

**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, and 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."

**\$4,000,000
HOLTVILLE UNIFIED SCHOOL DISTRICT
(Imperial County, California)
General Obligation Bonds
Election of 2018, Series A
(Bank Qualified)**

Dated: Date of Delivery

Due: August 1, as shown on inside cover

Authority and Purpose. The Holtville Unified School District (Imperial County, California) General Obligation Bonds, Election of 2018, Series A (the "Bonds") are being issued by the Holtville Unified 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 April 15, 2019 (the "Bond Resolution"). The Bonds were authorized at an election of the registered voters of the District held on November 6, 2018, which authorized the issuance of \$10,000,000 principal amount of general obligation bonds for the purpose of financing the renovation, construction and improvement of school facilities. The Bonds are the first series of bonds to be issued under this authorization. See "THE BONDS – Authority for Issuance" and "THE FINANCING PLAN."

Security for the Bonds. The Bonds are general obligations of the District, payable solely from *ad valorem* property taxes levied and collected by Imperial County (the "County"). The County Board of Supervisors is empowered and is 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 as to 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."

Payments. The Bonds are dated the date of delivery, and will 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 August 1, 2019. Payments of principal of and interest on the Bonds will be made by The Bank of New York Mellon Trust Company, N.A., 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 – Optional Redemption" and "– Mandatory Sinking Fund Redemption"

No Reserve Fund. There is no reserve fund 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 DTC. Purchasers will not receive physical certificates representing their interests in the Bonds. See "THE BONDS – Description of the Bonds - Book-Entry Form" and "APPENDIX F - Book-Entry Only System."

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 front cover)**

Cover Page. This cover page contains information for quick reference only. It is not a summary of all the provisions of the Bonds. Investors must read the entire official statement to obtain information essential in making an informed investment decision.

The Bonds are offered when, as and if issued, subject to the approval as to their legality by Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel. Certain legal matters also will be passed upon for the District by Jones Hall, A Professional Law Corporation, San Francisco, California, as Disclosure Counsel. Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, is serving as counsel to the Underwriter. It is anticipated that the Bonds will be available for delivery to Cede & Co., as nominee of DTC, on or about June 5, 2019.



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

MATURITY SCHEDULE

BASE CUSIP^(†): 436650

HOLTVILLE UNIFIED SCHOOL DISTRICT
(Imperial County, California)
General Obligation Bonds
Election of 2018, Series A

\$1,285,000 Serial Bonds

Maturity Date (August 1)	Principal Amount	Interest Rate	Yield	CUSIP ^(†)
2020	\$70,000	4.000%	1.340%	FV2
2029	50,000	4.000	1.840 ^C	FW0
2030	60,000	4.000	1.990 ^C	FX8
2031	70,000	4.000	2.160 ^C	FY6
2032	80,000	4.000	2.290 ^C	FZ3
2033	95,000	4.000	2.370 ^C	GA7
2034	105,000	4.000	2.460 ^C	GB5
2035	120,000	4.000	2.560 ^C	GC3
2036	135,000	4.000	2.660 ^C	GD1
2037	150,000	4.000	2.720 ^C	GE9
2038	165,000	4.000	2.760 ^C	GF6
2039	185,000	4.000	2.800 ^C	GG4

\$1,240,000 - 5.000% Term Bond due August 1, 2044; Yield: 2.660%^C; CUSIP†: GH2
\$1,475,000 - 4.000% Term Bond due August 1, 2048; Yield: 3.020%^C; CUSIP†: GJ8

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

C: Yield to call at first optional redemption date of August 1, 2028 at par.

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.

Estimates and Projections. 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, 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.

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.

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.

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, but the Underwriter does not guarantee the accuracy or completeness of such information.

No Securities Laws Registration. The Bonds have not been registered under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, 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, counties described herein, the other parties described in this Official Statement, or the condition of the property within the District since the date of this Official Statement.

Stabilization of Market Price. In connection with the offering of the Bonds, the Underwriter may over allot or effect transactions which stabilize or maintain the market price of such Bonds at a level above that which might otherwise prevail in the open market. Such stabilization, if commenced, may be discontinued at any time.

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.

**HOLTVILLE UNIFIED SCHOOL DISTRICT
IMPERIAL COUNTY
STATE OF CALIFORNIA**

BOARD OF TRUSTEES

Kevin Grizzle, *President*
Jared Garewal, *Clerk*
Ben Abatti, *Member*
Robin Cartee, *Member*
Matt Hester, *Member*

DISTRICT ADMINISTRATIVE STAFF

Celso Ruiz, *Superintendent*
John-Paul Wells, *Assistant Superintendent, Business Services*

FINANCIAL ADVISOR

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

BOND COUNSEL and DISCLOSURE COUNSEL

Jones Hall, A Professional Law Corporation
San Francisco, California

UNDERWRITER'S COUNSEL

Stradling Yocca Carlson & Rauth, a Professional Corporation
Newport Beach, California

BOND REGISTRAR, TRANSFER AGENT AND PAYING AGENT

The Bank of New York Mellon Trust Company, N.A.
Dallas, Texas

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTION.....	1
THE BONDS.....	4
Authority for Issuance.....	4
Purpose of Issue; Financing Plan.....	4
Description of the Bonds.....	4
Book-Entry Only Form.....	5
Optional Redemption.....	5
Mandatory Sinking Fund Redemption.....	5
Notice of Redemption.....	6
Partial Redemption of Bonds.....	6
Right to Rescind Notice of Redemption.....	7
Registration, Transfer and Exchange of Bonds.....	7
Defeasance.....	7
SOURCES AND USES OF FUNDS.....	9
APPLICATION OF PROCEEDS OF BONDS.....	10
Building Fund.....	10
Debt Service Fund.....	10
Investment of Proceeds of Bonds.....	10
DEBT SERVICE SCHEDULES.....	11
SECURITY FOR THE BONDS.....	13
<i>Ad Valorem</i> Taxes.....	13
No Reserve 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 by Jurisdiction.....	17
Parcels by Land Use.....	18
Per Parcel Assessed Valuation of Single-Family Homes.....	19
Reassessments and Appeals of Assessed Value.....	19
Teeter Plan; Property Tax Collections.....	20
Tax Rates.....	21
Top Twenty Property Owners.....	22
Direct and Overlapping Debt Obligations.....	23
BOND INSURANCE.....	24
Bond Insurance Policy.....	24
Assured Guaranty Municipal Corp.....	24
CONTINUING DISCLOSURE.....	26
CERTAIN LEGAL MATTERS.....	27
Absence of Material Litigation.....	27
Legal Opinion.....	27
TAX MATTERS.....	27
Tax Exemption.....	27
Other Tax Considerations.....	29
RATINGS.....	29
UNDERWRITING.....	29
ADDITIONAL INFORMATION.....	30
EXECUTION.....	30
APPENDIX A - Audited Financial Statements of the District for Fiscal Year Ending June 30, 2018.....	A-1
APPENDIX B - General and Financial Information About the District.....	B-1
APPENDIX C - General Information About Imperial County.....	C-1
APPENDIX D - Form of Opinion of Bond Counsel.....	D-1
APPENDIX E - Form of Continuing Disclosure Certificate.....	E-1
APPENDIX F - Book-Entry Only System.....	F-1
APPENDIX G - Imperial County Investment Policy and Recent Investment Report.....	G-1
APPENDIX H - Specimen Municipal Bond Insurance Policy.....	H-1

[THIS PAGE INTENTIONALLY LEFT BLANK]

\$4,000,000
HOLTVILLE UNIFIED SCHOOL DISTRICT
(Imperial County, California)
General Obligation Bonds
Election of 2018, Series A
(Bank Qualified)

The purpose of this Official Statement, which includes the cover page, inside cover page and attached appendices, is to set forth certain information concerning the sale and delivery of the Holtville Unified School District (Imperial County, California) General Obligation Bonds, Election of 2018, Series A (the “**Bonds**”) by the Holtville Unified School District (the “**District**”). Capitalized terms used herein and not otherwise defined shall have the meanings assigned thereto in the Bond Resolution (defined herein).

INTRODUCTION

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

The District. The District encompasses an area of approximately 562 square miles in Imperial County (the “**County**”). The boundaries of the District include most of the area of the City of Holtville (the “**City**”), as well as unincorporated portions of the County. The District currently operates two elementary schools, one middle school, two high schools, an online alternative academy, and an adult education school. Enrollment in the District for the 2018-19 school year is approximately 1,578 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 information regarding the County.

Authority for Issuance; Purpose. The Bonds will be issued pursuant to the provisions of Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (commencing with Section 53506) (the “**Bond Law**”) and pursuant to a resolution adopted by the Board of Trustees of the District on April 15, 2019 (the “**Bond Resolution**”). The Bonds are the first series of bonds issued by the District pursuant to an election held by the District on November 6, 2018 (the “**Bond Election**”) in which more than 55% of the qualified electors of the District authorized the District to issue general obligation bonds in a principal amount of \$10,000,000 (the “**Authorization**”). The net proceeds of the Bonds will be used to finance school construction and improvements as approved by District voters at the Bond Election. See “THE BONDS – Authority for Issuance” and “– Purpose of Issue; Financing Plan,” and “SOURCES AND USES OF FUNDS” herein.

Payment and Registration of the Bonds. The Bonds mature in the years and in the amounts as 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 “THE BONDS” and “APPENDIX F - BOOK-ENTRY ONLY SYSTEM.”

Redemption. The Bonds are subject to redemption prior to their maturity as described in “THE BONDS - Optional Redemption” and “- Mandatory Sinking Fund Redemption.”

Security and Sources of Payment for the Bonds; No Reserve Fund. The Bonds are general obligation bonds of the District payable by the District solely from *ad valorem* property taxes levied on taxable property located in the District and collected by the County. The County is empowered and is obligated to annually levy *ad valorem* taxes for the payment by the District 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). There is no reserve fund for the Bonds. See “SECURITY FOR THE BONDS.”

The District has other series of general obligation bonds outstanding that are payable from *ad valorem* taxes levied on taxable property in the District. See “DEBT SERVICE SCHEDULES” and “DISTRICT FINANCIAL INFORMATION – Existing Debt Obligations- General Obligation Bonds” in Appendix B.

Bond Insurance. 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 appendix to this Official Statement. See “BOND INSURANCE” and “APPENDIX H – SPECIMEN MUNICIPAL BOND INSURANCE POLICY.”

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, is also serving as Disclosure Counsel to the District (“Disclosure Counsel”). Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, is serving as counsel to the Underwriter. *Payment of the fees of Bond Counsel, Disclosure Counsel and Underwriter’s Counsel is contingent upon issuance of the Bonds.*

Tax Matters; Bank Qualification. Assuming compliance with certain covenants and provisions of the Internal Revenue Code of 1986, as amended (the “Tax Code”), in the opinion of Bond Counsel, interest on the Bonds will not be includable in gross income for federal income tax purposes. In addition, 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 interest payable on the Bonds. Also, in the opinion of Bond Counsel, interest on the Bonds will be exempt from State of California (the “State”) personal income taxes. See “TAX MATTERS” and Appendix D hereto.

Continuing Disclosure. The District has covenanted and agreed that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate, dated the date of the Bonds and executed by the District (the “Continuing Disclosure Certificate”). The form of the Continuing Disclosure Certificate is included in Appendix E hereto. See “CONTINUING DISCLOSURE.”

Other Information. For limiting factors about this Official Statement, see “General Information About This Official Statement” inside the cover hereof. 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 by request to the Office of the District Superintendent at Holtville Unified School District, 621 E. Sixth Street, Holtville, California 92250; telephone (760) 356-2974. The District may impose a charge for copying, mailing and handling.

[END OF INTRODUCTION]

[Remainder of page intentionally left blank]

THE BONDS

Authority for Issuance

The Bonds will be issued under the Bond Law and the Bond Resolution. The District received authorization at the Bond Election, by more than the requisite fifty-five percent vote of the qualified electors to issue general obligation bonds in a principal amount of \$10,000,000.

Purpose of Issue; Financing Plan

The proceeds of bonds issued pursuant to the Authorization, including the Bonds, will be used to finance projects approved by the District's voters at the Bond Election. The abbreviated summary of the ballot measure (limited to 75 words or less) is as follows:

"To improve the quality of education; modernize outdated classrooms, restrooms and school facilities; and construct a new gymnasium/multipurpose room for school and community use; shall Holtville Unified School District issue \$10 million of bonds at legal interest rates, generating on average \$617,000 annually as long as bonds are outstanding at a rate of approximately 4 cents per \$100 assessed value, with annual audits, citizens' oversight committee, NO money for salaries and all money staying local?"

The Bonds described herein are the first series of bonds to be issued pursuant to the Authorization. See "DEBT SERVICE SCHEDULES" herein for the combined debt service due with respect to general obligation bonds and refunding general obligation bonds of the District, including the Bonds.

Description of the Bonds

The Bonds mature in the years and in the amounts and bear interest at the rates per annum all as set forth on the inside cover page hereof. Interest shall be computed based on a 360-day year of twelve 30-day months. 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" below and "APPENDIX F –Book-Entry Only System."

The Bonds will be issued in the denomination of \$5,000 principal amount each or any integral multiple thereof. Interest on the Bonds is payable semiannually on each February 1 and August 1, commencing August 1, 2019 (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 (the "**Record Date**"), in which event it will bear interest from such Interest Payment Date, or (iii) it is authenticated prior to July 15, 2019, in which event it will bear interest from the date of delivery thereof identified on the cover page. 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.

See the maturity schedule on the inside cover page of this Official Statement and “DEBT SERVICE SCHEDULES” herein.

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 The Depository Trust Company, New York, New York (“**DTC**”). Purchasers of the Bonds (the “**Beneficial Owners**”) 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 Bank of New York Mellon Trust Company, N.A. (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 of any other action premised on such notice. See “APPENDIX F - DTC AND THE BOOK-ENTRY ONLY SYSTEM.”

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

Optional Redemption

The Bonds maturing on or before August 1, 2028 are not subject to redemption prior to maturity. The Bonds maturing on or after August 1, 2029 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, 2028, 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, 2044 and August 1, 2048 (together, 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, 2044

Redemption Date (August 1)	Sinking Fund Redemption
2040	\$200,000
2041	225,000
2042	245,000
2043	270,000
2044 (maturity)	300,000

Term Bond Maturing August 1, 2048

Redemption Date (August 1)	Sinking Fund Redemption
2045	\$325,000
2046	355,000
2047	380,000
2048 (maturity)	415,000

If any Term Bonds are redeemed pursuant to the optional redemption provisions described above, the total amount of all future sinking fund payments with respect to the remaining Term Bonds shall be reduced by the aggregate principal amount of the 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 will cause notice of any redemption to be mailed, first class mail, postage prepaid, at least 20 days but not more than 60 days prior to the date fixed for redemption, to the respective owners of any Bonds designated for redemption, at their addresses appearing on the registration books maintained by the Paying Agent. Such notice may be a conditional notice of redemption and subject to rescission as set forth below. Such notice shall state the redemption date and the redemption price and, if less than all of the then outstanding Bonds are to be called for redemption, shall designate the serial numbers of the Bonds to be redeemed by giving the individual number of each Bond or by stating that all Bonds between two stated numbers, both inclusive, or by stating that all of the Bonds of one or more maturities have been called for redemption, and shall require that such Bonds be then surrendered at the office of the Paying Agent for redemption at the said redemption price, giving notice also that further interest on such Bonds will not accrue from and after the redemption date.

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 on the Bonds so called for redemption have been duly provided, the Bonds called for redemption 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 the notice.

Partial Redemption of Bonds

Upon the surrender of any Bond redeemed in part only, the District will execute and the Paying Agent will authenticate and deliver to the Owner thereof a new Bond or Bonds of like

maturity and of authorized denominations equal in transfer amounts to the unredeemed portion of the Bond surrendered. Such partial redemption will be valid upon payment of the amount required to be paid to such Owner, and the County and the District will be released and discharged thereupon from all liability to the extent of such payment.

Right to Rescind Notice of Optional 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 optional redemption will 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 owners of the Bonds or any other party related to or arising from any such rescission of redemption. The Paying Agent will 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 will 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 Register will be regarded as the absolute owner of that Bond. Payment of the principal of and interest on any Bond will be made only to or upon the order of that person; neither the District, the County nor the Paying Agent will 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 Dallas, Texas for a like aggregate principal amount of Bonds of authorized denominations and of the same maturity and series. 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

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, or an escrow agent selected by the District, 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;
- (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 County and 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; or
- (iii) Such amounts of money and investments in escrow or trust shall be in an amount which is certified by a certified public accountant to be sufficient to meet the requirements of Government Code Section 53558.

Upon the deposit, in trust, at or before maturity, of money or Federal 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), provided that, if such Bond is to be redeemed prior to maturity, notice of such redemption has been given as provided in Bond Resolution or provision satisfactory to the Paying Agent has been made for the giving of such notice, then all liability of the District in respect of such Bond will cease and be completely discharged, except only that thereafter the owner thereof will be entitled only to payment of the principal of and interest on such Bond by the District, and the District will remain liable for such payment, but only out of such money or securities deposited with the Paying Agent, or an escrow agent selected by the District, for such payment.

As defined in the Bond Resolution, the term “**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.

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	496,502.10
Total Sources	<u>\$4,496,502.10</u>

Uses of Funds

Deposit to Building Fund	\$4,000,000.00
Deposit to Debt Service Fund	294,945.56
Costs of Issuance ⁽¹⁾	201,556.54
Total Uses	<u>\$4,496,502.10</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, bond insurance premium, and the rating agency.

[Remainder of page intentionally left blank]

APPLICATION OF PROCEEDS OF BONDS

Building Fund

The proceeds from the sale of the Bonds, to the extent of the principal amount thereof, will be paid to the County Treasurer to the credit of the fund created and established in the Bond Resolution and known as the "Holtville Unified School District, Election of 2018, Series A Building Fund" (the "**Building Fund**"), which will be accounted for as separate and distinct from all other District and County funds. The proceeds will be used solely for the purposes for which the Bonds are being issued, including for the payment of permissible costs of issuance. All interest and other gain arising from the investment of proceeds of the Bonds shall be retained in the Building Fund and used for the purposes thereof. Any amounts remaining on deposit in the Building Fund and not needed for the purposes thereof will be withdrawn from the Building Fund and transferred to the Debt Service Fund established for the Bonds, to be applied to pay the principal of and interest on the Bonds. If excess amounts remain on deposit in the Building Fund after payment in full of the Bonds, any such excess amounts shall be transferred to the general fund of the District, to be applied for the purposes for which the Bonds have been authorized or otherwise in accordance with the Bond Law.

Debt Service Fund

As described herein under the heading "SECURITY FOR THE BONDS - Debt Service Fund," the County will hold funds for the Bonds in a fund used for indebtedness of the District (the "**Debt Service Fund**"). Accrued interest and premium, if any, received by the County from the sale of the Bonds will be deposited in the Debt Service Fund which, together with the collections of *ad valorem* taxes, will be used only for payment of principal of and interest on the Bonds. Interest earnings on the investment of monies held in the Debt Service Fund will be retained in the Debt Service Fund and used to pay the principal of and interest on the Bonds when due. Any moneys remaining in the Debt Service Fund after the Bonds and the interest thereon have been paid, will be transferred to any other interest and sinking fund for general obligation bond indebtedness of the District, and in the event there is no such debt outstanding, will be transferred to the District's general fund upon the order of the County Auditor, as provided in Section 15234 of the Education Code.

Investment of Proceeds of Bonds

Under California law, the District is generally required to pay all monies received from any source into the County Treasury to be held on behalf of the District. All amounts deposited into the Debt Service Fund, as well as proceeds of taxes held therein for payment of the Bonds, shall be invested at the sole discretion of the County Treasurer pursuant to law and the investment policy of the County. All amounts deposited in the Building Fund of the District shall be invested at the sole discretion of the County Treasurer. See Appendix G for the County's current Investment Policy and recent quarterly report. The County Treasurer neither monitors investments for arbitrage compliance, nor does it perform arbitrage calculations. The District shall maintain or cause to be maintained detailed records with respect to the applicable proceeds.

DEBT SERVICE SCHEDULES

Debt Service for the Bonds. The following table shows the annual debt service schedule with respect to the Bonds (assuming no optional redemptions).

HOLTVILLE UNIFIED SCHOOL DISTRICT Bond Debt Service Schedule

Date (August 1)	Principal	Interest	Total Debt Service
2019	--	\$26,817.78	\$26,817.78
2020	\$70,000.00	172,400.00	242,400.00
2021	--	169,600.00	169,600.00
2022	--	169,600.00	169,600.00
2023	--	169,600.00	169,600.00
2024	--	169,600.00	169,600.00
2025	--	169,600.00	169,600.00
2026	--	169,600.00	169,600.00
2027	--	169,600.00	169,600.00
2028	--	169,600.00	169,600.00
2029	50,000.00	169,600.00	219,600.00
2030	60,000.00	167,600.00	227,600.00
2031	70,000.00	165,200.00	235,200.00
2032	80,000.00	162,400.00	242,400.00
2033	95,000.00	159,200.00	254,200.00
2034	105,000.00	155,400.00	260,400.00
2035	120,000.00	151,200.00	271,200.00
2036	135,000.00	146,400.00	281,400.00
2037	150,000.00	141,000.00	291,000.00
2038	165,000.00	135,000.00	300,000.00
2039	185,000.00	128,400.00	313,400.00
2040	200,000.00	121,000.00	321,000.00
2041	225,000.00	111,000.00	336,000.00
2042	245,000.00	99,750.00	344,750.00
2043	270,000.00	87,500.00	357,500.00
2044	300,000.00	74,000.00	374,000.00
2045	325,000.00	59,000.00	384,000.00
2046	355,000.00	46,000.00	401,000.00
2047	380,000.00	31,800.00	411,800.00
2048	415,000.00	16,600.00	431,600.00
Total	\$4,000,000.00	\$3,884,067.78	\$7,884,067.78

[Remainder of page intentionally left blank]

Combined General Obligation Bonds Debt Service. The following table shows the combined debt service schedule with respect to the District's outstanding General Obligation Bonds, together with the Bonds, assuming no optional redemptions. See "Appendix B – GENERAL AND FINANCIAL INFORMATION ABOUT THE DISTRICT – DISTRICT GENERAL AND FINANCIAL INFORMATION – Long-Term Debt" for additional information.

**HOLTVILLE UNIFIED SCHOOL DISTRICT
Combined General Obligation Bond Debt Service Schedule**

Bond Year Ending Aug. 1	Series 2010 Bonds	Series 2012 Bonds	2012 Refunding Bonds	2014 Refunding Bonds	2016 Refunding Bonds	The Bonds	Total Debt Service
2019	--	\$49,000.00	\$193,950.00	\$152,787.50	\$55,850.00	\$26,817.78	\$478,405.28
2020	\$5,000.00	49,000.00	205,350.00	146,687.50	55,350.00	242,400.00	703,787.50
2021	--	49,000.00	225,625.00	150,687.50	54,600.00	169,600.00	649,512.50
2022	--	59,000.00	225,025.00	149,587.50	53,850.00	169,600.00	657,062.50
2023	5,000.00	58,500.00	239,250.00	148,350.00	53,100.00	169,600.00	673,800.00
2024	5,000.00	58,000.00	245,000.00	152,112.50	52,350.00	169,600.00	682,062.50
2025	10,000.00	62,500.00	250,000.00	150,612.50	51,600.00	169,600.00	694,312.50
2026	10,000.00	66,750.00	254,250.00	153,212.50	50,850.00	169,600.00	704,662.50
2027	5,000.00	80,750.00	267,750.00	150,612.50	50,350.00	169,600.00	724,062.50
2028	65,000.00	109,000.00	--	363,012.50	49,600.00	169,600.00	756,212.50
2029	75,000.00	115,750.00	--	361,812.50	53,850.00	219,600.00	826,012.50
2030	85,000.00	117,000.00	--	360,212.50	52,950.00	227,600.00	842,762.50
2031	95,000.00	123,000.00	--	363,212.50	52,050.00	235,200.00	868,462.50
2032	105,000.00	123,500.00	--	361,793.76	46,150.00	242,400.00	878,843.76
2033	120,000.00	103,750.00	--	365,012.50	45,400.00	254,200.00	888,362.50
2034	130,000.00	104,750.00	--	362,687.50	44,650.00	260,400.00	902,487.50
2035	230,000.00	110,500.00	--	--	328,900.00	271,200.00	940,600.00
2036	235,000.00	115,750.00	--	--	329,600.00	281,400.00	961,750.00
2037	540,000.00	115,500.00	--	--	--	291,000.00	946,500.00
2038	565,000.00	--	--	--	--	300,000.00	865,000.00
2039	570,000.00	--	--	--	--	313,400.00	883,400.00
2040	575,000.00	--	--	--	--	321,000.00	896,000.00
2041	--	--	--	--	--	336,000.00	336,000.00
2042	--	--	--	--	--	344,750.00	344,750.00
2043	--	--	--	--	--	357,500.00	357,500.00
2044	--	--	--	--	--	374,000.00	374,000.00
2045	--	--	--	--	--	384,000.00	384,000.00
2046	--	--	--	--	--	401,000.00	401,000.00
2047	--	--	--	--	--	411,800.00	411,800.00
2048	--	--	--	--	--	431,600.00	431,600.00
Total	\$3,430,000.00	\$1,671,000.00	\$2,106,200.00	\$3,892,393.76	\$1,481,050.00	\$7,884,067.78	\$20,464,711.54

[Remainder of page intentionally left blank]

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 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). In no event is the District obligated to pay principal of and interest and redemption premium, if any, on the Bonds out of any funds or properties of the District other than *ad valorem* taxes levied upon all taxable property in the District; provided, however, nothing in the Bond Resolution prevents the District from making advances of its own moneys howsoever derived to any of the uses or purposes permitted by law.

Other Bonds Payable from Ad Valorem Property Taxes. The District has previously issued other general obligation bonds, which are payable from *ad valorem* taxes on a parity basis. In addition to the general obligation bonds issued by the District, there is other debt issued by entities with jurisdiction in the District, which is payable from *ad valorem* taxes levied on parcels in the District. See "PROPERTY TAXATION – 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. See "PROPERTY TAXATION" below.

Statutory Lien on Ad Valorem Tax Revenues. Pursuant to Senate Bill 222 effective January 1, 2016, 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.

Economic and other factors beyond the District's control, such as economic recession, deflation of land 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.

No Reserve Fund

As described above, the Bonds are payable solely from the proceeds of an *ad valorem* tax levied and collected by the County. As a result, there is no reserve fund for the Bonds.

Debt Service Fund

As previously described herein, the County will establish the Debt Service Fund 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 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 District 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 become due and payable. If, after payment in full of the Bonds, any amounts remain on deposit in the Debt Service Fund, the District shall transfer such amounts to other debt service funds of the District with respect to outstanding general obligation bonds of the District, if any, and if none, then to its 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.

[Remainder of page intentionally left blank]

PROPERTY TAXATION

Property Tax Collection Procedures

In California, property which is subject to *ad valorem* taxes is classified as “secured” or “unsecured.” The “secured roll” is that part of the assessment roll containing (1) state assessed public utilities’ property and (2) property the taxes on which are a lien on real 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 1-1/2% 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. A bill enacted in 1983, Senate Bill 813 (Statutes of 1983, Chapter 498), however, 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, Senate Bill 813 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 1-1/2% 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 unitary property of regulated railways and 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 County Assessor, 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 B 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. No reimbursement is made by the State for such exemptions.

The following table sets forth recent history of the assessed value in the District.

HOLTVILLE UNIFIED SCHOOL DISTRICT Assessed Valuations Fiscal Years 2011-12 through 2018-19

<u>Fiscal Year</u>	<u>Local Secured</u>	<u>Utility</u>	<u>Unsecured</u>	<u>Total</u>	<u>% Change</u>
2011-12	\$605,747,525	\$276,685	\$60,674,798	\$666,699,008	3.2%
2012-13	608,186,598	923,412	70,206,204	679,316,214	1.9
2013-14	638,355,490	923,412	78,501,947	717,780,849	5.7
2014-15	683,060,321	923,412	90,147,787	774,131,520	7.9
2015-16	730,873,831	923,412	87,221,425	819,018,668	5.8
2016-17	776,153,520	923,412	93,340,140	870,417,072	6.3
2017-18	785,155,468	682,165	102,533,566	888,371,199	2.1
2018-19	827,181,476	682,165	97,235,570	925,099,211	4.1

Source: California Municipal Statistics, Inc.

Some 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 man-made or natural disasters such as earthquakes, fires, floods and drought. Notable natural disasters in recent years include drought conditions throughout the State, which ended in 2017 due to record-level precipitation in late 2016 and early 2017, and wildfires in different regions of the State, and related flooding and mudslides. 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. Seismic activity is also a risk in the region where the District is located. Although recent California wildfires have not occurred within District boundaries, the District cannot predict or make any representations regarding the

effects that wildfires or any other type of natural or manmade 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 on economic activity in the District or throughout the State.

Assessed Valuation by Jurisdiction.

The following table shows the assessed valuation of local secured property within the District by jurisdiction for fiscal year 2018-19.

**HOLTVILLE UNIFIED SCHOOL DISTRICT
Assessed Valuation by Jurisdiction
Fiscal Year 2018-19**

<u>Jurisdiction:</u>	<u>Assessed Valuation in School District</u>	<u>% of School District</u>	<u>Assessed Valuation of Jurisdiction</u>	<u>% of Jurisdiction in School District</u>
City of Holtville	\$226,377,657	24.47%	\$226,377,657	100.00%
Unincorporated Imperial County	698,721,554	75.53	\$5,549,634,197	12.59%
Total District	\$925,099,211	100.00%		
Imperial County	\$925,099,211	100.00%	\$12,893,004,823	7.18%

Source: California Municipal Statistics Inc.

[Remainder of page intentionally left blank]

Parcels by Land Use

The following table shows a breakdown of local secured property assessed value and parcels within the District by land use for fiscal year 2018-19.

HOLTVILLE UNIFIED SCHOOL DISTRICT Local Secured Property Assessed Valuation and Parcels by Land Use Fiscal Year 2018-19

	2018-19 Assessed Valuation (1)	% of Total	No. of Parcels	% of Total
Non-Residential:				
Agricultural	\$503,386,013	60.86%	1,278	35.80%
Commercial	35,098,411	4.24	170	4.76
Vacant Commercial	779,571	0.09	40	1.12
Industrial	36,175,360	4.37	48	1.34
Vacant Industrial	601,223	0.07	28	0.78
Government/Social/Institutional	<u>1,650,342</u>	<u>0.20</u>	<u>54</u>	<u>1.51</u>
Subtotal Non-Residential	\$577,690,920	69.84%	1,618	45.32%
Residential:				
Single Family Residence	\$219,533,550	26.54%	1,597	44.73%
Mobile Home	8,974,302	1.08	94	2.63
Mobile Home Park	3,722,077	0.45	5	0.14
2-4 Residential Units	9,260,078	1.12	54	1.51
5+ Residential Units/Apartments	2,980,964	0.36	7	0.20
Vacant Residential	<u>5,019,585</u>	<u>0.61</u>	<u>195</u>	<u>5.46</u>
Subtotal Residential	\$249,490,556	30.16%	1,952	54.68%
Total	\$827,181,476	100.00%	3,570	100.00%

(1) Local Secured Assessed Valuation; excluding tax-exempt property.
Source: California Municipal Statistics, Inc.

[Remainder of page intentionally left blank]

Per Parcel Assessed Valuation of Single-Family Homes

The following table sets forth the per parcel assessed valuation of single-family homes in fiscal year 2018-19.

HOLTVILLE UNIFIED SCHOOL DISTRICT Per Parcel Assessed Valuation of Single-Family Homes Fiscal Year 2018-19

	No. of Parcels	2018-19 Assessed Valuation	Average Assessed Valuation	Median Assessed Valuation
Single Family Residential	1,603	\$219,533,550	\$136,952	\$118,506

2018-19 Assessed Valuation	No. of Parcels (1)	% of Total	Cumulative % of Total	Total Valuation	% of Total	Cumulative % of Total
\$0 - \$24,999	48	2.994%	2.994%	\$ 820,580	0.374%	0.374%
\$25,000 - \$49,999	150	9.357	12.352	5,988,052	2.728	3.101
\$50,000 - \$74,999	197	12.289	24.641	12,328,631	5.616	8.717
\$75,000 - \$99,999	219	13.662	38.303	19,341,281	8.810	17.527
\$100,000 - \$124,999	234	14.598	52.901	26,013,924	11.850	29.377
\$125,000 - \$149,999	198	12.352	65.253	27,122,763	12.355	41.732
\$150,000 - \$174,999	135	8.422	73.674	21,806,182	9.933	51.665
\$175,000 - \$199,999	127	7.923	81.597	23,908,315	10.891	62.555
\$200,000 - \$224,999	81	5.053	86.650	17,092,270	7.786	70.341
\$225,000 - \$249,999	56	3.493	90.143	13,210,725	6.018	76.359
\$250,000 - \$274,999	49	3.057	93.200	12,883,219	5.868	82.227
\$275,000 - \$299,999	28	1.747	94.947	8,093,949	3.687	85.914
\$300,000 - \$324,999	28	1.747	96.694	8,734,302	3.979	89.892
\$325,000 - \$349,999	12	0.749	97.442	4,022,356	1.832	91.725
\$350,000 - \$374,999	15	0.936	98.378	5,402,614	2.461	94.186
\$375,000 - \$399,999	6	0.374	98.752	2,299,992	1.048	95.233
\$400,000 - \$424,999	4	0.250	99.002	1,672,123	0.762	95.995
\$425,000 - \$449,999	3	0.187	99.189	1,300,802	0.593	96.588
\$450,000 - \$474,999	4	0.250	99.439	1,878,032	0.855	97.443
\$475,000 - \$499,999	0	0.000	99.439	0	0.000	97.443
\$500,000 and greater	9	0.561	100.000	5,613,438	2.557	100.000
Total	1,603	100.000%		\$219,533,550	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 B.

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.

Teeter Plan; Property Tax Collections

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. Thus participating entities receive 100% of secured property taxes levied in exchange for foregoing any interest and penalties collected on delinquent taxes. Currently, the County includes general obligation bonds debt service levies in its Teeter Plan.

So long as the Teeter Plan remains in effect, the District’s receipt of revenues with respect to the levy of *ad valorem* property taxes 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 can under certain circumstances terminate the Teeter Plan in part or in its entirety with respect to the entire County and, in addition, the Board of Supervisors can 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, 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

The table below summarizes the total *ad valorem* tax rates levied by all taxing entities in Tax Rate Area 68-005 (a typical tax rate area in the District) for fiscal years 2014-15 through 2018-19.

HOLTVILLE UNIFIED SCHOOL DISTRICT Typical Total Tax Rates per \$100 of Assessed Valuation (TRA 68-005)

	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
General	\$1.0000	\$1.0000	\$1.0000	\$1.0000	\$1.0000
Holtville Unified School District	.0405	.0385	.0414	.0524	.0556
Imperial Community College District	<u>.0325</u>	<u>.0422</u>	<u>.0373</u>	<u>.0367</u>	<u>.0450</u>
Total	\$1.0730	\$1.0807	\$1.0787	\$1.0891	\$1.1006

Source: *California Municipal Statistics Inc.*

[Remainder of page intentionally left blank]

Top Twenty Property Taxpayers

The top twenty taxpayers in the District with the greatest combined assessed valuation of taxable property on the fiscal year 2018-19 tax roll, and the assessed valuations thereof, are shown below.

The more property (by assessed value) which is owned by a single taxpayer in the District, the greater amount of tax collections are exposed to weaknesses in the taxpayer's financial situation and ability or willingness to pay property taxes. 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.

HOLTVILLE UNIFIED SCHOOL DISTRICT Top Twenty 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.	Schaffner Dairy Inc.	Agricultural	\$ 27,985,661	3.38%
2.	Ralph E. & Loren F. & Roy W. Strahm	Agricultural	25,795,993	3.12
3.	Vessey & Company Inc.	Agricultural	23,882,095	2.89
4.	Ormat Technologies Inc.	Power Plant	19,702,140	2.38
5.	Arie H. De Jong, Trustee	Agricultural	19,159,225	2.32
6.	Kevin C. & Kim L. Grizzle	Agricultural	14,517,886	1.76
7.	Anthony Costa & Sons	Agricultural	10,487,221	1.27
8.	Laurel H. Ghoson, Trust	Agricultural	9,992,598	1.21
9.	Jeffrey S. Saikhon, Trustee	Agricultural	8,658,583	1.05
10.	Warne Ranch LLC	Agricultural	8,214,650	0.99
11.	Starr Family LP	Agricultural	7,421,046	0.90
12.	John O. Grizzle, Trustee	Agricultural	7,108,370	0.86
13.	Richard K. & Deann K. Hilfiker, Trustees	Agricultural	7,097,389	0.86
14.	Clifford E. Strahm	Agricultural	6,909,689	0.84
15.	Bengard Properties Company	Agricultural	6,875,669	0.83
16.	Michael Strahm	Agricultural	6,857,867	0.83
17.	Bool Farms LLC	Agricultural	6,602,992	0.80
18.	Richard Gene & Kenneth Rogers	Agricultural	6,111,762	0.74
19.	Saikhon Family, LLC	Agricultural	5,991,052	0.72
20.	Meyer Imperial Investments LLC	Agricultural	<u>5,945,716</u>	<u>0.72</u>
			\$235,317,604	28.45%

(1) 2018-19 Local Secured Assessed Valuation: \$827,181,476.
Source: California Municipal Statistics, Inc.

[Remainder of page intentionally left blank]

Direct and Overlapping Debt Obligations

Set forth below is a direct and overlapping debt report (the “**Debt Report**”) prepared by California Municipal Statistics, Inc. and dated January 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.

HOLTVILLE UNIFIED SCHOOL DISTRICT Statement of Direct and Overlapping Bonded Debt Dated as of January 1, 2019

2018-19 Assessed Valuation: \$925,099,211

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt 1/1/19</u>
Imperial Community College District	7.357%	\$ 7,685,212
Pioneers Memorial Hospital District	4.462	323,495
Holtville Unified School District	100.000	6,946,408 (1)
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		\$14,955,115
 <u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>		
Imperial County Certificates of Participation	7.175%	\$ 467,810
Imperial County Pension Obligation Bonds	7.175	2,171,514
Imperial County Office of Education General Fund Obligations	7.175	613,114
Holtville Unified School District General Fund Obligations	100.000	5,289,834
TOTAL OVERLAPPING GENERAL FUND DEBT		\$8,542,272
 <u>OVERLAPPING TAX INCREMENT DEBT: (Successor Agency)</u>		
Holtville Redevelopment Agency Project Area No. 1	100.000	\$5,475,000
TOTAL OVERLAPPING TAX INCREMENT DEBT		\$5,475,000
 COMBINED TOTAL DEBT		 \$28,972,387 (2)

Ratios to 2018-19 Assessed Valuation:

Direct Debt (\$12,236,242)	1.32%
Total Direct and Overlapping Tax and Assessment Debt.....	1.62%
Combined Total Debt.....	3.13%

Ratios to Redevelopment Successor Agency Incremental Valuation (\$137,100,711):

Overlapping Tax Increment Debt.....	3.99%
-------------------------------------	-------

(1) Excludes the Bonds.

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

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 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 June 26, 2018, 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 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".

CONTINUING DISCLOSURE

The District will execute a Continuing Disclosure Certificate in connection with the issuance of the Bonds in the form attached hereto as Appendix E. The District has covenanted therein, for the benefit of holders and beneficial owners of the Bonds to provide certain financial information and operating data relating to the District (an "**Annual Report**") to the Municipal Securities Rulemaking Board not later than nine months after the end of the District's fiscal year (which currently would be March 31), 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 "APPENDIX E – FORM OF CONTINUING DISCLOSURE CERTIFICATE." 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 existing disclosure undertakings that have been made pursuant to the Rule in connection with the issuance of other outstanding general obligation bonds and refunding general obligation bonds. See Appendix B under the heading "FINANCIAL INFORMATION – Long-Term Debt." During the previous five years, specific instances of non-compliance with prior undertakings are the failure to timely file annual reports pursuant to such undertakings for fiscal years 2013-14 and 2014-15 and the failure to timely file required notices of insured and underlying rating changes. The District has completed remedial filings to address the foregoing.

In order to assist it in complying with its undertakings pursuant to the Rule, including for the Bonds, the District has engaged Isom Advisors, A Division of Urban Futures, Inc., to serve as its dissemination agent.

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.

CERTAIN LEGAL MATTERS

Absence of Material Litigation

No litigation is pending or threatened concerning the validity of the Bonds, and a certificate to that effect, executed by an authorized officer of the District, 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 which occur in the regular course of operating the District. 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.

Legal Opinion

The proceedings in connection with the issuance of the Bonds are subject to the approval as to their legality of Bond Counsel. The opinion of Bond Counsel with respect to the Bonds will be delivered in substantially the form attached hereto as Appendix D. Certain legal matters will also be passed upon for the District by Disclosure Counsel and for the Underwriter by Stradling Yocca Carlson & Rauth, a Professional Corporation, as underwriter's counsel ("**Underwriter's Counsel**"). The fees of Bond Counsel, Disclosure Counsel and Underwriter's Counsel are contingent upon the issuance and delivery of the Bonds.

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. Furthermore, 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 that must be satisfied subsequent to the issuance of the Bonds in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes, 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

covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of such interest in gross income for federal income tax purposes to be retroactive to the date of issuance of the Bonds, or may cause the Bonds to lose their status as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Tax Code. Bond Counsel expresses no opinion regarding other federal tax consequences arising with respect to the ownership, sale or disposition of the Bonds, or the amount, accrual or receipt of interest on the Bonds.

Tax Treatment of Original Issue Discount and Premium. If the initial offering price to the public (excluding bond houses and brokers) 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 (excluding bond houses and brokers) 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 is 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, to the public at the first price at which a substantial amount of such Bonds is sold to the public.

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.

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

Other Tax Considerations

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. Bond Counsel expresses no opinion regarding any federal or state tax consequences arising with respect to the Bonds other than as expressly described above, including any federal tax consequences arising with respect to the ownership, sale or disposition of the Bonds, or the amount, accrual or receipt of interest on the Bonds.

Future legislation, if enacted into law, or clarification of the Tax Code may cause interest on the Bonds to be subject to, directly or indirectly, to federal income taxation, or otherwise prevent owners of the Bonds from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such future legislation or clarification of the Tax Code may also affect the market price for, or marketability of, the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal tax legislation, as to which Bond Counsel expresses no opinion.

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. Such ratings reflect only the views of S&P and an explanation of the significance of such rating may be obtained only from S&P. The District has provided certain additional information and materials to S&P (some of which does not appear in this Official Statement). There is no assurance that such ratings will continue for any given period of time or that the ratings will not be revised downward or withdrawn entirely by S&P, if in the judgment of such rating agency, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Bonds.

UNDERWRITING

The Bonds are being purchased by Brandis Tallman LLC (the "**Underwriter**"). The Underwriter has agreed to purchase the Bonds at a price of \$4,294,945.56 (which is equal to the initial principal amount of the Bonds, plus original issue premium of \$496,502.10, less Underwriter's discount of \$40,000.00, and less \$161,556.54 for costs of issuance). The purchase contract 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 may offer and sell Bonds to certain dealers and others at prices lower than the offering prices stated on the inside cover page hereof. The offering prices may be changed by the Underwriter.

The Underwriter and its respective affiliates are full-service financial institutions engaged in various activities that may include securities trading, commercial and investment banking, municipal advisory, brokerage, and asset management. In the ordinary course of business, the Underwriter and its respective affiliates may actively trade debt and, if applicable, equity securities (or related derivative securities) and provide financial instruments (which may include bank loans,

APPENDIX A

**AUDITED FINANCIAL STATEMENTS OF THE DISTRICT
FOR FISCAL YEAR ENDING JUNE 30, 2018**

[THIS PAGE INTENTIONALLY LEFT BLANK]

**HOLTVILLE UNIFIED SCHOOL DISTRICT
COUNTY OF IMPERIAL
HOLTVILLE, CALIFORNIA**

AUDIT REPORT

JUNE 30, 2018

Introductory Section

Holtville Unified 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.....	9	Exhibit A-1
Statement of Activities.....	10	Exhibit A-2
Fund Financial Statements:		
Balance Sheet - Governmental Funds.....	11	Exhibit A-3
Reconciliation of the Governmental Funds		
Balance Sheet to the Statement of Net Position.....	12	Exhibit A-4
Statement of Revenues, Expenditures, and Changes in		
Fund Balances - Governmental Funds.....	14	Exhibit A-5
Reconciliation of the Statement of Revenues, Expenditures, and Changes in		
Fund Balances of Governmental Funds to the Statement of Activities.....	15	Exhibit A-6
Statement of Fiduciary Net Position - Fiduciary Funds.....	17	Exhibit A-7
Notes to the Financial Statements	18	
 <u>Required Supplementary Information</u>		
Budgetary Comparison Schedules:		
General Fund.....	49	Exhibit B-1
Schedule of the District's Proportionate Share of the		
Net Pension Liability - California State Teachers' Retirement System.....	50	Exhibit B-2
Schedule of District's Contributions - California State Teachers' Retirement System.....	51	Exhibit B-3
Schedule of the District's Proportionate Share of the		
Net Pension Liability - California Public Employees' Retirement System.....	52	Exhibit B-4
Schedule of District's Contributions - California Public Employees' Retirement System...	53	Exhibit B-5
Schedule of Changes in the District's Total OPEB Liability		
And Related Ratios -OPEB Plan	54	Exhibit B-6
Notes to Required Supplementary Information.....	55	
 <u>Combining Statements as Supplementary Information:</u>		
Combining Balance Sheet - All Nonmajor Governmental Funds.....	57	Exhibit C-1
Combining Statement of Revenues, Expenditures and Changes in		
Fund Balances - All Nonmajor Governmental Funds.....	58	Exhibit C-2
 Special Revenue Funds:		
Combining Balance Sheet - Nonmajor Special Revenue Funds.....	59	Exhibit C-3
Combining Statement of Revenues, Expenditures and Changes		
in Fund Balances - Nonmajor Special Revenue Funds.....	60	Exhibit C-4

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

TABLE OF CONTENTS

	<u>Page</u>	<u>Exhibit/Table</u>
Debt Service Funds:		
Combining Balance Sheet - Nonmajor Debt Service Funds.....	61	Exhibit C-5
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Debt Service Funds.....	62	Exhibit C-6
Capital Projects Funds:		
Combining Balance Sheet - Nonmajor Capital Projects Funds.....	63	Exhibit C-7
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Capital Projects Funds.....	64	Exhibit C-8
 OTHER SUPPLEMENTARY INFORMATION SECTION		
Local Education Agency Organization Structure.....	65	
Schedule of Average Daily Attendance.....	66	Table D-1
Schedule of Instructional Time.....	67	Table D-2
Schedule of Financial Trends and Analysis.....	68	Table D-3
Reconciliation of Annual Financial and Budget Report With Audited Financial Statements.....	69	Table D-4
Schedule of Charter Schools.....	70	Table D-5
Schedule of Expenditures of Federal Awards	71	Table D-6
Notes to the Schedule of Expenditures of Federal Awards.....	72	
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>	73	
Report on Compliance for Each Major Program and on Internal Control over Compliance Required by Title 2 CFR Part 200 (Uniform Guidance).....	75	
Independent Auditor's Report on State Compliance.....	77	
Schedule of Findings and Questioned Costs	80	
Summary Schedule of Prior Audit Findings.....	82	

Financial Section

Independent Auditor's Report

To the Board of Trustees
Holtville Unified School District
Holtville, California

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Holtville Unified 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, Holtville Unified School District adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

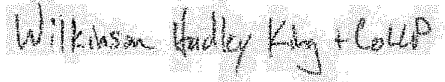
Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

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



El Cajon, California
December 17, 2018

HOLTVILLE UNIFIED SCHOOL DISTRICT MANAGEMENT DISCUSSION AND ANALYSIS JUNE 30, 2018 (UNAUDITED)

Each year the Holtville Unified School District (HUSD) strives to provide high quality education in a safe atmosphere that nurtures the learning process for our students. Despite fiscal challenges, the District is committed to accomplishing its goals while maintaining sound financial practice and operational accountability.

The following section of the District's annual financial report represents a discussion and analysis of the District's fiscal performance during the year ending June 30, 2018, as required by the Governmental Accounting Standards Board (GASB), Statement No. 34. The purpose of this report is to present an overview of the District's financial data for the 2017-18 fiscal year. Note that this report should be read with the actual financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

* District-wide, HUSD's Net Position decreased in 2017-18 by approximately \$1.9 million (See Table A-1). This is due to a sharp increase in Total Liabilities of approximately \$3.6 million, caused by two primary factors: a) the implementation of GASB 75, requiring government entities to recognize the total net liability of Other Post Employment Benefits (OPEB) rather than merely the annual required contribution, and b) a substantial increase in the District's Net Pension Liability, as required by GASB 68.

* District-wide, total revenues increased between and 2016-17 and 2017-18 by approximately \$310,000 and total expenditures decreased by approximately \$1.2 million. Despite this, however, total expenditures exceeded total revenues by approximately \$845,000 (see Table A-2). This excess was mostly due to capital expenditures of prior year dollars from the Building Fund.

OVERVIEW OF THE FINANCIAL STATEMENTS

The intent of this report is to serve as an introduction to Holtville Unified School District's basic financial statements as defined by the GASB34. The annual report consists of three parts:

- Management Discussion and Analysis (this section)
- Basic financial statements (District-wide and Fund financial statements)
- Notes to the financial statements

District-Wide Statements

Within the District-Wide Financial Statements, information regarding the District as a whole is presented. Similar to the accounting methods used by private-sector companies, the District-Wide Statements help to illustrate how the District performed as a whole, across all of its funds. Included in this section is the Statement of Net Position, which reports all of the District's assets, deferred outflows of resources, liabilities, and deferred

inflows of resources. Also included in this section is the Statement of Activities, which accounts for all revenues and expenses for the District's 2017-18 fiscal year, showing the amounts of program-specific and general school district revenues used to support the school district's various functions.

The purpose of the District-Wide Statements is to provide a measure of the overall financial stability (or position) of the District. By monitoring changes in net position, HUSD will have a strong indicator that helps measure whether its financial position is improving or deteriorating. However, the District will also need to take into account other factors, such as the condition of school buildings and facilities, the quality of education and safety of its school sites, and the growth or decline of student enrollment within the District to accurately assess its financial position.

It is also important to note that in the District-Wide Financial Statements, all of HUSD's financial activities are reported under the Governmental Activities designation. Within this category, all of HUSD's basic services are included. The other category, Business-Type Activities, does not list any financial information, as school districts are not involved in providing business services that generate fees. Instead, revenue is generated from Federal, State, and Local governmental sources.

The following graph illustrates the District's Net Position from the prior year to current.

	Governmental Activities		
	2017	2018	Net Change
ASSETS			
Cash & Current Assets (i.e. AR)	8,765,550	3,353,990	-392,460
Capital Assets	21,302,185	21,758,065	455,880
Total Assets	30,067,735	30,112,055	63,420
Deferred Outflows of Resources	3,903,821	7,194,442	3,271,521
LIABILITIES			
Long-Term Debt	30,363,977	33,594,167	3,230,190
Other Liabilities	1,448,207	1,841,750	393,543
Total Liabilities	31,812,184	35,435,917	3,623,733
Deferred Inflows of Resources	723,099	2,335,252	1,612,153
TOTAL NET POSITION	1,436,273	-464,672	-1,900,945
DISTRIBUTION OF NET POSITION			
Net Investment in Capital Assets	8,395,624	9,224,724	829,100
Restricted for Capital Projects	0	723,569	723,569
Restricted for Debt Service	0	0	0
Restricted for Educational Programs	182,436	55,672	-126,764
Other Purposes (Expendable)	142,339	250,893	108,554
Other Purposes (Nonexpendable)	2,500	297,803	295,303
Unrestricted	-7,286,626	-11,017,333	-3,730,707
TOTAL NET POSITION	1,436,273	-464,672	-1,900,945

The table below illustrates the District's Governmental Activities for the fiscal year 2017-18 compared to the prior year.

Table A-2			
STATEMENT OF ACTIVITIES			
	Governmental Activities		
REVENUES	2017	2018	Net Change
Program Revenues			
Charges for Services	194,771	196,052	1,281
Operating Grants and Contributions	4,027,156	3,963,919	-63,237
Capital Grants and Contributions	0	0	0
General Revenues			
Taxes and Subventions	3,052,238	3,492,692	440,454
Federal and State Aid, Not Restricted	13,471,043	13,502,516	31,473
Other General Revenues	219,773	119,653	-100,120
Total Revenues	20,964,981	21,274,832	309,851
EXPENDITURES			
Instruction	13,254,439	13,051,237	-709,173
Supervision of Instruction	736,059	663,588	-72,471
Library, Media, and Technology	253,018	219,757	-37,037
School Site Administration	1,421,056	1,138,200	-282,856
Pupil Services	2,929,350	2,815,288	-122,243
General Administration & Data Processing	1,984,403	1,560,244	-424,159
Maint & Ops and Facility Acquisition	2,213,226	2,101,107	-223,509
Debt Service	314,012	489,577	175,565
Other Outgo	220,841	81,357	489,834
Total Expenditures	23,326,404	22,120,355	-1,206,049
Increase/Decrease in Net Position	-2,361,423	-845,523	1,515,900

Fund Financial Statements

While the District-Wide Statements provide an overall picture of the District's financial performance, the Fund Financial Statements provide specific information for each of the District's funds. Like other state and local entities, HUSD uses fund accounting to maintain control over related resources. These resources have been segregated into funds to track specific activities and objectives. Fund accounting ensures and demonstrates compliance with finance-related legal requirements.

All of the funds used by HUSD are governmental funds. Governmental funds account for essentially the same functions as governmental activities in the Government-Wide financial statements. However, the governmental fund financials provide a short-term view of the District's inflows and outflows of resources that can be spent, including the balances at year-end of these resources. Because the information derived from Governmental Fund Financial Statements is short-term, comparing the data to District-Wide Statements will assist in understanding long-term impact of financial decisions. Note that HUSD uses a number of individual governmental funds, which are presented individually in the Fund Financial Statements.

As mentioned above, the Fund Financial Statements provide insight into the performance of individual areas of the District's operations. If one were to look at the District-Wide statements alone, this would only tell part of the story for the 2017-18 school year. By looking at the following chart (Table A-3), one can view the performance of each of the District's funds separately.

FUND #	Beg Balance (7/1/2017)	End Balance (6/30/2018)	Net Change
General Fund (#010)	5,025,204	4,936,500	-88,704
Adult Education Fund (#110)	60,991	67,317	6,327
Cafeteria Fund (#130)	157,880	213,423	55,543
Building Fund (#210)	1,658,260	723,569	-934,690
Capital Facilities Fund (#250)	218,785	205,172	-13,613
Bond Interest and Redemption Fund (#510)	103,942	249,154	145,212
Debt Service Fund (#560)	249,687	285,115	35,428

In looking at the above, one can see that the bulk of loss to the end balance was in the building fund, representing the one-time spending on capital facilities for which those funds were intended. In addition, though the General Fund showed an overall deficit, this was entirely on the Restricted side of the General Fund (i.e. specialized programs), whereas the District's General Fund Unrestricted closed in the black.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

Table A-4 below summarizes the 2017-18 activity in the District's Capital Assets. Over the course of the year, the District made a few minor land improvements through a paving project, and acquired a few new equipment additions. The bulk of change in capital assets related to the ongoing Prop 39 Clean Energy Project, which was not completed as of year-end, and thus, remains in the Work in Progress category. The annual depreciation for 2017-18 was approximately \$629,000.

ASSET TYPE	Governmental Activities		
	2017	2018	Net Change
Land	153,012	153,012	0
Work in Progress	1,394,301	2,384,397	990,096
Land Improvements	2,733,699	2,796,524	62,825
Buildings	26,528,302	26,528,302	0
Equipment	1,881,357	1,913,634	32,277
Accumulated Depreciation	-11,388,487	-12,017,805	-629,318
Totals	21,302,184	21,758,064	455,880

Outstanding Long-Term Obligations

For 2017-18, HUSD's long-term obligations increased by approximately \$2.18 million (see Table A-5 below). In looking at the figures below, the increase is due to the large increase in Net Pension Liability, a factor which is outside the District's control.

OBLIGATION TYPE	Governmental Activities		
	2017	2018	Net Change
General Obligation Bonds	7,896,399	7,770,310	-126,089
Certificates of Participation	4,793,411	4,558,196	-235,215
Capital Leases	216,751	204,834	-11,917
Net Pension Liability	17,429,033	20,111,621	2,682,585
Net OPEB Obligation	1,076,816	944,120	-132,696
Compensated Absences	4,355	5,086	732
Totals	31,416,765	33,594,167	2,177,400

FACTORS BEARING ON *THE DISTRICT'S FUTURE*

At the time that this analysis was written, the District recognized the following areas of concern that could significantly impact the future of the District's financial health:

- Enrollment and Average Daily Attendance (ADA) need to be continually monitored.
- Due to the implementation of GASB 75 and GASB 68, the District's liabilities will continue to increase faster than assets.
- Continued increases to school district contributions toward employee pensions (STRS and PERS) will continue to erode at future funding increases. This must be offset by reductions in other areas in the budget.
- While the economy is currently in recovery, any recession would translate to large reductions in District revenues.

NOTES TO THE FINANCIAL STATEMENTS

The notes to the financial statements provide additional information that is vital to understanding the financial data presented within the District-Wide and Fund Financial Statements. The notes follow the Basic Financial Statements, and should be examined along with this report to form a more complete picture of the District's financial state.

CONTACTING THE DISTRICT'S FINANCIAL MANAGERS

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact John-Paul Wells at Holtville Unified School District, 621 E. 6th Street, Holtville, CA 92250.

Basic Financial Statements

HOLTVILLE UNIFIED SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2018

	Governmental Activities
ASSETS	
Cash	\$ 7,037,147
Receivables	1,024,361
Stores	25,800
Prepaid Expenses	266,682
Capital Assets:	
Land	153,012
Land Improvements	2,796,524
Buildings	26,528,302
Equipment	1,913,634
Work in Progress	2,384,398
Less Accumulated Depreciation	(12,017,805)
Total Assets	<u>30,112,055</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>7,194,442</u>
LIABILITIES	
Accounts Payable	1,339,698
Unearned Revenue	502,052
Long-Term Liabilities:	
Due Within One Year	445,117
Due in More Than One Year	33,149,050
Total Liabilities	<u>35,435,917</u>
DEFERRED INFLOWS OF RESOURCES	<u>2,335,252</u>
NET POSITION	
Net Investment in Capital Assets	9,224,724
Restricted for:	
Capital Projects	723,569
Educational Programs	55,672
Other Purposes (Expendable)	250,893
Other Purposes (Nonexpendable)	297,803
Unrestricted	(11,017,333)
Total Net Position	<u>\$ (464,672)</u>

The accompanying notes are an integral part of this statement.

HOLTVILLE UNIFIED SCHOOL DISTRICTSTATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

Functions	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
Governmental Activities:				
Instruction	\$ 13,051,237	\$ 158,778	\$ 2,181,916	\$ (10,710,543)
Instruction-Related Services:				
Instructional Supervision and Administration	663,588	-	285,455	(378,133)
Instructional Library, Media and Technology	219,757	-	-	(219,757)
School Site Administration	1,138,200	1,427	118,054	(1,018,719)
Pupil Services:				
Home-to-School Transportation	544,262	-	-	(544,262)
Food Services	859,089	-	898,253	39,164
All Other Pupil Services	1,411,937	-	251,996	(1,159,941)
General Administration				
Centralized Data Processing	373,171	-	2,425	(370,746)
Other General Administration	1,187,073	4,851	77,906	(1,104,316)
Plant Services	1,584,939	-	133,850	(1,451,089)
Ancillary Services	382,951	-	3,545	(379,406)
Enterprise Services	133,217	-	-	(133,217)
Interest on Long-Term Debt	489,577	-	-	(489,577)
Other Outgo - Transfers Between Agencies	81,357	30,996	10,519	(39,842)
Total Expenses	\$ 22,120,355	\$ 196,052	\$ 3,963,919	\$ (17,960,384)
General Revenues:				
Taxes and Subventions:				
Taxes Levied for General Purposes				2,787,979
Taxes Levied for Debt Service				568,390
Taxes Levied for Other Specific Purposes				136,323
Federal and State Aid, Not Restricted				13,502,516
Interest and Investment Earnings				60,069
Miscellaneous				59,584
Total General Revenues				17,114,861
Change in Net Position				(845,523)
Net Position Beginning - As Restated (See Note Q)				380,851
Net Position Ending				\$ (464,672)

The accompanying notes are an integral part of this statement.

HOLTVILLE UNIFIED SCHOOL DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2018

	General Fund	Other Governmental Funds	Total Governmental Funds
ASSETS:			
Cash in County Treasury	\$ 5,474,788	\$ 1,006,560	\$ 6,481,348
Cash in Revolving Fund	2,500	2,822	5,322
Cash with a Fiscal Agent/Trustee	-	550,478	550,478
Accounts Receivable	752,952	271,409	1,024,361
Due from Other Funds	64,553	7,164	71,717
Stores Inventories	-	25,800	25,800
Prepaid Expenditures	266,682	-	266,682
Total Assets	<u>6,561,475</u>	<u>1,864,233</u>	<u>8,425,708</u>
LIABILITIES AND FUND BALANCE:			
Liabilities:			
Accounts Payable	\$ 1,115,759	\$ 55,931	\$ 1,171,690
Due to Other Funds	7,164	64,553	71,717
Unearned Revenue	502,052	-	502,052
Total Liabilities	<u>1,624,975</u>	<u>120,484</u>	<u>1,745,459</u>
Fund Balance:			
Nonspendable Fund Balances:			
Revolving Cash	2,500	2,821	5,321
Stores Inventories	-	25,800	25,800
Prepaid Items	266,682	-	266,682
Restricted Fund Balances	102,450	204,115	306,565
Committed Fund Balances	-	48,004	48,004
Assigned Fund Balances	-	1,463,010	1,463,010
Unassigned:			
Reserve for Economic Uncertainty	4,564,868	-	4,564,868
Total Fund Balance	<u>4,936,500</u>	<u>1,743,750</u>	<u>6,680,250</u>
Total Liabilities and Fund Balances	<u>\$ 6,561,475</u>	<u>\$ 1,864,234</u>	<u>\$ 8,425,709</u>

The accompanying notes are an integral part of this statement.

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

Total fund balances - governmental funds balance sheet \$ 6,680,250

Amounts reported for assets, deferred outflows of resources, liabilities, and deferred inflows of resources for governmental activities in the statement of net position are different from amounts reported in governmental funds because:

Capital assets: In governmental funds, only current assets are reported. In the statement of net position, all assets are reported, including capital assets and accumulated depreciation.

Capital assets relating to governmental activities, at historical cost	33,775,870	
Accumulated depreciation	<u>(12,017,805)</u>	
	Net	21,758,065

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: (168,010)

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: 19,100

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	6,645,947
Deferred inflows of resources relating to pensions	<u>(2,335,252)</u>

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	7,770,310	
Net pension liability	20,111,621	
Net OPEB obligation	944,120	
Compensated absences payable	5,086	
Certificates of participation payable	4,558,196	
Capital leases payable	<u>204,834</u>	
	Total	(33,594,167)

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: 400,250

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	<u>129,145</u>
Net position of governmental activities - statement of net position	\$ <u><u>(464,672)</u></u>

The accompanying notes are an integral part of this statement.

HOLTVILLE UNIFIED SCHOOL DISTRICTSTATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	General Fund	Other Governmental Funds	Total Governmental Funds
Revenues:			
LCFF Sources:			
State Apportionment or State Aid	\$ 10,818,641	\$ -	\$ 10,818,641
Education Protection Account Funds	2,124,659	-	2,124,659
Local Sources	2,778,718	-	2,778,718
Federal Revenue	1,648,564	906,601	2,555,165
Other State Revenue	1,634,623	262,505	1,897,128
Other Local Revenue	748,417	600,904	1,349,321
Total Revenues	<u>19,753,622</u>	<u>1,770,010</u>	<u>21,523,632</u>
Expenditures:			
Current:			
Instruction	11,976,032	180,705	12,156,737
Instruction - Related Services	1,876,954	79,484	1,956,438
Pupil Services	1,869,378	842,709	2,712,087
Ancillary Services	283,774	-	283,774
General Administration	1,504,739	-	1,504,739
Plant Services	1,667,692	25,430	1,693,122
Other Outgo	81,075	-	81,075
Capital Outlay	171,347	910,408	1,081,755
Debt Service:			
Principal	11,917	399,817	411,734
Interest	460	433,579	434,039
Total Expenditures	<u>19,443,368</u>	<u>2,872,132</u>	<u>22,315,500</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>310,254</u>	<u>(1,102,122)</u>	<u>(791,868)</u>
Other Financing Sources (Uses):			
Transfers In	-	396,323	396,323
Transfers Out	(396,323)	-	(396,323)
Total Other Financing Sources (Uses)	<u>(396,323)</u>	<u>396,323</u>	<u>-</u>
Net Change in Fund Balance	(86,069)	(705,799)	(791,868)
Fund Balance, July 1	5,022,569	2,449,549	7,472,118
Fund Balance, June 30	<u>\$ 4,936,500</u>	<u>\$ 1,743,750</u>	<u>\$ 6,680,250</u>

The accompanying notes are an integral part of this statement.

HOLTVILLE UNIFIED SCHOOL DISTRICT

EXHIBIT A-6

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 \$ (791,868)

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

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

Expenditures for capital outlay:	1,085,198	
Depreciation expense:	<u>(629,318)</u>	
Net:		455,880

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: 411,734

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:

Prepaid debt insurance incurred during the period:	-	
Prepaid debt insurance amortized for the period:	<u>(282)</u>	
Net:		(282)

Pensions: In government funds, pension costs are recognized when employer contributions are made. In the statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual-basis pension costs and actual employer contributions was: (1,126,561)

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: (50,444)

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: (731)

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: 261,841

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

(5,092)

Change in net position of governmental activities - statement of activities

\$ (845,523)

The accompanying notes are an integral part of this statement.

HOLTVILLE UNIFIED SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2018

	Agency Fund
	Student Body Fund
ASSETS:	
Cash on Hand and in Banks	\$ 200,243
Total Assets	<u>200,243</u>
LIABILITIES:	
Due to Student Groups	\$ 200,243
Total Liabilities	<u>200,243</u>
NET POSITION:	
Total Net Position	<u>\$ -</u>

The accompanying notes are an integral part of this statement.

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

A. Summary of Significant Accounting Policies

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

1. Reporting Entity

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

2. Component Units

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

3. Basis of Presentation, Basis of Accounting

a. Basis of Presentation

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

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

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

The District reports the following major governmental funds:

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

In addition, the District reports the following fund types:

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

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

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

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

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

4. Encumbrances

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

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

5. Budgets and Budgetary Accounting

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

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

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. Expenditures cannot legally exceed appropriations by major object code.

6. Revenues and Expenses

a. Revenues - Exchange and Non-Exchange

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

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

b. Expenses/Expenditures

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

7. Assets, Liabilities, and Equity

a. Deposits and Investments

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

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

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

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

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

b. Stores Inventories and Prepaid Expenditures

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

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

c. Capital Assets

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

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

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

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

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

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

f. Interfund Activity

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

g. Property Taxes

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

h. Fund Balances - Governmental Funds

Fund balances of the governmental funds are classified as follows:

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

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

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

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

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

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.

i. Minimum Fund Balance

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

8. Deferred Inflows and Deferred Outflows of Resources

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

9. Pensions

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

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

10. 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.

11. 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:

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

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

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

12. 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 L. Additional note disclosures regarding the adjustment to beginning net position resulting from this change in accounting policy are located in Note Q.

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

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

(pensions and OPEB). The statement was issued as a clarifying measure to previously issued statements.

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

GASB 86 - Certain Debt Extinguishment Issues

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

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

B. Compliance and Accountability

1. Finance-Related Legal and Contractual Provisions

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

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

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

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

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

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 County Treasury as part of the common investment pool (6,481,348 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 6,481,348. 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

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

investment company; however, the County Treasury acts in accordance with investment policies monitored by a Treasury Oversight Committee consisting of members appointed by participants in the investment pool and up to five members of the public having expertise, or an academic background in, public finance. In addition, the County Treasury is audited annually by an independent auditor.

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

Cash balances on hand and in banks (\$200,243 as of June 30, 2018) and in the revolving fund (\$5,321) 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. Cash with Fiscal Agent

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

Account Type	Average Days to Maturity	Amount Reported
Dreyfus Treasury Obligations	<30 days	\$ 550,478
Total Cash with Fiscal Agent		\$ 550,478

4. General Authorizations

Limitations as they relate to interest rate risk, credit risk, and concentration of credit risk are indicated in the schedules below:

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

5. Analysis of Specific Deposit and Investment Risks

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

a. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The county is restricted by Government Code Section 53635 pursuant to Section 53601 to invest only in time

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

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.

b. Custodial Credit Risk - Deposits

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

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

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

As of June 30, 2018, the District's bank balances (including revolving cash) were 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.

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

d. Interest Rate Risk

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

e. Foreign Currency Risk

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

6. Investment Accounting Policy

The District is required by GASB Statement No. 31 to disclose its policy for determining which investments, if any, are reported at amortized cost. The District's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher

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

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

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

	General Fund	Nonmajor Governmental Funds	Total
Federal Government:			
Federal Programs	\$ 558,014	\$ 246,981	804,995
State Government:			
LCFF Sources	-	-	-
Lottery Revenue	68,163	-	68,163
Other State Programs	11,069	16,046	27,115
Local Sources:			
Interest	15,812	2,467	18,279
Other Local Sources	99,894	5,915	105,809
Totals	<u>\$ 752,952</u>	<u>\$ 271,409</u>	<u>1,024,361</u>

There are no significant receivables which are not scheduled for collection within one year of year end.

E. Capital Assets

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

	Beginning Balances	Increases	Decreases	Ending Balances
<u>Governmental activities:</u>				
Capital assets not being depreciated:				
Land	\$ 153,012	\$ -	\$ -	\$ 153,012
Work in progress	1,394,301	990,096	-	2,384,397
Total capital assets not being depreciated	<u>1,547,313</u>	<u>990,096</u>	<u>-</u>	<u>2,537,409</u>
Capital assets being depreciated:				
Buildings	26,528,302	-	-	26,528,302
Improvements	2,733,699	62,825	-	2,796,524
Equipment	1,881,357	32,277	-	1,913,634
Total capital assets being depreciated	<u>31,143,358</u>	<u>95,102</u>	<u>-</u>	<u>31,238,460</u>
Less accumulated depreciation for:				
Buildings	(9,051,802)	(479,007)	-	(9,530,809)
Improvements	(707,532)	(130,677)	-	(838,209)
Equipment	(1,629,153)	(19,634)	-	(1,648,787)
Total accumulated depreciation	<u>(11,388,487)</u>	<u>(629,318)</u>	<u>-</u>	<u>(12,017,805)</u>

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

Total capital assets being depreciated, net	19,754,871	(534,216)	-	19,220,655
Governmental activities capital assets, net	\$ 21,302,184	\$ 455,880	\$ -	\$ 21,758,064

Depreciation was charged to functions as follows:

Instruction	\$ 505,971
Instruction-Related Services	3,776
Pupil Services	8,181
Ancillary Services	98,174
Plant Services	13,216
	\$ 629,318

F. Interfund Balances and Activities

1. Due To and From Other Funds

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

Due To Fund	Due From Fund	Amount	Purpose
General Fund	Nonmajor Governmental Funds	\$ 64,553	Reimbursement of expenses
Nonmajor Governmental Funds	General Fund	7,164	
	Total	\$ 71,717	

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:

Transfers From	Transfers To	Amount	Reason
General Fund	Nonmajor Governmental Funds	\$ 396,323	Debt service payments
	Total	\$ 396,323	

G. Accounts Payable

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

	Major Funds	Nonmajor	
	General	Governmental	
	Fund	Funds	Total
Vendor payables	\$ 517,846	\$ 28,095	\$ 545,941
Payroll and related benefits	549,449	25,207	574,656
Pension related liabilities	48,464	2,629	51,093
Totals	\$ 1,115,759	\$ 55,931	\$ 1,171,690

H. Unearned Revenue

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

General Fund

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

Carrier Technical Incentives Grant	\$ 502,052
Total	<u>\$ 502,052</u>

I. Short-Term Debt Activity

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

J. Long-Term Obligations

1. Long-Term Obligation Activity

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

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<u>Governmental activities:</u>					
General obligation bonds					
Principal balance	\$ 7,286,408	\$ -	\$ 165,000	\$ 7,121,408	180,000
Bond premium	334,378	-	20,672	313,706	20,240
Bond discount	(19,508)	-	(358)	(19,150)	(447)
Accreted interest	295,121	59,225	-	354,346	-
Total Bonds	<u>7,896,399</u>	<u>59,225</u>	<u>185,314</u>	<u>7,770,310</u>	<u>199,793</u>
Certificates of participation					
Principal balance	4,778,905	-	234,817	4,544,088	239,817
COPs premium	14,506	-	398	14,108	420
Total COPs	<u>4,793,411</u>	<u>-</u>	<u>235,215</u>	<u>4,558,196</u>	<u>240,237</u>
Capital leases	216,751	-	11,917	204,834	-
Net Pension Liability	17,429,033	2,682,588	-	20,111,621	-
Net OPEB obligation	1,076,816	-	132,696	944,120	-
Compensated absences *	4,355	731	-	5,086	5,087
Total governmental activities	<u>\$ 31,416,765</u>	<u>\$ 2,742,544</u>	<u>\$ 565,142</u>	<u>\$ 33,594,167</u>	<u>\$ 445,117</u>

* Other long-term liabilities

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

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

2. General Obligation Bonds

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

	Date of Issue	Interest Rate	Maturity Date	Amount of Original Issue
2002 Election Series C	06/21/2007	4.125-8.0%	08/01/2036	\$ 970,000
2002 Election Series D	08/19/2010	4.0-12.00%	08/01/2040	536,409
2002 Election Series E	11/08/2012	5%	08/01/2037	980,000
2012 Refunding Bonds	11/08/2012	2.00-5.00%	08/01/2027	2,065,000

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

2014 Refunding Bonds	12/23/2014	3.75%-5.00%	8/1/2034	2,930,000
2016 Refunding Bonds	11/10/2016	2.00-3.00%	8/1/2036	1,090,000
Total GO Bonds				<u>\$ 8,571,409</u>

	Beginning Balance	Increases	Decreases	Ending Balance
2002 Election Series C	\$ 10,000	\$ -	\$ 10,000	\$ -
2002-C Bond Premium	529	-	529	-
2002 Election Series D	536,408	-	-	536,408
2002-D Bond Premium	61,481	-	2,562	58,919
2002-D Accreted Interest	295,121	59,225	-	354,346
2002 Election Series E	980,000	-	-	980,000
2002-E Premium	73,454	-	3,498	69,956
2012 General Obligation	1,850,000	-	85,000	1,765,000
2012 Premium	144,254	-	13,114	131,140
2014 General Obligation	2,820,000	-	50,000	2,770,000
2014 Premium	54,660	-	969	53,691
2016 General Obligation	1,090,000	-	20,000	1,070,000
2016 Discount	(19,508)	-	(358)	(19,150)
Total GO Bonds	<u>\$ 7,896,399</u>	<u>\$ 59,225</u>	<u>\$ 185,314</u>	<u>\$ 7,770,310</u>

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

Year Ending June 30,	Principal	Accreted Interest	Interest	Total
2019	\$ 175,000	\$ -	\$ 253,838	\$ 428,838
2020	200,000	-	248,988	448,988
2021	213,198	1,802	243,151	458,151
2022	240,000	-	236,189	476,189
2023	255,000	-	228,331	483,331
2024-2028	1,620,183	19,817	954,606	2,594,606
2029-2033	2,174,689	305,311	556,669	3,036,669
2034-2038	2,073,986	1,026,014	146,919	3,246,919
2039-2043	169,352	1,540,648	-	1,710,000
Totals	<u>\$ 7,121,408</u>	<u>\$ 2,893,592</u>	<u>\$ 2,868,691</u>	<u>\$ 12,883,691</u>

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

Unamortized Bond Premium

General obligation bonds issued were sold at a premium, meaning that the market rate of interest was lower than the stated rate of interest on the bonds; therefore, they were sold for more than the face value. Generally Accepted Accounting Principles (GAAP) requires that this premium be amortized over the life of the debt. The carrying value reported on the government-wide balance sheet was presented in accordance with GAAP and was the face value of the debt plus the unamortized premium. Amounts are amortized using the straight line method over the life of the debt.

Premiums resulted in effective interest rates as follows:

	2002-B	2002-C	2002-D
Total Interest	\$ 3,201,046	\$ 1,262,021	\$ 2,893,592
Less Bond Premium	(88,516)	(51,356)	(78,269)
Plus Bond Discount	-	-	-

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

Net Interest	\$ 3,112,530	\$ 1,210,665	\$ 2,815,323
Par Amount of Bonds	\$ 3,000,000	\$ 970,000	\$ 536,408
Periods	30	30	30
Effective Interest Rate	3.46%	4.16%	17.49%

	2002-E	2012 Bonds	2014 Bonds	2016 Bonds
Total Interest	\$ 970,164	\$ 901,277	\$ 1,523,950	483,275
Less Bond Premium	(93,276)	(209,825)	(56,793)	-
Plus Bond Discount	-	-	-	19,508
Net Interest	\$ 876,888	\$ 691,452	\$ 1,467,157	502,783
Par Amount of Bonds	\$ 980,000	\$ 2,065,000	\$ 2,930,000	1,090,000
Periods	25	15	20	20
Effective Interest Rate	3.58%	2.23%	2.50%	2.31%

Accreted Interest

Accreted interest in the Long-Term Obligation Activity chart represents amounts that have compounded as of June 30, 2018 for the bonds which were issued as capital appreciation bonds. Accreted interest in the repayment schedule represents the entire amount that will be repaid in the years the accreted interest becomes due.

4. Capital Leases

Commitments under capitalized lease agreements for facilities and equipment provide for minimum future lease payments as of June 30, 2018, as follows:

<u>Year Ending June 30:</u>	
2019	\$ 2,315
2020	2,315
2021	85,051
2022	122,787
Total Minimum Rentals	212,468
Less Amount Representing Interest	(7,634)
Net Present Value of Minimum Lease Payments	\$ 204,834

5. Certificates of Participation

On August 1, 2007, the District issued \$1,000,000 in Certificates of Participation as Qualified Zone Academy Bonds (QZABs) to provide funds to finance certain capital improvements, equipment and other educational development programs of the District. The District is required to make a scheduled deposit of \$54,817 each year through the maturity date of August 16, 2022. Accumulated interest earned on the account provides the additional funding required to pay the bonds in full upon maturity. The escrow account accrues interest at a fixed rate of 2.74%. As of June 30, 2017 the escrow account carried an accrued balance of \$503,559. The District does not have a legal right to claim cash in the escrow account and is not obligated to make payments in excess of the scheduled deposit amounts. Scheduled deposit and escrow balances are as follows:

<u>Year Ending June 30,</u>	Required Deposit	Scheduled Escrow Balance
2019	\$ 54,817	\$ 629,214
2020	54,817	718,233
2021	54,817	807,252
2022	54,817	903,626
2023	54,820	1,000,000
Totals	\$ 274,088	

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

On September 20, 2011 the District issued \$1,530,000 of Certificates of Participation (COPs). The COPs are a part of the Qualified School Construction Program as a part of the American Recovery and Reinvestment Act of 2009 (ARRA) which subsidizes interest payments on the COPs. The COPs were issued to finance the costs of capital improvements of the District and to pay the issuance costs associated with the COPs. The COPs were issued pursuant to a trust agreement, dated September 1, 2011, by and among the Bank of New York Mellon Trust Company, as trustee, the California School Boards Association Finance Corporation (the Corporation), and the District. Pursuant to a Site Lease, dated as of September 1, 2011, the District will lease the site and improvements comprising generally the District transportation/maintenance facility to the Corporation, and will lease the Property back from the Corporation pursuant to a Lease/Purchase Agreement, dated as of September 1, 2011. The payments on the COPs made by the District represent lease payments for possession and use of the property. The COPs bear an interest rate of 4.625 - 6.75% which is subsidized at a rate of 4.55%. The COPs mature on September 1, 2028.

Remaining payments on the 2011 COPs as of June 30, 2018 were:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Less Subsidy Payments</u>	<u>Total</u>
2019	\$ 90,000	\$ 66,712	\$ (47,093)	\$ 109,619
2020	90,000	61,312	(43,027)	108,285
2021	95,000	55,762	(38,980)	111,782
2022	95,000	50,062	(34,890)	110,172
2023	95,000	44,362	(30,800)	108,562
2024-2028	505,000	124,031	(84,810)	544,221
2029-2033	110,000	3,713	-	113,713
Totals	\$ <u>1,080,000</u>	\$ <u>405,954</u>	\$ <u>(279,600)</u>	\$ <u>1,206,354</u>

On January 14, 2016 the District issued \$3,280,000 of Certificates of Participation (COPs) plus a premium of \$14,506. The COPs were issued to (i) finance the acquisition, construction and installation of certain capital improvements in the Holtville Unified School District, and (ii) pay costs of delivery of the COPs, which includes the purchase of insurance and a reserve fund surety policy. The COPs require semi-annual coupon payments at interest rates ranging from 2.00% - 4.00%. The COPs mature annually from August 1, 2017 through August 1, 2041.

The annual requirements to amortize the COPs outstanding as of June 30, 2018 were:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 95,000	\$ 95,106	\$ 190,106
2020	95,000	94,156	189,156
2021	100,000	92,206	192,206
2022	100,000	90,206	190,206
2023	100,000	88,206	188,206
2024-2028	560,000	399,806	959,806
2029-2033	650,000	306,081	956,081
2034-2038	775,000	187,709	962,709
2039-2043	715,000	51,081	766,081
Totals	\$ <u>3,190,000</u>	\$ <u>1,404,557</u>	\$ <u>4,594,557</u>

Unamortized COPs Premium

The 2016 Certificates of Participation issued were sold at a premium, meaning that the market rate of interest was lower than the stated rate of interest on the COPs; therefore, they were sold for more than the face value. Generally Accepted Accounting Principles (GAAP) requires that this premium be amortized over the life of the debt. The carrying value reported on the government-wide balance sheet was presented in accordance with GAAP and was the face value of the debt plus the unamortized premium. Amounts are amortized using the

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

straight line method over the life of the debt.

Premiums resulted in effective interest rates as follows:

	2016 COPs
Total Interest	\$ 1,640,405
Less Bond Premium	(14,506)
Net Interest	\$ 1,625,899
Par Amount of Bonds	\$ 3,280,000
Periods	26
Effective Interest Rate	1.91%

6. Total OPEB Liability

The District's beginning OPEB liability was \$1,076,816 and decreased during the year ended June 30, 2018 by \$132,696. The ending OPEB liability at June 30, 2018 was \$944,120. See Note L for additional information regarding the OPEB liability.

7. Net Pension Liability

The District's beginning net pension liability was \$17,429,033 and increased by \$2,682,588 during the year ended June 30, 2018. The ending net pension liability at June 30, 2018 was \$20,111,621. See Note K for additional information regarding the net pension liability.

8. Compensated Absences

Total unpaid employee compensated absences as of June 30, 2018 amounted to \$5,086. This amount is included as part of long-term liabilities in the government-wide financial statements.

K. Pension Plans

1. General Information About the Pension Plans

a. Plan Descriptions

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

b. Benefits Paid

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

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

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

	CalSTRS	
	Before Jan. 1, 2013	On or After Jan. 1, 2013
Hire Date		
Benefit Formula	2% at 60	2% at 62**
Benefit Vesting Schedule	5 Years	5 Years
Benefit Payments	Monthly for Life	Monthly for Life
Retirement Age	50-62	55-67
Monthly Benefits as a % of Eligible Compensation	1.1-2.4%	1.0-2.4*
Required Employee Contribution Rates (at June 30, 2018)	10.250%	9.205%
Required Employer Contribution Rates (at June 30, 2018)	14.430%	14.430%
Required State Contribution Rates (at June 30, 2018)	7.084%	7.084%

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

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

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

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

c. Contributions

CalSTRS

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

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

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

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.

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	4.490%	\$ 361,616
2017	5.820%	494,181
2018	7.084%	634,162

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	\$ 690,718
2017	1,219,628
2018	385,360

d. Contributions Recognized

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

	CalSTRS	CalPERS	Total
Contributions - Employer	\$ 1,067,903	\$ 393,314	\$ 1,461,217
Contributions - State On Behalf Payments	634,162	-	634,162
Total Contributions	<u>\$ 1,702,065</u>	<u>\$ 393,314</u>	<u>\$ 2,095,379</u>

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

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

	CalSTRS	CalPERS	Total
Proportionate Share of Net Pension Liability - Governmental	<u>\$ 14,847,704</u>	<u>\$ 5,263,917</u>	<u>\$ 20,111,621</u>

The District's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2017. The total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016 rolled

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

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		
	District's Proportionate Share	State's Proportionate Share	Total For District Employees
Proportion June 30, 2017	0.0162%	0.0093%	0.0255%
Proportion June 30, 2018	0.0161%	0.0095%	0.0256%
Change in Proportion	-0.0001%	0.0002%	0.0001%
	CalPERS		
	District's Proportionate Share		
Proportion June 30, 2017	0.0219%		
Proportion June 30, 2018	0.0221%		
Change in Proportion	0.0002%		

a. Pension Expense

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

	CalSTRS	CalPERS	Total
Change in Net Pension Liability (Asset)	\$ 1,741,159	\$ 941,426	\$ 2,682,585
State On Behalf Pension Expense	385,360	-	385,360
Employer Contributions to Pension Expense	1,206,625	479,024	1,685,649
(Increase) Decrease in Deferred Outflows of Resources			
Employer Contributions Subsequent to Measurement Date	(126,797)	(78,199)	(204,996)
Differences between actual and expected experiences	(51,247)	(28,135)	(79,382)
Changes in assumptions	(2,567,258)	(820,136)	(3,387,394)
Changes in proportionate share	164,892	33,911	198,803
Net difference between projected and actual earnings	1,066	303,723	304,789
Increase (Decrease) in Deferred Inflows of Resources			
Differences between actual and expected experiences	(944)	-	(944)
Changes in assumptions	-	(51,789)	(51,789)
Changes in proportionate share	50,319	-	50,319
Net difference between projected and actual earnings	1,405,262	209,305	1,614,567
Total Pension Expense	\$ 2,208,437	\$ 989,130	\$ 3,197,567

b. Deferred Outflows and Inflows of Resources

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

	Deferred Outflows of Resources		
	CalSTRS	CalPERS	Total
Pension contributions subsequent to measurement date	\$ 1,206,625	\$ 479,024	\$ 1,685,649
Differences between actual and expected experience	51,247	242,704	293,951

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

Changes in assumptions	2,567,258	820,136	3,387,394
Changes in employer's proportionate share	329,783	164,020	493,803
Net difference between projected and actual earnings	2,655	782,495	785,150
Total Deferred Outflows of Resources	<u>\$ 4,157,568</u>	<u>\$ 2,488,379</u>	<u>\$ 6,645,947</u>

	Deferred Inflows of Resources		
	CalSTRS	CalPERS	Total
Differences between actual and expected experience	\$ (1,540)	\$ -	\$ (1,540)
Changes in assumptions	-	(103,578)	(103,578)
Changes in employer's proportionate share	(236,454)	-	(236,454)
Net difference between projected and actual earnings	(1,405,262)	(588,418)	(1,993,680)
Total Deferred Inflows of Resources	<u>\$ (1,643,256)</u>	<u>\$ (691,996)</u>	<u>\$ (2,335,252)</u>

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

Year Ended June 30,	Governmental Activities				
	Deferred Outflows of Resources		Deferred Inflows of Resources		Net Effect on Expenses
	CalSTRS	CalPERS	CalSTRS	CalPERS	
2019	\$ 2,027,210	\$ 1,143,230	\$ (423,006)	\$ (341,061)	\$ 2,406,373
2020	820,583	664,205	(422,571)	(151,505)	910,712
2021	655,151	445,977	(422,151)	(99,716)	579,261
2022	654,624	234,967	(375,528)	(99,714)	414,349
Total	<u>\$ 4,157,568</u>	<u>\$ 2,488,379</u>	<u>\$ (1,643,256)</u>	<u>\$ (691,996)</u>	<u>\$ 4,310,695</u>

c. Actuarial Assumptions

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

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

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

d. Discount Rate

The discount rate used to measure the total pension liability was 7.1000% for CalSTRS and 7.1500% for CalPERS. The projection of cash flows used to determine the discount rate assumed the contributions from plan members, employers, and state contributing agencies will be made at statutory contribution rates. To determine

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

whether the District bond rate should be used in the calculation of a discount rate for each plan, CalSTRS and CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current discount rates are adequate and the use of the District bond rate calculation is not necessary for either plan. The stress test results are presented in a detailed report that can be obtained from CalPERS and CalSTRS websites.

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

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

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

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

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%

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

Inflation Sensitive	4.00%	3.80%
Cash/Liquidity	2.00%	-1.00%

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

CalPERS

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

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

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

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

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

	CalSTRS	CalPERS
1% Decrease	6.10%	6.15%
Net Pension Liability	\$ 21,801,143	\$ 7,744,909
Current Discount Rate	7.10%	7.15%
Net Pension Liability	\$ 14,847,704	\$ 5,263,917
1% Increase	8.10%	8.15%
Net Pension Liability	\$ 9,204,517	\$ 3,205,727

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)	\$ 68,780,293	\$ 48,176,062	\$ 20,604,231	\$ 7,497,688	\$ 13,106,543
Changes for the year:					
Change in proportionate share	308,648	216,188	92,460	213,524	(121,064)
Service cost	1,551,717	-	1,551,717	578,142	973,575
Interest	5,175,887	-	5,175,887	1,928,442	3,247,445
Differences between					

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

expected and actual experience	102,100	-	102,100	38,041	64,059
Change in assumptions	5,114,729	-	5,114,729	1,905,656	3,209,073
Contributions:					
Employer	-	1,067,889	(1,067,889)	(397,876)	(670,013)
Employee	-	880,488	(880,488)	(328,054)	(552,434)
State On Behalf	-	634,154	(634,154)	(236,274)	(397,880)
Net investment income	-	6,439,518	(6,439,518)	(2,399,248)	(4,040,270)
Other income	-	18,425	(18,425)	(6,865)	(11,560)
Benefit payments, including refunds of employee contributions	(3,557,522)	(3,557,522)	-	-	-
Administrative expenses	-	(46,666)	46,666	17,387	29,279
Borrowing costs	-	(14,831)	14,831	5,526	9,305
Other expenses	-	(2,623)	2,623	977	1,646
Net Changes	8,695,559	5,635,020	3,060,539	1,319,378	1,741,161
Balance at June 30, 2018	\$ <u>77,475,852</u>	\$ <u>53,811,082</u>	\$ <u>23,664,770</u>	\$ <u>8,817,066</u>	\$ <u>14,847,704</u>

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)	\$ 16,559,578	\$ 12,237,088	\$ 4,322,490
Changes for the year:			
Adjustment for change in proportionate share	124,120	91,721	32,399
Service cost	448,037	-	448,037
Interest	1,261,224	-	1,261,224
Differences between expected and actual experience	117,275	-	117,275
Changes in assumptions	1,025,170	-	1,025,170
Contributions - Employer	-	393,314	(393,314)
Contributions - Employee	-	197,885	(197,885)
Net plan to plan resource movement	-	(30)	30
Net investment income	-	1,369,698	(1,369,698)
Benefit payments, including refunds of employee contributions	(821,343)	(821,343)	-
Administrative expenses	-	(18,189)	18,189
Net Changes	2,154,483	1,213,056	941,427
Balance at June 30, 2018	\$ <u>18,714,061</u>	\$ <u>13,450,144</u>	\$ <u>5,263,917</u>

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

L. Postemployment Benefits Other Than Pension Benefits

1. General Information About the OPEB Plan

Plan Description

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

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

Plan Eligibility

Certificated and Certificated Management employees are eligible to retire and receive District-paid health benefits after attaining age 55. The District pays \$350 per month towards healthcare premiums for an eligible retiree, spouse, and dependents. District-paid benefits continue for the earlier of 2 years or until age 65. Classified CSEA unit members and Confidential employees are not entitled to District-paid retiree health benefits, except as noted below.

One retired Board member is receiving District-paid health premiums until age 65; this benefit will not apply for current Board members. In addition, several Certificated and Classified retirees are receiving benefits under special incentive arrangements that are scheduled to expire not later than age 65. The District has informed us that future incentive arrangements are not anticipated, and based on this representation, we have not made a provision for future incentive arrangements in the valuation. This assumption will be subject to ongoing review in future valuations.

Groups	100-A \$0 Rx 200/10-35	90-D \$10 Rx 5-20	80-G \$30 Rx 5-20	HSA-B
Active & Retiree <65 Single	\$ 856	\$ 821	\$ 696	529
Active & Retiree <65 2-party	1,470	1,411	1,195	907
Active & Retiree <65 Family	1,695	1,640	1,394	1,031
Retiree w/Med. A&B Single	554	643	637	528

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	11
Inactive plan members entitled to but not yet receiving benefit payments	-
Active plan members	87
Total number of participants	<u>98</u>

2. Total OPEB Liability

The District's total OPEB liability of \$1,076,816 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

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

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.

Changes in Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance at June 30, 2017	\$ 1,076,816
Changes for the year:	
Service cost	26,674
Interest	30,752
Benefit payments	<u>(190,122)</u>
Net changes	<u>(132,696)</u>
Balance at June 30, 2018	\$ <u>944,120</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>Discount Rate</u>	<u>1% Increase</u>
	(2.13%)	(3.13%)	(4.13%)
Total OPEB Liability	\$ 999,275	\$ 944,120	\$ 893,246

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>Healthcare Cost Trend Rate</u>	<u>1% Increase</u>
--------------------	---	--------------------

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

	5.00% decreasing to 4.00%	6.00% decreasing to 5.00%	7.00% decreasing to 6.00%
Total OPEB Liability	\$ 894,681	\$ 944,120	\$ 100,502

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 \$57,426. At June 30, 2018 the District reported deferred outflows of resources related to the following sources:

	Deferred Outflows of Resources
Contributions made subsequent to measurement date	\$ <u>129,145</u>

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

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

M. Deferred Outflows of Resources

On June 21, 2007 the District issued general obligation bonds in the amount of \$970,000. When the bonds were issued, the District prepaid bond insurance in the amount of \$9,000. In accordance with GASB Statement No. 65 this prepaid insurance is recorded as a deferred outflow of resources to be amortized over the life of the bond using the equity method.

On November 8, 2012 the District issued general obligation bonds in the amount of \$980,000. When the bonds were issued, the District prepaid bond insurance in the amount of \$8,776. In accordance with GASB Statement No. 65 this prepaid insurance is recorded as a deferred outflow of resources to be amortized over the life of the bond using the equity method.

On November 8, 2012 the District issued refunding bonds in the amount of \$2,065,000 plus a premium of \$209,825. The refunding bonds were issued to repay bonds issued in 2003. The issuance of the refunding bonds resulted in an refunding loss of \$113,210. In accordance with GASB Statement No. 65 the loss is recorded as a deferred outflow of resources and is amortized against interest expense over the life of the bond using the straight line method.

In 2014 the District issued refunding bonds as a partial refunding of 2002 Series B General Obligation Bonds. The refunding resulted in a loss on refunding of \$220,746 which is recorded as a deferred outflow of resources and amortized over 20 years (the life of the bonds).

In January 2016 the District issued Certificates of Participation (COPs) in the amount of \$3,280,000. When the COPs were issued, the District prepaid debt insurance in the amount of \$17,700. In accordance with GASB Statement No. 65 this prepaid insurance is recorded as a deferred outflow of resources to be amortized over the life of the COPs using the equity method.

In 2016 the District issued refunding bonds as a partial refunding of 2002 Series C General Obligation Bonds. The refunding resulted in a loss on refunding of \$144,362 which is recorded as a deferred outflow of resources and amortized over 20 years (the life of the bonds).

GASB Statement No. 71 requires that contributions of pension plans subsequent to the measurement date be recorded as deferred outflows of resources. In addition, GASB 68 prescribes other items that are recorded as Deferred Outflows of Resources. Pension related deferred outflows of resources as of year end are representative of contributions made after the measurement date.

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

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 outflows of resources as of June 30, 2018, are as follows:

Description	Issue Date	Amortization Term	Beginning Balance	Additions	Current Year Amortization	Ending Balance
Bond insurance	06/21/2007	30 Years	\$ 93	\$ -	\$ 93	\$ -
Bond insurance	11/08/2012	25 Years	8,766	-	-	8,766
Refunding Loss	11/08/2012	15 Years	83,022	-	7,547	75,475
Bond insurance	12/23/2014	20 Years	6,446	-	114	6,332
Refunding Loss	12/23/2014	20 Years	198,670	-	11,038	187,632
Bond Insurance	11/10/2016	20 Years	4,077	-	75	4,002
Refunding Loss	11/10/16	20 Years	144,362	-	7,219	137,143
Pension Related		Varies	3,477,767	6,133,624	2,965,444	6,645,947
OPEB Related		Varies	-	129,145	-	129,145
Total Deferred Outflows of Resources			\$ 3,923,203	\$ 6,262,769	\$ 2,991,530	\$ 7,194,442

Year Ending June 30	Debt Insurance	Refunding Loss	Pension Related	OPEB Related	Total
2019	\$ 208	\$ 25,804	\$ 3,170,440	\$ 129,145	\$ 3,325,597
2020	220	25,803	1,484,788	-	1,510,811
2021	208	25,803	1,101,128	-	1,127,139
2022	220	25,802	889,591	-	915,613
2023	309	25,802	-	-	26,111
2024-2028	1,973	129,015	-	-	130,988
2029-2033	7,598	91,275	-	-	98,873
2034-2038	8,364	50,946	-	-	59,310
Total	\$ 19,100	\$ 400,250	\$ 6,645,947	\$ 129,145	\$ 7,194,442

N. Deferred Inflows of Resources

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

A summary of activity of deferred inflows of resources for the year ended June 30, 2018 is as follows:

Description	Amortization Term	Beginning Balance	Additions	Current Year Amortization	Ending Balance
Pension Related	Varies	\$ 723,099	\$ 2,376,221	\$ 764,068	\$ 2,335,252
Total Deferred Inflows of Resources		\$ 723,099	\$ 2,376,221	\$ 764,068	\$ 2,335,252

Future amortization of deferred inflows of resources is as follows:

Year Ending June 30	Pension Related
2019	\$ 764,067
2020	574,076
2021	521,867
2022	475,242
Total	\$ 2,335,252

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

O. Commitments and Contingencies

Litigation

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

State and Federal Allowances, Awards, and Grants

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

P. Components of Ending Net Position

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

	Major Funds General Fund	Nonmajor Governmental Funds	Total
Nonspendable Fund Balances			
Revolving Cash	\$ 2,500	\$ 2,821	\$ 5,321
Stores Inventory	-	25,800	25,800
Prepaid Expenses	266,682	-	266,682
Total Nonspendable	<u>269,182</u>	<u>28,621</u>	<u>297,803</u>
Restricted Fund Balances			
Educational Programs	36,359	19,313	55,672
Child Nutrition Program	-	184,802	184,802
Medi-Cal Program	65,059	-	65,059
Capital Projects	-	723,569	723,569
Debt Service	-	-	-
Other Restricted	1,032	-	1,032
Total Restricted	<u>102,450</u>	<u>927,684</u>	<u>1,030,134</u>
Committed Fund Balances			
Adult Education Program	-	48,004	48,004
Total Committed	<u>-</u>	<u>48,004</u>	<u>48,004</u>
Assigned Fund Balances			
Capital Projects	-	205,172	205,172
Debt Service	-	534,269	534,269
Total Assigned	<u>-</u>	<u>739,441</u>	<u>739,441</u>
Unassigned Fund Balances			
For Economic Uncertainty	4,564,868	-	4,564,868
Total Fund Balance	<u>\$ 4,936,500</u>	<u>\$ 1,743,750</u>	<u>\$ 6,680,250</u>

Q. Adjustments to Beginning Net Position

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

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

In addition, the District made corrections to clerical errors in the individual funds

Beginning net position was adjusted as follows:

Net Position, Beginning (As Originally Stated)	\$ 1,436,273
Adjustments for:	
GASB 75 OPEB Adjustment	(1,052,788)
Individual fund corrections	<u>(2,634)</u>
Net Position, Beginning (As Restated)	<u>\$ 380,851</u>

R. Joint Ventures (Joint Powers Agreements)

The District participates in two joint powers agreement (JPA) entities, the Imperial Valley Regional Occupation Program (IVROP) and the Imperial County School Property/Liability Insurance, Workers Compensation JPA (SIPIIC). The relationship between the District and the JPA is such that the JPA is not a component unit of the District.

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

Complete financial information for each JPA is available upon request from the JPA.

S. Subsequent Events

Implementation of New Accounting Guidance

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

GASB 83 - Certain Asset Retirement Obligations

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

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

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

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

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

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

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.

HOLTVILLE UNIFIED SCHOOL DISTRICT

EXHIBIT B-1

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

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
LCFF Sources:				
State Apportionment or State Aid	\$ 11,193,635	\$ 10,989,358	\$ 10,818,641	\$ (170,717)
Education Protection Account Funds	1,944,637	1,969,517	2,124,659	155,142
Local Sources	2,532,778	2,777,785	2,778,718	933
Federal Revenue	1,293,261	1,690,519	1,648,564	(41,955)
Other State Revenue	1,457,590	2,149,718	1,634,623	(515,095)
Other Local Revenue	593,070	724,053	748,417	24,364
Total Revenues	<u>19,014,971</u>	<u>20,300,950</u>	<u>19,753,622</u>	<u>(547,328)</u>
Expenditures:				
Current:				
Certificated Salaries	8,906,762	9,165,594	9,141,809	23,785
Classified Salaries	2,748,897	2,837,766	2,798,077	39,689
Employee Benefits	4,436,961	4,560,983	4,342,284	218,699
Books And Supplies	914,581	1,439,817	1,180,277	259,540
Services And Other Operating Expenditures	1,569,224	1,902,442	1,716,122	186,320
Other Outgo	82,114	82,134	81,075	1,059
Capital Outlay	158,743	599,981	171,347	428,634
Debt Service:				
Principal	11,917	11,917	11,917	-
Interest	460	460	460	-
Total Expenditures	<u>18,829,659</u>	<u>20,601,094</u>	<u>19,443,368</u>	<u>1,157,726</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>185,312</u>	<u>(300,144)</u>	<u>310,254</u>	<u>610,398</u>
Other Financing Sources (Uses):				
Transfers Out	<u>(390,000)</u>	<u>(396,323)</u>	<u>(396,323)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(390,000)</u>	<u>(396,323)</u>	<u>(396,323)</u>	<u>-</u>
Net Change in Fund Balance	(204,688)	(696,467)	(86,069)	610,398
Fund Balance, July 1	4,412,759	5,025,204	5,022,569	(2,635)
Fund Balance, June 30	<u>\$ 4,208,071</u>	<u>\$ 4,328,737</u>	<u>\$ 4,936,500</u>	<u>\$ 607,763</u>

See Accompanying Notes to Required Supplementary Information.

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

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
District's proportion of the net pension liability (asset)	0.0161%	0.0162%	0.0166%	0.0151%	N/A	N/A	N/A	N/A	N/A	N/A
State's proportionate share of the net pension liability (asset) associated with the District	0.0095%	0.0093%	0.0088%	0.0092%	N/A	N/A	N/A	N/A	N/A	N/A
District's proportionate share of the net pension liability (asset)	\$ 14,847,704	\$ 13,106,543	11,142,294	8,847,000	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	\$ 8,817,232	\$ 7,497,588	5,932,685	5,386,729	N/A	N/A	N/A	N/A	N/A	N/A
Total share of net pension liability (asset) associated with the District	\$ 23,664,936	\$ 20,604,131	17,074,979	14,233,729	N/A	N/A	N/A	N/A	N/A	N/A
District's covered-employee payroll	\$ 8,488,895	8,051,064	7,648,187	6,708,388	N/A	N/A	N/A	N/A	N/A	N/A
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	174.91%	162.79%	145.69%	131.88%	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	69.46%	70.04%	74.02%	76.52%	N/A	N/A	N/A	N/A	N/A	N/A

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

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

See accompanying Notes to Required Supplementary Information

HOLTVILLE UNIFIED SCHOOL DISTRICT
 SCHEDULE OF DISTRICT CONTRIBUTIONS
 CALIFORNIA STATE TEACHERS' RETIREMENT SYSTEM
 LAST TEN FISCAL YEARS *

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Contractually required contribution	\$ 1,206,625	1,067,903	863,879	679,159	N/A	N/A	N/A	N/A	N/A	N/A
Total Contractually Required Contributions	<u>1,206,625</u>	<u>1,067,903</u>	<u>863,879</u>	<u>679,159</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>
Total Contributions in relation to the contractually required contribution	<u>(1,206,625)</u>	<u>(1,067,903)</u>	<u>(863,879)</u>	<u>(679,159)</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Contribution deficiency (excess)	\$ -	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A
District's covered-employee payroll	\$ 8,361,920	8,488,895	8,051,062	7,648,187	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.

N/A - 2014-15 was the first year of implementation and as such, information is not being presented for years prior to implementation.

See accompanying Notes to Required Supplementary Information

HOLTVILLE UNIFIED 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)	0.0221%	0.0219%	0.0213%	0.0194%	N/A	N/A	N/A	N/A	N/A	N/A
District's proportionate share of the net pension liability (asset)	\$ 5,263,917	4,322,490	3,133,790	2,206,640	N/A	N/A	N/A	N/A	N/A	N/A
District's covered-employee payroll	\$ 2,832,042	2,650,317	2,364,285	2,043,769	N/A	N/A	N/A	N/A	N/A	N/A
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	185.87%	163.09%	132.55%	107.97%	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	71.87%	73.90%	79.43%	83.38%	N/A	N/A	N/A	N/A	N/A	N/A

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

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

See accompanying Notes to Required Supplementary Information

HOLTVILLE UNIFIED 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	\$ 479,024	393,314	313,983	278,300	N/A	N/A	N/A	N/A	N/A	N/A
Contributions in relation to the contractually required contribution	(479,024)	(393,314)	(313,983)	(278,300)	N/A	N/A	N/A	N/A	N/A	N/A
Contribution deficiency (excess)	\$ -	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A
District's covered-employee payroll	\$ 3,084,309	2,832,042	2,650,317	2,364,285	N/A	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered-employee payroll	15.531%	13.888%	11.847%	11.771%	N/A	N/A	N/A	N/A	N/A	N/A

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

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

See accompanying Notes to Required Supplementary Information

HOLTVILLE UNIFIED SCHOOL DISTRICT
 SCHEDULE OF CHANGES IN THE DISTRICT'S
 TOTAL OPEB LIABILITY AND RELATED RATIOS
 HUSD Post-Employment Medical Benefit Plan
 LAST TEN FISCAL YEARS *

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Total OPEB liability:										
Service cost	\$ 26,674	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A
Interest	30,752	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	(190,122)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net change in total OPEB liability	(132,696)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total OPEB liability - beginning	1,076,816	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total OPEB liability - ending	\$ 944,120	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A
Covered-employee payroll	\$ 12,382,930	\$ 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	7.62%	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

HOLTVILLE UNIFIED SCHOOL DISTRICT
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
 FOR THE YEAR ENDED JUNE 30, 2018

Excess of Expenditures Over Appropriations

As of June 30, 2018, there were no expenditures that exceeded appropriations in individual budgeted funds.

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:

Reporting Period	June 30, 2015	June 30, 2016	June 30, 2017
Measurement Date	06/30/14	06/30/15	06/30/16
Valuation Date	06/30/13	06/30/14	06/30/15
Experience Study	07/01/06 - 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

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

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

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

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

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

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

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

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

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

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

- 1) Benefit Changes: In 2018 there were no changes to benefits.
- 2) Changes in Assumptions: In 2018 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:

Year	Discount Rate
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.

HOLTVILLE UNIFIED SCHOOL DISTRICT

COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2018

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds (See Exhibit A-3)
ASSETS:				
Cash in County Treasury	\$ 103,210	\$ 533,263	\$ 370,087	\$ 1,006,560
Cash in Revolving Fund	2,822	-	-	2,822
Cash with a Fiscal Agent/Trustee	-	-	550,478	550,478
Accounts Receivable	269,392	1,005	1,012	271,409
Due from Other Funds	-	-	7,164	7,164
Stores Inventories	25,800	-	-	25,800
Total Assets	<u>401,224</u>	<u>534,268</u>	<u>928,741</u>	<u>1,864,233</u>
LIABILITIES AND FUND BALANCE:				
Liabilities:				
Accounts Payable	\$ 55,931	\$ -	\$ -	\$ 55,931
Due to Other Funds	64,553	-	-	64,553
Total Liabilities	<u>120,484</u>	<u>-</u>	<u>-</u>	<u>120,484</u>
Fund Balance:				
Nonspendable Fund Balances:				
Revolving Cash	2,821	-	-	2,821
Stores Inventories	25,800	-	-	25,800
Restricted Fund Balances	204,115	-	-	204,115
Committed Fund Balances	48,004	-	-	48,004
Assigned Fund Balances	-	534,269	928,741	1,463,010
Total Fund Balance	<u>280,740</u>	<u>534,269</u>	<u>928,741</u>	<u>1,743,750</u>
Total Liabilities and Fund Balances	<u>\$ 401,224</u>	<u>\$ 534,269</u>	<u>\$ 928,741</u>	<u>\$ 1,864,234</u>

HOLTVILLE UNIFIED SCHOOL DISTRICT

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

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds (See Exhibit A-5)
Revenues:				
Federal Revenue	\$ 881,821	\$ -	\$ 24,780	\$ 906,601
Other State Revenue	259,024	3,481	-	262,505
Other Local Revenue	23,922	566,157	10,825	600,904
Total Revenues	<u>1,164,767</u>	<u>569,638</u>	<u>35,605</u>	<u>1,770,010</u>
Expenditures:				
Current:				
Instruction	180,705	-	-	180,705
Instruction - Related Services	79,484	-	-	79,484
Pupil Services	842,709	-	-	842,709
Plant Services	-	-	25,430	25,430
Capital Outlay	-	-	910,408	910,408
Debt Service:				
Principal	-	399,817	-	399,817
Interest	-	385,505	48,074	433,579
Total Expenditures	<u>1,102,898</u>	<u>785,322</u>	<u>983,912</u>	<u>2,872,132</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>61,869</u>	<u>(215,684)</u>	<u>(948,307)</u>	<u>(1,102,122)</u>
Other Financing Sources (Uses):				
Transfers In	-	396,323	-	396,323
Total Other Financing Sources (Uses)	<u>-</u>	<u>396,323</u>	<u>-</u>	<u>396,323</u>
Net Change in Fund Balance	61,869	180,639	(948,307)	(705,799)
Fund Balance, July 1	218,871	353,630	1,877,048	2,449,549
Fund Balance, June 30	<u>\$ 280,740</u>	<u>\$ 534,269</u>	<u>\$ 928,741</u>	<u>\$ 1,743,750</u>

HOLTVILLE UNIFIED SCHOOL DISTRICT

COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2018

	Adult Education Fund	Cafeteria Fund	Total Nonmajor Special Revenue Funds (See Exhibit C-1)
ASSETS:			
Cash in County Treasury	\$ 60,388	\$ 42,822	\$ 103,210
Cash in Revolving Fund	-	2,822	2,822
Accounts Receivable	39,587	229,805	269,392
Stores Inventories	-	25,800	25,800
Total Assets	<u>99,975</u>	<u>301,249</u>	<u>401,224</u>
LIABILITIES AND FUND BALANCE:			
Liabilities:			
Accounts Payable	\$ 30,912	\$ 25,019	\$ 55,931
Due to Other Funds	1,746	62,807	64,553
Total Liabilities	<u>32,658</u>	<u>87,826</u>	<u>120,484</u>
Fund Balance:			
Nonspendable Fund Balances:			
Revolving Cash	-	2,821	2,821
Stores Inventories	-	25,800	25,800
Restricted Fund Balances	19,313	184,802	204,115
Committed Fund Balances	48,004	-	48,004
Total Fund Balance	<u>67,317</u>	<u>213,423</u>	<u>280,740</u>
Total Liabilities and Fund Balances	<u>\$ 99,975</u>	<u>\$ 301,249</u>	<u>\$ 401,224</u>

HOLTVILLE UNIFIED SCHOOL DISTRICT

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

	Adult Education Fund	Cafeteria Fund	Total Nonmajor Special Revenue Funds (See Exhibit C-2)
Revenues:			
Federal Revenue	\$ 70,395	\$ 811,426	\$ 881,821
Other State Revenue	195,585	63,439	259,024
Other Local Revenue	535	23,387	23,922
Total Revenues	<u>266,515</u>	<u>898,252</u>	<u>1,164,767</u>
Expenditures:			
Current:			
Instruction	180,705	-	180,705
Instruction - Related Services	79,484	-	79,484
Pupil Services	-	842,709	842,709
Total Expenditures	<u>260,189</u>	<u>842,709</u>	<u>1,102,898</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>6,326</u>	<u>55,543</u>	<u>61,869</u>
Net Change in Fund Balance	6,326	55,543	61,869
Fund Balance, July 1	60,991	157,880	218,871
Fund Balance, June 30	<u>\$ 67,317</u>	<u>\$ 213,423</u>	<u>\$ 280,740</u>

HOLTVILLE UNIFIED SCHOOL DISTRICT

COMBINING BALANCE SHEET
 NONMAJOR DEBT SERVICE FUNDS
 JUNE 30, 2018

	Bond Interest & Redemption Fund	Debt Service Fund	Total Nonmajor Debt Service Funds (See Exhibit C-1)
	<u> </u>	<u> </u>	<u> </u>
ASSETS:			
Cash in County Treasury	\$ 248,559	\$ 284,704	\$ 533,263
Accounts Receivable	594	411	1,005
Total Assets	<u>249,153</u>	<u>285,115</u>	<u>534,268</u>
LIABILITIES AND FUND BALANCE:			
Liabilities:			
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance:			
Assigned Fund Balances	\$ 249,154	\$ 285,115	\$ 534,269
Total Fund Balance	<u>249,154</u>	<u>285,115</u>	<u>534,269</u>
Total Liabilities and Fund Balances	<u>\$ 249,154</u>	<u>\$ 285,115</u>	<u>\$ 534,269</u>

HOLTVILLE UNIFIED SCHOOL DISTRICT

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

	Bond Interest & Redemption Fund	Debt Service Fund	Total Nonmajor Debt Service Funds (See Exhibit C-2)
Revenues:			
Other State Revenue	\$ 3,481	\$ -	\$ 3,481
Other Local Revenue	565,008	1,149	566,157
Total Revenues	<u>568,489</u>	<u>1,149</u>	<u>569,638</u>
Expenditures:			
Current:			
Debt Service:			
Principal	165,000	234,817	399,817
Interest	258,278	127,227	385,505
Total Expenditures	<u>423,278</u>	<u>362,044</u>	<u>785,322</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>145,211</u>	<u>(360,895)</u>	<u>(215,684)</u>
Other Financing Sources (Uses):			
Transfers In	-	396,323	396,323
Total Other Financing Sources (Uses)	<u>-</u>	<u>396,323</u>	<u>396,323</u>
Net Change in Fund Balance	145,211	35,428	180,639
Fund Balance, July 1	103,943	249,687	353,630
Fund Balance, June 30	<u>\$ 249,154</u>	<u>\$ 285,115</u>	<u>\$ 534,269</u>

HOLTVILLE UNIFIED SCHOOL DISTRICT

COMBINING BALANCE SHEET
 NONMAJOR CAPITAL PROJECTS FUNDS
 JUNE 30, 2018

	Building Fund	Capital Facilities Fund	Total Nonmajor Capital Projects Funds (See Exhibit C-1)
	<u> </u>	<u> </u>	<u> </u>
ASSETS:			
Cash in County Treasury	\$ 165,477	\$ 204,610	\$ 370,087
Cash with a Fiscal Agent/Trustee	550,478	-	550,478
Accounts Receivable	450	562	1,012
Due from Other Funds	7,164	-	7,164
Total Assets	<u>723,569</u>	<u>205,172</u>	<u>928,741</u>
LIABILITIES AND FUND BALANCE:			
Liabilities:			
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance:			
Assigned Fund Balances	\$ 723,569	\$ 205,172	\$ 928,741
Total Fund Balance	<u>723,569</u>	<u>205,172</u>	<u>928,741</u>
Total Liabilities and Fund Balances	<u>\$ 723,569</u>	<u>\$ 205,172</u>	<u>\$ 928,741</u>

HOLTVILLE UNIFIED SCHOOL DISTRICT

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

	Building Fund	Capital Facilities Fund	Total Nonmajor Capital Projects Funds (See Exhibit C-2)
Revenues:			
Federal Revenue	\$ 24,780	\$ -	\$ 24,780
Other Local Revenue	7,758	3,067	10,825
Total Revenues	<u>32,538</u>	<u>3,067</u>	<u>35,605</u>
Expenditures:			
Current:			
Plant Services	8,750	16,680	25,430
Capital Outlay	910,408	-	910,408
Debt Service:			
Interest	48,074	-	48,074
Total Expenditures	<u>967,232</u>	<u>16,680</u>	<u>983,912</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(934,694)</u>	<u>(13,613)</u>	<u>(948,307)</u>
Net Change in Fund Balance	(934,694)	(13,613)	(948,307)
Fund Balance, July 1	1,658,263	218,785	1,877,048
Fund Balance, June 30	<u>\$ 723,569</u>	<u>\$ 205,172</u>	<u>\$ 928,741</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

HOLTVILLE UNIFIED SCHOOL DISTRICT

LOCAL EDUCATION AGENCY

ORGANIZATION STRUCTURE

JUNE 30, 2018

The Holtville Unified School District was established in 1906 and is located in the southeastern most portion of Imperial County. The District encompasses within its boundaries the City of Holtville, with jurisdiction of approximately 562 square miles. No changes were made to these boundaries during the current year. The District operates two elementary schools, one middle school, and two high schools.

Governing Board

<u>Name</u>	<u>Office</u>	<u>Term and Term Expiration</u>
John Hawk	President	Four year term Expires December 2018
Kevin Grizzle	Clerk	Four year term Expires December 2018
Ben Abatti, Jr.	Member	Four year term Expires December 2018
Matt Hester	Member	Four year term Expires December 2020
Jared Garewal	Member	Four year term Expires December 2020

Administration

Celso Ruiz
Superintendent

John Paul Wells
Assistant Superintendent

Samantha Williams
Director of Special
Projects/Special Education

HOLTVILLE UNIFIED SCHOOL DISTRICT
 SCHEDULE OF AVERAGE DAILY ATTENDANCE
 YEAR ENDED JUNE 30, 2018

TABLE D-1

	Second Period Report		Annual Report	
	Original	Revised	Original	Revised
TK/K-3: Regular ADA	411.53	N/A	413.24	N/A
Grades 4-6: Regular ADA	323.21	N/A	322.42	N/A
Grades 7 and 8: Regular ADA	226.01	N/A	225.41	N/A
Grades 9-12: Regular ADA	540.43	N/A	540.30	N/A
ADA Totals	1,501.18	N/A	1,501.37	N/A

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

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

HOLTVILLE UNIFIED SCHOOL DISTRICT
 SCHEDULE OF INSTRUCTIONAL TIME
 YEAR ENDED JUNE 30, 2018

TABLE D-2

Grade Level	Ed. Code Minutes Requirement	2017-18 Actual Minutes	Number of Days Traditional Calendar	Status
Transitional Kindergarten	36,000	58,605	180	Complied
Kindergarten	36,000	58,605	180	Complied
Grade 1	50,400	52,505	180	Complied
Grade 2	50,400	52,505	180	Complied
Grade 3	50,400	53,085	180	Complied
Grade 4	54,000	54,785	180	Complied
Grade 5	54,000	54,785	180	Complied
Grade 6	54,000	63,266	180	Complied
Grade 7	54,000	63,266	180	Complied
Grade 8	54,000	63,266	180	Complied
Grade 9	64,800	69,048	180	Complied
Grade 10	64,800	69,048	180	Complied
Grade 11	64,800	69,048	180	Complied
Grade 12	64,800	69,048	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 46207.

The District has neither met nor exceeded its target funding.

HOLTVILLE UNIFIED 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	\$ 20,786,664	\$ 19,753,622	\$ 19,188,737	\$ 18,770,514
Expenditures, other uses and transfers out	20,754,925	19,839,691	19,265,903	17,005,696
Change in fund balance (deficit)	31,739	(86,069)	(77,166)	1,764,818
Ending fund balance	\$ 4,968,239	\$ 4,936,500	\$ 5,022,569	\$ 5,102,372
Available reserves (see note 2)	\$ 4,737,153	\$ 3,930,706	\$ 4,303,129	\$ 4,166,703
Available reserves as a percentage of total outgo (see note 3)	22.8%	20.3%	22.9%	25.2%
Total long-term debt	\$ 12,093,310	\$ 12,533,340	\$ 12,906,561	\$ 13,008,990
Average daily attendance at P-2	1,501	1,501	1,552	1,542

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 decreased by \$165,872 (3%) over the past two years. The fiscal year 2018-19 budget projects an increase of \$31,739 (0.6%). 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 decreased by \$2,524,350 over the past two years.

Average daily attendance has decreased by 41 (2.7%) 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 \$634,162, \$494,181, and \$361,616, have been excluded from the calculation of available reserves for the fiscal years ending June 30, 2018, 2017, and 2016.

HOLTVILLE UNIFIED 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 as reported in these audited financial statements are in agreement with the ending fund balances reported in the District's Annual Financial and Budget Report.

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

HOLTVILLE UNIFIED SCHOOL DISTRICT
SCHEDULE OF CHARTER SCHOOLS
YEAR ENDED JUNE 30, 2018

TABLE D-5

No charter schools are chartered by Holtville Unified School District.

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

HOLTVILLE UNIFIED SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018

TABLE D-6

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass- Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
CHILD NUTRITION CLUSTER:				
<u>U. S. Department of Agriculture</u>				
Passed Through State Department of Education:				
School Breakfast Program	10.553	13525	\$ -	\$ 292,354
Noncash Commodities	10.555	13396	-	78,456
National School Lunch Program	10.555	13523	-	519,073
Total Passed Through State Department of Education			-	889,883
Total U. S. Department of Agriculture			-	889,883
Total Child Nutrition Cluster			-	889,883
MEDICAID CLUSTER:				
<u>U. S. Department of Health and Human Services</u>				
Passed Through State Department of Education:				
Medi-Cal	93.778	10013	-	22,408
Total U. S. Department of Health and Human Services			-	22,408
Total Medicaid Cluster			-	22,408
SPECIAL EDUCATION (IDEA) CLUSTER:				
<u>U. S. Department of Education</u>				
Passed Through State Department of Education:				
IDEA Basic Local Assistance	84.027	13379	-	213,897
Total U. S. Department of Education			-	213,897
Total Special Education (IDEA) Cluster			-	213,897
OTHER PROGRAMS:				
<u>U. S. Department of Education</u>				
Passed Through California Department of Education:				
Adult Education English Literacy	84.002	14109	-	42,282
Passed Through State Department of Education:				
Adult Education Secondary	84.002	13978	-	16,263
Adult Education Basic	84.002	14508	-	11,850
Title I	84.010	14329	-	758,433
Migrant Education Summer	84.011	10005	-	109,686
Migrant Education	84.011	14838	-	292,388
Carl D. Perkins Career & Technical Education	84.048	14894	-	19,037
Title III Limited English Proficiency (LEP)	84.365	14346	-	90,167
Title II Supporting Effective Instruction	84.367	14341	-	113,739
Total Passed Through State Department of Education			-	1,411,563
Total U. S. Department of Education			-	1,453,845
<u>U. S. Department of Agriculture</u>				
Direct Program:				
Distance Learning & Telemedicine	10.855	-	-	28,809
Total U. S. Department of Agriculture			-	28,809
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ -	\$ 2,608,842

The accompanying notes are an integral part of this schedule.

HOLTVILLE UNIFIED SCHOOL DISTRICT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018

Basis of Presentation

The accompanying schedule of expenditures of federal awards ("the Schedule") includes the federal grant activity of 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 5.36% 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
Migrant Education	84.011	5.34%
Title III	84.365	2.00%

Schoolwide Program

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

Program	CFDA #	Amount Expended
Title I	84.010	\$714,937

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

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
Holtville Unified School District
Holtville, California

Members of the Board of Trustees:

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

Internal Control Over Financial Reporting

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

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

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

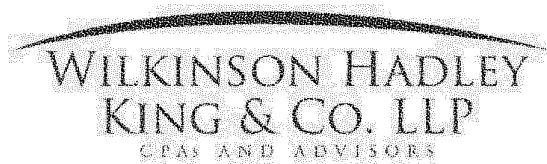
As part of obtaining reasonable assurance about whether the Holtville Unified School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could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

Purpose of this Report

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

Wilkinson Hadley King + Collet

El Cajon, California
December 17, 2018



F. 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
Holtville Unified School District
Holtville, California

Members of the Board of Trustees:

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

El Cajon Office

218 W. Douglas Avenue El Cajon, CA 92020
Tel. (619) 447-6700 Fax (619) 447-6707

Berkeley Office

2001 Addison Street, 3rd Floor, Berkeley, CA 94704
Tel. (510) 679-6900 Fax (510) 679-6901

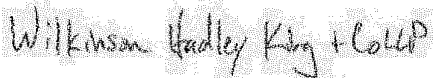
Report on Internal Control Over Compliance

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

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

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

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



El Cajon, California
December 17, 2018

Independent Auditor's Report on State Compliance

Board of Trustees
Holtville Unified School District
Holtville, California

Members of the Board of Trustees:

Report on State Compliance

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

Management's Responsibility for State Compliance

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

Auditor's Responsibility

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

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

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

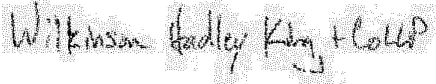
The term "N/A" is used above to mean either the District did not offer the program during the current fiscal year or the program applies to a different type of local education agency.

Opinion on State Compliance

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

Purpose of This Report

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

Handwritten signature in cursive script that reads "Wilkinson, Bradley King + Collier".

El Cajon, California
December 17, 2018

Findings and Recommendations Section

HOLTVILLE UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018

A. Summary of Auditor's Results

1. Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

One or more material weaknesses identified? Yes X No

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

Noncompliance material to financial statements noted? Yes X No

2. Federal Awards

Internal control over major programs:

One or more material weaknesses identified? Yes X No

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

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

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

Identification of major programs:

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

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

HOLTVILLE UNIFIED 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

HOLTVILLE UNIFIED 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 findings in the prior audit year.	N/A	N/A

APPENDIX B

GENERAL AND FINANCIAL INFORMATION ABOUT THE DISTRICT

GENERAL DISTRICT INFORMATION

*The information in this and other sections concerning the Holtville Unified School District's (the "**District**") operations, financial information, 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 front half of the Official Statement.*

The District

The District was established in 1906 and encompasses an area of approximately 562 square miles in Imperial County (the "**County**"). The boundaries of the District include most of the area of the City of Holtville (the "**City**"), as well as unincorporated portions of the County. The District currently operates two elementary schools, one middle school, two high schools, an online alternative academy, and an adult education school. Enrollment in the District for the 2018-19 school year is 1,578 students. There are no charter schools in the District.

Administration

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

<u>Name</u>	<u>Office</u>	<u>Current Term Expires</u>
Kevin Grizzle	President	December 2022
Jared Garewal	Clerk	December 2020
Ben Abatti	Member	December 2022
Robin Cartee	Member	December 2022
Matt Hester	Member	December 2020

Superintendent and Administrative Personnel. The day-to-day operations are managed by a board-appointed Superintendent of Schools, and District finances are managed by the Director of Business Services. Celso Ruiz and John-Paul Wells currently serve as the Superintendent and Assistant Superintendent, Business Services, respectively, of the District.

[Remainder of page intentionally left blank]

Recent Enrollment Trends

The following table shows historical enrollment in the District.

HISTORICAL ENROLLMENT Holtville Unified School District

<u>School Year</u>	<u>Enrollment</u>	<u>% Change</u>
2009-10	1,712	--
2010-11	1,644	(4.0)%
2011-12	1,596	(2.9)
2012-13	1,586	(0.6)
2013-14	1,550	(2.3)
2014-15	1,597	3.0
2015-16	1,585	(0.8)
2016-17	1,598	0.8
2017-18	1,554	(2.8)
2018-19 ⁽¹⁾	1,578	1.5

(1) 2nd Interim Projection.

Source: California Department of Education for 2009-10 through 2017-18; Holtville Unified School District for 2018-19.

The District experienced declining enrollment in the past decade due to changing demographics skewing towards an older population and a decline in families with school-aged children. However, the most recent fiscal year saw enrollment growth and the District projects flat enrollment for the next few fiscal years.

Employee Relations

The District currently has 98.5 full-time equivalent (“FTE”) certificated, 70 FTE classified, and 16 management, supervisor, and confidential positions. The following table summarizes contracts with bargaining units. The District’s management and confidential employees are unrepresented.

<u>Employee Group</u>	<u>Bargaining Group</u>	<u>Contract Expiration Date</u>
Certificated	Holtville Teachers Association	June 30, 2019
Classified	California Schools Employee Association	June 30, 2019

Source: Holtville Unified School District.

The District has entered into preliminary negotiations with both bargaining groups for fiscal year 2019-20.

[Remainder of page intentionally left blank]

DISTRICT FINANCIAL INFORMATION

Education Funding Generally

School districts in California (the “**State**”) 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.

The fiscal year 2013-14 State budget package replaced the previous K-12 finance system with a new 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 is being 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. Full implementation occurred in fiscal year 2018-19 in connection with adoption of the State Budget for said fiscal year.

Funding levels used in the LCFF "Target Entitlement" calculations for fiscal year 2018-19 are set forth in the following table.

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

Grade Span	2017-18 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 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 Academic Performance 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 fund groups, with each group consisting of a separate set of self-balancing accounts containing assets, liabilities, fund balances, revenues and expenditures. The major fund classification is the general fund which accounts for all financial resources not requiring a special fund placement. The District's fiscal year begins on July 1 and ends on June 30.

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 Audited Financial Statements for the fiscal year ending fiscal year 2017-18 were prepared by Wilkinson Hadley King & Co., El Cajon, California. Audited financial statements for the District for the fiscal year ended June 30, 2018, and prior fiscal years are on file with the District and available for public inspection at the Superintendent’s Office. See Appendix B hereto for the 2017-18 Audited Financial Statements. Copies of such financial statements will be mailed to prospective investors and their representatives upon written request to the District. The District has not requested nor did the District obtain permission from Wilkinson Hadley King & Co., Inc. to include the audited financial statements as an appendix to this Official Statement. Accordingly, Wilkinson Hadley King & Co., Inc. has not performed any post-audit review of the financial condition or operations of the District.

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

**SUMMARY OF GENERAL FUND REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
Fiscal Years 2013-14 through 2017-18
Holtville Unified School District**

	<u>Audited 2013-14</u>	<u>Audited 2014-15</u>	<u>Audited 2015-16</u>	<u>Audited 2016-17</u>	<u>Audited 2017-18</u>
Revenues					
LCFF sources:					
State apportionment	\$7,879,892	\$8,447,988	\$9,790,262	\$10,733,572	\$10,818,641
Education Protection Account Funds ⁽¹⁾	1,681,930	2,175,881	2,102,173	2,031,370	2,124,659
Local sources	1,491,404	1,913,460	2,409,935	2,498,344	2,778,718
Federal revenues	1,253,877	1,350,463	1,301,032	1,393,615	1,648,564
Other state revenues	1,708,454	979,374	2,296,922	1,804,657	1,634,623
Other local revenues	587,829	919,394	870,190	726,823	748,417
Total Revenues	<u>14,603,386</u>	<u>15,786,560</u>	<u>18,770,514</u>	<u>19,188,381</u>	<u>19,753,622</u>
Expenditures					
Instruction	8,740,344	9,122,081	9,961,136	11,163,789	11,976,032
Instruction-related services	1,696,733	1,698,122	1,907,015	2,032,805	1,876,954
Pupil services	1,248,316	1,379,606	1,492,568	1,663,591	1,869,378
Ancillary services	201,617	265,200	288,742	272,137	293,774
General administration	1,144,797	1,184,629	1,308,675	1,456,937	1,504,739
Plant services	1,592,397	1,636,370	1,754,870	1,690,911	1,667,692
Other outgo	119,835	137,983	83,192	79,928	81,075
Capital Outlay	--	--	--	499,000	171,347
Debt Service:					
Principal	51,930	61,038	11,048	11,474	11,917
Interest	4,695	24,183	1,329	903	460
Total Expenditures	<u>14,800,664</u>	<u>15,509,212</u>	<u>16,808,575</u>	<u>18,871,475</u>	<u>19,443,368</u>
Excess of Revenues Over/(Under) Expenditures	(197,278)	277,348	1,961,939	316,906	310,254
Other Financing Sources (Uses)					
Operating transfers in	--	115	--	357	--
Operating transfers out	(110,000)	(111,679)	(197,121)	(394,429)	(396,323)
Total Other Fin. Source(Uses)	<u>(110,000)</u>	<u>(111,679)</u>	<u>(197,121)</u>	<u>(394,072)</u>	<u>(396,323)</u>
Net change in fund balance	(307,278)	165,784	1,764,818	(77,166)	(86,069)
Fund Balance, July 1	<u>3,501,530</u>	<u>3,171,769</u>	<u>3,337,554</u>	<u>5,102,371</u>	<u>5,022,569</u>
Fund Balance, June 30	<u>\$3,194,252</u>	<u>\$3,337,553</u>	<u>\$5,102,372</u>	<u>\$5,025,205</u>	<u>\$4,936,500</u>

⁽¹⁾ Represents Proposition 30 funds deposited into the Education Protection Account.
Source: Holtville Unified School District Audit Reports.

District Budget and Interim Financial Reporting

Budgeting - Education Code Requirements. 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 Education 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 fiscal year. The County Superintendent reviews the certification and issues either a positive, negative or qualified certification.

Interim Certifications Regarding Ability to Meet Financial Obligations. Under the provisions of AB 1200, each school district is required to file interim certifications with the county office of education as to its ability to meet its financial obligations for the remainder of the then-

current fiscal year and, based on current forecasts, for the subsequent two fiscal years. The county office of education reviews the certification and issues the following types of certifications:

- **Positive certification** - the school district that will meet its financial obligations for the current fiscal year and subsequent two fiscal years.
- **Negative certification** - the school district will be unable to meet its financial obligations for the remainder of the fiscal year or subsequent fiscal year.
- **Qualified certification** - the school district may not meet its financial obligations for the current fiscal year or subsequent two 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, the District received positive certifications on all interim reports.

Copies of the District's budget, interim reports and certifications may be obtained upon request from the District Office at Holtville Unified School District, 621 E. 6th Street, Holtville, California 92250; phone (760) 356-4936. The District may impose charges for copying, mailing and handling.

[Remainder of page intentionally left blank]

District's Fiscal Year 2018-19 General Fund. The following table shows the General Fund Adopted Budget for Fiscal Year 2018-19 and projections at the time of the 2nd Interim Report.

**REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
2018-19 (Adopted Budget and 2nd Interim Projections)
Holtville Unified School District**

	Adopted Budget Fiscal Year 2018-19	2nd Interim Report 2018-19
Revenues		
LCFF Sources	\$16,464,446	\$16,609,871
Federal revenues	1,539,027	1,742,108
Other state revenues	1,531,356	2,137,652
Other local revenues	611,908	673,935
Total Revenues	<u>20,146,737</u>	<u>21,163,566</u>
Expenditures		
Certificated Salaries	9,493,194	9,661,634
Classified Salaries	2,777,793	2,854,010
Employee Benefits	4,767,978	4,821,987
Books and Supplies	961,431	1,141,221
Services and Other Operating Expenditures	1,555,550	1,680,887
Capital Outlay	--	562,262
Other Outgo (excl. transfers of Ind. Costs)	<u>82,134</u>	<u>102,828</u>
Other Outgo - transfers of indirect costs		(9,749)
Total Expenditures	<u>19,638,080</u>	<u>20,815,079</u>
Excess of Revenues Over/(Under) Expenditures	508,657	348,487
Other Financing Sources (Uses)		
Interfund Transfers In	--	---
Interfund Transfers Out	<u>(390,000)</u>	<u>(390,000)</u>
Total Other Financing Sources (Uses)	(390,000)	(390,000)
Net Change in Fund Balance	118,657	(41,513)
Fund Balance, July 1 ⁽¹⁾	<u>4,936,500</u>	<u>4,936,500</u>
Fund Balance, June 30 ⁽²⁾	\$5,055,157	\$4,894,988

(1) Budgeted and interim reporting figures account for the General Fund separately from other governmental funds, including reserves, which are shown on a combined basis in the District's audited financial statements. As such, budget and interim report figures beginning balance does not correspond to the ending balance in the audited financial statement, as summarized in the preceding table.

(2) Totals may not foot due to rounding.

Source: Holtville Unified School District.

District Reserves. In general, the State requires that California school districts of the District's size maintain the equivalent of 3% of annual general fund expenditures in reserve to be available during financial crisis. The District has historically had a reserve in excess of 3% of expenditures.

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 school 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.

Effective January 1, 2018, Senate Bill 751, which was signed by the Governor on October 11, 2017, amends Section 42127.01 of the Education Code to raise the reserve cap to no more than 10% of a school district’s combined assigned or unassigned ending general fund balance. In addition, the amendment provides that the reserve cap will be effective only if there is a minimum balance of 3% in the Proposition 98 reserve referenced in the preceding paragraph. Basic aid school districts and small districts with 2,500 or fewer ADA are exempted from the reserve cap contained in Education Code Section 42127.01.

The District cannot predict when or how any additional changes to legal provisions governing the reserve cap would impact its reserves and future spending.

Attendance - Revenue Limit and LCFF Funding Trends

As described herein, prior to fiscal year 2013-14, school districts in California derived most 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 and concentration funding based on Targeted Student enrollment (unduplicated count) and funding based on an economic recovery target.

Total Trends Under LCFF. The following table sets forth historical LCFF funding for the District for fiscal year 2013-14 through 2018-19 (Budgeted), together with ADA.

**AVERAGE DAILY ATTENDANCE AND LCFF FUNDING
Holtville Unified School District
Fiscal Years 2013-14 through 2018-19⁽¹⁾**

Fiscal Year	ADA⁽¹⁾	Total Funding Trends Under LCFF⁽²⁾
2013-14	1,492	\$11,053,226
2014-15	1,547	12,537,329
2015-16	1,547	14,302,370
2016-17	1,547	15,263,286
2017-18	1,501	15,722,018
2018-19	1,516	16,609,871

(1) P-2 for Fiscal Year 2013-14 through 2017-18; Budgeted Fiscal Year 2018-19.
Source: California Department of Education for 2013-14 through 2016-17. Holtville Unified School District for 2017-18 through 2018-19.

Targeted Student Enrollment. The District has a Target Student unduplicated count of approximately 77.87% in fiscal year 2018-19. Because this percentage is over 55%, the District qualifies for both supplemental funding and concentration 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 LCFF amount 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.

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. The District receives State funds for mandated costs reimbursements. In addition, 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 "-State Funding of Education."

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

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.*

Implementation of GASB Nos. 68 and 71. Commencing with fiscal year ended June 30, 2015, the District implemented the provisions of GASB Statement Nos. 68 and 71 which require certain new pension disclosures in the notes to its audited financial statements commencing with the audit for fiscal year 2014-15. Statement No. 68 generally requires the District to recognize its proportionate share of the unfunded pension obligation for STRS and PERS by recognizing a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year. As of June 30, 2018, the District reported its proportionate share of the net pension liability of STRS and PERS of \$14,847,704 and \$5,263,917, respectively. See "APPENDIX A - AUDITED FINANCIAL STATEMENTS OF THE DISTRICT FOR FISCAL YEAR ENDED JUNE 30, 2018 - Note K" for further information.

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 EMPLOYER CONTRIBUTIONS
Holtville Unified School District
Fiscal Years 2012-13 through 2018-19**

Fiscal Year	Amount*
2012-13	\$545,738
2013-14	600,243
2014-15	887,887
2015-16	1,699,925
2016-17	1,540,082
2017-18	1,702,065
2018-19 ⁽¹⁾	2,140,927

*Increases since fiscal year 2015-16 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.

(1) 2nd Interim Projection.

Source: Holtville Unified 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 \$107.3 billion as of June 30, 2017 (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, 2016-17, 2017-18, and 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 ⁽²⁾	18.60
2022-23 ⁽²⁾	18.10

(1) Expressed as a percentage of covered payroll.
 (2) The employer contribution rate is projected to decrease in fiscal years 2021-22 and 2022-23. Projections may change based on actual experience.
 Source: AB 1469.

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

On February 14, 2017, the STRS Board adopted a new set of actuarial assumptions that reflect member's increasing life expectancies and current economic trends. These new assumptions were first reflected in the STRS Defined Benefit Program Actuarial Valuation as of June 30, 2016. The revised actuarial assumptions include (i) decreasing the investment rate of return to 7.25% and then to 7.00%, for the June 30, 2016 and June 30, 2017 actuarial valuations, respectively, (ii) decreasing projected wage growth to 3.50% (from 3.75%), and (iii) decreasing the inflation factor to 2.75% (from 3.00%).

The State also contributes to STRS, currently in an amount equal to 6.828% of teacher payroll in Fiscal Year 2017-18. Based upon the recommendation from its actuary, for Fiscal Year

2017-18 and each fiscal year thereafter, the STRS Board is required, with certain limitations, to increase or decrease the State's contribution rates to reflect the contribution required to eliminate the unfunded actuarial accrued liability attributed to benefits in effect before July 1, 1990. In addition, the State is currently required to make an annual general fund contribution up to 2.5% of the fiscal year covered STRS member payroll to the Supplemental Benefit Protection Account (the "**SBPA**"), which was established by statute to provide supplemental payments to beneficiaries whose purchasing power has fallen below 85% of the purchasing power of their initial allowance.

PERS. 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
Holtville Unified School District
Fiscal Years 2012-13 through 2018-19 (Projected)**

Fiscal Year	Amount
2012-13	\$229,618
2013-14	241,193
2014-15	379,723
2015-16	445,759
2016-17	313,983
2017-18	393,314
2018-19 ⁽¹⁾	564,914

(1) 2nd Interim Projection.
Source: Holtville Unified 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, were 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.

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

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

(1) Rates were estimated by PERS in 2017. 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 14 to the District's audited financial statements attached to the Official Statement as APPENDIX B. In addition, both STRS and PERS issue separate comprehensive financial reports that include financial statements and required supplemental information. Copies of such reports may be obtained from STRS and PERS, respectively, as follows: (i) STRS, P.O. Box 15275, Sacramento, California 95851-0275; and (ii) PERS, 400 Q Street, Sacramento, California 95811. More information regarding STRS and PERS can also be obtained at their websites, www.calstrs.com and www.calpers.ca.gov, respectively. *The references to these Internet websites are shown for reference and convenience only and the information contained on such websites is not incorporated by reference into this Official Statement. The information contained on these websites may not be current and has not been reviewed by the District or the Underwriter for accuracy or completeness.*

Other Post-Employment Retirement Benefits

Plan Description. The Postemployment Benefit Plan (the "**Plan**") is a single-employer defined benefit healthcare plan administered by the District. The Plan provides medical and dental insurance benefits to eligible retirees and their spouses. Membership of the Plan consists of 11 retirees and beneficiaries currently receiving benefits and 87 active plan members.

Benefits Provided. The Plan provides medical and dental insurance benefits to eligible retirees and their spouses. Benefits are provided through a third-party insurer, and the full cost of benefits is covered by the Plan. The District's governing board has the authority to establish and amend the benefit terms as contained within the negotiated labor agreements.

Plan Eligibility. Certificated and Certificated Management employees are eligible to retire and receive District-paid health benefits after attaining age 55. The District pays \$350 per month towards healthcare premiums for an eligible retiree, spouse, and dependents. District-paid

benefits continue for the earlier of 2 years or until age 65. Classified California Services Employees Association (“CSEA”) unit members and Confidential employees are not entitled to District-paid retiree health benefits. One retired Board member is receiving District-paid health premiums until age 65; this benefit will not apply for current Board members. In addition, several Certificated and Classified retirees are receiving benefits under special incentive arrangements that are scheduled to expire no later than age 65.

Actuarial Assumptions. The District’s total OPEB liability of \$1,076,816 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 3.13% per annum, healthcare cost trend rates 6.00% decreasing to 5.00% and 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 PERS and STRS for pension valuations.

The actual assumptions used in the June 30, 2017 valuation were based on the results of PERS actuarial experience study for the period July 1, 1997 through June 30, 2011 and the STRS 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, 2017, is shown in the following table:

**CHANGES IN TOTAL OPEB LIABILITY
Holtville Unified School District**

Balance at June 30, 2017	\$1,076,186
Changes for the year	
Service Cost	26,674
Interest	30,752
Benefit payments	<u>(190,122)</u>
Net changes	<u>(132,696)</u>
Balance at June 30, 2018	<u>\$944,120</u>

Source: Holtville Unified School District 2017-18 Audit Report.

OPEB Expense. For the year ended June 30, 2018, the District recognized an OPEB expense of \$57,426. For more information regarding the District’s OPEB, see note L in the District’s 2017-18 Audit in Appendix A hereto.

[Remainder of page intentionally left blank]

Long-Term Debt

General. The District has five series of general obligation bonds and refunding bonds currently outstanding, as summarized in the following table and as more particularly described below. See “DEBT SERVICE SCHEDULES” in the body of this Official Statement for the current annual debt service requirements of the District’s outstanding bonds.

**OUTSTANDING GENERAL OBLIGATION BONDS
Holtville Unified School District**

Issue Date	Series	Amount of Original Issue	Outstanding as of May 1, 2019
09/02/10	Election of 2002, Series 2010	\$536,407.60	\$536,407.60
11/20/12	Election of 2002, Series 2012	980,000.00	980,000.00
11/20/12	2012 Refunding Bonds	2,065,000.00	1,665,000.00
12/23/14	2014 Refunding Bonds	2,930,000.00	2,720,000.00
11/10/16	2016 Refunding Bonds	1,090,000.00	1,045,000.00
Totals		\$7,601,407.60	\$6,946,407.60

Source: Holtville Unified School District; the Financial Advisor.

2010 General Obligation Bonds. On September 2, 2010, the District issued its 2010 General Obligation Bonds in the aggregate principal amount of \$536,407.60. The 2010 General Obligation Bonds mature on August 1, 2040.

2012 General Obligation Bonds. On November 20, 2012, the District issued its 2012 General Obligation Bonds in the aggregate principal amount of \$980,000. The 2012 General Obligation Bonds mature on August 1, 2037 and bear interest at a rate of 5% per annum.

2012 General Obligation Refunding Bonds. On November 20, 2012, the District issued its 2012 General Obligation Refunding Bonds in the aggregate principal amount of \$2,065,000 in order to refund a 2003 series of general obligation bonds. The 2012 General Obligation Refunding Bonds mature on August 1, 2027 and bear interest at rates ranging between 2.00% and 5.00% per annum.

2014 General Obligation Refunding Bonds. On December 23, 2014, the District issued its 2014 General Obligation Refunding Bonds in the aggregate principal amount of \$2,390,000 in order to refund a 2005 series of general obligation bonds. The 2014 General Obligation Refunding Bonds mature on August 1, 2034 and bear interest at rates ranging between 2.00% and 4.00% per annum.

2016 General Obligation Refunding Bonds. On November 10, 2016, the District issued its 2016 General Obligation Refunding Bonds in the aggregate principal amount of \$1,090,000 in order to refund a 2007 series of general obligation bonds. The 2016 General Obligation Refunding Bonds mature on August 1, 2036 and bear interest at rates ranging between 2.00% and 3.00% per annum.

Capital Lease. In fiscal year 2018-19, the District entered into a capital lease with Enterprise Fleet Management for fleet vehicles. The District’s lease payment is approximately \$45,000 annually.

Investment of District Funds

In accordance with Government Code Section 53600 *et seq.*, the Imperial 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. For further information concerning County investments, access the County’s website at www.co.imperial.ca.us and access the link to the Department of the Treasurer-Tax Collector, and the links to “Investment Policy” and “Portfolio”. The information contained in such website has not been reviewed by the District or the Underwriter and is not incorporated in this Official Statement by reference. The most recent Investment Policy adopted by the Board of Supervisors of the County is attached hereto as Appendix G.

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 “—State Funding of Education – Revenue Limits” 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” below.

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.*

1. The California State Treasurer Internet home page at www.treasurer.ca.gov, under the heading "Bond Finance" and sub-heading "-Public Finance Division", (1) 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, and (2) also posts various financial documents for the State under the "-Financial Information" link.

2. 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.
3. 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 headings "The Budget" and "State Budget Condition."

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, 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 30 at the November 2, 2012 statewide election and Proposition 55 at the November 8, 2016 statewide election, there can be no certainty that budget-cutting strategies such as those used in recent years will not be used in the future should the State budget again be stressed and if projections included in such budget do not materialize.

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

2018-19 State Budget

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

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

- \$640 million in Proposition 51 State bond authority for school facilities;

- \$1 billion in federal and state funds, over four years, for early childhood programs, including the addition of placement for 13,400 child-care and 2,947 preschool children, and \$450 million to reduce the number of children living in deep poverty;
- one-time funding for K-12 school districts to fund various programs, including \$300 million for the lowest-performing student subgroups, \$125 million to address the shortage of special education teachers, and \$100 million to expand facilities for kindergarten and transitional kindergarten;
- \$54 million for county offices of education to support school districts needing additional assistance, as determined based on multiple performance indicators;
- \$100 million for local fire response, including \$32.9 million to backfill property tax revenue losses that cities, counties and districts incurred in fiscal year 2017-18 and will incur in fiscal year 2018-19 from wildfires, mudslides and other natural disasters, and a hold harmless provision allowing local education agencies to recoup revenue that has been lost due to declines in average daily attendance that are directly associated with these disasters;
- \$185.4 million to multiple state agencies for the first year of implementation of a \$4 billion parks and water bond measure approved by voters in 2018; and
- one-time funding of \$500 million to support local governments in addressing homelessness, to be used for emergency shelters, bridge housing, motel vouchers, and supportive housing.

2019-20 Proposed State Budget

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

The 2019-20 Proposed Budget raises the Proposition 98 minimum funding guarantee for school districts and community college districts to \$80.7 billion, a new all-time high, which includes \$2 billion in Proposition 98 funding for the LCFF, reflecting a 3.46% cost-of-living adjustment, and bringing total LFCC funding to \$63 billion. To address the rising costs of STRS pensions, the 2019-20 Proposed Budget also includes a \$3 billion one-time general fund payment to STRS on

behalf of school districts, which is expected to provide immediate relief and reduce the out-year contribution rate by 0.5%. The 2019-20 Proposed Budget also includes a \$750 million one-time general fund payment of \$576 million (\$186 million is one-time) to support expanded special education services in school districts with a high concentration of special education students.

Legislative Analyst's Office Report. The Legislative Analyst's Office (the "LAO"), a nonpartisan State office which provides fiscal and policy information and advice to the State Legislature, released its Overview of the Governor's Budget on January 14, 2019. The LAO reports that the 2019-20 Proposed Budget reflects a budget situation in better shape than its previous estimates, with nearly \$20.6 billion in available discretionary spending, due primarily to lower than expected health and human services spending. The LAO report described the Governor's proposal to allocate nearly half of the discretionary funds to pay down state liabilities, including unfunded retirement liabilities and budgetary debts, as prudent. With respect to schools, the LAO report notes that there has been no deposit to date in the school stabilization account, which could result in BSA withdrawals for schools. Additionally, the 2019-20 Proposed Budget does not include any one-time spending proposals inside the Proposition 98 minimum guarantee to mitigate the effects of a future drop in the guarantee, as had been provided in the previous six years. The LAO's Overview Report is available from the LAO at www.lao.ca.gov.

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

With respect to funding for education, \$75.6 billion of funding is provided for K-14 education under Proposition 98, representing an increase of \$389.3 million from the 2019-20 Proposed Budget, due in part to a slightly slower decline in ADA than originally projected. The May Revision includes total funding of \$101.8 billion for all K-12 education programs. In addition, the May Revision adds \$150 million in one-time non-Proposition 98 funds in order to reduce the STRS employer contribution rate to 16.7% in 2019-20. Finally, the May Revision proposes an increase of \$142.1 million in 2019-20 for school districts, special education local plan areas and county offices of education as a result of lower offsetting property tax revenues, and approximately \$2.7 million in one-time wildfire-related cost adjustments for property tax backfill for basic aid school districts impacted by recent wildfires, and to student nutrition programs resulting from wildfire-related losses.

Disclaimer Regarding State Budgets. The implementation of the foregoing 2018-19 State Budget and any 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 2018-19 State Budget and 2019-20 Proposed Budget are available from the California Department of Finance website at www.ebudget.ca.gov. Impartial analyses of these documents are published by the Legislative Analyst Office, and can be accessed at www.lao.ca.gov/budget. The District can take no responsibility for the continued accuracy of internet addresses referenced herein 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 Series B 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) on 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. 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 County, use a similar methodology in raising the taxable values of property beyond 2% in a single year. The State Board of Equalization 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 State Board of Equalization (“**SBE**”) as part of a “going concern” rather than as individual pieces of real or personal property. State-assessed unitary and certain other property is allocated to the counties by SBE, taxed at special county-wide rates, and the tax revenues distributed to taxing jurisdictions (including the District) according to statutory formulae generally based on the distribution of taxes in the prior year.

Articles XIII C and XIII D of the California Constitution

On November 5, 1996, the voters of the State of California approved Proposition 218, popularly known as the “Right to Vote on Taxes Act.” Proposition 218 added to the California Constitution Articles XIII C and XIII D (respectively, “**Article XIII C**” and “**Article XIII D**”), which contain a number of provisions affecting the ability of local agencies, including school districts, to levy and collect both existing and future taxes, assessments, fees and charges.

According to the “Title and Summary” of Proposition 218 prepared by the California Attorney General, Proposition 218 limits “the authority of local governments to impose taxes and property-related assessments, fees and charges.” Among other things, Article XIII C establishes that every tax is either a “general tax” (imposed for general governmental purposes) or a “special tax” (imposed for specific purposes), prohibits special purpose government agencies such as school districts from levying general taxes, and prohibits any local agency from imposing, extending or increasing any special tax beyond its maximum authorized rate without a two-thirds vote; and also provides that the initiative power will not be limited in matters of reducing or repealing local taxes, assessments, fees and charges. Article XIII C further provides that no tax may be assessed on property other than *ad valorem* property taxes imposed in accordance with Articles XIII and XIII A of the California Constitution and special taxes approved by a two-thirds vote under Article XIII A, Section 4.

On November 2, 2010, Proposition 26 was approved by State voters, which amended Article XIII C 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 XIII D. 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 XIIB 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 XIIB 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 percent (rather than two-thirds) of the voters in local elections and permits property taxes to exceed the current 1 percent limit in order to repay the bonds and (2) changes existing statutory law regarding charter school facilities. As adopted, the constitutional amendments may be changed only with another Statewide vote of the people. The statutory provisions could be changed by a majority vote of both houses of the Legislature and approval by the Governor, but only to further the purposes of the proposition. The local school jurisdictions affected by this proposition are K-12 school districts, community college districts, including the District, and county offices of education. As noted above, the California Constitution previously limited property taxes to 1 percent 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 percent 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 this proposition and can be changed with a majority vote of both houses of the Legislature and approval by the Governor.

Proposition 30 and Proposition 55

Guaranteed Local Public Safety Funding, Initiative Constitutional Amendment (also known as “**Proposition 30**”), which temporarily increases 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 will be 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 and over, \$340,000 but less than \$408,000 for head-of-household 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 over \$408,000 but less than \$680,000 for head-of-household filers), and (iii) 3% for taxable income over \$500,000 for single filers (over \$1,000,000 for joint filers and over \$680,000 for head-of-household filers).

The revenues generated from the 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 school 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 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. Proposition 55 did not extend the sales and use tax increase that was approved as part of Proposition 30. Tax revenue received under Proposition 55 is to be allocated 89% to K-12 schools and 11% to community colleges.

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.

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, 1A, 26, 30 and 39 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.

[Remainder of page intentionally left blank]

APPENDIX C

GENERAL INFORMATION ABOUT IMPERIAL COUNTY

The following information concerning 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 County, the State of California (the “State”) or any of its political subdivisions, and neither the County, the State nor any of its political subdivisions is liable therefor.

General Information

The County is located in the southeast corner of California. It is bordered on the north by Riverside County, on the west by San Diego County, on the south by Mexico and on the east by the Colorado River, which forms the boundary between California and Arizona. It covers an area of 4,482 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.

The 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.

Population

The population of the County increased to 190,624 as of January 1, 2018, according to the California Department of Finance estimates.

IMPERIAL COUNTY Population Estimates

Area	2014	2015	2016	2017	2018
Brawley	26,181	26,526	26,837	27,116	27,417
Calexico	40,218	40,329	40,436	40,732	41,199
Calipatria	7,483	7,387	7,486	7,537	7,488
El Centro	44,494	44,941	45,221	45,413	46,315
Holtville	6,116	6,211	6,228	6,349	6,501
Imperial	16,665	17,267	17,897	18,341	19,372
Westmoreland	2,260	2,256	2,257	2,279	2,325
Unincorporated	38,589	39,652	39,657	40,154	40,007
Total County ⁽¹⁾	182,006	184,569	186,019	187,921	190,624

(1) Totals may not add due to rounding.

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

Employment and Industry

The District is included in the El Centro Metropolitan Statistical Area (“MSA”). The unemployment rate in the Imperial County was 17.3 percent in December 2018, down from a revised 18.1 percent in November 2018, and above the year-ago estimate of 17.0 percent. This compares with an unadjusted unemployment rate of 4.1 percent for California and 3.7 percent for the nation during the same period.

The table below provides information about employment by industry type for the MSA for calendar years 2013 through 2017. Information for calendar year 2018 is not yet available.

**EL CENTRO METROPOLITAN STATISTICAL AREA
(COUNTY OF IMPERIAL)
Annual Average Civilian Labor Force,
Unemployment and Employment by Industry
(March 2017 Benchmark)**

	2013	2014	2015	2016	2017
Civilian Labor Force ⁽¹⁾	78,300	78,400	78,200	77,000	74,100
Employment	58,700	59,600	59,400	58,800	59,900
Unemployment	19,600	18,800	18,800	18,200	14,200
Unemployment Rate	25.0%	24.0%	24.1%	23.6%	19.2%
<u>Wage and Salary Employment:</u> ⁽²⁾					
Agriculture	10,900	12,200	13,100	11,400	11,700
Mining, Logging, Construction	2,000	2,300	2,600	1,800	1,800
Manufacturing	2,500	1,700	1,200	1,400	1,400
Wholesale Trade	1,800	1,800	1,800	1,900	2,000
Retail Trade	7,500	8,100	8,200	8,000	8,000
Transportation, Warehousing and Utilities	2,000	2,100	2,100	2,400	2,500
Information	300	300	300	300	300
Financial Activities	1,500	1,500	1,500	1,400	1,300
Professional and Business Services	2,600	2,600	2,300	2,400	2,600
Educational and Health Services	8,300	8,600	8,800	9,200	9,500
Leisure and Hospitality	3,900	4,000	4,200	4,400	4,300
Other Services	800	800	800	900	1,000
Federal Government	2,400	2,300	2,200	2,100	2,100
State Government	2,700	2,600	2,600	2,700	2,700
Local Government	12,700	13,000	13,100	13,400	13,700
Total all Industries ⁽³⁾	61,900	63,900	64,600	63,600	64,900

(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.

[Remainder of page intentionally left blank]

Largest Employers

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

COUNTY OF IMPERIAL Major Employers As of February 2019

Employer Name	Location	Industry
8A Packing LLC	El Centro	Labor Organizations
Academic Services	Imperial	University-College Dept/Facility/Office
Allstar Seed Co	El Centro	Seeds & Bulbs-Wholesale
Calipatria State Prison	Calipatria	Government Offices-State
Central Union High School	El Centro	Schools
Costco Wholesale	El Centro	Wholesale Clubs
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
Kenworth Mexicana	Not Available	Truck-Manufacturers
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)
Vulcan-Bn Geothermal Power	Calipatria	Power Plants
Walmart Supercenter	Brawley	Department Stores
Walmart Supercenter	El Centro	Department Stores
Walmart Supercenter	Calexico	Department Stores

Source: California Employment Development Department, extracted from The America's Labor Market Information System (ALMIS) Employer Database, 2019 1st Edition.

[Remainder of page intentionally left blank]

Commercial Activity

A summary of historic taxable sales within the County during the past five years for which data is available is shown in the following table. Annual figures for 2017 are not yet available.

Total taxable sales during calendar year 2016 in the County were reported to be \$2.46 billion, a 7.3% decrease over the total taxable sales of \$2.65 billion reported during calendar year 2015.

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>
2012	2,258	\$1,482,810	3,288	\$2,356,313
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

(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: California State Board of Equalization, Taxable Sales in California (Sales & Use Tax).

Construction Activity

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

IMPERIAL COUNTY
Total Building Permit Valuations
(Valuations in Thousands)

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Permit Valuation					
New Single-family	\$67,396.6	\$33,809.0	\$26,492.3	\$48,224.3	\$36,490.5
New Multi-family	0.0	9,582.3	20,797.8	7,761.8	733.7
Res. Alterations/Additions	<u>4,389.1</u>	<u>4,211.5</u>	<u>6,386.9</u>	<u>10,004.3</u>	<u>5,166.4</u>
Total Residential ⁽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
New Dwelling Units					
Single Family	334	179	125	230	191
Multiple Family	<u>0</u>	<u>59</u>	<u>133</u>	<u>41</u>	<u>8</u>
TOTAL	334	238	258	271	199

(1) Totals may not add due to rounding.

Source: Construction Industry Research Board, Building Permit Summary.

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 total effective buying income for the City, the County, the State and the United States for the years 2015 through 2019.

**IMPERIAL COUNTY; STATE OF CALIFORNIA; UNITED STATES
Effective Buying Income
January 1, 2015 through January 1, 2019**

Year	Area	Total Effective Buying Income (000’s Omitted)	Median Household Effective Buying Income
2015	Imperial County	\$2,374,243	\$36,760
	California	901,189,699	50,072
	United States	7,357,153,421	45,448
2016	Imperial County	\$2,691,905	\$40,946
	California	981,231,666	53,589
	United States	7,757,960,399	46,738
2017	Imperial County	\$2,662,288	\$37,868
	California	1,036,142,723	55,681
	United States	8,132,748,136	48,043
2018	Imperial County	\$2,754,282	\$39,772
	California	1,113,648,181	59,646
	United States	8,640,770,229	50,735
2019	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.

[Remainder of page intentionally left blank]

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX D

FORM OF OPINION OF BOND COUNSEL

June 5, 2019

Board of Trustees
Holtville Unified School District
621 E. 6th Street
Holtville, California 92250

OPINION: \$4,000,000 Holtville Unified School District (Imperial County, California)
General Obligation Bonds, Election of 2018, Series A (Bank Qualified)

Ladies and Gentlemen:

We have acted as bond counsel to the Holtville Unified School District (the "District") in connection with the issuance by the District of its Holtville Unified School District (Imperial County, California) General Obligation Bonds, Election of 2018, Series A (Bank Qualified) in the aggregate principal amount of \$4,000,000 (the "Bonds"). The Bonds have been authorized to 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, and Resolution No. 18/19-015 adopted by the Board of Trustees of the District (the "Board") on April 15, 2019 (the "Bond Resolution"). We have examined the law and such certified proceedings and other papers as we have 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 Bond Resolution and in the certified proceedings and certifications of public officials and others furnished to us, without undertaking to verify the same 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 cause the Board to issue the Bonds on its behalf and to perform its obligations under the Bond Resolution and the Bonds.
2. The Bond Resolution has been duly adopted by the Board and constitutes a valid and binding obligation of the District enforceable against the District 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. In

addition, 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 that must be satisfied subsequent to the issuance of the Bonds in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes, 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
HOLTVILLE UNIFIED SCHOOL DISTRICT
(Imperial County, California)
General Obligation Bonds
Election of 2018, Series A
(Bank Qualified)

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Holtville Unified School District (the "District") in connection with the issuance of \$4,000,000 aggregate principal amount of Holtville Unified School District (Imperial County, California) General Obligation Bonds, Election of 2018, Series A (Bank Qualified) (the "Bonds"). The Bonds are being issued under a Resolution adopted by the Board of Trustees of the District on April 15, 2019 (the "Bond Resolution"). The District covenants and agrees as follows:

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

Section 2. Definitions. In addition to the definitions set forth above and in the Bond 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 of this Disclosure Certificate.

"Annual Report Date" means the date not later than nine months after the end of each fiscal year of the District (currently June 30th), or March 31.

"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) of this Disclosure Certificate.

"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 The Bank of New York Mellon Trust Company, N.A., or any successor thereto.

“*Participating Underwriter*” means Brandis Tallman LLC, the original Underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

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

Section 3. Provision of Annual Reports.

(a) The District shall, or shall cause the Dissemination Agent to, not later than the Annual Report Date, commencing March 31, 2020 with the report for the 2018-19 fiscal year, provide to the MSRB in an electronic format as prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than 15 Business Days prior to the Annual Report Date, the District shall provide the Annual Report to the Dissemination Agent (if other than the District). If by 15 Business Days prior to the Annual Report Date the Dissemination Agent (if other than the District) has not received a copy of the Annual Report, the Dissemination Agent shall contact the District to determine if the District is in compliance with the previous sentence. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the District may be submitted separately from the balance of the Annual Report, and later than the 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(b). 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) in a timely manner to the MSRB, in an electronic format as prescribed by the MSRB, a notice in substantially the form attached as Exhibit A, with a copy to the Paying Agent and Participating Underwriter.

(c) With respect to each Annual Report, the Dissemination Agent shall:

- (i) determine each year prior to the Annual Report Date the then-applicable rules and electronic format prescribed by the MSRB for the filing of annual continuing disclosure reports; and
- (ii) if the Dissemination Agent is other than the District, file a report with the District certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, and stating the date it was provided.

Section 4. Content of Annual Reports. The District's Annual Report shall contain or incorporate by reference the following:

(a) Audited financial statements prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the District's audited financial statements are not available by the Annual Report Date, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) Unless otherwise provided in the audited financial statements filed on or before the Annual Report Date, the following information shall be provided in the Annual Report:

- (i) assessed valuation of taxable properties in the District for the most recently completed fiscal year;
- (ii) assessed valuation of properties of the top twenty taxpayers for the most recently completed fiscal year;
- (iii) if the District's general obligation bond levies are no longer included in the County of Imperial's Teeter Plan, property tax collection delinquencies for the District for the most recently completed Fiscal Year or if not available at the time of the filing of the Annual Report for the prior fiscal year, and only if available from the County at the time of filing the Annual Report;
- (iv) the District's most recently adopted budget or interim report available at the time of filing the Annual Report; and
- (v) such further information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

(c) Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the District or related public entities, which are available to the public on the MSRB's internet web site or filed with the Securities and Exchange Commission. The District shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events.

(a) The District shall give, or cause to be given, notice of the occurrence of any of the following Listed Events with respect to the Bonds:

- (1) Principal and interest payment delinquencies.
- (2) Non-payment related defaults, if material.
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties.
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties.

- (5) Substitution of credit or liquidity providers, or their failure to perform.
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security.
- (7) Modifications to rights of security holders, if material.
- (8) Bond calls, if material, and tender offers.
- (9) Defeasances.
- (10) Release, substitution, or sale of property securing repayment of the securities, if material.
- (11) Rating changes.
- (12) Bankruptcy, insolvency, receivership or similar event of the District.
- (13) The consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.
- (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material.
- (15) Incurrence of a financial obligation of the District, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District, any of which affect securities holders, if material.
- (16) Default, event of acceleration, termination event, modification of terms, other similar events under the terms of a financial obligation of the District, 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. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(8) and (9) above need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Bonds under the Bond Resolution.

(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) The District intends the words identified in subparagraphs (a)(15) and (a)(16) under this Section 5, and the term “financial obligation” used therein, to have the meanings ascribed to them in SEC Release No. 34-83885, dated August 20, 2018 and/or any future guidance or releases provided by the Securities and Exchange Commission. The term financial obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule and a continuing disclosure undertaking has been entered into.

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 Bond Resolution for amendments to the Bond 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 Bond Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance.

Section 12. Duties, Immunities and Liabilities of Dissemination Agent.

(a) The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the District agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of its powers and

duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent will have no duty or obligation to review any information provided to it by the District hereunder, and shall not be deemed to be acting in any fiduciary capacity for the District, the Bondholders or any other party. The obligations of the District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

(b) The Dissemination Agent shall be paid compensation by the District for its services provided hereunder in accordance with its schedule of fees as amended from time to time, and shall be reimbursed for all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder.

Section 13. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the District, the Dissemination Agent, the Participating Underwriter and holders and beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Date: June 5, 2019

HOLTVILLE UNIFIED SCHOOL DISTRICT

By: _____
Superintendent

**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 Obligor: Holtville Unified School District
Name of Bond Issue: \$4,000,000 aggregate principal amount of Holtville Unified School District (Imperial County, California) General Obligation Bonds, Election of 2018, Series A (Bank Qualified)
Date of Issuance: June 5, 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 resolution adopted by the Board of Trustees of the District authorizing the issuance of the Bonds. The District anticipates that the Annual Report will be filed by _____.

Dated: _____

[DISSEMINATION AGENT]

By: _____
Authorized Officer

Cc: Holtville Unified School District

APPENDIX F

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.

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX G

IMPERIAL COUNTY INVESTMENT POLICY AND RECENT INVESTMENT REPORT

[THIS PAGE INTENTIONALLY LEFT BLANK]

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 at 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	MAXIMUM SPECIFIED % OF PORTFOLIO	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% ^F	None
Commercial Paper—Pooled Funds ^F	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% ^I	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 ^{O,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 does 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(i)).
- L. Reverse repurchase agreements or securities lending agreements may exceed the 92 day term if the agreement includes a written covenant 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 (d).
- 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	339,827,000.00	337,350,139.95	339,335,961.77	65.73	2.080	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:

=====

CURRENT \$	<u>667,323,143.58</u>
LAST MONTH \$	<u>679,733,225.99</u>
PREVIOUS MONTH \$	<u>697,512,703.03</u>

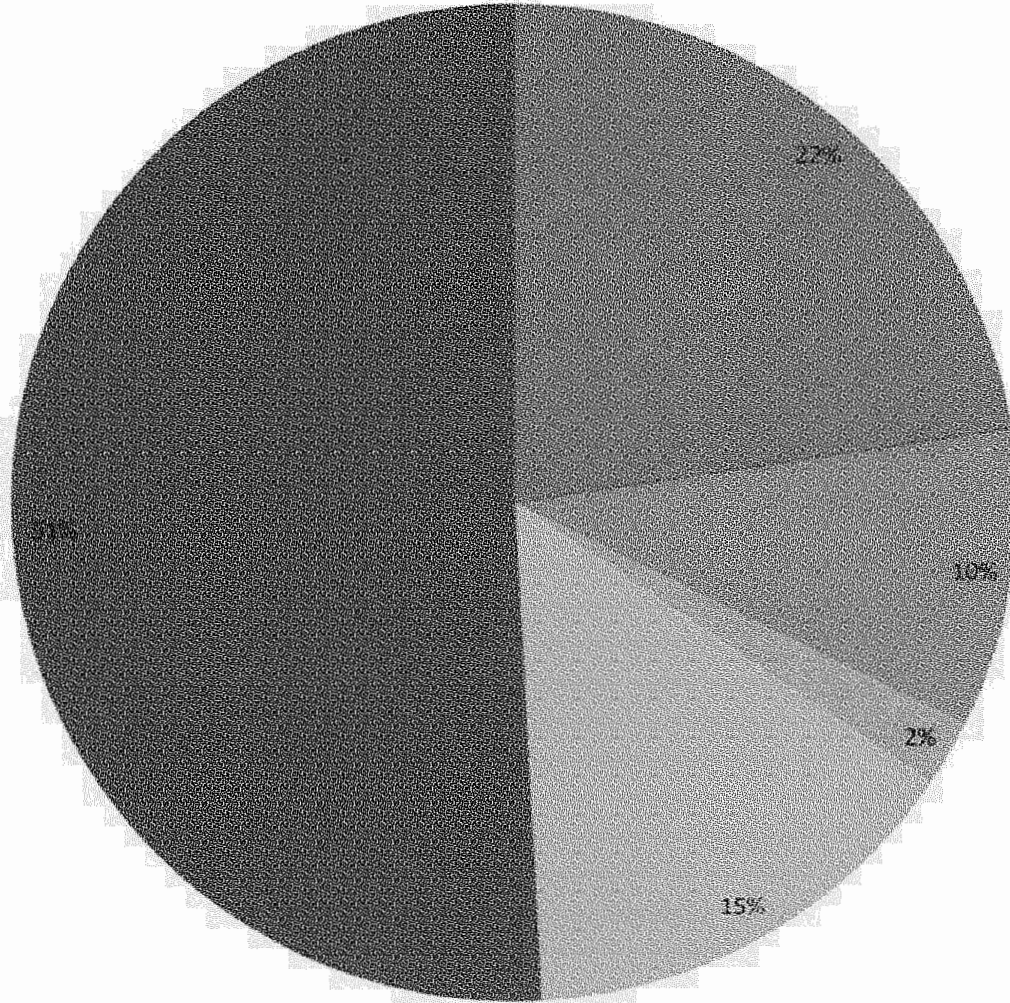

 Karen Vogel, Treasurer-Tax Collector 3/10/19

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	367	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	MB 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	1.810	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

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
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	1.850	1.827	1.850	94	06/03/2019
SYS4-081618	4-081618	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
SYS4-021218	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	09/11/2019
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	2.600	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	1.970	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

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	248,438.15	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	7-110818	ABBY BANK		11/08/2018	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	242,385.65	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		02/26/2019	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
08883AAX0	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	09/30/2018
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	2.500	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 Hapoatim B.M		06/01/2016	245,000.00	244,291.95	245,000.00	1.200	1.184	1.200	94	06/03/2019
06279WAA8	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

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												
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	7-061715A	Bank of New England - Salem		06/17/2015	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
095087AL8	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
06810TEB7	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	1.828	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	1,390	10/21/2022
062683AR8	7-030918	BANK OF HOPE		03/09/2016	245,000.00	244,463.65	245,000.00	2.300	2.272	2.303	374	03/09/2020
856284V1	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	1.578	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
15118RPJ5	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
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												
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
17668CB3	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	245,618.60	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	7-122816A	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	1.850	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	1.850	1.829	1.852	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
22786AAV7	7-022817A	Cross First Bank		02/28/2017	245,000.00	240,496.90	245,000.00	1.750	1.727	1.751	728	02/28/2021
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												
17670BB83	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
17670DA06	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	246,678.65	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	01/16/2021
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
3200BJAJ2	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	244,666.40	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	02/29/2022
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	245,650.15	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	245,512.06	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	08/30/2021
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
35637RCU8	7-012816	Freedom Finl Bk West		01/28/2016	245,000.00	241,627.25	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	1.800	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 BNK		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
32112JCJ8	7-111618B	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	645	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

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												
082268AE7	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
410493CWX8	7-021618	HANMI BANK		02/16/2018	245,000.00	244,289.50	245,000.00	2.200	2.189	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	1.800	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	2.866	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
472376AF8	7-041118A	JEFFERSON BANK & TRUST CO		04/11/2018	245,000.00	244,495.30	245,000.00	2.500	2.068	2.086	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	7-011818A	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	05/21/2021
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	240,763.96	245,000.00	1.750	1.727	1.751	696	01/25/2021
53352LAM6	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	245,413.95	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	651	06/29/2021
58117WAC1	7-072018A	MCHENRY SAVINGS BANK		07/20/2016	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
583626AE8	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
59101LFC8	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	MIO-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	238,189.40	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	1.850	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	1,088	02/01/2022
619165HZ9	7-022818A	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	7-081915A	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	239,602.85	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	899	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. Sefra Bank, FSB		08/17/2015	245,000.00	244,247.85	245,000.00	1.700	1.677	1.700	350	02/14/2020
634118CF2	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	7-091916A	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	244,835.65	245,000.00	1.450	1.151	1.167	31	04/01/2019
662228CQ5	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-Oregon		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		09/23/2018	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	168	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	7-112818	PIONEER BANK SSB		11/28/2018	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
74150NGP9	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
74318VEM3	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
74909QA18	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	243,135.56	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	2.702	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
76851DAU4	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
61425PAV3	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	237,823.05	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	09/30/2020
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	7-101318A	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
86063AB1	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	244,208.20	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	241,368.65	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 NATL 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	248,070.85	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 Kauauna		05/13/2016	245,000.00	239,901.55	245,000.00	1.400	1.382	1.401	804	05/13/2021
21885NAL1	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
303117QR4	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
366526AT0	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	2.918	2.957	815	05/24/2021
88413QCC0	7-092718	THIRD FEDERAL SAVINGS AND LOA		09/27/2018	245,000.00	248,286.25	245,000.00	3.000	2.959	3.000	941	09/27/2021
88583LAE7	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

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												
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	246,078.40	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
89287TAC7	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	84	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	236,144.90	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	478	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	7-021117A	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
95960NJK1	7-102115	Western State Bank -Devils Lak		10/21/2015	245,000.00	240,523.85	245,000.00	1.750	1.728	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

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	2.460	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	4,865,635.20	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	1.560	434	05/08/2020
3133EHLG6	10-053017	Federal Farm Credit Bank		05/30/2017	8,000,000.00	7,976,560.00	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	4,993,400.00	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	1.500	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
3130ADEVC	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
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
Federal Agency issues - Coupon												
3130A7CV6	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	4,896,200.00	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	3,986,000.00	1.375	1.378	1.397	720	02/18/2021
3130A8H48	10-070115	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	06/26/2019
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		2.500	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	Modern Bank National Association		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	MONTON 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	515,234,961.77	2.114	2.144	2.400	28	8	1,246	732
Average		485	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

Total Interest Earned during Period	874,370.69	6,514,974.80
Total Capital Gains or Losses	10,800.00	14,641.00
	<hr/>	<hr/>
Total Earnings during Period	885,170.69	6,529,615.80

APPENDIX H
SPECIMEN MUNICIPAL BOND INSURANCE POLICY

[THIS PAGE INTENTIONALLY LEFT BLANK]



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.
1633 Broadway, New York, N.Y. 10019
(212) 974-0100