	245,000.00	237,623.05	245,000.00	2.050	2.023	2.051	1,308	09/29/2022
84287PFU1	7-120718	SOUTHERN FIRST BANK		12/07/2018	245,000.00	246,048.60	245,000.00	2.900	2.743	2.781	557	09/08/2020
84470QJG3	7-012319	SOUTHSIDE BANK		01/23/2019	245,000.00	245,154.35	245,000.00	2.550	2.515	2.550	328	01/23/2020
849430AS2	7-090817C	SPRING BANK		09/08/2017	245,000.00	237,392.75	245,000.00	2.000	1.974	2.001	1,287	09/08/2022
81488PAY1	7-083117A	SECURITY SAVINGS BANK		08/31/2017	245,000.00	239,818.25	245,000.00	1.900	1.875	1.901	914	08/31/2021
81489TAW6	7-032818A	SECURITY STATE BANK		03/28/2018	245,000.00	243,059.60	245,000.00	2.800	2.763	2.802	1,488	03/28/2023
85512RBM3	7-021219A	STAR FINANCIAL BANK		02/12/2019	245,000.00	244,573.70	245,000.00	2.600	2.568	2.603	714	02/12/2021
856309AL3	7-101316A	STATE BANK OF LIZTON		10/13/2016	245,000.00	242,155.55	245,000.00	1.200	1.184	1.201	318	01/13/2020
857894SWO	7-021317	Stearns Bk NA St. Cloud		02/13/2017	245,000.00	242,946.90	245,000.00	1.600	1.578	1.600	346	02/10/2020
843879BD8	7-122917	SOUTHERN STATE BANK		12/29/2017	245,000.00	243,155.15	245,000.00	2.000	1.974	2.001	486	06/29/2020
86063QAB1	7-041218A	STIFEL BANK AND TRUST		04/12/2018	245,000.00	244,941.20	245,000.00	2.700	2.662	2.699	759	03/29/2021
85916VCM5	7-030218	STERLING BANK		03/02/2018	245,000.00	244,206.20	245,000.00	2.300	2.269	2.301	459	06/02/2020
86158RAT6	7-100318	STONE BANK		10/03/2018	245,000.00	245,923.65	245,000.00	3.050	3.010	3.052	1,312	10/03/2022
45157PAG5	7-051117A	ST. PAUL POSTAL EMPLOYEES		05/11/2017	245,000.00	241,366.65	245,000.00	1.750	1.729	1.753	630	11/20/2020
864088DL0	7-110917	STURGIS BANK & TRUST COMPANY		11/09/2017	245,000.00	241,986.50	245,000.00	1.900	1.876	1.902	619	11/09/2020
86604XKP0	7-011516A	Summit Community Bank		01/15/2016	245,000.00	243,525.10	245,000.00	1.800	1.777	1.802	686	01/15/2021
86801MAL5	7-011118A	SUNSTATE BANK		01/11/2018	245,000.00	242,214.35	245,000.00	2.050	2.024	2.052	682	01/11/2021
867352AA4	7-012519	SUNFLOWER BANK NATIONAL ASSOCI		01/25/2019	245,000.00	245,029.40	245,000.00	2.600	2.562	2.598	514	07/27/2020
86789VXR3	7-021219	SUNTRUST BANK		02/12/2019	245,000.00	245,673.75	245,000.00	3.000	2.958	2.999	1,260	08/12/2022
87043DAB3	7-090718A	SWEET WATER STATE BANK		09/07/2018	245,000.00	245,722.75	245,000.00	2.900	2.863	2.903	921	09/07/2021
87164XPQ3	7-022417	SYNCHRONY BANK		02/24/2017	245,000.00	241,173.10	245,000.00	2.300	2.268	2.300	1,091	02/24/2022
89388CCH9	7-030518	TRANSPORTATION ALLIANCE BANK I		03/05/2018	245,000.00	244,463.45	245,000.00	2.300	2.272	2.303	370	03/05/2020
87227RCJ1	7-122618	TCF NAT'L BANK		12/26/2018	245,000.00	245,389.55	245,000.00	2.700	2.663	2.700	483	06/26/2020
872308CR0	7-081018	TCM Bank National Association		08/10/2018	245,000.00	245,178.85	245,000.00	2.650	2.617	2.654	528	08/10/2020
17801GBU2	7-080618	THE CITY NATIONAL BANK OF METR		08/06/2018	245,000.00	246,070.65	245,000.00	3.050	3.010	3.052	1,256	08/08/2022
88241TAT7	7-071316	Texas Exchange Bank, ssb		07/13/2016	245,000.00	243,929.35	245,000.00	1.000	0.986	1.000	133	07/12/2019
062847BP2	7-051316	The Bank of Kaukauna		05/13/2016	245,000.00	239,901.55	245,000.00	1.400	1.382	1.401	804	05/13/2021
21685NAL1	7-110218	THE COOPERATIVE BANK		11/02/2018	245,000.00	245,703.15	245,000.00	2.800	2.763	2.801	521	08/03/2020
303117CR4	7-011119	THE FAHEY BANKING COMPANY		01/11/2019	245,000.00	245,056.35	245,000.00	2.600	2.562	2.598	497	07/10/2020
32117WAD4	7-011819	THE FIRST NATIONAL BANK OF ALB		01/18/2019	245,000.00	245,316.05	245,000.00	2.750	2.614	2.650	690	01/19/2021
366526AT8	7-100218	THE GARRETT STATE BANK		10/02/2018	245,000.00	245,551.25	245,000.00	2.750	2.713	2.751	489	07/02/2020
43732LAA6	7-101018A	THE HOME SAVINGS AND LOAN COM		10/10/2018	245,000.00	245,845.25	245,000.00	2.850	2.811	2.850	592	10/13/2020
743837DR4	7-112318	THE PROVIDENT BANK		11/23/2018	245,000.00	246,670.90	245,000.00	3.050	2.916	2.957	815	05/24/2021
88413QCC0	7-092718	THIRD FEDERAL SAVINGS AND LOA		09/27/2018	245,000.00	246,286.25	245,000.00	3.000	2.959	3.000	941	09/27/2021
88563LAE7	7-100518	THREE RIVERS		10/05/2018	245,000.00	246,046.15	245,000.00	2.900	2.864	2.904	584	10/05/2020

IMPERIAL COUNTY TREASURER
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
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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IMPERIAL COUNTY TREASURER
Portfolio Management
Portfolio Details - Investments
February 28, 2019

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	YTM 360	YTM 365	Days to Maturity	Maturity Date
Subtotal and Average			95,193,750.00		97,950,000.00	97,197,752.69	97,950,000.00		2.158	2.188	749	
Federal Agency Issues - Coupon												
3133EJ7C7	10-020619	Federal Farm Credit Bank		02/06/2019	5,000,000.00	5,010,250.00	5,000,000.00	2.700	2.663	2.700	1,803	02/06/2024
3133EJ4Q9	10-020619A	Federal Farm Credit Bank		02/06/2019	5,000,000.00	4,997,350.00	5,001,800.00	2.550	2.496	2.530	682	01/11/2021
3133EJDE6	10-021618	Federal Farm Credit Bank		02/16/2018	10,000,000.00	9,979,600.00	10,000,000.00	2.570	2.535	2.570	1,448	02/16/2023
3133EKAT3	10-021919	Federal Farm Credit Bank		02/19/2019	7,000,000.00	6,989,640.00	6,996,628.52	2.500	2.485	2.520	902	08/19/2021
3133EFK63	10-030416	Federal Farm Credit Bank		03/04/2016	5,000,000.00	4,934,700.00	5,000,000.00	1.250	1.233	1.250	369	03/04/2020
3133EJHC6	10-032118	Federal Farm Credit Bank		03/21/2018	8,000,000.00	8,008,400.00	8,000,000.00	2.600	2.564	2.600	1,116	03/21/2022
3133EJHD4	10-032218	Federal Farm Credit Bank		03/22/2018	5,000,000.00	4,990,250.00	5,000,000.00	2.480	2.446	2.480	752	03/22/2021
3133EHEC3	10-033017	Federal Farm Credit Bank		03/30/2017	10,000,000.00	9,844,200.00	10,000,000.00	1.800	1.775	1.800	760	03/30/2021
3133EFW52	10-040116	Federal Farm Credit Bank		04/01/2016	7,000,000.00	6,970,320.00	7,000,000.00	1.150	1.134	1.150	122	07/01/2019
3133EF3Y1	10-042116	Federal Farm Credit Bank		04/21/2016	4,000,000.00	3,962,960.00	4,000,000.00	1.020	1.006	1.020	234	10/21/2019
3133EF5T0	10-050316	Federal Farm Credit Bank		05/03/2016	7,000,000.00	6,870,850.00	7,000,000.00	1.700	1.677	1.700	794	05/03/2021
3133EHHG1	10-050317	Federal Farm Credit Bank		05/03/2017	4,952,000.00	4,865,835.20	4,952,000.00	1.750	1.726	1.750	794	05/03/2021
3133EHJA2	10-050817	Federal Farm Credit Bank		05/08/2017	10,000,000.00	9,878,700.00	10,000,000.00	1.550	1.529	1.550	434	05/08/2020
3133EHLG6	10-053017	Federal Farm Credit Bank		05/30/2017	8,000,000.00	7,978,560.00	8,000,000.00	1.320	1.302	1.320	90	05/30/2019
3133EHLH4	10-060117	Federal Farm Credit Bank		06/01/2017	8,000,000.00	7,827,440.00	8,000,000.00	1.875	1.849	1.875	1,188	06/01/2022
3133EET83	10-060315	Federal Farm Credit Bank		06/03/2015	5,000,000.00	4,943,250.00	5,000,000.00	1.650	1.627	1.650	460	06/03/2020
3133EJTB5	10-062718	Federal Farm Credit Bank		06/27/2018	10,000,000.00	10,069,900.00	10,000,000.00	2.800	2.762	2.801	1,153	04/27/2022
3133EJTF6	10-070618	Federal Farm Credit Bank		07/06/2018	10,000,000.00	10,027,800.00	10,000,000.00	2.700	2.663	2.700	854	07/02/2021
3133EJSD2	10-072418	Federal Farm Credit Bank		07/24/2018	10,000,000.00	10,103,400.00	10,000,000.00	2.890	2.850	2.890	1,571	06/19/2023
3133EJVG1	10-072518	Federal Farm Credit Bank		07/25/2018	5,000,000.00	5,003,250.00	5,000,000.00	3.220	3.176	3.220	1,607	07/25/2023
3133EJD48	10-100218	Federal Farm Credit Bank		10/02/2018	10,000,000.00	10,182,100.00	10,000,000.00	3.050	3.008	3.050	1,676	10/02/2023
3133EFKY2	10-102815	Federal Farm Credit Bank		10/28/2015	5,000,000.00	4,963,400.00	5,000,000.00	1.360	1.341	1.360	241	10/28/2019
3133EFND5	10-110515	Federal Farm Credit Bank		11/05/2015	5,000,000.00	4,962,550.00	4,992,250.00	1.370	1.391	1.410	249	11/05/2019
3133EJS83	10-110918	Federal Farm Credit Bank		11/09/2018	8,000,000.00	8,123,680.00	8,000,000.00	3.050	3.009	3.051	1,257	08/09/2022
3133EGL60	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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MUNICIPAL BOND INSURANCE POLICY

ISSUER:

Policy No: -N

BONDS: \$ in aggregate principal amount of

Effective Date:

Premium: \$

ASSURED GUARANTY MUNICIPAL CORP. ("AGM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of AGM, 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 Business Day next following the Business Day on which AGM shall have received Notice of Nonpayment, AGM will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by AGM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the 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 AGM. 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 AGM is incomplete, it shall be deemed not to have been received by AGM for purposes of the preceding sentence and AGM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, AGM shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by AGM hereunder. Payment by AGM to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AGM under this Policy.

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 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 AGM 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 of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the

United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to AGM which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount 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 or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

AGM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent 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 and the Paying Agent, (a) copies of all notices required to be delivered to AGM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to AGM and shall not be deemed received until received by both and (b) all payments required to be made by AGM under this Policy may be made directly by AGM or by the Insurer's Fiscal Agent on behalf of AGM. The Insurer's Fiscal Agent is the agent of AGM only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of AGM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, AGM 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 AGM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of AGM, 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, (a) 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 and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, ASSURED GUARANTY MUNICIPAL CORP. has caused this Policy to be executed on its behalf by its Authorized Officer.

ASSURED GUARANTY MUNICIPAL CORP.

By _____
Authorized Officer

A subsidiary of Assured Guaranty Municipal Holdings Inc.
31 West 52nd Street, New York, N.Y. 10019
(212) 974-0100