NEW ISSUE - FULL BOOK-ENTRY **RATING: S&P: "AA-"**
BANK QUALIFIED **See "RATING" 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 maturing on or after August 1, 2020 (the "Tax-Exempt Bonds") is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax. The Tax-Exempt 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. Bond Counsel further observes that interest on the Bonds maturing on January 1, 2020 (the "Federally Taxable Bonds") is not excluded from gross income for federal income tax purposes. In the further opinion of Bond Counsel, interest on the Bonds is exempt from California personal income taxes. Bond Counsel expresses no opinion regarding any other tax consequences caused by the ownership or disposition of, or the accrual or receipt of interest on, the Bonds. See "TAX MATTERS" herein.

$8,000,000
OJAI UNIFIED SCHOOL DISTRICT
(Ventura County, California)
General Obligation Bonds
Election of 2014, Series C
(Bank Qualified)

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

Authority and Purpose. The above-captioned General Obligation Bonds Election of 2014, Series C, are being issued by the Ojai Unified School District pursuant to certain provisions of the California Government Code and a resolution of the Board of Education of the District adopted on September 11, 2019. The Bonds were authorized at an election of the registered voters of the District held on November 4, 2014, which authorized the issuance of $35,000,000 principal amount of general obligation bonds for the purpose of financing the renovation, construction and improvement of school facilities. The Bonds are the third and final series of bonds to be issued under the 2014 Authorization. See "THE BONDS – Authority for Issuance" and "- Purpose of Issue" herein.

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

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

Payments. The Bonds are dated the date of delivery set forth below and accrue interest at the rates set forth on the inside cover page hereof, payable semiannually on each February 1 and August 1 until maturity. Principal of the Tax-Exempt Bonds is payable on August 1 in each of the years and in the amounts set forth on the inside front cover hereof. Principal of the Federally Taxable Bonds is payable on January 1, 2020, in the amount set forth on the inside front cover hereof. Payments of principal of and interest on the Bonds will be paid by U.S. Bank National Association, as the designated paying agent, registrar and transfer agent, to DTC for subsequent disbursement to DTC Participants who will remit such payments to the beneficial owners of the Bonds. See "THE BONDS - Description of the Bonds."

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

MATURITY SCHEDULE
(See inside cover)

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

The Bonds will be offered when, as and if issued and accepted by the Underwriter, subject to the approval as to legality by Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel to the District, and subject to certain other conditions. Jones Hall is also serving as Disclosure Counsel to the District. Kronick Moskovitz Tiedemann & Girard, a Professional Corporation, Sacramento, California is serving as counsel to the Underwriter. It is anticipated that the Bonds, in book-entry form, will be available for delivery through the facilities of DTC, on or about October 16, 2019.

RAYMOND JAMES®

The date of this Official Statement is October 2, 2019.

MATURITY SCHEDULE

OJAI UNIFIED SCHOOL DISTRICT
(Ventura County, California)
General Obligation Bonds
Election of 2014, Series C
(Bank Qualified)

Base CUSIP†: 678093

Federally Taxable Bonds

Maturity Date (January 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP†
2020	$580,000	1.850%	1.850%	100.000%	PX7

Tax-Exempt Bonds

Maturity Date (August 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP†
2021	$165,000	4.000%	1.120%	105.093%	PC3
2022	175,000	4.000	1.120	107.892	PD1
2023	195,000	4.000	1.120	110.660	PE9
2024	225,000	4.000	1.090	113.548	PF6
2025	225,000	4.000	1.130	116.044	PG4
2026	255,000	4.000	1.160	118.495	PH2
2027	280,000	4.000	1.200	120.766	PJ8
2028	310,000	4.000	1.250 C	120.354	PK5
2029	340,000	4.000	1.350 C	119.534	PL3
2030	375,000	4.000	1.470 C	118.559	PM1
2031	405,000	4.000	1.600 C	117.513	PN9
2032	445,000	3.000	2.040 C	106.881	PP4
2033	475,000	3.000	2.130 C	106.213	PQ2
2034	510,000	4.000	1.920 C	114.983	PR0
2035	555,000	3.000	2.310 C	104.892	PS8
2036	590,000	3.000	2.400 C	104.238	PT6
2037	635,000	4.000	2.190 C	112.897	PU3
2038	660,000	3.000	2.530 C	103.302	PV1
2039	600,000	4.000	2.270 C	112.288	PW9

C Yield to first par call date of August 1, 2027.

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

OJAI UNIFIED SCHOOL DISTRICT
(Ventura County, California)

BOARD OF EDUCATION

Thayne Whipple, *President*
Shelly Griffen, *Vice President*
Jane Weil, *Clerk*
Kevin Ruf*, Member*
Michael Shanahan*, Member*

DISTRICT ADMINISTRATION

Tiffany Morse, *Superintendent*
Patricia Nunez, *Director of Fiscal Services*

PROFESSIONAL SERVICES

FINANCIAL ADVISOR

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

BOND AND DISCLOSURE COUNSEL

Jones Hall, A Professional Law Corporation
San Francisco, California

BOND REGISTRAR, TRANSFER AGENT AND PAYING AGENT

U.S. Bank National Association
Los Angeles, California

GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

Use of Official Statement. This Official Statement is submitted in connection with the sale of the Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose. This Official Statement is not a contract between any bond owner and the District or the Underwriter.

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

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

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

***Estimates and Forecasts*.** When used in this Official Statement and in any continuing disclosure by the District in any press release and in any oral statement made with the approval of an authorized officer of the District or any other entity described or referenced herein, the words or phrases "will likely result," "are expected to", "will continue", "is anticipated", "estimate", "project," "forecast", "expect", "intend" and similar expressions identify "forward looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Any forecast is subject to such uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, give rise to any implication that there has been no change in the affairs of the District or any other entity described or referenced herein since the date hereof.

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

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

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

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

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

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

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$8,000,000
OJAI UNIFIED SCHOOL DISTRICT
(Ventura County, California)
General Obligation Bonds
Election of 2014, Series C
(Bank Qualified)

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

INTRODUCTION

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

The District. The District consists of an area of 190 square miles located in the western portion of Ventura County (the **"County"**). It was established in 1966 and provides kindergarten through twelfth grade educational services to the residents of the County. The District has one preschool, five K-6 elementary schools, one 7-8 middle school, one 9-12 high school, and one 9-12 continuation high school. Enrollment in the District is budgeted for 2,358 students for fiscal year 2019-20.

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

Purpose of Issue. The net proceeds of the Bonds will be used to finance construction and improvements to facilities of the District, as approved by voters in the District at an election held on November 4, 2014 (the **"Bond Election"**). See "THE BONDS - Purpose of Issue" herein.

Authority for Issuance of the Bonds. Issuance of the Bonds was approved by more than the requisite 55% of the voters of the District voting at the Bond Election to authorize $35 million of general obligation bonds, and will be issued pursuant to certain provisions of the Government Code of the State and a resolution adopted by the Board of Education of the District on September 11, 2019 (the "**Bond Resolution**"). See "THE BONDS - Authority for Issuance" herein.

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

Payment and Registration of the Bonds. The Bonds will be issued in fully registered form only, registered in the name of Cede & Co. as nominee of The Depository Trust Company, New

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

If the book-entry-only system described below is no longer used with respect to the Bonds, the Bonds will be registered in accordance with the Bond Resolution. See "THE BONDS - Registration, Transfer and Exchange of Bonds" herein.

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

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

Legal Matters. Issuance of the Bonds is subject to the approving opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, as bond counsel ("**Bond Counsel**,") to be delivered in substantially the form attached hereto as APPENDIX D. Jones Hall, A Professional Law Corporation, San Francisco, California, will also serve as Disclosure Counsel to the District ("**Disclosure Counsel**"). Kronick Moskovitz Tiedemann & Girard, a Professional Corporation, Sacramento, 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 Qualified. Assuming compliance with certain covenants and provisions of the Internal Revenue Code of 1986, in the opinion of Bond Counsel, interest on the Tax-Exempt Bonds will not be includable in gross income for federal income tax purposes although it may be includable in the calculation for certain taxes. Also, in the opinion of Bond Counsel, interest on the Bonds will be exempt from personal income taxes in the State. In the opinion of Bond Counsel, interest on the Federally Taxable Bonds is <u>not</u> excluded from gross income for federal income tax purposes.

The District has designated the Tax-Exempt Bonds as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Internal Revenue Code of 1986. Such section provides an exception to the prohibition against the ability of a "financial institution" (as defined in the Internal Revenue Code of 1986) to deduct its interest expense allocable to tax-exempt interest. See "TAX MATTERS" and APPENDIX D hereto for the form of Bond Counsel's opinion to be delivered concurrently with the Bonds.

Continuing Disclosure. The District has covenanted and agreed that it will comply with and carry out all of the provisions of a continuing disclosure certificate (the "**Continuing Disclosure Certificate**"), the form of which is attached as APPENDIX E. See "CONTINUING DISCLOSURE" for additional information.

Other Information. This Official Statement speaks only as of its date, and the information contained in this Official Statement is subject to change. Copies of documents referred to in this Official Statement, and information concerning the Bonds, are available from the District at 414 East

Ojai Avenue, Ojai, CA 93024, Telephone: (805) 640-4300. The District may impose a charge for copying, mailing and handling.

THE BONDS

Authority for Issuance

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

The District received authorization by more than the requisite 55% of District voters at the Bond Election to issue general obligation bonds in a principal amount of $35,000,000 (the "**2014 Authorization**").

On April 16, 2015, the District issued its $10,000,000 General Obligation Bonds Election of 2014, Series A (the "**Series A Bonds**") pursuant to the 2014 Authorization. On December 20, 2017, the District issued its $17,000,000 General Obligation Bonds Election of 2014, Series B (the "**Series B Bonds**") pursuant to the 2014 Authorization. The Bonds are the third and final series of bonds issued pursuant to the 2014 Authorization. Following the issuance of the Bonds, there will be no unused authorization remaining under the 2014 Authorization.

Purpose of Issue

Proceeds of the Bonds will be used for the purposes specified in the ballot measure approved by the District's voters on November 4, 2014, the abbreviated text of which appeared on the ballot as follows:

> *"To improve the quality of education; renovate and upgrade classrooms and facilities; repair/ replace leaky roofs; upgrade inadequate or outdated plumbing, electrical, and heating, ventilation, and air conditioning systems, make health, safety, and security improvements including fire alarms, and improve student access to computers/ modern technology, shall Ojai Unified School District issue $35,000,000 in bonds at legal rates, appoint an independent citizen oversight committee, and have no money used for administrative salaries or taken by the State?"*

In addition to the abbreviated statement of the ballot measure, as part of the sample ballot materials, in accordance with the requirements of California law, District voters were presented with a full text of ballot measure, which, among other items, included a project list identifying to District voters the types of projects eligible for funding from proceeds of bonds approved at the Bond Election (the **"Project List"**). The District makes no representation as to the specific application of the proceeds of the Bonds, the completion of any projects listed on the Project List, or whether bonds authorized by the 2014 Authorization will provide sufficient funds to complete any particular project listed in the Project List.

Description of the Bonds

The Bonds are being issued as current interest bonds. The Bonds mature in the years and in the amounts set forth on the inside cover page hereof. The Bonds will be issued in book-entry form only, and will be initially issued and registered in the name of Cede & Co. as nominee for DTC.

Purchasers will not receive physical certificates representing their interest in the Bonds. See "Book-Entry Only System" and APPENDIX F.

The Bonds shall be issued in the denominations of $5,000 principal amount each or any integral multiple thereof. Interest on the Tax-Exempt Bonds is payable semiannually on each February 1 and August 1, commencing February 1, 2020 (each, an **"Interest Payment Date"**). Interest on the Federally Taxable Bonds is payable on January 1, 2020. Each Bond will bear interest from the Interest Payment Date next preceding the date of registration and authentication thereof unless (i) it is authenticated as of an Interest Payment Date, in which event it will bear interest from such date, or (ii) it is authenticated prior to an Interest Payment Date and after the close of business on the fifteenth (15th) day of the month preceding the Interest Payment Date (each, a **"Record Date"**), in which event it will bear interest from such Interest Payment Date, or (iii) it is authenticated prior to January 15, 2020, in which event it will bear interest from the date of delivery of the Bonds identified on the cover page hereof. Notwithstanding the foregoing, if interest on any Bond is in default at the time of authentication thereof, such Bond will bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon. Payments of principal of and interest on the Bonds will be paid by U.S. Bank National Association, Los Angeles, California, 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.

Book-Entry Only System

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

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

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

Redemption

Optional Redemption. The Bonds maturing on or before August 1, 2027 are not subject to redemption prior to maturity. The Bonds maturing on or after August 1, 2028 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, 2027, 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.

Notice of Redemption

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

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

Partial Redemption of Bonds

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

Effect of Redemption

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

Conditional Notice and Right to Rescind Notice of Redemption

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

Registration, Transfer and Exchange of Bonds

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

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

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

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

Defeasance and Discharge of Bonds

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

(a) by paying or causing to be paid the principal or redemption price of and interest on such Bonds, as and when the same become due and payable;

(b) by irrevocably depositing, in trust, at or before maturity, money or securities in the necessary amount (as provided in the Bond Resolution) to pay or redeem such Bonds; or

(c) by delivering such Bonds to the Paying Agent for cancellation by it.

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

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

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

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

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

DEBT SERVICE SCHEDULES

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

Ojai Unified School District
General Obligation Bonds
Election of 2014, Series C
Debt Service Schedule

Period Ending (August 1)	Principal	Interest	Total Annual Debt Service
2020	$580,000.00	$215,629.17	$795,629.17
2021	165,000.00	269,550.00	434,550.00
2022	175,000.00	262,950.00	437,950.00
2023	195,000.00	255,950.00	450,950.00
2024	225,000.00	248,150.00	473,150.00
2025	225,000.00	239,150.00	464,150.00
2026	255,000.00	230,150.00	485,150.00
2027	280,000.00	219,950.00	499,950.00
2028	310,000.00	208,750.00	518,750.00
2029	340,000.00	196,350.00	536,350.00
2030	375,000.00	182,750.00	557,750.00
2031	405,000.00	167,750.00	572,750.00
2032	445,000.00	151,550.00	596,550.00
2033	475,000.00	138,200.00	613,200.00
2034	510,000.00	123,950.00	633,950.00
2035	555,000.00	103,550.00	658,550.00
2036	590,000.00	86,900.00	676,900.00
2037	635,000.00	69,200.00	704,200.00
2038	660,000.00	43,800.00	703,800.00
2039	600,000.00	24,000.00	624,000.00
TOTAL	$8,000,000.00	$3,438,229.17	$11,438,229.17

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

Ojai Unified School District
Combined General Obligation Bond Debt Service Schedule

Bond Year Ending August 1	2011 Refunding Bonds	2012 Refunding Bonds	Series A Bonds	Series B Bonds	The Bonds	Total Debt Service
2020	$630,500.00	$240,022.50	$329,250.00	$578,612.50	$795,629.17	$2,574,014.17
2021	618,750.00	243,372.50	369,250.00	578,612.50	434,550.00	2,244,535.00
2022	616,250.00	251,572.50	378,050.00	618,612.50	437,950.00	2,302,435.00
2023	624,000.00	249,472.50	391,550.00	641,612.50	450,950.00	2,357,585.00
2024	--	852,372.50	399,600.00	663,362.50	473,150.00	2,388,485.00
2025	--	837,122.50	422,350.00	703,862.50	464,150.00	2,427,485.00
2026	--	846,042.50	428,350.00	732,112.50	485,150.00	2,491,655.00
2027	--	863,322.50	447,850.00	755,312.50	499,950.00	2,566,435.00
2028	--	838,572.50	461,100.00	782,312.50	518,750.00	2,600,735.00
2029	--	613,072.50	476,450.00	812,912.50	536,350.00	2,438,785.00
2030	--	468,822.50	496,200.00	836,912.50	557,750.00	2,359,685.00
2031	--	478,522.50	514,950.00	867,612.50	572,750.00	2,433,835.00
2032	--	342,210.00	530,950.00	897,112.50	596,550.00	2,366,822.50
2033	--	--	550,950.00	930,412.50	613,200.00	2,094,562.50
2034	--	--	569,750.00	961,818.76	633,950.00	2,165,518.76
2035	--	--	587,350.00	996,818.76	658,550.00	2,242,718.76
2036	--	--	613,750.00	1,029,593.76	676,900.00	2,320,243.76
2037	--	--	634,750.00	1,065,743.76	704,200.00	2,404,693.76
2038	--	--	708,750.00	1,075,106.26	703,800.00	2,487,656.26
2039	--	--	733,000.00	1,113,493.76	624,000.00	2,470,493.76
2030	--	--	759,750.00	1,154,025.00	--	1,913,775.00
2041	--	--	778,750.00	1,197,362.50	--	1,976,112.50
2042	--	--	809,462.50	1,238,337.50	--	2,047,800.00
2043	--	--	833,181.26	1,281,950.00	--	2,115,131.26
2044	--	--	860,087.50	1,328,950.00	--	2,189,037.50
2045	--	--	--	1,832,750.00	--	1,832,750.00
2046	--	--	--	1,896,125.00	--	1,896,125.00
2047	--	--	--	1,899,450.00	--	1,899,450.00
Total	$2,489,500.00	$7,124,500.00	$14,085,431.26	$28,470,900.06	$11,438,229.17	$63,608,560.49

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	$8,000,000.00
Original Issue Premium	851,044.85
Total Sources	$8,851,044.85
Uses of Funds	
Building Fund	7,850,000.00
Debt Service Fund	799,044.85
Costs of Issuance [1]	202,000.00
Total Uses	$8,851,044.85

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

SECURITY FOR THE BONDS

Ad Valorem Taxes

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

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

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

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

Statutory Lien on Ad Valorem Tax Revenues. In accordance with Section 53515 of the California Government Code, the Bonds are secured by a statutory lien on all revenues received pursuant to the levy and collection of the ad valorem tax imposed to service the Bonds. This lien automatically arises without the need for any action or authorization by the District or the Board. The revenues received pursuant to the levy and collection of the ad valorem tax shall be immediately subject to the lien, and the lien shall immediately attach to the revenues and be effective, binding, and enforceable against the 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 Conditions. Economic and other factors beyond the District's control, such as economic recession, deflation of property values, a relocation out of the District or financial difficulty or bankruptcy by one or more major property taxpayers, or the complete or partial destruction of taxable property caused by, among other eventualities, earthquake, flood, fire or other natural disaster, could cause a reduction in the assessed value within the District and necessitate a corresponding increase in the annual tax rate. See "PROPERTY TAXATION - Assessed Valuation" for additional information about recent notable disasters in the State.

Building Fund

The proceeds from the sale of the Bonds, to the extent of the principal amount thereof, will be paid to the County to the credit of the fund created and established in the Bond Resolution and known as the "Ojai Unified School District, Election of 2014, Series C Building Fund" (the "**Building Fund**"), which will be accounted for as separate and distinct from all other District and County funds. The proceeds will be used solely for the purposes for which the Bonds are being issued and for payment of permissible costs of issuance. Any excess proceeds of the Bonds not needed for the authorized purposes for which the Bonds are being issued shall be transferred to the Debt Service Fund and applied to the payment of principal of and interest on the Bonds. If, after payment in full of the Bonds, there remains excess proceeds, any such excess amounts shall be transferred to the general fund of the District. Interest earnings on the investment of monies held in the Building Fund will be retained in the Building Fund.

Debt Service Fund

Amounts to pay debt service on the Bonds will be held in the fund created and established in the Bond Resolution and known as the "Ojai Unified School District, Election of 2014, Series C Debt Service Fund" (the "**Debt Service Fund**") for the Bonds, which will be established as a separate fund to be maintained distinct from all other funds of the County. All taxes levied by the County for the payment of the principal of and interest and premium (if any) on the Bonds will be deposited in the Debt Service Fund by the County promptly upon the receipt. The Debt Service Fund is pledged for the payment of the principal of and interest and premium (if any) on the Bonds when and as the same become due. The County will transfer amounts in the Debt Service Fund to the Paying Agent to the extent necessary to pay the principal of and interest and premium (if any) on the Bonds as the same becomes due and payable.

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

Not a County Obligation

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

PROPERTY TAXATION

Property Tax Collection Procedures

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

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

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

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

Taxation of State-Assessed Utility Property

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

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

Assessed Valuation

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

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

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

OJAI UNIFIED SCHOOL DISTRICT
Assessed Valuation
Fiscal Years 2005-06 through 2019-20

Fiscal Year	Local Secured	Utility	Unsecured	Total	% Change
2005-06	$2,476,344,808	$140,625	$28,747,493	$2,505,232,926	--%
2006-07	2,774,668,926	140,625	30,591,173	2,805,400,724	12.0
2007-08	2,986,356,051	140,625	32,881,902	3,019,378,578	7.6
2008-09	3,133,230,240	140,625	32,863,966	3,166,234,831	4.9
2009-10	3,145,981,724	140,625	40,212,722	3,186,335,071	0.6
2010-11	3,138,443,193	140,625	39,562,970	3,178,146,788	(0.3)
2011-12	3,154,775,433	140,625	34,042,210	3,188,958,268	0.3
2012-13	3,180,661,111	140,625	33,222,540	3,214,024,276	0.8
2013-14	3,276,233,130	140,625	32,792,700	3,309,166,455	3.0
2014-15	3,441,705,872	140,625	31,164,288	3,473,010,785	5.0
2015-16	3,609,892,277	103,125	31,739,466	3,641,734,868	4.9
2016-17	3,794,098,684	103,125	30,861,243	3,825,063,052	5.0
2017-18	4,031,035,839	103,125	31,571,524	4,062,710,488	6.2
2018-19	4,184,420,920	103,125	38,479,186	4,223,003,231	3.9
2019-20	4,397,423,031	103,125	37,621,412	4,435,147,568	5.0

Source: California Municipal Statistics, Inc.

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

In addition, wildfires have occurred in recent years in different regions of the State, and related flooding and mudslides have also occurred. The most destructive of the recent wildfires,

which have burned thousands of acres and destroyed thousands of homes and structures, have originated in wildlands adjacent to urban areas.

Thomas Fire. On December 4, 2017, several wildfires broke out in Southern California, including the Thomas Fire in the County, which destroyed numerous structures in the County and threatened structures in the District, although none were damaged by the fire. On January 12, 2018, Cal Fire announced that the Thomas Fire was fully contained after burning approximately 281,893 acres. While the District buildings did not suffer fire damage, District buildings did suffer smoke damage and the District worked with a hygienist and property restoration contractor to replace HVAC air filters, clear air ducts, "scrub" the indoor air, wipe down surfaces and remove smoke odors.

Assessed Valuation by Land Use. The following table shows the land use of property in the District, as measured by assessed valuation and the number of parcels for fiscal year 2019-20. As shown, the majority of the District's assessed valuation is represented by residential property.

OJAI UNIFIED SCHOOL DISTRICT
Local Secured Property Assessed Valuation and Parcels by Land Use
Fiscal Year 2019-20

	2019-20	% of	No. of	% of
Non-Residential:	**Assessed Valuation (1)**	**Total**	**Parcels**	**Total**
Agricultural	$415,407,901	9.45%	592	6.22%
Commercial	189,744,648	4.31	272	2.86
Vacant Commercial	9,984,176	0.23	40	0.42
Industrial	32,324,751	0.74	34	0.36
Vacant Industrial	2,158,092	0.05	14	0.15
Oil Production	24,916,280	0.57	59	0.62
Recreational	21,560,321	0.49	55	0.58
Government/Social/Institutional	1,373,957	0.03	126	1.32
Miscellaneous	13,094,740	0.30	364	3.83
Subtotal Non-Residential	$710,564,866	16.16%	1,556	16.35%
Residential:				
Single Family Residence	$3,182,835,657	72.38%	5,963	62.67%
Condominium/Townhouse	110,104,751	2.50	255	2.68
Mobile Home	40,756,065	0.93	986	10.36
Mobile Home Park	32,710,373	0.74	193	2.03
2-4 Residential Units	88,079,655	2.00	221	2.32
5+ Residential Units/Apartments	34,641,995	0.79	29	0.30
Hotel/Motel	158,455,359	3.60	17	0.18
Vacant Residential	39,274,310	0.89	295	3.10
Subtotal Residential	$3,686,858,165	83.84%	7,959	83.65%
Total	$4,397,423,031	100.00%	9,515	100.00%

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

Assessed Valuation of Single Family Residential Parcels. The following table shows a breakdown of the assessed valuations of improved single-family residential parcels in the District for fiscal year 2019-20, including the median and average assessed value of single family parcels in the District.

OJAI UNIFIED SCHOOL DISTRICT
Per Parcel Assessed Valuation of Single Family Homes
Fiscal Year 2019-20

	No. of Parcels	2019-20 Assessed Valuation	Average Assessed Valuation	Median Assessed Valuation
Single Family Residential	5,963	$3,182,835,657	$533,764	$439,560

2019-20 Assessed Valuation	No. of Parcels [1]	% of Total	Cumulative % of Total	Total Valuation	% of Total	Cumulative % of Total
$0 - $49,999	193	3.237%	3.237%	$ 5,913,314	0.186%	0.186%
$50,000 - $99,999	407	6.825	10.062	29,141,324	0.916	1.101
$100,000 - $149,999	278	4.662	14.724	34,714,451	1.091	2.192
$150,000 - $199,999	313	5.249	19.973	54,651,933	1.717	3.909
$200,000 - $249,999	365	6.121	26.094	82,325,755	2.587	6.496
$250,000 - $299,999	435	7.295	33.389	119,500,442	3.755	10.250
$300,000 - $349,999	393	6.591	39.980	127,204,075	3.997	14.247
$350,000 - $399,999	325	5.450	45.430	121,610,875	3.821	18.068
$400,000 - $449,999	346	5.802	51.233	146,941,582	4.617	22.684
$450,000 - $499,999	402	6.742	57.974	190,762,817	5.993	28.678
$500,000 - $549,999	336	5.635	63.609	176,642,573	5.550	34.228
$550,000 - $599,999	295	4.947	68.556	169,587,968	5.328	39.556
$600,000 - $649,999	279	4.679	73.235	174,241,880	5.474	45.030
$650,000 - $699,999	251	4.209	77.444	168,901,806	5.307	50.337
$700,000 - $749,999	219	3.673	81.117	158,210,174	4.971	55.308
$750,000 - $799,999	150	2.516	83.632	116,269,672	3.653	58.961
$800,000 - $849,999	124	2.079	85.712	102,198,965	3.211	62.172
$850,000 - $899,999	108	1.811	87.523	94,308,480	2.963	65.135
$900,000 - $949,999	93	1.560	89.083	85,802,037	2.696	67.830
$950,000 - $999,999	68	1.140	90.223	66,249,946	2.081	69.912
$1,000,000 and greater	583	9.777	100.000	957,655,588	30.088	100.000
Total	5,963	100.000%		$3,182,835,657	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 XIIIA 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 XIIIA of the California Constitution" in APPENDIX A.

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

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

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

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

Tax Levies and Delinquencies

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

So long as the Teeter Plan remains in effect, and the County continues to include the District in the Teeter Plan, the District's receipt of revenues with respect to the levy of *ad valorem* property taxes on the secured roll will not be dependent upon actual collections of the *ad valorem* property taxes by the County. However, under the statute creating the Teeter Plan, the Board of Supervisors could under certain circumstances terminate the Teeter Plan in its entirety and, in addition, the Board of Supervisors could terminate the Teeter Plan with respect to the District if the delinquency rate for all *ad valorem* property taxes levied within the District in any year exceeds 3%. On July 15, 2008, the County adopted Resolution No. 08-322, which determined that, because the "…County of Ventura Supplemental Secured Property Tax Roll is now severely delinquent and, by such delinquency, impairs, impedes and disrupts the County of Ventura's general fund cash flow…," the County discontinue the use of the Teeter Plan as it applies to the supplemental secured property tax rolls.

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

Notwithstanding the above, the table below shows secured tax charge and delinquency rates for fiscal years 2011-12 through 2018-19.

OJAI UNIFIED SCHOOL DISTRICT
Fiscal Years 2011-12 through 2018-19
Secured Tax Charges and Delinquency Rates

1% General Fund Apportionment

Fiscal Year	Secured Tax Charge[1]	Amount Delinquent June 30	Percent Delinquent June 30
2011-12	$10,041,233	$144,539	1.44%
2012-13	10,144,532	139,064	1.37
2013-14	10,421,407	94,843	0.91
2014-15	10,967,296	90,685	0.83
2015-16	11,576,812	158,067	1.37
2016-17	12,120,832	98,291	0.81
2017-18	12,894,035	97,271	0.75
2018-19	13,410,734	97,824	0.73

District's General Obligation Bonds Debt Service Levy

Fiscal Year	Secured Tax Charge[2]	Amount Delinquent June 30	Percent Delinquent June 30
2011-12	$870,866	$37,326	4.29%
2012-13	756,928	29,466	3.89
2013-14	775,448	26,882	3.47
2014-15	794,181	22,947	2.89
2015-16	2,111,510	77,188	3.66
2016-17	1,995,106	93,271	4.67
2017-18	1,948,855	107,619	5.52
2018-19*			

(1) County-wide 1% General Fund apportionment.
(2) District's general obligation bond debt service levy only.
*2018-19 data is not yet available.
Source: California Municipal Statistics, Inc.

Tax Rates

The table below summarizes the total *ad valorem* tax rates levied by all taxing entities in a representative tax rate area during fiscal years 2014-15 through 2018-19.

OJAI UNIFIED SCHOOL DISTRICT
Typical Total Tax Rates (TRA 2-000) [(1)]
Per $100 Assessed Value
Fiscal Year 2014-15 through 2018-19

	2014-15	2015-16	2016-17	2017-18	2018-19
General Tax Rate	$1.000000	$1.000000	$1.000000	$1.000000	$1.000000
Ojai Unified School District	.023300	.059000	.053100	.049100	.048100
Ventura Community College District	.017600	.013000	.015500	.015100	.015200
Casitas Municipal Water District State Loan	.004672	.007083	.001200	.003369	.006307
Total Tax Rate	$1.045572	$1.079083	$1.069800	$1.067569	$1.069607

(1) 2018-19 assessed valuation of TRA 2-000 is $1,127,405,974.
Source: California Municipal Statistics, Inc.

Top 20 Property Owners

The following table shows the 20 largest taxpayers in the District as determined by their secured assessed valuations in fiscal year 2019-20. Each taxpayer listed below is a unique name listed on the tax rolls. The District cannot determine from County assessment records whether individual persons, corporations or other organizations are liable for tax payments with respect to multiple properties held in various names that in aggregate may be larger than is suggested by the table below. A large concentration of ownership in a single individual or entity results in a greater amount of tax collections which are dependent upon that property owner's ability or willingness to pay property taxes.

OJAI UNIFIED SCHOOL DISTRICT
Top 20 Secured Property Taxpayers
Fiscal Year 2019-20

	Property Owner	Primary Land Use	2019-20 Assessed Valuation	% of Total [1]
1.	Ovis LLC	Hotel	$138,416,385	3.15%
2.	Richard A. & Ellen Gilleland Trust	Agricultural	22,785,186	0.52
3.	Carbon California Co. LLC	Oil Production	21,589,953	0.49
4.	JLB Rancho La Vista LLC	Agricultural	11,949,872	0.27
5.	Michael & Jody Cromer	Agricultural	11,434,775	0.26
6.	Mira Valle LLC	Mobile Home Park	10,742,470	0.24
7.	Topa Topa Ranch Co. LLC	Agricultural	9,829,039	0.22
8.	Burlingame Trust	Agricultural	9,631,650	0.22
9.	Matilija Canyon Properties	Residential Properties	9,461,869	0.22
10.	JLA LLC	Residential Properties	9,425,801	0.21
11.	4424 Thatcher Rd. LLC	Agricultural	8,843,399	0.20
12.	Dean & Gloria Vadnais Trust	Office Building	8,125,225	0.18
13.	Marilyn C. Wallace	Residential	8,031,646	0.18
14.	Robert M. Baskin Trust	Residential	8,001,585	0.18
15.	George R. & Frances Collins Trust	Residential	7,725,000	0.18
16.	Los Angeles Entertainment Trust	Hotel	7,547,189	0.17
17.	Timothy & Kathleen McHugh Trust	Agricultural	7,199,347	0.16
18.	Joseph R. Polito Trust	Commercial	7,101,970	0.16
19.	Gogreen LLC	Residential	6,866,640	0.16
20.	Condor Self & Storage LLC	Public Storage	6,828,280	0.16
			$331,537,281	7.54%

(1) 2018-19 local secured assessed valuation: $4,397,423,031.
Source: California Municipal Statistics, Inc.

Direct and Overlapping Debt

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

OJAI UNIFIED SCHOOL DISTRICT
Statement of Direct and Overlapping Bonded Debt
(Debt Issued as of September 1, 2019)

2019-20 Assessed Valuation: $4,435,147,568

DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:	% Applicable	Debt 9/1/19
Ventura County Community College District	3.142%	$ 8,369,388
Ojai Unified School District	**100.000**	**32,055,000**(1)
Casitas Municipal Water District Community Facilities District No. 2013-1	100.000	39,475,000
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		$79,899,388
OVERLAPPING GENERAL FUND DEBT:		
Ventura County General Fund Obligations	3.141%	$10,201,340
Ventura County Superintendent of Schools Obligations	3.141	289,600
TOTAL OVERLAPPING GENERAL FUND DEBT		$10,490,940
COMBINED TOTAL DEBT		$90,390,328(2)

Ratios to 2019-20 Assessed Valuation:

Direct Debt ($32,055,000)	**0.72%**
Total Direct and Overlapping Tax and Assessment Debt	1.80%
Combined Total Debt	2.04%

(1) Excludes the Bonds offered for sale hereunder.
(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.
Source: California Municipal Statistics, Inc.

TAX MATTERS

Tax Exemption

Federal Tax Status – Tax-Exempt Bonds. 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 maturing on or after August 1, 2020 (the "**Tax-Exempt Bonds**") is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax. The Tax-Exempt 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 Tax-Exempt Bonds.

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

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

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 Tax-Exempt 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 Tax-Exempt Bonds to determine taxable gain upon disposition (including sale, redemption, or payment on maturity) of such Tax-Exempt Bond. The Tax Code contains certain provisions relating to the accrual of original issue discount in the case of purchasers of the Tax-Exempt Bonds who purchase the Tax-Exempt Bonds after the initial offering of a substantial amount of such maturity. Owners of such Tax-Exempt Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Tax-Exempt Bonds with original issue discount, including the treatment of purchasers who do not purchase in the original offering, the allowance of a deduction for any loss on a sale or other disposition, and the treatment of accrued original issue discount on such Tax-Exempt Bonds under federal individual alternative minimum taxes.

Under the Tax Code, bond premium is amortized on an annual basis over the term of the Tax-Exempt Bond (said term being the shorter of the Tax-Exempt Bond's maturity date or its call date). The amount of bond premium amortized each year reduces the adjusted basis of the owner

of the Tax-Exempt Bond for purposes of determining taxable gain or loss upon disposition. The amount of bond premium on a Tax-Exempt Bond is amortized each year over the term to maturity of the Tax-Exempt 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 Tax-Exempt Bond premium is not deductible for federal income tax purposes. Owners of premium Tax-Exempt 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 Tax-Exempt Bonds.

Federal Tax Status – Federally Taxable Bonds. Interest on the Bonds maturing January 1, 2020 (the "**Federally Taxable Bonds**"), including accrued original issue discount, is includible in gross income for federal income purposes. Ownership of the Federally Taxable Bonds may result in other federal income tax consequences to certain taxpayers. Bondholders should consult their tax advisors with respect to the inclusion of interest on the Bonds in gross income for federal income tax purposes and any collateral tax consequences.

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

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

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

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

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

CERTAIN LEGAL MATTERS

Legality for Investment

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

Absence of Litigation

No litigation is pending or threatened concerning the validity of the Bonds, and a certificate to that effect will be furnished to purchasers at the time of the original delivery of the Bonds. The District is not aware of any litigation pending or threatened that (i) questions the political existence of the District, (ii) contests the District's ability to receive *ad valorem* taxes or to collect other revenues or (iii) contests the District's ability to issue and retire the Bonds.

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

Compensation of Certain Professionals

Payment of the fees and expenses of Jones Hall, A Professional Law Corporation, as Bond Counsel and Disclosure Counsel to the District, Isom Advisors, a Division of Urban Futures, Inc., as financial advisor to the District, and Kronick Moskovitz Tiedemann & Girard, as counsel to the Underwriter are contingent upon issuance of the Bonds.

CONTINUING DISCLOSURE

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

In the previous five years, the District has not had any instances of material non-compliance with its existing undertakings. The District has engaged Isom Advisors, a Division of Urban Futures, Inc., to serve as dissemination agent with respect to each of its continuing disclosure undertakings, including the undertaking to be entered into for the Bonds.

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

RATING

S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("**S&P**") has assigned a rating of "AA-" to the Bonds. The District has provided certain additional information and materials to S&P (some of which does not appear in this Official Statement to the extent deemed not material for investment purposes). Such rating reflects only the view of S&P and an explanation of the significance of such rating and outlook may be obtained only from S&P. There is no assurance that any credit rating given to the Bonds will be maintained for any period of time or that the rating may not be lowered or withdrawn entirely by S&P if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of a rating may have an adverse effect on the market price of the Bonds.

UNDERWRITING

The Bonds are being purchased by Raymond James & Associates, Inc. (the "**Underwriter**"). The Underwriter has agreed to purchase the Bonds at a price of $8,799,044.85 which is equal to the initial principal amount of the Bonds of $8,000,000, plus original issue premium of $851,044.85 less an Underwriter's discount of $52,000.00.

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

ADDITIONAL INFORMATION

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

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

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

EXECUTION

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

OJAI UNIFIED SCHOOL DISTRICT

By: /s/ *Tiffany Morse*
Superintendent

APPENDIX A

GENERAL AND FINANCIAL INFORMATION ABOUT THE DISTRICT

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

General Information

Ojai Unified School District (the "**District**") consists of an area of 190 square miles located in the western portion of Ventura County (the **"County"**). It was established in 1966 and provides kindergarten through twelfth grade educational services to the residents of the County. The District has five K-6 elementary schools, one 7-8 middle school, one 9-12 high school, and one 9-12 continuation high school. Total student enrollment is projected to be 2,358 for fiscal year 2019-20.

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

Administration

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

Name	Office	Term Expires
Thayne Whipple	President	December 2020
Shelly Griffin	Vice President	December 2020
Jane Weil	Clerk	December 2022
Kevin Ruf	Member	December 2022
Michael Shanahan	Member	December 2022

Administrative Personnel. The Superintendent of the District, appointed by the Board, is responsible for management of the day-to-day operations and supervises the work of other District administrators. Tiffany Morse is currently the Superintendent of the District and Patricia Nunez is Director of Fiscal Services.

Recent Enrollment Trends

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

ANNUAL ENROLLMENT
Fiscal Years 2007-08 through 2019-20
Ojai Unified School District

Fiscal Year	Student Enrollment	% Change
2007-08	3,225	--%
2008-09	3,152	(2.3)
2009-10	3,044	(3.4)
2010-11	3,005	(1.3)
2011-12	2,935	(2.3)
2012-13	2,879	(1.9)
2013-14	2,751	(4.4)
2014-15	2,680	(2.6)
2015-16	2,639	(1.5)
2016-17	2,537	(3.9)
2017-18	2,518	(0.7)
2018-19	2,453	(2.6)
2019-20[(1)]	2,358	(3.9)

(1) Budgeted.
Source: California Department of Education for 2007-08 through 2018-19; Ojai Unified School District for 2019-20.

Employee Relations

The District has 117.2 certificated full-time equivalent ("**FTE**") employees, 112.8 classified FTE employees, and 19.4 management/supervisor/confidential FTE employees.

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

BARGAINING UNITS
Ojai Unified School District

Employee Group	Representation	Contract Expiration Date
Certificated	Ojai Federation of Teachers	June 30, 2021
Classified	California School Employees' Association	September 30, 2021

Source: The District.

DISTRICT FINANCIAL INFORMATION

Education Funding Generally

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

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

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

- A base grant for each local education agency per unit of ADA, which varies with respect to different grade spans. The base grant is $2,375 more than the average revenue limit provided prior to LCFF implementation. The base grants will be adjusted upward each year to reflect cost-of-living increases. In addition, grades K-3 and 9-12 are subject to adjustments of 10.4% and 2.6%, respectively, to cover the costs of class size reduction in grades K-3 and the provision of career technical education in grades 9-12.

- A 20% supplemental grant for English learners, students from low-income families and foster youth to reflect increased costs associated with educating those students.

- An additional concentration grant of up to 50% of a local education agency's base grant, based on the number of English learners, students from low-income families and foster youth served by the local agency that comprise more than 55% of enrollment.

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

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

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

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

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

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

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

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

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

District Accounting Practices

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

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

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

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

Financial Statements

General. The District's general fund finances the legally authorized activities of the District for which restricted funds are not provided. General fund revenues are derived from such sources as State school fund apportionments, taxes, use of money and property, and aid from other governmental agencies. The District's June 30, 2018 Audited Financial Statements were prepared by Vavrinek, Trine, Day & Co., LLP, Rancho Cucamonga, California and are attached to the Official Statement as APPENDIX B. Audited financial statements for the District for prior fiscal years are on file with the District and available for public inspection at the Office of the Assistant Superintendent, Business and Operations of the District. The District has not requested, and the auditor has not provided, any review or update of such Financial Statements in connection with inclusion in this Official Statement.

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

GENERAL FUND REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
Fiscal Years 2013-14 through 2017-18 (Audited)
Ojai Unified School District [1]

	Audited 2013-14	Audited 2014-15	Audited 2015-16	Audited 2016-17	Audited 2017-18
Revenues:					
LCFF [2]	$17,335,235	$18,718,901	$20,432,091	$20,990,771	$20,721,218
Federal Revenues	1,137,857	1,023,928	1,134,823	1,196,268	1,232,123
Other State Revenues	1,321,888	768,174	2,910,003	2,219,128	2,527,883
Other Local Revenues	2,492,638	2,685,927	2,556,313	2,344,364	2,498,346
Total Revenues	22,287,618	23,196,930	27,033,230	26,750,531	26,979,570
Expenditures:					
Instruction	13,152,430	13,119,057	14,673,071	15,654,755	15,836,420
Supervision of Instruction	447,772	701,441	496,169	563,525	524,264
Instructional library, media, technology	123,452	132,765	143,790	152,738	174,833
School site administration	2,083,331	2,166,377	2,401,794	2,375,399	2,359,648
Home-to-school transportation	517,851	387,697	556,942	571,041	726,320
Food services	21,621	42,369	45,774	38,547	44,857
All other pupil services	1,265,928	1,294,775	1,409,848	1,436,512	1,441,367
Data processing	230,706	351,727	291,549	299,721	308,548
All other general administration	1,757,612	1,768,251	1,961,427	2,065,829	2,048,018
Plant services	2,233,901	2,380,426	2,437,451	2,256,788	2,479,224
Facility acquisition and construction	--	--	--	--	649,810
Ancillary services	49,098	54,289	37,093	27,761	36,363
Community services	273,142	290,887	320,364	290,308	331,736
Other outgo	--	--	666,058	584,186	798,445
Capital outlay	115,262	115,262	--	--	--
Intergovernmental transfers	321,532	569,827	--	--	--
Transfers of indirect costs	(25,255)	(25,000)	--	--	--
Debt service-principal	--	14,758	15,294	15,849	16,424
Debt service-interest	--	4,184	54,006	3,093	2,518
Debt service-issuance costs	48,613	74,620	--	--	--
Total Expenditures	22,616,996	23,443,712	25,510,630	26,336,052	27,778,795
Excess (Deficiency) of Revenues Over (Under) Expenditures	(329,378)	(246,782)	1,522,600	414,479	(799,225)
Other Financing Sources (Uses)					
Operating transfers in	60,000	--	--	--	--
Operating transfers out	--	(47,735)	(75,000)	(65,000)	(75,000)
Proceeds from capital leases	115,262	--	--	--	--
Total Other Financing Sources (Uses)	175,262	(47,735)	(75,000)	(65,000)	(75,000)
Net change in fund balance	(154,116)	(294,517)	1,447,600	349,479	(874,225)
Fund Balances July 1	1,542,604	1,388,488	1,098,706 [3]	2,546,306	2,895,785
Fund Balances June 30	$1,388,488	$1,093,971	2,546,306	$2,895,785	$2,021,560

(1) Totals may not foot due to rounding.
(2) LCFF commenced in Fiscal Year 2013-14.
(3) As restated.
Source: Audited financial statements of the District

District Budget and Interim Financial Reporting

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

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

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

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

A State law adopted in 1991 (**"A.B. 1200"**) imposed additional financial reporting requirements on school districts, and established guidelines for emergency State aid apportionments. Under the provisions of A.B. 1200, each school district is required to file interim certifications with the County Superintendent (on December 15, for the period ended October 31, and by mid-March for the period ended January 31) as to its ability to meet its financial obligations for the remainder of the then-current fiscal year and, based on current forecasts, for the subsequent two fiscal years. The County Superintendent reviews the certification and issues either a positive, negative or qualified certification. A positive certification is assigned to any school district that will meet its financial obligations for the current fiscal year and the subsequent two fiscal years. A negative certification is assigned to any school district that is deemed unable to meet its financial obligations for the remainder of the current fiscal year or the subsequent fiscal year. A qualified certification is assigned to any school district that may not meet its financial obligations for the current fiscal year or the two subsequent fiscal years.

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

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

District's General Fund. The following table shows the general fund figures for the District for fiscal year 2018-19 (unaudited actuals) and 2019-20 (adopted budget).

OJAI UNIFIED SCHOOL DISTRICT
Revenues, Expenditures, and Changes in General Fund Balance
Fiscal Year 2018-19 (Unaudited Actuals)
Fiscal Year 2019-20 (Adopted Budget)

Revenues	Unaudited Actuals 2018-19	Adopted Budget 2019-20
Total LCFF Sources	$21,900,945	$22,477,542
Federal Revenues	3,370,233	1,518,340
Other state revenues	2,760,964	941,900
Other local revenues	2,566,827	1,977,192
Total Revenues	30,598,968	26,914,974
Expenditures		
Certificated Salaries	10,583,924	10,913,647
Classified Salaries	4,710,255	4,804,008
Employee Benefits	7,980,514	7,225,663
Books and Supplies	1,100,311	1,116,412
Contract Services & Operating Exp.	2,395,737	2,524,970
Capital Outlay	323,357	29,911
Other Outgo (excluding indirect costs)	2,958,128	731,132
Other Outgo – Transfers of Indirect Costs	(12,691)	(8,500)
Total Expenditures	30,048,535	27,337,243
Excess of Revenues Over/(Under) Expenditures	550,434	(422,269)
Other Financing Sources (Uses)		
Operating transfers in	--	--
Operating transfers out	(95,000)	(110,000)
Total Other Financing Sources (Uses)	(95,000)	(110,000)
Net change in fund balance	455,434	(532,269)
Fund Balance, July 1	2,016,696	2,472,130
Fund Balance, June 30	$2,472,130	$1,939,861

Source: Ojai Unified School District.

District Reserves. The District's ending fund balance is the accumulation of surpluses from prior years. This fund balance is used to meet the State's minimum required reserve of 3% of expenditures, plus any other allocation or reserve which might be approved as an expenditure by the District in the future. The District has a board-adopted policy to maintain reserves of at least 6% of expenditures in an unrestricted reserve fund.

In connection with legislation adopted in connection with the State's fiscal year 2014-15 Budget (**"SB 858"**), the Education Code was amended to provide that, beginning in fiscal year 2015-16, if a district's proposed budget includes a local reserve above the minimum recommended level, the governing board must provide the information for review at the annual public hearing on its proposed budget. In addition, SB 858 included a provision, which became effective upon the passage of Proposition 2 at the November 4, 2014 statewide election, which limits the amount of reserves which may be maintained at the District level. Specifically, the legislation, among other things, enacted Education Code Section 42127.01, which became

operative December 15, 2014, and provides that in any fiscal year immediately after a fiscal year in which a transfer is made to the State's Public School System Stabilization Account (the Proposition 98 reserve), a school district may not adopt a budget that contains a reserve for economic uncertainties in excess of twice the applicable minimum recommended reserve for economic uncertainties established by the State Board (for school districts with ADA over 400,000, the limit is three times the amount). Exemptions can be granted by the County Superintendent under certain circumstances.

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

Attendance - Revenue Limit and LCFF Funding

Funding Trends under LCFF. As described herein, prior to fiscal year 2013-14, school districts in California received State funding based on a formula which considered a revenue limit per unit of ADA. With the implementation of the LCFF, commencing in fiscal year 2013-14, school districts receive base funding based on ADA, and may also be entitled to supplemental funding, concentration grants and funding based on an economic recovery target. The following table sets forth recent LCFF funding per ADA for the District for fiscal years 2013-14 through 2019-20 (budgeted).

OJAI UNIFIED SCHOOL DISTRICT
ADA and LCFF Funding
Fiscal Years 2013-14 through 2019-20 (Budgeted)

Fiscal Year	ADA	LCFF Funding Per ADA
2013-14	2,557	$6,780
2014-15	2,477	7,558
2015-16	2,427	8,418
2016-17	2,333	8,998
2017-18	2,295	9,029
2018-19 (1)	2,274	9,631
2019-20 (2)	2,240	10,035

(1) Unaudited Actuals.
(2) Budgeted.
Source: California Department of Education; Ojai Unified School District.

District's Unduplicated Student Count. Under LCFF, school districts are entitled to supplemental funding based on the unduplicated count of targeted students. The District's percentage of unduplicated students is approximately 53% for purposes of calculating supplemental and concentration grant funding under LCFF.

Revenue Sources

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

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

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

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

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

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

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

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

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

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

District Retirement Systems

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

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

STRS Contributions
Ojai Unified School District
Fiscal Years 2013-14 through 2017-18

Fiscal Year	Amount
2013-14	$818,628
2014-15	819,937
2015-16	1,067,457
2016-17	1,294,393
2017-18	1,457,577

Source: Ojai 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 $107.2 billion as of June 30, 2018 (the date of the last actuarial valuation). In connection with the State's adoption of its fiscal year 2014-15 Budget, the Governor signed into law Assembly Bill 1469 (**"AB 1469"**), which represents a legislative effort to address the unfunded liabilities of the STRS pension plan. AB 1469 addressed the funding gap by increasing contributions by employees, employers and the State. In particular, employer contribution rates are scheduled to increase through at least fiscal year 2020-21, from a contribution rate of 8.88% in fiscal year 2013-14 to 19.1% in fiscal year 2020-21. Thereafter, employer contribution rates

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

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

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

Fiscal Year	Employer Contribution Rate[1]
2019-20	17.10%
2020-21	18.40
2021-22	18.60
2022-23	18.10

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

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

PERS Contributions
Ojai Unified School District
Fiscal Years 2013-14 through 2017-18

Fiscal Year	Amount
2013-14	$462,062
2014-15	466,963
2015-16	509,418
2016-17	611,368
2017-18	715,600

Source: Ojai 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, will be implemented for school districts beginning in fiscal year 2016-17, with the costs spread over 20 years and the increases phased in over the first five years.

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

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

Fiscal Year	Employer Contribution Rate[2]
2019-20	19.721%
2020-21	22.900
2021-22	24.600
2022-23	25.300

(1) The PERS board is expected to approve official employer contribution rates for each fiscal year shown during the immediately preceding fiscal year.
(2) Expressed as a percentage of covered payroll.
Source: PERS

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

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

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

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

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

Additional Information. Additional information regarding the District's retirement programs is available in Note 12 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 District's governing board administers a single-employer defined other postemployment benefit healthcare plan (the "**Plan**"). The Plan provides medical, vision 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.

The benefit payment requirements of the Plan members and the District are established and may be amended by the District, the Ojai Federation of Teachers ("**OFT**"), the local California Service Employees Association ("**CSEA**"), and unrepresented groups. The benefit payment is based on projected pay-as-you-go financing requirements as determined annually through the agreements with the District, OFT, CSEA, and the unrepresented groups. For fiscal year 2017-2018, the District paid $588,369 in benefits.

At June 30, 2017, the plan had 44 retirees receiving benefits and 239 active plan members for a total of 283 plan members.

Actuarial Assumptions. The District's total OPEB liability of $10,520,565 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%, salary increases 3.00%, average, including inflation, discount rate 3.13%, and a healthcare cost trend 6.00% for 2017. The discount rate was based on the Bond Buyer 20-bond General Obligation Index. Pre-retirement mortality rates were based on the RP-2014 Employee Mortality Table for Males or Females, as appropriate, without projection. Post-retirement mortality rates were based on the RP-2014 Health Annuitant Mortality Table for Males or Females, as appropriate, without projection. Mortality rates vary by age and sex. (Unisex mortality rates are not often used as individual OPEB benefits do not depend on the mortality table used.) If employees die prior to retirement, past contributions are available to fund benefits for employees who live to retirement. After retirement, death results in benefit termination or reduction. Although higher mortality rates reduce service costs, the mortality assumption is not likely to vary from employer to employer.

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

CHANGES IN TOTAL OPEB LIABILITY
Ojai Unified School District

	2018
Service Cost	$611,196
Interest	312,775
Benefit payments	(786,369)
Net changes in total OPEB Liability	137,602
Total OPEB Liability-beginning	$10,382,963
Total OPEB liability-ending	$10,520,565

Source: Ojai Unified School District.

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB. For the year ended June 30, 2018, the District recognized OPEB expense of $923,970. At June 30,

2018, the District reported deferred outflows of resources for OPEB contributions subsequent to measurement date of $588,369.

Insurance – Joint Powers Agreement

The District is a member of the Ventura County Schools Self-Funding Authority ("**VCSSFA**"), Self-Insured Schools of California III ("**SISC III**"), and the Ventura County Fast Action School Transit Authority ("**VCFAST**"), a joint powers authority. The District pays an annual premium to VCSSFA and SISC III for its workers' compensation and property liability coverage, and for health, dental, and vision benefits, respectively. Payments for courier services are paid to VCFAST. The relationship between the District, the pools and VCFAST are such that they are not component units of the District for financial reporting purposes.

These entities have budgeting and financial reporting requirements independent of member units and their financial statements are not presented in these financial statements; however, fund transactions between the entities and the District are included in these statements. Audited financial statements are available from the respective entities.

During the year ended June 30, 2018, the District made payments of $220,778, $3,097,099, and $3,580, to VCSSFA, SISC III, and VCFAST, respectively, for services received.

Existing Debt Obligations

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

2014 Authorization. The District received authorization at an election held on November 4, 2014, by a requisite 55% affirmative vote of the qualified electors to issue general obligation bonds in a principal amount not to exceed $35,000,000 (the "**2014 Authorization**"). Following the issuance of the Bonds, there will be no unused authorization remaining under the 2014 Authorization.

Ojai Unified School District
SUMMARY OF OUTSTANDING GENERAL OBLIGATION BOND INDEBTEDNESS

Issue Date	Issue Name	Amount of Original Principal	Outstanding 09/01/2019
10/04/2011	2011 GO Refunding Bonds	$5,445,000.00	$2,260,000.00
07/31/2012	2012 GO Refunding Bonds	5,955,000.00	5,575,000.00
04/16/2015	GO Bonds, Election of 2014, Series A	10,000,000.00	8,010,000.00
12/20/2017	GO Bonds, Election of 2014, Series B	17,000,000.00	16,210,000.00
Total		$38,400,000.00	$32,055,000.00

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

Investment of District Funds

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

Effect of State Budget on Revenues

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

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

STATE FUNDING OF EDUCATION; RECENT STATE BUDGETS

State Funding of Education

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

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

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

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

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

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

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

Recent State Budgets

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

- The California State Treasurer internet home page at www.treasurer.ca.gov, under the heading "Bond Information", posts various State of California Official Statements, many of which contain a summary of the current State budget, past State budgets, and the impact of those budgets on school districts in the State.

- The California State Treasurer's Office Internet home page at www.treasurer.ca.gov, under the heading "Financial Information", posts the State's audited financial statements. In addition, the Financial Information section includes the State's Rule 15c2-12 filings for State bond issues. The Financial Information section also includes the Overview of the State Economy and Government, State Finances, State Indebtedness, Litigation from the State's most current Official Statement, which discusses the State budget and its impact on school districts.

- The California Department of Finance's Internet home page at www.dof.ca.gov, under the heading "California Budget", includes the text of proposed and adopted State budgets.

- The State Legislative Analyst's Office prepares analyses of the proposed and adopted State budgets. The analyses are accessible on the Legislative Analyst's Internet home page at www.lao.ca.gov under the heading "Subject Area – Budget (State)".

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

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

2019-20 State Budget

On June 27, 2019, the Governor signed the 2019-20 State budget (the "**2019-20 State Budget**") into law. The 2019-20 State Budget calls for total spending of $214.8 billion, with $147.8 billion in general fund spending. The 2019-20 State Budget provides for $81.1 billion of funding through Proposition 98, the primary source of funding for K-12 school districts and community college districts, an increase of $2.7 billion, or 3.4%, from the 2018-19 State budget. Of that $81.1 billion, $62.9 billion will be distributed to K-12 school districts through the LCFF, which will be fully funded during fiscal year 2019-20, restoring every school district in the State to at least pre-recession funding levels.

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

- $1.5 billion anticipated in Proposition 51 bond funds for school facilities and an additional $1.2 million of ongoing Proposition 51 bond funds;

- $5 million one-time funding for a long-term strategic plan to provide childcare and preschool for children from birth through age twelve;

- $300 million one-time funding to construct new or retrofit existing facilities to support full-day kindergarten programs;

- $645.3 million ongoing funding for special education, including $152.6 million to provide all Special Education Local Plan Areas with at least the statewide target rate for base special education funding.

- $147.4 million one-time and ongoing funding to address the shortage of teachers;

- $918 million in additional funding to identify and implement recommendations and solutions to reduce wildfire risk, bolster the state's emergency preparedness capacity and protect vulnerable communities;

- $518,000 one-time funding to reimburse cities, counties and special districts for 2018-2019 property tax losses and a corresponding $530,000 that will be used to backfill property tax revenue losses for K-14 schools in those cities, counties and districts;

- $460 million one-time general funding to increase the quality and availability of child care, including $263 million for child care and preschool facilities

expansion and $195 million for childcare and preschool workforce development;

- one-time funding of $750 million to support local governments in increasing and accelerating housing production; and

- one-time funding of $650 million to support local governments in addressing homelessness, to be used for emergency shelters and navigation centers, rapid rehousing, permanent supportive housing, job programs and hotel/motel conversions.

Disclaimer Regarding State Budgets. The implementation of the foregoing 2019-20 State Budget and future State budgets may be affected by numerous factors, including but not limited to: (i) shifts in costs from the federal government to the State, (ii) national, State and international economic conditions, (iii) litigation risks associated with proposed spending reductions, (iv) rising health care costs and/or other unfunded liabilities, such as pension or OPEB, and (v) numerous other factors, all or any of which could cause the revenue and spending projections included in such budgets to be unattainable. The District cannot predict the impact that the 2018-19 State Budget, or subsequent state budgets, will have on its own finances and operations. However, the Bonds are secured by *ad valorem* taxes levied and collected on taxable property in the District, without limit as to rate or amount, and are not secured by a pledge of revenues of the District or its general fund.

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

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

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

Legal Challenges to State Funding of Education

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

CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS

Principal of and interest on the Bonds are payable from the proceeds of an *ad valorem* tax levied by the County for the payment thereof. Articles XIIIA, XIIIB, XIIIC, and XIIID 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 XIIIA 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 XIIIA of the California Constitution

Basic Property Tax Levy. On June 6, 1978, California voters approved Proposition 13 ("**Proposition 13**"), which added Article XIIIA to the State Constitution ("**Article XIIIA**"). Article XIIIA 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 XIIIA approved by State voters on June 3, 1986) bonded indebtedness for the acquisition or improvement of real property which has been approved on or after July 1, 1978 by two-thirds of the voters on such indebtedness (which provided the authority for the issuance of the Refunded Bonds), and (iii) (as a result of an amendment to Article XIIIA approved by State voters on November 7, 2000) bonded indebtedness incurred by a school district or community college district for the construction, reconstruction, rehabilitation or replacement of school facilities or the acquisition or lease of real property for school facilities, approved by 55% of the voters of the district, but only if certain accountability measures are included in the proposition. The tax for the payment of the Bonds falls within the exception described in (iii) of the immediately preceding sentence. Article XIIIA 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 XIIIA 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 XIIIA.

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

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

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 XIIIA, when the assessor tried to "recapture" the tax value of the property by increasing its assessed value by 4% in a single year. The assessors in most California counties, including the Counties, use a similar methodology in raising the taxable values of property beyond 2% in a single year. The SBE has approved this methodology for increasing assessed values. On appeal, the Appellate Court held that the trial court erred in ruling that assessments are always limited to no more than 2% of the previous year's assessment. On May 10, 2004 a petition for review was filed with the California Supreme Court. The petition has been denied by the California Supreme Court. As a result of this litigation, the "recapture" provision described above may continue to be employed in determining the full cash value of property for property tax purposes.

Article XIIIB of the California Constitution

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

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

Appropriations subject to limitation do not include (a) refunds of taxes, (b) appropriations for debt service, (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 XIIIB includes a requirement that all revenues received by an entity of government other than the State in a fiscal year and in the fiscal year immediately following it in excess of the amount permitted to be appropriated during that fiscal year and the fiscal year immediately following it shall be returned by a revision of tax rates or fee schedules within the next two subsequent fiscal years. 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 XIIIB also includes a requirement that 50% of all revenues received by the State in a fiscal year and in the fiscal year immediately following it in excess of the amount permitted to be appropriated during that fiscal year and the fiscal year immediately following it shall be transferred and allocated to the State School Fund under Section 8.5 of Article XVI of the State Constitution.

Unitary Property

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

Articles XIIIC and XIIID 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 XIIIC and XIIID (respectively, "**Article XIIIC**" and "**Article XIIID**"), which contain a number of provisions affecting the ability of local agencies, including school districts, to levy and collect both existing and future taxes, assessments, fees and charges.

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

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

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

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 XIIIB surplus. The maximum amount of excess tax revenues which could be transferred to K-14 school districts is 4% of the minimum State spending for education mandated by the Accountability Act.

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 XIIIB and Sections 8 and 8.5 of Article XVI of the State Constitution with respect to appropriations limitations and school funding priority and allocation.

The most significant provisions of Proposition 111 are summarized as follows:

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

Treatment of Excess Tax Revenues. "Excess" tax revenues with respect to Article XIIIB are now determined based on a two-year cycle, so that the State can avoid having to return to taxpayers excess tax revenues in one year if its appropriations in the next fiscal year are under its limit. In addition, the Proposition 98 provision regarding excess tax revenues was modified. After any two-year period, if there are excess State tax revenues, 50% of the excess are to be transferred to K-14 school districts with the balance returned to taxpayers; under prior law, 100% of excess State tax revenues went to K-14 school districts, but only up to a maximum of 4% of the schools' minimum funding level. Also, reversing prior law, any excess State tax revenues transferred to K-14 school districts are not built into the school districts' base expenditures for calculating their entitlement for State aid in the next year, and the State's appropriations limit is not to be increased by this amount.

Exclusions from Spending Limit. Two exceptions were added to the calculation of appropriations which are subject to the Article XIIIB spending limit. First, there are excluded all appropriations for "qualified capital outlay projects" as defined by the Legislature. Second, there are excluded any increases in gasoline taxes above the 1990 level (then nine cents per gallon), sales and use taxes on such increment in gasoline taxes, and increases in receipts from vehicle weight fees above the levels in effect on January 1, 1990. These latter provisions were necessary to make effective the transportation funding package approved by the Legislature and the Governor, which expected to raise over $15 billion in additional taxes from 1990 through 2000 to fund transportation programs.

Recalculation of Appropriations Limit. The Article XIIIB appropriations limit for each unit of government, including the State, is to be recalculated beginning in fiscal year 1990-91. It is based on the actual limit for fiscal year 1986-87, adjusted forward to 1990-91 as if Proposition 111 had been in effect.

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

Proposition 39

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

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

Proposition 1A and Proposition 22

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

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

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

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

Proposition 30 and Proposition 55

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

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

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

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

California Senate Bill 222

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

Future Initiatives

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

APPENDIX B

OJAI UNIFIED SCHOOL DISTRICT
AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR 2017-18

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OJAI UNIFIED SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT

JUNE 30, 2018

OJAI UNIFIED SCHOOL DISTRICT

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OJAI UNIFIED SCHOOL DISTRICT

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

Governing Board
Ojai Unified School District
Ojai, 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 Ojai 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; and the *2017-2018 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting,* issued by the California Education Audit Appeals Panel as regulations. 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.

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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 the Ojai 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 Principles

As discussed in Note 1 and Note 15 to the financial statements, in 2018, the District adopted new accounting guidance, GASB 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 on pages 5 through 13, budgetary comparison schedule on page 65, schedule of changes in the District's total OPEB liability and related ratios on page 66, schedule of the District's proportionate share of the net OPEB liability - MPP program on page 67, schedule of the District's proportionate share of the net pension liability on page 68, and the schedule of District contributions on page 69, 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 Ojai Unified School District's basic financial statements. The accompanying supplementary information such as the combining and individual non-major fund financial statements and Schedule of Expenditures of Federal Awards, as required by *Title 2 U.S. Code of Federal Regulations (CFR)* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* and the other supplementary information as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying supplementary information is the responsibility of management and was derived from and relates 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 accompanying supplementary information is 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 13, 2018, on our consideration of the Ojai 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 Ojai Unified School 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 Ojai Unified School District's internal control over financial reporting and compliance.

VAUZNEK, TRINE, DAY & CO. LLP

Rancho Cucamonga, California
December 13, 2018

Ojai Unified School District
414 East Ojai Avenue, P.O. Box 878, Ojai, CA 93024
(805) 640-4300 • Fax (805) 640-4419 • www.ojaiusd.org

This section of Ojai Unified School District's (the District) annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2018, with comparative information for the year ended June 30, 2017. Please read it in conjunction with the District's financial statements, which immediately follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Financial Statements

The financial statements presented herein include all of the activities of the District and its component units using the integrated approach as prescribed by Governmental Accounting Standards Board (GASB) Statement No. 34.

The *Government-Wide Financial Statements* present the financial picture of the District from the economic resources measurement focus using the accrual basis of accounting. These statements include all assets of the District (including capital assets), as well as all liabilities (including long-term obligations). Additionally, certain eliminations have occurred as prescribed by the statement in regards to interfund activity, payables, and receivables.

The *Fund Financial Statements* include statements for two categories of activities: governmental and fiduciary.

The *Governmental Funds* are prepared using the current financial resources measurement focus and modified accrual basis of accounting.

The *Fiduciary Funds* are prepared using the economic resources measurement focus and the accrual basis of accounting.

Reconciliation of the Fund Financial Statements to the Government-Wide Financial Statements is provided to explain the differences created by the integrated approach.

The Primary unit of the government is the Ojai Unified School District.

Administration
Andrew Cantwell, Superintendent
Sherrill Knox, Ed.D, Assistant Superintendent Educational Services

Board of Education
Kevin Ruf, President
Michael Shanahan, Vice President
Shelly Griffen, Clerk
Jane Weil, Member
Thayne Whipple, Member

REPORTING THE DISTRICT AS A WHOLE

The Statement of Net Position and the Statement of Activities

The *Statement of Net Position* and the *Statement of Activities* report information about the District as a whole and about its activities. These statements include all assets and liabilities of the District using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's net position and changes in them. Net position is the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources, which is one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net position will serve as a useful indicator of whether the financial position of the District is improving or deteriorating. Other factors to consider are changes in the District's property tax base and the condition of the District's facilities.

The relationship between revenues and expenses is the District's *operating results*. Since the governing board's responsibility is to provide services to our students and not to generate profit as commercial entities do, one must consider other factors when evaluating the overall health of the District. The quality of the education and the safety of our schools will likely be an important component in this evaluation.

In the *Statement of Net Position* and the *Statement of Activities*, we separate the District activities as follows:

Governmental Activities - The District reports all of its services in this category. This includes the education of kindergarten through grade twelve students and the on-going effort to improve and maintain buildings and sites. Property taxes, State income taxes, user fees, interest income, Federal, State, and local grants, as well as general obligation bonds, finance these activities.

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds - not the District as a whole. Some funds are required to be established by State law and by bond covenants. However, management establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money that it receives from the U.S. Department of Education.

Governmental Funds **-** Most of the District's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. The differences of results in the governmental fund financial statements to those in the government-wide financial statements are explained in a reconciliation following each governmental fund financial statement.

THE DISTRICT AS A TRUSTEE

Reporting the Districts Fiduciary Responsibilities

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

FINANCIAL HIGHLIGHTS

- The District's overall financial status decreased from last year as the net position decreased to $(18,756,109)
- Total governmental revenues were $30,995,259, $2,232,514 less than expenses.
- The total cost of basic programs was $33,227,773. Because a portion of these costs were paid for with charges, fees, and intergovernmental aid, the net cost that required taxpayer funding was $27,565,812.
- Average daily attendance (ADA) in grades K-12 decreased by 37, or 1.6 percent.

THE DISTRICT AS A WHOLE

Net Position

The District's net position was $(18,756,109) for the fiscal year ended June 30, 2018. Of this amount, $(28,234,331) was unrestricted. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the governing board's ability to use net position for day-to-day operations. Our analysis below, in summary form, focuses on the net position (Table 1) and change in net position (Table 2) of the District's governmental activities.

Table 1

	Governmental Activities	
	2018	(as restated) 2017
Assets		
Current and other assets	$ 31,540,579	$ 17,398,361
Capital assets	18,182,665	16,520,530
Total Assets	**49,723,244**	**33,918,891**
Deferred Outflows of Resources	**8,365,246**	**5,123,933**
Liabilities		
Current liabilities	3,742,273	1,830,140
Long-term obligations	45,506,705	29,826,451
Aggregate net pension liability	26,024,115	22,962,337
Total Liabilities	**75,273,093**	**54,618,928**
Deferred Inflows of Resources	**1,571,506**	**947,491**
Net Position		
Net investment in capital assets	6,337,717	6,737,787
Restricted	3,140,505	3,895,398
Unrestricted (deficit)	(28,234,331)	(27,156,780)
Total Net Position (deficit)	**$ (18,756,109)**	**$ (16,523,595)**

The $(28,234,331) in unrestricted net position of governmental activities represents the accumulated results of all past years' operations. The total change in net position of $2,232,514 million can be mostly attributed to effects of the implementation of GASB Statement No. 75. In 2017-2018, the District received $342,105 in one time money (Mandated Cost) Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – decreased by 4.0 percent ($(28,234,331) compared to $(27,156,780)).

Changes in Net Position

The results of this year's operations for the District as a whole are reported in the *Statement of Activities* on page 15. Table 2 takes the information from the Statement, rounds off the numbers, and rearranges them slightly so you can see our total revenues for the year.

Table 2

	Governmental Activities	
	2018	2017
Revenues		
Program revenues:		
Charges for services	$ 431,865	$ 440,230
Operating grants and contributions	5,230,095	5,332,414
General revenues:		
Federal and State aid not restricted	8,086,753	9,197,264
Property taxes	15,693,077	14,974,690
Other general revenues	1,553,469	1,998,997
Total Revenues	**30,995,259**	**31,943,595**
Expenses		
Instruction-related	20,522,644	21,394,820
Pupil services	3,161,302	3,115,115
Administration	2,465,099	2,443,439
Plant services	4,575,213	2,835,292
All other activities	2,503,515	1,695,942
Total Expenses	**33,227,773**	**31,484,608**
Change in Net Position	**$ (2,232,514)**	**$ 458,987**

Governmental Activities

As reported in the *Statement of Activities* on page 15, the cost of all of our governmental activities this year was $33,227,723. However, the amount that our taxpayers ultimately financed for these activities through local taxes was only $15,693,077, because the cost was paid by those who benefited from the programs ($431,865) or by other governments and organizations who subsidized certain programs with grants and contributions ($5,230,095). We paid for the remaining "public benefit" portion of our governmental activities with $9,640,222, in Federal and State funds, and with other revenues, like interest and general entitlements.

In Table 3, we have presented the cost and net cost of each of the District's largest functions: instruction, pupil services, administration, plant services, and all other activities. As discussed above, net cost shows the financial burden that was placed on the District's taxpayers by each of these functions. Providing this information allows our citizens to consider the cost of each function in comparison to the benefits they believe are provided by that function.

Table 3

	Total Cost of Services		Net Cost of Services	
	2018	2017	2018	2017
Instruction	$ 20,522,644	$ 21,394,820	$ 16,409,480	$ 17,189,862
Pupil services	3,161,302	3,115,115	2,023,101	1,860,911
Administration	2,465,099	2,443,439	2,401,563	2,367,410
Plant services	4,575,213	2,835,292	4,431,854	2,801,211
All other activities	2,503,515	1,695,942	2,299,815	1,492,570
Total	**$ 33,227,773**	**$ 31,484,608**	**$ 27,565,813**	**$ 25,711,964**

Plant services was the main contributor of increased expenses from the previous fiscal year. The district has actively been making progress towards modernization of our school sites with Measure J monies.

THE DISTRICT'S FUNDS

As the District completed this year, our governmental funds reported a combined fund balance of $28,229,264, which is an increase of $12,368,211, from last year (Table 4).

Table 4

	Balances and Activity			
	July 01, 2017	Revenues and Other Financing Sources	Expenditures and Other Financing Uses	June 30, 2018
General	$ 2,895,785	$ 26,979,570	$ 27,853,795	$ 2,021,560
Building	9,109,967	17,338,234	3,791,542	22,656,659
Adult Education	643,661	263,656	345,170	562,147
Cafeteria	30,063	922,838	928,949	23,952
Capital Facilities	1,001,127	259,279	411,422	848,984
Bond Interest and Redemption	2,180,450	2,129,731	2,194,219	2,115,962
Total	**$ 15,861,053**	**$ 47,893,308**	**$ 35,525,097**	**$ 28,229,264**

The primary reasons for these increases are:

- In December of 2017 the district received $17,101,483 in proceeds from bond issuance.

General Fund Budgetary Highlights

Over the course of the year, the District revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. The final amendment to the budget was adopted on June 6, 2018. (A schedule showing the District's original and final budget amounts compared with amounts actually paid and received is provided in our annual report on page 65).

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2018, the District had $18,182,665 in a broad range of capital assets (net of depreciation), including land, buildings, furniture, and equipment. This amount represents a net increase (including additions, deductions, and depreciation) of $1,662,135, or 10.1 percent, from last year (Table 5).

Table 5

	Governmental Activities	
	2018	2017
Land and construction in progress	$ 3,125,582	$ 1,541,775
Land improvements	1,528,386	1,754,759
Buildings and improvements	12,068,872	12,931,790
Furniture and Equipment	1,459,825	292,206
Total	**$ 18,182,665**	**$ 16,520,530**

This year's increase of $1,662,135 included the purchase of a new school bus, playground equipment, work in progress in several modernization projects, cafeteria equipment, classroom equipment, and net of depreciation.

We present more detailed information about our capital assets in Note 5 to the financial statements.

Long-Term Obligations

At the end of this year, the District had $45,506,705 in long-term obligations outstanding versus $29,826,451, last year, an increase of 52.6 percent. These obligations consisted of:

Table 6

	Governmental Activities	
	2018	(as restated) 2017
General obligation bonds (net of premiums and discounts)	$ 34,611,786	$ 19,006,438
Compensated absences	174,969	194,165
Capitalized leases	52,937	69,361
Early retirement incentive	-	10,000
Net other postemployment benefits (OPEB) liability	10,667,013	10,546,487
Total	**$ 45,506,705**	**$ 29,826,451**

The District's general obligation bond rating continues to be "A2" The State limits the amount of general obligation debt that districts can issue to five percent of the assessed value of all taxable property within the District's boundaries. The District's outstanding general obligation debt of $33,935,000 is significantly below this statutorily-imposed limit.

Other obligations include compensated absences, net other postemployment benefits (OPEB) liability, and other long-term obligations. We present more detailed information regarding our long-term obligations in Note 9 of the financial statements.

Net Pension Liability (NPL)

At year end, the District had an outstanding pension liability of $26,024,115 versus $22,962,337 last year, an increase of $3,061,778, or 13.3%.

FACTORS BEARING ON THE DISTRICT'S FUTURE

The employer contribution rates for CalSTRS and CalPERS continue to increase with no new revenue streams to offset the increased cost for the employer. Adequacy of funding will be one of the most important issues for the District into the future.

In addition, Governor Elect Newsom will release his budget in January, and will be the first official indication of the Governor's priorities as a whole and for K-12 education specifically. His first released budget could in fact set the road map for the next four years.

Outgoing Governor Brown's last budget included full funding of the Local Control Funding Formula; a couple of years ahead of schedule. At this time, it is a mystery if Governor-Elect Newsom will continue with Governor Brown's priority of funding LCFF and K-12 education. Accordingly, the District's budget should continue to be managed with a great degree of conservatism.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the Districts accountability for the money it receives. If you have questions about this report or need additional information contact Patricia Nunez, Director of Fiscal Services at Ojai Unified School District, PO Box 878, Ojai, California 93024.

OJAI UNIFIED SCHOOL DISTRICT

STATEMENT OF NET POSITION
JUNE 30, 2018

	Governmental Activities
ASSETS	
Deposits and investments	$ 30,113,513
Receivables	1,402,770
Stores inventories	24,296
Capital Assets	
Land and construction in progress	3,125,582
Other capital assets	55,228,738
Less: Accumulated depreciation	(40,171,655)
Total Capital Assets	18,182,665
Total Assets	49,723,244
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charges on refunding	163,116
Deferred outflows of resources related to net other postemployment benefits (OPEB) liability	588,369
Deferred outflows of resources related to pensions	7,613,761
Total Deferred Outflows of Resources	8,365,246
LIABILITIES	
Accounts payable	3,122,789
Accrued interest payable	430,958
Unearned revenue	188,526
Long-term obligations:	
Current portion of long-term obligations other than pensions	867,020
Noncurrent portion of long-term obligations other than pensions	44,639,685
Total Long-Term Obligations	45,506,705
Aggregate net pension liability	26,024,115
Total Liabilities	75,273,093
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources related to pensions	1,571,506
NET POSITION	
Net investment in capital assets	6,337,717
Restricted for:	
Debt service	1,685,004
Capital projects	848,984
Educational programs	45,830
Other activities	560,687
Unrestricted (Deficit)	(28,234,331)
Total Net Position	$ (18,756,109)

The accompanying notes are an integral part of these financial statements.

OJAI UNIFIED SCHOOL DISTRICT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

Functions/Programs	Expenses	Program Revenues: Charges for Services and Sales	Program Revenues: Operating Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position: Governmental Activities
Governmental Activities				
Instruction	$ 17,195,020	$ 50,972	$ 3,893,783	$ (13,250,265)
Instruction-related activities				
Supervision of instruction	564,499	-	142,792	(421,707)
Instructional library, media, and technology	179,000	-	9,853	(169,147)
School site administration	2,584,125	-	15,764	(2,568,361)
Pupil services				
Home-to-school transportation	610,112	-	-	(610,112)
Food services	978,245	257,536	590,302	(130,407)
All other pupil services	1,572,945	-	290,363	(1,282,582)
Administration				
Data processing	332,139	-	-	(332,139)
All other administration	2,132,960	159	63,377	(2,069,424)
Plant services	4,575,213	56,278	87,081	(4,431,854)
Ancillary services	36,840	-	224	(36,616)
Community services	353,991	-	11,297	(342,694)
Interest on long-term obligations	1,120,184	-	-	(1,120,184)
Other outgo	992,500	66,920	125,259	(800,321)
Total Governmental Activities	$ 33,227,773	$ 431,865	$ 5,230,095	(27,565,813)
General revenues and subventions:				
Property taxes, levied for general purposes				13,526,607
Property taxes, levied for debt service				2,095,650
Property taxes, levied for other specific purposes				70,820
Federal and State aid not restricted to specific purposes				8,086,753
Interest and investment earnings				79,766
Interagency revenues				98,005
Miscellaneous				1,375,698
Subtotal, General Revenues				25,333,299
Change in Net Position				(2,232,514)
Net Position - Beginning, as restated				(16,523,595)
Net Position - Ending				$ (18,756,109)

The accompanying notes are an integral part of these financial statements.

OJAI UNIFIED SCHOOL DISTRICT

GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2018

	General Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS				
Deposits and investments	$ 2,587,146	$ 23,819,403	$ 3,706,964	$ 30,113,513
Receivables	1,105,442	147,376	149,952	1,402,770
Due from other funds	170,428	-	7,825	178,253
Stores inventories	10,535	-	13,761	24,296
Total Assets	$ 3,873,551	$ 23,966,779	$ 3,878,502	$ 31,718,832
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	$ 1,655,640	$ 1,308,678	$ 158,471	$ 3,122,789
Due to other funds	7,825	1,442	168,986	178,253
Unearned revenue	188,526	-	-	188,526
Total Liabilities	1,851,991	1,310,120	327,457	3,489,568
Fund Balances				
Nonspendable	17,385	-	14,211	31,596
Restricted	45,830	22,656,659	3,525,633	26,228,122
Assigned	249,470	-	11,201	260,671
Unassigned	1,708,875	-	-	1,708,875
Total Fund Balances	2,021,560	22,656,659	3,551,045	28,229,264
Total Liabilities and Fund Balances	$ 3,873,551	$ 23,966,779	$ 3,878,502	$ 31,718,832

The accompanying notes are an integral part of these financial statements.

OJAI UNIFIED SCHOOL DISTRICT

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

Total Fund Balance - Governmental Funds		**$ 28,229,264**
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
The cost of capital assets is	$ 58,354,320	
Accumulated depreciation is	(40,171,655)	
Net Capital Assets		18,182,665
Deferred charges on refunding (the difference between the reacquisition price and net carrying amount of refunded debt) are capitalized and amortized over the remaining life of the new or old debt (whichever is shorter) are included the governmental activities.		163,116
Deferred outflows of resources related to OPEB represent the consumption of net position in a future period and are not reported in the District's funds. Deferred outflows of resources related to OPEB at year-end consist of OPEB contributions subsequent to measurement date.		588,369
In governmental funds, unmatured interest on long-term obligations is recognized in the period when it is due. On the government-wide financial statements, unmatured interest on long-term obligations is recognized when it is incurred.		(430,958)
Deferred outflows of resources related to pensions represent the consumption of net position in a future period and are not reported in the District's funds. Deferred outflows of resources realted to pensions at year end consist of:		
Pension contributions subsequent to measurement date	2,173,177	
Net change in proportionate share of net pension liability	296,198	
Differences between projected and actual earnings on pension plan investments	285,136	
Differences between expected and actual experience in the measurement of the total pension liability	361,054	
Changes of assumptions	4,498,196	
Total Deferred Outflows of Resources Related to Pensions		7,613,761

The accompanying notes are an integral part of these financial statements.

OJAI UNIFIED SCHOOL DISTRICT

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

Deferred inflows of resources related to pensions represent the acquisition of net position that applies to a future period and are not reported in the District's funds. Deferred inflows of resources related to pensions at year end consist of:		
Net change in proportionate share of net pension liability	$ (690,749)	
Differences between projected and actual earnings on pension plan investments	(473,572)	
Differences between expected and actual experience in the measurement of the total pension liability	(310,139)	
Changes of assumptions	(97,046)	
Total Deferred Inflows of Resources Related to Pensions		$ (1,571,506)
Net pension liability is not due and payable in the current period, and is not reported as a liability in the funds.		(26,024,115)
Long-term obligations, including general obligation bonds, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.		
Long-term obligations at year-end consist of:		
General obligation bonds	33,935,000	
Unamortized bond premium	759,536	
Unamortized bond discount	(82,750)	
Compensated absences	174,969	
Capital leases	52,937	
Net other postemployment benefits (OPEB) liability	10,667,013	
Total Long-Term Obligations		(45,506,705)
Total Net Position - Governmental Activities		**$ (18,756,109)**

The accompanying notes are an integral part of these financial statements.

OJAI UNIFIED SCHOOL DISTRICT

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

	General Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Funds
REVENUES				
Local control funding formula	$ 20,721,218	$ -	$ -	$ 20,721,218
Federal sources	1,232,123	-	547,966	1,780,089
Other State sources	2,527,883	-	311,287	2,839,170
Other local sources	2,498,346	236,751	2,641,251	5,376,348
Total Revenues	26,979,570	236,751	3,500,504	30,716,825
EXPENDITURES				
Current				
Instruction	15,836,420	-	201,126	16,037,546
Instruction-related activities				
Supervision of instruction	524,264	-	7,900	532,164
Instructional library, media, and technology	174,833	-	-	174,833
School site administration	2,359,648	-	11,233	2,370,881
Pupil services				
Home-to-school transportation	726,320	-	-	726,320
Food services	44,857	-	928,949	973,806
All other pupil services	1,441,367	-	-	1,441,367
Administration				
Data processing	308,548	-	-	308,548
All other administration	2,048,018	-	11,701	2,059,719
Plant services	2,479,224	2,065,174	-	4,544,398
Ancillary services	36,363	-	-	36,363
Community services	331,736	-	-	331,736
Other outgo	798,445	-	119,055	917,500
Facility acquisition and construction	649,810	1,464,885	405,577	2,520,272
Debt service				
Principal	16,424	-	1,445,000	1,461,424
Interest and other	2,518	261,483	749,219	1,013,220
Total Expenditures	27,778,795	3,791,542	3,879,760	35,450,097
Deficiency of Revenues Over Expenditures	(799,225)	(3,554,791)	(379,256)	(4,733,272)
Other Financing Sources (Uses)				
Transfers in	-	-	75,000	75,000
Other sources - proceeds from issuance of bonds	-	17,000,000	-	17,000,000
Other sources - premium received on issuance of bonds		101,483		101,483
Transfers out	(75,000)	-	-	(75,000)
Other Financing Sources (Uses)	(75,000)	17,101,483	75,000	17,101,483
NET CHANGE IN FUND	(874,225)	13,546,692	(304,256)	12,368,211
Fund Balance - Beginning	2,895,785	9,109,967	3,855,301	15,861,053
Fund Balance - Ending	$ 2,021,560	$ 22,656,659	$ 3,551,045	$ 28,229,264

The accompanying notes are an integral part of these financial statements.

OJAI UNIFIED SCHOOL DISTRICT

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

Net Change in Fund Balances - Governmental Funds		**$ 12,368,211**
Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:		
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures; however, for governmental activities, those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities. This is the amount by which capital outlay exceeds depreciation in the period.		
Capital outlay	$ 2,826,909	
Depreciation expense	(1,164,774)	
Net Expense Adjustment		1,662,135
Proceeds received from sale of general obligation bonds is a revenue source in the governmental funds, but it increases long-term liabilities in the statement of net position and does not affect the statement of activities.		(17,000,000)
Premium received from sale of general obligation bonds is a revenue source in the governmental funds, but it increases long-term liabilities in the statement of net assets and does not affect the statement of activities.		(101,483)
Governmental funds report the effect of premiums, discounts, and the deferredcharge on refunding when the debt is first issued. However, in the government-wide statements, the amounts are included in the statement of net asset and amortized in the statement of activities. This is the effect of these related items:		
Premium on general obligation bonds	57,046	
Discount on general obligation bonds	(5,911)	
Deferred charges on refunding	(19,973)	
Net amortization		31,162
Payments made on long-term obligations are recorded in the governmental funds as expenditures, but the payment decreases the liability on the statement of net position. Payments on long-term obligations were as follows:		
General obligation bond principal	1,445,000	
Capital lease principal	16,424	
Total long-term obligation payments		1,461,424

The accompanying notes are an integral part of these financial statements.

OJAI UNIFIED SCHOOL DISTRICT

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

In the statement of activities, certain operating expenses, such as compensated absences (vacations) and early retirement incentives, are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amounts actually paid. This year, vacation earned was less than the amounts used by $19,196. Early retirement incentives paid were more than amount added by $10,000.	$	29,196
In the governmental funds, pension costs are based on employer contributions made to pension plans during the year. However, in the Statement of Activities, pension expense is the net effect of all changes in the deferred outflows, deferred inflows and net pension liability during the year.		(1,012,876)
In the governmental funds, OPEB costs are based on employer contributions made to OPEB plans during the year. However, in the Statement of Activities, OPEB expense is the net effect of all changes in the deferred outflows, and net OPEB liability during the year.		467,843
Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, as it requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.		(138,126)
Change in Net Position of Governmental Activities	**$**	**(2,232,514)**

The accompanying notes are an integral part of these financial statements.

OJAI UNIFIED SCHOOL DISTRICT

FIDUCIARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2018

	Agency Fund
ASSETS	
Deposits and investments	$ 233,864
Receivables	4,094
Inventory	2,052
Total Assets	$ 240,010
LIABILITIES	
Accounts payable	$ 19,645
Due to student groups	220,365
Total Liabilities	$ 240,010

The accompanying notes are an integral part of these financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

The Ojai Unified School District (the District) was established on July 1, 1966, under the laws of the State of California. The District operates under a locally elected five-member Board form of government and provides educational services to grades K - 12 as mandated by the State and/or Federal agencies. The District operates five elementary schools, one junior high school, one comprehensive high school, one continuation high school, and an adult education program.

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, boards, and agencies that are not legally separate from the District. For Ojai Unified School District, this includes general operations, food service, and student-related activities of the District.

Other Related Entities

The District has approved a charter for Valley Oak Charter pursuant to *Education Code* Section 47605. Valley Oak Charter is operated by a separate governing board and is not considered a component unit of the County. Valley Oak Charter receives Federal and State funds for specific purposes that are subject to review and audit by grantor agencies.

Basis of Presentation - Fund Accounting

The accounting system is organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The District's funds are grouped into two broad fund categories: governmental and fiduciary.

Governmental Funds Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the District's major and non-major governmental funds:

Major Governmental Funds

General Fund The General Fund is the chief operating fund for all districts. It is used to account for the ordinary operations of the District. All transactions except those accounted for in another fund are accounted for in this fund.

One fund currently defined as a special revenue fund in the California State Accounting Manual (CSAM) does not meet the GASB Statement No. 54 special revenue fund definition. Specifically, Fund 14, Deferred Maintenance Fund, is not substantially composed of restricted or committed revenue sources. While this fund is authorized by statute and will remain open for internal reporting purposes, this fund functions effectively as an extension of the General Fund, and accordingly has been combined with the General Fund for presentation in these audited financial statements.
As a result, the General Fund reflects increases in fund balance of $4,864, and revenues of $65.

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

Non-Major Governmental Funds

Special Revenue Funds The Special Revenue funds are used 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, that compose a substantial portion of the inflows of the fund, and that are reasonably expected to continue. Additional resources that are restricted, committed, or assigned to the purpose of the fund may also be reported in the fund.

Adult Education Fund The Adult Education Fund is used to account separately for Federal, State, and local revenues that are restricted or committed for adult education programs and is to be expended for adult education purposes only.

Cafeteria Fund The Cafeteria Fund is used to account separately for Federal, State, and local resources to operate the food service program (Education Code Sections 38090-38093) and is used only for those expenditures authorized by the governing board as necessary for the operation of the District's food service program (Education Code Sections 38091 and 38100).

Capital Project Funds The Capital Project funds are used 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).

Capital Facilities Fund The Capital Facilities Fund is used primarily to account separately for monies received from fees levied on developers or other agencies as a condition of approval (*Education Code* Sections 17620-17626 and *Government Code* Section 65995 et seq.). Expenditures are restricted to the purposes specified in *Government Code* Sections 65970-65981 or to the items specified in agreements with the developer (*Government Code* Section 66006).

Bond Interest and Redemption Fund The Debt Service funds are used to account for the accumulation of resources for, and the payment of, principal and interest on general long-term obligations.

> **Bond Interest and Redemption Fund** The Bond Interest and Redemption Fund is used for the repayment of bonds issued for a district (Education Code Sections 15125-15262).

Fiduciary Funds Fiduciary funds are used to account for assets held in trustee or agent capacity for others that cannot be used to support the District's own programs. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. The key distinction between trust and agency funds is that trust funds are subject to a trust agreement that affects the degree of management involvement and the length of time that the resources are held.

Trust funds are used to account for the assets held by the District under a trust agreement for individuals, private organizations, or other governments and are therefore, not available to support the District's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Such funds have no equity accounts since all assets are due to individuals or entities at some future time. The District's agency fund accounts for student body activities (ASB).

Basis of Accounting - Measurement Focus

Government-Wide Financial Statements The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the proprietary fund financial statements, but differs from the manner in which governmental fund financial statements are prepared.

The government-wide statement of activities presents a comparison between expenses, both direct and indirect, of the District and for each governmental function, and exclude fiduciary activity. Direct expenses are those that are specifically associated with a service, program, or department and are therefore, clearly identifiable to a particular function. The District does not allocate indirect expenses to functions in the *Statement of Activities*. Program revenues include charges paid by the recipients of the goods or services offered by the programs and 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 are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program or business segment is self-financing or draws from the general revenues of the District. Eliminations have been made to minimize the double counting of internal activities.

Net position should be reported as restricted when constraints placed on net position are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The net position restricted for other activities result from special revenue funds and the restrictions on their use.

Fund Financial Statements Fund financial statements report detailed information about the District. The focus of governmental and proprietary fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

Governmental Funds All governmental funds are accounted for using the flow of current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include reconciliations with brief explanations to better identify the relationship between the government-wide financial statements, prepared using the economic resources measurement focus and the accrual basis of accounting, and the governmental fund financial statements, prepared using the flow of current financial resources measurement focus and the modified accrual basis of accounting.

Fiduciary Funds Fiduciary funds are accounted for using the flow of economic resources measurement focus and the accrual basis of accounting. Fiduciary funds are excluded from the government-wide financial statements because they do not represent resources of the District.

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

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

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

Certain grants received before the eligibility requirements are met are recorded as unearned revenue. On the governmental fund financial statements, receivables that will not be collected within the available period are also recorded as unearned revenue.

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 entity-wide statements.

Investments

Investments held at June 30, 2018, with original maturities greater than one year are stated at fair value. Fair value is estimated based on quoted market prices at year-end. All investments not required to be reported at fair value are stated at cost or amortized cost. Fair values of investments in the Ventura County investment pool is determined by the program sponsor.

Stores Inventories

Inventories consist of expendable food and supplies held for consumption. Inventories are stated at cost, on the first-in, first-out basis. The costs of inventory items are recorded as expenditures in the governmental funds and expenses in the fiduciary funds when used.

Capital Assets and Depreciation

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. Capital assets are long-lived assets of the District. The District maintains a capitalization threshold of $5,000. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized, but are expensed as incurred.

When purchased, such assets are recorded as expenditures in the governmental funds and capitalized in the government-wide statement of net position. The valuation basis for capital assets is historical cost, or where historical cost is not available, estimated historical cost based on replacement cost. Donated capital assets are capitalized at estimated fair market value on the date donated.

Depreciation is computed using the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings, 20 to 50 years; improvements/infrastructure, 5 to 50 years; equipment, 2 to 15 years.

Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." These amounts are eliminated in the Statement of Net Position

Compensated Absences

Compensated absences are accrued as a liability as the benefits are earned. The entire compensated absence liability is reported on the government-wide statement of net position. For governmental funds, the current portion of unpaid compensated absences is recognized upon the occurrence of relevant events such as employee resignations and retirements that occur prior to year-end that have not yet been paid with expendable available financial resources. These amounts are reported in the fund from which the employees who have accumulated leave are paid.

Sick leave is accumulated without limit for each employee at the rate of one day for each month worked. Leave with pay is provided when employees are absent for health reasons; however, the employees do not gain a vested right to accumulated sick leave. Employees are never paid for any sick leave balance at termination of employment or any other time. Therefore, the value of accumulated sick leave is not recognized as a liability in the District's financial statements. However, credit for unused sick leave is applicable to all classified school members who retire after January 1, 1999. At retirement, each member will receive .004 year of service credit for each day of unused sick leave. Credit for unused sick leave is applicable to all certificated employees and is determined by dividing the number of unused sick days by the number of base service days required to complete the last school year, if employed full-time.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the governmental funds.

However, claims and judgments, compensated absences, special termination benefits, and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the governmental fund financial statements only to the extent that they are due for payment during the current year. Bonds, capital leases, and other long-term obligations are recognized as liabilities in the governmental fund financial statements when due.

Debt Issuance Costs, Premiums, and Discounts

In the government-wide financial statements, long-term obligations are reported as liabilities in the Statement of Net Position. Debt premiums and discounts are amortized over the life of the bonds using the straight-line method.

In governmental fund financial statements, bond premiums and discounts, as well as debt issuance costs are recognized in the current period. The face amount of the debt is reported as other financing sources. Premiums received on debt issuance are also reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds, are reported as debt service expenditures.

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position also reports deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The District reports deferred outflows of resources for deferred charges on refunding of debt, for pension related items, and for OPEB related items.

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The District reports deferred inflows of resources pension related items.

Pensions

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

Postemployment Benefits Other Than Pensions (OPEB)

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

Fund Balances - Governmental Funds

As of June 30, 2018, fund balances of the governmental funds are classified as follows:

Nonspendable - amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed - amounts that can be used only for specific purposes determined by a formal action of the governing board. The governing board is the highest level of decision-making authority for the District. Commitments may be established, modified, or rescinded only through resolutions or other action as approved by the governing board. The District currently does not have any committed funds.

Assigned - amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the District's adopted policy, only the governing board or chief business officer/assistant superintendent of business services may assign amounts for specific purposes.

Unassigned - all other spendable amounts.

Spending Order Policy

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the governing board has provided otherwise in its commitment or assignment actions.

Minimum Fund Balance Policy

In fiscal year 2010-2011, the governing board adopted a minimum fund balance policy for the General Fund in order to protect the district against revenue shortfalls or unpredicted one-time expenditures. The policy requires a Reserve for Economic Uncertainties consisting of unassigned amounts equal to no less than three percent of General Fund expenditures and other financing uses.

Net Position

Net position represents the difference between assets and liabilities. Net position net of investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. The government-wide financial statements report $3,140,505, of net position restricted by enabling legislation.

Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented in the financial statements. Interfund transfers are eliminated in the governmental column of the Statement of Activities

Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Property Tax

Secured property taxes attach as an enforceable lien on property as of January 1. Taxes are payable in two installments on November 1 and February 1 and become delinquent on December 10 and April 10, respectively. Unsecured property taxes are payable in one installment on or before August 31. The County of Ventura bills and collects the taxes on behalf of the District. Local property tax revenues are recorded when received.

Change in Accounting Principles

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

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

The District has implemented the provisions of this Statement as of June 30, 2018.

In March 2017, the GASB issued Statement No. 85, *Omnibus 2017*. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). Specifically, this Statement addresses the following topics:

- Blending a component unit in circumstances in which the primary government is a business-type activity that reports in a single column for financial statement presentation;
- Reporting amounts previously reported as goodwill and "negative" goodwill;
- Classifying real estate held by insurance entities;
- Measuring certain money market investments and participating interest-earning investment contracts at amortized cost;

- Timing of the measurement of pension or OPEB liabilities and expenditures recognized in financial statements prepared using the current financial resources measurement focus;
- Recognizing on behalf payments for pensions or OPEB in employer financial statements;
- Presenting payroll-related measures in required supplementary information for purposes of reporting by OPEB plans and employers that provide OPEB;
- Classifying employer-paid member contributions for OPEB;
- Simplifying certain aspects of the alternative measurement method for OPEB; and
- Accounting and financial reporting for OPEB provided through certain multiple-employer defined benefit OPEB plans.

The District has implemented the provisions of this Statement as of June 30, 2018.

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

The District has implemented the provisions of this Statement as of June 30, 2018.

New Accounting Pronouncements

In November 2016, the GASB issued Statement No. 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.

This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. This Statement requires that recognition occur when the liability is both incurred and reasonably estimable. The determination of when the liability is incurred should be based on the occurrence of external laws, regulations, contracts, or court judgments, together with the occurrence of an internal event that obligates a government to perform asset retirement activities. Laws and regulations may require governments to take specific actions to retire certain tangible capital assets at the end of the useful lives of those capital assets, such as decommissioning nuclear reactors and dismantling and removing sewage treatment plants. Other obligations to retire tangible capital assets may arise from contracts or court judgments. Internal obligating events include the occurrence of contamination, placing into operation a tangible capital asset that is required to be retired, abandoning a tangible capital asset before it is placed into operation, or acquiring a tangible capital asset that has an existing ARO.

The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Early implementation is encouraged.

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities.* The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

This Statement establishes criteria for identifying fiduciary activities of all State and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Early implementation is encouraged.

In June 2017, the GASB issued Statement No. 87, *Leases.* The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

The requirements of this Statement are effective for the reporting periods beginning after December 15, 2019. Early implementation is encouraged.

In April 2018, the GASB issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt.

This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established.

This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses.

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

The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Early implementation is encouraged.

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period.

This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund.

This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The requirements of this Statement should be applied prospectively.

NOTE 2 - DEPOSITS AND INVESTMENTS

Summary of Deposits and Investments

Deposits and investments as of June 30, 2018, are classified in the accompanying financial statements as follows:

Governmental funds	$	30,113,513
Fiduciary fund		233,864
Total Deposits and Investments	$	30,347,377

Deposits and investments as of June 30, 2018, consist of the following:

Cash on hand and in banks	$	132,116
Cash in revolving fund		7,300
Investments		30,207,961
Total Deposits and Investments	$	30,347,377

Policies and Practices

The District is authorized under California Government Code to make direct investments in local agency bonds, notes, or warrants within the State; U.S. Treasury instruments; registered State warrants or treasury notes; securities of the U.S. Government, or its agencies; bankers acceptances; commercial paper; certificates of deposit placed with commercial banks and/or savings and loan companies; repurchase or reverse repurchase agreements; medium term corporate notes; shares of beneficial interest issued by diversified management companies, certificates of participation, obligations with first priority security; and collateralized mortgage obligations.

Investment in County Treasury - 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 investment in the pool is reported in the accounting financial statements at 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 that 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.

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
US Treasury Obligations	5 years	None	None
US Agency Securities	5 years	None	None
Banker's Acceptance	180 days	40%	30%
Commercial Paper	180 days	25%	10%
Negotiable Certificates of Deposit	1 years	30%	None
Repurchase Agreements	1 year	20%	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 (LAIF)	N/A	None	None
Joint Powers Authority Pools	N/A	None	None

Interest Rate Risk

Interest rate risk is the risk that changes in market 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 does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District manages its exposure to interest rate risk by holding its investments in the Ventura County Treasury Investment Pool.

The District maintains an investment of $30,207,961, with the Ventura County Treasury Investment Pool with an average weighted maturity of 148 days.

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investment in the Ventura County Treasury Investment Pool is rated AAA by Standard and Poor's rating service.

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the California Government Code requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agency. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2018, the District's bank balance of $146,196 was not exposed to custodial credit risk because it was fully insured.

NOTE 3 - FAIR VALUE MEASUREMENTS

The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value. The following provides a summary of the hierarchy used to measure fair value:

Level 1 - Quoted prices in active markets for identical assets that the District has the ability to access at the measurement date. Level 1 assets may include debt and equity securities that are traded in an active exchange market and that are highly liquid and are actively traded in over-the-counter markets.

Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, or other inputs that are observable, such as interest rates and curves observable at commonly quoted intervals, implied volatilities, and credit spreads. For financial reporting purposes, if an asset has a specified term, a Level 2 input is required to be observable for substantially the full term of the asset.

Level 3 - Unobservable inputs should be developed using the best information available under the circumstances, which might include the District's own data. The District should adjust that data if reasonably available information indicates that other market participants would use different data or certain circumstances specific to the District are not available to other market participants.

Uncategorized - Investments in the Ventura County Treasury Investment Pool are not measured using the input levels above because the District's transactions are based on a stable net asset value per share. All contributions and redemptions are transacted at $1.00 net asset value per share.

The District's fair value measurements are as follows at June 30, 2018:

Investment Type	Reported Amount	Uncategorized
Ventura County Treasury Investment Pool	$ 30,207,961	$ 30,207,961

All assets have been valued using a market approach, with quoted market prices.

NOTE 4 – RECEIVABLES

Receivables at June 30, 2018, consisted of intergovernmental grants, entitlements, interest, and other local sources. All receivables are considered collectible in full.

	General Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Funds	Fiduciary Fund
Federal Government					
Categorical aid	$ 593,101	$ -	$ 118,758	$ 711,859	$ -
State Government					
Categorical aid	112,166	-	9,771	121,937	-
Lottery	94,417	-	-	94,417	-
Local Government					
Interest	27,930	146,376	20,603	194,909	651
Other	60,474	-	-	60,474	-
Other local					
Valley Oak Charter School	66,708	-	-	66,708	-
Other	150,646	1,000	820	152,466	3,443
Total Receivables	$ 1,105,442	$ 147,376	$ 149,952	$ 1,402,770	$ 4,094

NOTE 5 - CAPITAL ASSETS

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

	Balance July 1, 2017	Additions	Deductions	Balance June 30, 2018
Capital assets not being depreciated				
Land	$ 1,199,813	$ -	$ -	$ 1,199,813
Construction in progress	341,962	1,583,807	-	1,925,769
Total capital assets not being depreciated	1,541,775	1,583,807	-	3,125,582
Capital assets being depreciated				
Land Improvements	11,574,075	-	-	11,574,075
Buildings and improvements	40,621,567	-	-	40,621,567
Furniture and equipment	1,813,694	1,243,102	23,700	3,033,096
Total capital assets being depreciated	54,009,336	1,243,102	23,700	55,228,738
Total capital assets	55,551,111	2,826,909	23,700	58,354,320
Less accumulated depreciation				
Land Improvements	9,819,316	226,373	-	10,045,689
Buildings and improvements	27,689,777	862,918	-	28,552,695
Furniture and equipment	1,521,488	75,483	23,700	1,573,271
Total accumulated depreciation	39,030,581	1,164,774	23,700	40,171,655
Capital assets, net of accumulated depreciation	$ 16,520,530	$ 1,662,135	$ -	$ 18,182,665

Depreciation expense was charged as a direct expense to governmental functions as follows:

Governmental Activities	
Instruction	$ 908,541
School site administration	69,888
Home-to-school transportation	23,296
All other pupil services	23,296
All other administration	58,240
Data processing	11,625
Plant services	69,888
Total Depreciation Expense Governmental Activities	$ 1,164,774

NOTE 6 - INTERFUND TRANSACTIONS

Interfund Receivables/Payables (Due To/Due From)

Interfund receivable and payable balances arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. Interfund receivable and payable balances at June 30, 2018, between major and non-major governmental funds are as follows:

	Due From		
Due To	General Fund	Non-Major Governmental Funds	Total
General Fund	$ -	$ 7,825	$ 7,825
Building Fund	1,442	-	1,442
Non-Major Governmental funds	168,986	-	168,986
Total	$ 170,428	$ 7,825	$ 178,253

The balance of $1,442 due to the General Fund from the Building Fund is for a reimbursement of costs paid by the General Fund.

A balance of $150,000 due to the General Fund from the Cafeteria Non-Major Governmental Fund resulted from a contribution from the General Fund.

A balance of $13,756 due to the General Fund from the Adult Education Non-Major Governmental Fund is for grant administration fees.

The balance of $7,825 due to the Cafeteria Non-Major Governmental Fund from the General Fund is reimburse for services provided.

All other balances resulted from the time lag between the date that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Operating Transfers

Interfund transfers for the year ended June 30, 2018, consisted of the following:

The General Fund transferred $75,000 to the Cafeteria Non-Major Governmental Fund to assist with operating expenditures.

NOTE 7 - ACCOUNTS PAYABLE

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

	General Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Funds	Fiduciary Fund
State Government					
LCFF apportionment	$ 736,879	$ -	$ -	$ 736,879	$ -
Local Government					
Due to Valley Oak Charter School	85,087	-	-	85,087	-
Due to SELPA	3,858	-	-	3,858	-
Vendor payables	561,750	1,303,440	156,436	2,021,626	-
Salaries and benefits	60,296	5,238	2,035	67,569	-
Other payables	207,770	-	-	207,770	19,645
Total payables	$ 1,655,640	$ 1,308,678	$ 158,471	$ 3,122,789	$ 19,645

NOTE 8 - UNEARNED REVENUE

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

	General Fund
Federal financial assistance	$ 2,556
Other local	185,970
Total Deferred Revenue	$ 188,526

NOTE 9 - LONG-TERM OBLIGATIONS

Summary

The changes in the District's long-term obligations during the year consisted of the following:

	Balance July 1, 2017, as restated	Additions	Deductions	Balance June 30, 2018	Due in One Year
General obligation bonds	$ 18,380,000	$ 17,000,000	$ 1,445,000	$ 33,935,000	$ 850,000
Premium on issuance of bond	715,099	101,483	57,046	759,536	-
Discount on issuance	(88,661)	-	(5,911)	(82,750)	-
Compensated absences	194,165	-	19,196	174,969	-
Capital leases	69,361	-	16,424	52,937	17,020
Early retirement incentive	10,000	-	10,000	-	-
Net other postemployment benefits (OPEB) liability	10,546,487	923,971	803,445	10,667,013	-
	$ 29,826,451	$ 18,025,454	$ 2,345,200	$ 45,506,705	$ 867,020

Payments on the general obligation bonds are made by the bond interest and redemption fund with local revenues. The compensated absences will be paid by the fund for which the employee worked. The General Fund makes payments for the capital leases, the early retirement incentives, and for the net other postemployment benefits (OPEB) liability.

General Obligation Bonds

The outstanding general obligation bonded debt is as follows:

Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2017	Issued	Redeemed	Bonds Outstanding June 30, 2018
10/4/2011	8/1/2023	3.00-5.00%	$ 5,445,000	$ 3,695,000	$ -	$ 460,000	$ 3,235,000
7/31/2012	8/1/2032	2.00-3.70%	5,955,000	5,750,000	-	60,000	5,690,000
4/16/2015	8/1/2044	3.00-5.00%	10,000,000	8,935,000	-	925,000	8,010,000
12/20/2017	8/4/2047	3.00-5.00%	17,000,000	-	17,000,000	-	17,000,000
				$ 18,380,000	$ 17,000,000	$ 1,445,000	$ 33,935,000

2011 General Obligation Refunding Bonds

On October 4, 2011, the District issued the 2011 General Obligation Refunding Bonds (the 2011 Refunding Bonds) in the amount of $5,445,000 to refund portions of the District's outstanding General Obligation Bonds, Series A, B, C, and D. As a result, the refunded bonds are considered to be defeased, and the related liability for the bonds has been removed from the District's liabilities. The 2011 Refunding Bonds were issued as current interest bonds. At June 30, 2018, 2011 Refunding Bonds in the amount of $3,235,000 were outstanding.

At June 30, 2018, the unamortized premium was $230,564, and the deferred charge on refunding was $64,726.

2012 General Obligation Refunding Bonds

On July 31, 2012, the District issued the 2012 General Obligation Refunding Bonds (the 2012 Refunding Bonds) in the amount of $5,955,000, to refund the remaining portion of the District's outstanding General Obligation Bonds, Series A, B, C, and D. As a result, the refunded bonds are considered to be defeased, and the related liability for the bonds has been removed from the District's liabilities. The 2012 Refunding Bonds were issued as current interest bonds. At June 30, 2018, 2012 Refunding Bonds in the amount of $5,690,000 were outstanding.

At June 30, 2018, the unamortized discount was $82,750, and the deferred charge on refunding was $98,390.

2014 General Obligation Bonds, Series A

On April 16, 2015, the District issued the 2014 General Obligation Bonds, Series A in the amount of $10,000,000. The Series A bonds represent the first in a series of bonds not to exceed $35,000,000, approved by at least 55 percent of the voters in November 2014. The Series A bonds were issued as current interest bonds with a principal debt service balance of $10,000,000. The bonds were issued at an aggregate price of $10,476,578 (representing the principal amount of $10,000,000, plus an original issue premium of $476,578).

The bonds have a final maturity to occur on August 1, 2044, with interest rates ranging from 3.00 to 5.00 percent. Proceeds from the sale of the bonds were used to renovate and upgrade classrooms and facilities, perform upgrades for building systems such as plumbing, heating, and ventilation, and improve student access to modern technology. At June 30, 2018, the principal outstanding was $8,010,000, and the unamortized premium received on issuance was $430,872.

2014 General Obligation Bonds, Series B

On December 20, 2017, the District issued the 2014 General Obligation Bonds, Series B in the amount of $17,000,000. The Series B bonds represent the second in a series of bonds not to exceed $35,000,000, approved by at least 55 percent of the voters in November 2014. The Series B bonds were issued as current interest bonds with a principal debt service balance of $17,000,000. The bonds were issued at an aggregate price of $17,101,483 (representing the principal amount of $17,000,000, plus an original issue premium of $101,483).

The bonds have a final maturity to occur on August 1, 2047, with interest rates ranging from 3.125 to 5.000 percent. Proceeds from the sale of the bonds will be used to renovate and upgrade classrooms and facilities, perform upgrades for building systems such as plumbing, heating, and ventilation, and improve student access to modern technology. At June 30, 2018, the principal outstanding was $17,000,000, and the unamortized premium received on issuance was $98,100.

Debt Service Requirements to Maturity

The bonds mature through 2048 as follows:

Fiscal Year	Principal	Interest to Maturity	Total
2019	$ 850,000	$ 1,025,087	$ 1,875,087
2020	1,030,000	1,225,461	2,255,461
2021	590,000	1,174,186	1,764,186
2022	650,000	1,144,735	1,794,735
2023	735,000	1,119,061	1,854,061
2024-2028	4,630,000	5,160,620	9,790,620
2029-2033	5,070,000	4,285,849	9,355,849
2034-2038	4,390,000	3,512,338	7,902,338
2039-2043	7,065,000	2,435,252	9,500,252
2044-2048	8,925,000	978,403	9,903,403
Total	$ 33,935,000	$ 22,060,992	$ 55,995,992

Compensated Absences

The long-term portion of compensated absences (vacation) for the District at June 30, 2018, amounted to $174,969.

Capital Leases

The District has entered into an agreement to lease a bus. Such agreements are, in substance, purchases (capital leases) and are reported as capital lease obligations. The District's liability on lease agreements with options to purchase is summarized below:

	Buses
Balance, July 1, 2017	$ 75,768
Payments	18,942
Balance, June 30, 2018	$ 56,826

The capital leases have minimum lease payments as follows:

Year Ending June 30,	Lease Payment
2019	$ 18,942
2020	18,942
2021	18,942
Total	56,826
Less: Amount representing interest	3,889
Present value of minimum lease payments	$ 52,937

Early Retirement Incentive

The District has provided early retirement incentives, in accordance with District employment contracts, to employees who retired from the District and met certain eligibility requirements. The final payment for the early retirement incentive was made during the year.

Net Other Postemployment Benefit (OPEB) Liability

For the fiscal year ended June 30, 2018, the District reported net OPEB liability, deferred outflows of resources, and OPEB expense for the following plans:

OPEB Plan	Net OPEB Liability	Deferred Outflows of Resources	OPEB Expense
District Plan	$ 10,520,565	$ 588,369	$ 923,970
Medicare Premium Payment (MPP) Program	146,448	-	17,076
Total	$ 10,667,013	$ 588,369	$ 941,046

The details of each plan are as follows:

District Plan

Plan Administration

The District's governing board administers the Postemployment Benefits Plan (the Plan). The Plan is a single-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB) for eligible retirees and their spouses. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Management of the Plan is vested in the District management.

Plan Membership

At June 30, 2017, the Plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits payments	44
Active employees	239
	283

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.

The benefit payment requirements of the Plan members and the District are established and may be amended by the District, the Ojai Federation of Teachers (OFT), the local California Service Employees Association (CSEA), and unrepresented groups. The benefit payment is based on projected pay-as-you-go financing requirements as determined annually through the agreements with the District, OFT, CSEA, and the unrepresented groups. For fiscal year 2017-2018, the District paid $588,369 in benefits.

Total OPEB Liability of the District

The District's total OPEB liability of $10,520,565 was measured as of June 30, 2017, and the total OPEB liability used to calculate the total OPEB liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

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

Inflation	3.00	percent
Salary increases	3.00	percent, average, including inflation
Discount rate	3.13	percent
Healthcare cost trend rates	6.00	percent for 2017

The discount rate was based on the Bond Buyer 20-bond General Obligation Index.

Pre-retirement mortality rates were based on the RP-2014 Employee Mortality Table for Males or Females, as appropriate, without projection. Post-retirement mortality rates were based on the RP-2014 Health Annuitant Mortality Table for Males or Females, as appropriate, without projection. Mortality rates vary by age and sex. (Unisex mortality rates are not often used as individual OPEB benefits do not depend on the mortality table used.) If employees die prior to retirement, past contributions are available to fund benefits for employees who live to retirement. After retirement, death results in benefit termination or reduction. Although higher mortality rates reduce service costs, the mortality assumption is not likely to vary from employer to employer.

The actual assumptions used in the June 30, 2017, valuation were based on a review of plan experience study and the actuary's estimate of future plan experience.

	Total OPEB Liability
Balance at June 30, 2016	$ 10,382,963
Service cost	611,196
Interest	312,775
Contributions-employer	(786,369)
Net change in total OPEB liability	137,602
Balance at June 30, 2017	$ 10,520,565

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

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

Discount Rate	Total OPEB Liability
1% decrease (2.13%)	$ 11,142,159
Current discount rate (3.13%)	10,520,565
1% increase (4.13%)	9,926,245

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

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percent lower or higher than the current healthcare costs trend rates:

Healthcare Cost Trend Rates	Total OPEB Liability
1% decrease (5.00%)	$ 9,682,943
Current healthcare cost trend rate (6.00%)	10,520,565
1% increase (7.00%)	11,473,247

OPEB Expense and Deferred Outflows of Resources related to OPEB

For the year ended June 30, 2018, the District recognized OPEB expense of $923,970. At June 30, 2018, the District reported deferred outflows of resources for OPEB contributions subsequent to measurement date of $588,369.

Medicare Premium Payment (MPP) Program

Plan Description

The Medicare Premium Payment (MPP) Program is administered by the California State Teachers' Retirement System (CalSTRS). The MPP Program is a cost-sharing multiple-employer other postemployment benefit plan (OPEB) established pursuant to Chapter 1032, Statutes 2000 (SB 1435). CalSTRS administers the MPP Program through the Teachers' Health Benefits Fund (THBF).

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

Benefits Provided

The MPP Program pays Medicare Part A premiums and Medicare Parts A and B late enrollment surcharges for eligible members of the State Teachers Retirement Plan (STRP) Defined Benefit (DB)Program who were retired or began receiving a disability allowance prior to July 1, 2012 and were not eligible for premium free Medicare Part A. The payments are made directly to the Centers for Medicare and Medicaid Services (CMS) on a monthly basis.

The MPP Program is closed to new entrants as members who retire after July 1, 2012, are not eligible for coverage under the MPP Program.

The MPP Program is funded on a pay-as-you go basis from a portion of monthly District benefit payments. In accordance with California *Education Code* Section 25930, benefit payments that would otherwise be credited to the DB Program each month are instead credited to the MPP Program to fund monthly program and administrative costs. Total redirections to the MPP Program are monitored to ensure that total incurred costs do not exceed the amount initially identified as the cost of the program.

Net OPEB Liability and OPEB Expense

At June 30, 2018, the District reported a liability of $146,448 for its proportionate share of the net OPEB liability for the MPP Program. The net OPEB liability was measured as of June 30, 2016, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB Plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2017 and June 30, 2016, respectively, was 0.0348 percent, and 0.0349 percent, resulting in a net decrease in the proportionate share of 0.0001 percent.

For the year ended June 30, 2018, the District recognized OPEB expense of $(17,076).

Actuarial Methods and Assumptions

The total OPEB liability for the MPP Program as of June 30, 2016, was determined based on a financial reporting actuarial valuation that used the June 30, 2016 assumptions presented in the table below. The June 30, 2017 total OPEB liability was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2016, and rolling forward the total OPEB liability to June 30, 2017, using the assumptions listed in the following table:

Measurement Date	June 30, 2017	June 30, 2016
Valuation Date	June 30, 2016	June 30, 2016
Experience Study	July 1, 2010 through June 30, 2016	July 1, 2010 through June 30, 2015
Actuarial Cost Method	Entry age normal	Entry age normal
Investment Rate of Return	3.58%	2.85%
Medicare Part A Premium Cost Trend Rate	3.70%	3.70%
Medicare Part B Premium Cost Trend Rate	4.10%	4.10%

For the valuation as of June 30, 2016, CalSTRS used custom mortality tables based on RP2000 Series tables issued by the Society of Actuaries, adjusted to fit CalSTRS specific experience through June 30, 2015. For the valuation as of June 30, 2017, CalSTRS changed the mortality assumptions based on the July 1, 2010 through June 30, 2015, experience study adopted by the board in February 2017. CalSTRS now 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 the 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.

Assumptions were made about future participation (enrollment) into the MPP Program because CalSTRS is unable to determine which members not currently participating meet all eligibility criteria for enrollment in the future. Assumed enrollment rates were derived based on past experience and are stratified by age with the probability of enrollment diminishing as the members' age increases. This estimated enrollment rate was then applied to the population of members who may meet criteria necessary for eligibility and are not currently enrolled in the MPP Program. Based on this, the estimated number of future enrollments used in the financial reporting valuation was 571 or an average of 0.32 percent of the potentially eligible population (177,763).

The MPP Program is funded on a pay-as-you-go basis with contributions generally being made at the same time and in the same amount as benefit payments and expenses coming due. Any funds within the MPP Program as of June 30, 2017 and 2016, were to manage differences between estimated and actual amounts to be paid and were invested in the Surplus Money Investment Fund, which is a pooled investment program administered by the State Treasurer.

Discount Rate

The discount rate used to measure the total OPEB liability as of June 30, 2017 and 2016 was 3.58 percent and 2.85 percent, respectively. The MPP Program is funded on a pay-as-you-go basis as described in Note 1, and under the pay-as-you-go method, the OPEB Plan's fiduciary net position was not projected to be sufficient to make projected future benefit payments. Therefore, a discount rate of 3.58 percent and 2.85 percent, which is the Bond Buyer 20-Bond GO Index from Bondbuyer.com as of June 30, 2017 and 2016, respectively, was applied to all periods of projected benefit payments to measure the total OPEB liability.

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

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

Discount Rate	Net OPEB Liability
1% decrease (2.58%)	$ 162,128
Current discount rate (3.58%)	146,448
1% increase (4.58%)	131,196

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Medicare Costs Trend Rates

The following presents the District's proportionate share of the net OPEB liability calculated using the current discount rate, as well as what the net pension liability would be if it were calculated using Medicare costs trend rates that are one percent lower or higher than the current rates:

Medicare Costs Trend Rate	Net OPEB Liability
1% decrease (2.7% Part A and 3.1% Part B)	$ 132,338
Current Medicare costs trend rate (3.7% Part A and 4.1% Part B)	146,448
1% increase (4.7% Part A and 5.1% Part B)	160,417

NOTE 10 - FUND BALANCES

Fund balances are composed of the following elements:

	General Fund	Building Fund	Non-Major Governmental Fund	Total
Nonspendable				
Revolving cash	$ 6,850	$ -	$ 450	$ 7,300
Stores inventories	10,535	-	13,761	24,296
Total nonspendable	17,385	-	14,211	31,596
Restricted				
Legally restricted programs	45,830	-	560,687	606,517
Capital projects	-	22,656,659	848,984	23,505,643
Debt services	-	-	2,115,962	2,115,962
Total restricted	45,830	22,656,659	3,525,633	26,228,122
Assigned				
Bus purchase	244,607	-	-	244,607
Deferred maintenance	4,863	-	-	4,863
Adult education	-	-	11,201	11,201
Total assigned	249,470	-	11,201	260,671
Unassigned				
Economic uncertainties	835,614	-	-	835,614
Unassigned	873,261	-	-	873,261
Total unassigned	1,708,875	-	-	1,708,875
Total fund balances	$ 2,021,560	$ 22,656,659	$ 3,551,045	$ 28,229,264

NOTE 11 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft, damage and destruction of assets; errors and omissions; injuries to employees; life and health of employees; and natural disasters.

Property and Liability

The District participates in the Ventura County Schools Self-Funding Authority public entity risk pool for the workers' compensation, property, and liability programs. Refer to Note 14 for additional information regarding the public entity risk pools

For insured programs, there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

Insurance Program/Company Name	Type of Coverage	Limits
Ventura County Schools Self-Funding Authority	Workers' Compensation	Statutory
	Excess Liability	$15 Million
	Property	$250 Million

Employee Medical Benefits

The District has contracted with the Self-Insured Schools of California III (SISC III) to provide employee health benefits. SISC II is a shared risk pool. Rates are set through an annual calculation process. The District pays a monthly contribution, which is placed in a common fund from which claim payments are made for all participating members.

NOTE 12 - EMPLOYEE RETIREMENT SYSTEMS

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

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

Pension Plan	Collective Net Pension Liability	Collective Deferred Outflows of Resources	Collective Deferred Inflows of Resources	Collective Pension Expense
CalSTRS	$ 17,781,569	$ 5,113,776	$ 1,314,008	$ 1,782,374
CalPERS	8,242,546	2,499,985	257,498	1,403,679
Total	$ 26,024,115	$ 7,613,761	$ 1,571,506	$ 3,186,053

The details of each plan are as follows:

California State Teachers' Retirement System (CalSTRS)

Plan Description

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

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

Benefits Provided

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

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

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

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

	STRP Defined Benefit Program	
	On or before	On or after
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 60	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	60	62
Monthly benefits as a percentage of eligible compensation	2.0% - 2.4%	2.0% - 2.4%
Required employee contribution rate	10.25%	9.205%
Required employer contribution rate	14.430%	14.430%
Required state contribution rate	9.328%	9.328%

Contributions

Required member, District, and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1 percent of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2018, are presented above and the District's total contributions were $1,457,577.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2018, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related state support and the total portion of the net pension liability that was associated with the District were as follows:

Total net pension liability, including State share:

District's proportionate share of net pension liability	$	17,781,569
State's proportionate share of the net pension liability associated with the District		10,519,426
Total	$	28,300,995

The net pension liability was measured as of June 30, 2017. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. The District's proportionate share for the measurement period June 30, 2017, and June 30, 2016, respectively, was 0.0192 percent and 0.0196 percent, resulting in a net decrease in the proportionate share of 0.0004 percent.

For the year ended June 30, 2018, the District recognized pension expense of $1,782,374. In addition, the District recognized pension expense and revenue of $855,447 for support provided by the State. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 1,457,577	$ -
Net change in proportionate share of net pension liability	296,198	530,297
Difference between projected and actual earnings on pension plan investments	-	473,572
Differences between expected and actual experience in the measurement of the total pension liability	65,758	310,139
Changes of assumptions	3,294,243	-
Total	$ 5,113,776	$ 1,314,008

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year.

The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2019	$ (393,697)
2020	297,914
2021	42,957
2022	(420,746)
Total	$ (473,572)

The deferred outflows/(inflows) of resources related to the net change in proportionate share of net pension liability, differences between expected and actual experience in the measurement of the total pension liability, and changes of assumptions will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is seven years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2019	$ 467,890
2020	467,890
2021	467,890
2022	467,894
2023	429,898
Thereafter	514,301
Total	$ 2,815,763

Actuarial Methods and Assumptions

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

Valuation date	June 30, 2016
Measurement date	June 30, 2017
Experience study	July 1, 2010 through June 30, 2015
Actuarial cost method	Entry age normal
Discount rate	7.10%
Investment rate of return	7.10%
Consumer price inflation	2.75%
Wage growth	3.50%

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant (Pension Consulting Alliance-PCA) as an input to the process. The actuarial investment rate of return assumption was adopted by the board in February 2017 in conjunction with the most recent experience study. For each future valuation, CalSTRS consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of 20-year geometrically-linked real rates of return and the assumed asset allocation for each major asset class for the year ended June 30, 2017, are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-term Expected Real Rate of Return
Global equity	47%	6.30%
Fixed income	12%	0.30%
Real estate	13%	5.20%
Private equity	13%	9.30%
Absolute Return/Risk Mitigating Strategies	9%	2.90%
Inflation sensitive	4%	3.80%
Cash/liquidity	2%	-1.00%

Discount Rate

The discount rate used to measure the total pension liability was 7.10 percent. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.10 percent) and assuming that contributions, benefit payments and administrative expense occurred midyear. Based on these assumptions, the STRP's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine total pension liability.

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

Discount Rate	Net Pension Liability
1% decrease (6.10%)	$ 26,108,988
Current discount rate (7.10%)	17,781,569
1% increase (8.10%)	11,023,304

California Public Employees Retirement System (CalPERS)

Plan Description

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

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

Benefits Provided

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

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

	School Employer Pool (CalPERS)	
	On or before	On or after
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.000%	6.500%
Required employer contribution rate	15.531%	15.531%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers 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. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2018, are presented above and the total District contributions were $715,600.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

As of June 30, 2018, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $8,242,546. The net pension liability was measured as of June 30, 2017. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2017, and June 30, 2016, respectively, was 0.0345 percent and 0.0358 percent, resulting in a net decrease in the proportionate share of 0.0013 percent.

For the year ended June 30, 2018, the District recognized pension expense of $1,403,679. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 715,600	$ -
Net change in proportionate share of net pension liability	-	160,452
Difference between projected and actual earnings on pension plan investments	285,136	-
Differences between expected and actual experience in the measurement of the total pension liability	295,296	-
Changes of assumptions	1,203,953	97,046
Total	$ 2,499,985	$ 257,498

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year.

The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2019	$ (7,725)
2020	328,985
2021	120,017
2022	(156,141)
Total	$ 285,136

The deferred outflows/(inflows) of resources related to the net change in proportionate share of net pension liability, differences between expected and actual experience in the measurement of the total pension liability, and changes of assumptions will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is 3.9 years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2019	$ 435,281
2020	438,713
2021	367,757
Total	$ 1,241,751

Actuarial Methods and Assumptions

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

Valuation date	June 30, 2016
Measurement date	June 30, 2017
Experience study	July 1, 1997 through June 30, 2011
Actuarial cost method	Entry age normal
Discount rate	7.15%
Investment rate of return	7.15%
Consumer price inflation	2.75%
Wage growth	Varies by entry age and service

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.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first ten years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded 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 equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global equity	47%	5.38%
Global debt securities	19%	2.27%
Inflation assets	6%	1.39%
Private equity	12%	6.63%
Real estate	11%	5.21%
Infrastructure and Forestland	3%	5.36%
Liquidity	2%	-0.90%

Discount Rate

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

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

Discount Rate	Net Pension Liability
1% decrease (6.15%)	$ 12,127,426
Current discount rate (7.15%)	8,242,546
1% increase (8.15%)	5,019,712

Social Security

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

District and employee contributions are determined by statute.

On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS in the amount of $855,447 (9.328 percent of annual payroll). Contributions are no longer appropriated in the annual *Budget Act* for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements. On behalf payments have been included in the calculation of available reserves, but have not been included in the budgeted amounts reported in the *General Fund - Budgetary Comparison Schedule*.

NOTE 13 - COMMITMENTS AND CONTINGENCIES

Grants

The District received financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2018.

Litigation

The District is not currently a party to any legal proceedings.

Construction Commitments

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

Capital Project	Remaining Construction Commitment	Expected Date of Completion
Energy efficiency projects - HVAC, lighting, controls	$ 2,000,000	December 15, 2018
Mira Monte ES roofing project	467,258	November 30, 2018
Topa Topa ES DSA pathway	440,000	August 17, 2018
Nordhoff HS DSA pathway	44,000	August 31, 2018
Summit ES DSA pathway	9,000	August 24, 2018
	$ 2,960,258	

NOTE 14 – PARTICIPATION IN PUBLIC ENTITY RISK POOLS AND JOINT POWER AUTHORITIES

The District is a member of the Ventura County Schools Self-Funding Authority (VCSSFA), Self-Insured Schools of California III (SISC III), and the Ventura County Fast Action School Transit Authority (VCFAST), a joint powers authority (JPA).The District pays an annual premium to VCSSFA and SISC III, for its workers' compensation and property liability coverage, and for employee health, dental, and vision benefits, respectively. Payments for courier services are paid to the VCFAST. The relationship between the District, the pools, and the JPA are such that they are not component units of the District for financial reporting purposes.

These entities have budgeting and financial reporting requirements independent of member units and their financial statements are not presented in these financial statements; however, fund transactions between the entities and the District are included in these statements. Audited financial statements are available from the respective entities.

During the year ended June 30, 2018, the District made payments of $220,778, $3,097,099, and $3,580, to VCSSFA, SISC III, and VCFAST, respectively, for services received.

NOTE 15 - RESTATEMENT OF PRIOR YEAR NET POSITION

The District adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, in the current year. As a result, the effect on the current fiscal year is as follows:

Government-Wide Financial Statements		
Net Position - Beginning	$	(8,483,220)
Inclusion of net OPEB liability from the adoption of GASB Statement No. 75		(8,040,375)
Net Position - Beginning as Restated	$	(16,523,595)

REQUIRED SUPPLEMENTARY INFORMATION

OJAI UNIFIED SCHOOL DISTRICT

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

	Budgeted Amounts		Actual	Variances - Favorable (Unfavorable)
	Original	Final	(GAAP Basis)	Final to Actual
REVENUES				
Local control funding formula	$ 20,588,571	$ 20,744,200	$ 20,721,218	$ (22,982)
Federal sources	1,129,237	1,451,155	1,232,123	(219,032)
Other State sources	1,021,517	1,912,210	2,527,883	615,673
Other local sources	2,365,824	2,431,271	2,498,346	67,075
Total Revenues [1]	25,105,149	26,538,836	26,979,570	440,734
EXPENDITURES				
Current				
Certificated salaries	10,661,828	10,628,205	10,665,690	(37,485)
Classified salaries	4,615,345	4,548,098	4,651,480	(103,382)
Employee benefits	6,607,814	6,668,427	7,478,805	(810,378)
Books and supplies	1,345,501	1,679,619	1,122,829	556,790
Services and operating expenditures	2,265,855	2,370,044	2,140,003	230,041
Capital outlay	-	1,082,262	908,456	173,806
Other outgo	544,773	687,027	792,590	(105,563)
Debt service - principal	16,424	16,424	15,294	1,130
Debt service - interest	2,518	2,518	3,648	(1,130)
Total Expenditures [1]	26,060,058	27,682,624	27,778,795	(96,171)
Excess (Deficiency) of Revenues Over Expenditures	(954,909)	(1,143,788)	(799,225)	344,563
Other Financing Uses				
Transfers out	(60,000)	(75,000)	(75,000)	-
NET CHANGE IN FUND BALANCES	(1,014,909)	(1,218,788)	(874,225)	344,563
Fund Balance - Beginning, as restated	2,895,785	2,895,785	2,895,785	-
Fund Balance - Ending	$ 1,880,876	$ 1,676,997	$ 2,021,560	$ 344,563

[1] On behalf payments of $855,447, are included in the actual revenues and expenditures, but have not been included in the budgeted amounts. In addition, due to the consolidation of Fund 14, Deferred Maintenance Fund, additional revenues and expenditures pertaining to this fund are included in the Actual (GAAP Basis) revenues and expenditures, however are not included in the original and final General Fund budgets.

See accompanying note to required supplementary information.

OJAI UNIFIED SCHOOL DISTRICT

SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OPEB LIABILITY AND RELATED RATIOS FOR THE YEAR ENDED JUNE 30, 2018

	2018
Total OPEB Liability	
Service cost	$ 611,196
Interest	312,775
Benefit payments	(786,369)
Net change in total OPEB liability	137,602
Total OPEB liability - beginning	10,382,963
Total OPEB liability - ending	$ 10,520,565
Covered payroll	N/A[1]
District's total OPEB liability as a percentage of covered payroll	N/A[1]

[1] The District's OPEB Plan is not administered through a trust and contributions are not made based on a measure of pay. Therefore, no measure of payroll is presented.

Note: In the future, as data becomes available, ten years of information will be presented.

See accompanying note to required supplementary information.

OJAI UNIFIED SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY – MPP PROGRAM
FOR THE YEAR ENDED JUNE 30, 2018

Year ended June 30,	2018
District's proportion of the net OPEB liability	0.0348%
District's proportionate share of the net OPEB liability	$ 146,448
District's covered-employee payroll	N/A[1]
District's proportionate share of the net OPEB liability as a percentage of it's covered-employee payroll	N/A[1]
Plan fiduciary net position as a percentage of the total OPEB liability	0.01%

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

Note: In the future, as data becomes available, ten years of information will be presented.

See accompanying note to required supplementary information.

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OJAI UNIFIED SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2018

	2018	2017
CalSTRS		
District's proportion of the net pension liability	0.0192%	0.0196%
District's proportionate share of the net pension liability	$ 17,781,569	$ 15,889,902
State's proportionate share of the net pension liability associated with the District	10,519,426	9,045,838
Total	$ 28,300,995	$ 24,935,740
District's covered - employee payroll	$ 10,289,293	$ 9,948,341
District's proportionate share of the net pension liability as a percentage of its covered - employee payroll	172.82%	159.72%
Plan fiduciary net position as a percentage of the total pension liability	69%	70%
CalPERS		
District's proportion of the net pension liability	0.0345%	0.0358%
District's proportionate share of the net pension liability	$ 8,242,546	$ 7,072,435
District's covered - employee payroll	$ 4,402,131	$ 4,299,975
District's proportionate share of the net pension liability as a percentage of its covered - employee payroll	187.24%	164.48%
Plan fiduciary net position as a percentage of the total pension liability	72%	74%

Note: In the future, as data becomes available, ten years of information will be presented.

See accompanying note to required supplementary information.

2016	2015
0.0201%	0.0186%
$ 13,553,010	$ 11,103,030
7,168,048	5,872,279
$ 20,721,058	$ 16,975,309
$ 8,735,935	$ 9,403,042
155.14%	118.08%
74%	77%

0.0359%	0.0385%
$ 5,285,835	$ 4,370,687
$ 3,925,427	$ 4,047,140
134.66%	107.99%
79%	83%

OJAI UNIFIED SCHOOL DISTRICT

SCHEDULE OF DISTRICT CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2018

	2018	2017
CalSTRS		
Contractually required contribution	$ 1,457,577	$ 1,294,393
Contributions in relation to the contractually required contribution	1,457,577	1,294,393
Contribution deficiency (excess)	$ -	$ -
District's covered - employee payroll	$ 10,101,019	$ 10,289,293
Contributions as a percentage of covered - employee payroll	14.43%	12.58%
CalPERS		
Contractually required contribution	$ 715,600	$ 611,368
Contributions in relation to the contractually required contribution	715,600	611,368
Contribution deficiency (excess)	$ -	$ -
District's covered - employee payroll	$ 4,607,559	$ 4,402,131
Contributions as a percentage of covered - employee payroll	15.531%	13.888%

Note: In the future, as data becomes available, ten years of information will be presented.

See accompanying note to required supplementary information.

2016	2015
$ 1,067,457	$ 775,751
1,067,457	775,751
$ -	$ -
$ 9,948,341	$ 8,735,935
10.73%	8.88%
$ 509,418	$ 462,062
509,418	462,062
$ -	$ -
$ 4,299,975	$ 3,925,427
11.847%	11.771%

OJAI UNIFIED SCHOOL DISTRICT

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2018

NOTE 1 - PURPOSE OF SCHEDULES

Budgetary Comparison Schedule

The District employs budget control by object codes and by individual appropriation accounts. Budgets are prepared on the modified accrual basis of accounting in accordance with accounting principles generally accepted in the United State of America as prescribed by the Governmental Accounting Standards Board and provisions of the California *Education Code*. The governing board is required to hold a public hearing and adopt an operating budget no later than July 1 of each year. The adopted budget is subject to amendment throughout the year to give consideration to unanticipated revenue and expenditures primarily resulting from events unknown at the time of budget adoption with the legal restriction that expenditures cannot exceed appropriations by major object account.

The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts after all budget amendments have been accounted for.

This schedule presents information for the original and final budgets and actual results of operations, as well as the variances from the final budget to actual results of operations.

At June 30, 2018, the District General Fund exceeded the budgeted amount in total as follows:

	Expenditures and other financing uses		
	Budget	Actual*	Excess
General Fund	$ 27,682,624	$ 27,778,795	$ 96,171

* Total General Fund actual expenditures include on behalf payments of $855,447.

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

This schedule presents information on the District's changes in the total OPEB liability, including beginning and ending balances, the plan's fiduciary net position, and the total OPEB liability. In the future, as data becomes available, ten years of information will be presented.

Change in Benefit Terms **–** There were no changes in benefit terms.

Change of Assumptions **–** There were no changes of assumptions.

Schedule of the District's Proportionate Share of the Net OPEB Liability - MPP Program

This schedule presents information on the District's proportionate share of the net OPEB Liability – MPP Program and the plans' fiduciary net position. In the future, as data becomes available, ten years of information will be presented.

Changes in Benefit Terms – There were no changes in the benefit terms since the previous valuation.

Changes of Assumptions – The plan rate of investment return assumption was changed from 2.85 percent to 3.58 percent since the previous valuation.

OJAI UNIFIED SCHOOL DISTRICT

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2018

Schedule of the District's Proportionate Share of the Net Pension Liability

This schedule presents information on the District's proportionate share of the net pension liability (NPL), the plans' fiduciary net position and, when applicable, the State's proportionate share of the NPL associated with the District. In the future, as data becomes available, ten years of information will be presented.

Changes in Benefit Terms **–** There were no changes in benefit terms since the previous valuations for both CalSTRS and CalPERS.

Changes of Assumptions **–** The CalSTRS plan rate of investment return assumption was changed from 7.60 percent to 7.10 percent since the previous valuation. The CalPERS plan rate of investment return assumption was changed from 7.65 percent to 7.15 percent since the previous valuation.

Schedule of District Contributions

This schedule presents information on the District's required contribution, the amounts actually contributed, and any excess or deficiency related to the required contribution. In the future, as data becomes available, ten years of information will be presented.

SUPPLEMENTARY INFORMATION

OJAI UNIFIED SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
Passed through California Department of Education (CDE):			
Title I, Part A, Improving Basic Programs	84.010	14329	$ 505,791
Title II, Part A - Supporting Effective Instruction	84.367	14341	85,384
Title III, Part A, English Learner Student Program	84.365	14346	42,454
Title I, Part G - Advanced Placement Test Fee Reimbursement	84.330B	14831	891
Passed through Ventura County Office of Education SELPA:			
Special Education (IDEA) Cluster			
Basic Local Assistance Entitlement Part B, Section 611	84.027	13379	397,756
Local Assistance, Part B, Sec 611, Private School ISPs	84.027	10115	12,495
Preschool Grant, Part B, Sec 619	84.173	13430	10,505
Preschool Local Entitlement, Part B, Sec 611	84.027A	13682	35,746
Subtotal Special Education (IDEA) Cluster			456,502
Total U.S. Department of Education			1,091,022
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed through California Department of Health Services:			
Medi-Cal Billing Option	93.778	10013	68,545
Medi-Cal Administrative Activities	93.778	10060	69,716
Total U.S. Department of Health and Human Services			138,261
U.S. DEPARTMENT OF AGRICULTURE			
Passed through CDE:			
Child Nutrition Cluster			
National School Lunch Program	10.555	13396	341,976
Meal Supplements	10.555	13396	337
Basic Breakfast Program	10.553	13525	1,378
Especially Needy Breakfast Program	10.553	13526	150,905
Commodities	10.555	13396	46,334
Summer Food Service Program	10.559	13004	331
Subtotal Child Nutrition Cluster			541,261
Child Nutrition Discretionary Grant - Equipment	10.579	14906	6,705
Passed through Ventura County Office of Education:			
Forest Reserve	10.665	10044	8,734
Total U.S. Department of Agriculture			556,700
Total Federal Programs			$ 1,785,983

See accompanying note to supplementary information.

OJAI UNIFIED SCHOOL DISTRICT

LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE
JUNE 30, 2018

ORGANIZATION

The Ojai Unified School District was established July 1, 1966, as a consolidation of Nordhoff Union School District and Nordhoff Union High School District. Also included in the consolidation were the school districts of San Antonio and Summit. The District operates five elementary schools, one junior high school, one comprehensive high school, one continuation high school, and an adult education program. There were no boundary changes during the year.

GOVERNING BOARD

MEMBER	OFFICE	TERM EXPIRES
Kevin Ruf	President	December, 2018
Michael Shanahan	Vice-President	December, 2018
Shelly Griffen	Clerk	December, 2020
Jane Weil	Member	December, 2018
Thayne Whipple	Member	December, 2020

ADMINISTRATION

NAME	TITLE
Andrew Cantwell	Superintendent
Dr. Sherrill Knox	Assistant Superintendent of Educational Services

See accompanying note to supplementary information.

OJAI UNIFIED SCHOOL DISTRICT

SCHEDULE OF AVERAGE DAILY ATTENDANCE
FOR THE YEAR ENDED JUNE 30, 2018

	Final Report	
	Second Period Report	Annual Report
Regular ADA		
Transitional kindergarten through third	640.21	641.57
Fourth through sixth	534.69	535.08
Seventh and eighth	385.07	383.55
Ninth through twelfth	733.02	727.68
Total Regular ADA	2,292.99	2,287.88
Extended Year Special Education		
Transitional kindergarten through third	1.30	1.30
Fourth through sixth	1.43	1.43
Seventh and eighth	1.15	1.15
Ninth through twelfth	2.10	2.10
Total Extended Year Special Education	5.98	5.98
Special Education, Nonpublic, Nonsectarian Schools		
Seventh and eighth	0.75	0.78
Ninth through twelfth	0.14	0.10
Total Special Education, Nonpublic, Nonsectarian Schools	0.89	0.88
Extended Year Special Education, Nonpublic, Nonsectarian Schools		
Seventh and eighth	0.18	-
Total ADA	2,300.04	2,294.74

See accompanying note to supplementary information.

OJAI UNIFIED SCHOOL DISTRICT

SCHEDULE OF INSTRUCTIONAL TIME
FOR THE YEAR ENDED JUNE 30, 2018

Grade Level	1986-87 Minutes Requirement	2017-18 Actual Minutes	Number of Days		Status
			Traditional Calendar	Multitrack Calendar	
Kindergarten	36,000	42,350	180	Not applicable	Complied
Grades 1 - 3	50,400				
Grade 1		51,450	180	Not applicable	Complied
Grade 2		51,450	180	Not applicable	Complied
Grade 3		51,450	180	Not applicable	Complied
Grades 4 - 6	54,000				
Grade 4		54,150	180	Not applicable	Complied
Grade 5		54,150	180	Not applicable	Complied
Grade 6		54,150	180	Not applicable	Complied
Grades 7 - 8	54,000				
Grade 7		56,694	180	Not applicable	Complied
Grade 8		56,694	180	Not applicable	Complied
Grades 9 - 12	64,800				
Grade 9		65,116	180	Not applicable	Complied
Grade 10		65,116	180	Not applicable	Complied
Grade 11		65,116	180	Not applicable	Complied
Grade 12		65,116	180	Not applicable	Complied

See accompanying note to supplementary information.

OJAI UNIFIED SCHOOL DISTRICT

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

There were no adjustments between the Unaudited Actual Financial Statements and the Audited Financial Statements.

See accompanying note to supplementary information.

OJAI UNIFIED SCHOOL DISTRICT

SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2018

	(Budget) 2019 [1]	2018	2017	2016
GENERAL FUND [3]				
Revenues	$ 26,337,417	$ 26,979,505	$ 26,750,490	$ 27,033,207
Expenditures	25,570,619	27,778,795	26,336,052	25,510,630
Other uses and transfers out	87,000	75,000	65,000	75,000
Total Expenditures and Other Uses	25,657,619	27,853,795	26,401,052	25,585,630
INCREASE (DECREASE) IN FUND BALANCE	$ 679,798	$ (874,290)	$ 349,438	$ 1,447,577
ENDING FUND BALANCE	$ 2,696,494	$ 2,016,696	$ 2,890,986	$ 2,541,548
AVAILABLE RESERVES [2]	$ 2,330,146	$ 1,708,875	$ 2,362,818	$ 1,918,941
AVAILABLE RESERVES AS A PERCENTAGE OF TOTAL OUTGO	9.1%	6.1%	8.9%	7.5%
LONG-TERM OBLIGATIONS [4]	N/A	$ 45,506,705	$ 29,826,451	$ 23,208,945
K-12 AVERAGE DAILY ATTENDANCE AT P-2	2,229	2,300	2,337	2,436

The General Fund balance has decreased by $524,852 over the past two years. The fiscal year 2018-2019 budget projects an increase of $679,798 (33.7 percent). For a district this size, the State recommends available reserves of at least 3 percent of total General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred operating surpluses in two of the past three years and anticipates incurring an operating surplus during the 2018-2019 fiscal year. Total long-term obligations have increased by $22,297,760 over the past two years.

Average daily attendance has decreased by 136 over the past two years. An additional decline of 71 ADA is anticipated during fiscal year 2018-2019.

[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 including all amounts reserved for economic uncertainties contained with the General Fund.

[3] General Fund amounts do not include activity related to the consolidation of the Deferred Maintenance Fund as required by GASB Statement No. 54.

[4] Long-term obligations have been restated as of June 30, 2017 due to the implementation of GASB Statement No. 75.

See accompanying note to supplementary information.

OJAI UNIFIED SCHOOL DISTRICT

SCHEDULE OF CHARTER SCHOOLS
FOR THE YEAR ENDED JUNE 30, 2018

Name of Charter School	Included in District Audit
Valley Oak Charter (0501)	Not included

See accompanying note to supplementary information.

OJAI UNIFIED SCHOOL DISTRICT

NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2018

	Adult Education Fund	Cafeteria Fund	Capital Facilities Fund	Bond Interest and Redemption Fund	Total Non-Major Governmental Funds
ASSETS					
Deposits and investments	$ 573,821	$ 36,321	$ 990,851	$ 2,105,971	$ 3,706,964
Receivables	3,624	129,665	6,672	9,991	149,952
Due from other funds	-	7,825	-	-	7,825
Stores inventories	-	13,761	-	-	13,761
Total Assets	$ 577,445	$ 187,572	$ 997,523	$ 2,115,962	$ 3,878,502
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	$ 1,542	$ 13,620	$ 143,309	$ -	$ 158,471
Due to other funds	13,756	150,000	5,230	-	168,986
Total Liabilities	15,298	163,620	148,539	-	327,457
Fund Balances					
Nonspendable	-	14,211	-	-	14,211
Restricted	550,946	9,741	848,984	2,115,962	3,525,633
Assigned	11,201	-	-	-	11,201
Total Fund Balances	562,147	23,952	848,984	2,115,962	3,551,045
Total Liabilities and Fund Balances	$ 577,445	$ 187,572	$ 997,523	$ 2,115,962	$ 3,878,502

See accompanying note to supplementary information.

OJAI UNIFIED SCHOOL DISTRICT

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

	Adult Education Fund	Cafeteria Fund	Capital Facilities Fund	Bond Interest and Redemption Fund	Total Non-Major Governmental Funds
REVENUES					
Federal sources	$ -	$ 547,966	$ -	$ -	$ 547,966
Other State sources	255,193	41,396	-	14,698	311,287
Other local sources	8,463	258,476	259,279	2,115,033	2,641,251
Total Revenues	263,656	847,838	259,279	2,129,731	3,500,504
EXPENDITURES					
Current					
Instruction	201,126	-	-	-	201,126
Instruction-related activities					
Supervision of instruction	7,900	-	-	-	7,900
School site administration	11,233	-	-	-	11,233
Pupil services					
Food services	-	928,949	-	-	928,949
Administration					
All other administration	5,856	-	5,845	-	11,701
Other outgo	119,055	-	-	-	119,055
Facility acquisition and construction	-	-	405,577	-	405,577
Debt service					
Principal	-	-	-	1,445,000	1,445,000
Interest and other	-	-	-	749,219	749,219
Total Expenditures	345,170	928,949	411,422	2,194,219	3,879,760
Excess of Revenues Over Expenditures	(81,514)	(81,111)	(152,143)	(64,488)	(379,256)
Other Financing Sources					
Transfers in	-	75,000	-	-	75,000
NET CHANGE IN FUND BALANCES	(81,514)	(6,111)	(152,143)	(64,488)	(304,256)
Fund Balance - Beginning	643,661	30,063	1,001,127	2,180,450	3,855,301
Fund Balance - Ending	$ 562,147	$ 23,952	$ 848,984	$ 2,115,962	$ 3,551,045

See accompanying note to supplementary information.

OJAI UNIFIED SCHOOL DISTRICT

NOTE TO SUPPLEMENTARY INFORMATION
JUNE 30, 2018

NOTE 1 - PURPOSE OF SCHEDULES

Schedule of Expenditures of Federal Awards

The accompanying Schedule of Expenditures of Federal Awards includes the Federal grant activity of the District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements. The District has not elected to use the ten percent de minimis cost rate as covered in Section 200.414 Indirect (F&A) costs of the Uniform Guidance.

The following schedule provides reconciliation between revenues reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances, and the related expenditures reported on the Schedule of Expenditures of Federal Awards. The reconciling amounts consist primarily of Medi-Cal Billing Option funds that in the previous period were recorded as revenues but were unspent. These unspent balances have been expended in the current period.

Description	CFDA Number	Amount
Federal revenues reported in the Statement of Revenues, Expenditures, and Change in Fund Balances		$ 1,780,089
Medi-Cal Billing Option	93.778	5,894
Total Schedule of Expenditures of Federal Awards		$ 1,785,983

Local Education Agency Organization Structure

This schedule provides information about the District's boundaries and schools operated, members of the governing board, and members of the administration.

Schedule of Average Daily Attendance (ADA)

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

Schedule of Instructional Time

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

Districts must maintain their instructional minutes at the 1986-87 requirements, as required by *Education Code* Section 46201.

OJAI UNIFIED SCHOOL DISTRICT

NOTE TO SUPPLEMENTARY INFORMATION
JUNE 30, 2018

Reconciliation of Annual Financial and Budget Report With Audited Financial Statements

This schedule provides the information necessary to reconcile the fund balance of all funds reported on the Unaudited Actual Financial Report to the audited financial statements.

Schedule of Financial Trends and Analysis

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

Schedule of Charter Schools

This schedule lists all Charter Schools chartered by the District, and displays information for each Charter School on whether or not the Charter School is included in the School District audit.

Non-Major Governmental Funds - Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances

The Non-Major Governmental Funds Combining Balance Sheet and Combining Statement of Revenues, Expenditures, and Changes in Fund Balances is included to provide information regarding the individual funds that have been included in the Non-Major Governmental Funds column on the Governmental Funds Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances.

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*

Governing Board
Ojai Unified School District
Ojai, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Ojai 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 Ojai Unified School District's basic financial statements, and have issued our report thereon dated December 13, 2018.

Emphasis of Matter - Change in Accounting Principles

As discussed in Note 1 and Note 15 to the financial statements, in 2018, the District adopted new accounting guidance, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Ojai 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 Ojai Unified School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Ojai 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 District's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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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 Ojai 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*.

We noted certain matters that we reported to management of Ojai Unified School District in a separate letter dated December 13, 2018.

Purpose of This Report

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

Vavrinek, Trine, Day & Co. LLP

Rancho Cucamonga, California
December 13, 2018

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

Governing Board
Ojai Unified School District
Ojai, California

Report on Compliance for Each Major Federal Program

We have audited Ojai Unified School District's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Ojai Unified School District's major Federal programs for the year ended June 30, 2018. Ojai 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 the 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 Ojai 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 Ojai 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 Ojai Unified School District's compliance.

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Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

Management of Ojai 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 Ojai 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 Ojai 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 consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Vavrinek, Trine, Day & Co. LLP

Rancho Cucamonga, California
December 13, 2018

INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

Governing Board
Ojai Unified School District
Ojai, California

Report on State Compliance

We have audited Ojai Unified School District's (the District) compliance with the types of compliance requirements as identified in the *2017-2018 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* that could have a direct and material effect on each of the Ojai Unified School District's State government programs as noted below for the year ended June 30, 2018.

Management's Responsibility

Management is responsible for compliance with the requirements of State laws, regulations, and the terms and conditions of its State awards applicable to its State programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance of each of the Ojai Unified School District's State programs based on our audit of the types of compliance requirements referred to above. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *2017-2018 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. These standards 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 material effect on the applicable government programs noted below. An audit includes examining, on a test basis, evidence about Ojai 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 opinions. Our audit does not provide a legal determination of Ojai Unified School District's compliance with those requirements.

Unmodified Opinion

In our opinion, Ojai Unified School District complied, in all material respects, with the compliance requirements referred to above that are applicable to the government programs noted below that were audited for the year ended June 30, 2018.

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

	Procedures Performed
LOCAL EDUCATION AGENCIES OTHER THAN CHARTER SCHOOLS	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	No, see below
Continuation Education	Yes, see below
Instructional Time	Yes
Instructional Materials	Yes
Ratios of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	No, see below
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	No, see below
Middle or Early College High Schools	No, see below
K-3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	Yes
Apprenticeship: Related and Supplemental Instruction	No, see below
SCHOOL DISTRICTS, COUNTY OFFICES OF EDUCATION, AND CHARTER SCHOOLS	
Educator Effectiveness	Yes
California Clean Energy Jobs Act	Yes
After/Before School Education and Safety Program:	
General Requirements	No, see below
After School	No, see below
Before School	No, see below
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control Accountability Plan	Yes
Independent Study - Course Based	No, see below

CHARTER SCHOOLS	
Attendance	No, see below
Mode of Instruction	No, see below
Non Classroom-Based Instruction/Independent Study for Charter Schools	No, see below
Determination of Funding for Non Classroom-Based Instruction	No, see below
Annual Instruction Minutes Classroom-Based	No, see below
Charter School Facility Grant Program	No, see below

We did not perform testing for Independent Study because the ADA for the program was below the materiality threshold at which testing is required.

The District does not offer a Work Experience Program; therefore, we did not perform procedures related to the Work Experience Program within the Continuation Education Attendance Program.

The District did not offer an Early Retirement Incentive Program during the current year; therefore, we did not perform procedures related to the Early Retirement Incentive Program.

The District does not have any Juvenile Court Schools; therefore, we did not perform any procedures related to Juvenile Court Schools.

The District does not have any Early or Middle College High Schools; therefore, we did not perform any procedures related to Early or Middle College High Schools.

The District does not offer an Apprenticeship Program; therefore, we did not perform any procedures for the Apprenticeship Program.

The District does not offer an After/Before School Education and Safety Program; therefore, we did not perform any procedures related to the After/Before School Education and Safety Program.

The District does not offer an Independent Study – Course Based Program; therefore, we did not perform any procedures for the Independent Study – Course Based Program.

The Charter School is independent of the District; therefore, we did not perform any procedures related to charter schools.

VAUZNEK, TRUE, DAY & CO. LLP

Rancho Cucamonga, California
December 13, 2018

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

OJAI UNIFIED SCHOOL DISTRICT

SUMMARY OF AUDITOR'S RESULTS
FOR THE YEAR ENDED JUNE 30, 2018

FINANCIAL STATEMENTS

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness identified?	No
Significant deficiency identified?	None reported
Noncompliance material to financial statements noted?	No

FEDERAL AWARDS

Internal control over major Federal programs:	
Material weakness identified?	No
Significant deficiency identified?	None reported
Type of auditor's report issued on compliance for major Federal programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Section 200.516(a) of the Uniform Guidance?	No

Identification of major Federal programs:

CFDA Numbers	Name of Federal Program or Cluster
84.027, 84.027A, and 84.173	Special Education IDEA Cluster

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

STATE AWARDS

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

OJAI UNIFIED SCHOOL DISTRICT

FINANCIAL STATEMENT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2018

None reported.

OJAI UNIFIED SCHOOL DISTRICT

FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018

None reported.

OJAI UNIFIED SCHOOL DISTRICT

STATE AWARDS FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018

None reported.

OJAI UNIFIED SCHOOL DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2018

There were no audit findings reported in the prior year's schedule of financial statement findings.

Governing Board
Ojai Unified School District
Ojai, California

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

However, during our audit we noted matters that are opportunities for strengthening internal controls and operating efficiency. The following items represent conditions noted by our audit that we consider important enough to bring to your attention. This letter does not affect our report dated December 13, 2018, on the government-wide financial statements of the District.

INTERNAL CONTROLS

District Office

Human Resources – Transcripts

Observation

The teachers' salary schedule provides higher pay to those who have earned advanced degrees, as well as those who have earned college credits in addition to the minimum required for a bachelor's degree. During our testing of salary schedule placement for teachers, we noted four with inadequate documentation of college credit earned. Two teachers had transcripts showing insufficient credits for their salary schedule placement. There were no transcripts on file for the two teachers noted.

Recommendation

At the time any person is hired for a position where a college degree or other certification is required, the Human Resources department should have the potential employee provide a certified transcript from the awarding institution of higher education. As teachers earn additional college credits and request movement from one column to another on the salary schedule, they should provide updated transcripts showing additional credits and degrees earned. The transcripts should be reviewed to ensure that the institution and the classes meet the District's requirements for salary schedule advancement. The transcripts should be maintained in each teacher's personnel file.

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Human Resources – Hiring Approval Documentation

Observation

An updated Request for Classified Personnel form was not present in the employee's personnel file for one employee selected for testing. The Request for Classified Personnel form is used to document the name of the person selected to fill an open position, as well as the position control number, budget coding, salary schedule placement, and the total days of pay. The form also documents the required approvals for the elements noted. The employee had changed position during the current fiscal year.

A copy of the form was available in the Business Office.

Recommendation

Documentation of the authorizations and approvals regarding hiring, position control number and salary schedule placement should be maintained in each employee's personnel file. These forms indicate that the employee's hiring followed the proper selection process and that budgeted funds are available for the position.

Cash Disbursements

Observations

1. During our testing of a sample of 40 general disbursements, we noted the following exceptions in regards to expenditure approvals:
    a. One expenditure was incurred prior to the approval date.
    b. One purchase of $349.50 exceeded the Not-To-Exceed amount of $250 on a "Small Purchase Reimbursement" and the overage was not detected by the supervisor approving the reimbursement.
    c. On one disbursement for "Small Purchase Reimbursement," we noted that the supervisor and administrator approvals were from the requestor.
2. Through review of travel and conference disbursements, it was noted that two of the sample of 40 disbursements tested had purchase orders that were dated subsequent to the conference. In addition, one of the disbursements was accompanied by a requisition form lacking a date. We were unable to determine when the requisition was approved.

Recommendations

1. To strengthen internal controls over the purchasing function, purchase requisitions and or purchase orders should be prepared and approved prior to purchasing or ordering merchandise. Approval in advance of the goods or services being ordered allows District staff to ensure sufficient funds are available for each purchase. In addition, disbursements should be properly reviewed to ensure that expenses are appropriate for the District, are not exceeding allowable amounts and that approvals are by the appropriate supervisors.
2. District staff should ensure that conference request forms have been approved prior to conference dates and that reimbursement requests are approved by supervisors. Prior approval indicates that the supervisor believes that conference attendance would benefit the employee and the District and that sufficient funds have been budgeted for that purpose.

Bank Accounts

Observation

The District maintains revolving bank accounts for each site as part of the larger Revolving Fund balance in the General Fund. Reconciliations from the bank balance to the full imprest balance are not prepared for each of the subsidiary revolving bank accounts.

Recommendation

The District should prepare reconciliations for the subsidiary revolving accounts to reconcile bank balances to the imprest amounts and in turn to the District's full revolving fund imprest balance in order to ensure that all account activity is reported in the District general ledger.

Vacation Balances

Observation

Of five employees tested who had used accrued vacation time, we noted that one employees had vacation usage that was not properly entered into the District's vacation tracking system. The system noted eight hours for a particular day, while the employee's Monthly Absence Report showed four hours for that day.

Another employee has 384 hours of accrued vacation as of June 30, 2018. This is in excess of the District's allowable balance carryover policy.

Recommendation

In order to ensure that leave balances are accurately stated, District staff should perform a year-end audit to ensure that all postings are correct.

Since vacation balances represent liabilities of the District, employees should be encouraged to use vacation time throughout the year rather than accruing a large balance that could require a payout at some point in the future or that could allow for an extended leave by the employee, creating a hardship for the District.

ASSOCIATED STUDENT BODY (ASB)

Nordhoff High School

Cash Receipts

Observation

Based on the review of the cash receipting procedures, it was noted that two of 29 receipts tested were not deposited in a timely manner. The delay in deposit ranged from approximately 14 to 26 days from the date of receipt. This could result in large cash balances being maintained at the sites which can hinder the safeguarding of ASB assets.

Recommendation

The ASB should, at a minimum, make their deposits once a week to minimize the amount of cash held at the sites. During weeks of high cash activity, there may be a need to make more than one deposit. The District should communicate specific guidelines for this procedure including the maximum cash on hand that should be maintained at the site.

Observation

Cash collections are not always supported by sub-receipts or logs consistently. The auditor was unable to verify the accuracy and timeliness of the deposits.

Recommendation

Pre-numbered triplicate receipts or logs should be utilized when collecting money for all ASB events and transactions. If utilizing a log, the students name and amount being turned in should be documented. If using a receipt book, the receipts should be issued in sequential order to all individuals turning in monies. Teachers and Administrators who collect monies should be equipped with a triplicate receipts book or log sheet. The white copy of the receipt should be issued to the person turning in the monies, the yellow receipt or log sheet should be utilized for deposit back-up, and the pink copy should be retained in the receipt book for audit purposes. When teachers are turning in monies for deposit, a Request for Deposit should be turned in with the yellow copy of the receipts and monies to clearly identify the total amount being turned in.

Cash Disbursements

Observation

Out of 25 sample disbursements reviewed, seven did not have approval before commitment with the vendor was made.

Recommendation

All disbursement transactions must be approved by the student body before the transaction occurs. This would allow the student council to determine if the proposed activities are appropriate and to determine if sufficient funding is available to finance the activities or the purchases. The ASB/club is not obligated to pay for the expenditure if preapproval was not obtained.

Revenue Potential

Observation

Five revenue potential forms reviewed were not completed. The form was not filled out.

Recommendation

All fundraising events should be approved by the ASB Student Council and the site administrator prior to the event taking place to ensure that the activities related to the fundraisers are appropriate in a school setting. In addition, the ASB should require that a revenue potential form be completed for each fundraising event. As the revenue potential form is a vital internal control tool, it should be used to document revenues, expenditures, potential revenue, actual revenue, and inventory purchased for sale. This allows an analysis of the fundraiser to be conducted, indicating to the staff the success, or failure of the completed project. The revenue potential form also indicates weak control areas in the fundraising procedures at the site, such as lost or stolen merchandise or problems with collecting all moneys due.

Ticket Sales

Observation

Cash collections are not being counted in the presence of multiple personnel during ticketed events. The person counting the cash should have at least one person beside them to ensure proper internal controls are in place.

Recommendation

It is recommended that the ASB adhere to their established procedures related to cash count for ticketed event sales. Two individuals should be present when teachers/clubs deposit the money with the bookkeeper. The bookkeeper and the depositing party should both sign and date the ticket form for door and gate sales.

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

Vavrinek, Trine, Day & Co. LLP

Rancho Cucamonga, California
December 13, 2018

APPENDIX C

ECONOMIC AND DEMOGRAPHIC INFORMATION ABOUT THE CITY OF OJAI AND VENTURA COUNTY

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

General Information

***The City*.** The City of Ojai, California (the "City") is located approximately 33 miles south-east of Santa Barbara, approximately 83 miles north-west of Los Angeles and is 15 miles from the Pacific Ocean. The City was incorporated in 1921. The City has hot, dry summers and mild winters.

The County. The County of Ventura (the "County") was formed January 1, 1873, when it separated from Santa Barbara County. It is a general law county, governed by a five-member Board of Supervisors, elected at-large for a staggered four-year term in their respective districts, and the chairmanship rotates annually. The Board of Supervisors is responsible for providing policy direction, approving the County budget, and representing the County in a number of areas including special districts. The Board actions can apply countywide or only in unincorporated areas. Other County elected officials include the Auditor-Controller, Assessor, Clerk/Recorder, District Attorney, Treasurer-Tax Collector, and Sheriff. The County Executive Officer advises, assists, and acts as an agent for the Board of Supervisors in all matters under the Board's jurisdiction.

The County covers an area of 1,843 square miles and ranks 26th in size among the State's 58 counties. The County is bordered to the north by Kern County, to the west by Santa Barbara County, to the south and east by Los Angeles County and on the southwest by the Pacific Ocean. Most of the population of the County lives in the southern (mainland) portion of the County. The major population centers are the Oxnard Plain and the Simi and Conejo Valleys.

The Los Padres National Forest makes up most of the northern half of the County. Mountain ranges create fertile valleys and broad alluvial basins, primarily in the southern half of the County. Forty-two miles of coastline comprise the southwestern edge of the County. The County's two military bases, Point Mugu and Port Hueneme, are among the largest employers in the County.

Population

The following table lists population estimates for the City and County for the last five calendar years, as of January 1.

VENTURA COUNTY
Population Estimates
Calendar Years 2015 through 2019 as of January 1

Area	2015	2016	2017	2018	2019
Camarillo	67,428	68,026	68,207	68,452	69,880
Fillmore	15,525	15,580	15,701	15,840	15,925
Moorpark	35,911	36,376	36,550	36,828	37,020
Ojai	**7,702**	**7,703**	**7,717**	**7,741**	**7,769**
Oxnard	207,471	208,603	208,987	209,269	209,879
Port Hueneme	22,858	23,185	23,182	23,370	23,526
San Buenaventura	109,946	109,946	110,092	110,125	108,170
Santa Paula	30,901	31,004	30,915	30,931	30,779
Simi Valley	127,253	127,069	127,166	127,421	127,716
Thousand Oaks	130,205	129,949	129,949	130,283	129,557
Total Unincorporated	97,305	97,445	97,507	97,155	96,377
Total County	**852,505**	**854,886**	**855,973**	**857,415**	**856,598**

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

Employment and Industry

The District is included in the Oxnard-Thousand Oaks-Ventura Metropolitan Statistical Area ("**MSA**"). The unemployment rate in Ventura County was 3.9% in July 2019, up from a revised 3.6% in June 2019, and below the year-ago estimate of 4.0%. This compares with an unadjusted unemployment rate of 4.4% for California and 4.0% for the nation during the same period.

The following table shows civilian labor force and wage and salary employment data for the Oxnard-Thousand Oaks-Ventura Metropolitan Statistical Area, which is coterminous with Ventura County and, therefore, includes the City of Ojai, for the past five calendar years. These figures are area-wide statistics and may not necessarily accurately reflect employment trends in the City.

OXNARD-THOUSAND OAKS-VENTURA METROPOLITAN STATISTICAL AREA
(Ventura County)
Annual Average Civilian Labor Force, Employment and Unemployment,
Employment by Industry
(March 2018 Benchmark)

	2014	2015	2016	2017	2018
Civilian Labor Force [1]	430,100	427,600	425,700	424,700	425,700
Employment	401,500	403,500	403,400	405,600	409,700
Unemployment	28,600	24,100	22,200	19,100	16,100
Unemployment Rate	6.6%	5.6%	5.2%	4.5%	3.8%
Wage and Salary Employment: [2]					
Agriculture	26,500	26,300	25,200	23,800	24,400
Mining and Logging	1,300	1,000	900	900	900
Construction	13,700	14,200	14,600	15,700	16,800
Manufacturing	25,000	25,900	25,700	25,600	26,200
Wholesale Trade	12,700	12,600	13,000	13,200	13,200
Retail Trade	39,200	39,900	40,000	40,100	39,600
Trans., Warehousing and Utilities	6,000	6,000	6,000	6,100	6,400
Information	5,300	5,100	5,000	5,000	5,000
Finance and Insurance	14,200	13,500	13,200	12,700	12,400
Real Estate and Rental and Leasing	4,500	4,300	4,300	4,200	4,100
Professional and Business Services	41,500	40,500	40,900	42,200	42,900
Educational and Health Services	41,600	42,900	44,400	45,900	47,600
Leisure and Hospitality	34,800	35,700	36,400	37,200	37,700
Other Services	9,800	9,700	9,600	9,600	9,400
Federal Government	6,900	7,100	7,400	7,300	7,200
State Government	2,800	2,900	2,900	3,000	3,000
Local Government	34,400	35,400	36,300	36,600	36,600
Total, All Industries [3]	320,200	322,800	325,700	329,200	333,300

(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: State of California Employment Development Department.

Largest Employers

The following table lists the major employers within the County as of August 2019, in alphabetical order.

VENTURA COUNTY
Major Employers
August 2019

Employer Name	Location	Industry
Amgen Inc	Newbury Park	Biological Specimens-Manufacturers
Baxter Healthcare	Westlake Village	Physicians & Surgeons Equip & Supls-Mfrs
City of Simi Valley	Simi Valley	City Hall
Community Memorial Health Syst	Ventura	Health Care Management
Haas Automation Inc	Oxnard	Computers-Electronic-Manufacturers
Harbor Freight Tools USA Inc	Camarillo	Tools-New & Used
Kaiser Permanente Ventura 888	Ventura	Medical Centers
Los Robles Hospital & Med Ctr.	Thousand Oaks	Hospitals
Moorpark College	Moorpark	Junior-Community College-Tech Institutes
Nancy Reagan Breast Ctr	Simi Valley	Diagnostic Imaging Centers
National Guard	Port Hueneme	Government Offices-State
Naval Base Ventura County	Point Mugu Nawc	Military Bases
Ojai Valley Inn & Spa	Ojai	Hotels & Motels
Oxnard College	Oxnard	Junior-Community College-Tech Institutes
Pentair Aquatic Systems	Moorpark	Swimming Pool Equipment & Supls-Retail
Port Hueneme Div Naval	Port Hueneme Cbc	Military Bases
Rancho Simi Recreation Prk Dst	Simi Valley	Swimming Pools-Pubic
Santa Paula Sch Superintendent	Santa Paula	Schools
Sheriff's Department-Jails	Ventura	Government Offices-County
Simi Valley City Manager	Simi Valley	Government Offices-City, Village & Twp
Simi Valley Hospital	Simi Valley	Hospitals
St John's Regional Medical Ctr.	Oxnard	Hospitals
Sullstar Technologies	Simi Valley	Telephone Equipment & Supplies
Ventura County Medical Ctr.	Ventura	Hospitals
Ventura County Office of Edu.	Camarillo	Schools

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

Effective Buying Income

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

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

CITY OF OJAI, VENTURA COUNTY, STATE OF CALIFORNIA AND UNITED STATES
Effective Buying Income
2015 through 2019

Year	Area	Total Effective Buying Income (000's Omitted)	Median Household Effective Buying Income
2015	City of Ojai	$220,668	$47,682
	Ventura County	21,468,990	60,911
	California	901,189,699	50,072
	United States	7,357,153,421	45,448
2016	City of Ojai	$259,175	$54,663
	Ventura County	24,412,090	67,179
	California	981,231,666	53,589
	United States	7,757,960,399	46,738
2017	City of Ojai	$250,781	$52,431
	Ventura County	23,874,399	65,193
	California	1,036,142,723	55,681
	United States	8,132,748,136	48,043
2018	City of Ojai	$282,784	$58,952
	Ventura County	26,565,506	71,934
	California	1,113,648,181	59,646
	United States	8,640,770,229	50,735
2019	City of Ojai	$293,239	$61,416
	Ventura County	26,149,018	70,618
	California	1,183,264,399	62,637
	United States	9,017,967,563	52,841

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

Commercial Activity

Total taxable sales during the first quarter of calendar year 2018 in the City were reported to be $27,727,400, a 4.42% increase over the total taxable sales of $26,552,495 reported during the first quarter of calendar year 2017. Annual figures are not yet available for calendar year 2018.

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

	Retail Stores		Total All Outlets	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2013	414	$77,677	589	$106,142
2014	428	78,716	605	110,605
2015[(1)]	408	81,500	662	115,866
2016	405	82,452	648	121,128
2017	410	81,216	671	122,449

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

Total taxable sales during the first quarter of calendar year 2018 in the County were reported to be $3,311,700,481, a 3.63% increase over the total taxable sales of $3,195,813,883 reported during the first quarter of calendar year 2017. Annual figures are not yet available for calendar year 2018.

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

	Retail Stores		Total All Outlets	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2013	14,285	$9,101,436	22,234	$12,824,296
2014	14,903	9,401,053	22,851	13,366,628
2015[(1)]	10,453	9,615,370	25,826	13,784,346
2016	15,595	9,774,880	26,161	13,745,950
2017	15,751	10,102,010	26,392	13,901,215

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

Construction Trends

Provided below are the building permits and valuations for the City and the County for calendar years 2014 through 2018.

CITY OF OJAI
Total Building Permit Valuations
Calendar Years 2014 through 2018
(dollars in thousands)

	2014	2015	2016	2017	2018
Permit Valuation					
New Single-family	$0.0	$1,717.1	$485.4	$144.5	$1,457.5
New Multi-family	0.0	0.0	0.0	0.0	0.0
Res. Alterations/Additions	2,370.0	2,787.5	2,326.7	3,357.1	4,361.6
Total Residential	2,370.0	4,504.6	2,812.1	3,501.6	5,819.1
New Commercial	207.8	335.1	2.0	4,038.0	50.0
New Industrial	0.0	0.0	0.0	0.0	0.0
New Other	722.5	2,202.2	1,783.2	1,759.0	505.6
Com. Alterations/Additions	357.5	2,974.1	319.7	886.5	1,643.0
Total Nonresidential	1,287.8	5,511.4	2,104.9	6,683.5	2,198.6
New Dwelling Units					
Single Family	0	3	2	3	9
Multiple Family	0	0	0	0	0
TOTAL	0	3	2	3	9

Source: Construction Industry Research Board, Building Permit Summary

VENTURA COUNTY
Total Building Permit Valuations
Calendar Years 2014 through 2018
(dollars in thousands)

	2014	2015	2016	2017	2018
Permit Valuation					
New Single-family	$169,065.9	$238,295.5	$236,652.9	$266,346.8	$392,515.2
New Multi-family	101,914.6	69,260.2	147,122.8	231,822.5	107,224.0
Res. Alterations/Additions	72,971.1	66,458.2	64,655.7	200,617.4	148,312.3
Total Residential	343,952.0	374,013.9	448,431.4	698,786.7	648,051.5
New Commercial	21,358.7	55,505.3	52,600.3	71,967.3	144,707.2
New Industrial	17,938.6	4,404.9	4,647.4	35,699.9	16,865.3
New Other	30,893.9	37,412.3	57,210.5	31,579.7	42,529.7
Com. Alterations/Additions	79,948.9	92,613.9	88,289.8	91,036.8	153,876.8
Total Nonresidential	150,140.1	189,936.4	202,748.0	230,283.7	357,979.0
New Dwelling Units					
Single Family	450	615	652	851	637
Multiple Family	632	394	1,011	1,638	612
TOTAL	1,082	1,009	1,663	2,489	1,249

Source: Construction Industry Research Board, Building Permit Summary

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APPENDIX D

PROPOSED FORM OF OPINION OF BOND COUNSEL

[LETTERHEAD OF JONES HALL]

October 16, 2019

Board of Education
Ojai Unified School District
414 East Ojai Avenue
Ojai, California 93024

OPINION: $8,000,000 Ojai Unified School District (Ventura County, California) General Obligation Bonds, Election of 2014, Series C

Members of the Board of Education:

We have acted as bond counsel to the Ojai Unified School District (the "District") in connection with the issuance by the District of $8,000,000 principal amount of Ojai Unified School District (Ventura County, California) General Obligation Bonds, Election of 2014, Series C, dated the date hereof (together, the "Bonds"), under the provisions of Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, and a resolution of the Board of Education adopted on September 11, 2019 (the "Resolution"). We have examined the law and such certified proceedings and other papers as we deemed necessary to render this opinion.

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

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

1. The District is duly created and validly existing as a school district with the power to issue the Bonds and to perform its obligations under the Bond Resolution and the Bonds.

2. The Bond Resolution has been duly adopted by the Board and constitutes a valid and binding obligation of the Board enforceable against the Board in accordance with its terms.

3. The Bonds have been duly issued and sold by the District and are valid and binding general obligations of the District, and the County of Ventura 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 (except for certain personal property that is taxable at limited rates).

4. Interest on the Bonds maturing on or after August 1, 2021 (the "Tax-Exempt Bonds") is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax. The Tax-Exempt 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 Tax-Exempt Bonds designated as and comprising interest.

The opinions set forth in the preceding paragraph are subject to the condition that the District comply with all requirements of the Tax Code relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Tax-Exempt Bonds, and in order for the Tax-Exempt 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 Tax-Exempt Bonds, or may cause the Tax-Exempt 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

$8,000,000
OJAI UNIFIED SCHOOL DISTRICT
(Ventura County, California)
General Obligation Bonds
Election of 2014, Series C
(Bank Qualified)

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (this "**Disclosure Certificate**") is executed and delivered by the Ojai Unified School District (the "**District**") in connection with the execution and delivery of the captioned bonds (the "**Bonds**"). The Bonds are being executed and delivered pursuant to a resolution adopted by the Board of Education of the District on September 11, 2019 (the "**Resolution**"). U.S. Bank National Association, is initially acting as paying agent for the Bonds (the "**Paying Agent**").

The District hereby covenants and agrees as follows:

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

Section 2. Definitions. In addition to the definitions set forth above and in the Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section 2, the following capitalized terms shall have the following meanings:

"*Annual Report*" means any Annual Report provided by the District pursuant to, and as described in, Sections 3 and 4.

"*Annual Report Date*" means the date not later than nine months after the end of each fiscal year of the District (currently being March 31 based on a fiscal year ending June 30).

"*Dissemination Agent*" means, initially, Isom Advisors, a Division of Urban Futures, Inc. or any successor Dissemination Agent designated in writing by the District and which has filed with the District and the Paying Agent a written acceptance of such designation.

"*Listed Events*" means any of the events listed in Section 5(a).

"*MSRB*" means the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information for purposes of the Rule.

"*Official Statement*" means the final official statement executed by the District in connection with the issuance of the Bonds.

"*Paying Agent*" means U.S. Bank National Association, Los Angeles, California, or any successor thereto.

"*Participating Underwriter*" means Raymond James & Associates, Inc., the original Underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

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

Section 3. Provision of Annual Reports.

(a) The District shall, or shall cause the Dissemination Agent to, not later than the Annual Report Date, commencing March 31, 2020 with the report for the 2018-19 fiscal year, provide to the MSRB in an electronic format as prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than 15 Business Days prior to the Annual Report Date, the District shall provide the Annual Report to the Dissemination Agent (if other than the District). If by 15 Business Days prior to the Annual Report Date the Dissemination Agent (if other than the District) has not received a copy of the Annual Report, the Dissemination Agent shall contact the District to determine if the District is in compliance with the previous sentence. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4; provided that the audited financial statements of the District may be submitted separately from the balance of the Annual Report, and later than the Annual Report Date, if not available by that date. If the District's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c). The District shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by the District hereunder.

(b) If the District does not provide (or cause the Dissemination Agent to provide) an Annual Report by the Annual Report Date, the District shall provide (or cause the Dissemination Agent to provide) to the MSRB in a timely manner, in an electronic format, as prescribed by the MSRB.

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

(i) determine each year prior to the Annual Report Date the then-applicable rules and electronic format prescribed by the MSRB for the filing of annual continuing disclosure reports; and

(ii) if the Dissemination Agent is other than the District, file a report with the District certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, and stating the date it was provided.

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

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

(b) Unless otherwise provided in the audited financial statements filed on or before the Annual Report Date, the following information for the most recently completed fiscal year, or, if available at the time of filing the Annual Report, for the fiscal year in which the Annual Report is filed:

(i) Assessed value of taxable property in the jurisdiction of the District;

(ii) Assessed valuation of the properties of the top 20 secured property taxpayers in the District;

(iii) Property tax collection delinquencies for the District, but only if available from the Ventura County at the time of filing the Annual Report;

(iv) The District's most recently adopted Budget or approved interim report with budgeted figures which is available at the time of filing the Annual Report; and

(v) Such further information, if any, as may be necessary to make the statements made pursuant to (a) and (b) of this Section 4, 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 obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material.

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

(b) Whenever the District obtains knowledge of the occurrence of a Listed Event, the District shall, or shall cause the Dissemination Agent (if not the District) to, file a notice of such occurrence with the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of 10 business days after the occurrence of the Listed Event.

(c) The District acknowledges that the events described in subparagraphs (a)(2), (a)(7), (a)(8) (if the event is a bond call), (a)(10), (a)(13), (a)(14), and (a)(15) of this Section 5 contain the qualifier “if material” and that subparagraph (a)(6) also contains the qualifier "material" with respect to certain notices, determinations or other events affecting the tax status of the Bonds. The District shall cause a notice to be filed as set forth in paragraph (b) above with respect to any such event only to the extent that it determines the event’s occurrence is material for purposes of U.S. federal securities law. Whenever the District obtains knowledge of the occurrence of any of these Listed Events, the District will as soon as possible determine if such

event would be material under applicable federal securities law. If such event is determined to be material, the District will cause a notice to be filed as set forth in paragraph (b) above.

(d) For purposes of this Disclosure Certificate, any event described in paragraph (a)(12) above is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the District in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District.

(e) For purposes of Section 5(a)(15) and (16), "financial obligation" means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term financial obligation shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule.

Section 6. Identifying Information for Filings with the MSRB. All documents provided to the MSRB under the Disclosure Certificate shall be accompanied by identifying information as prescribed by the MSRB.

Section 7. Termination of Reporting Obligation. The District's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the District shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

Section 8. Dissemination Agent. The District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any Dissemination Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be Isom Advisors, a Division of Urban Futures, Inc. Any Dissemination Agent may resign by providing 30 days' written notice to the District and the Paying Agent.

Section 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the District may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) if the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the Bonds, or type of business conducted;

(b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after

taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the proposed amendment or waiver either (i) is approved by holders of the Bonds in the manner provided in the Resolution for amendments to the Resolution with the consent of holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the holders or beneficial owners of the Bonds.

If the annual financial information or operating data to be provided in the Annual Report is amended pursuant to the provisions hereof, the first annual financial information filed pursuant hereto containing the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

If an amendment is made to the undertaking specifying the accounting principles to be followed in preparing financial statements, the annual financial information for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the District to meet its obligations. To the extent reasonably feasible, the comparison shall be quantitative. A notice of the change in the accounting principles shall be filed in the same manner as for a Listed Event under Section 5(c).

Section 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the District chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the District shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 11. Default. If the District fails to comply with any provision of this Disclosure Certificate, the Participating Underwriter or any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance.

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

(a) The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the District agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent will have no duty or obligation to review any information provided to it by the District hereunder, and shall not be deemed to be acting in any fiduciary capacity for the District, the Bondholders or any other party. The obligations of the District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

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

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

Date: October 16, 2019

OJAI UNIFIED SCHOOL DISTRICT

By: _____
Name: _____
Title: _____

ACCEPTANCE OF DUTIES
AS DISSEMINATION AGENT

ISOM ADVISORS,
A DIVISION OF URBAN FUTURES, INC.

By: _____
Name: _____
Title: _____

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APPENDIX F

DTC AND THE BOOK-ENTRY ONLY SYSTEM

The following description of the Depository Trust Company ("DTC"), the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal, interest and other payments on the Bonds to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interest in the Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC. Accordingly, no representations can be made concerning these matters and neither the DTC Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters, but should instead confirm the same with DTC or the DTC Participants, as the case may be.

Neither the District nor the Paying Agent take any responsibility for the information contained in this Section.

No assurances can be given that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Bonds, (b) Bonds representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the securities (in this Appendix, the "Bonds"). The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond will be issued for each maturity of the Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC. If, however, the aggregate principal amount of any maturity exceeds $500 million, one certificate will be issued with respect to each $500 million of principal amount and an additional certificate will be issued with respect to any remaining principal amount of such issue.

2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned

subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com. *The information contained on this Internet site is not incorporated herein by reference.*

3. Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive Bonds representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

4. To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

6. Redemption notices will be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting

rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from District or Paying Agent on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, Paying Agent, or District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of District or Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to District or Paying Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Bonds are required to be printed and delivered.

10. The District may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

11. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that District believes to be reliable, but District takes no responsibility for the accuracy thereof.

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APPENDIX G

VENTURA COUNTY INVESTMENT POLICY AND INVESTMENT REPORT

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VENTURA COUNTY

STATEMENT OF INVESTMENT POLICY

AS APPROVED DECEMBER 4, 2018

BOARD OF SUPERVISORS

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

Judge Steven Hintz
Treasurer-Tax Collector

Sue Horgan
Assistant Treasurer-Tax Collector

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

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STATEMENT OF INVESTMENT POLICY

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

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

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

Introduction

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

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

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

Investment Objective

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

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

1) The safety of principal.

2) Maintenance of liquidity to meet cash flow needs.

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

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

Investment and the Notion of Risk

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

C) When cash needs are greater than expected.

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

Liquidity

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

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

Yield

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

INTERNAL CONTROLS

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

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

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

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

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

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

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

SECURITY INSTRUMENTS

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

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

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

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

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

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

Furthermore, no later than July 31 of each calendar year, in addition to the required annual written acknowledgment of the Investment Policy compliance, only as requested by the Treasurer-Tax Collector, all firms will provide a copy of their most recent published annual report; FOCUS Report; organization chart; and any financial information regarding credit lines and debt support provided by the parent firm.

Ratings

With the exception of LAIF, insured deposits, and U.S. Treasury and Government Agency issues, investments shall be placed only in those instruments and institutions rated favorably as determined by the Treasurer-Tax Collector in accordance with this Statement and with the assistance of Moody's Investors Service, Standard and Poor's Ratings Services, and Fitch Ratings.

If the rating of any security drops below the minimum acceptable rating for that security class, the investment will be sold if no significant loss of principal is involved or matured at the earliest possible convenience. These sales must be individually approved by the Treasurer-Tax Collector. A rating of "NR" by one rating service is not a split rating and does not bar the purchase of the security.

U.S. Agencies

The purchase of U.S. agency securities shall be limited to issues of the Federal Farm Credit Banks (FFCB), Federal Home Loan Banks (FHLB), Federal Home Loan Mortgage Corp. (Freddie Mac/FHLMC), the Federal National Mortgage Corporation (Fannie Mae/FNMA), Federal Agricultural Mortgage Corporation (Farmer Mac/FAMCA), or in obligations, participations, or other instruments of, or issued by, a federal agency or a United States government-sponsored or backed entity. The fund's holdings of any one federal agency security shall not exceed 25% of the total fund at the time of purchase. The maximum maturity of any one agency investment shall not exceed three years or 1150 days.

U. S. Government

United States Treasury Bills, Notes, and Bonds are backed by the full faith and credit of the United States Government. There shall be no limitation as to the percentage of the portfolio which can be invested in this category. The maturity of a security is limited to a maximum of three years or 1150 days.

Commercial Paper

Commercial Paper is a short term unsecured promissory note issued to finance short term credit needs. Commercial Paper eligible for investment must be of "prime" quality of the highest ranking or of the highest short-term letter and numerical rating as provided for by Standard and Poor's Ratings Services, Moody's Investors Service, and Fitch Ratings (S&P A-1+, A-1; Moody's P-1; Fitch F1+, F1). Eligible paper is further limited to issuing corporations that are organized and operating within the United States and have total assets in excess of $500 million and an "A" or higher rating for the issuer's debt, other than commercial paper, if any, as provided for by S&P (A or higher), Moody's (A2 or higher) and Fitch (A or higher). Purchases of eligible Commercial Paper may not exceed 270 days to maturity. Purchases of Commercial Paper may not exceed 40 percent of the investment portfolio at the time of the purchase. No more than 10 percent of the total assets of the pool at the time of the purchase may be invested in the outstanding paper of any single issuing corporation. The Treasurer-Tax Collector shall establish a list of approved Commercial Paper issuers in which investments may be made.

Medium-Term Notes and Deposit Notes

Medium-Term Notes eligible for investment must be rated in the same categories described in Commercial Paper, above, to wit: Short-term ratings by S&P A-1 or higher; Moody's P-1; and Fitch F1 or higher; and long-term ratings of S&P A or higher, Moody's A2 or higher, and Fitch A or higher. Medium-Term Notes may not exceed 20 percent of the investment portfolio at the time of the purchase and may not have a maturity of longer than 2 years or 735 days.

Municipal Notes, Bonds and Other Obligations

Municipal notes, bonds, and other obligations eligible for investment are registered securities issued by the State of California and local California government agencies as well as registered securities issued by any of the other 49 states to finance capital and operating expenses. The characteristics of a municipal bond or note often are similar to the characteristics of corporate bonds and notes or the U.S. government and federal agency bonds and notes. Municipal notes normally have a specific maturity date, and bear interest that is scheduled to be paid at specific intervals. Municipal notes, bonds and other obligations may not exceed 30 percent of the investment portfolio at the time of purchase and the maturity may not exceed three years or 1150 days. Municipal notes must meet the minimum debt rating described above in Medium Term Notes and Deposit Notes.

Bankers Acceptances

A Bankers Acceptance is a draft or bill of exchange accepted by a bank or trust company and brokered to investors in the secondary market. Bankers Acceptances may be purchased for a period of up to 180 days and in an amount not to exceed 40 percent of the investment portfolio at the time of the purchase, with no more than 30 percent of the investment portfolio at the time of the purchase in the Bankers Acceptances of any one commercial bank. The Treasurer-

Tax Collector shall establish a list of those banks deemed most credit worthy for the investment in Bankers Acceptances, limited to those institutions rated as noted in Commercial Paper and Medium-Term Notes, above.

Negotiable Certificates of Deposit and Yankee Certificates of Deposit

Negotiable Certificates of Deposit (NCD) are issued by commercial banks, foreign banks, and thrift institutions against funds deposited for a specified period of time and earn specified or variable rates of interest. The Treasurer-Tax Collector may invest up to 30 percent of the investment portfolio at the time of the purchase in NCD's. Negotiable certificates of deposit shall be limited to those institutions rated as noted in Commercial Paper and Medium-Term Notes, above.

NCD's differ from other Certificates of Deposit in that they are illiquid instruments which are traded in secondary markets. The maximum term to maturity of any NCD shall be one year or 365 days. The Treasurer-Tax Collector shall establish a list of eligible domestic commercial banks, thrifts and state licensed foreign banks (Yankee Certificates of Deposit) which will be eligible for investment.

Yankee Certificates of Deposit (YCD) are issued in the United States by a branch or agency of a foreign bank. They are negotiable instruments, and most have a minimum face value of $100,000, making them appropriate for large investors. The maximum term to maturity of any YCD shall be one year or 365 days.

Certificates of Deposit

Certificates of Deposit are deposits by the Treasurer-Tax Collector in commercial banks or savings and loan associations within the State of California and shall be limited to those institutions rated as noted above in Negotiable Certificates of Deposit. Local institutions shall receive preference for deposits up to $250,000 if competitive rates are offered. These investments are non-negotiable. The maximum term to maturity shall not exceed one year or 365 days and shall be fully insured by the FDIC.

Repurchase Agreements

The County may invest in repurchase agreements with banks and dealers of primary dealer status recognized by the Federal Reserve with which the County has entered into a repurchase contract which specifies terms and conditions of repurchase agreements. The maturity of repurchase agreements shall not exceed 90 days. The market value of securities used as collateral for repurchase agreements shall be monitored daily by the Treasurer-Tax Collector and will not be allowed to fall below 102% of the value borrowed against those funds. The value is adjusted quarterly based on the value of the repurchase agreement.

In order to conform with provisions of the Federal Bankruptcy Code which provide for the liquidation of securities held as collateral for repurchase agreements, the only securities acceptable as collateral shall be certificates of deposit, commercial paper, eligible bankers' acceptances, or securities that are direct obligations of, or that are fully guaranteed as to principal and interest by the United States or any agency of the United States. Furthermore, this collateral shall not exceed three years or 1150 days to maturity.

There shall be a $75 million limitation in repurchase agreements entered into with any one institution.

Securities Lending

Securities Lending is permissible as an agreement to lend securities to a borrower who provides collateral to the local agency. The local agency retains ownership and continues to receive all interest, dividends, and capital appreciation. Both securities and collateral are held by a third party. At the conclusion of the agreement, the securities are transferred back to the local agency in return for the collateral.

Local Agency Investment Fund

The Treasurer-Tax Collector may invest in the Local Agency Investment Fund (LAIF) established by the State Treasurer for the benefit of local agencies up to the maximum permitted by State law.

CalTrust and California Asset Management Program (CAMP)

The Treasurer-Tax Collector may invest in The Investment Trust of California, doing business as CalTRUST, and in California Asset Management Program (CAMP), California joint powers authorities in which local agencies may invest funds pursuant to Government Code section 53601(p). The combined investment in CalTrust and CAMP shall not exceed $25,000,000 at the time of the purchase. The Treasurer-Tax Collector shall withdraw its entire investment in a program if the S&P rating falls below AAf/S-1+ for CalTrust or AAAm for CAMP.

Local Agency Debt and State Warrants

The Treasurer-Tax Collector may invest in bonds, notes, warrants, or other evidences of indebtedness of any local agency within this state, including bonds payable solely out of revenues from a revenue-producing property owned, controlled, or operated by the local agency, or by a department, board, agency, or authority of the local agency.

The Treasurer-Tax Collector may invest in registered state warrants or treasury notes or bonds of this state, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the state, or by a department, board, agency, or authority of the state.

Supranationals

The Treasurer-Tax Collector may invest surplus funds to include United States dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development (IBRD), International Finance Corporation (IFC), or Inter-American Development Bank (IADB).

These instruments must have a maximum remaining maturity of three years (1150 days) or less, be eligible for purchase and sale within the United States, be S&P rated "AAA" and shall not exceed 30% of the investment pool.

Prohibited Transactions and Asset-Backed Securities

At the time of purchase, all permitted investments shall conform in all respects with this Investment Policy Statement and with applicable provisions of the California Government Code.

The Treasurer-Tax Collector may not invest in asset backed securities such as Collateralized Mortgage Obligations.

Apportionment of Interest and Costs

Interest shall be apportioned to all pool participants quarterly, based upon the ratio of the average daily balance of each individual fund to the average daily balance of all funds in the Investment Pool. The amount of interest apportioned shall be determined using the accrual method of accounting, whereby interest will be apportioned for the quarter in which it was actually earned. The Treasurer-Tax Collector may deduct from the gross interest earnings those administrative costs relating to the management of the Treasury, including salaries and other compensation, banking costs, equipment costs, supplies, the cost of information services, cashiering, accounting, reporting remittance processing, depositing of public funds, audit, and any other costs as provided by Section 27013, 27133(f), and 27135.

AUTHORITY AND RESPONSIBILITIES OF THE TREASURER-TAX COLLECTOR

Delegation to Authority to Invest

The Treasurer-Tax Collector's authority to invest is delegated by the Board of Supervisors in accordance with the California Government Code Sections 27000.1 and 53607. Statutory authority for the investment and safekeeping functions are found in Sections 53600 et seq., and 53630 et seq., of the California Government Code.

The Treasurer-Tax Collector has the authority to react to unstable market conditions in order to preserve the safety, liquidity or yield of the portfolio. The Treasurer-Tax Collector's reaction may temporarily change the investment parameters or investment practices of the County until the market has stabilized or until the Board of Supervisors has approved a revised Investment Policy.

The Treasurer-Tax Collector shall immediately notify the Treasury Oversight Committee members and the Board of Supervisors at their next scheduled meeting of any changes to the investment parameters or practices that were precipitated by the unstable market conditions.

Authority to Execute Investment Transactions

The authority to execute investment transactions on a daily basis is limited to the Treasurer-Tax Collector. This function may be delegated to the Assistant Treasurer-Tax Collector and/or other Treasury personnel at the discretion of the Treasurer-Tax Collector.

Competitive Bidding

All purchase/sales shall be made only after a process of competitive bidding, unless information provided on electronic market quotation services, faxes, or email transmissions show current market rates. A minimum of three offer/bids should be obtained before an investment is purchased or sold. Exceptions to the above would involve transactions in U.S. Treasury or agency obligations, repurchase agreements, securities possessing unique characteristics which would make competitive bidding impractical, or market circumstances in which competitive bidding could be adverse to the best interest of the Treasurer-Tax Collector's investment program.

Place and Time for Conducting Business

Investment transactions shall not be conducted from any place other than the office of the Treasurer-Tax Collector during normal business hours established for Treasury operations. Exceptions must have the approval of the Treasurer-Tax Collector.

Conflict of Interest

No agency employee nor Treasury Oversight Committee member may directly or indirectly accept or solicit from any persons, corporations, or group having a business relationship with this Agency anything of economic value as a gift, gratuity, or favor which would be in conflict with the County Administrative Policy.

No agency employee nor Treasury Oversight Committee member shall, outside of regular working hours, engage in any profession, trade, business, or occupation which is incompatible or involves a conflict of interest with his duties as a county officer or employee, or which in any way may reflect unfavorably on this Agency, the appointing authority, or his fellow employees.

Portfolio Reporting

The Treasurer-Tax Collector shall prepare a monthly Investment Report to be presented at a regularly scheduled meeting of the Board of Supervisors, including a succinct management summary that provides a clear picture of the status of the current investment portfolio, market conditions and strategy for the coming months. The report will also include a listing of all investments by type, name of issuer, date of maturity, par and dollars amount invested in each security, investment, and the money within the Treasury. There will be a separate statement advising the Board of the longest maturity of a security in the portfolio. The report will contain a statement assuring the Board that the anticipated cash flow needs of the participants will be met. The report will also include a statement that the investment practices and portfolio holdings are in compliance with the investment policy or an explanation as to why there is a condition which exists outside of the investment policy. The Treasurer-Tax Collector will also provide a copy of the Investment Report to the Treasury Oversight Committee members at scheduled meetings.

Disaster Recovery Program

The Treasurer-Tax Collector's Disaster Plan includes critical phone numbers and addresses of key Treasury and investment personnel, as well as, currently approved bankers and broker/dealers. The plan provides for an offsite location to be communicated at the time of readiness if the Treasurer-Tax Collector's offices are uninhabitable. In the event the Treasurer or authorized staff is unable to invest the portfolio, the Treasurer has an agreement with the custodian for a daily sweep of all uninvested cash with the custody bank into an interest-bearing account.

Until normal operations of the Treasurer's office have been restored, the limitations on the size of an Individual issuer and the percentage restrictions by investment type would be allowed to exceed those approved in this Investment Policy Statement and would be required to be reported to the Board of Supervisors and Pool Participants in a timely manner.

Extraordinary Withdrawals

The Treasurer-Tax Collector will maintain a schedule of seasonal deposits into and withdrawals from the investment pool by participating districts. Constant contact with the pool participants will be maintained to ascertain any cash needs beyond the anticipated cash-flow patterns. Our investment strategy is based upon the known cash-flow patterns, which allow the Treasurer-Tax Collector to maximize interest earnings for the County and other pool participants.

Extraordinary withdrawals could create a liquidity problem and negatively impact the earnings of the remaining pool participants if the Treasurer-Tax Collector is forced to liquidate securities before their scheduled maturity date. A pool participant who wishes to withdraw from the pool or make an extraordinary withdrawal, will be encouraged to work with the Treasury to arrange a withdrawal schedule that would prevent losses to the withdrawing district or the remaining pool participants. Losses experienced by the County investment pool, which were precipitated by the unnoticed extraordinary withdrawal of funds, will be borne by the district who caused such losses to occur. The Treasurer-Tax Collector reserves the right to choose which securities to liquidate and could choose to sell the securities that have the lowest earnings.

Terms and Conditions that a Local Agency May Participate in the Pool

Local agencies may, by resolution of their governing bodies and the approval of the Treasurer-Tax Collector, deposit excess funds in the County Treasury for the purpose of investment by the Treasurer-Tax Collector. The procedures for this process are contained in the Treasury Procedural Manual.

INVESTMENT GLOSSARY

Accrued Interest – Interest that has accumulated but has not yet been paid from the most recent interest payment date or issue date to a certain date.

Agency Issues – Securities issued by federal agencies, those chartered by the federal government or Government Sponsored Enterprises that are considered to be backed by the federal government. See also Government Sponsored Enterprises.

Amortized Cost – The original cost of the principal adjusted for the periodic reduction of any discount or premium from the purchase date until a specific date (also called "Book Value").

Bankers Acceptance – Money market instrument created from transactions involving foreign trade. In its simplest and most traditional form, a bankers' acceptance is merely a check, drawn on a bank by an importer or exporter of goods.

Basis Point – A unit of measurement equal to 1/100 of 1 percent. As an example, the difference between a security yielding 3.25% and one yielding 3.20% is five basis points.

Benchmark – An index or security used to compare the performance of a portfolio.

Bond – A long-term debt instrument of a government or corporation promising payment of the original investment plus interest by a specified future date.

Bullet – A colloquial term for a bond that cannot be redeemed, or called, prior to maturity.

Callable Bond – A bond in which all or a portion of its outstanding principal may be redeemed prior to maturity by the issuer under specified conditions.

Collateralization – Process by which a borrower pledges securities, property or other deposits for the purpose of securing the repayment of a loan and/or security.

Collateralized Certificate of Deposit – An instrument representing a receipt from a bank for a deposit at a specified rate of interest for a specified period of time that is collateralized by the bank with securities at a minimum of 110% of the deposit amount.

Commercial Paper – Money Market instrument representing an unsecured short-term promissory note of a corporation at a specified rate of return for a specified period of time.

Coupon – The stated interest rate on a debt security that an issuer promises to pay.

Credit Quality – An indication of risk that an issuer of a security will fulfill its obligation, as rated by a rating agency.

Credit Rating – A standardized assessment, expressed in alphanumeric characters, of a company's creditworthiness.

Credit Risk – The risk to an investor that an issuer will default in the payment of interest and/or principal on a security.

Derivatives – Securities which derive their value from that of another security or an underlying index, currency or other measure. Floating rate notes (also "floaters") are not considered derivatives.

Discount Instruments – Securities that are sold at a discount to face value.

Diversification – The practice or concept of investing in a range of securities by sector, maturity, asset class or credit quality in order to reduce and spread financial risk.

Dollar Weighted Average Maturity – The sum of the amount of each security investment multiplied by the number of days to maturity, divided by the total amount of security investments.

Duration – Is a measure of the price volatility of a portfolio and reflects an estimate of the projected increase or decrease in the value of that portfolio based upon a decrease or increase in the interest rates. A duration of 1.0 means that for every one percent increase in interest rates, the market value of the Portfolio would decrease by 1.0 percent.

Earnings Apportionment – Is the quarterly interest distribution to the Pool Participants where the actual investment costs incurred by the Treasurer are deducted from the interest earnings of the Pool.

Government Obligations – Securities issued by the U.S. Treasury and Federal Agencies. U.S. Treasuries are direct obligations of the Federal Government. Agencies are not direct obligations of the Federal Government, but involve Federal sponsorship or guarantees.

Government Sponsored Enterprises **(GSE'S)** – Private, shareholder-owned companies with a relationship with government agencies. These agencies generally are viewed to have an implied guarantee of the U.S. government.

Highly Liquid – The most eminent type of security that is easily converted to cash because there are many interested buyers and sellers to trade large quantities at a reasonable price.

Illiquid – A security that is difficult to buy or sell or has a wide spread between the bid price and offer price in the secondary market. There are few buyers and sellers willing to trade large quantities at a reasonable price.

Interest Rate Risk – The risk associated with declines or rises in interest rates which cause an investment in a fixed-income security to increase or decrease in value. Also called "Market Risk".

Liquid – A security that is easily bought and sold because of the willingness of interested buyers and sellers to trade large quantities at a reasonable price.

Local Agency Obligation – An indebtedness issued by a local agency, department, board, or authority within the State of California.

Long-Term – The term used to describe a security when the maturity is greater than one year.

Market Value – An estimate of the value of a security at which the principal would be sold from a willing seller to a willing buyer at the date of pricing.

Medium-Term Notes – These are Corporate Notes and Bank Notes that are debt obligations of banks, corporations, and insurance companies. They are issued at a specific rate of return for a specific period of time.

Money Market Mutual Fund – A mutual fund with investments directed in short-term money market instruments only, which can be withdrawn daily without penalty.

Municipal Notes, Bonds and Other Obligations - Municipal notes, bonds, and other obligations are securities issued by state and local government agencies to finance capital and operating expenses. The characteristics of a municipal bond or note often are similar to the characteristics of corporate bonds and notes or the U.S. government and federal agency bonds and notes. Municipal notes normally have a specific maturity date, and bear interest that is scheduled to be paid at specific intervals. Municipal notes, bonds and other obligations may not exceed a maximum of three years or 1150 days. Municipal notes must meet the minimum debt rating described above in Medium Term Notes and Deposit Notes.

Negotiable Certificate of Deposit – A Money Market instrument representing a receipt from a bank for a deposit at a specified rate of interest for a specified period of time that is traded in secondary markets.

Par – The stated maturity value, or face value, of a security.

Pass-Through Securities – A debt instrument that reflects an interest in a mortgage pool, consumer receivables pool and equipment lease-backed pool that serves as collateral for a bond.

Pool – In this context, the pooled monies of different government agencies administered by the County Treasurer. Each pool member owns a fractional interest in the securities held in the Pool.

Portfolio Value – The total book value amount of all the securities held in the Treasurer's Pooled Money Fund.

Primary Dealer – A group of dealers and banks that can buy and sell securities directly with the Federal Reserve Bank of New York.

Private Placements – Securities that do not have to be registered with the Securities and Exchange Commission because they are offered to a limited number of sophisticated investors.

Range Notes – Notes which pay interest only if the underlying index upon which it is benchmarked, falls within a certain range.

Repurchase Agreement – A repurchase agreement consists of two simultaneous transactions. One is the purchase of securities by an investor (i.e., the County), the other is the commitment by the seller (i.e. a broker/dealer) to repurchase the securities at the same price, plus interest, at some mutually agreed future date.

Reverse Repurchase Agreement – The mirror image of Repurchase Agreements. In this instance the County Pool is the seller of securities to an investor (i.e. brokers).

Safekeeping – A custodian bank's action to store and protect an investor's securities by segregating and identifying the securities.

Securities Lending – A transaction wherein the Treasurer's Pool transfers its securities to broker/dealers and other entities for collateral which may be cash or securities and simultaneously agrees to return the collateral for the same securities in the future.

Short-Term – The term used to describe a security when the maturity is one year or less.

Supranationals – Senior unsecured unsubordinated obligations that are issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, International Finance Corporation, or Inter-American Development Bank. They are eligible for purchase and sale within the United States and approved for investments by local agencies in California as of January 1, 2015.

Total Return – The sum of all investment income plus changes in the capital value of a portfolio for a given period.

Voluntary Participants – Local agencies that are not required to deposit their funds with the County Treasurer.

Weighted Average Maturity – The remaining average maturity of all securities held in a portfolio.

Yankee Certificates of Deposit - Yankee Certificates of Deposit (YCD) are issued in the United States by a branch or agency of a foreign bank. They are negotiable instruments, and most have a minimum face value of $100,000, making them appropriate for large investors.

Yield – The gain, expressed as a percentage that an investor derives from a financial asset.

Yield to Maturity – The percentage rate of return paid if the security is held to its maturity date. The calculation is based on the coupon rate, length of time to maturity, and market price. It assumes that coupon interest paid over the life of the security is reinvested at the same rate.

APPENDIX A: INVESTMENT INSTRUMENTS

Investment Instruments	Maximum Maturity	Maximum Specified Percentage of Portfolio	Approved Selected Agencies
U.S. Agencies	3 years or 1150 days	N/A	Yes
Commercial Paper (CP)	270 days	40%	Yes
Medium Term Notes (MTN)	2 years or 735 days	20%	Yes
Supranationals	3 years (1150 days) or less	30%	Yes
U.S. Government Treasury Bills, Notes, and Bonds	3 years or 1150 days	N/A	
Yankee Certificates of Deposit (YCD)	1 year or 365 days	30%	Yes
Negotiable Certificates of Deposit (NCD)	1 year or 365 days	30%	Yes
Certificates of Deposits (CD)	1 year or 365 days	30%	Yes
Local Agency Investment Fund (LAIF)	N/A	Maximum As Permitted by State Law	
CalTrust/CAMP		$25 MM	
Munis	3 years or 1150 days	30%	

TREASURER-TAX COLLECTOR
VENTURA COUNTY

STEVEN HINTZ
TREASURER
TAX COLLECTOR

Sue Horgan
Assistant Treasurer-Tax Collector

September 10, 2019

Ventura County Board of Supervisors
800 South Victoria Avenue
Ventura, CA 93009

SUBJECT: **Receive and File Report of Investments, Including Market Values for Investments for the Month Ending July 31, 2019.**

RECOMMENDATION: Receive and File

FISCAL/MANDATES IMPACT: None

DISCUSSION:

This report covers the one-month period ending July 31, 2019.

The **average daily portfolio balance** for July was $2.660 Billion. The portfolio continues to be at the highest level ever for matching months, by $340 Million. The balance will continue to decline in August and September, based on the historical pattern shown in Exhibit 3

The **annualized percentage yield** for July was 2.639%, a slight decrease from June. The yields in our sectors of the interest rate market continue to decline, albeit at a slower rate than I thought. The most frequently expressed prediction is that there will be two more 25 basis point cuts in 2019. I am sure there will be at least one more cut this year.

In July we returned to our pattern of **exceeding all three benchmarks**, shown at the far right of Exhibit 5. We are in a challenging market. The usual method of dealing with declining interest rates is to purchase longer-term investments. However, the yield curve has inverted, which means that yields are actually lower for longer-term investments than for short-term investments, as investors predict lower rates in the future. We are mixing the purchases of three-month maturities with one-year maturities to hold off what looks like an inevitable decline in our annualized percentage yield.

Going forward, if the current portfolio investments were all held to maturity, the portfolio's **approximate yield to maturity** is 2.59%, a decline of eight basis points from June. Since no current investments (shown in Exhibit 2) reach that yield, the portfolio's yield will necessarily drop.

The **total net earnings** for July were $5.963 Million. Although earnings will stay over $5 Million for the next two months, they will decline as the portfolio balance declines, based on the historical pattern shown in Exhibit 7. The monthly changes in that exhibit will be more pronounced because of the decline in the interest rate market.

The **weighted average days to maturity** rose to 208 days because we purchased longer-term investments to maintain the yield. The interest-rate sensitivity measure of **effective duration** rose to 0.355, in part because of the longer-term investments but also because we bought some lower-rated investments to maintain yield. Buying those lower-rated investments caused the **points on our monthly Standard & Poor's report** to increase as well, an example of the difficult balancing act among the several forces operating on the daily choice of investments.

The **three largest sectors**, by percentage, were: Commercial Paper (26.86%); Yankee Certificates of Deposit (23.37%); and Government Agencies (21.34%). The **three largest individual issuers**, by percentage, were: Toyota Motor Credit Corporation (8.68%); Federal Home Loan Bank (8.29%); and Federal Home Loan Mortgage Corporation (7.33%).

The portfolio has been managed with the stated objectives of safety, liquidity, and earning a competitive return, as outlined in the Statement of Investment Policy. In striving to maintain **the primary objective, safety of principal**, the County portfolio has for several years received a rating of AAAf/S1+ by Standard & Poor's, the highest rating given by that agency, re-affirmed on January 16, 2019. The rating reflects S&P's opinion that the portfolio is well-managed, credit-worthy, well-diversified, and has a low sensitivity to interest rate variations. Regarding **the secondary objective of maintaining sufficient liquidity** to meet cash flow needs, the portfolio maintains significant cash reserves in the County's bank, as well as significant holdings in LAIF and CalTrust. The portfolio has the ability to meet its participants' expenditure requirements for the next six months, pursuant to a daily study of projected cash flows. All of the portfolio's assets have a well-developed resale market, although of course it is our policy not to sell. **Earning a competitive rate of return** is reflected by our performance against our benchmarks, even though they each have less restrictive investment policies than ours.

The portfolio has been managed for several months on the assumption that monthly yields will decline. The Investment Work Group has already switched its focus to the challenges of investing in a declining market without approaching the boundaries imposed by our Statement of Investment Policy and by the Standard and Poor's ratings team, which we expect will visit us in September to perform an on-site due diligence ratings review.

This letter has been reviewed and approved as to form by the County Executive Office, the Auditor-Controller's Office, and County Counsel.

Please contact me at 805-654-3726 if you have any questions or require further information regarding this item.

Sincerely,

STEVEN HINTZ
Treasurer-Tax Collector

Exhibit 1 – Wells Fargo Market/Cost Value Comparison Report – Month End 07/31/2019
Exhibit 2 – Monthly Transactions Report – July 2019
Exhibit 3 – Portfolio Average Monthly Balance Graph – July 2017-2019
Exhibit 4 – Average Maturity Graph – July 2017-2019
Exhibit 5 – Yield Comparison Graph – July 2018-2019
Exhibit 6 – Rolling 2-Year % Yield Graph – July 2017-2019 (Ventura)
Exhibit 7 – Rolling 2-Year $ Yield Graph – July 2017-2019
Exhibit 8 – Portfolio Holdings by Class Graph – July 2019

WELLS FARGO
Market/Cost Value Comparison Report
By Account By Industry Class
COUNTY OF VENTURA

General Reporting
From Month End With Pricing 07/31/2019
08/07/2019 11:18:32 AM PDT

ACCOUNT: All Accounts Selected
* = Trade or Other Activity Pending

Asset ID	Units	Maturity Date	Market Value	Fed Tax Cost	Gain/Loss Amount	%	S & P Rating	Moody's Rating	Units in Transition	Encumbrd Units
ACCOUNT: 11435100 COUNTY OF VENTURA										
NET CASH										
NET CASH										
	.0000 U.S. DOLLARS		$.00	$.00	$.00	.00			.0000	.00
SUBTOTAL	**.0000**		**$.00**	**$.00**	**$.00**	**.00**			**.0000**	**.00**
US GOVERNMENT SHORT-TERM										
GOVERNMENT AGENCY DISCOUNT										
313384LF4	5,000,000.0000	09/03/2019	$4,990,300.00	$4,913,887.50	$76,412.50	1.56	N/A	N/A	.0000	.00
	FED HOME LN BK DISC NOTE DTD 09/04/18 09/03/2019									
313384LQ0	20,000,000.0000	09/12/2019	$19,950,600.00	$19,578,863.50	$371,736.50	1.90	N/A	N/A	.0000	.00
	FED HOME LN BK DISC NOTE DTD 09/12/18 09/12/2019									
313396JX2	20,000,000.0000	08/02/2019	$19,998,800.00	$19,652,111.11	$346,688.89	1.76	N/A	N/A	.0000	.00
	FED HOME LN MTG CORP DISC NOTE DTD 08/02/18 08/02/2019									
313396PL1	10,000,000.0000	11/19/2019	$9,936,400.00	$9,820,819.44	$115,580.56	1.18	N/A	N/A	.0000	.00
	FED HOME LN MTG CORP DISC NOTE DTD 11/19/18 11/19/2019									
SUBTOTAL	**55,000,000.0000**		**$54,876,100.00**	**$53,965,681.55**	**$910,418.45**	**1.69**			**.0000**	**.00**
SAVINGS & CERTIFICATES OF DEPOSIT										
MARKETABLE CERTIFICATES OF DEPOSIT										
05971XLA7	10,000,000.0000	08/30/2019	$10,004,100.00	$10,001,202.02	$2,897.98	.03	N/A	N/A	.0000	.00
	BANCO DEL ESTA DE CHLE CERT OF DEPOSIT									
05971XNL1	10,000,000.0000	05/29/2020	$10,029,800.00	$10,000,988.00	$28,812.00	.29	N/A	N/A	.0000	.00
	BANCO DEL ESTA DE CHLE CERT OF DEPOSIT									
06370RQ44	10,000,000.0000	10/07/2019	$10,000,700.00	$10,000,000.00	$700.00	.01	N/A	N/A	.0000	.00
	BANK OF MONTREAL CERT OF DEPOSIT									
48668MC43	10,000,000.0000	01/10/2020	$9,997,700.00	$10,001,532.11	($3,832.11)	(.04)	N/A	N/A	.0000	.00
	KOOKMIN BANK NY BRCH CERT OF DEPOSIT									
50066BPW5	20,000,000.0000	10/07/2019	$20,021,000.00	$20,003,571.36	$17,428.64	.09	N/A	N/A	.0000	.00
	KOREA DEVELOPMENT BK CERT OF DEPOSIT									
50066BQG9	10,000,000.0000	11/01/2019	$10,009,500.00	$10,001,624.27	$7,875.73	.08	N/A	N/A	.0000	.00
	KOREA DEVELOPMENT BK CERT OF DEPOSIT									
50066BQH7	10,000,000.0000	11/12/2019	$10,011,000.00	$10,001,677.89	$9,322.11	.09	N/A	N/A	.0000	.00

Exhibit 1

ACCOUNT: All Accounts Selected
* = Trade or Other Activity Pending

Asset ID	Units	Maturity Date	Market Value	Fed Tax Cost	Gain/Loss Amount	%	S & P Rating	Moody's Rating	Units in Transition	Encumbrd Units
			KOREA DEVELOPMENT BK CERT OF DEPOSIT							
50066BQJ3	5,000,000.0000	12/30/2019	$5,008,750.00	$5,001,191.05	$7,558.95	.15	N/A	N/A	.0000	.00
			KOREA DEVELOPMENT BK CERT OF DEPOSIT							
50066BQM6	10,000,000.0000	12/16/2019	$10,015,000.00	$10,002,166.39	$12,833.61	.13	N/A	N/A	.0000	.00
			KOREA DEVELOPMENT BK CERT OF DEPOSIT							
50066BQS3	10,000,000.0000	04/29/2020	$10,029,600.00	$10,001,970.22	$27,629.78	.28	N/A	N/A	.0000	.00
			KOREA DEVELOPMENT BK CERT OF DEPOSIT							
63375P2C2	10,000,000.0000	04/09/2020	$10,034,200.00	$10,001,966.93	$32,233.07	.32	N/A	N/A	.0000	.00
			NATIONAL BANK OF KUWAI CERT OF DEPOSIT							
63375P2Q1	10,000,000.0000	05/01/2020	$10,037,900.00	$10,000,983.37	$36,916.63	.37	N/A	N/A	.0000	.00
			NATIONAL BANK OF KUWAI CERT OF DEPOSIT							
63375P2R9	10,000,000.0000	05/01/2020	$10,038,000.00	$10,000,975.49	$37,024.51	.37	N/A	N/A	.0000	.00
			NATIONAL BANK OF KUWAI CERT OF DEPOSIT							
63375P2Y4	10,000,000.0000	05/19/2020	$10,034,600.00	$10,001,973.74	$32,626.26	.33	N/A	N/A	.0000	.00
			NATIONAL BANK OF KUWAI CERT OF DEPOSIT							
63375P3A5	20,000,000.0000	05/07/2020	$20,060,000.00	$20,001,863.57	$58,136.43	.29	N/A	N/A	.0000	.00
			NATIONAL BANK OF KUWAI CERT OF DEPOSIT							
63375P3E7	10,000,000.0000	01/17/2020	$10,013,000.00	$10,001,246.30	$11,753.70	.12	N/A	N/A	.0000	.00
			NATIONAL BANK OF KUWAI CERT OF DEPOSIT							
63375P3H0	10,000,000.0000	10/11/2019	$10,002,900.00	$10,000,330.56	$2,569.44	.03	N/A	N/A	.0000	.00
			NATIONAL BANK OF KUWAI CERT OF DEPOSIT							
63375P3J6	10,000,000.0000	10/08/2019	$10,002,300.00	$10,000,000.00	$2,300.00	.02	N/A	N/A	.0000	.00
			NATIONAL BANK OF KUWAI CERT OF DEPOSIT							
63375P3U1	10,000,000.0000	10/24/2019	$10,001,000.00	$10,000,295.13	$704.87	.01	N/A	N/A	.0000	.00
			NATIONAL BANK OF KUWAI CERT OF DEPOSIT							
63375P3W7	25,000,000.0000	10/25/2019	$25,005,750.00	$25,001,810.00	$3,940.00	.02	N/A	N/A	.0000	.00
			NATIONAL BANK OF KUWAI CERT OF DEPOSIT							
63375P4E6	10,000,000.0000	10/24/2019	$9,999,900.00	$10,000,497.10	($597.10)	(.01)	N/A	N/A	.0000	.00
			NATIONAL BANK OF KUWAI CERT OF DEPOSIT							
63375PT66	10,000,000.0000	08/06/2019	$10,001,100.00	$10,002,199.52	($1,099.52)	(.01)	N/A	N/A	.0000	.00
			NATIONAL BANK OF KUWAI CERT OF DEPOSIT							

Exhibit 1

WELLS FARGO

Market/Cost Value Comparison Report
By Account By Industry Class
COUNTY OF VENTURA

General Reporting
From Month End With Pricing 07/31/2019
08/07/2019 11:18:32 AM PDT

ACCOUNT: All Accounts Selected
* = Trade or Other Activity Pending

Asset ID	Units	Maturity Date	Market Value	Fed Tax Cost	Gain/Loss Amount	%	S & P Rating	Moody's Rating	Units in Transition	Encumbrd Units
63375PV30	10,000,000.0000	09/03/2019	$10,006,200.00	$10,001,402.67	$4,797.33	.05	N/A	N/A	.0000	.00
	NATIONAL BANK OF KUWAI CERT OF DEPOSIT									
63375PW62	10,000,000.0000	08/30/2019	$10,004,800.00	$10,000,619.00	$4,181.00	.04	N/A	N/A	.0000	.00
	NATIONAL BANK OF KUW CERT OF DEPOSIT									
63375PW96	10,000,000.0000	08/01/2019	$10,000,100.00	$10,000,533.23	($433.23)	.00	N/A	N/A	.0000	.00
	NATIONAL BANK OF KUWAI CERT OF DEPOSIT									
69033MEN3	20,000,000.0000	10/11/2019	$20,019,800.00	$20,003,011.96	$16,788.04	.08	N/A	N/A	.0000	.00
	OVERSEA-CHINESE BANKING CERT OF DEPOSIT									
69033MEQ6	10,000,000.0000	08/30/2019	$10,003,700.00	$10,001,271.16	$2,428.84	.02	N/A	N/A	.0000	.00
	OVERSEA-CHINESE BANKING CERT OF DEPOSIT									
69033MER4	20,000,000.0000	08/30/2019	$20,007,400.00	$20,003,797.64	$3,602.36	.02	N/A	N/A	.0000	.00
	OVERSEA-CHINESE BANKING CERT OF DEPOSIT									
69033MES2	10,000,000.0000	01/10/2020	$10,030,900.00	$10,001,964.42	$28,935.58	.29	N/A	N/A	.0000	.00
	OVERSEA-CHINESE BANKING CERT OF DEPOSIT									
69033MET0	10,000,000.0000	09/23/2019	$10,006,300.00	$10,001,373.08	$4,926.92	.05	N/A	N/A	.0000	.00
	OVERSEA-CHINESE BANKING CERT OF DEPOSIT									
69033MEU7	10,000,000.0000	09/17/2019	$10,005,600.00	$10,001,335.65	$4,264.35	.04	N/A	N/A	.0000	.00
	OVERSEA-CHINESE BANKING CERT OF DEPOSIT									
69033MHA8	10,000,000.0000	01/07/2020	$10,015,500.00	$10,001,471.74	$14,028.26	.14	N/A	N/A	.0000	.00
	OVERSEA-CHINESE BANKING CERT OF DEPOSIT									
69033MHB6	20,000,000.0000	01/09/2020	$20,029,200.00	$20,004,384.40	$24,815.60	.12	N/A	N/A	.0000	.00
	OVERSEA-CHINESE BANKING CERT OF DEPOSIT									
78012UKY0	10,000,000.0000	12/10/2019	$10,029,700.00	$10,000,000.00	$29,700.00	.30	N/A	N/A	.0000	.00
	ROYAL BK OF CANADA CERT OF DEPOSIT									
78012UMQ5	20,000,000.0000	12/18/2019	$20,034,600.00	$20,000,000.00	$34,600.00	.17	N/A	N/A	.0000	.00
	ROYAL BK OF CANADA CERT OF DEPOSIT									
78012UNL5	10,000,000.0000	01/07/2020	$10,018,600.00	$10,000,000.00	$18,600.00	.19	N/A	N/A	.0000	.00
	ROYAL BK OF CANADA CERT OF DEPOSIT									
78012UNP6	10,000,000.0000	04/15/2020	$10,034,300.00	$10,000,000.00	$34,300.00	.34	N/A	N/A	.0000	.00
	ROYAL BK OF CANADA CERT OF DEPOSIT									
78012UNR2	10,000,000.0000	04/21/2020	$10,033,700.00	$10,000,000.00	$33,700.00	.34	N/A	N/A	.0000	.00

Exhibit 1

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Asset ID	Units	Maturity Date	Market Value	Fed Tax Cost	Gain/Loss Amount	%	S & P Rating	Moody's Rating	Units in Transition	Encumbrd Units
		ROYAL BK OF CANADA CERT OF DEPOSIT								
78012UNY7	10,000,000.0000	01/16/2020	$10,017,000.00	$10,000,000.00	$17,000.00	.17	N/A	N/A	.0000	.00
		ROYAL BK OF CANADA CERT OF DEPOSIT								
78012UPF6	10,000,000.0000	05/01/2020	$10,033,200.00	$10,000,000.00	$33,200.00	.33	N/A	N/A	.0000	.00
		ROYAL BK OF CANADA CERT OF DEPOSIT								
85325TT96	10,000,000.0000	11/06/2019	$10,022,900.00	$10,001,473.40	$21,426.60	.21	N/A	N/A	.0000	.00
		STANDARD CHRTRD BNK NY CERT OF DEPOSIT								
85325TZ57	10,000,000.0000	09/06/2019	$10,004,600.00	$10,001,251.44	$3,348.56	.03	N/A	N/A	.0000	.00
		STANDARD CHRTRD BNK NY CERT OF DEPOSIT								
89114MFW2	10,000,000.0000	09/25/2019	$10,008,300.00	$10,002,958.28	$5,341.72	.05	N/A	N/A	.0000	.00
		TORONTO-DOMINION CERT OF DEPOSIT								
89114MPV3	25,000,000.0000	12/02/2019	$25,068,250.00	$25,007,219.85	$61,030.15	.24	N/A	N/A	.0000	.00
		TORONTO-DOMINION CERT OF DEPOSIT								
89114MQB6	5,000,000.0000	12/11/2019	$5,014,550.00	$5,001,475.50	$13,074.50	.26	N/A	N/A	.0000	.00
		TORONTO-DOMINION CERT OF DEPOSIT								
89114MSB4	10,000,000.0000	01/02/2020	$10,032,000.00	$10,001,968.30	$30,031.70	.30	N/A	N/A	.0000	.00
		TORONTO-DOMINION CERT OF DEPOSIT								
89114MSV0	10,000,000.0000	08/30/2019	$10,004,400.00	$10,000,633.06	$3,766.94	.04	N/A	N/A	.0000	.00
		TORONTO-DOMINION CERT OF DEPOSIT								
89114MXA0	10,000,000.0000	03/11/2020	$10,028,900.00	$10,000,989.80	$27,910.20	.28	N/A	N/A	.0000	.00
		TORONTO-DOMINION CERT OF DEPOSIT								
89114MYZ4	10,000,000.0000	12/17/2019	$10,014,300.00	$10,001,450.00	$12,850.00	.13	N/A	N/A	.0000	.00
		TORONTO-DOMINION CERT OF DEPOSIT								
89114MZE0	10,000,000.0000	03/27/2020	$10,027,100.00	$10,000,990.48	$26,109.52	.26	N/A	N/A	.0000	.00
		TORONTO-DOMINION CERT OF DEPOSIT								
89114MZK6	25,000,000.0000	12/18/2019	$25,035,000.00	$25,003,611.75	$31,388.25	.13	N/A	N/A	.0000	.00
		TORONTO-DOMINION CERT OF DEPOSIT								
SUBTOTAL	**605,000,000.0000**		**$605,948,700.00**	**$605,075,251.83**	**$873,448.17**	**.14**			**.0000**	**.00**
COMMERCIAL PAPER										
COMMERCIAL PAPER DISCOUNT										
22533UV18	10,000,000.0000	08/01/2019	$10,000,000.00	$9,785,722.20	$214,277.80	2.19			.0000	.00

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Asset ID	Units	Maturity Date	Market Value	Fed Tax Cost	Gain/Loss Amount	%	S & P Rating	Moody's Rating	Units in Transition	Encumbrd Units
	CREDIT AGRICOLE CRP&IN CPDN DTD 11/08/18 08/01/2019									
22533UVU4	10,000,000.0000	08/28/2019	$9,983,400.00	$9,830,891.67	$152,508.33	1.55			.0000	.00
	CREDIT AGRICOLE CRP&IN CPDN DTD 12/28/18 08/28/2019									
22533UVW0	10,000,000.0000	08/30/2019	$9,982,200.00	$9,835,611.11	$146,588.89	1.49			.0000	.00
	CREDIT AGRICOLE CRP&IN CPDN DTD 12/06/18 08/30/2019									
22533UW33	15,000,000.0000	09/03/2019	$14,969,700.00	$14,705,350.05	$264,349.95	1.80			.0000	.00
	CREDIT AGRICOLE CRP&IN CPDN DTD 12/28/18 09/03/2019									
2254EAAU7	10,000,000.0000	01/28/2020	$9,892,000.00	$9,815,933.30	$76,066.70	.77			.0000	.00
	CREDIT SUISSE AG CPDN DTD 05/03/19 01/28/2020									
2254EBV16	25,000,000.0000	08/01/2019	$25,000,000.00	$24,572,027.75	$427,972.25	1.74			.0000	.00
	CREDIT SUISSE AG CPDN DTD 12/27/18 08/01/2019									
2254EBV99	25,000,000.0000	08/09/2019	$24,987,500.00	$24,445,081.75	$542,418.25	2.22			.0000	.00
	CREDIT SUISSE AG CPDN DTD 11/13/18 08/09/2019									
25214PMY6	10,000,000.0000	08/01/2019	$10,000,000.00	$9,806,516.67	$193,483.33	1.97			.0000	.00
	DEXIA CREDIT LOCAL CPDN DTD 11/27/18 08/01/2019									
39136SXQ1	14,240,000.0000	10/24/2019	$14,166,948.80	$14,160,612.00	$6,336.80	.04			.0000	.00
	GREAT WEST LIFE CPDN DTD 07/26/19 10/24/2019									
46640PAF0	10,000,000.0000	01/15/2020	$9,899,800.00	$9,862,483.33	$37,316.67	.38			.0000	.00
	J.P. MORGAN SECURITIES CPDN DTD 05/20/19 01/15/2020									
46640PAM5	15,000,000.0000	01/21/2020	$14,844,300.00	$14,715,375.00	$128,925.00	.88			.0000	.00
	J.P. MORGAN SECURITIES CPDN DTD 04/26/19 01/21/2020									
46640QW31	30,000,000.0000	09/03/2019	$29,939,400.00	$29,408,700.00	$530,700.00	1.80			.0000	.00
	J.P. MORGAN SECURITIES CPDN DTD 12/07/18 09/03/2019									
48306BWC5	10,000,000.0000	09/12/2019	$9,974,300.00	$9,940,597.22	$33,702.78	.34			.0000	.00
	KAISER FOUNDATION CPDN DTD 06/06/19 09/12/2019									
5006E1YN8	10,000,000.0000	11/22/2019	$9,930,900.00	$9,818,866.70	$112,033.30	1.14			.0000	.00
	KOREA DEVELOPMENT BK CPDN DTD 03/20/19 11/22/2019									
5006E1Z23	44,250,000.0000	12/02/2019	$43,919,010.00	$43,393,352.24	$525,657.76	1.21			.0000	.00
	KOREA DEVELOPMENT BK CPDN DTD 03/06/19 12/02/2019									
5006E1ZH0	20,000,000.0000	12/17/2019	$19,832,200.00	$19,631,633.40	$200,566.60	1.02			.0000	.00
	KOREA DEVELOPMENT BK CPDN DTD 04/04/19 12/17/2019									

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Asset ID	Units	Maturity Date	Market Value	Fed Tax Cost	Gain/Loss Amount	%	S & P Rating	Moody's Rating	Units in Transition	Encumbrd Units
5006E1ZJ6	20,000,000.0000	12/18/2019	$19,830,800.00	$19,628,766.60	$202,033.40	1.03			.0000	.00
	KOREA DEVELOPMENT BK CPDN DTD 04/03/19 12/18/2019									
54444VYD8	36,955,000.0000	11/13/2019	$36,719,966.20	$36,671,144.58	$48,821.62	.13			.0000	.00
	DEPARTMENT OF APT CPDN DTD 07/12/19 11/13/2019									
62479LB38	65,000,000.0000	02/03/2020	$64,285,000.00	$63,854,783.33	$430,216.67	.67			.0000	.00
	MUFG BANK LTD NY BRA CPDN DTD 05/21/19 02/03/2020									
62479LBQ7	10,000,000.0000	02/24/2020	$9,877,500.00	$9,811,750.00	$65,750.00	.67			.0000	.00
	MUFG BANK LTD NY BRAN CPDN DTD 05/30/19 02/24/2020									
62479MV18	20,000,000.0000	08/01/2019	$20,000,000.00	$19,755,394.44	$244,605.56	1.24			.0000	.00
	MUFG BANK LTD NY BRAN CPDN DTD 11/08/18 08/01/2019									
62479MX73	10,000,000.0000	10/07/2019	$9,959,100.00	$9,941,861.11	$17,238.89	.17			.0000	.00
	MUFG BANK LTD NY BRAN CPDN DTD 05/07/19 10/07/2019									
89233GA22	10,000,000.0000	01/02/2020	$9,907,600.00	$9,810,875.00	$96,725.00	.99			.0000	.00
	TOYOTA MOTOR CREDIT CO CPDN DTD 04/09/19 01/02/2020									
89233GA63	10,000,000.0000	01/06/2020	$9,905,200.00	$9,808,750.00	$96,450.00	.98			.0000	.00
	TOYOTA MOTOR CREDIT CO CPDN DTD 04/11/19 01/06/2020									
89233HW91	20,000,000.0000	09/09/2019	$19,952,400.00	$19,612,500.00	$339,900.00	1.73			.0000	.00
	TOYOTA MOTOR CREDIT CO CPDN DTD 12/14/18 09/09/2019									
89233HXR0	20,000,000.0000	10/25/2019	$19,896,200.00	$19,663,827.77	$232,372.23	1.18			.0000	.00
	TOYOTA MOTOR CREDIT CO CPDN DTD 01/28/19 10/25/2019									
89233HY81	25,000,000.0000	11/08/2019	$24,848,750.00	$24,553,529.16	$295,220.84	1.20			.0000	.00
	TOYOTA MOTOR CREDIT CO CPDN DTD 02/13/19 11/08/2019									
89233HYC2	20,000,000.0000	11/12/2019	$19,874,200.00	$19,656,105.56	$218,094.44	1.11			.0000	.00
	TOYOTA MOTOR CREDIT CO CPDN DTD 02/15/19 11/12/2019									
89233HYN8	10,000,000.0000	11/22/2019	$9,930,900.00	$9,808,711.11	$122,188.89	1.25			.0000	.00
	TOYOTA MOTOR CREDIT CO CPDN DTD 02/26/19 11/22/2019									
89233HZD9	10,000,000.0000	12/13/2019	$9,918,500.00	$9,806,469.44	$112,030.56	1.14			.0000	.00
	TOYOTA MOTOR CREDIT CO CPDN DTD 03/18/19 12/13/2019									
89233HZH0	20,000,000.0000	12/17/2019	$19,832,200.00	$19,642,988.89	$189,211.11	.96			.0000	.00
	TOYOTA MOTOR CREDIT CPDN DTD 04/08/19 12/17/2019									
89233HZJ6	10,000,000.0000	12/18/2019	$9,915,400.00	$9,817,966.67	$97,433.33	.99			.0000	.00

Exhibit 1

Asset ID	Units	Maturity Date	Market Value	Fed Tax Cost	Gain/Loss Amount	%	S & P Rating	Moody's Rating	Units in Transition	Encumbrd Units
		TOYOTA MOTOR CREDIT CPDN DTD 04/04/19 12/18/2019								
89233HZT4	15,000,000.0000	12/27/2019	$14,865,000.00	$14,715,375.00	$149,625.00	1.02			.0000	.00
		TOYOTA MOTOR CREDIT CO CPDN DTD 04/01/19 12/27/2019								
8923A0AA1	10,000,000.0000	01/10/2020	$9,902,800.00	$9,808,711.11	$94,088.89	.96			.0000	.00
		TOYOTA CDT DE PR CORP CPDN DTD 04/16/19 01/10/2020								
8923A1V16	20,000,000.0000	08/01/2019	$20,000,000.00	$19,606,750.00	$393,250.00	2.01			.0000	.00
		TOYOTA CDT DE PR CORP CPDN DTD 11/26/18 08/01/2019								
8923A1V99	15,000,000.0000	08/09/2019	$14,992,500.00	$14,679,516.67	$312,983.33	2.13			.0000	.00
		TOYOTA CDT DE PR COR CPDN DTD 11/14/18 08/09/2019								
8923A1W49	10,000,000.0000	09/04/2019	$9,979,200.00	$9,818,411.11	$160,788.89	1.64			.0000	.00
		TOYOTA CDT DE PR CORP CPDN DTD 01/11/19 09/04/2019								
8923A1X48	10,000,000.0000	10/04/2019	$9,960,900.00	$9,945,488.89	$15,411.11	.15			.0000	.00
		TOYOTA CDT DE PR CORP CPDN DTD 01/08/19 10/04/2019								
8923A1XQ9	10,000,000.0000	10/24/2019	$9,948,700.00	$9,945,500.00	$3,200.00	.03			.0000	.00
		TOYOTA CDT DE PR CORP CPDN DTD 07/26/19 10/24/2019								
8923A1YC9	10,000,000.0000	11/12/2019	$9,937,100.00	$9,818,700.00	$118,400.00	1.21			.0000	.00
		TOYOTA CDT DE PR CORP CPDN DTD 03/05/19 11/12/2019								
8923A1ZJ3	10,000,000.0000	12/18/2019	$9,915,400.00	$9,815,833.33	$99,566.67	1.01			.0000	.00
		TOYOTA CDT DE PR CORP CPDN DTD 04/02/19 12/18/2019								
SUBTOTAL	**695,445,000.0000**		**$691,476,975.00**	**$683,728,464.16**	**$7,748,510.84**	**1.13**			**.0000**	**.00**
CORPORATE BONDS										
CORPORATE BONDS										
02665WBZ3	1,768,000.0000	11/13/2019	$1,765,949.12	$1,763,403.20	$2,545.92	.14	A	A2	.0000	.00
		AMERICAN HONDA FINANCE MED TERM NOTE								
02665WCS8	1,975,000.0000	01/08/2021	$1,997,969.25	$2,001,692.13	($3,722.88)	(.19)	A	A2	.0000	.00
		AMERICAN HONDA FINANCE DTD 01/15/19 3.150 01/08/2021								
037833BD1	519,000.0000	05/06/2020	$518,216.31	$516,788.54	$1,427.77	.28	AA+	AA1	.0000	.00
		APPLE INC DTD 05/13/15 2.000 05/06/2020								
037833CB4	3,347,000.0000	08/02/2019	$3,347,000.00	$3,328,457.62	$18,542.38	.56	AA+	AA1	.0000	.00
		APPLE INC DTD 08/04/16 1.100 08/02/2019								
037833CZ1	7,840,000.0000	09/12/2019	$7,833,257.60	$7,807,132.14	$26,125.46	.33	AA+	AA1	.0000	.00

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	APPLE INC DTD 09/12/17 1.500 09/12/2019									
05253JAT8	6,380,000.0000	11/09/2020	$6,378,596.40	$6,353,331.60	$25,264.80	.40	AA-	AA3	.0000	.00
	AUST & NZ BANKING GRP NY MED TERM NOTE									
06406FAA1	20,000,000.0000	04/15/2021	$20,074,000.00	$19,970,100.00	$103,900.00	.52	A	A1	.0000	.00
	BANK OF NY MELLON CORP DTD 02/19/16 2.500 04/15/2021									
06406FAB9	2,000,000.0000	05/03/2021	$1,992,780.00	$1,980,780.00	$12,000.00	.61	A	A1	.0000	.00
	BANK OF NY MELLON CORP MED TERM NOTE									
06406HCW7	18,266,000.0000	09/11/2019	$18,263,808.08	$18,217,958.88	$45,849.20	.25	A	A1	.0000	.00
	BANK OF NEW YORK MELLON MED TERM NOTE									
084664CK5	19,737,000.0000	08/15/2019	$19,729,697.31	$19,547,213.03	$182,484.28	.93	AA	AA2	.0000	.00
	BERKSHIRE HATHAWAY FIN DTD 08/15/16 1.300 08/15/2019									
166764AG5	1,000,000.0000	06/24/2020	$1,001,380.00	$995,450.00	$5,930.00	.60	AA	AA2	.0000	.00
	CHEVRON CORP DTD 06/24/13 2.427 06/24/2020									
166764AR1	3,520,000.0000	03/03/2020	$3,516,128.00	$3,503,248.32	$12,879.68	.37	AA	AA2	.0000	.00
	CHEVRON CORP DTD 03/03/15 1.961 03/03/2020									
166764BP4	1,093,000.0000	03/03/2020	$1,091,633.75	$1,087,819.18	$3,814.57	.35	AA	AA2	.0000	.00
	CHEVRON CORP DTD 03/03/17 1.991 03/03/2020									
17275RAX0	10,000,000.0000	06/15/2020	$10,017,500.00	$10,032,200.00	($14,700.00)	(.15)	AA-	A1	.0000	.00
	CISCO SYSTEMS INC DTD 06/17/15 2.450 06/15/2020									
17275RBG6	14,890,000.0000	09/20/2019	$14,872,132.00	$14,712,340.00	$159,792.00	1.09	AA-	A1	.0000	.00
	CISCO SYSTEMS INC DTD 09/20/16 1.400 09/20/2019									
24422ETJ8	5,250,000.0000	10/09/2019	$5,239,605.00	$5,171,040.00	$68,565.00	1.33	A	A2	.0000	.00
	JOHN DEERE CAPITAL CORP MED TERM NOTE									
30231GAG7	21,725,000.0000	03/06/2020	$21,687,198.50	$21,582,855.63	$104,342.87	.48	AA+	AAA	.0000	.00
	EXXON MOBIL CORPORATION DTD 03/06/15 1.912 03/06/2020									
4581X0BG2	8,428,000.0000	09/17/2019	$8,444,687.44	$8,525,815.37	($81,127.93)	(.95)	N/A	AAA	.0000	.00
	INTER-AMERICAN DEVEL BK DTD 09/17/09 3.875 09/17/2019									
4581X0BL1	2,763,000.0000	02/14/2020	$2,786,319.72	$2,796,545.58	($10,225.86)	(.37)	AAA	AAA	.0000	.00
	INTER-AMERICAN DEVEL BK DTD 02/17/10 3.875 02/14/2020									
4581X0BY3	1,595,000.0000	09/12/2019	$1,593,054.10	$1,583,547.90	$9,506.20	.60	N/A	AAA	.0000	.00
	INTER-AMERICAN DEVEL BK DTD 09/12/12 1.125 09/12/2019									

Exhibit 1

WELLS FARGO
Market/Cost Value Comparison Report
By Account By Industry Class
COUNTY OF VENTURA

General Reporting
From Month End With Pricing 07/31/2019
08/07/2019 11:18:32 AM PDT

ACCOUNT: All Accounts Selected
* = Trade or Other Activity Pending

Asset ID	Units	Maturity Date	Market Value	Fed Tax Cost	Gain/Loss Amount	%	S & P Rating	Moody's Rating	Units in Transition	Encumbrd Units
4581X0CR7	38,173,000.0000	10/15/2019	$38,079,094.42	$37,600,189.03	$478,905.39	1.27	AAA	AAA	.0000	.00
	INTER-AMERICAN DEVEL BK DTD 10/15/15 1.250 10/15/2019									
4581X0CX4	9,510,000.0000	05/12/2020	$9,471,864.90	$9,380,293.11	$91,571.79	.98	AAA	AAA	.0000	.00
	INTER-AMERICAN DEVEL BK DTD 04/12/17 1.625 05/12/2020									
459058DW0	5,000,000.0000	10/07/2019	$4,995,400.00	$4,958,500.00	$36,900.00	.74	AAA	AAA	.0000	.00
	INTL BK RECON & DEVELOP DTD 10/07/14 1.875 10/07/2019									
459058FA6	5,000,000.0000	03/30/2020	$4,972,950.00	$4,950,050.00	$22,900.00	.46	AAA	AAA	.0000	.00
	INTL BK RECON & DEVELOP DTD 03/30/16 1.375 03/30/2020									
459058FK4	37,281,000.0000	08/15/2019	$37,260,495.45	$36,872,758.27	$387,737.18	1.05	AAA	AAA	.0000	.00
	INTL BK RECON & DEVELOP DTD 07/13/16 0.875 08/15/2019									
459058FS7	10,000,000.0000	11/27/2019	$9,963,300.00	$9,845,000.00	$118,300.00	1.20	AAA	AAA	.0000	.00
	INTL BK RECON & DEVELOP DTD 10/27/16 1.125 11/27/2019									
459058FZ1	10,000,000.0000	04/21/2020	$9,978,000.00	$9,938,900.00	$39,100.00	.39	AAA	AAA	.0000	.00
	INTL BK RECON & DEVELOP DTD 03/21/17 1.875 04/21/2020									
45905U2V5	20,000,000.0000	04/12/2022	$20,019,000.00	$19,997,800.00	$21,200.00	.11	AAA	AAA	.0000	.00
	INTL BK RECON & DEVELOP DTD 04/12/19 2.750 04/12/2022									
45905UP32	5,000,000.0000	09/12/2020	$4,968,350.00	$4,945,305.00	$23,045.00	.47	N/A	AAA	.0000	.00
	INTL BK RECON & DEVELOP DTD 09/19/17 1.561 09/12/2020									
45905UP73	2,060,000.0000	10/16/2020	$2,053,881.80	$2,041,975.00	$11,906.80	.58	AAA	AAA	.0000	.00
	INTL BK RECON & DEVELOP DTD 10/16/17 1.950 10/16/2020									
45905UZT4	13,925,000.0000	11/22/2021	$13,820,284.00	$13,590,521.50	$229,762.50	1.69	AAA	AAA	.0000	.00
	INTL BK RECON & DEVELOP DTD 11/22/16 1.750 11/22/2021									
459200HM6	5,550,000.0000	05/15/2020	$5,519,419.50	$5,513,630.85	$5,788.65	.10	A	A2	.0000	.00
	IBM CORP DTD 05/07/13 1.625 05/15/2020									
45950KCL2	40,000,000.0000	03/30/2020	$39,881,200.00	$39,738,470.00	$142,730.00	.36	AAA	AAA	.0000	.00
	INTL FINANCE CORP DTD 03/30/17 1.750 03/30/2020									
45950VMZ6	10,000,000.0000	01/25/2020	$9,997,800.00	$10,000,000.00	($2,200.00)	(.02)	N/A	N/A	.0000	.00
	INTL FINANCE CORP DTD 01/25/19 2.630 01/25/2020									
46632FPV1	10,000,000.0000	04/22/2021	$10,014,200.00	$10,000,000.00	$14,200.00	.14	A+	AA2	.0000	.00
	JP MORGAN CHASE BANK NA MED TERM NOTE									
46632FPZ2	20,000,000.0000	06/03/2021	$20,000,000.00	$20,000,000.00	$.00	.00	A+	AA2	.0000	.00

Exhibit 1

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Asset ID	Units	Maturity Date	Market Value	Fed Tax Cost	Gain/Loss Amount	%	S & P Rating	Moody's Rating	Units in Transition	Encumbrd Units
	JP MORGAN CHASE BANK NA MED TERM NOTE									
594918AY0	10,000,000.0000	02/12/2020	$9,977,400.00	$9,928,600.00	$48,800.00	.49	AAA	AAA	.0000	.00
	MICROSOFT CORP DTD 02/12/15 1.850 02/12/2020									
594918BN3	28,338,000.0000	08/08/2019	$28,331,198.88	$28,041,951.34	$289,247.54	1.03	AAA	AAA	.0000	.00
	MICROSOFT CORP DTD 08/08/16 1.100 08/08/2019									
594918BV5	34,771,000.0000	02/06/2020	$34,701,110.29	$34,528,239.24	$172,871.05	.50	AAA	AAA	.0000	.00
	MICROSOFT CORP DTD 02/06/17 1.850 02/06/2020									
637432MU6	1,180,000.0000	06/15/2020	$1,180,802.40	$1,181,085.60	($283.20)	(.02)	A	A1	.0000	.00
	NATIONAL RURAL UTIL COOP DTD 06/06/13 2.350 06/15/2020									
68389XBA2	2,456,000.0000	07/08/2021	$2,482,426.56	$2,485,675.12	($3,248.56)	(.13)	A+	A1	.0000	.00
	ORACLE CORP DTD 07/08/14 2.800 07/08/2021									
69353REU8	1,000,000.0000	11/05/2020	$1,001,490.00	$998,380.00	$3,110.00	.31	A	A2	.0000	.00
	PNC BANK NA DTD 11/03/15 2.450 11/05/2020									
69353RFC7	10,000,000.0000	05/19/2020	$9,973,200.00	$9,960,400.00	$12,800.00	.13	A	A2	.0000	.00
	PNC BANK NA DTD 05/19/17 2.000 05/19/2020									
89236TCF0	15,000,000.0000	03/12/2020	$14,983,200.00	$14,939,490.00	$43,710.00	.29	AA-	AA3	.0000	.00
	TOYOTA MOTOR CREDIT CORP MED TERM NOTE									
89236TCZ6	5,000,000.0000	04/08/2021	$4,975,350.00	$4,950,850.00	$24,500.00	.49	AA-	AA3	.0000	.00
	TOYOTA MOTOR CREDIT CORP MED TERM NOTE									
89236TDU6	10,838,000.0000	04/17/2020	$10,812,855.84	$10,776,548.54	$36,307.30	.34	AA-	AA3	.0000	.00
	TOYOTA MOTOR CREDIT CORP DTD 04/17/17 1.950 04/17/2020									
89236TFV2	23,890,000.0000	03/26/2021	$23,916,756.80	$23,890,000.00	$26,756.80	.11	AA-	AA3	.0000	.00
	TOYOTA MOTOR CREDIT CORP MED TERM NOTE									
90331HML4	14,950,000.0000	10/28/2019	$14,944,468.50	$14,829,958.00	$114,510.50	.77	AA-	A1	.0000	.00
	US BANK NA CINCINNATI DTD 10/28/14 2.125 10/28/2019									
CORPORATE STRIPPED/ZERO COUPON										
459052RN8	10,000,000.0000	01/08/2020	$9,909,800.00	$9,801,411.00	$108,389.00	1.11	N/A	N/A	.0000	.00
	IBRD DISCOUNT NOTE ZERO CPN DTD 01/08/19 01/08/2020									
459516NY2	20,000,000.0000	11/07/2019	$19,886,800.00	$19,654,277.80	$232,522.20	1.18	N/A	N/A	.0000	.00
	IFC DISCOUNT NOTE ZERO CPN DTD 11/07/18 11/07/2019									
459516NZ9	10,000,000.0000	11/08/2019	$9,942,800.00	$9,827,138.90	$115,661.10	1.18	N/A	N/A	.0000	.00

Exhibit 1

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Asset ID	Units	Maturity Date	Market Value	Fed Tax Cost	Gain/Loss Amount	%	S & P Rating	Moody's Rating	Units in Transition	Encumbrd Units
	IFC DISCOUNT NOTE ZERO CPN DTD 11/08/18 11/08/2019									
459516PG9	5,000,000.0000	11/15/2019	$4,969,400.00	$4,913,229.15	$56,170.85	1.14	N/A	N/A	.0000	.00
	IFC DISCOUNT NOTE ZERO CPN DTD 11/15/18 11/15/2019									
SUBTOTAL	**596,018,000.0000**		**$595,135,211.92**	**$591,558,346.57**	**$3,576,865.35**	**.60**			**.0000**	**.00**
FEDERAL AGENCY										
GOVERNMENT AGENCIES										
3130ADHJ4	2,000,000.0000	01/29/2021	$2,007,400.00	$2,008,580.00	($1,180.00)	(.06)	AA+	AAA	.0000	.00
	FED HOME LN BK SER 0002									
3130AERW2	8,145,000.0000	08/09/2019	$8,145,162.90	$8,137,482.17	$7,680.73	.09	N/A	AAA	.0000	.00
	FED HOME LN BK DTD 08/09/18 2.375 08/09/2019									
3130AFB89	5,000,000.0000	11/30/2020	$5,059,600.00	$4,994,975.00	$64,625.00	1.29	AA+	AAA	.0000	.00
	FED HOME LN BK DTD 10/22/18 2.920 11/30/2020									
3130AFMR5	5,000,000.0000	01/02/2020	$5,011,700.00	$5,002,200.00	$9,500.00	.19	N/A	AAA	.0000	.00
	FED HOME LN BK DTD 01/02/19 2.625 01/02/2020									
3130AG5T8	23,780,000.0000	03/27/2020	$23,818,999.20	$23,774,911.00	$44,088.20	.19	N/A	AAA	.0000	.00
	FED HOME LN BK DTD 03/27/19 2.375 03/27/2020									
3130AG5V3	25,000,000.0000	04/01/2020	$25,012,500.00	$25,000,000.00	$12,500.00	.05	N/A	AAA	.0000	.00
	FED HOME LN BK DTD 04/01/19 2.480 04/01/2020									
3130AGAD7	50,000,000.0000	04/09/2020	$50,028,500.00	$50,000,000.00	$28,500.00	.06	N/A	AAA	.0000	.00
	FED HOME LN BK DTD 04/09/19 2.480 04/09/2020									
3130AGBE4	5,050,000.0000	10/22/2020	$5,054,444.00	$5,050,000.00	$4,444.00	.09	AA+	AAA	.0000	.00
	FED HOME LN BK DTD 04/22/19 2.520 10/22/2020									
3130AGBR5	4,750,000.0000	01/22/2021	$4,753,087.50	$4,750,000.00	$3,087.50	.07	AA+	AAA	.0000	.00
	FED HOME LN BK DTD 04/22/19 2.550 01/22/2021									
3130AGCH6	15,830,000.0000	01/29/2021	$15,843,297.20	$15,830,000.00	$13,297.20	.08	AA+	AAA	.0000	.00
	FED HOME LN BK DTD 04/30/19 2.540 01/29/2021									
3130AGDT9	10,000,000.0000	11/16/2020	$10,001,100.00	$10,000,000.00	$1,100.00	.01	AA+	AAA	.0000	.00
	FED HOME LN BK DTD 05/16/19 2.500 11/16/2020									
3130AGE50	10,000,000.0000	04/16/2021	$10,000,600.00	$10,000,000.00	$600.00	.01	AA+	AAA	.0000	.00
	FED HOME LN BK DTD 05/16/19 2.600 04/16/2021									
3130AGGJ8	5,000,000.0000	11/23/2020	$4,995,000.00	$5,000,000.00	($5,000.00)	(.10)	AA+	AAA	.0000	.00

Exhibit 1

Asset ID	Units	Maturity Date	Market Value	Fed Tax Cost	Gain/Loss Amount	%	S & P Rating	Moody's Rating	Units in Transition	Encumbrd Units
	FED HOME LN BK DTD 05/23/19 2.450 11/23/2020									
3130AGGW9	10,000,000.0000	05/28/2020	$9,997,000.00	$10,000,900.00	($3,900.00)	(.04)	N/A	AAA	.0000	.00
	FED HOME LN BK DTD 05/28/19 2.495 05/28/2020									
3130AGT47	10,000,000.0000	01/25/2021	$9,994,900.00	$10,000,000.00	($5,100.00)	(.05)	AA+	AAA	.0000	.00
	FED HOME LN BK DTD 07/25/19 2.150 01/25/2021									
3133EGGY5	500,000.0000	09/21/2020	$497,140.00	$486,075.00	$11,065.00	2.28	AA+	AAA	.0000	.00
	FED FARM CREDIT BK DTD 06/21/16 1.490 09/21/2020									
3133EJ6B0	10,000,000.0000	04/24/2020	$10,039,700.00	$9,997,760.00	$41,940.00	.42	AA+	AAA	.0000	.00
	FED FARM CREDIT BK DTD 01/24/19 2.600 04/24/2020									
3133EJJ91	5,000,000.0000	10/22/2019	$5,005,900.00	$5,000,000.00	$5,900.00	.12	N/A	AAA	.0000	.00
	FED FARM CREDIT BK DTD 10/22/18 2.700 10/22/2019									
3133EJXR5	12,500,000.0000	08/22/2019	$12,502,375.00	$12,500,000.00	$2,375.00	.02	N/A	AAA	.0000	.00
	FED FARM CREDIT BK DTD 08/22/18 2.450 08/22/2019									
3133EKJW7	10,000,000.0000	04/30/2021	$10,006,100.00	$10,000,000.00	$6,100.00	.06	AA+	AAA	.0000	.00
	FED FARM CREDIT BK DTD 04/30/19 2.500 04/30/2021									
3133EKLH7	5,000,000.0000	05/14/2021	$5,003,650.00	$4,998,000.00	$5,650.00	.11	AA+	AAA	.0000	.00
	FED FARM CREDIT BK DTD 05/14/19 2.440 05/14/2021									
3133EKMJ2	15,000,000.0000	08/23/2021	$15,001,200.00	$14,996,250.00	$4,950.00	.03	AA+	AAA	.0000	.00
	FED FARM CREDIT BK DTD 05/23/19 2.470 08/23/2021									
3133EKQZ2	5,375,000.0000	12/17/2021	$5,366,346.25	$5,373,656.25	($7,310.00)	(.14)	AA+	AAA	.0000	.00
	FED FARM CREDIT BK DTD 06/17/19 2.370 12/17/2021									
3133EKTL0	10,000,000.0000	01/08/2021	$9,982,500.00	$9,995,000.00	($12,500.00)	(.13)	AA+	AAA	.0000	.00
	FED FARM CREDIT BK DTD 07/08/19 2.140 01/08/2021									
3133EKTM8	15,000,000.0000	04/08/2021	$14,973,000.00	$14,992,500.00	($19,500.00)	(.13)	AA+	AAA	.0000	.00
	FED FARM CREDIT BK DTD 07/08/19 2.190 04/08/2021									
3133EKUQ7	8,435,000.0000	10/15/2021	$8,421,082.25	$8,434,156.50	($13,074.25)	(.16)	AA+	AAA	.0000	.00
	FED FARM CREDIT BK DTD 07/15/19 2.220 10/15/2021									
3134GSU78	10,000,000.0000	01/29/2021	$10,026,600.00	$10,000,000.00	$26,600.00	.27	AA+	AAA	.0000	.00
	FED HOME LN MTG CORP MED TERM NOTE									
3134GTF40	15,000,000.0000	07/16/2021	$15,008,700.00	$15,000,000.00	$8,700.00	.06	AA+	AAA	.0000	.00
	FED HOME LN MTG CORP MED TERM NOTE									

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Asset ID	Units	Maturity Date	Market Value	Fed Tax Cost	Gain/Loss Amount	%	S & P Rating	Moody's Rating	Units in Transition	Encumbrd Units
3134GTF65	20,000,000.0000	01/18/2022	$20,014,800.00	$20,000,000.00	$14,800.00	.07	AA+	AAA	.0000	.00
	FED HOME LN MTG CORP MED TERM NOTE									
3134GTHC0	10,000,000.0000	04/15/2020	$10,002,800.00	$10,000,000.00	$2,800.00	.03	N/A	AAA	.0000	.00
	FED HOME LN MTG CORP DTD 04/15/19 2.520 04/15/2020									
3134GTJM6	2,050,000.0000	10/22/2021	$2,054,141.00	$2,050,000.00	$4,141.00	.20	AA+	AAA	.0000	.00
	FED HOME LN MTG CORP MED TERM NOTE									
3134GTMX8	20,000,000.0000	11/23/2020	$20,004,000.00	$20,000,000.00	$4,000.00	.02	AA+	AAA	.0000	.00
	FED HOME LN MTG CORP MED TERM NOTE									
3134GTNP4	6,900,000.0000	05/27/2021	$6,905,865.00	$6,900,000.00	$5,865.00	.09	AA+	AAA	.0000	.00
	FED HOME LN MTG CORP MED TERM NOTE									
3134GTRU9	16,875,000.0000	12/03/2021	$16,876,687.50	$16,875,000.00	$1,687.50	.01	AA+	AAA	.0000	.00
	FED HOME LN MTG CORP MED TERM NOTE									
3134GTRX3	10,000,000.0000	06/04/2020	$10,000,000.00	$10,003,000.00	($3,000.00)	(.03)	N/A	AAA	.0000	.00
	FED HOME LN MTG CORP DTD 06/04/19 2.495 06/04/2020									
3134GTUJ0	15,000,000.0000	06/17/2022	$14,988,900.00	$15,000,000.00	($11,100.00)	(.07)	AA+	AAA	.0000	.00
	FED HOME LN MTG CORP DTD 06/17/19 2.500 06/17/2022									
3134GTVJ9	5,000,000.0000	12/24/2020	$4,996,700.00	$5,000,000.00	($3,300.00)	(.07)	AA+	AAA	.0000	.00
	FED HOME LN MTG CORP MED TERM NOTE									
3134GTXW8	9,083,000.0000	07/02/2021	$9,067,195.58	$9,083,000.00	($15,804.42)	(.17)	AA+	AAA	.0000	.00
	FED HOME LN MTG CORP MED TERM NOTE									
3134GTZD8	20,000,000.0000	07/08/2021	$19,964,600.00	$20,000,000.00	($35,400.00)	(.18)	AA+	AAA	.0000	.00
	FED HOME LN MTG CORP DTD 07/08/19 2.300 07/08/2021									
3135G0N33	40,000,000.0000	08/02/2019	$39,998,400.00	$39,514,800.00	$483,600.00	1.22	AA+	AAA	.0000	.00
	FED NATL MTG ASSN DTD 08/02/16 0.875 08/02/2019									
3135G0P49	5,000,000.0000	08/28/2019	$4,995,500.00	$4,951,130.00	$44,370.00	.90	AA+	AAA	.0000	.00
	FED NATL MTG ASSN SER *									
3135G0ZY2	6,290,000.0000	11/26/2019	$6,281,319.80	$6,231,182.21	$50,137.59	.80	AA+	AAA	.0000	.00
	FED NATL MTG ASSN DTD 11/07/14 1.750 11/26/2019									
SUBTOTAL	**497,563,000.0000**		**$497,708,493.18**	**$496,930,558.13**	**$777,935.05**	**.16**			**.0000**	**.00**
MUNICIPAL BONDS										
MUNICIPAL TAXABLE										
13063DFZ6	16,000,000.0000	04/01/2020	$16,071,040.00	$16,022,880.00	$48,160.00	.30	AA-	AA3	.0000	.00

Exhibit 1

WELLS FARGO
Market/Cost Value Comparison Report
By Account By Industry Class
COUNTY OF VENTURA

General Reporting
From Month End With Pricing 07/31/2019
08/07/2019 11:18:32 AM PDT

ACCOUNT: All Accounts Selected
* = Trade or Other Activity Pending

Asset ID	Units	Maturity Date	Market Value	Fed Tax Cost	Gain/Loss Amount	%	S & P Rating	Moody's Rating	Units in Transition	Encumbrd Units
		CALIFORNIA ST TXBL								
13063DGM4	21,900,000.0000	08/01/2019	$21,900,000.00	$22,031,059.00	($131,059.00)	(.59)	AA-	AA3	.0000	.00
		CALIFORNIA ST TXBL-VARIOUS PURPOSE-CONSTRUCT								
13077DBJ0	560,000.0000	11/01/2019	$559,277.60	$560,000.00	($722.40)	(.13)	AA-	AA2	.0000	.00
		CALIFORNIA ST UNIV REVENUE TXBL-REF-SYSTEMWIDE-SER B								
221623XF3	575,000.0000	08/01/2019	$575,000.00	$575,000.00	$.00	.00	AA	A1	.0000	.00
		COTATI-ROHNERT PARK CA UNIF SC TXBL-ELECTION 2016-SER B								
357172B20	8,700,000.0000	08/01/2019	$8,700,000.00	$8,700,000.00	$.00	.00	AAA	AAA	.0000	.00
		FREMONT CA UNION HIGH SCH DIST TXBL-SER C								
697364DU8	180,000.0000	11/01/2019	$180,257.40	$180,000.00	$257.40	.14	AA+	N/A	.0000	.00
		PALO ALTO CA COPS TXBL-REF-CAPITAL IMPT PROJ-GRE								
797330AD9	3,060,000.0000	06/01/2020	$3,067,435.80	$3,060,000.00	$7,435.80	.24	A	N/A	.0000	.00
		SAN DIEGO CA TOBACCO SETTLEMEN TXBL-REF-SER A								
797464Z6	445,000.0000	06/15/2021	$449,454.45	$445,000.00	$4,454.45	1.00	AAA	AAA	.0000	.00
		SAN FRANCISCO CITY & CNTY CA TXBL-SOCIAL BONDS-AFFORDABLE H								
79766DNU9	1,000,000.0000	01/01/2021	$1,008,040.00	$1,000,000.00	$8,040.00	.80	A	A1	.0000	.00
		SAN FRANCISCO CALIF CITY &CNTY TXBL-REF-SPL FACS LEASE-SFO FU								
798339GP6	300,000.0000	08/01/2019	$300,000.00	$300,000.00	$.00	.00	AAA	N/A	.0000	.00
		SAN JUAN CAPISTRANO CA TXBL-REF-OPEN SPACE MEASURE								
798455BJ9	635,000.0000	09/01/2019	$635,133.35	$635,000.00	$133.35	.02	AA-	N/A	.0000	.00
		SAN LEANDRO CA REDEV AGY SUCCE TXBL-REF-REDEV PROJ-SER B								
80136PCY7	955,000.0000	12/01/2021	$977,366.10	$955,000.00	$22,366.10	2.34	AA	A1	.0000	.00
		SANTA BARBARA CNTY CA SOLID WA TXBL-SER C								
899154AS7	5,000,000.0000	06/01/2020	$5,021,900.00	$5,000,000.00	$21,900.00	.44	AA-	A1	.0000	.00
		TULARE CNTY CA PENSN OBLG TXBL								
91412HEV1	800,000.0000	05/15/2021	$807,128.00	$800,000.00	$7,128.00	.89	AA	AA2	.0000	.00
		UNIV OF CALIFORNIA CA REVENUES TXBL-REF-GEN-SER BC								
SUBTOTAL	**60,110,000.0000**		**$60,252,032.70**	**$60,263,939.00**	**($11,906.30)**	**(.02)**			**.0000**	**.00**
OTHER ASSETS										
OTHER ASSETS										
MS6232818	55,000,000.0000		$55,000,000.00	$55,000,000.00	$.00	.00			.0000	.00

Exhibit 1

ACCOUNT: All Accounts Selected
* = Trade or Other Activity Pending

Asset ID	Units	Maturity Date	Market Value	Fed Tax Cost	Gain/Loss Amount	%	S & P Rating	Moody's Rating	Units in Transition	Encumbrd Units
			CA LAIF STATE OF CALIFORNIA INVESTMENT FD							
MS6615459	25,000,000.0000		$25,014,975.00	$25,000,000.00	$14,975.00	.06			.0000	.00
			CALTRUST SHORT TERM ACCT							
SUBTOTAL	**80,000,000.0000**		**$80,014,975.00**	**$80,000,000.00**	**$14,975.00**	**.02**			**.0000**	**.00**
ACCOUNT 11435100 TOTAL	**2,589,136,000.0000**		**$2,585,412,487.80**	**$2,571,522,241.24**	**$13,890,246.56**	**.54**			**.0000**	**.00**
GRAND TOTAL	**2,589,136,000.0000**		**$2,585,412,487.80**	**$2,571,522,241.24**	**$13,890,246.56**	**.54**			**.0000**	**.00**

END OF REPORT

Exhibit 1

MONTHLY TRANSACTIONS REPORT - JULY 2019

Transaction Date	Purchase/ Sale	Par Amount	Security Type	Security Name	Maturity Date	Yield
07/08/19	Purchase	$ 10,000,000.00	MTN	CISCO SYSTEMS INC	06/15/20	2.100
07/08/19	Purchase	$ 10,000,000.00	YCD	BANK OF MONTREAL CHICAGO	10/07/19	2.290
07/08/19	Purchase	$ 10,000,000.00	CP	TOYOTA CREDIT PUERTO RICO	10/04/19	2.242
07/08/19	Purchase	$ 10,000,000.00	CP	MUFG BANK LTD NY	10/07/19	2.313
07/08/19	Purchase	$ 10,000,000.00	GA	FFCB	01/08/21	2.174
07/08/19	Purchase	$ 15,000,000.00	GA	FFCB	04/08/21	2.220
07/08/19	Purchase	$ 10,000,000.00	YCD	KOOKMIN BANK NEW YORK	01/10/20	2.260
07/09/19	Purchase	$ 9,083,000.00	GA	FHLMC	07/02/21	2.250
07/09/19	Purchase	$ 10,000,000.00	YCD	NATL BANK OF KUWAIT NY	10/24/19	2.390
07/12/19	Purchase	$ 36,955,000.00	CP	LOS ANGELES DEPT AIRPORT	11/13/19	2.247
07/12/19	Purchase	$ 25,000,000.00	YCD	NATL BANK OF KUWAIT NY	10/25/19	2.430
07/12/19	Purchase	$ 20,000,000.00	GA	FHLMC	07/08/21	2.300
07/15/19	Purchase	$ 8,435,000.00	GA	FFCB	10/15/21	2.225
07/16/19	Purchase	$ 1,000,000.00	MTN	ORACLE CORP	07/08/21	2.186
07/16/19	Purchase	$ 1,975,000.00	MTN	AMERICAN HONDA FINANCE	01/08/21	2.215
07/16/19	Purchase	$ 15,000,000.00	GA	FHLMC	07/16/21	2.250
07/16/19	Purchase	$ 20,000,000.00	GA	FHLMC	01/18/22	2.300
07/24/19	Purchase	$ 10,000,000.00	CP	TOYOTA CREDIT PUERTO RICO	07/25/19	2.329
07/25/19	Purchase	$ 10,000,000.00	CP	CREDIT AGRICOLE CIB NY	07/26/19	2.350
07/26/19	Purchase	$ 10,000,000.00	CP	TOYOTA CREDIT PUERTO RICO	10/24/19	2.192
07/26/19	Purchase	$ 10,000,000.00	YCD	NATL BANK OF KUWAIT NY	10/24/19	2.330
07/26/19	Purchase	$ 14,240,000.00	CP	GREAT-WEST LIFE & ANNUITY	10/24/19	2.243
07/26/19	Purchase	$ 10,000,000.00	GA	FHLB	01/25/21	2.150
07/29/19	Purchase	$ 2,000,000.00	GA	FHLB	01/29/21	1.958
07/30/19	Purchase	$ 1,456,000.00	MTN	ORACLE CORP	07/08/21	2.150

PORTFOLIO AVERAGE MONTHLY BALANCE

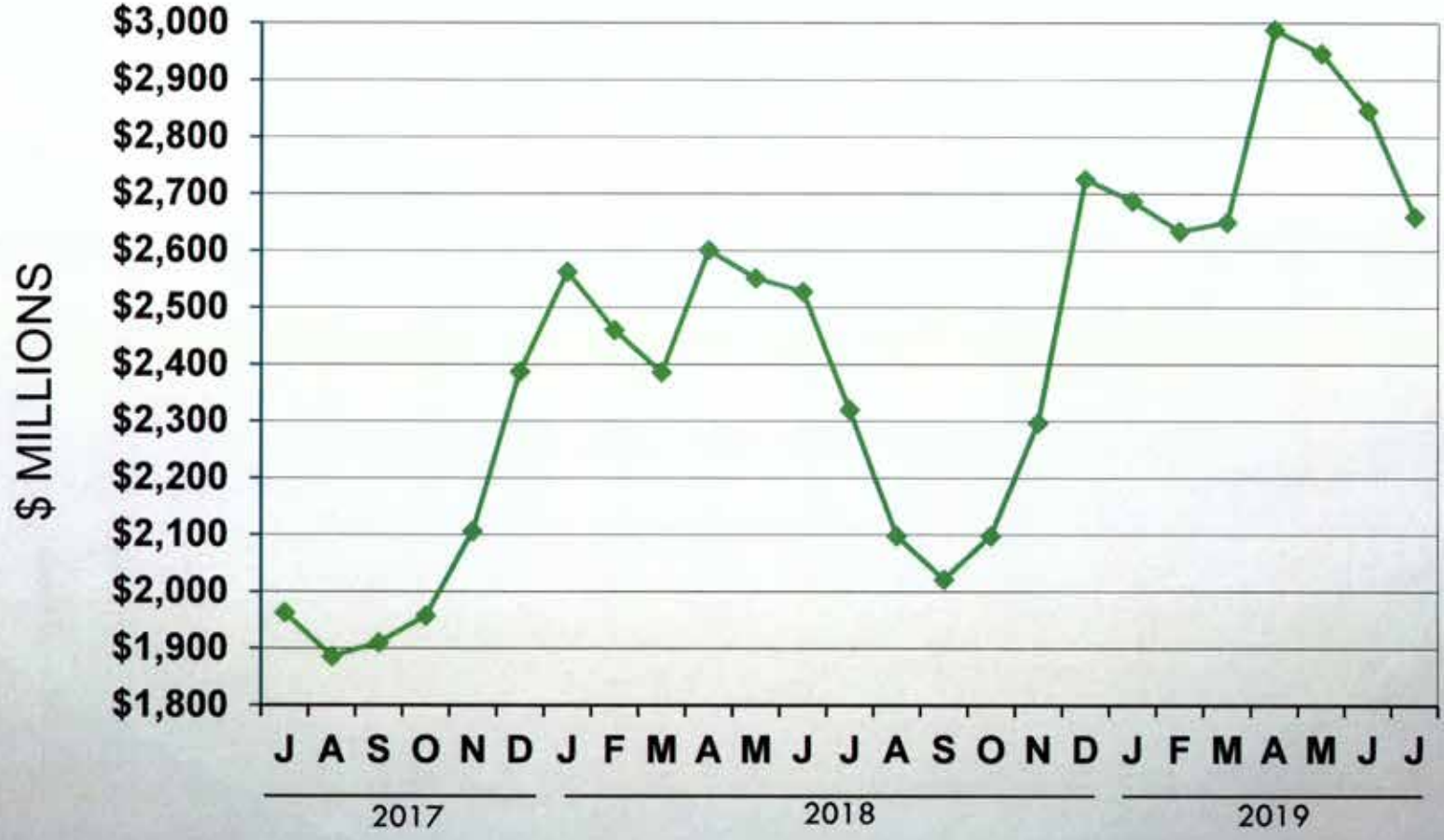

EXHIBIT 3

07-19 INV.PPT

AVERAGE MATURITY

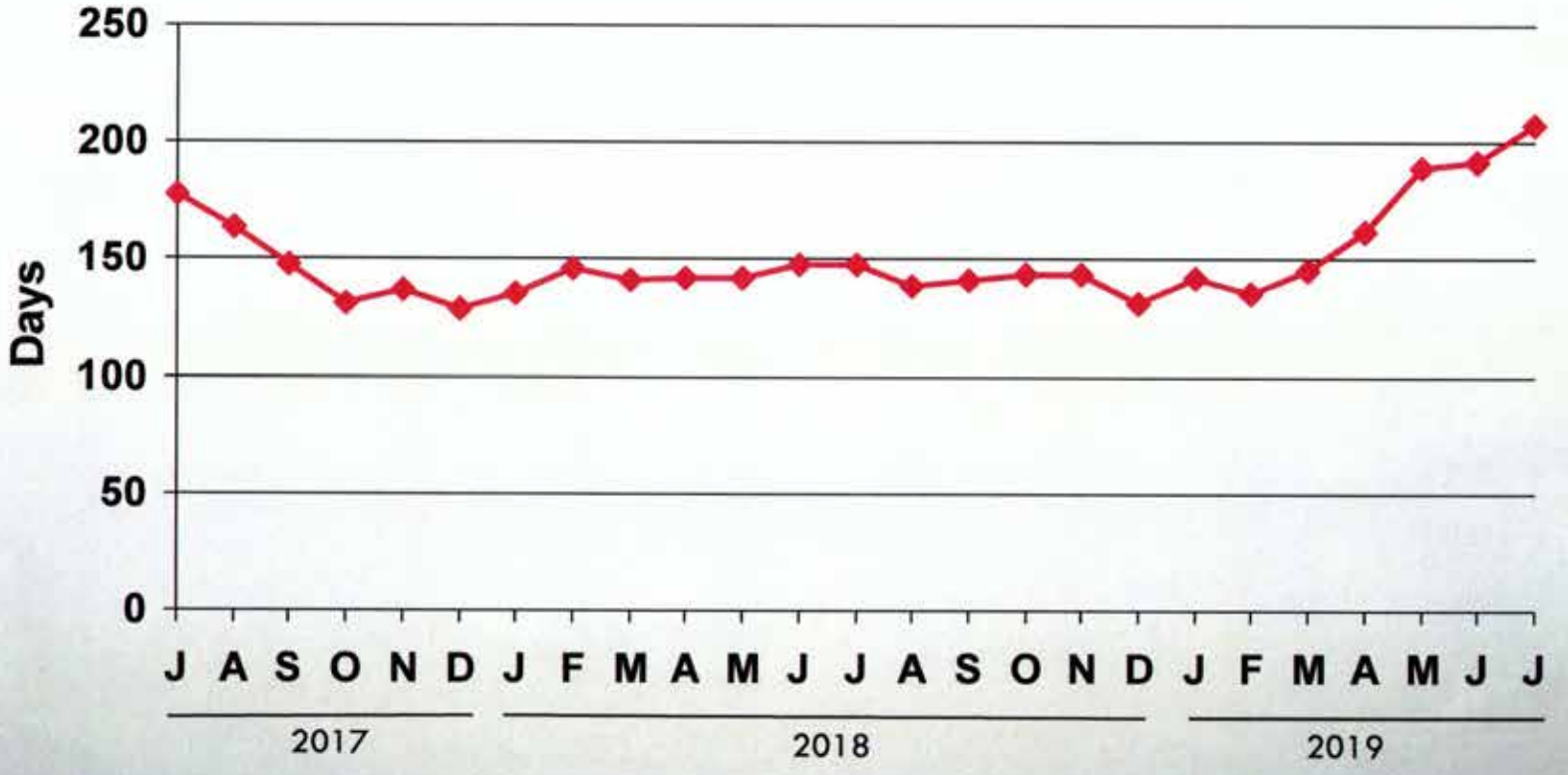

EXHIBIT 4

07-19 INV.PPT

++++YIELD COMPARISON

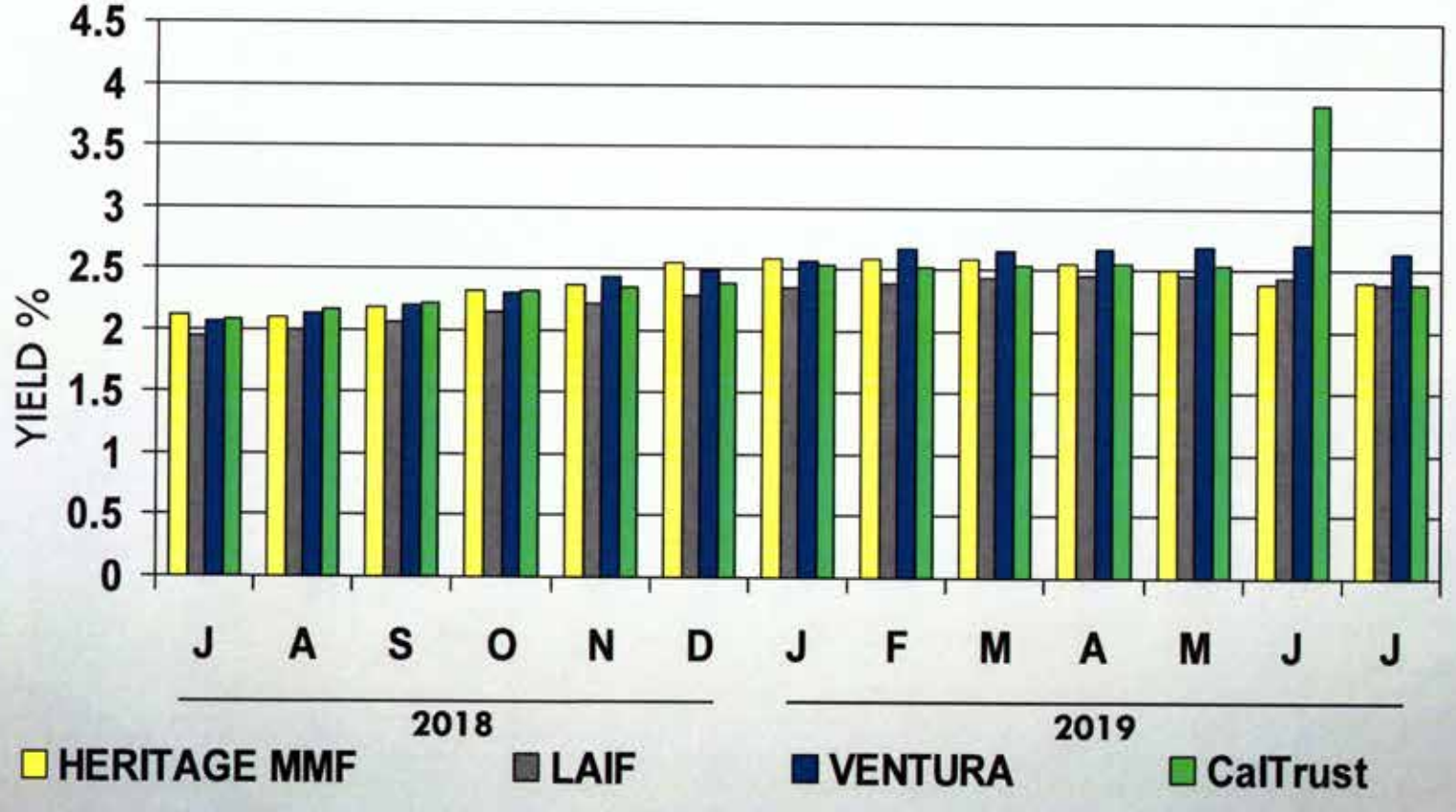

EXHIBIT 5

07-19 INV.PPT

ROLLING 2-YEAR % YIELD

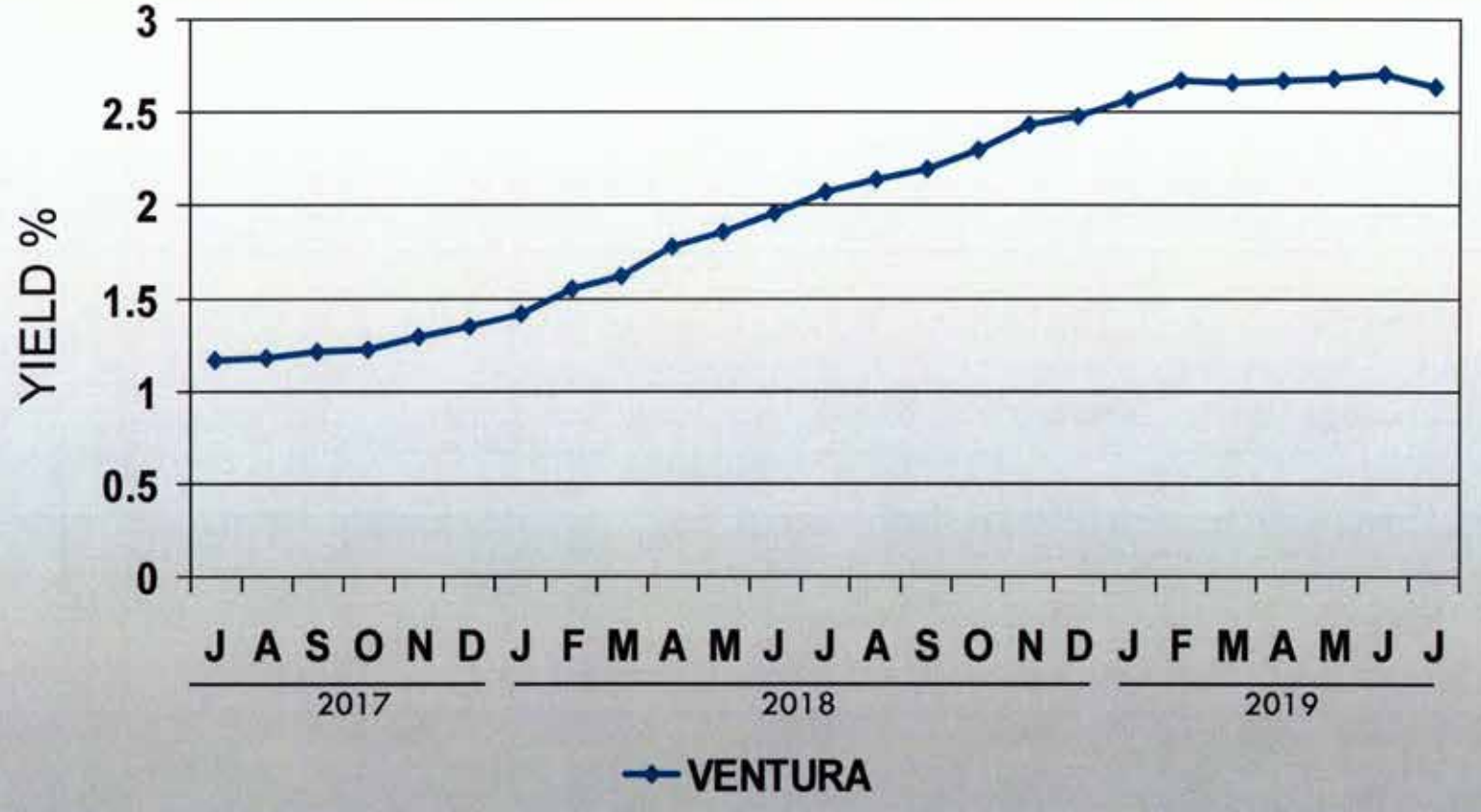

EXHIBIT 6

07-19 INV.PPT

ROLLING 2-YEAR $ YIELD

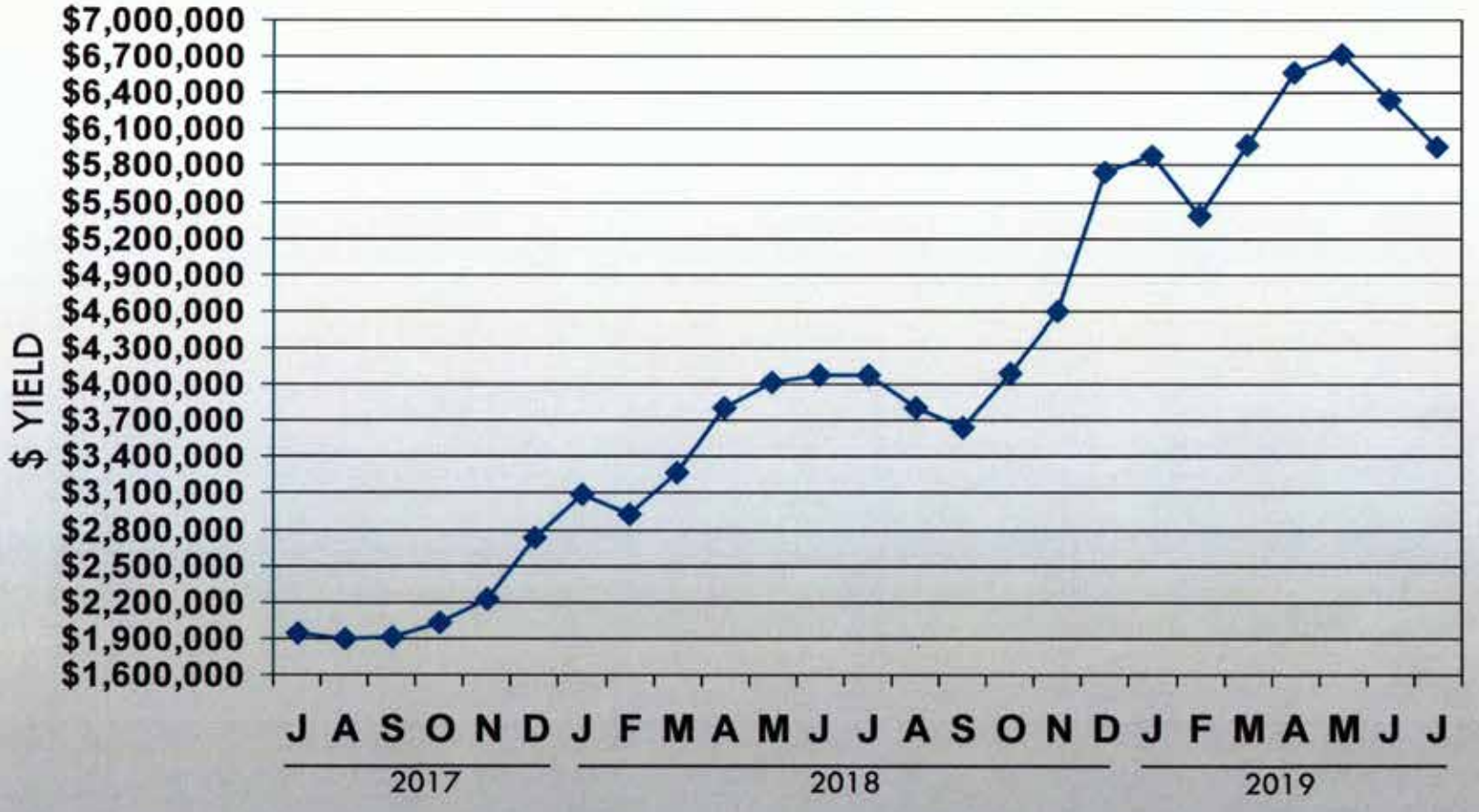

EXHIBIT 7

07-19 INV.PPT

PORTFOLIO HOLDINGS BY CLASS

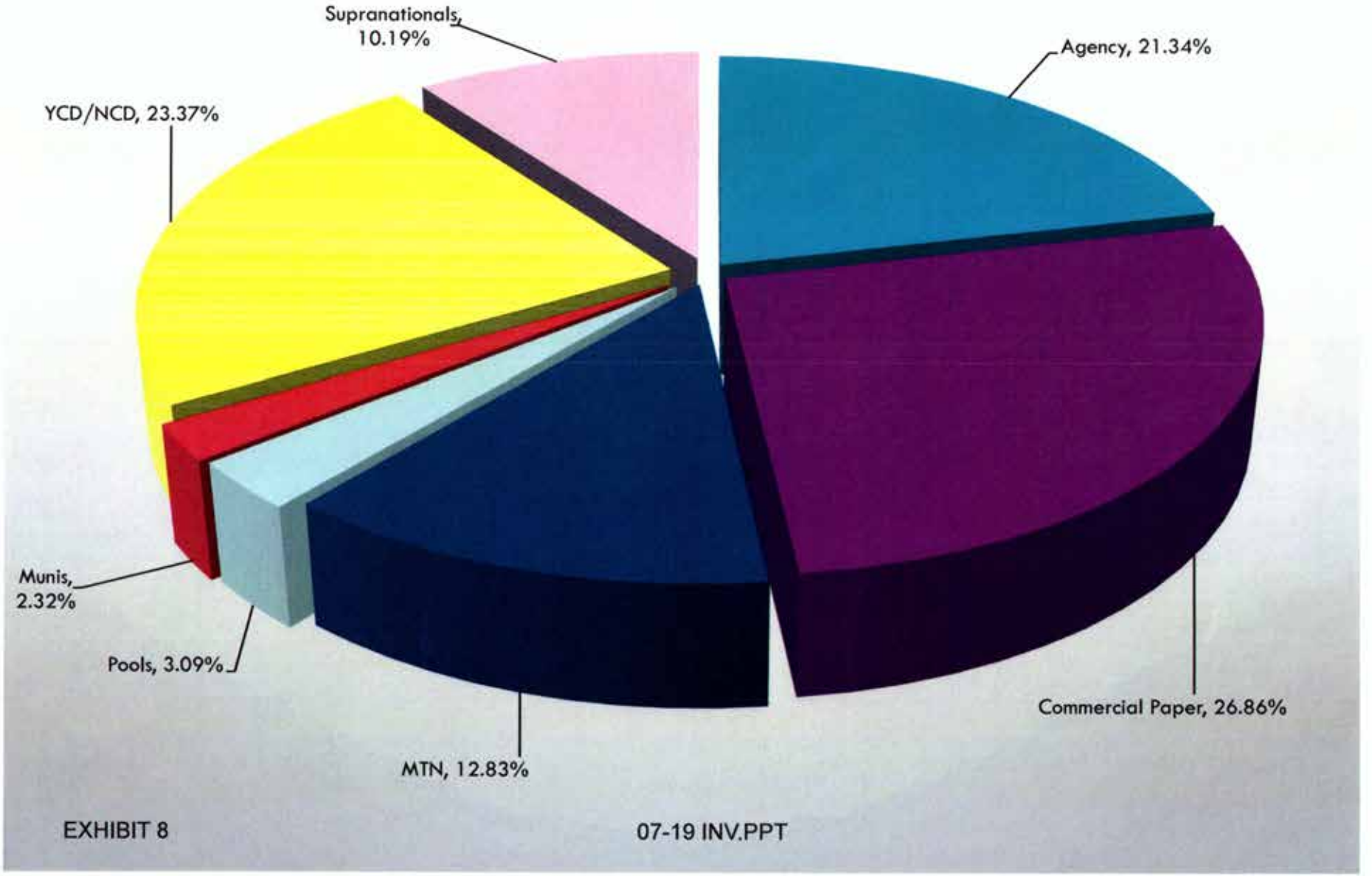

EXHIBIT 8

07-19 INV.PPT