PRELIMINARY OFFICIAL STATEMENT DATED MARCH 24, 2020

NEW ISSUE - FULL BOOK-ENTRY	**INSURED RATING: S&P: "AA"**
BANK QUALIFIED	**UNDERLYING RATING: Moody's: "A2"**
	See "RATINGS" herein.

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

$3,375,000*
EL TEJON UNIFIED SCHOOL DISTRICT
(Kern and Ventura Counties, California)
General Obligation Bonds
Election of 2018, 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 2018, Series C, are being issued by the El Tejon Unified School District pursuant to certain provisions of the California Government Code and a resolution of the Board of Trustees of the District adopted on March 12, 2020. The Bonds were authorized at an election of the registered voters of the District held on June 5, 2018, which authorized the issuance of $16,000,000 principal amount of general obligation bonds for the purpose of financing the renovation, construction and improvement of school facilities. The Bonds are the third series of bonds to be issued under the 2018 Authorization. See "THE BONDS – Authority for Issuance" and "- Purpose of Issue" herein.

Security. The Bonds are general obligations of the District, payable solely from *ad valorem* property taxes levied on taxable property within the District and collected by Kern and Ventura Counties (each, a "County" and, together, the "Counties"). Each 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, commencing August 1, 2020. Payments of principal of and interest on the Bonds will be paid by The Bank of New York Mellon Trust Company, N.A., 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."

Bond Insurance. The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Bonds by Assured Guaranty Municipal Corp. ("AGM"). See "BOND INSURANCE" and "APPENDIX H – SPECIMEN MUNICIPAL BOND INSURANCE POLICY."

ASSURED GUARANTY MUNICIPAL

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. Dannis Woliver Kelley, Long Beach, 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 April 14, 2020.*

O'CONNOR & COMPANY SECURITIES
PUBLIC FINANCE

The date of this Official Statement is ________, 2020.

**Preliminary; subject to change.*

MATURITY SCHEDULE*

EL TEJON UNIFIED SCHOOL DISTRICT
(Kern and Ventura Counties, California)
General Obligation Bonds
Election of 2018, Series C
(Bank Qualified)

Base CUSIP†: 284058

$3,375,000 Serial Bonds

Maturity Date (August 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP†
2022	$55,000				
2023	60,000				
2029	5,000				
2030	10,000				
2031	20,000				
2032	25,000				
2033	30,000				
2034	40,000				
2035	50,000				
2036	65,000				
2037	75,000				
2038	90,000				
2039	105,000				
2040	115,000				
2041	135,000				
2042	150,000				
2043	165,000				
2044	185,000				
2045	200,000				
2046	225,000				
2047	245,000				
2048	270,000				
2049	515,000				
2050	540,000				

**Preliminary; subject to change.*
† 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.

EL TEJON UNIFIED SCHOOL DISTRICT
(Kern and Ventura Counties, California)

DISTRICT ADMINISTRATION

Sara Haflich, *Superintendent*
Wendy Jones, *Assistant Superintendent of Business 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

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

GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

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

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

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

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

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

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

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 Counties, 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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$3,375,000*
EL TEJON UNIFIED SCHOOL DISTRICT
(Kern and Ventura Counties, California)
General Obligation Bonds
Election of 2018, 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 El Tejon 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 provides educational services to the residents of the unincorporated community of Lebec and the surrounding unincorporated communities of Frazier Park, Lake of the Woods, Lockwood Valley, Pinon Pines, Cuddy Valley and Pine Mountain Club, in the County of Kern and the County of Ventura (each a "**County**" and, together, the "**Counties**"). The District currently operates one elementary school, one middle school, and one high school, serving approximately 758 students.

For more information regarding the District and its finances, see APPENDIX A and APPENDIX B attached hereto. See also APPENDIX C hereto for demographic and other statistical information regarding Kern 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 June 5, 2018 (the **"Bond Election"**). See "THE BONDS - Purpose of Issue" herein.

Authority for Issuance of the Bonds. Issuance of the Bonds was approved by more than the requisite 55% of the voters of the District voting at the Bond Election to authorize $16 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 Trustees of the District on March 12, 2020 (the "**Bond Resolution**"). See "THE BONDS - Authority for Issuance" herein.

Description of the Bonds. The Bonds will be issued as current interest bonds. The Bonds will be dated their date of delivery (the "**Dated Date**") and will be issued as fully registered bonds, without coupons, in the denominations of $5,000 or any integral multiple thereof. The Bonds will mature on August 1 in the years indicated on the inside cover page hereof. The Bonds will accrue interest from the Dated Date, which is payable semiannually on February 1 and August 1 of each year, commencing August 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 Counties. The Counties are 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, Bond Counsel, to be delivered in substantially the form attached hereto as APPENDIX D. Jones Hall, A Professional Law Corporation, San Francisco, California, will serve as Disclosure Counsel to the District. Dannis Woliver Kelley, Long Beach, California, is serving as counsel to the Underwriter. Payment of the fees of Bond Counsel, Disclosure Counsel, and Underwriter's counsel is contingent upon issuance of the Bonds.

Bond Insurance. Concurrently with the issuance of the Bonds, Assured Guaranty Municipal Corp. (**"AGM"** or the **"Bond Insurer"**) will issue its Municipal Bond Insurance Policy for the Bonds (the "**Policy**"). The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due, as set forth in the form of the Policy included as Appendix H to this Official Statement. See "BOND INSURANCE" and APPENDIX H.

Tax Matters; Bank Qualified. Assuming compliance with certain covenants and provisions of the Internal Revenue Code of 1986, in the opinion of Bond Counsel, interest on the Bonds will not be includable in gross income for federal income tax purposes although it may be includable in the calculation for certain taxes. Also, in the opinion of Bond Counsel, interest on the Bonds will be exempt from personal income taxes in the State.

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

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

Other Information. This Official Statement speaks only as of its date, and the information contained in this Official Statement is subject to change. Copies of documents referred to in this Official Statement, and information concerning the Bonds, are available from the District at 4337 Lebec Road, Lebec, California 93243, Telephone (661) 248-6247. The District may impose a charge for copying, mailing and handling.

END OF INTRODUCTION

THE BONDS

Authority for Issuance

The Bonds will be issued under the provisions of Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, commencing with Section 53506 thereof, and the Bond Resolution. The District received authorization by more than the requisite 55% of District voters at the Bond Election to issue general obligation bonds in a principal amount of $16,000,000 (the "**2018 Authorization**").

On September 20, 2018, the District issued its $5,500,000 aggregate principal amount of General Obligation Bonds Election of 2018, Series A (the "**Series 2018A Bonds**") pursuant to the 2018 Authorization. On May 30, 2019, the District issued its $4,500,000 aggregate principal amount of General Obligation Bonds Election of 2018, Series B (the "**Series 2018B Bonds**") pursuant to the 2018 Authorization. The Bonds represent the third series of bonds to be issued pursuant to the 2018 Authorization. Following the issuance of the Bonds, there will be $2,350,000* unused authorization remaining under the 2018 Authorization.

Purpose of Issue

Proceeds of the Bonds will be used for the purposes specified in the ballot measure approved by the District's voters on June 5, 2018, the abbreviated text of which appeared on the ballot as follows:

> *"To improve the quality of education; make health and safety improvements; modernize outdated classrooms, restrooms and school facilities; and improve student access to modern technology; shall El Tejon Unified School District issue $16,000,000 of bonds at legal rates, averaging $900,000 annually as long as bonds are outstanding at a rate of approximately 5.7 cents per $100 assessed value, with annual audits, an independent citizens' oversight committee, NO money for salaries, and funding that cannot be 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 2018 Authorization will provide sufficient funds to complete any particular project listed in the Project List.

Description of the Bonds

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

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* *Preliminary; subject to change.*

The Bonds shall be issued in the denominations of $5,000 principal amount each or any integral multiple thereof. Interest on Bonds is payable semiannually on each February 1 and August 1, commencing August 1, 2020 (each, an **"Interest Payment Date"**). Each Bond will bear interest from the Interest Payment Date next preceding the date of registration and authentication thereof unless (i) it is authenticated as of an Interest Payment Date, in which event it will bear interest from such date, or (ii) it is authenticated prior to an Interest Payment Date and after the close of business on the fifteenth (15th) day of the month preceding the Interest Payment Date (each, a **"Record Date"**), in which event it will bear interest from such Interest Payment Date, or (iii) it is authenticated prior to July 15, 2020, in which event it will bear interest from the date of delivery of the Bonds identified on the cover page hereof. Notwithstanding the foregoing, if interest on any Bond is in default at the time of authentication thereof, such Bond will bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon. Payments of principal of and interest on the Bonds will be paid by The Bank of New York Mellon Trust Company, N.A., as the designated paying agent, registrar and transfer agent (the "**Paying Agent**") to DTC for subsequent disbursement to DTC Participants who will remit such payments to the beneficial owners of the Bonds.

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, 20__ are not subject to redemption prior to maturity. The Bonds maturing on or after August 1, 20__ 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, 20__, 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

* *Preliminary; subject to change.*

redemption, Bonds will be deemed to consist of $5,000 portions (principal amount), and any such portion may be separately redeemed. The Bonds may all be separately redeemed.

Mandatory Sinking Fund Redemption. The Bonds maturing on August 1, 20__ (the **"Term Bonds"**), are subject to mandatory sinking fund redemption on August 1 of each year in accordance with the schedules set forth below. The Term Bonds so called for mandatory sinking fund redemption will be redeemed in the sinking fund payments amounts and on the dates set forth below, without premium.

Term Bonds Maturing August 1, 20__

Redemption Date (August 1)	Sinking Fund Redemption

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

Notice of Redemption

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

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

Partial Redemption of Bonds

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

Effect of Redemption

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

Right to Rescind Notice of Redemption

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

Registration, Transfer and Exchange of Bonds

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

If the book entry system is discontinued, the person in whose name a Bond is registered on the Bond registration books shall be regarded as the absolute owner of that Bond. Payment of the principal of and interest on any Bond shall be made only to or upon the order of that person; neither the District, the Counties 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 Dallas, Texas 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 Counties 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.

El Tejon Unified School District
General Obligation Bonds
Election of 2018, Series C
Debt Service Schedule

Bond Year Ending (August 1)	Principal	Interest	Total Annual Debt Service
2020			
2021			
2022			
2023			
2024			
2025			
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2049			
2050			
TOTAL			

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

Period Ending August 1	**2016 Refunding Bonds**	**2018 Series A Bonds**	**2018 Series B Bonds**	**The Bonds**	**Aggregate Debt Service**
2020	$441,000.00	$211,325.00	$342,783.54		
2021	438,900.00	211,325.00	342,475.00		
2022	441,700.00	211,325.00	153,775.00		
2023	439,300.00	231,325.00	153,775.00		
2024	436,800.00	230,925.00	168,775.00		
2025	439,200.00	240,525.00	178,512.50		
2026	441,400.00	249,925.00	183,075.00		
2027	438,400.00	254,075.00	192,550.00		
2028	440,300.00	268,062.50	196,850.00		
2029	437,000.00	276,637.50	206,062.50		
2030	438,600.00	284,800.00	215,100.00		
2031	--	297,600.00	222,500.00		
2032	--	309,750.00	229,500.00		
2033	--	321,450.00	236,100.00		
2034	--	332,700.00	247,300.00		
2035	--	343,325.00	257,900.00		
2036	--	353,287.50	267,900.00		
2037	--	367,762.50	277,300.00		
2038	--	381,350.00	286,100.00		
2039	--	399,262.50	299,300.00		
2040	--	411,331.26	311,700.00		
2041	--	427,725.00	321,200.00		
2042	--	442,925.00	334,700.00		
2043	--	462,250.00	346,950.00		
2044	--	475,500.00	357,950.00		
2045	--	497,250.00	368,800.00		
2046	--	512,000.00	384,050.00		
2047	--	530,000.00	403,550.00		
2048	--	546,000.00	417,150.00		
2049	--	--	--		
2050	--	--	--		
TOTAL	**$4,832,600.00**	**$10,081,718.76**	**$7,903,683.54**		

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	
[Net] Original Issue [Premium]/[Discount]	
Total Sources	
Uses of Funds	
Building Fund	
Debt Service Fund	
Costs of Issuance [(1)]	
Total Uses	

(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, bond insurance premium, 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 Counties. The Counties are empowered and are 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 Counties 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 Counties 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 Counties 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 Counties 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 and "-The Coronavirus Global Pandemic" below.

Building Fund

The proceeds from the sale of the Bonds, to the extent of the principal amount thereof, will be paid to Kern County to the credit of the fund created and established in the Bond Resolution and known as the "El Tejon Unified School District, Election of 2018, 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 "El Tejon Unified School District, Election of 2018, 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 Kern County. All taxes levied by the Counties 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 Kern 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. Kern 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, Kern 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 Counties, for the payment of principal and interest on the Bonds. Although the Counties are obligated to collect the *ad valorem* tax for the payment of the Bonds, the Bonds are not a debt of the Counties.

The Coronavirus Global Pandemic

Background. The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus (**"Coronavirus"**), which was first detected in China and has spread to other countries, including the United States, was declared a pandemic by the World Health Organization, a national emergency by the President of the United State and a state of emergency by the Governor of the State (the "**Governor**"). There has been tremendous volatility in the markets in the United States and globally, resulting in significant recent declines and speculation of a national and global recession.

The President's declaration of a national emergency on March 13, 2020 made available more than $50 billion in federal resources to combat the spread of the virus. A multibillion-dollar Coronavirus relief package was signed into law by President Trump on March 18, 2020 providing for Medicaid expansion, unemployment benefits and paid emergency leave during the crisis. The House and Senate are currently drafting another relief package, including an economic stimulus package estimated at up to $1 trillion. In an effort to calm the markets, the Federal Reserve lowered its benchmark interest rate to nearly zero, introduced a large bond-buying program and established emergency lending programs to banks and money market mutual funds.

On March 15, 2020, the Governor ordered the closing of California bars and nightclubs, gatherings of more than 250 to be canceled and confirmed that school districts that close will continue to receive State funding so long as certain requirements are met. Most school districts in the State have suspended classes and the Governor has indicated that schools are likely to remain closed for the remainder of the school year. On March 16, 2020, the State legislature passed $1.1 billion in emergency funds in response to the Coronavirus crisis. On March 19, 2020, the Governor issued a shelter-in-place order, Executive Order N-33-20, ordering all California residents to stay home except to get food, care for a relative, get necessary healthcare or go to an essential job. The stay at home order went into effect immediately and will stay in effect until further notice.

Impacts on Global and Local Economies; Potential Declines in State Revenues. The Coronavirus public health emergency is altering the behavior of businesses and people in a manner that will have negative impacts on global and local economies, including the economy of the State. Under the 2019-20 State Budget (defined below) approximately 70% of the State's general fund revenue is projected to be derived from personal income tax receipts. Additionally, capital gains tax receipts are budgeted to account for about 10% of such receipts in fiscal year 2019-20. California's Legislative Analyst's Office published a report on March 18, 2020 which anticipates that the economic uncertainty caused by the outbreak will significantly affect California's near-term fiscal outlook, including lower capital gains-related tax revenue due to the volatility in the financial markets, and the likelihood that a recession is forthcoming due to pullback in activity across wide swaths of the economy. See "STATE FUNDING OF EDUCATION; RECENT STATE BUDGETS - LAO Fiscal Perspective Report." The District cannot predict the short or long term impacts that Coronavirus will have on global, State-wide and local economies, which could impact District operations and local property values.

Suspension of Classroom Instruction; Unanticipated Costs. The Governor's shelter in place order has suspended classroom instruction indefinitely throughout California schools. Further, the Governor has indicated that schools statewide may not open again for the remainder of the school year. Most school districts are undertaking distance learning efforts to provide continuing instruction to students. On March 13, 2020, the Governor signed Executive Order N-26-20 ordering that school districts closing in order to address Coronavirus will, subject to certain conditions, continue to receive state funding to support distance learning or independent study, to continue to provide subsidized school meals to low-income students, to continue to pay school district employees, and, to the extent practicable, to provide for supervision of students during school hours. Additionally, State law allows school districts to apply for a waiver to hold them harmless from the loss of LCFF funding based on attendance and state instructional time penalties when they are forced to close schools due to emergency conditions. See Appendix A under the heading "DISTRICT FINANCIAL INFORMAITON – Education Funding Generally."

School districts in California may incur additional unanticipated costs since budget adoption that result as a result of the Coronavirus emergency. Examples include cleaning and sanitizing costs, and possibly heightened security costs.

The District cannot predict the impacts that the Coronavirus emergency might have on the District's finances or operations.

General Obligation Bonds Secured by* Ad Valorem *Tax Revenues. Notwithstanding the impacts the Coronavirus emergency may have on the economy in the State, the County and the District, the Bonds described herein are voter-approved general obligations of the District payable solely from the levy and collection of *ad valorem* property taxes, unlimited as to rate or amount, and are not payable from the general fund of the District. See "SECURITY FOR THE BONDS – *Ad Valorem* Taxes" above.

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 Counties.

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 following table sets forth recent history of the assessed value in the District. The Ventura County portion of the District was annexed to the District in fiscal year 2005-06.

EL TEJON UNIFIED SCHOOL DISTRICT
Assessed Valuation
Fiscal Years 2011-12 through 2019-20

Kern County Portion

Fiscal Year	Local Secured	Utility	Unsecured	Total	% Change
2011-12	$791,406,518	$0	$6,183,473	$797,589,991	--
2012-13	779,876,153	0	5,695,297	785,571,450	(1.5%)
2013-14	759,363,614	0	4,813,810	764,177,424	(2.7)
2014-15	743,298,157	0	4,714,724	748,012,881	(2.1)
2015-16	752,471,951	0	4,808,726	757,280,677	1.2
2016-17	784,018,384	0	5,232,624	789,251,008	4.2
2017-18	830,646,713	0	5,430,630	836,077,343	5.9
2018-19	874,442,076	0	5,778,219	880,220,295	5.3
2019-20	926,741,895	0	6,753,972	933,495,867	6.1

Ventura County Portion

Fiscal Year	Local Secured	Utility	Unsecured	Total	% Change
2011-12	$67,514,029	$0	$261,773	$67,775,802	--
2012-13	69,228,576	0	242,996	69,471,572	2.5%
2013-14	68,742,970	0	264,793	69,007,763	(0.7)
2014-15	67,713,271	0	258,397	67,971,668	(1.5)
2015-16	67,606,415	0	459,781	68,066,196	0.1
2016-17	71,338,912	0	244,896	73,583,808	8.1
2017-18	73,270,496	0	204,445	73,474,941	(0.1)
2018-19	75,597,646	0	270,874	75,868,520	3.3
2019-20	81,000,802	0	332,654	81,333,456	7.2

Total District

Fiscal Year	Local Secured	Utility	Unsecured	Total	% Change
2011-12	$858,920,547	$0	$6,445,246	$865,365,793	--
2012-13	849,104,729	0	5,938,293	855,043,022	(1.2%)
2013-14	828,106,584	0	5,078,603	833,185,187	(2.6)
2014-15	811,011,428	0	4,973,121	815,984,549	(2.1)
2015-16	820,078,366	0	5,268,507	825,346,873	1.1
2016-17	855,357,296	0	5,477,520	860,834,816	4.3
2017-18	903,917,209	0	5,635,075	909,552,284	5.7
2018-19	950,039,722	0	6,049,093	956,088,815	5.1
2019-20	1,007,742,697	0	7,086,626	1,014,829,323	6.1

Source: California Municipal Statistics, Inc.

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

In addition, wildfires have occurred in recent years in different regions of the State, and related flooding and mudslides have also occurred. The most destructive of the recent wildfires, which have burned thousands of acres and destroyed thousands of homes and structures, have originated in wildlands adjacent to urban areas. Although the recent natural disasters do not include territory within the District's boundaries, the District cannot predict or make any representations regarding the effects that wildfires, flooding, mudslides or any other natural disasters and related conditions have or may have on the value of taxable property within the District, or to what extent the effects said disasters might have had on economic activity in the District or throughout the State.

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

See also "SECURITY FOR THE BONDS –The Global Coronavirus Pandemic."

A State constitutional amendment designated as the California Schools and Local Community Funding Act of 2020, has qualified by initiative for the November 3, 2020 ballot which, if approved by State voters by majority vote, would amend the State Constitution to change to a split roll approach to determine property values for purposes of property taxation. If approved, the State Constitution will be amended to provide for the reassessment to fair market value of certain commercial and industrial real properties every three years, overriding the current two percent limitation on annual assessment increases until a property changes ownership. The resulting increases in property tax revenues would be allocated among local public agencies. The District cannot predict if such initiative will be successful or the impact it might have on assessed values in the District.

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.

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

Non-Residential:	2019-20 Assessed Valuation [1]	% of Total	No. of Parcels	% of Total
Agricultural/Rural	$ 47,852,368	4.75%	348	3.63%
Commercial/Office	44,351,998	4.40	141	1.47
Vacant Commercial	4,732,794	0.47	100	1.04
Industrial/Mining	7,947,740	0.79	40	0.42
Vacant Industrial	1,257,331	0.12	40	0.42
Recreational	131,290	0.01	6	0.06
Government/Social/Institutional	10,780,212	1.07	251	2.62
Miscellaneous	2,393,996	0.24	101	1.05
Subtotal Non-Residential	$119,447,729	11.85%	1,027	10.72%

Residential:				
Single Family Residence	$775,218,073	76.93%	4,109	42.90%
Mobile Home	32,214,533	3.20	388	4.05
Mobile Home Park	2,533,939	0.25	5	0.05
2+ Residential Units/Apartments	19,448,886	1.93	85	0.89
Miscellaneous Residential	60,125	0.01	5	0.05
Vacant Residential	58,819,412	5.84	3,960	41.34
Subtotal Residential	$888,294,968	88.15%	8,552	89.28%
Total	$1,007,742,697	100.00%	9,579	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.

EL TEJON 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	4,109	$775,218,073	$188,663	$171,666

2019-20 Assessed Valuation	No. of Parcels [(1)]	% of Total	Cumulative % of Total	Total Valuation	% of Total	Cumulative % of Total
$0 - $24,999	55	1.339%	1.339%	$ 865,868	0.112%	0.112%
$25,000 - $49,999	173	4.210	5.549	6,742,677	0.870	0.981
$50,000 - $74,999	247	6.011	11.560	15,376,080	1.983	2.965
$75,000 - $99,999	338	8.226	19.786	29,983,481	3.868	6.833
$100,000 - $124,999	423	10.294	30.080	47,852,325	6.173	13.005
$125,000 - $149,999	452	11.000	41.081	62,277,032	8.033	21.039
$150,000 - $174,999	422	10.270	51.351	68,417,640	8.826	29.865
$175,000 - $199,999	399	9.710	61.061	74,420,774	9.600	39.464
$200,000 - $224,999	336	8.177	69.238	71,297,069	9.197	48.662
$225,000 - $249,999	281	6.839	76.077	66,858,932	8.625	57.286
$250,000 - $274,999	226	5.500	81.577	59,101,785	7.624	64.910
$275,000 - $299,999	208	5.062	86.639	59,748,711	7.707	72.617
$300,000 - $324,999	118	2.872	89.511	36,740,506	4.739	77.357
$325,000 - $349,999	121	2.945	92.456	40,790,798	5.262	82.619
$350,000 - $374,999	89	2.166	94.622	32,125,747	4.144	86.763
$375,000 - $399,999	49	1.193	95.814	18,939,018	2.443	89.206
$400,000 - $424,999	50	1.217	97.031	20,583,680	2.655	91.861
$425,000 - $449,999	25	0.608	97.639	10,912,338	1.408	93.269
$450,000 - $474,999	23	0.560	98.199	10,545,239	1.360	94.629
$475,000 - $499,999	16	0.389	98.588	7,820,355	1.009	95.638
$500,000 and greater	58	1.412	100.000	33,818,018	4.362	100.000
Total	4,109	100.000%		$775,218,073	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 each 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 each of the Counties 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. Therefore, participating entities receive 100% of secured property taxes levied in exchange for foregoing any interest and penalties collected on delinquent taxes. Currently, Kern County's Teeter Plan currently covers the one percent general fund apportionment levy, and also other *ad valorem* taxes, such as those levied to repay the Bonds. In addition, the District's total secured tax levy does not include special assessments, supplemental taxes or other charges which have been assessed on property within the District or other tax rate areas of Kern County.

So long as the Teeter Plan remains in effect, the District's receipt of revenues with respect to the levy of *ad valorem* property taxes levied in the Counties will not be dependent upon actual collections of the *ad valorem* property taxes by each County. However, under the statute creating the Teeter Plan, a Board of Supervisors can under certain circumstances terminate the Teeter Plan in part or in its entirety with respect to the entire county and, in addition, a Board of Supervisors can terminate the Teeter Plan with respect to the District if the delinquency rate for all *ad valorem* property taxes levied within the District in any year exceeds 3%. In the event that the Teeter Plan were terminated, the amount of the levy of *ad valorem* property taxes in the

District would depend upon the collections of the *ad valorem* property taxes and delinquency rates experienced with respect to the parcels within the District.

Notwithstanding operation of the Teeter Plan, the following table identifies recent secured tax charges and delinquencies in the District with respect to the one percent general fund apportionment and general obligation bond debt service levy, respectively.

EL TEJON UNIFIED SCHOOL DISTRICT
Secured Tax Charges and Delinquencies (1)

Fiscal Year	Secured Tax Charge (2)	Amt. Del. June 30	% Del. June 30
2006-07	3,314,664.05	85,909.76	2.59%
2007-08	3,655,692.47	137,160.20	3.75
2008-09	3,770,483.26	115,272.48	3.06
2009-10	3,496,103.70	85,323.94	2.44
2010-11	3,491,056.96	64,507.01	1.85
2011-12	3,428,220.26	49,511.32	1.44
2012-13	3,393,937.67	42,979.86	1.27
2013-14	3,194,242.50	40,085.66	1.25
2014-15	3,138,923.22	39,564.00	1.26
2015-16	3,133,545.65	38,288.34	1.22
2016-17	3,310,765.15	44,164.03	1.33
2017-18	3,763,485.32	42,735.80	1.14
2018-19	3,711,707.88	46,204.45	1.24

Fiscal Year	Secured Tax Charge (3)	Amt. Del. June 30	% Del. June 30
2006-07	$473,894.81	$25,607.97	5.40%
2007-08	417,356.86	27,473.82	6.58
2008-09	399,107.15	31,019.97	7.77
2009-10	460,707.35	27,272.57	5.92
2010-11	487,151.62	26,411.70	5.42
2011-12	498,914.11	26,168.77	5.25
2012-13	420,724.01	24,379.54	5.79
2013-14	492,381.99	16,106.15	3.27
2014-15	460,064.13	14,721.90	3.20
2015-16	457,528.62	13,825.93	3.02
2016-17	347,230.93	7,495.89	2.16
2017-18	418,135.08	9,850.60	2.36
2018-19	942,779.93	21,004.34	2.23

(1) Kern County utilizes the Teeter Plan for assessment levy and distribution. This method guarantees distribution of 100% of the assessments levied to the taxing entity, with the county retaining all penalties and interest.
(2) 1% General Fund apportionment.
(3) District's general obligation bond debt service levy Includes both Kern and Ventura County.
Source: California Municipal Statistics, Inc.

Tax Rates

The table below summarizes the total *ad valorem* tax rates levied by all taxing entities in representative tax rate areas (Tax Rate Areas 84-17 and 60-01) in the District during fiscal years 2015-16 through 2019-20. For fiscal year 2019-20, Tax Rate Area 84-17 represents 41.79% of the total 2019-20 assessed valuation of the District and Tax Rate Area 60-01 represents 7.35% of the total 2019-20 assessed valuation of the District.

EL TEJON UNIFIED SCHOOL DISTRICT [(1)]
Typical Tax Rates
Per $100 of Assessed Valuation
Fiscal Years 2015-16 through 2019-20

Kern County TRA 84-17 (2019-20 Assessed Valuation: $424,137,185)

	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20
General	$1.000000	$1.000000	$1.000000	$1.000000	$1.000000
Kern Community College District SRID	.013571	.013180	.014412	.012338	.014243
Kern Community College District SFID	--	--	.021837	.021330	.018785
El Tejon Joint Unified School District	.052203	.031962	.034534	.084769	.081038
Total	$1.065774	$1.045142	$1.070783	$1.118437	$1.114066

Ventura County TRA 60-1 (2019-20 Assessed Valuation: $74,563,299)

	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20
General	$1.000000	$1.000000	$1.000000	$1.000000	$1.000000
Ventura Community College District	.013000	.015500	.015100	.015200	.014300
El Tejon Joint Unified School District	--	--	.034534	.084769	.081038
Total	$1.013000	$1.015500	$1.049634	$1.099969	$1.095338

(1) The Ventura County portion of the District was mistakenly not levied for debt service on the District's bonds until 2017. Debt service for the Bonds will be paid by levies on the Kern County and Ventura County portions of the District.
Source: California Municipal Statistics, Inc.

Changes in District assessed valuations can result in changes to tax rates which are based on *ad valorem* taxes. See above under "-Assessed Valuations – Some Factors Relating to Increases/Decreases in Assessed Value."

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.

EL TEJON 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.	LWFP LLC	Mining	$17,702,431	1.76%
2.	Tejon Ranch Co.	Agricultural	11,445,356	1.14
3.	MRSS Hospitality Inc.	Hotel/Motel	4,321,885	0.43
4.	Wainright Trust	Commercial Properties	3,732,711	0.37
5.	Manhal & Rouaa Khalil	Residential and Commercial	3,310,451	0.33
6.	Soledad Enrichment Action Inc.	Residential Properties	3,043,507	0.30
7.	Tawfig & Jacklin Khalil	Commercial	2,628,665	0.26
8.	Koko & Lilian Carboyan	Hotel/Mote	2,625,862	0.26
9.	Ha Penny Inn LLC	Commercial	2,440,777	0.24
10.	Sigmund & Elizabeth Lichter Trust	Residential Properties	1,874,578	0.19
11.	Sameer Fadel Khalil	Residential Properties	1,848,878	0.18
12.	Lee S. Linden Family Trust	Commercial	1,794,799	0.18
13.	Stellar Homes LLC	Residential Properties	1,706,606	0.17
14.	Sandra L. Traum	Service Station	1,700,895	0.17
15.	Gary G. & Sandra P. Avery	Mobile Home Park	1,696,364	0.17
16.	Wildlands Conservancy	Agricultural	1,617,086	0.16
17.	W.P. Davies Oil Co.	Service Station	1,584,453	0.16
18.	Wainright French LLC	Undeveloped	1,478,714	0.15
19.	JR Investment Properties	Agricultural	1,448,821	0.14
20.	Wainright 26 LLC	Commercial	1,432,629	0.14
			$69,435,468	6.89%

(1) 2019-20 local secured assessed valuation: $1,007,742,697.
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 March 1, 2020. The Debt Report is included for general information purposes only. The District has not reviewed the Debt Report for completeness or accuracy and makes no representation in connection therewith.

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

EL TEJON UNIFIED SCHOOL DISTRICT
Statement of Direct and Overlapping Bonded Debt
(Debt Issued as of March 1, 2020)

2019-20 Assessed Valuation: $1,014,829,323

DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:	**% Applicable**	**Debt 3/1/20**
Kern Community College District School Facilities Improvement District	1.007%	$ 759,580
Kern Community College District Safety, Repair and Improvement District	1.013	1,193,680
Ventura County Community College District	0.058	163,828
El Tejon Unified School District	**100.000**	**13,980,000**(1)
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		$16,097,088
DIRECT AND OVERLAPPING GENERAL FUND DEBT:		
Kern County Certificates of Participation	0.977%	$ 838,465
Kern County Pension Obligation Bonds	0.977	1,757,246
Kern County Board of Education Certificates of Participation	0.977	352,844
Ventura County General Fund Obligations	0.058	181,969
Ventura County Superintendent of Schools Certificates of Participation	0.058	5,095
Kern Community College District Certificates of Participation	0.909	262,019
Kern Community College District Benefit Obligation Bonds	0.909	697,703
El Tejon Unified School District Qualified Zone Academy Bonds	**100.000**	**2,957,497**
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT		$7,052,838
COMBINED TOTAL DEBT		$23,149,926(2)

Ratios to 2019-20 Assessed Valuation:

Direct Debt ($13,980,000)	**1.38%**
Total Direct and Overlapping Tax and Assessment Debt	1.59%
Combined Direct Debt ($16,937,497)	**1.67%**
Combined Total Debt	2.28%

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

BOND INSURANCE

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

Bond Insurance Policy

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

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

Assured Guaranty Municipal Corp.

AGM is a New York domiciled financial guaranty insurance company and an indirect subsidiary of Assured Guaranty Ltd. (**"AGL"**), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol "AGO". AGL, through its operating subsidiaries, provides credit enhancement products to the U.S. and international public finance, (including infrastructure), and structured finance markets and, as of October 1, 2019, asset management services. Neither AGL nor any of its shareholders or affiliates, other than AGM, is obligated to pay any debts of AGM or any claims under any insurance policy issued by AGM.

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

Current Financial Strength Ratings

On December 19, 2019, KBRA announced it had affirmed AGM's insurance financial strength rating of "AA+" (stable outlook). AGM can give no assurance as to any further ratings action that KBRA may take.

On November 7, 2019, S&P announced it had affirmed AGM's financial strength rating of "AA" (stable outlook). AGM can give no assurance as to any further ratings action that S&P may take.

On August 13, 2019, Moody's announced it had affirmed AGM's insurance financial strength rating of "A2" (stable outlook). AGM can give no assurance as to any further ratings action that Moody's may take.

For more information regarding AGM's financial strength ratings and the risks relating thereto, see AGL's Annual Report on Form 10-K for the fiscal year ended December 31, 2019.

Capitalization of AGM

At December 31, 2019:

- The policyholders' surplus of AGM was approximately $2,691 million.

- The contingency reserves of AGM and its indirect subsidiary Municipal Assurance Corp. ("MAC") (as described below) were approximately $986 million. Such amount includes 100% of AGM's contingency reserve and 60.7% of MAC's contingency reserve.

- The net unearned premium reserves and net deferred ceding commission income of AGM and its subsidiaries (as described below) were approximately $2,027 million. Such amount includes (i) 100% of the net unearned premium reserve and deferred ceding commission income of AGM, (ii) the net unearned premium reserves and net deferred ceding commissions of AGM's wholly owned subsidiary Assured Guaranty (Europe) plc ("**AGE**"), and (iii) 60.7% of the net unearned premium reserve of MAC.

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

Incorporation of Certain Documents by Reference

Portions of the following document filed by AGL with the Securities and Exchange Commission (the "SEC") that relate to AGM are incorporated by reference into this Official Statement and shall be deemed to be a part hereof: the Annual Report on Form 10-K for the fiscal year ended December 31, 2019 (filed by AGL with the SEC on February 28, 2020).

All consolidated financial statements of AGM and all other information relating to AGM included in, or as exhibits to, documents filed by AGL with the SEC pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, excluding Current Reports or portions thereof "furnished" under Item 2.02 or Item 7.01 of Form 8-K, after the filing of the last document referred to above and before the termination of the offering of the Bonds shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC's website at http://www.sec.gov, at AGL's website at http://www.assuredguaranty.com, or will be provided upon request to Assured Guaranty Municipal Corp.: 1633 Broadway, New York, New York 10019, Attention: Communications Department (telephone (212) 974-0100). Except for the information referred to above, no information available on or through AGL's website shall be deemed to be part of or incorporated in this Official Statement.

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

Miscellaneous Matters

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

TAX MATTERS

Tax Exemption

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

The opinions set forth in the preceding paragraph are subject to the condition that the District comply with all requirements of the Internal Revenue Code of 1986, as amended (the "**Tax Code**") that must be satisfied subsequent to the issuance of the Bonds in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes, and in order for the Bonds to be "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Tax Code. The District has made certain representations and covenants in order to comply with each such requirement. Inaccuracy of those representations, or failure to comply with certain of those covenants, may cause the inclusion of such interest in gross income for federal income tax purposes, which may be retroactive to the date of issuance of the Bonds, or may cause the Bonds to not be "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Tax Code.

Tax Treatment of Original Issue Discount and Premium. If the initial offering price to the public at which a Bond is sold is less than the amount payable at maturity thereof, then such difference constitutes "original issue discount" for purposes of federal income taxes and State of California personal income taxes. If the initial offering price to the public at which a Bond is sold is greater than the amount payable at maturity thereof, then such difference constitutes "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 Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). The amount of original issue discount accruing during each period is added to the adjusted basis of such Bonds to determine taxable gain upon disposition (including sale, redemption, or payment on maturity) of such Bond. The Tax Code contains certain provisions relating to the accrual of original issue discount in the case of purchasers of the Bonds who purchase the Bonds after the initial offering of a substantial amount of such maturity. Owners of such Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Bonds with original issue discount, including the treatment of purchasers who do not purchase in the original offering to the public at the first price at which a substantial amount of such Bonds is sold to the public.

Under the Tax Code, bond premium is amortized on an annual basis over the term of the Bond (said term being the shorter of the Bond's maturity date or its call date). The amount of bond premium amortized each year reduces the adjusted basis of the owner of the Bond for purposes of determining taxable gain or loss upon disposition. The amount of bond premium on a Bond is amortized each year over the term to maturity of the Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). Amortized Bond premium is not deductible for federal income tax purposes. Owners of premium Bonds, including purchasers who do not purchase in the original offering, should consult their own tax advisors with respect to State of California personal income tax and federal income tax consequences of owning such Bonds.

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

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

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

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

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

CERTAIN LEGAL MATTERS

Legality for Investment

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

Absence of Litigation

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

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

Compensation of Certain Professionals

Payment of the fees and expenses of Jones Hall, A Professional Law Corporation, as Bond Counsel and Disclosure Counsel to the District, Isom Advisors, a Division of Urban Futures, Inc., as financial advisor to the District, and Dannis Woliver Kelley, 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, 2021, with the report for the 2019-20 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 been in material compliance with its existing continuing disclosure 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 Counties nor any other entity other than the District shall have any obligation or incur any liability whatsoever with respect to the performance of the District's duties regarding continuing disclosure.

RATINGS

S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("**S&P**"), is expected to assign its rating of "AA" to the Bonds, based on the understanding that AGM will deliver its Policy with respect to the Bonds. See "BOND INSURANCE."

In addition, Moody's Investors Services ("**Moody's**") has assigned an underlying rating of "A2" to the Bonds. The District has provided certain additional information and materials to Moody's (some of which does not appear in this Official Statement to the extent deemed not material for investment purposes). Such ratings reflect only the view of Moody's and S&P and an explanation of the significance of such rating and outlook may be obtained only from Moody's and 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 ratings may not be lowered or withdrawn entirely by Moody's and 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 O'Connor & Company Securities, Inc. (the "**Underwriter**"). The Underwriter has agreed to purchase the Bonds at a price of $________ which is equal to the initial principal amount of the Bonds of $________, plus original issue premium of $________ less an Underwriter's discount of $________.

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 Dallas, Texas.

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

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

EXECUTION

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

EL TEJON UNIFIED SCHOOL DISTRICT

By: ______________________________________
Superintendent

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APPENDIX A

GENERAL AND FINANCIAL INFORMATION ABOUT THE DISTRICT

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

General Information

The District includes approximately 222 square miles between Bakersfield and Los Angeles in southern Kern County (the "**County**") and northern Ventura County. The District was formed by the union of the Lebec and Pershing school districts in 1951. The District provides K-12 educational services to the residents of the unincorporated communities of Frazier Park, Lake of the Woods, Lockwood Valley, Pinon Pines, Cuddy Valley and Pine Mountain Club. The District operates one elementary school, one middle school and one high school. The 2019-20 enrollment within the District is approximately 758 students.

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

Administration

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

Name	Office	Term Expires
Misty Johnston	President	December 2022
Lisa Duncan	Clerk	December 2020
Kathleen Eggman	Trustee	December 2022
John Fleming	Trustee	December 2020
Lark Shillig	Trustee	December 2020

Administrative Personnel. The Superintendent of the District, appointed by the Board, is responsible for management of the day-to-day operations and supervises the work of other District administrators. Sara Haflich is currently the Superintendent of the District and Wendy Jones is the Assistant Superintendent of Business Services.

Recent Enrollment Trends

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

ANNUAL ENROLLMENT
Fiscal Years 2009-10 through 2019-20
El Tejon Unified School District

Fiscal Year	Student Enrollment	% Change
2009-10	1,245	--%
2010-11	1,136	(8.8)
2011-12	1,020	(10.2)
2012-13	919	(9.9)
2013-14	776	(15.6)
2014-15	744	(4.1)
2015-16	764	2.7
2016-17	785	2.7
2017-18	754	(3.9)
2018-19	748	(0.8)
2019-20(1)	758	1.3

(1) Projected.
Source: California Department of Education for 2009-10 through 2018-19; El Tejon Unified School District for 2019-20.

Employee Relations

The District has 33.4 certificated full-time equivalent ("**FTE**") employees, 36 classified FTE employees, and 9.2 management/supervisor/confidential FTE employees.

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

BARGAINING UNITS
El Tejon Unified School District

Employee Group	Representation	Contract Expiration Date
Certificated	El Tejon Teachers Association	June 30, 2021
Classified	California School Employees Association	June 30, 2022

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 2019-20 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 2019-20 Base Grant* Under LCFF by Grade Span
(Targeted Entitlement)

Grade Span	2019-20 Base Grant Per ADA	2018-19 COLA (3.70%)	Grade Span Adjustments (K-3: 10.4%; 9-12: 2.6%)	2019-20 Base Grant/Adjusted Base Grant Per ADA
K-3	$7,459	$243	$801	$8,503
4-6	7,571	247	n/a	7,818
7-8	7,796	254	n/a	8,050
9-12	9,034	295	243	9,572

*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, 2019 Audited Financial Statements were prepared by Scott Erwin CPA Inc., Bakersfield, 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 of Business Services 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 2014-15 through 2018-19.

GENERAL FUND REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
Fiscal Years 2014-15 through 2018-19 (Audited)
El Tejon Unified School District [(1)]

	Audited 2014-15	**Audited 2015-16**	**Audited 2016-17**	**Audited 2017-18**	**Audited 2018-19**
Revenues					
LCFF	$6,169,133	$6,540,539	$6,996,309	$6,944,114	$7,733,699
Federal revenues	632,471	563,291	619,525	604,647	580,864
Other state revenues	484,279	815,270	714,877	1,164,064	1,128,846
Other local revenues	754,642	678,387	809,778	777,248	602,378
Total Revenues	8,040,525	8,597,307	9,140,489	9,490,073	10,045,787
Expenditures					
Instruction	3,715,822	4,106,402	4,363,835	4,592,352	4,767,376
Instruction-related services	552,390	570,250	678,157	699,663	545,377
Pupil services	871,500	819,582	912,321	1,039,898	1,143,282
Ancillary services	313,279	349,774	341,999	305,747	301,672
Community services	334,963	361,832	350,152	328,908	333,493
General administration	653,772	710,356	747,698	793,843	1,004,121
Plant services	790,147	784,293	860,571	892,637	1,157,362
Other outgo	868,508	774,146	403,619	425,529	380,497
Capital Outlay	--	59,891	101,065	65,165	265,166
Debt Service:					
Principal	139,661	146,445	153,559	160,973	208,884
Interest	27,177	20,393	13,279	5,865	4,750
Total Expenditures	8,267,219	8,703,364	8,926,255	9,310,580	10,111,980
Excess of Revenues Over/(Under) Expend.	(226,694)	(106,057)	214,234	179,493	(66,193)
Other Financing Sources (Uses)					--
Operating transfers in	--	10	--	9,900	(28,159)
Operating transfers out	--	--	(50,000)	(9,900)	--
Total Other Fin. Source (Uses)	--	10	(50,000)	--	(28,159)
Net change in fund balance	(226,694)	(106,047)	164,234	179,493	(94,352)
Fund Balance, July 1	1,274,895	1,048,201	942,154	1,106,388	1,285,880
Fund Balance, June 30	$1,048,201	$942,154	$1,106,388	$1,285,881	$1,191,528

(1) Figures may not sum to totals due to rounding.
Source: El Tejon Unified School District Audit Reports.

District Budget and Interim Financial Reporting

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

Under current law, a school district governing board must adopt and file with the county superintendent of schools a tentative budget by July 1 in each fiscal year. The District is under the jurisdiction of the Kern 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 2019-20 (adopted budget and second interim projections).

EL TEJON UNIFIED SCHOOL DISTRICT
Revenues, Expenditures, and Changes in General Fund Balance
Fiscal Year 2019-20 (Adopted Budget and Second Interim Projections)

Revenues	**Adopted Budget 2019-20**	**Second Interim 2019-20**
Total LCFF Sources	$7,591,952	$7,590,276
Federal Revenues	639,369	654,657
Other state revenues	646,908	391,604
Other local revenues	636,241	708,641
Total Revenues	9,514,470	9,345,178
Expenditures		
Certificated Salaries	3,085,714	2,956,080
Classified Salaries	1,615,325	1,539,980
Employee Benefits	2,211,825	2,172,614
Books and Supplies	572,358	629,309
Services and Other Operating Expenditures	1,269,800	1,343,345
Capital Outlay	33,401	33,401
Other Outgo (excluding transfers of indirect costs)	705,802	705,802
Other Outgo	--	--
Total Expenditures	9,494,226	9,380,531
Excess of Revenues Over/(Under) Expenditures	20,244	(35,352)
Other Financing Sources (Uses)		
Operating transfers in		
Operating transfers out	--	--
Other sources	--	--
Contributions	--	--
Total Other Financing Sources (Uses)	--	--
Net change in fund balance	20,244	(35,352)
Fund Balance, July 1	1,187,633	1,187,633
Fund Balance, June 30 (1)	$1,207,878	$1,152,281

(1) Fund balances do not reflect all funds included in the District's general fund revenues shown above.
Source: El Tejon Unified School District Adopted Budget and Second Interim Report for 2019-20.

District Reserves. The District's ending fund balance is the accumulation of surpluses from prior years. This fund balance is used to meet the State's minimum required reserve of 4% of expenditures, plus any other allocation or reserve which might be approved as an expenditure by the District in the future.

In connection with legislation adopted in connection with the State's fiscal year 2014-15 Budget (**"SB 858"**), the Education Code was amended to provide that, beginning in fiscal year 2015-16, if a district's proposed budget includes a local reserve above the minimum recommended level, the governing board must provide the information for review at the annual public hearing on its proposed budget. In addition, SB 858 included a provision, which became effective upon the passage of Proposition 2 at the November 4, 2014 statewide election, which limits the amount of reserves which may be maintained at the District level. Specifically, the legislation, among other things, enacted Education Code Section 42127.01, which became operative December 15, 2014, and provides that in any fiscal year immediately after a fiscal year in which a transfer is made to the State's Public School System Stabilization Account (the Proposition 98 reserve), a school district may not adopt a budget that contains a reserve for economic uncertainties in excess of twice the applicable minimum recommended reserve for economic uncertainties established by the State Board (for school districts with ADA over 400,000, the limit is three times the amount). Exemptions can be granted by the County Superintendent under certain circumstances.

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

Attendance - Revenue Limit and LCFF Funding

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

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

Fiscal Year	ADA	LCFF Funding Per ADA
2013-14	729	$8,077
2014-15	695	8,877
2015-16	700	9,350
2016-17	715	9,789
2017-18	652	10,651
2018-19	684	11,307
2019-20 (1)	684	11,097

(1) Second Interim Projection.
Source: California Department of Education; El Tejon 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 69.7% for purposes of calculating supplemental and concentration grant funding under LCFF.

Possible Impacts of Coronavirus. As described herein, the short-term and long-term impact of the Coronavirus on the District's attendance, revenues and local property values cannot be predicted. The Bonds described in this Official Statement are secured by *ad valorem* property taxes, and not the District's general fund. See "SECURITY FOR THE BONDS – *Ad Valorem* Taxes – The Global Coronavirus Pandemic."

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
El Tejon Unified School District
Fiscal Years 2015-16 through 2019-20 (Projected)

Fiscal Year	Amount
2015-16	$310,602
2016-17	380,390
2017-18	441,037
2018-19	463,748
2019-20 (1)	406,916

(1) Second Interim Projection.
Source: El Tejon 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 2019-20 were 10.73%, 12.58%, 14.43%, 16.28% and 17.10, respectively. Projected employer contribution rates for school districts (including the District) for fiscal year 2020-21 through fiscal year 2022-23 are set forth in the following table.

EMPLOYER CONTRIBUTION RATES (STRS)
Fiscal Years 2020-21 through 2022-23

Fiscal Year	Employer Contribution Rate[1]
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
El Tejon Unified School District
Fiscal Years 2013-14 through 2019-20 (Projected)

Fiscal Year	Amount
2015-16	$131,375
2016-17	171,829
2017-18	199,075
2018-19	238,636
2019-20 [1]	304,998

(1) Second Interim Projection.
Source: El Tejon 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, 2018-19, and 2019-20 were 11.847%, 13.888%, 15.531%, 18.062%, and 19.721% respectively. Projected employer contribution rates for school districts (including the District) for fiscal year 2020-21 through fiscal year 2022-23 are set forth in the following table.

EMPLOYER CONTRIBUTION RATES (PERS)
Fiscal Years 2020-21 through 2022-23(1)

Fiscal Year	Employer Contribution Rate(2)
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 H 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 Self-Insured Schools of California ("**SISC III**") administers the District's Retiree Benefits Plan (the "**Plan**"), a single-employer defined benefit plan that is used to provide postemployment benefits other than pensions ("**OPEB**") for all permanent, full-time, certificated and classified employees of the District. Management of the Plan is vested in the District's SISC III Health and Welfare Benefits Program board of directors. As of June 30, 2019, the SISC III Health and Welfare Benefits Program board had 25 members, who are elected from and by representatives of SISC III member districts.

Benefits Provided The District provides healthcare benefits for retirees and their dependents, consistent with the plan commitments and current District benefits. Benefits are provided through a third-party insurer, and the full cost of benefits is covered by the Plan. The Board has the authority to establish and amend the benefit terms to the Plan.

The District maintains the same medical plans for its retirees as for its active employees. The District contributes up to lowest cost single-party medical plan rate for eligible classified retirees and the lowest cost two-party medical plan rate for eligible certificated and management retirees. Retirees may elect a higher-cost option as well as dental and vision coverage and pay any additional premiums. Retirement must have occurred on or after July 1, 1989.

Certificated and management employees hired prior to July 1, 2005 may retire with District-paid benefits on or after age 55 with at least 15 years of service with the District. Those hired on or after July 1, 2005 may retire after the later of age 60 and 20 years of service. Benefits continue until the retiree reaches age 65, unless the retiree has at least 25 years of service with the District, in which case Medicare Supplement, prescription drug, and behavioral health benefits are payable for the life of the retiree. Benefits end at age 65 in all cases for retirees hired on or after July 1, 2008.

Classified employees may retire with District-paid benefits on or after age 50 with at least 15 years of service with the District. Benefits continue until the retiree reaches age 65, unless the retiree has at least 30 years of service with the District in which case Medicare Supplement, prescription drug, and behavioral health benefits are payable for the life of the retiree. Employees hired after February 9, 2005 are not eligible for retiree health benefits.

Board Members are not eligible for District-paid retiree health benefits.

Membership of the Plan consists of 27 retirees and beneficiaries currently receiving benefits and 57 active plan members.

Contributions. The contribution requirements of the plan are established by the District's Board of Trustees. The required contribution is based on the projected pay-as-you-go financing requirements. For the fiscal year ended June 30, 2019 the District contributed $273,050 to the plan for the current premiums. The District made no contributions to an OPEB Trust.

Actuarial Assumptions and Other Inputs. The District's total OPEB liability of $9,782,128 was measured as of June 30, 2017 and was determined by an actuarial valuation as of June 30, 2019 using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified: inflation 3.00%, discount rate of return 3.10%, and healthcare cost trend rates 5.00%. The discount rate was based on the Municipal Bond Buyer 20-Year High Grade Rate Index. Mortality rates were based on the RP-2014 Employee Mortality tables.

The actual assumptions used in the June 30, 2018 valuation were based on the results of an actual experience study for the period July 1, 2017 to June 30, 2018.

Net OPEB Liability of the District. The components of the net OPEB liability of the District at June 30, 2019, were as follows:

NET OPEB LIABILITY
El Tejon Unified School District

	Total OPEB Liability
Total OPEB Liability	$9,782,128
Plan Fiduciary Net Position	--
District's Net OPEB liability (asset)	$9,782,128
Covered Employee Payroll	$4,652,822
District's Net OPEB Liability as a percentage of Covered Payroll	210.24%

Source: El Tejon Unified School District.

OPEB Expense. For the year ended June 30, 2019, the District recognized an OPEB expense of $273,050.

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

Insurance – Joint Powers Agreement

The District participates in a joint venture under a joint powers agreement ("**JPA**") with the Self-Insured Schools of California (**"SISC**"). The relationship between the District and the JPA is such that the JPA is not a component unit of the District for financial reporting purposes.

SISC arranges for and provides property and liability insurance for its members. SISC is governed by a board consisting of representatives from the member districts. The board controls the operations of SISC, including selection of management and approval of operating budgets, independent of any influence by the member districts beyond their representation on the board. Each member district pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionate to their participation in SISC.

SISC also administers the SISC Defined Benefit Pension Plan, a cost-sharing multi-employer defined benefit pension plan that provides benefits for the part-time employees of 63 participating school districts and county offices of education (participating employers). California Government Code 6507 created SISC, with the authority to establish and amend the benefit provisions of the plan.

The District participates in a joint venture under a joint powers agreement with Kern Schools Legal Service. The relationship between the District and the JPA is such that the JPA is not a component unit of the District for financial reporting purposes. Kern Schools Legal Services provides legal services for its members.

Existing Debt Obligations

General Obligation Bonds. The District has general obligation bonds and general obligation refunding bonds, secured by ad valorem taxes levied and collected within the District, on a parity basis with the Bonds, as described below. See also "DEBT SERVICE SCHEDULES" and in the District's Audited Financial Statement for year Ended June 30, 2019, attached hereto as Appendix B, Note F.

The 2005 GO Bond Authorization. The District received authorization at an election held on November 8, 2005 (the "**2005 Authorization**") to issue $7,120,000 million principal amount of general obligation bonds. On July 27, 2006 the District issued its $7,120,000 General Obligation Bonds, Election of 2005, Series 2006 (the "**Series 2006 Bonds**").

Refunding Bonds. On August 2, 2016 the District issued its $5,315,000 2016 General Obligation Refunding Bonds (the "**2016 Refunding Bonds**") to refund all of the outstanding Series 2006 Bonds. The 2016 Refunding Bonds are currently outstanding in the aggregate principal amount of $4,300,000.

The 2018 GO Bond Authorization. The District received authorization at an election held on June 5, 2018 (the "**2018 Authorization**") to issue $16,000,000 principal amount of general obligation bonds. On September 20, 2018 the District issued its $5,500,000 General Obligation Bonds, Election of 2018, Series A (the "**Series A Bonds**"), which are currently outstanding in the aggregate principal amount of $5,180,000. On May 30, 2019 the District issued its $4,500,000 General Obligation Bonds, Election of 2018, Series B (the "**Series B Bonds**"), which are currently outstanding in the aggregate principal amount of $4,500,000. The Bonds described herein are the third series of bonds to be issued under the 2018 Authorization. Subsequent to the issuance of the Bonds $2,350,000* principal amount of General Obligation Bonds will remain for issuance under the 2018 Authorization.

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 Kern 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 Kern 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

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* *Preliminary; subject to change.*

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.

2020-21 Proposed State Budget

On January 10, 2020, the Governor released the proposed State budget for fiscal year 2020-21 (the "**2020-21 Proposed State Budget**"), noting that while economic expansion is occurring, there are growing risks facing the State, including risks caused by climate change and uncertainty regarding the political climate and federal policies. The 2020-21 Proposed State Budget projects general fund revenues in fiscal year 2020-21 of approximately $155 billion (including a prior year balance of approximately $8.5 billion) and expenditures of approximately $149.7 billion. The 2020-21 Proposed State Budget continues to build State reserves, with $21 billion set aside in reserve funds. The 2020-21 Proposed State Budget maintains $900 million in the Safety Net Reserve, sets aside $110 million in the Public School System Stabilization Account, and allocates $3.1 billion in a Special Fund for Economic Uncertainties. In addition, the 2020-21 Proposed State Budget estimates the Rainy Day Fund will have a fund balance of approximately $18 billion in fiscal year 2020-21 and $19.4 billion by 2023-24.

The 2020-21 Proposed State Budget raises the Proposition 98 funding for school districts and community college districts for fiscal year 2020-21 to $84 billion, a new all-time high, which reflects a 2.29% cost of living adjustment and includes an additional $1.2 billion in Proposition 98 funding for the LCFF. The 2020-21 Proposed State Budget also confirms that school district reserve caps are not required for fiscal year 2021-22. The 2020-21 Proposed State Budget includes an includes one-time increases in Proposition 98 general fund resources of $350 million of educator workforce investment grants, $193 million for workforce development grants, $18 million to strengthen the capacity of local educational agencies in certain priority areas, and $10 million for credentialed teacher stipends. The Governor is required to release a revision to the Proposed State Budget by May 14 of each year.

LAO Fiscal Perspective Report

The LAO issued a fiscal perspective report on March 18, 2020 entitled "COVID-19 and California's Evolving Fiscal Outlook," concluding that the economic uncertainty caused by the Coronavirus emergency will significantly affect California's near-term fiscal outlook. Key takeaways from the report are as follows:

Volatility in Financial Markets Indicate Lower Capital Gains-Related Tax Revenue. Taxes on capital gains are a significant source of State revenue, but they are difficult to forecast because of their correlation to stock market performance. The LAO states that the volatility of financial markets indicate lower capital gains-related tax revenue. With the market now well below the budget assumption, absent a more rapid recovery than has occurred in any modern market downturn of this severity, it appears likely that the average price level will wind up lower than the budget assumption. The LAO projects there is a high likelihood that tax revenues from capital gains income will be several billion dollars lower than what the Governor's budget assumed.

COVID-19 Response Brings Economic Activity to a Halt. For the broader economy, the LAO stated that the odds of a recession have increased substantially due to the pullback in activity across wide swaths of the economy. The abrupt and nearly across-the-board curtailment of spending that is now underway sets it apart from previous downturns. An optimistic scenario is that the economy would experience a sharp but comparatively short-lived downturn lasting one or two months. Under a more pessimistic scenario, economic activity would remain depressed for longer, compounded by dislocated supply chains and reduced lending caused by elevated risk aversion in credit markets. The type of contraction the state, national, and global economies experience will have implications for revenue collections in the coming years.

California's Strong Fiscal Position is a Key Advantage. The LAO notes, however, that California's budget entered 2020 on a strong footing due to strong budget reserves, the pay down of debt and multiyear balanced budgets during the economic expansion of previous years.

Disclaimer Regarding State Budgets

The execution of State budgets including the above 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 current and proposed State budgets are expected to be impacted by the COVID-19 emergency described herein. The District cannot predict the impact that the 2019-20 State Budget, the 2020-21 Proposed State Budget or subsequent State Budgets, will have on its own finances and operations.

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 and 2020-21 Proposed State Budget are available from the California Department of Finance website at www.ebudget.ca.gov. An impartial analysis of the budget is published by the Legislative Analyst Office, and is available at www.lao.ca.gov/budget. The District can take no responsibility for the continued accuracy of these internet addresses or for the accuracy, completeness or timeliness of information posted on these sites, and such information is not incorporated in this Official Statement by these references. The information referred to above should not be relied upon when making an investment decision with respect to the Bonds.

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

Legal Challenges to State Funding of Education

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

CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS

Principal of and interest on the Bonds are payable from the proceeds of an *ad valorem* tax levied by the County for the payment thereof. Articles 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.

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APPENDIX B

EL TEJON UNIFIED SCHOOL DISTRICT
AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR 2018-19

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EL TEJON UNIFIED SCHOOL DISTRICT
COUNTY OF KERN
LEBEC, CALIFORNIA

AUDIT REPORT

JUNE 30, 2019

Introductory Section

El Tejon Unified School District
Audit Report
For The Year Ended June 30, 2019

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El Tejon Unified School District
Audit Report
For The Year Ended June 30, 2019

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Financial Section

Scott Erwin CPA
ACCOUNTING • AUDIT • ADVISORY

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Independent Auditor's Report

To the Board of Trustees
El Tejon Unified School District
Lebec, 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 El Tejon Unified School District (the District) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of El Tejon Unified School District as of June 30, 2019, 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.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the El Tejon Unified School District's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not required parts of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements. The accompanying other supplementary information is presented for purposes of additional analysis as required by the State's audit guide, *2018-19 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* prescribed in Title 5, *California Code of Regulations*, Section 19810 and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and other supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information, except for that portion labeled “unaudited” on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and other supplementary information and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2019 on our consideration of El Tejon 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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering El Tejon Unified School District's internal control over financial reporting and compliance.

Respectfully submitted,

Scott Erwin CPA

SCOTT ERWIN CPA INC
Bakersfield, CA
December 15, 2019

This section of El Tejon Unified School District's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2019.

The Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standard Board's (GASB) Statement No. 34 – Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments issued in June 1999.

Financial Highlights:

- The District is able to meet current expenses and maintain an adequate reserve.

- Overall revenues for all governmental funds were $11,835,583, which was $1,294,703 more than expenditures totaling $10,540,880.

- The General Fund's fund balance decreased $94,352.

Overview of the Financial Statements:

This annual report consists of two parts: Management's Discussion and Analysis (this section) and the Basic Financial Statements.

The Basic Financial Statements include two kinds of statements that present different views of the District:

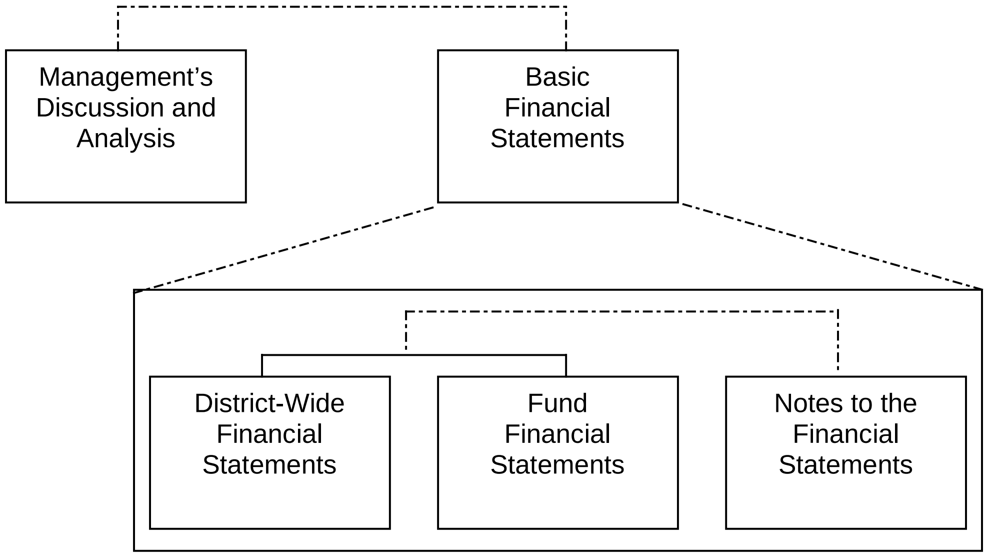
- The first two statements are District-Wide financial statements that provide both short-term and long-term information about the District's overall financial status.

- The remaining statements are fund financial statements that focus on individual parts of the District, reporting the District's operations in more detail than the District-Wide statements.

- The governmental funds statements tell how basic services like regular and special education were financed in the short term, as well as what remains for future spending.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. Figure A-1 shows how the various parts of this annual report are arranged and relate to one another.

Figure A-1. Organization of El Tejon Unified School District's Annual Financial Report



District-Wide Statements

The District-Wide Financial Statements report information about the District as a whole using accounting methods similar to those used by private sector companies. The statement of net position includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities, regardless of when cash is received or paid.

The two District-Wide statements report the District's net position. Net position – the difference between the District's assets and liabilities – is one way to measure the District's financial health or position.

To assess the overall health of the District you need to consider additional non-financial factors such as the condition of school buildings and other facilities.

The District-Wide Financial Statement includes the Governmental activities, which include the basic services such as regular and special education, transportation, and administration. Property taxes and state formula aid finance most of these activities.

Fund Financial Statements

The Fund Financial Statements provide more detailed information about the District's most significant funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

- Some funds are required by State law and by bond covenants.

- The District establishes other funds to control and manage money for particular purposes.

Financial Analysis of the District as a Whole:

Net Position. The District's combined net position was deficit of $827,927 and $2,122,630 June 30, 2019 and June 30, 2018, respectively. Table 1 below identifies the total assets, total liabilities and the total net position as of June 30, 2019 and 2018.

Table 1
El Tejon Unified School District
Statement of Net Position

	6/30/2019	6/30/2018
Assets		
Current and Other Assets	$ 17,344,159	$ 9,841,537
Capital Assets	18,303,922	13,899,879
Total Assets	$ 35,648,081	$ 23,741,416
Deferred Outflows of Resources	$ 1,251,896	$ 669,601
Liabilities		
Long-Term Liabilities	$ 34,990,273	$ 25,403,364
Other Liabilities	2,471,631	877,283
Total Liabilities	$ 37,461,904	$ 26,280,647
Deferred Inflows of Resources	$ 266,000	$ 253,000
Net Position		
Net Investment In Capital Assets	$ 701,426	$ 5,748,498
Restricted	11,338,269	1,152,745
Unrestricted	(12,867,622)	(9,023,873)
Total Net Position	$ (827,927)	$ (2,122,630)

Changes in Net Position. Table 2 identifies the net position beginning balance and identifies the revenues and expenses for 2018-19 and the 2017-18 end of year net position. Property taxes and State Formula Aid account for most of the District's revenue. The next largest revenue source is from State and Federal Aid for specific programs, and the remainder from miscellaneous sources.

Table 2
El Tejon Unified School District
Change in Net Position

	6/30/2019	6/30/2018
Net Position Beginning Balance	$ (2,122,631)	$ (327,380)
Revenue		
General Revenues	$ 9,937,140	$ 8,847,876
Operating Grants & Contributions	1,653,216	1,586,313
Charges for Services	245,227	267,289
Total Revenue	$ 11,835,583	$ 10,701,478
Expenses		
Instruction	$ 4,905,365	$ 6,587,651
Instruction-Related Services	540,963	989,411
Pupil Services	1,565,427	1,566,519
Ancilliary Services	306,935	322,384
Community Services	333,493	328,908
Enterprise	-	72,094
General Administration	1,035,195	1,110,410
Plant Services	1,164,721	984,958
Other Outgo	380,497	425,529
Interest on Long-Term Obligations	308,284	108,865
Total Expenses	$ 10,540,880	$ 12,496,729
Change in Net Position	$ 1,294,703	$ (1,795,251)
Prior Period Adjustment	$ -	$ -
End of Year Net Position	$ (827,927)	$ (2,122,631)

Table 3 presents the cost of the major District activities: Instruction, Instruction-Related Services, Pupil Services, Ancillary Services, Community Services, General Administration, Plant Outgo and Other Outgo. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on other sources of funding.

Table 3
El Tejon Unified School District
Statement of Activities - Expenses
For the year ended June 30, 2019

	Total Cost of Services	Net Cost of Services	Difference
Government Activities			
Instruction	$ 4,905,365	$ (4,048,973)	$ 856,392
Instruction-Related Services	540,963	(453,884)	87,079
Pupil Services	1,565,427	(1,099,800)	465,627
Ancilliary Services	306,935	(258,630)	48,305
Community Services	333,493	(280,181)	53,312
General Administration	1,035,195	(874,773)	160,422
Plant Services	1,164,721	(937,415)	227,306
Other Outgo	380,497	(380,497)	-
Interest on Long-Term Obligation:	308,284	(308,284)	-
Total Expenses	$ 10,540,880	$ (8,642,437)	$ 1,898,443

Financial Analysis of the District's Funds:

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported a combined fund balance of $14,872,528.

General Fund Budgetary Highlights

Over the course of the year, the District's General Fund budget was revised several times. These budget amendments include the following categories:

* Budgets are revised when revisions are made to the enacted or proposed state budget.
* Budgets are revised when negotiations are completed.
* Final amounts for state and federal grants become available and budgets are revised mid-year.
* New grants become available.
* Final budget revisions are made to cover all areas of expenditures.

Capital Assets and Long-Term Debt:

Capital Assets

In 2004, an appraiser was contracted to identify and assign a value to all capital assets. A new accounting system was set up to account for the identified items. The district established a $5,000 threshold for identifying capital assets. Capital assets are categorized by land, improvement of sites, buildings, and equipment. Table 4 presents these categories. The total capital assets for governmental activities are $18,303,922 and $13,899,879 for the years ended June 30, 2019 and 2018, respectively.

Table 4
El Tejon Unified School District
Capital Assets

	6/30/2019	6/30/2018
Land	$ 518,419	$ 518,419
Land Improvements, Net	71,564	82,928
Buildings, Net	12,543,766	12,978,392
Equipment, Net	193,582	258,458
Work in Progress	4,976,591	61,682
Total Assets	$ 18,303,922	$ 13,899,879

Long-Term Debt

At June 30, 2019 and 2018, the District had $34,990,274 and $25,403,364, respectively, in total outstanding long-term debt, as shown in Table 5.

Table 5
El Tejon Unified School District
Outstanding Long-Term Debt

	6/30/2019	6/30/2018
General Obligation Bonds	$ 17,602,497	$ 8,151,381
Net Pension Liability	7,579,000	7,448,000
Net OPEB Obiligation	9,782,128	9,782,128
Compensated Absences	26,649	21,855
Total Debt	$ 34,990,274	$ 25,403,364

Factors Bearing on the District's Future:

Implementation of the new Local Control Funding Formula (LCFF) and the health of the state's economy are important factors affecting the district's future. LCFF is expected to reach full implementation in 2018-2019. Though ADA has been declining in recent years, it stabilized in 2017-18 and the District will continue efforts to stabilize or increase attendance to insure the district receives all possible funding. Expenditures in special education will continue to encroach on general funds.

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 District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact El Tejon Unified School District, P.O. Box 876, Lebec California 93243.

Basic Financial Statements

EL TEJON UNIFIED SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2019

		Governmental Activities
ASSETS:		
Cash in County Treasury	$	15,541,746
Cash on Hand and in Banks		8,716
Cash in Revolving Fund		52,844
Cash with a Fiscal Agent/Trustee		1,132,044
Investments		69,770
Accounts Receivable		521,337
Stores Inventories		17,702
Capital Assets:		
Land		518,419
Land Improvements, Net		71,564
Buildings, Net		12,543,766
Equipment, Net		193,582
Work in Progress		4,976,591
Total Assets		35,648,081
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred Expenses		1,251,896
Total Deferred Outflows of Resources		1,251,896
LIABILITIES:		
Accounts Payable		2,406,003
Unearned Revenue		65,628
Noncurrent Liabilities:		
Net Pension Liability		7,579,000
Other Postemployment Benefit Obligation		9,782,128
Due within one year		900,947
Due in more than one year		16,728,198
Total Liabilities		37,461,904
DEFERRED INFLOWS OF RESOURCES:		
Deferred Revenues		266,000
Total Deferred Inflows of Resources		266,000
NET POSITION:		
Net Investment in Capital Assets		701,426
Restricted For:		
Debt Service		11,338,269
Unrestricted		(12,867,622)
Total Net Position	$	(827,927)

The accompanying notes are an integral part of this statement.

EL TEJON UNIFIED SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities
PRIMARY GOVERNMENT:				
Governmental Activities:				
Instruction	$ 4,905,365	$ 119,680	$ 736,712	$ (4,048,973)
Instruction-Related Services	540,963	12,170	74,909	(453,884)
Pupil Services	1,565,427	44,991	420,636	(1,099,800)
Ancillary Services	306,935	6,751	41,554	(258,630)
Community Services	333,493	7,450	45,862	(280,181)
General Administration	1,035,195	22,419	138,003	(874,773)
Plant Services	1,164,721	31,766	195,540	(937,415)
Other Outgo	380,497	--	--	(380,497)
Interest on Long-Term Obligations	308,284	--	--	(308,284)
Total Governmental Activities	10,540,879	245,227	1,653,216	(8,642,436)
Total Primary Government	$ 10,540,879	$ 245,227	$ 1,653,216	(8,642,436)

General Revenues:	
LCFF Sources	7,733,699
State Revenues	466,725
Local Revenues	1,736,716
Total General Revenues	9,937,140
Change in Net Position	1,294,704
Net Position - Beginning	(2,122,631)
Net Position - Ending	$ (827,927)

The accompanying notes are an integral part of this statement.

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EL TEJON UNIFIED SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2019

		General Fund		Building Fund
ASSETS:				
Cash in County Treasury	$	1,549,616	$	9,767,478
Cash on Hand and in Banks		8,716		--
Cash in Revolving Fund		430		--
Cash with a Fiscal Agent/Trustee		--		1,132,044
Investments		69,770		--
Accounts Receivable		384,283		43,962
Due from Other Funds		108,464		261,686
Stores Inventories		--		--
Total Assets		2,121,279		11,205,170
LIABILITIES AND FUND BALANCE:				
Liabilities:				
Accounts Payable	$	539,890	$	860,853
Due to Other Funds		324,233		--
Uneamed Revenue		65,628		--
Total Liabilities		929,751		860,853
Fund Balance:				
Nonspendable Fund Balances:				
Revolving Cash		9,145		--
Stores Inventories		--		--
Restricted Fund Balances		331,393		10,344,317
Assigned Fund Balances		83,716		--
Unassigned:				
Other Unassigned		767,274		--
Total Fund Balance		1,191,528		10,344,317
Total Liabilities and Fund Balances	$	2,121,279	$	11,205,170

The accompanying notes are an integral part of this statement.

County School Facilities Fund	Other Governmental Funds	Total Governmental Funds
$ 1,934,064	$ 2,290,588	$ 15,541,746
--	--	8,716
--	52,414	52,844
--	--	1,132,044
--	--	69,770
13,387	79,705	521,337
--	62,547	432,697
--	17,702	17,702
1,947,451	2,502,956	17,776,856
$ 861,611	$ 143,649	$ 2,406,003
--	108,464	432,697
--	--	65,628
861,611	252,113	2,904,328
--	52,414	61,559
--	17,702	17,702
--	968,344	11,644,054
1,085,840	1,212,383	2,381,939
--	--	767,274
1,085,840	2,250,843	14,872,528
$ 1,947,451	$ 2,502,956	$ 17,776,856

EL TEJON UNIFIED SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2019

Total fund balances - governmental funds balance sheet	$	14,872,528
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not reported in the funds.		18,303,922
Payables for bond principal which are not due in the current period are not reported in the funds.		(17,602,496)
Payables for compensated absences which are not due in the current period are not reported in the funds.		(26,649)
Recognition of the District's proportionate share of the net pension liability is not reported in the funds.		(7,579,000)
Deferred Resource Inflows related to the pension plans are not reported in the funds.		(266,000)
Deferred Resource Outflows related to the pension plans are not reported in the funds.		702,384
Recognition of the District's proportionate share of the net OPEB liability is not reported in the funds.		(9,782,128)
Deferred Resource Outflows related to the OPEB plans are not reported in the funds.		549,512
Net position of governmental activities - Statement of Net Position	$	(827,927)

The accompanying notes are an integral part of this statement.

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EL TEJON UNIFIED SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	General Fund	Building Fund
Revenues:		
LCFF Sources:		
State Apportionment or State Aid	$ 3,619,758	$ --
Education Protection Account Funds	219,156	--
Local Sources	3,894,785	--
Federal Revenue	580,864	--
Other State Revenue	1,128,846	--
Other Local Revenue	602,378	97,245
Total Revenues	10,045,787	97,245
Expenditures:		
Current:		
Instruction	4,767,376	--
Instruction - Related Services	545,377	--
Pupil Services	1,143,282	--
Ancillary Services	301,672	--
Community Services	333,493	--
General Administration	1,004,121	--
Plant Services	1,157,362	2,810,070
Other Outgo	380,497	--
Capital Outlay	265,166	42,053
Debt Service:		
Principal	208,884	--
Interest	4,750	126,842
Total Expenditures	10,111,980	2,978,965
Excess (Deficiency) of Revenues Over (Under) Expenditures	(66,193)	(2,881,720)
Other Financing Sources (Uses):		
Transfers In	--	3,103,053
Transfers Out	(28,159)	--
Proceeds From Sale of Bonds	--	10,000,000
Total Other Financing Sources (Uses)	(28,159)	13,103,053
Net Change in Fund Balance	(94,352)	10,221,333
Fund Balance, July 1	1,285,880	122,984
Fund Balance, June 30	$ 1,191,528	$ 10,344,317

The accompanying notes are an integral part of this statement.

County School Facilities Fund	Other Governmental Funds	Total Governmental Funds
$ --	$ --	$ 3,619,758
--	--	219,156
--	--	3,894,785
--	244,473	825,337
--	26,758	1,155,604
43,821	1,238,499	1,981,943
43,821	1,509,730	11,696,583
--	--	4,767,376
--	--	545,377
--	316,734	1,460,016
--	--	301,672
--	--	333,493
--	374	1,004,495
618,016	427,467	5,012,915
--	--	380,497
809,175	8,904	1,125,298
--	340,000	548,884
--	176,692	308,284
1,427,191	1,270,171	15,788,307
(1,383,370)	239,559	(4,091,724)
--	28,159	3,131,212
--	(3,103,053)	(3,131,212)
--	--	10,000,000
--	(3,074,894)	10,000,000
(1,383,370)	(2,835,335)	5,908,276
2,469,210	5,086,178	8,964,252
$ 1,085,840	$ 2,250,843	$ 14,872,528

EL TEJON UNIFIED SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

Net change in fund balances - total governmental funds	$	5,908,276
Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:		
Capital outlays are not reported as expenses in the SOA.		4,980,851
The depreciation of capital assets used in governmental activities is not reported in the funds.		(576,808)
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.		548,885
Compensated absences are reported as the amount earned in the SOA but as the amount paid in the funds.		(4,794)
Proceeds of bonds do not provide revenue in the SOA, but are reported as current resources in the funds.		(10,000,000)
Pension contributions made after the measurement date but in current FY were de-expended & reduced NPL.		296,245
Pension expense relating to GASB 68 is recorded in the SOA but not in the funds.		(131,000)
OPEB contributions made after the measurement date but in current FY were de-expended & reduced NPL.		273,049
Change in net position of governmental activities - Statement of Activities	$	1,294,704

The accompanying notes are an integral part of this statement.

EL TEJON UNIFIED SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2019

		Agency Funds
ASSETS:		
Cash in County Treasury	$	35,565
Cash on Hand and in Banks		76,533
Total Assets		112,098
LIABILITIES:		
Due to Student Groups/Other Agencies	$	112,098
Total Liabilities		112,098
NET POSITION:		
Total Net Position	$	--

The accompanying notes are an integral part of this statement.

A. Summary of Significant Accounting Policies

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

1. Reporting Entity

The District's combined financial statements include the accounts of all its operations. The District evaluated whether any other entity should be included in these financial statements. The criteria for including organizations as component units within the District's reporting entity, as set forth in GASB Statement No. 14, "The Financial Reporting Entity," include whether:

- the organization is legally separate (can sue and be sued in its name)
- the District holds the corporate powers of the organization
- the District appoints a voting majority of the organization's board
- the District is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the District
- there is fiscal dependency by the organization on the District

The District also evaluated each legally separate, tax-exempt organization whose resources are used principally to provide support to the District to determine if its omission from the reporting entity would result in financial statements which are misleading or incomplete. GASB Statement No. 14 requires inclusion of such an organization as a component unit when: 1) The economic resources received or held by the organization are entirely or almost entirely for the direct benefit of the District, its component units or its constituents; and 2) The District or its component units is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the organization; and 3) Such economic resources are significant to the District.

Based on these criteria, the District has no component units. Additionally, the District is not a component unit of any other reporting entity as defined by the GASB Statement.

2. Basis of Presentation, Basis of Accounting

a. Basis of Presentation

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

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

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

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

The District reports the following major governmental funds:

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

Building Fund. This fund 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.

County School Facilities Fund. This fund is established pursuant to Education Code Section 17070.43 to receive apportionments from the 1998 State School Facilities Fund (Proposition 1A), the 2002 State School Facilities Fund (Proposition 47), or the 2004 State School Facilities Fund (Proposition 55) authorized by the Sate Allocation Board for new school facility construction, modernization projects, and facility hardship grants, as provided in the Leroy F. Green School Facilities Act of 1998 (Education Code Section 17070 et seq.).

The District reports the following non-major funds:

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

Special Reserve Fund for Capital Outlay Projects. This fund exists primarily to provide for the accumulation of general fund moneys for capital outlay purposes (Education Code Section 42840).

Bond Interest and Redemption Fund. This fund is used for the repayment of bonds issued for a District (Education Code Sections 15125-15262).

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

In addition, the District reports the following fund types:

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

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

b. Measurement Focus, Basis of Accounting

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

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

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

3. Encumbrances

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

4. Assets, Liabilities, and Equity

a. Deposits and Investments

Cash balances held in banks and in revolving funds are insured to $250,000 by the Federal Depository Insurance Corporation. All cash held by the financial institutions is fully insured or collateralized. For purposes of the statement of cash flows, highly liquid investments are considered to be cash equivalents if they have a maturity of three months or less when purchased.

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

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

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

b. Stores Inventories and Prepaid Expenditures

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

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

c. Capital Assets

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

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

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

d. Receivable and Payable Balances

The District believes that sufficient detail of receivable and payable balances is provided in the financial statements to avoid the obscuring of significant components by aggregation. Therefore, no disclosure is provided which disaggregates those balances.

	General Fund	Building Fund	County School Facilities Fund	Other Governmental Funds	Total
LCFF Sources	$ --	$ --	$ --	$ --	$ --
Federal Government	209,416	--	--	--	209,416
Other State Revenue	111,473	--	--	--	111,473
Other Local Revenue	63,394	43,962	13,387	79,705	200,448
Totals	$ 384,283	$ 43,962	$ 13,387	$ 79,705	$ 521,337

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

e. Compensated Absences

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

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

f. 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.

g. Interfund Activity

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

h. Property Taxes

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

i. Fund Balances - Governmental Funds

Fund balances of the governmental funds are classified as follows:

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

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

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

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

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

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

5. Deferred Inflows and Deferred Outflows of Resources

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

Deferred Inflows and Deferred Outflows of Resources as of June 30, 2019, consists of the following:

	Deferred Outflows of Resources	Deferred Inflows of Resources
CalSTRS	$ 463,748	$ 266,000
CalPERS	238,636	
Other Post Employment Benefits	549,512	
Totals	$ 1,251,896	$ 266,000

6. GASB 54 Fund Presentation

Consistent with fund reporting requirements established by GASB Statement No. 54, Fund 17 (Special Reserve Fund for Other Than Capital Outlay) and Fund 20 (Special Reserve Fund for Postemployment Benefits) are merged with the General Fund for purposes of presentation in the audit report.

7. Pensions

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

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

Valuation Date (VD)	June 30, 2017
Measurement Date (MD)	June 30, 2018
Measurement Period (MP)	July 1, 2017 to June 30, 2018

8. Use of Estimates

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

9. Fair Value Measurements

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

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

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

10. Change in Accounting Policies

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

GASB 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.

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

GASB 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.

11. New Accounting Pronouncements

GASB 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 June 15, 2018.

GASB 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 reporting periods beginning after December 15, 2019.

GASB 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.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

GASB Statement No. 90, Majority Equity Interests-an amendment of GASB Statements No. 14 and No. 61

The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value.

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

GASB Statement No. 91, Conduit Debt Obligations

The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2020.

B. Excess of Expenditures Over Appropriations

As of June 30, 2019, expenditures exceeded appropriations in individual funds as follows:

Appropriations Category		Excess Expenditures
General Fund:		
Certificated Salaries	$	(74,910)
Employee Benefits		(598,558)
Cafeteria Fund:		
Classified Salaries		(15,998)
Employee Benefits		(4,164)
Books and Supplies		(20,472)
Services and Other Operating Expenditures		(136)
Capital Facilities Fund:		
Capital Outlay		(8,904)

All funds: The District did not adjust the budget at year end to meet actual expenditures.

C. Cash and Investments

1. Cash in County Treasury:

In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the Kern County Treasury as part of the common investment pool ($15,541,746 as of June 30, 2019). The fair value of the District's portion of this pool as of that date, as provided by the pool sponsor, was $15,541,746. Assumptions made in determining the fair value of the pooled investment portfolios are available from the County Treasurer.

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

Cash balances on hand and in banks ($8,716 as of June 30, 2019) and in the revolving fund ($52,844) are insured up to $250,000 by the Federal Depository Insurance Corporation. All cash held by the financial institution is fully insured or collateralized.

3. Investments:

The District's investments at June 30, 2019 are shown below.

Investment or Investment Type	Fair Value
SISC Investment Pool	$ 69,770
Total Investments	$ 69,770

4. Analysis of Specific Deposit and Investment Risks

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

a. Credit Risk

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

b. Custodial Credit Risk

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

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

c. Concentration of Credit Risk

This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At year end, the District was not exposed to concentration of credit risk.

d. Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. At year end, the District was not exposed to interest rate risk.

e. Foreign Currency Risk

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

5. Investment Accounting Policy

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

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

D. Capital Assets

Capital asset activity for the year ended June 30, 2019, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	$ 518,419	$ --	$ --	$ 518,419
Work in progress	61,682	4,914,909	--	4,976,591
Total capital assets not being depreciated	580,101	4,914,909	--	5,495,010
Capital assets being depreciated:				
Buildings	21,779,631	--	--	21,779,631
Improvements	2,041,035	--	--	2,041,035
Equipment	3,836,593	65,942	--	3,902,535
Total capital assets being depreciated	27,657,259	65,942	--	27,723,201
Less accumulated depreciation for:				
Buildings	(8,801,239)	--	(434,626)	(9,235,865)
Improvements	(1,958,107)	--	(11,364)	(1,969,471)
Equipment	(3,578,136)	--	(130,818)	(3,708,954)
Total accumulated depreciation	(14,337,482)	--	(576,808)	(14,914,290)
Total capital assets being depreciated, net	13,319,777	65,942	(576,808)	12,808,911
Governmental activities capital assets, net	$ 13,899,878	$ 4,980,851	$ (576,808)	$ 18,303,921

Depreciation was charged to functions as follows:

Instruction	$ 508,139
School Site Administration	752
Transportation	64,080
Food Services	3,837
	$ 576,808

E. Interfund Balances and Activities

1. Due To and From Other Funds

Balances due to and due from other funds at June 30, 2019, consisted of the following:

Due To Fund	Due From Fund	Amount	Purpose
General Fund	Cafeteria Fund	$ 108,464	Supplement other fund sources
Cafeteria Fund	General Fund	28,159	Supplement other fund sources
Building Fund	General Fund	261,686	Supplement other fund sources
Capital Facilities Fund	General Fund	34,388	Supplement other fund sources
	Total	$ 432,697	

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

2. Transfers To and From Other Funds

Transfers to and from other funds at June 30, 2019, consisted of the following:

Transfers From	Transfers To	Amount	Reason
General Fund	Cafeteria Fund	$ 28,159	Supplement other fund sources
Special Reserve	Building Fund	3,103,053	Supplement other fund sources
	Total	$ 3,131,213	

F. Long-Term Obligations

1. Long-Term Obligation Activity

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended June 30, 2019, are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental activities:					
General obligation bonds	$ 4,985,000	$ --	$ (340,000)	$ 4,645,000	345,000
General obligation bonds	--	5,500,000	--	5,500,000	320,000
General obligation bonds	--	4,500,000	--	4,500,000	--
QZAB	3,166,381	--	(208,885)	2,957,497	209,198
Compensated absences *	21,855	4,794	--	--	26,649
Total governmental activities	$ 8,173,236	$ 10,004,794	$ (548,885)	$ 17,602,497	$ 900,847

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

Liability	Activity Type	Fund
Compensated absences	Governmental	General, Cafeteria

2. Debt Service Requirements

Debt service requirements on long-term debt at June 30, 2019, are as follows:

Debt service requirements on General Obligation Bonds, with an original outstanding balance of $4,985,000:

Year Ending June 30,	Principal	Interest	Total
2020	$ 345,000	$ 92,900	$ 437,900
2021	355,000	86,000	441,000
2022	360,000	78,900	438,900
2023	370,000	71,700	441,700
2024	375,000	64,300	439,300
2025	380,000	56,800	436,800
2026	390,000	49,200	439,200
2027	400,000	41,400	441,400
2028	405,000	33,400	438,400
2029	415,000	25,300	440,300
2030	420,000	17,000	437,000
2031	430,000	8,600	438,600
Totals	$ 4,645,000	$ 625,000	$ 5,270,500

Debt service requirements on General Obligation Bonds, with an original outstanding balance of $10,592,573:

Year Ending June 30,	Principal	Interest	Total
2020	$ 320,000	$ 190,855	$ 510,855
2021	-	211,325	211,325
2022	-	211,325	211,325
2023	-	211,325	211,325
2024	20,000	211,325	231,325
2025	20,000	210,925	230,925
2026	30,000	210,525	240,525
2027	40,000	209,925	249,925
2028	45,000	209,075	254,075
2029	60,000	208,063	268,063
2030	70,000	206,638	276,638
2031	80,000	204,800	284,800
2032	95,000	202,600	297,600
2033	110,000	199,750	309,750
2034	125,000	196,450	321,450
2035	140,000	192,700	332,700
2036	155,000	188,325	343,325
2037	170,000	183,288	353,288
2038	190,000	177,763	367,763
2039	210,000	171,350	381,350
2040	235,000	164,263	399,263
2041	255,000	156,331	411,331
2042	280,000	147,725	427,725
2043	305,000	137,925	442,925
2044	335,000	127,250	462,250
2045	365,000	110,500	475,500
2046	405,000	92,250	497,250
2047	440,000	72,000	512,000
2048	480,000	50,000	530,000
2049	520,000	26,000	546,000
Totals	$ 5,500,000	$ 5,092,573	$ 10,592,573

Debt sevice requirements on General Obligation Bonds, with an original outstanding balance of $7,903,684:

Year Ending June 30,	Principal	Interest	Total
2020	$	$	$ -
2021	155,000	187,784	342,784
2022	185,000	157,475	342,475
2023	-	153,775	153,775
2024	-	153,775	153,775
2025	15,000	153,775	168,775
2026	25,000	153,513	178,513
2027	30,000	153,075	183,075
2028	40,000	152,550	192,550
2029	45,000	151,850	196,850
2030	55,000	151,063	206,063
2031	65,000	150,100	215,100
2032	75,000	147,500	222,500
2033	85,000	144,500	229,500
2034	95,000	141,100	236,100
2035	110,000	137,300	247,300
2036	125,000	132,900	257,900
2037	140,000	127,900	267,900
2038	155,000	122,300	277,300
2039	170,000	116,100	286,100
2040	190,000	109,300	299,300
2041	210,000	101,700	311,700
2042	230,000	91,200	321,200
2043	255,000	79,700	334,700
2044	280,000	66,950	346,950
2045	305,000	52,950	357,950
2046	325,000	43,800	368,800
2047	350,000	34,050	384,050
2048	380,000	23,550	403,550
2049	405,000	12,150	417,150
Totals	$ 4,500,000	$ 3,403,684	$ 7,903,684

Debt service payments on Qualified Zoning "A" Bonds, with an original outstanding balance of $43,166,381:

Year Ending June 30,	Principal	Interest	Total
2020	$ 209,198	$ 4,436	$ 213,634
2021	209,512	4,122	213,634
2022	209,826	3,808	213,634
2023	210,141	3,493	213,634
2024	210,456	3,178	213,634
2025	210,771	2,863	213,634
2026	211,088	2,546	213,634
2027	211,404	2,230	213,634
2028	211,721	1,913	213,634
2029	212,039	1,595	213,634
2030	212,357	1,277	213,634
2031	212,676	958	213,634
2032	212,995	639	213,634
2033	213,314	320	213,634
Totals	$ 2,957,497	$ 33,380	$ 2,990,877

G. Joint Ventures (Joint Powers Agreements)

The District participates in a joint venture under a joint powers agreement (JPA) with the Self-Insured Schools of California (SISC). The relationship between the District and the JPA is such that the JPA is not a component unit of the District for financial reporting purposes.

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

SISC also administers the SISC Defined Benefit Pension Plan (SDBP), which is a cost-sharing multi-employer defined benefit pension plan that provides benefits for the part-time employees of 63 participating school districts and county offices of education (participating employers). California Government Code 6507 created SISC, with the authority to establish and amend the benefit provisions of the plan.

The District participates in a joint venture under a joint powers agreement with Kern Schools Legal Service. The relationship between the District and the JPA is such that the JPA is not a component unit of the District for financial reporting purposes. Kern Schools Legal Services provides legal services for its members.

H. Pension Plans

1. General Information About the Pension Plans

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

The District implemented GASB Statements No. 68 and No. 71 during the fiscal year ended June 30, 2015. As a result, the District now reports its proportionate share of the net pension liabilities, deferred outflow of resources, deferred inflow of resources, and pension expense for each of the above plans as follows:

Pension Plan	Proportionate Share of Net Pension Liability	Proportionate Share of Deferred Outflow of Resources	Proportionate Share of Deferred Inflow of Resources	Proportionate Share of Pension Expense
CalSTRS	$ 5,022,000	$ 463,748	$ 266,000	$ 139,000
CalPERS	2,557,000	238,636	--	491,022
Total	$ 7,579,000	$ 702,384	$ 266,000	$ 630,022

a. Plan Descriptions

Benefit provisions under CalSTRS and CalPERS are established by State statute and Local Government resolution. Support by the State for the CalSTRS plan is such that the plan has a special funding situation as defined by GASB Statement No. 68. CalSTRS and CalPERS issue publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on their respective websites.

b. Benefits Paid

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

The Plans' provisions and benefits in effect at June 30, 2019 are summarized as follows:

	CalSTRS	
	Before	On or After
Hire Date	Jan. 1, 2013	Jan. 1, 2013
Benefit Formula	2% at 60	2% at 62
Benefit Vesting Schedule	5 Years	5 Years
Benefit Payments	Monthly for Life	Monthly for Life
Retirement Age	60	62
Monthly benefits, as a % of eligible compensation	2.1 - 2.4%	2.0 - 2.4%*
Required Employee Contribution Rates (at June 30, 2019)	10.250%	10.205%
Required Employer Contribution Rates (at June 30, 2019)	16.280%	16.280%
Required State Contribution Rates (at June 30, 2019)	9.828%	9.828%

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

	CalPERS	
	Before	On or After
Hire Date	Jan. 1, 2013	Jan. 1, 2013
Benefit Formula	2% at 55	2% at 62
Benefit Vesting Schedule	5 Years	5 Years
Benefit Payments	Monthly for Life	Monthly For Life
Retirement Age	55	62
Monthly Benefits as a % of Eligible Compensation	1.1- 2.5%	1.0- 2.5%
Required Employee Contribution Rates (at June 30, 2019)	7.000%	7.000%
Required Employer Contribution Rates (at June 30, 2019)	18.062%	18.062%

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

c. Contributions

CalSTRS

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, 2019, are presented above.

CalPERS

Section 20814 (c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. 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 contribution rates are expressed as a percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2019, are presented above.

On Behalf Payments

Consistent with Section 22955.1 of the California Education Code, the State of California makes contributions to CalSTRS on behalf of employees working for the District. For the measurement period ended June 30, 2018 (measurement date) the State contributed 8.395% of salaries creditable to CalSTRS. 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 excluded from the calculation of available reserves, and have not been included in the budgeted amounts reported in the General Fund Budgetary Comparison Schedule. Contribution reported each fiscal year are based on the contribution rate multiplied by salaries creditable to CalSTRS from the fiscal year two periods prior to the measurement period.

On Behalf Payments reported by the District for the past four fiscal years are as follows:

Year Ended June 30,	Contribution Rate	Contribution Amount
2016	7.126%	$ 196,787
2017	5.400%	$ 109,738
2018	8.395%	$ 246,973
2019	9.124%	$ 458,424

d. Contributions Recognized

For the year ended June 30, 2019, the contributions recognized for each Plan were as follows:

	CalSTRS	CalPERS	Total
Contributions - Employer	$ 463,748	$ 238,636	$ 702,384
Contributions - State On Behalf Payments	458,424	86694	545,118
Total Contributions	$ 922,172	$ 325,330	$ 1,247,502

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

As of June 30, 2019, the District reported net pension liabilities for its proportionate shares of the net pension liability of each plan as follows:

	Proportionate Share of Net Pension Liability
CalSTRS	$ 5,022,000
CalPERS	2,557,000
Total Net Pension Liability	$ 7,579,000

The District's net pension liability for each Plan is measured as the proportionate share of the net pension liability The net pension liability of each of the Plans is measured as of June 30, 2018, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.

The District's proportionate share of the net pension liability for each Plan as of June 30, 2018 and June 30, 2019 were as follows:

	CalSTRS	CalPERS
Proportion June 30, 2018	0.0056%	0.0097%
Proportion June 30, 2019	0.0055%	0.0096%
Change - Increase (Decrease)	-0.0001%	-0.0001%

a. <u>Pension Expense</u>

For the measurement period ended June 30, 2018 (fiscal year June 30, 2019), pension expense was recognized as follows:

	CalSTRS	CalPERS	Total
Total Pension Expense	$ 262,064	$ 500,769	$ 762,833

b. <u>Deferred Outflows and Inflows of Resources</u>

At June 30, 2019, 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	$ 702,384	$ --
Differences between actual and expected experience	--	--
Changes in assumptions	--	--
Change in employer's proportion and differences between	--	(266,000)
the employer's contributions and the employer's	--	--
proportionate share of contributions	--	--
Net difference between projected and actual earnings	--	--
on plan investments		
Total	$ 702,384	$ (266,000)

Pension contributions made subsequent to measurement date reported as deferred outflows of resources will be recognized as a portion of pension expense in the year ended June 30, 2020. The remaining amounts reported as deferred outflows or deferred inflows of resources will be recognized as an increase or decrease to pension expense over a five year period. Pension expense resulting from deferred outflows and deferred inflows of resources will be recognized as follows:

Year Ended June 30,	Deferred Outflows	Deferred Inflows	Net Effect on Expenses
2019	$ 702,384	$ (66,500)	$ 635,884
2020	--	(66,500)	(66,500)
2021	--	(66,500)	(66,500)
2022	--	(66,500)	(66,500)
2023	--	--	--
Thereafter	--	--	--
Total	$ 702,384	$ (266,000)	$ 436,384

c. Actuarial Assumptions

The total pension liabilities in the June 30, 2019 actuarial valuations were determined using the following actuarial assumptions:

	CalSTRS		CalPERS	
Valuation Date	June 30, 2017		June 30, 2017	
Measurement Date	June 30, 2018		June 30, 2018	
Actuarial Cost Method	Entry Age - Normal Cost Method for both CalSTRS & CalPERS			
Actuarial Assumptions:				
Discount Rate	7.10%		7.15%	
Inflation	2.75%		2.50%	
Wage Growth	3.50%		Varies	
Projected Salary Increase	0.05%-6.4%	(1)	3.10%-9.00%	(1)
Investment Rate of Return	7.10%	(2)	7.15%	(2)
Mortality	.0173%-22.86%	(3)	0.466%-32.536%	(3)

(1) Depending on age, service and type of employment
(2) Net of pension plan investment expenses, including inflation
(3) Industry standard published by the Society of Actuaries

d. Discount Rate

The discount rate used to measure the total pension liability was 7.10% for CalSTRS and 7.15% for CalPERS. The projection of cash flows used to determine the discount rate assumed contributions from plan members, employers, and state contributing agencies will be made at statutory contribution rates. To determine whether the District bond rate should be used in the calculation of a discount rate for each plan, CalSTRS and CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current discount rates are adequate and the use of the District bond rate calculation is not necessary for either plan. The stress test results are presented in a detailed report that can be obtained from the CalPERS and CalSTRS websites.

The CalSTRS discount rate was decreased in 2018 from 7.60% to 7.10% for measurement date June 30, 2018 (fiscal year June 2019) to adjust for changes resulting from a new actuarial study. The CalPERS discount rate was decreased from 7.65% to 7.15% for measurement date June 30, 2018 (fiscal year June 2019) to adjust for changes resulting in a new actuarial study.

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

CalSTRS and CalPERS are scheduled to review all actuarial assumptions as part of their regular Asset Liability Management (ALM) review cycle that is scheduled to be completed in February 2019. Any changes to the discount rate will require board action and proper stakeholder outreach. For these reasons, CalSTRS and CalPERS expect to continue using a discount rate net of administrative expenses for GASB 67 and GASB 68 calculations through at least the 2018-19 fiscal year. CalSTRS and CalPERS will continue to check the materiality of the difference in calculation until such time as they have changed their methodology.

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

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

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

CalSTRS

Asset Class	Assumed Allocation June 30, 2018	Long Term Expected Retum*
Global Equity	47.00%	6.30%
Fixed Income	12.00%	0.30%
Real Estate	13.00%	5.20%
Private Equity	13.00%	9.30%
Absolute Retum	9.00%	2.90%
Inflation Sensitive	4.00%	3.80%
Cash/Liquidity	2.00%	-1.00%

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

CalPERS

Asset Class	Assumed Allocation June 30, 2018	Real Return Years 11+*
Global Equity	50.00%	5.38%
Fixed Income	28.00%	2.62%
Inflation Assets	--	1.81%
Private Equity	8.00%	7.23%
Real Estate	13.00%	4.93%
Liquidity	1.00%	-0.92%

* An expected inflation of 2.92% used for this period

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

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

	CalSTRS	CalPERS
1% Decrease	6.10%	6.15%
Net Pension Liability	$ 7,356,642	$ 3,722,870
Current Discount Rate	7.10%	7.15%
Net Pension Liability	$ 5,022,000	$ 2,557,000
1% Increase	8.10%	8.15%
Net Pension Liability	$ 3,086,355	$ 1,589,744

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

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

I. SISC

1. General Information About the Defined Benefit Plan

a. Plan Description The SISC Defined Benefit Plan (SDBP) (the Plan) is administered by SISC. Plan membership consists of part-time employees of public schools and offices of education in the State of California. SDBP issues a publicly available report that includes a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on their website.

b. Benefits Provided

Benefits are designed to be paid out as a monthly lifetime benefit after reaching age 65 or later. Participants may choose to cash-out the full value of their benefits after retirement or termination of employment with participating employers. Lump sum distributions from the Plan occur only once per year. A participant who has attained at least age 62 by the end of the Plan year but has not incurred a termination of employment may be eligible to receive a distribution of the present value of the participant's vested accrued benefit in the form of a lump sum payment only. Participants are not required to retire and receive benefits once they attain age 65.

The Plan document and the Internal Revenue Service requires that participants begin to receive benefit payments, also known as the required minimum distribution, when they reach age 70 1/2 and are no longer working. If the present value of the benefit at age 70 1/2 is greater than $5,000, participants will be given the option between an annual lump sum payment or monthly life annuity payments. The annual benefit is calculated as 1.5% of the highest three consecutive calendar years of pay. Credited service begins upon the date of enrollment in the Plan. All employment with a participating employer is counted as credited service as ong as the participant worked for the employer, received compensation during the calendar year, and was covered by the Plan. The maximum service amount a participant can eam is 30 years.

c. Contributions

Per the State of Califomia Public Employees' Pension Reform Act of 2013 (PEPRA), plan members entering the Plan after December 31, 2012 are required to contribute one-half of the normal cost of the Plan. For the year ended December 31, 2016, new Plan members were required to contribute 1.6% of their annual pay. The participating employer's contractually required contribution rates for the year ended December 31, 2016 was 4.4% of annual payroll. This is less the amount contributed by new members, actuarially determined as an amount that, when combined with Plan member contributions, is expected to finance the costs of benefits earned by Plan members during the year, with an additional amount to finance any unfunded accrued liability. In addition, the administrative costs of the Plan are financed by employers through an adjustment of 0.3% to the actuarially determined rate.

Contractually required employer contributions for the year ended December 31, 2019, including reported contribution adjustments and suspended payroll information, are used as the basis for determining each employer's proportion of total contribution. Contributions of school employers were grouped by their respective School Districts. The total Plan contributions are determined through an SDBP annual actuarial valuation process. Contractually required employer contributions were determined by multiplying the employer's contribution rate by the annual benefit compensation (payroll) for the fiscal year.

For fiscal year end December 31, 2019, the District's Actual Employer Contribution was $11,573.

2. Summary of Significant Accounting and Reporting Policies

a. Basis of Presentation and Basis of Accounting

Employers participating in the Plan are required to report pension information in their financial statements for fiscal period beginning on or after June 15, 2014, in accordance with GASB Statement No. 68, Accounting and Financial Reporting for Pensions. The accompanying schedule was prepared in accordance with the US Generally Accepted Accounting Principles as applicable to governmental organizations.

b. Method Used to Value Investments

Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

c. Use of Estimates

The preparation of financial statements in conformity with US generally accepted accounting principles requires management to make significant estimates and assumptions that affected the reported amounts during the reporting period. Actual amounts could differ from those estimates.

3. District Total Net Pension Liability

Due to materiality thresholds, GASB 68 was not implemented by the District for this retirement plan. The Net Pension Liability, Deferred Outflows of Resources, and Deferred Inflows of Resources listed below are not reflected in these financial statements.

Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources
$ 19,072	$ 40,643	$ 50,460

J. Postemployment Benefits Other Than Pension Benefits

1. Plan Description

a. Plan Administration

Management of the District's Postemployment Benefit Plan is vested in the District's Board of Trustees (the Board). The Structure is described elsewhere in this report.

The Self-Insured Schools of Californa (SISC III) administers the District's Retiree Benefits Plan (the Plan) - a- single-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB) for all permanent, full-time, certificated, and classified employees of the District.

Management of the Trust is vested in the SISC III Health and Welfare Benefits Program board of directors as of June 30, 2019 the board had 25 members, who are elected from and by representatives of SISC III member districts.

b. Benefits Provided

The District provides healthcare benefits for retirees and their dependents, consistent with the plan committments and current District benefits. Benefits are provided through a third-party insurer, and the full cost of benefits is covered by the Plan. The Board has the authority to establish and amend the benefit terms to the Plan.

The District maintains the same medical plans for its retirees as for its active employees. The District contributes up to lowest cost single-party medical plan rate for eligible Classified retirees and the lowest cost two-party medical plan rate for eligible Certificated and Management retirees. Retirees may elect a higher-cost option as well as dental and vision coverage and pay any additional premiums. Retirement must have occurred on or after July 1, 1989.

Certificated/Management employees hired prior to July 1, 2005 may retire with District-paid benefits on or after age 55 with at least 15 years of service with the District. Those hired on or after July 1, 2005 may retire after the later of age 60 and 20 years of service. Benefits continue until the retiree reaches age 65, unless the retiree has at least 25 years of service with the District, in which case Medicare Supplement, prescription drug, and behavioral health benefits are payable for the life of the retiree. Benefits end at age 65 in all cases for retirees hired on or after July 1, 2008.

Classified employees may retire with District-paid benefits on or after age 50 with at least 15 years of service with the District. Benefits continue until the retiree reaches age 65, unless the retiree has at least 30 years of service with the District in which case Medicare Supplement, prescription drug, and behavioral health benefits are payable for the life of the retiree. Employees hired after February 9, 2005 are not eligible for retiree health benefits.

Board Members are not eligible for District-paid retiree health benefits.

c. Plan Membership

As of Year Ended June 30, 2019 the Plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefit payments	27
Inactive employees entitled to but not yet receiving benefit payments	--
Active employees	57
Total number of participants	84

2. Contributions

The contribution requirements of the plan are established by the District's Board of Trustees, The required contribution is based on the projected pay-as-you-go financing requirements. For the fiscal yeard ended June 30, 2019 the District contributed $273,050 to the plan for the current premiums. The District had no contributions to an OPEB Trust.

3. Investments

The District does not have any plan assets administred through a Trust. Therefore no investment policy and credit risk disclosure is provided.

4. Net OPEB Liability of the District

The components of the net OPEB liability of the District at June 30, 2019, were as follows:

Total OPEB Liability	$	9,782,128
Plan Fiduciary Net Position		-
District's Net OPEB Liability (asset)	$	9,782,128
Plan Fiduciary Net Position as a percentage of the toal OPEB Liability		--
Covered-employee Payroll	$	4,652,822
District's Net OPEB Liability as a percentage of covered payroll		210.24%

5. Actuarial Assumptions and Other Inputs

The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified.

Measurement Date	July 1, 2017
Discount Rate	3.10%
Inflation Rate	3.00%
Healthcare Trend Rates	5.00%
Investment Rate of Return	--
Mortality Rates	RP-2014 Employee Mortality
Retirees Share of Costs	--

6. Discount Rate

The discount rate used to measure the total OPEB liability was 3.13%. The projection of cash flows used to determine the discount rate assumed that District contributions will be made at reates equal to the actuarially determined rates. Based on these assumptions, the OPEB Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

The Discount Rate used was based on the Munipal Bond 20-Year High Grade Rate Index.

7. Sensitivity of the Total OPEB Liabiltiy to Changes in the Discount Rate

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

	1% Decrease 2.13%	Discount Rate 3.13%	1% Increase 4.13%
Total OPEB Liability (asset)	$ 11,429,896	$ 9,782,128	$ 8,460,419

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

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

	1% Decrease 4.00%	Healthcare Cost Trend Rate 5.00%	1% Increase 6.00%
Total OPEB Liability	$ 8,403,337	$ 9,782,128	$ 11,511,193

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

For the year ended June 30, 2019 the District recognized OPEB expense of $273,050. At June 30, 2019 the District reported deferred outflows of resources related to the following sources:

	Deferred Outflows of Resources
Contributions made subsequent to measurement date	$ 549,512

At June 30, 2019 the District did not report any deferred inflows of resources relating to OPEB.

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

K. Commitments and Contingencies

Litigation

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

The District has property tax appeals with an estimated tax liability including accrued interest of $35,565 as of June 30, 2018. The District has impounded $35,565 to cover this contingent liability at June 30, 2019.

State and Federal Allowances, Awards, and Grants

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

L. Subsequent Events

No subsequent events have been noted as of the report date.

Required Supplementary Information

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

EL TEJON UNIFIED SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2019

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues:				
LCFF Sources:				
State Apportionment or State Aid	$ 3,387,437	$ 3,480,605	$ 3,619,758	$ 139,153
Education Protection Account Funds	590,802	219,156	219,156	--
Local Sources	3,466,936	3,628,362	3,894,785	266,423
Federal Revenue	474,582	710,755	580,864	(129,891)
Other State Revenue	501,832	838,474	1,128,846	290,372
Other Local Revenue	609,691	688,927	602,378	(86,549)
Total Revenues	9,031,280	9,566,279	10,045,787	479,508
Expenditures:				
Current:				
Certificated Salaries	3,373,390	2,835,523	2,910,433	(74,910)
Classified Salaries	1,457,395	1,643,468	1,629,037	14,431
Employee Benefits	2,185,178	2,052,596	2,651,154	(598,558)
Books And Supplies	455,029	622,802	443,231	179,571
Services And Other Operating Expenditures	993,754	1,774,039	1,618,828	155,211
Other Outgo	--	492,687	380,497	112,190
Direct Support/Indirect Costs	--	1,283	--	1,283
Capital Outlay	--	276,686	265,166	11,520
Debt Service:				
Principal	--	208,885	208,884	1
Interest	691,700	4,750	4,750	--
Total Expenditures	9,156,446	9,912,719	10,111,980	(199,261)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(125,166)	(346,440)	(66,193)	280,247
Other Financing Sources (Uses):				
Transfers Out	--	--	(28,159)	(28,159)
Total Other Financing Sources (Uses)	--	--	(28,159)	(28,159)
Net Change in Fund Balance	(125,166)	(346,440)	(94,352)	252,088
Fund Balance, July 1	1,197,680	--	1,285,880	1,285,880
Fund Balance, June 30	$ 1,072,514	$ (346,440)	$ 1,191,528	$ 1,537,968

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

	Fiscal Year				
	2019	2018	2017	2016	2015
District's proportion of the net pension liability (asset)	0.0055%	0.0060%	0.0060%	0.0050%	0.0060%
District's proportionate share of the net pension liability (asset)	$ 2,525,497	$ 2,258,610	$ 3,255,167	$ 1,386,585	$ 753,470
State's proportionate share of the net pension liability (asset) associated with the District	2,496,503	2,874,390	1,319,833	2,397,415	2,556,530
Total	$ 5,022,000	$ 5,133,000	$ 4,575,000	$ 3,784,000	$ 3,310,000
District's covered-employee payroll	$ 2,910,429	$ 3,170,490	$ 3,191,082	$ 3,018,466	$ 2,793,745
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	86.77%	71.24%	102.01%	45.94%	26.97%
Plan fiduciary net position as a percentage of the total pension liability	71.00%	69.50%	69.00%	70.00%	77.00%

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

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

	Fiscal Year				
	2019	2018	2017	2016	2015
Contractually required contribution	$ 463,748	$ 441,037	$ 380,390	$ 310,602	$ 231,784
Contributions in relation to the contractually required contribution	(463,748)	(441,037)	(380,390)	(310,602)	(231,784)
Contribution deficiency (excess)	$ --	$ --	$ --	$ --	$ --
District's covered-employee payroll	$ 2,910,429	$ 3,170,490	$ 3,191,082	$ 3,018,466	$ 2,793,745
Contributions as a percentage of covered-employee payroll	15.93%	13.91%	11.92%	10.29%	8.30%

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

EL TEJON UNIFIED SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
CALIFORNIA PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST TEN FISCAL YEARS *

	Fiscal Year				
	2019	2018	2017	2016	2015
District's proportion of the net pension liability (asset)	0.0096%	0.0100%	0.0090%	0.0100%	0.0009%
District's proportionate share of the net pension liability (asset)	$ 2,557,000	$ 2,315,000	$ 1,816,000	$ 1,313,000	$ 998,000
District's covered-employee payroll	$ 1,742,393	$ 1,710,212	$ 1,665,724	$ 1,575,902	$ 1,434,153
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	146.75%	135.36%	109.02%	83.32%	69.59%
Plan fiduciary net position as a percentage of the total pension liability	70.99%	71.87%	73.90%	79.40%	83.38%

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

EL TEJON UNIFIED SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
CALIFORNIA PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST TEN FISCAL YEARS *

	Fiscal Year				
	2019	2018	2017	2016	2015
Actuarially determined contribution	$ 238,636	$ 199,075	$ 171,829	$ 131,375	$ 121,156
Contributions in relation to the actuarially determined contribution	(238,636)	(199,075)	(171,829)	(131,375)	(121,156)
Contribution deficiency (excess)	$ --	$ --	$ --	$ --	$ --
District's Covered-employee payroll	$ 1,742,393	$ 1,710,212	$ 1,665,724	$ 1,575,902	$ 1,434,153
Contributions as a percentage of covered-employee payroll	13.70%	11.64%	10.32%	8.34%	8.45%

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

EL TEJON UNIFIED SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE
SHARE OF THE NET OPEB LIABILITY
RETIREE BENEFIT PLAN
LAST TEN FISCAL YEARS *

	Measurement Year Ended			
	2019	2018	2017	2016
District's proportion of the collective net OPEB liability	100.00%	100.00%	100.00%	100.00%
District's proportionate share of the collective net OPEB liability	$ 9,782,128	$ 9,782,128	$ 9,483,951	$ 2,414,231
Total	$ 9,782,128	$ 9,782,128	$ 9,483,951	$ 2,414,231
District's covered-employee payroll	$ 4,652,822	$ 4,880,702	$ 4,856,806	$ 4,594,368
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	210.24%	200.42%	195.27%	52.55%
Plan fiduciary net position as a percentage of the total OPEB liability	--	--	--	--

Notes to the Schedule

Valuation Date	July 1, 2017	July 1, 2017	July 1, 2015	July 1, 2015

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

EL TEJON UNIFIED SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S OPEB CONTRIBUTIONS
RETIREE BENEFIT PLAN
LAST TEN FISCAL YEARS *

	Fiscal Year Ended			
	2019	2018	2017	2016
Statutorily or contractually required District contribution	$ 373,688	$ 337,747	$ 647,803	$ 647,803
Contributions recognized by OPEB in relation to statutorily or contractually required contribution	273,050	276,462	263,241	265,711
Contribution deficiency (excess)	$ 100,638	$ 61,285	$ 384,562	$ 382,092
District's covered-employee payroll	$ 4,652,822	$ 4,880,702	$ 4,856,806	$ 4,594,368
Contributions as a percentage of covered-employee payroll	5.87%	5.66%	5.42%	5.78%

Notes to the Schedule

Valuation Date	July 1, 2017	July 1, 2017	July 1, 2015	July 1, 2015

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

EL TEJON UNIFIED SCHOOL DISTRICT
SCHEDULE OF CHANGES IN THE DISTRICT'S
TOTAL OPEB LIABILITY AND RELATED RATIOS
RETIREE BENEFIT PLAN
LAST TEN FISCAL YEARS *

	Fiscal Year Ended			
	2019	2018	2017	2016
Total OPEB liability:				
Service cost	$ --	$ 213,606	$ --	$ --
Interest	--	400,549	--	--
Changes of benefit terms	--	--	--	--
Differences between expected and actual experience	--	--	--	--
Changes of assumptions or other inputs	--	--	7,069,720	--
Benefit payments	--	(315,978)	--	--
Net change in total OPEB liability	--	298,177	7,069,720	--
Total OPEB liability - beginning	9,782,128	9,483,951	2,414,231	--
Total OPEB liability - ending(a)	$ 9,782,128	$ 9,782,128	$ 9,483,951	$ 2,414,231
Plan fiduciary net position:				
Contributions - employer	$ --	$ --	$ --	$ --
Contributions - employee	--	--	--	--
Net investment income	--	--	--	--
Benefit payments, including refunds of employee contributions	--	--	--	--
Aministrative expense	--	--	--	--
Other	--	--	--	--
Net change in plan fiduciary net position				
Plan fiduciary net position - beginning	--	--	--	--
Plan fiduciary net position - ending(b)	--	--	--	--
District's Net OPEB Liability - ending (a)-(b)	9,782,128	9,782,128	9,483,951	2,414,231
Plan Fiduciary Net Position as a percentage of the total liability				
Covered-employee payroll	$ 4,652,822	$ 4,880,702	$ 4,856,806	$ 4,594,368
Total OPEB liability as a percentage of covered-employee payroll	210.24%	200.42%	195.27%	52.55%

Notes to Schedule:

Valuation Date	July 1, 2017	July 1, 2017	July 1, 2015	July 1, 2015

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

Combining Statements and Budget Comparisons as Supplementary Information

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

EL TEJON UNIFIED SCHOOL DISTRICT
COMBINING BALANCE SHEET
ALL GENERAL FUNDS
JUNE 30, 2019

	General Fund County School Service Fund	Special Reserve Fund	Post Employment Benefits Fund	Totals June 30, 2019
ASSETS:				
Cash in County Treasury	$ 1,535,761	$ 13,771	$ 84	$ 1,549,616
Cash on Hand and in Banks	8,716	--	--	8,716
Cash in Revolving Fund	430	--	--	430
Investments	--	--	69,770	69,770
Accounts Receivable	384,192	90	1	384,283
Due from Other Funds	108,464	--	--	108,464
Total Assets	2,037,563	13,861	69,855	2,121,279
LIABILITIES AND FUND BALANCE:				
Liabilities:				
Accounts Payable	$ 539,890	$ --	$ --	$ 539,890
Due to Other Funds	324,233	--	--	324,233
Unearned Revenue	65,628	--	--	65,628
Total Liabilities	929,751	--	--	929,751
Fund Balance:				
Nonspendable Fund Balances:				
Revolving Cash	9,145	--	--	9,145
Restricted Fund Balances	331,393	--	--	331,393
Assigned Fund Balances	--	13,861	69,855	83,716
Unassigned:				
Other Unassigned	767,274	--	--	767,274
Total Fund Balance	1,107,812	13,861	69,855	1,191,528
Total Liabilities and Fund Balances	$ 2,037,563	$ 13,861	$ 69,855	$ 2,121,279

EL TEJON UNIFIED SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - ALL GENERAL FUNDS
YEAR ENDED JUNE 30, 2019

	General Fund County School Service Fund	Special Reserve Fund	Post Employment Benefits Fund	Totals June 30, 2019
Revenues:				
LCFF Sources:				
State Apportionment or State Aid	$ 3,619,758	$ --	$ --	$ 3,619,758
Education Protection Account Funds	219,156	--	--	219,156
Local Sources	3,894,785	--	--	3,894,785
Federal Revenue	580,864	--	--	580,864
Other State Revenue	1,128,846	--	--	1,128,846
Other Local Revenue	599,644	267	2,467	602,378
Total Revenues	10,043,053	267	2,467	10,045,787
Expenditures:				
Current:				
Instruction	4,767,376	--	--	4,767,376
Instruction - Related Services	545,377	--	--	545,377
Pupil Services	1,143,282	--	--	1,143,282
Ancillary Services	301,672	--	--	301,672
Community Services	333,493	--	--	333,493
General Administration	1,004,121	--	--	1,004,121
Plant Services	1,157,362	--	--	1,157,362
Other Outgo	380,497	--	--	380,497
Capital Outlay	265,166	--	--	265,166
Debt Service:				
Principal	208,884	--	--	208,884
Interest	4,750	--	--	4,750
Total Expenditures	10,111,980	--	--	10,111,980
Excess (Deficiency) of Revenues Over (Under) Expenditures	(68,927)	267	2,467	(66,193)
Other Financing Sources (Uses):				
Transfers Out	(28,159)	--	--	(28,159)
Total Other Financing Sources (Uses)	(28,159)	--	--	(28,159)
Net Change in Fund Balance	(97,086)	267	2,467	(94,352)
Fund Balance, July 1	1,204,898	13,594	67,388	1,285,880
Fund Balance, June 30	$ 1,107,812	$ 13,861	$ 69,855	$ 1,191,528

EL TEJON UNIFIED SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2019

	Cafeteria Fund	Capital Outlay Projects Fund	Total Nonmajor Special Revenue Funds
ASSETS:			
Cash in County Treasury	$ 2,911	$ --	$ 2,911
Cash in Revolving Fund	52,414	--	52,414
Accounts Receivable	70,438	--	70,438
Due from Other Funds	28,159	--	28,159
Stores Inventories	17,702	--	17,702
Total Assets	171,624	--	171,624
LIABILITIES AND FUND BALANCE:			
Liabilities:			
Accounts Payable	$ 18,652	$ --	$ 18,652
Due to Other Funds	108,464	--	108,464
Total Liabilities	127,116	--	127,116
Fund Balance:			
Nonspendable Fund Balances:			
Revolving Cash	52,414	--	52,414
Stores Inventories	17,702	--	17,702
Restricted Fund Balances	(25,608)	--	(25,608)
Total Fund Balance	44,508	--	44,508
Total Liabilities and Fund Balances	$ 171,624	$ --	$ 171,624

EL TEJON UNIFIED SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Cafeteria Fund	Capital Outlay Projects Fund	Total Nonmajor Special Revenue Funds
Revenues:			
Federal Revenue	$ 244,473	$ --	$ 244,473
Other State Revenue	18,981	--	18,981
Other Local Revenue	71,049	--	71,049
Total Revenues	334,503	--	334,503
Expenditures:			
Current:			
Pupil Services	316,734	--	316,734
Total Expenditures	316,734	--	316,734
Excess (Deficiency) of Revenues Over (Under) Expenditures	17,769	--	17,769
Other Financing Sources (Uses):			
Transfers In	28,159	--	28,159
Transfers Out	--	(3,103,053)	(3,103,053)
Total Other Financing Sources (Uses)	28,159	(3,103,053)	(3,074,894)
Net Change in Fund Balance	45,928	(3,103,053)	(3,057,125)
Fund Balance, July 1	(1,420)	3,103,053	3,101,633
Fund Balance, June 30	$ 44,508	$ --	$ 44,508

EL TEJON UNIFIED SCHOOL DISTRICT
CAFETERIA FUND
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE - UNAUDITED
FOR THE YEAR ENDED JUNE 30, 2019

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Federal Revenue	$ 220,500	$ 244,473	$ 23,973
Other State Revenue	15,263	18,981	3,718
Other Local Revenue	40,200	71,049	30,849
Total Revenues	275,963	334,503	58,540
Expenditures:			
Current:			
Classified Salaries	97,352	113,351	(15,999)
Employee Benefits	41,361	45,525	(4,164)
Books And Supplies	130,100	150,572	(20,472)
Services And Other Operating Expenditures	7,150	7,286	(136)
Total Expenditures	275,963	316,734	(40,771)
Excess (Deficiency) of Revenues Over (Under) Expenditures	--	17,769	17,769
Other Financing Sources (Uses):			
Transfers In	--	28,159	28,159
Total Other Financing Sources (Uses)	--	28,159	28,159
Net Change in Fund Balance	--	45,928	45,928
Fund Balance, July 1	--	(1,420)	(1,420)
Fund Balance, June 30	$ --	$ 44,508	$ 44,508

EL TEJON UNIFIED SCHOOL DISTRICT
SPECIAL RESERVE FUND FOR CAPITAL OUTLAY PROJECTS
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE - UNAUDITED
FOR THE YEAR ENDED JUNE 30, 2019

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Other Local Revenue	$ (1)	$ --	$ 1
Total Revenues	(1)	--	1
Expenditures:			
Total Expenditures	--	--	--
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1)	--	1
Other Financing Sources (Uses):			
Transfers Out	--	(3,103,053)	(3,103,053)
Total Other Financing Sources (Uses)	--	(3,103,053)	(3,103,053)
Net Change in Fund Balance	(1)	(3,103,053)	(3,103,052)
Fund Balance, July 1	--	3,103,053	3,103,053
Fund Balance, June 30	$ (1)	$ --	$ 1

EL TEJON UNIFIED SCHOOL DISTRICT
BOND INTEREST AND REDEMPTION FUND
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE - UNAUDITED
FOR THE YEAR ENDED JUNE 30, 2019

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Other State Revenue	$ --	$ 7,777	$ 7,777
Other Local Revenue	--	1,069,109	1,069,109
Total Revenues	--	1,076,886	1,076,886
Expenditures:			
Debt Service:			
Principal	--	340,000	(340,000)
Interest	--	176,692	(176,692)
Total Expenditures	--	516,692	(516,692)
Excess (Deficiency) of Revenues Over (Under) Expenditures	--	560,194	560,194
Other Financing Sources (Uses):			
Total Other Financing Sources (Uses)	--	--	--
Net Change in Fund Balance	--	560,194	560,194
Fund Balance, July 1	--	433,758	433,758
Fund Balance, June 30	$ --	$ 993,952	$ 993,952

EL TEJON UNIFIED SCHOOL DISTRICT
BUILDING FUND
CAPITAL PROJECTS FUND
BUDGETARY COMPARISON SCHEDULE - UNAUDITED
FOR THE YEAR ENDED JUNE 30, 2019

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Other Local Revenue	$ 97,300	$ 97,245	$ (55)
Total Revenues	97,300	97,245	(55)
Expenditures:			
Current:			
Services And Other Operating Expenditures	3,080,100	2,810,070	270,030
Capital Outlay	50,000	42,053	7,947
Debt Service:			
Interest	130,000	126,842	3,158
Total Expenditures	3,260,100	2,978,965	281,135
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,162,800)	(2,881,720)	281,080
Other Financing Sources (Uses):			
Transfers In	--	3,103,053	3,103,053
Other Sources	10,000,000	10,000,000	--
Total Other Financing Sources (Uses)	10,000,000	13,103,053	3,103,053
Net Change in Fund Balance	6,837,200	10,221,333	3,384,133
Fund Balance, July 1	--	122,984	122,984
Fund Balance, June 30	$ 6,837,200	$ 10,344,317	$ 3,507,117

EL TEJON UNIFIED SCHOOL DISTRICT
CAPITAL FACILITIES FUND
CAPITAL PROJECTS FUND
BUDGETARY COMPARISON SCHEDULE - UNAUDITED
FOR THE YEAR ENDED JUNE 30, 2019

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Other Local Revenue	$ 98,400	$ 98,341	$ (59)
Total Revenues	98,400	98,341	(59)
Expenditures:			
Current:			
Books And Supplies	9,100	56	9,044
Services And Other Operating Expenditures	437,400	427,785	9,615
Capital Outlay	--	8,904	(8,904)
Total Expenditures	446,500	436,745	9,755
Excess (Deficiency) of Revenues Over (Under) Expenditures	(348,100)	(338,404)	9,696
Other Financing Sources (Uses):			
Total Other Financing Sources (Uses)	--	--	--
Net Change in Fund Balance	(348,100)	(338,404)	9,696
Fund Balance, July 1	--	1,550,787	1,550,787
Fund Balance, June 30	$ (348,100)	$ 1,212,383	$ 1,560,483

EL TEJON UNIFIED SCHOOL DISTRICT
COUNTY SCHOOL FACILITIES FUND
CAPITAL PROJECTS FUND
BUDGETARY COMPARISON SCHEDULE - UNAUDITED
FOR THE YEAR ENDED JUNE 30, 2019

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Other Local Revenue	$ 44,000	$ 43,821	$ (179)
Total Revenues	44,000	43,821	(179)
Expenditures:			
Current:			
Services And Other Operating Expenditures	704,255	618,016	86,239
Capital Outlay	1,650,000	809,175	840,825
Total Expenditures	2,354,255	1,427,191	927,064
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,310,255)	(1,383,370)	926,885
Other Financing Sources (Uses):			
Total Other Financing Sources (Uses)	--	--	--
Net Change in Fund Balance	(2,310,255)	(1,383,370)	926,885
Fund Balance, July 1	--	2,469,210	2,469,210
Fund Balance, June 30	$ (2,310,255)	$ 1,085,840	$ 3,396,095

EL TEJON UNIFIED SCHOOL DISTRICT

COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
JUNE 30, 2019

	Impound Fund	Fraizer Mt High ASB	El Tejon ASB	Total Agency Funds
ASSETS:				
Cash in County Treasury	$ 35,565	$ --	$ --	$ 35,565
Cash on Hand and in Banks	--	36,239	40,294	76,533
Total Assets	35,565	36,239	40,294	112,098
LIABILITIES:				
Due to Student Groups/Other Agencies	$ 35,565	$ 36,239	$ 40,294	$ 112,098
Total Liabilities	35,565	36,239	40,294	112,098
NET POSITION:				
Total Net Position	$ --	$ --	$ --	$ --

Other Supplementary Information

This section includes financial information and disclosures not required by the Governmental Accounting Standards Board and not considered a part of the basic financial statements. It may, however, include information which is required by other entities.

EL TEJON UNIFIED SCHOOL DISTRICT
LOCAL EDUCATION AGENCY
ORGANIZATION STRUCTURE - UNAUDITED
JUNE 30, 2019

The El Tejon Unified School District was established on July 1, 1990, as a successor to the El Tejon Union School District which was established on July 1, 1951. The district is comprised of an area of approximately 65 square miles located in the areas of Lebec, Frazier Park and Mettler in Kern County, California. There were no changes in the boundaries of the district during the current year. The district is currently operating one elementary, one intermediate, and one high school.

Governing Board

Name	Office	Term and Term Expiration
John Fleming	President	November, 2020
Lark Shillig	Clerk	November, 2020
Lisa Duncan	Member	November, 2022
Kathleen Eggman	Member	November, 2020
Misty Johnston	Member	November, 2022

Administration

Sara Halfich
Superintendent

Wendy Jones
Asst. Supt. Business Services

EL TEJON UNIFIED SCHOOL DISTRICT
SCHEDULE OF AVERAGE DAILY ATTENDANCE
YEAR ENDED JUNE 30, 2019

Name of School District

	Second Period Report		Annual Report	
	Original	Revised	Original	Revised
TK/K-3:				
Regular ADA	216	N/A	219	N/A
Extended Year Special Education	--	--	--	--
Nonpublic, Nonsectarian Schools	--	--	--	--
Extended Year - Nonpublic	--	--	--	--
TK/K-3 Totals	216	--	219	--
Grades 4-6:				
Regular ADA	120	N/A	119	N/A
Extended Year Special Education	--	--	--	--
Nonpublic, Nonsectarian Schools	--	--	--	--
Extended Year - Nonpublic	--	--	--	--
Grades 4-6 Totals	120	--	119	--
Grades 7 and 8:				
Regular ADA	103	N/A	103	N/A
Extended Year Special Education	--	--	--	--
Nonpublic, Nonsectarian Schools	--	--	--	--
Extended Year - Nonpublic	--	--	--	--
Grades 7 and 8 Totals	103	--	103	--
Grades 9-12:				
Regular ADA	245	N/A	243	N/A
Extended Year Special Education	--	--	--	--
Nonpublic, Nonsectarian Schools	--	--	--	--
Extended Year - Nonpublic	--	--	--	--
Grades 9-12 Totals	245	--	243	--
ADA Totals	684	--	684	--

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

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

EL TEJON UNIFIED SCHOOL DISTRICT
SCHEDULE OF INSTRUCTIONAL TIME
YEAR ENDED JUNE 30, 2019

Grade Level	Ed. Code 46207 Minutes Requirement	Ed. Code 46207 Adjusted & Reduced	2018-19 Actual Minutes	Number of Days Traditional Calendar*	Number of Days Multitrack Calendar	Status
Transitional Kindergarten	36,000	--	55,675	180	--	Complied
Kindergarten	36,000	--	55,675	180	--	Complied
Grade 1	50,400	--	50,750	180	--	Complied
Grade 2	50,400	--	50,750	180	--	Complied
Grade 3	50,400	--	50,970	180	--	Complied
Grade 4	54,000	--	54,149	180	--	Complied
Grade 5	54,000	--	53,940	180	--	Non-Compliant
Grade 6	54,000	--	53,940	180	--	Non-Compliant
Grade 7	54,000	--	53,940	180	--	Non-Compliant
Grade 8	54,000	--	53,940	180	--	Non-Compliant
Grade 9	64,800	--	66,025	180	--	Complied
Grade 10	64,800	--	66,025	180	--	Complied
Grade 11	64,800	--	66,025	180	--	Complied
Grade 12	64,800	--	66,025	180	--	Complied

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

The District has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day. This schedule presents information on the amount of instruction time offered by the District and whether the District complied with the provisions of Education Code Sections 46200 through 46206. The District met or exceeded its target funding.

Total cost of Non-Compliance for instructional minutes is $1,862. See Schedule of Instructional Minutes Finding & Calculation.

* Includes four days from J13A waiver for a total of 180 days taught.

EL TEJON UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
YEAR ENDED JUNE 30, 2019

General Fund	Budget 2020 (see note 1)	2019	2018	2017
Revenues and other financial sources	$ 9,524,989	$ 10,045,787	$ 9,401,456	$ 9,140,489
Expenditures	9,504,545	10,111,980	9,310,580	8,926,255
Other uses and transfers out	--	(28,159)	9,900	50,000
Total outgo	9,504,545	10,083,821	9,320,480	8,976,255
Change in fund balance (deficit)	20,444	(94,352)	80,976	164,234
Ending fund balance	$ 1,123,772	$ 1,103,328	$ 1,197,680	$ 1,106,388
Available reserves (see note 2)	$ 876,485	$ 767,274	$ 445,543	$ 805,056
Available reserves as a percentage of total outgo (see note 3)	9.2%	7.6%	4.8%	9.0%
Total long-term debt	$ 34,089,326	$ 34,990,273	$ 25,403,364	$ 21,377,057
Average daily attendance at P-2	689	689	702	718

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

The fund balance of the general fund has decreased by $3,060 (0.28%) over the past two years. The fiscal year 2019-2020 budget projects an increase of $20,444 (1.85%). For a district of this size, the State recommends available reserves of at least 4.0 percent of total general fund expenditures, transfers out and other uses (total outgo),

The District has enjoyed operating surpluses for two of the past three years, and projects a surplus during the 2019-2020 fiscal year. Total long-term debt has increased by $13,613,216 over the past two years.

Average daily attendance has decreased by 29 over the past two years. No change in ADA is anticipated during the fiscal year 2019-2020.

NOTES:

1 Budget 2020 is included for analytical purposes only and has not been subjected to audit.

2 Available reserves consist of all unassigned fund balances and all funds reserved for economic uncertainties contained within the General Fund.

EL TEJON UNIFIED SCHOOL DISTRICT
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET
REPORT WITH AUDITED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

	General Fund	Cafeteria Fund
June 30, 2019, annual financial and budget report fund balances	$ 1,187,633	$ (6,609)
Adjustments and reclassifications:		
Increasing (decreasing) the fund balance:		
Cash in County Treasury	13,855	--
Revolving Cash in Bank	8,716	51,118
Cash Awaiting Deposit	(86,951)	--
Investments	69,770	--
Investments - Recognize CY	--	--
Accounts Receivable	91	--
Rounding	(1)	(1)
Net adjustments and reclassifications	3,894	51,117
June 30, 2019, audited financial statement fund balances	$ 1,191,528	$ 44,508

	Non-Current Liabilities
June 30, 2019, annual financial and budget report total liabilities	$ --
Adjustments and reclassifications:	
Increase (decrease) in total liabilities:	
Net Pension Liability	131,000
General Obligation Bonds	30
Rounding	(1)
Net adjustments and reclassifications	131,029
June 30, 2019, audited financial statement total liabilities	$ 34,990,273

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

Non-Capital Outlay Fund	Post Employment Benefits Fund	Bond Interest & Redemption Fund
$ 13,861	$ 67,390	$ 427,555
(13,771)	(84)	565,967
--	--	--
--	--	--
--	(69,770)	--
--	2,465	--
(90)	(1)	430
--	--	--
(13,861)	(67,390)	566,397
$ --	$ --	$ 993,952

No charter schools are chartered by El Tejon Unified School District.

Charter Schools	Included In Audit?
None	N/A

EL TEJON UNIFIED SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
CHILD NUTRITION CLUSTER:				
U. S. Department of Agriculture				
Passed Through California Department of Education:				
Child Nutrition: School Programs - Lunch	10.555	13391	$ --	$ 244,473
Total U. S. Department of Agriculture			--	244,473
Total Child Nutrition Cluster			--	244,473
MEDICAID CLUSTER:				
U. S. Department of Health and Human Services				
Passed Through California Department of Health Services:				
Medi-Cal Administrative Activities	93.778	10060	--	2,460
Total U. S. Department of Health and Human Services			--	2,460
Total Medicaid Cluster			--	2,460
SPECIAL EDUCATION (IDEA) CLUSTER:				
U. S. Department of Education				
Passed Through California Department of Education:				
Special Ed: IDEA Basic Local Assistance Entitlement	84.027	13379	--	126,846
Special Ed: IDEA Preschool Local Entitlement	84.027A	13682	--	4,199
Special Ed: IDEA Mental Health Services, Part B, Sec 611	84.027(A)	15321	--	122,333
Special Ed: IDEA Preschool Grants	84.173	13430	--	1,022
Total Passed Through California Department of Education			--	254,400
Total U. S. Department of Education			--	254,400
Total Special Education (IDEA) Cluster			--	254,400
OTHER PROGRAMS:				
U. S. Department of Education				
Passed Through California Department of Education:				
NCLB: Title I, Part A, Basic Grants, Low-Income, and Neglected	84.010	14329	--	273,843
Carl D Perkins Career & Technical Education: Secondary	84.048	14894	--	9,083
NCLB: Title III, Limited English Proficient Student Program	84.365	14346	--	1,934
NCLB: Title II, Part A, Teacher Quality	84.367	14341	--	34,132
Title IV: ESEA (ESSA), Part A, Student Support	84.424	15396	--	5,012
Total Passed Through California Department of Education			--	324,004
Total U. S. Department of Education			--	324,004
TOTAL EXPENDITURES OF FEDERAL AWARDS			$ --	$ 825,337

The accompanying notes are an integral part of this schedule.

Basis of Presentation

The accompanying schedule of expenditures of federal awards ("the Schedule") includes the federal grant activity of El Tejon Unified School District. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Therefore, some amounts may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. These expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule, if any, represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

El Tejon Unified School District has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 1 - Early Retirement Incentive Program

The District did not offer this program in the current year.

Other Independent Auditor's Reports

Scott Erwin CPA
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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*

To the Board of Trustees
El Tejon Unified School District
Lebec, California

Members of the Board of Trustees:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of El Tejon Unified School District, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise El Tejon Unified School District's basic financial statements, and have issued our report thereon dated December 15, 2019.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Respectfully submitted,

Scott Erwin CPA

SCOTT ERWIN CPA INC
Bakersfield, CA
December 15, 2019

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Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance

To the Board of Trustees
El Tejon Unified School District
Lebec, California

Members of the Board of Trustees:

Report on Compliance for Each Major Federal Program

We have audited the El Tejon Unified School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the El Tejon Unified School District's major federal programs for the year ended June 30, 2019. El Tejon Unified School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the El Tejon 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, 2019.

Report on Internal Control Over Compliance

Management of the El Tejon Unified School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the El Tejon Unified School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the El Tejon 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 combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

Respectfully submitted,

Scott Erwin CPA

SCOTT ERWIN CPA INC
Bakersfield, CA
December 15, 2019

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Independent Auditor's Report on State Compliance

To the Board of Trustees
El Tejon Unified School District
Lebec, California

Members of the Board of Trustees:

Report on State Compliance

We have audited the District's compliance with the types of compliance requirements described in the *2018-19 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting,* prescribed in Title 5, *California Code of Regulations,* Section 19810 that could have a direct and material effect on each of the District's state programs identified below for the fiscal year ended June 30, 2019.

Management's Responsibility for State Compliance

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each applicable program as identified in the State's audit guide, *2018-19 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* prescribed in Title 5, *California Code of Regulations,* Section 19810**.** We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing* Standards issued by the Comptroller General of the United States; and the State's audit guide, *2018-19 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting,* prescribed in Title 5, *California Code of Regulations,* Section 19810. Those standards and audit guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on the state programs noted below occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our qualified opinion. Our audit does not provide a legal determination of the District's compliance with those requirements.

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

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

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

Basis for our Qualified Opinion

The results of our auditing procedures disclosed one instance of noncompliance with the statutory requirements for programs noted above, which are required to be reported in accordance with the State's audit guide, 2018-19 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting prescribed in Title 5, California Code of Regulations, Section 19810 and which is described in the accompanying Schedule of Findings and Questioned Costs as items 2019-01.

Qualified Opinion on State Compliance

In our opinion, except for the findings noted above, El Tejon Unified School District complied, in all material respects, with the compliance requirements referred to above that are applicable to the statutory requirements listed in the schedule above for the year ended June 30, 2019.

Other Matters

El Tejon Unified School District's Response to Findings

El Tejon Unified School District's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. El Tejon Unified School District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of compliance and the results of that testing, and not to provide an opinion of the effectiveness of the entity's internal control or on compliance outside of the items tested as noted above. This report is an integral part of an audit performed in accordance with the *2018-19 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* prescribed in Title 5, *California Code of Regulations,* Section 19810 in considering the entity's compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,

Scott Erwin CPA

SCOTT ERWIN CPA INC
Bakersfield, CA
December 15, 2019

Findings and Recommendations Section

EL TEJON UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019

A. Summary of Auditor's Results

1. Financial Statements

Type of auditor's report issued:	Unmodified			
Internal control over financial reporting:				
One or more material weaknesses identified?	____	Yes	X	No
One or more significant deficiencies identified that are not considered to be material weaknesses?	____	Yes	X	None Reported
Noncompliance material to financial statements noted?	____	Yes	X	No

2. Federal Awards

Internal control over major programs:				
One or more material weaknesses identified?	____	Yes	X	No
One or more significant deficiencies identified that are not considered to be material weaknesses?	____	Yes	X	None Reported
Type of auditor's report issued on compliance for major programs:	Unmodified			
Version of compliance supplement used in audit:	August 2019			
Any audit findings disclosed that are required to be reported in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200?	____	Yes	X	No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
84.010	ESEA (ESSA): Title I, Part A, Basic Grants Low-Income

Dollar threshold used to distinguish between type A and type B programs:	$750,000			
Auditee qualified as low-risk auditee?	X	Yes	____	No

3. State Awards

Any audit findings disclosed that are required to be reported in accordance with the state's Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting? X Yes ____ No

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

B. Financial Statement Findings

None

C. Federal Award Findings and Questioned Costs

None

D. State Award Findings and Questioned Costs

FINDING 2019-01, CODE 40000 - INSTRUCTIONAL MINUTES

Criteria or Specific Requirement
F. 6. If the district met or exceeded its LCFF target as set forth in Education Code section 46207(a) compare the amount of time offered for each grade level in each sampled school during the year being audited to the required amount of instructional time specified in Education Code section 46207.

F. 9. If any schools were not in compliance with the instructional minutes requirements pursuant to 6 or 7 of this section, as applicable, prepare a separate schedule for each school showing only those grade levels that were not in compliance and calculate the penalty or penalties pursuant to Education Code section 46201, 46202, or 46207. Include the schedule(s), the calculation, and the amount of the penalty or penalties in a finding.

Condition
The District's instructional minutes for grades 5th-8th was less than the required minutes of CA Ed Code 46207 of 54,000 minutes. The District was 60 minutes short for grades 5th-8th.

Effect
The penalty calculated, based upon the CDE's worksheet "Estimating the Cost of an Instructional Time Audit Penalty," is $794 for grades 5th-6th and $1,069 for grades 7th-8th, for a total of $1,862.

Cause
The District had five built-in snow days, however the number of closures (9) exceeded these days.

Questioned Costs
Total Instructional Time penalty is $1,862. See See Schedule of Instructional Minutes Finding Calculation in this report.

Recommendation
The District should implement processes and review to regularly assess the planned bell schedule and any changes, to the total instructional minutes required by the State.

Corrective Action Plan

District will adjust academic calendar to provide students will more instructional minutes to to meet the minimum Education Code requirements.

EL TEJON UNIFIED SCHOOL DISTRICT
SCHEDULE OF INSTRUCTIONAL MINUTES FINDING & CALCULATION
FOR THE YEAR ENDED JUNE 30, 2019

FINDING 2019-01, CODE 40000

Affected Grade Level	Grade 5	Grade 6	Grade 7	Grade 8
ADA of affected grade level	39.77	39.77	51.46	51.45
Derived Value of ADA (Per CDE worksheet)	$ 8,979	$ 8,979	$ 9,246	$ 9,246
Instructional Minutes - Required	54,000	54,000	54,000	54,000
Instructional Minutes - Actual	53,940	53,940	53,940	53,940
Instructional Minutes - Deficiency	60	60	60	60
Percentage of Minutes not offered	0.11%	0.11%	0.11%	0.11%
Affected LCFF Apportionment by Grade Span	$ 357,109	$ 357,109	$ 475,810	$ 486,008
Instructional Time Penalty by Grade Span	$ 397	$ 397	$ 529	$ 540
Total Instructional Time Penalty		$ 794		$ 1,069
				$ 1,862

Finding/Recommendation	Current Status	Management's Expalnation If Not Implemented
FINDING 2018-01, CODE 40000 - INSTRUCTIONAL MINUTES	**NOT IMPLEMENTED**	District did not calculate total required minutes correctly to meet the mimimum standards set forth in Education Code 46207.

Criteria or Specific Requirement
F. 6. If the district met or exceeded its LCFF target as set forth in Education Code section 46207(a) compare the amount of time offered for each grade level in each sampled school during the year being audited to the required amount of instructional time specified in Education Code section 46207.

F. 9. If any schools were not in compliance with the instructional minutes requirements pursuant to 6 or 7 of this section, as applicable, prepare a separate schedule for each school showing only those grade levels that were not in compliance and calculate the penalty or penalties pursuant to Education Code section 46201, 46202, or 46207. Include the schedule(s), the calculation, and the amount of the penalty or penalties in a finding.

Condition
The District's instructional minutes for the 2nd through 4th grade was less than the required minutes of CA Education Code section 46207 of 50,400 (2nd - 3rd grade) and 54,000 (4th grade) minutes. The District was 1,387 below the required instructional minutes respectively.

Effect
The District is not in compliance with the reporting requirement of the California Constitution as it relates to the required instructional minutes for 2nd, 3rd, and 4th grade.

Cause
Frazier Park School, within the El Tejon Unified School District did not meet th minimum requirement in instructional minutes for the 2017-18 school year in 2nd - 4th grades. This was due to the fact that this was the year that El Tejon Unified School District decided to add a minimum day every Wednesday to provide district-wide professional development for school sites to collaborate. Frazier Park School did not adjust their minutes properly while accounting for the high number of 2-hour delays that took place that year due to weather.

Questioned Costs
Total Instructional Time Penalty is $11,115.

Recommendation
The District should implement processes, and review to regularly assess the planned bell schedule and any changes to the total instructional minutes required by the State of California.

Finding/Recommendation	Current Status	Management's Expalnation If Not Implementec
Corrective Action Plan Frazier Park Elementary School adjusted their bell schedule at the start of the 2018-19 school year to rectify this situation. Recess time was adjusted for the second and third grade. In order to fix the fourth grade schedule recess time was adjusted as well as the extension of the end of the school day. In the event that the District begins having multiple 2-hour delays due to weather, Frazier Park Elementary School will begin adjusting their morning, lunch, and afternoon recesses to make up for the lost minutes to ensure the school does not fall short of the required number of minutes for the 2018-19 school year.		
FINDING 2018-02, CODE 40000 - EPA HYPERLINK	**IMPLEMENTED**	

Criteria or Specific Requirement
(6) A community college district, county office of education, school district, or charter school shall have sole authority to determine how the moneys received from the Education Protection Account are spent in the school or schools within its jurisdiction, provided, however, that the appropriate governing board or body shall make these spending determinations in open session of a public meeting of the governing board or body and shall not use any of the funds from the Education Protection Account for salaries or benefits of administrators or any other administrative costs. Each community college district, county office of education, school district, and charter school shall annually publish on its Internet Web site an accounting of how much money was received from the Education Protection Account and how that money was spent.

Condition
The District was unable to provide the Auditor with the location (hyperlink) to the District's Internet Web site *Accounting* of how the District's Education Protection Account funds were expended in the prior year(s).

Effect
The District is not in compliance with the reporting requirement of the California Constitution as it relates to the Education Protection Account Funds.

Cause
The District was unaware of the online posting requirements for Education Protection Account Funds.

Questioned Costs
None

Recommendation
The District should implement procedures to post on its website an annual accounting of appropriations and expenditures related to the Education Protection Account Funds.

EL TEJON UNIFIED SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2019

Finding/Recommendation	Current Status	Management's Expalnation If Not Implementec
Corrective Action Plan The district will insure the proper reports are made available on the district's website and will continue to annually post an accounting of Education Protection Account funds as required.		

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APPENDIX C

ECONOMIC AND DEMOGRAPHIC INFORMATION ABOUT KERN COUNTY

*The following information about Kern County (the "**County**") is included only for the purpose of supplying general information regarding the area of the District. The Bonds are not a debt of the County, the State of California (the "**State**") or any of its political subdivisions (other than the District), and none of the County, Ventura County, the State or any of its political subdivisions (other than the District) is liable therefor.*

The County. The County is located approximately 100 miles north of Los Angeles County in south-central California. The County is the third largest county in California, covering 8,073 square miles. Surrounded by three major mountain ranges, the County has three climatic zones: valley, mountain and high desert. Bordered on the west by San Luis Obispo and Santa Barbara Counties, to the east by San Bernardino County and on the north by Kings, Tulare and Inyo Counties, the County measures 120 miles east to west and 67 miles north to south.

The County's economy is heavily linked to agriculture and to petroleum extraction. There is also a strong aviation, space, and military presence, such as Edwards Air Force Base, the China Lake Naval Air Weapons Station, and the Mojave Air and Space Port.

Population

The following table lists population estimates for the County and the other major cities in the County as of January 1 each year for the last five calendar years.

KERN COUNTY
Population Estimates
Calendar Years 2015 through 2019

	2015	**2016**	**2017**	**2018**	**2019**
Arvin	20,282	20,836	21,172	21,577	22,178
Bakersfield	372,060	376,996	380,499	384,921	389,211
California City	14,424	14,133	14,481	14,871	15,000
Delano	52,491	52,587	53,231	53,664	53,936
Maricopa	1,164	1,163	1,216	1,237	1,240
McFarland	14,135	14,541	14,880	15,171	15,242
Ridgecrest	28,583	28,646	29,017	29,404	29,712
Shafter	18,164	18,329	19,306	20,093	20,886
Taft	9,505	9,391	9,451	9,493	9,430
Tehachapi	13,145	12,595	12,980	12,976	13,668
Wasco	26,294	26,426	27,002	27,681	27,955
Total Unincorporated	310,920	311,052	312,796	315,475	318,006
Total County	881,167	886,695	896,031	906,563	916,464

Source: State Department of Finance estimates.

Employment and Industry

The District is included in the Bakersfield Metropolitan Statistical Area (the "**MSA**"), which consists of the County. The unemployment rate in the County was 7.2% in December 2019, up from a revised 6.4% in November 2019, and below the year-ago estimate of 7.5%. This compares with an unadjusted unemployment rate of 3.7% for California and 3.4% for the nation during the same period.

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

BAKERSFIELD MSA
(County of Kern)
Annual Average Civilian Labor Force, Employment and Unemployment, Employment by Industry
(March 2018 Benchmark)

	2014	2015	2016	2017	2018
Civilian Labor Force (1)	392,500	390,300	388,300	384,800	387,000
Employment	351,700	350,500	348,000	349,500	356,100
Unemployment	40,800	39,900	40,300	35,300	30,900
Unemployment Rate	10.4%	10.2%	10.4%	9.2%	8.0%
Wage and Salary Employment: (2)					
Agriculture	60,100	59,300	62,700	62,100	61,900
Mining and Logging	12,900	11,400	9,000	8,600	9,300
Construction	18,200	16,500	14,500	14,900	16,100
Manufacturing	14,600	14,200	13,500	13,400	13,200
Wholesale Trade	8,700	8,300	8,100	8,200	8,300
Retail Trade	30,300	31,500	32,100	32,000	32,000
Transportation, Warehousing, Utilities	10,500	10,900	11,000	11,500	13,300
Information	2,400	2,700	2,200	2,000	2,000
Finance and Insurance	5,000	4,900	4,700	4,700	4,500
Real Estate and Rental and Leasing	27,100	26,800	26,500	26,100	26,900
Professional and Business Services	32,600	33,400	34,800	36,400	37,800
Educational and Health Services	23,700	25,000	25,500	25,900	26,600
Leisure and Hospitality	7,800	7,700	7,700	7,700	7,900
Other Services	9,600	9,900	10,200	10,400	10,400
Federal Government	2,500	2,500	2,500	2,600	2,600
State Government	9,200	9,600	9,900	10,100	10,300
Local Government	40,800	42,100	43,700	44,700	45,200
Total all Industries (3)	316,600	317,200	319,100	321,800	328,800

(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 largest employers within the County as of February 2020.

KERN COUNTY
Major Employers (Listed Alphabetically)
As of February 2020

Employer Name	Location	Industry
Adventist Health Bakersfield	Bakersfield	Hospitals
Bakersfield Memorial Hospital	Bakersfield	Hospitals
California Correctional Inst	Tehachapi	Government Offices-State
Chevron	Bakersfield	Management Services
Dignity Health	Bakersfield	Hospitals
Edwards Air Force Base	Edwards	Military Bases
Ensign United States Drilling	Bakersfield	Energy Management Systems & Products
Foster Care Human Svc	Bakersfield	Foster Care
Golden Empire Transit	Bakersfield	Business Services NEC
Grimmway Farms	Arvin	Farms
John J Kovacevich & Sons	Arvin	Fruits & Vegetables-Growers & Shippers
Kern County Human Svc Dept	Bakersfield	Government Offices-County
Marko Zaninovich Inc	Mc Farland	Fruits & Vegetables-Growers & Shippers
Nabors Completion-Production	Bakersfield	Oil Field Service
Nasa/Dryden Flight Research	Edwards	Research Service
NAVAL Air Warfare Ctr	Ridgecrest	Military Bases
Paramount Farms Huller 4	Lost Hills	Farms
Ridgecrest Regional Hospital	Ridgecrest	Hospitals
Robertson's Ready Mix	California City	Concrete-Ready Mixed
Sierra Sands Unified Sch Dist	Ridgecrest	School Districts
Sun Pacific	Bakersfield	Fruits & Vegetables-Growers & Shippers
US Naval Air Weapons Station	Ridgecrest	Federal Government-National Security
US Navy Public Affairs Office	Ridgecrest	Government Offices-Us
Wasco State Prison Fire Dept	Wasco	Government Offices-State
Wm Bolthouse Farms Inc	Bakersfield	Agricultural Consultants

Source: State of California Employment Development Department, extracted from The America's Labor Market Information System (ALMIS) Employer Database, 2020 1st Edition.

Agriculture

The County is part of the San Joaquin Valley, one of the most agriculturally productive areas on a per acre basis in the world. The top five commodities for 2018 were grapes, almonds, pistachios, citrus, and milk, which make up more than $4.4 billion (59%) of the total value; with the top twenty commodities making up more than 71% of the Total Value. The table below lists the value of various agricultural products from 2014 through 2018. Data is not yet available for 2019.

KERN COUNTY
Gross Value of Agricultural Production
(Dollars in Thousands)

Agricultural Product	2014	2015	2016	2017	2018
Fruit and Nut Crops	$4,769,213	$4,670,622	$4,900,990	$4,802,164	$5,147,712
Field Crops	507,302	340,618	304,712	303,075	331,573
Vegetable Crops	648,857	654,165	836,670	916,636	770,301
Livestock & Poultry	443,650	370,376	326,508	332,978	272,181
Livestock & Poultry Products	980,756	652,917	609,513	666,421	687,292
Nursery Crops	93,720	83,265	102,318	113,705	122,473
Industrial Crops	18,498	12,838	9,045	10,764	14,925
Seed Crops & Other	6,591	11,251	9,410	14,932	7,876
Apiary Products	83,737	82,772	88,778	93,493	111,819
Total	$7,552,324	$6,878,824	$7,187,944	$7,254,168	$7,466,152

Source: Kern County Department of Agriculture, 2018 Agricultural Crop Report.

Effective Buying Income

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

The following table summarizes the median household effective buying income for the County, the State and the United States for the period 2016 through 2020.

COUNTY OF KERN
Effective Buying Income
Calendar years 2016 through 2020

	2016	**2017**	**2018**	**2019**	**2020**
Kern County	$43,795	$44,716	$47,525	$44,937	$45,789
California	53,589	55,681	59,646	62,637	65,870
United States	46,738	48,043	50,735	52,841	55,303

Source: The Nielsen Company (US), Inc for years 2016 through 2018; Claritas, LLC for 2019 and 2020.

Commercial Activity

Total taxable sales during the first two quarters of calendar year 2019 in the County were reported to be $7.604 billion, a 5.25% increase over the total taxable sales of $7.225 billion reported during the first two quarters of calendar year 2018. Annual figures for calendar year 2019 are not yet available.

KERN COUNTY
Taxable Retail Sales
Number of Permits and Valuation of Taxable Transactions
Calendar Years 2014 through 2018
(Dollars in Thousands)

	Retail Stores		**Total All Outlets**	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2014	11,519	$8,589,322	16,336	$15,722,694
2015[(1)]	6,303	8,549,819	18,455	14,322,101
2016	12,097	8,566,623	18,556	13,885,643
2017	12,253	9,021,040	18,743	13,883,734
2018	12,558	9,716,458	19,612	15,130,972

(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 Department of Tax and Fee Administration.

Construction Activity

Construction activity in the County for the past five years for which data is available is shown in the following tables.

KERN COUNTY
Total Building Permit Valuations
Calendar Years 2014 through 2018
(Valuations in Thousands)

	2014	2015	2016	2017	2018
Permit Valuation					
New Single-family	$444,592.4	$496,973.6	$489,908.4	$396,101.1	$425,996.3
New Multi-family	51,730.1	28,017.3	12,501.0	2,169.0	43,680.2
Res. Alterations/Additions	32,193.6	27,705.0	30,119.6	44,923.8	29,973.5
Total Residential	528,516.1	552,695.9	532,529.0	443,193.9	499,650.0
New Commercial	148,418.5	116,726.1	121,385.2	182,439.2	385,525.8
New Industrial	19,876.5	11,396.1	5,469.5	14,027.3	5,884.3
New Other	627,586.8	646,808.6	89,364.6	52,473.9	62,362.4
Com. Alterations/Additions	165,036.0	144,820.5	132,775.7	121,754.7	116,848.6
Total Nonresidential	960,917.8	919,751.3	348,995.0	370,695.1	570,621.1
New Dwelling Units					
Single Family	2,047	2,184	2,181	1,844	1,894
Multiple Family	380	270	66	10	346
TOTAL	2,427	2,454	2,247	1,854	2,240

Source: Construction Industry Research Board, Building Permit Summary.

Transportation Systems

Well-developed surface and air transportation facilities are available to residents and business firms. Main lines of both the Union Pacific and the Burlington Northern Santa Fe railroads traverse the area. Amtrak service is available.

State Highway 99, is the main north-south artery serving the most populous communities along the east side of the Central Valley. State Highway 58 provides east-west linkage between Interstate 5, 20 miles west, and Interstate 15 at Barstow, to the east. Highway 178, heading northeast, is the major route along the Kern River Valley. Highway 65, to the north, provides access to communities east of Highway 99 and to Sequoia National Park.

Interurban motor transportation is made available by Orange Belt Stages, Greyhound, and Trailways. Golden Empire Transit provides local bus transportation.

The Meadows Field Airport is located on the north side of Bakersfield. Regularly scheduled passenger and air cargo service is available, as well as charter service and general aviation services. The Meadows Field Airport includes the William M. Thomas Terminal, a 64,800 square foot, state-of-the-art terminal facility completed in November 2005 that is currently equipped with three jet-boarding bridges, but that may be expanded to accommodate up to nine gates. A second, older terminal has been converted to accommodate international flights to Mexico.

APPENDIX D

PROPOSED FORM OF OPINION OF BOND COUNSEL

[LETTERHEAD OF JONES HALL]

________, 2020

Board of Trustees
El Tejon Unified School District
4337 Lebec Road
Lebec, California 93243

OPINION: $_____________ El Tejon Unified School District (Kern and Ventura Counties, California) General Obligation Bonds, Election of 2018, Series C

Members of the Board of Trustees:

We have acted as bond counsel to the El Tejon Unified School District (the "District") in connection with the issuance by the District of $_____________ principal amount of El Tejon Unified School District (Kern and Ventura Counties, California) General Obligation Bonds, Election of 2018, Series C, dated the date hereof (the "Bonds"), under the provisions of Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, and a resolution of the Board of Trustees adopted on March 12, 2020 (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 Counties of Kern and Ventura, respectively, are obligated to levy *ad valorem* taxes for the payment of the Bonds and the interest thereon upon all property within the District subject to taxation by the District, without limitation as to rate or amount.

4. Interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax. The Bonds are “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the “Tax Code”), and, in the case of certain financial institutions (within the meaning of Section 265(b)(5) of the Tax Code), a deduction is allowed for 80 percent of that portion of such financial institutions’ interest expense allocable to the portion of the Bonds designated as and comprising interest.

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

5. The interest on the Bonds is exempt from personal income taxation imposed by the State of California.

We express no opinion regarding any other tax consequences arising with respect to the ownership, sale or disposition of, or the amount, accrual or receipt of interest on, the Bonds.

The rights of the owners of the Bonds and the enforceability of the Bonds are limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally, and by equitable principles, whether considered at law or in equity.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

Respectfully submitted,

A Professional Law Corporation

APPENDIX E

FORM OF CONTINUING DISCLOSURE CERTIFICATE

$_____________
EL TEJON UNIFIED SCHOOL DISTRICT
(Kern and Ventura Counties, California)
General Obligation Bonds
Election of 2018, Series C
(Bank Qualified)

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (this "**Disclosure Certificate**") is executed and delivered by the El Tejon 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 Trustees of the District on March 12, 2020 (the "**Resolution**"). The Bank of New York Mellon Trust Company, N.A. 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 The Bank of New York Mellon Trust Company, N.A., Dallas, Texas, or any successor thereto.

"*Participating Underwriter*" means O'Connor & Company Securities, 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. <u>Provision of Annual Reports</u>.

(a) The District shall, or shall cause the Dissemination Agent to, not later than the Annual Report Date, commencing March 31, 2021 with the report for the 2019-20 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 valuation of taxable properties in the;

(ii) assessed valuation of properties of the top twenty taxpayers in the District;

(iii) if the District's levy for general obligation bonds is not included on the Teeter Plan for both Kern and Ventura Counties, property tax collection delinquencies for the District for the most recently completed Fiscal Year but only if available at the time of the filing of the Annual Report, for the prior fiscal year,

(iv) the adopted budget or, alternatively, the most recently Board-approved interim report which contains budgeted and projected figures, for the fiscal year in which the Annual Report is filed, or a summary thereof, and

(v) such further information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

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

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: _______, 2020

EL TEJON 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

KERN COUNTY INVESTMENT POLICY AND INVESTMENT REPORT

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OFFICE OF THE TREASURER-TAX COLLECTOR
COUNTY OF KERN

TREASURER'S STATEMENT OF INVESTMENT POLICY
Approved By the Board of Supervisors December 17, 2019

SCOPE:

The County of Kern's Investment Policy has been prepared in accordance with California Government Code (CGC) sections *53630* et seq. The complete text of California Government Code Section *53630* is set forth on the Internet at www.leginfo.ca.gov.

This policy shall be reviewed annually by the County's Treasury Oversight Committee and approved by the County Board of Supervisors. The purpose of this policy is to establish cash management and investment guidelines for the County Treasurer, who is responsible for the management and investment of the County Treasurer's Pool, which consists of pooled monies held on behalf of the County, school districts, community college districts and certain special districts within the County.

This policy shall apply to all investments held within the County Treasurer's Pool and made on behalf of the County and member agencies of the Pool with the exception of certain bond funds for which the Board of Supervisors may specifically authorize other allowable investments, consistent with State law. Also exempt from this policy are retirement funds and other post employment benefit (OPEB) funds managed through an external trust. The Treasurer and Treasurer's staff are responsible for the full-time, active management of the Pool. All investments and activities of the Treasurer and staff are conducted with the understanding that the Treasurer holds a public trust with the citizens of the County, which cannot be compromised.

FIDUCIARY RESPONSIBILITY:

CGC Section 27000.3, declares each Treasurer, or governing body authorized to make investment decisions on behalf of local agencies, to be a fiduciary subject to the prudent investor standard as stated in CGC Section 53600.3:

"When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, specifically including, but not limited to, the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency. Within the limitations of this section and considering individual investments as part of an overall investment strategy, investments may be acquired as authorized by law."

PORTFOLIO OBJECTIVES:

It is the policy of the Treasurer to invest public funds in a manner which will preserve the safety and liquidity of all investments within the County investment pool while obtaining a reasonable return within established investment guidelines. The portfolio should be actively managed in a manner that is responsive to the public trust and consistent with State law. Accordingly, the County Treasurer's Pool will be guided by the following principles, in order of importance:

1. The primary objective of the Treasurer's investment of public funds is to safeguard investment principal.
2. The secondary objective is to maintain sufficient liquidity to insure that funds are available to meet daily cash flow requirements.
3. The third and last consideration is to achieve a reasonable rate of return or yield consistent with these objectives.

AUTHORIZED INVESTMENTS:

Investments shall be restricted to those authorized in the CGC and as further restricted by this policy statement, with the exception of certain bond funds in which the Board of Supervisors has specifically authorized other allowable investments. All investments shall be further governed by the restrictions shown in Schedule I which defines the type of investments authorized, maturity limitations, portfolio diversification (maximum percent of portfolio), credit quality standards, and purchase restrictions that apply. Whenever a maximum allowable percentage of the portfolio is stipulated for any type of security or structural maturity range, the limit or maximum allowable is determined by the portfolio size at the close of the date on which the security is settled.

In conjunction with these restrictions, County Treasurer staff shall diversify its investments by security type, issuer and maturity. The purpose of this diversification is to reduce portfolio risk by avoiding an over concentration in any particular maturity sector, asset class or specific issuer. As Agency security holdings are the largest portion of the pool, diversification among the Agency issuers should be considered to the extent practical when making investments.

PROHIBITED INVESTMENTS:

No investment shall be made that is prohibited by *53601.6* as may be from time to time amended.

STAFF AUTHORIZED TO MAKE INVESTMENTS:

Only the Treasurer, Assistant Treasurer, Principal Treasury Investment Officer and department Accountants, when acting as the Investment Officer, are authorized to make investments and to order the receipt and delivery of investment securities among custodial security clearance accounts.

AUTHORIZED BROKER/DEALERS:

The County Treasurer shall maintain an 'Eligible Broker/Dealer List'. Firms eligible to do business with the County are:

- Primary Broker/Dealers eligible to trade with the New York branch of the Federal Reserve Bank

- Regional Broker/Dealers meeting the minimum capital requirements of the Securities Exchange Commission

- Introducing Brokers meeting the minimum capital requirements of the Securities Exchange Commission

- National or State banks, domestic branches of properly licensed foreign banks, credit unions, savings and loan institutions, thrift associations

- Direct Issuers meeting the appropriate credit criteria for the securities being offered

- Other institutions as authorized by law

All firms with whom the County does business shall comply with the requirements set forth in Schedule IV. County Treasurer staff shall conduct an annual review of each Broker/Dealer's current financial condition and performance in servicing the County over the prior year.

Further, in compliance with CGC Section 27133(c) & (d), no dealer and/or securities firm shall be eligible if they have made a political contribution in excess of the limitations contained in Rule G-37 of the Municipal Securities Rulemaking Board or exceeded the limit on honoraria, gifts, and gratuities set by State law, or by the Fair Political Practices Commission, by County Ordinance or Departmental Policy.

DUE DILIGENCE:

County Treasurer staff shall conduct a thorough review and perform due diligence of all firms seeking to do business with the County prior to conducting transactions with those parties and on a continuing basis. This due diligence may include a periodic review of recent news, financial statements and SEC filings related to each entity.

INTERNAL CONTROL:

The County Treasurer has established a system of internal control to provide reasonable assurance that the investment objectives are met and to ensure that the assets of the County Treasury Pool are protected from loss, theft or misuse. The concept of reasonable assurance recognizes that the cost of control shall not exceed the benefits likely to be derived and that the valuation of costs and benefits require estimates and judgments by management. The County Treasurer shall develop and maintain written procedures for the operation of the investment program, which are consistent with this policy. These procedures shall include reference to separation of duties, safekeeping, collateralization, wire transfers and banking related activities.

Except for declared emergencies, the County Treasurer's Office shall observe the following procedures on a daily basis:

1. All investment transactions conducted by the County Treasurer's Office shall be immediately confirmed and entered into the Treasurer's Portfolio Accounting System.
2. A copy of each day's investment transactions shall be filed with the County Auditor-Controller.

3. County investments shall be executed, confirmed, accounted for, and audited by different people.

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 or with a tri-party custodian bank under a written tri-party custody agreement. These third party trust department arrangements provide the County with a perfected interest in, ownership of and control over the securities held by the bank custodian on the County's behalf, and are intended to protect the County from the bank's own creditors in the event of a bank default and filing for bankruptcy. Securities are not to be held in investment firm/broker dealer accounts. All security holdings shall be reconciled monthly by the County Treasurer and audited at least quarterly by the County Auditor.

All security transactions are to be conducted on a "delivery-versus-payment basis". All trades will be immediately confirmed with the Broker/Dealer and reconfirmed through the Custodian Bank.

COMPETITIVE PRICING:

Investment transactions are to be made at current market prices. Wherever possible, competitive prices should be obtained through obtaining multiple bids or offers. When possible, bids and offers for any investment security shall be taken from a minimum of three security dealers/brokers or banks and awards shall be made to the best bid or offer. The primary source of pricing information and guidance will be that information available through Bloomberg LLP, a world-wide financial news service to which the County subscribes.

LIQUIDITY:

The portfolio will maintain a weighted-average maturity of no greater than 2 years. To provide sufficient liquidity to meet daily expenditure requirements, the portfolio will maintain at least 35% of its total book value in securities having a maturity of one (1) year or less.

PORTFOLIO EVALUATION:

The portfolio is monitored and evaluated daily, monthly, and quarterly by the County Treasurer's Office. Monthly market value pricing is provided by a third party. Earned yield is calculated each month. Benchmarks for earned yield and investment performance will be commensurate with the pool's investment goals, credit limits, and target weighted average maturity and duration.

MITIGATING MARKET & CREDIT RISKS:

Safety of principal is the primary objective of the portfolio. Each investment transaction shall seek to minimize the County's exposure to market and credit risks by giving careful and ongoing attention to the: (1) credit quality standards issued by Standard & Poor's, Moody's and Fitch's rating services on the credit worthiness of each issuer of securities, (2) limiting the duration of investments to the time frames noted in Schedule I, and (3) by maintaining the diversification and liquidity standards expressed within this policy.

In the event of a downgrade of a security held in the portfolio, the Principal Treasury Investment Officer shall report the downgrade to the Treasurer within a maximum of 3 days. In the event of a downgrade below the minimum credit ratings authorized by this policy, the security shall be evaluated on a case-by-case basis to determine whether the security shall be sold or held. Every effort will be made to sell such a security without a book loss. In the event of a potential loss upon sale, the Treasurer will evaluate whether to hold or sell the security based on the amount of loss, remaining maturity and any other relevant factors including the issuer's default risk, headline risk, and short term vs. long term financial metrics.

TRADING & EARLY SALE OF SECURITIES:

Securities should be purchased with the intent of holding them until maturity. However, in an effort to minimize market risks, credit risks, and increase the return of the portfolio, securities may be sold prior to maturity either at a profit or loss when economic circumstances or a deterioration in credit worthiness of the issuer warrant a sale of the securities to either enhance overall portfolio return or to minimize loss of investment principal. In measuring a profit or loss, the sale proceeds shall be compared to the original cost of the security plus accrued interest earned and/or any accretion or amortization of principal on the security from the date of purchase or the last coupon date, to the date of sale.

PORTFOLIO REPORTS/AUDITING:

On a monthly basis, the County Treasurer shall prepare and file with the Board of Supervisors, the County Administrative Officer, and County Auditor-Controller, a report consisting of, but not limited to, the following:

1. Monthly investment transactions, investments detailing each by type, issuer, date of maturity, par value and stating the book vs. current market value together with all other portfolio information required by law.
2. Compliance of investments to the existing County Investment Policy.
3. A statement confirming the ability of the Pool to meet anticipated cash requirements for the Pool for the next six months.

TREASURY OVERSIGHT COMMITTEE:

In accordance with the CGC Section 27131, the Board of Supervisors has established a Treasury Oversight Committee. The Treasury Oversight Committee will render unbiased and objective opinions on matters involving the Treasurer's investment of public funds. Specifically, the law requires that the Treasury Oversight Committee meet to:

1. Review the Treasurer's annual Investment Policy Statement and any subsequent changes thereto, prior to its submission to the Board of Supervisors for review and adoption,
2. Review the Treasurer's investment portfolio reports and the portfolio's compliance with law and this Investment Policy,
3. Cause an annual audit to be conducted on the Treasurer's Pooled Investment portfolio.

All meetings of the Oversight Committee are to be open to the public and subject to the Ralph

M. Brown Act. By law, the Treasury Oversight Committee is not allowed to direct individual investment decisions, nor select individual investment advisors, brokers, or dealers, or impinge on the day-to-day operations of the County Treasury.

QUARTERLY DISTRIBUTION OF INVESTMENT EARNINGS:

All moneys deposited in this pool by the participants represent an individual interest in all assets and investments in the pool based upon the amount deposited. Portfolio income shall be reconciled daily against cash receipts, and quarterly prior to the distribution of earnings among those entities sharing in pooled fund investment income. Nonetheless, actual portfolio income and/or losses, net of any reserves, will be distributed quarterly using the accrual basis of accounting, in compliance with the CGC Section 53684, among those participants sharing in pooled investment income. Except for specific investments in which the interest income is to be credited directly to the fund from which the investment was made, all investment income is to be distributed pro-rata based upon each participant's average daily cash balance for the calendar quarter.

QUARTERLY APPORTIONMENT OF ADMINISTRATIVE COSTS:

Prior to the quarterly apportionment of pooled fund investment income, the County Treasurer is permitted by CGC Section 53684 to deduct from investment income before the distribution thereof, the actual cost of the investments, auditing, depositing, handling and distribution of such income. Accordingly, the Treasurer shall deduct from pooled fund investment earnings the actual cost incurred for banking and investment related services including but not limited to: wire transfers, custodial safekeeping charges, necessary capital outlays, the costs of investment advisory services, credit ratings, the pro-rata annual cost of the salaries including fringe benefits for the personnel in the Treasurer-Tax Collector's Office engaged in the administration, investment, auditing, cashiering, accounting, reporting, remittance processing and depositing of public funds for investment, together with the related computer and office expenses associated with the performance of these functions.

WITHDRAWAL OF FUNDS:

The Treasurer's Investment Policy establishes guidelines for unusual or unexpected withdrawal of cash and provides for adequate liquidity to cover day-to-day operations of pool depositors. On occasion, depositors have need of withdrawals that exceed those normally associated with operations. To accommodate such withdrawals, the Treasurer-Tax Collector's Office has established written notification requirements as set forth below to allow for adjustments to the liquidity position of the Portfolio. The notification required is as follows:

Withdrawals of up to $10,000,000	24 hours
Withdrawals of $10,000,001 and more	72 hours

Notification should be by email to 2servu@co.kern.ca.us. Failure to adhere to these requirements may result in payment being delayed by the Treasurer-Tax Collector's office.

Pursuant to CGC Section 27136, any local agency, public agency, public entity, or public official that has funds on deposit in the county treasury pool and that seeks to withdraw funds for the purpose of investing or depositing those funds outside the county treasury pool is required to first submit a request for the withdrawal to the county Treasurer-Tax Collector before withdrawing funds from the county treasury pool. Prior to approving such a request, the county

Treasurer-Tax Collector will find that the withdrawal will not adversely affect other depositors in the county treasury pool. Approval of the withdrawal does not constitute approval or endorsement of the investment.

POLICY CRITERIA FOR AGENCIES SEEKING VOLUNTARY ENTRY INTO COUNTY INVESTMENT POOL:

The County Treasurer is not soliciting nor accepting any new agency's voluntary entry into the County Treasurer's Pool.

ETHICS & CONFLICTS OF INTEREST:

Officers and staff members involved in the investment process shall refrain from any personal business activity that compromises the security and integrity of the County's investment program or impairs their ability to make impartial and prudent investment decisions. The County Treasurer-Tax Collector, Assistant Treasurer-Tax Collector, Principal Treasury Investment Officer and department Accountants are required to file annually the applicable financial disclosure statements as mandated by the Fair Political Practices Commission (FPPC) and/or by County Ordinance. In addition, the Principal Treasury Investment Officer and department Accountants are required to sign and abide by an Ethics Policy instituted by the Treasurer.

POLICY ADOPTION & AMENDMENTS:

This policy statement will become effective immediately following adoption by the Board of Supervisors, and will remain in force as long as the delegation of authority to the Treasurer to invest is in effect and until subsequently amended in writing by the County Treasurer, reviewed by the Treasury Oversight Committee and approved by the Board of Supervisors.

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OFFICE OF THE TREASURER
COUNTY OF KERN
STATEMENT OF INVESTMENT POLICY

Schedule I

Authorized Investments

AUTHORIZED INVESTMENTS	MAXIMUM HOLDINGS	PURCHASE RESTRICTIONS	MAXIMUM MATURITY	CREDIT QUALITY (S&P/MOODY'S/ FITCH)
Inactive Accounts aka Money Market Accounts	$50,000,000 per account	Limited to depository's described in CGC 53630.5	Daily	Collateralization requirements per Govt Code section 53652.
U.S. Treasury Obligations	100%	None	5 years	Not Applicable
Notes, participation's or obligations issued by an agency of the Federal Government or U.S. government-sponsored enterprises	75%	Maximum per issuer limit of 40%	5 years	Not Applicable
Bonds, notes, warrants or certificates of indebtedness issued by the State of California	10%	None	5 years	AA by at least 2 of the 3 rating agencies
Cash substitutes issued by the State of California	25%	Applies only to cash substitutes issued by the State during periods of fiscal emergency	5 years	Not Applicable
Bonds, notes, warrants or certificates of indebtedness issued by agencies within the State of California	10%	None	5 years	AAA by at least 2 of the 3 rating agencies
Bonds, notes, warrants or certificates of indebtedness issued by any of the other 49 states	10%	None	5 years	AAA by at least 2 of the 3 rating agencies
Bankers Acceptances	30%	See Note 1	180 Days	Minimum A-1, P-1 or F1

Commercial paper of U.S. Corps with total assets in excess of $500 MM	40% total for all Commercial Paper	Max 10% of outstanding paper of any one issuer & max. See Note 1	270 Days	Minimum A-1, P-1 or F1
Asset-backed Commercial Paper	Included in Commercial Paper Requirements	Issuer must have program-wide credit enhancements	270 Days	Minimum A-1, P-1 or F1
Local Agency Investment Fund (LAIF)	Maximum amount permitted by LAIF	LAIF Policies	Daily	Not Applicable
Negotiable CD's issued by US National or State chartered banks or a savings association or a federal association, a state or federal credit union, or by a federally licensed or state licensed branch of a foreign bank	30%	See Note 1	5 years	Minimum A-1, P-1 or F1 for CDs issued with a maturity of one year or less. AA for CDs issued with a maturity of more than one year (must be rated by 2 of the 3 rating agencies)
Collateralized Certificates of Deposit/Deposits	10%	As stipulated in Article 2, Section 53630 et al of the Calif. Government Code	1 year	See Section 53630 et al of the California Government Code
Repurchase Agreements with 102% collateral	40%	Repurchase Agreements(contracts) must be on file	180 days	Restricted to Primary Dealers on Eligible Dealer list
Reverse Repurchase Agreements	10%	See Schedule II	92 days (See Schedule III)	Restricted to Primary Dealers on Eligible Dealer list
Medium Term Notes of corporations organized and operating within the U.S. or by depository institutions licensed by the U.S. or any state and operating within the U.S.	30%	See Note 1	5 years	Minimum rating of AA for maturities exceeding 1 year. A for maturities of one year or less. (must be rated by 2 of the 3 rating agencies)
Money Market Mutual Funds that meet requirements of Calif. Gov't. Code	15%	Registered with SEC. No NAV adjustments. No Front-end loads. No more than 10% per MMF.	Daily	AAAm or equivalent by at least 2 of the 3 rating agencies or advisor requirements

Shares of beneficial interest issued by a JPA aka Local Government Investment Pools (LGIPs)	10%	None	Daily	Advisor requirements
Asset-Backed Securities	10%	None	5 years	AAA by at least 2 of the 3 ratings agencies
Supranationals	10%	International Bank for Reconstruction and Development (IBRD), International Finance Corporation (IFC), or Inter-American Development Bank (IADB) only. Permitted by CGC 53601 (q) and this policy effective January 1, 2015.	5 years	AAA by at least 2 of the 3 rating agencies

Note 1: Maximum investment per issuer across all investment types will not exceed 6% of the total book value of the Pool as of date of purchase.
Note 2: Consistent with the Government Code, rating criteria in this policy do not specify any modifier (+/– or 1/2/3) and it is implied that ratings with a modifier still meet the rating requirements of this policy regardless of modifier.
Note 3: While references to ratings of AAA, AA, A are in S&P's nomenclature, they imply the equivalent ratings by all other rating agencies.

MATURITY STRUCTURE		
Maturity Range	No less Than	No more than
0-366 Days - 0 to 12months	35%	n/a
367- 1097 Days - 1 to 3 years	n/a	65%
1097-1827 Days - 3 to 5 years	n/a	25%

The weighted-average maturity of the portfolio will not exceed 2 years.

Some securities purchased by the Pool will be callable securities. Callable securities are subject to redemption prior to the final maturity date. For accounting purposes, premiums will be amortized to the next applicable call date, whereas discounts will be accreted to the final maturity date. Callable securities will not exceed 20% of the portfolio.

Some callable securities have coupons that increase at specified periods if the security is not called (step-up notes). Step-up notes will be included in the 20% allocation of callable notes, but will not exceed 10% of the total portfolio.

REPURCHASE AGREEMENTS

Repurchase agreements are restricted to primary dealers of the Federal Reserve Bank of New York. All counterparties must sign a PSA Master Repurchase Agreement and for tri-party repurchase agreements a Tri-Party Repurchase Agreement as well before engaging in any repurchase agreement transactions. Collateral for repurchase agreements shall have a market value of at least 102% of the amount invested and must be marked to market by staff or by an independent third-party or custodial bank acting under contract to the County. Collateral for term repurchase agreements should be marked to market on a regular basis. Repurchase agreements are required to be collateralized by securities authorized under Section 53601 et.

seq. of the California Government Code. Confirmations resulting from securities purchased under repurchase agreements should clearly state (A) the exact and complete nomenclature of the underlying securities purchased; (B) that these securities have been sold to the County under a repurchase agreement; and (C) the stipulated date and amount of the resale by the County back to the seller of the securities.

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SCHEDULE II

POLICY STATEMENT ON REVERSE REPURCHASE AGREEMENTS

The Treasurer hereby institutes the following policies as further safeguards governing investments in Reverse Repurchase Agreements.

The total of Reverse Repurchase Agreement transactions shall not exceed 10 percent of the base value of the portfolio. The term of such agreements shall not exceed 92 calendar days, unless the agreement includes a written codicil guaranteeing a minimum earning or spread for the entire period between the sale of a security using such an agreement and the final maturity date of the same security.

1. All loaned securities subject to Reverse Repurchase Agreements shall be properly flagged and immediately accounted for in the Treasurer's financial system.

2. Investments purchased from the loaned proceeds of the Reverse Repurchase Agreement shall have maturities not exceeding the due date for repayment of the Reverse Repurchase Agreement transaction.

3. Only U.S. Treasury Notes and Federal Agency securities owned, fully paid for, and held in the Treasurer's portfolio for a minimum of 30 days can be subject to Reverse Repurchase Agreements.

4. Reverse Repurchase Agreements shall only be placed on portfolio securities:

   (a) intended to be held to maturity
   (b) fully paid for and held in the portfolio for a minimum of 30 days

5. Reverse Repurchase Agreements shall only be made with the authorized primary dealers of the Federal Reserve.

6. A contractual agreement must be in place prior to entering into a Reverse Repurchase Agreement with any authorized primary dealer.

7. Reverse Repurchase Agreement transactions shall have the approval of the County Treasurer.

TOC Approved 11/07/19
BOS Approved 12/17/19

OFFICE OF THE TREASURER
COUNTY OF KERN
STATEMENT OF INVESTMENT POLICY

SCHEDULE III

POLICY CRITERIA FOR COLLATERALIZED CERTIFICATE OF DEPOSITS

1. The issuing bank must provide us with an executed copy of the authorization for deposit of moneys.

2. The money-market yield on the certificate of deposit must be competitive to negotiable CD's offered by banks on the County's pre-approved list in the maturities desired by the County. The County Treasurer's Office reserves the right to negotiate higher yields based on market conditions at the time.

3. Collateral Requirements – The County will only accept municipal government securities ("muni bonds") or U.S. Treasury and Agency securities as collateral. The collateral must be held by a separate custodial bank in an account in the name of Kern County. The County must have a perfected interest in the collateral.
   a. For municipal government securities, the following requirements are listed:
      i. Securities must be issued by governmental agencies located within the State of California (generally general obligation bonds and revenue bonds only)
      ii. Securities must be "AAA" rated
      iii. Maximum maturity of securities is 5 years
      iv. Collateral must be priced at 110% of the face value of the CD on a daily basis
      v. Minimum face value of $5 million per pledged security
   b. For U.S. Treasuries and Agency securities, the following requirements are listed:
      i. Maximum maturity of securities is 5 years
      ii. Collateral must be priced at 110% of the face value of the CD on a daily basis
      iii. Minimum face value of $5 million per pledged security

   The County Treasury must receive written confirmation that these securities have been pledged in repayment of the time deposit. Additionally, a statement of the collateral shall be provided on a monthly basis from the custodial bank.

4. The County Treasurer must be given a current audited financial statement for the financial year just ended. The financial reports must both include a statement of financial condition as well as an income statement depicting current and prior year operations.

5. The County Treasurer must receive a certificate of deposit which specifically expresses the terms governing the transaction, deposit amount, issue date, maturity date, name of depositor, interest rate, interest payment terms (monthly, quarterly, etc.)

6. Deposits will only be made with banks and savings and loans having branch office locations within Kern County.

TOC Approved 11/07/19
BOS Approved 12/17/19

OFFICE OF THE TREASURER
COUNTY OF KERN
STATEMENT OF INVESTMENT POLICY

SCHEDULE IV

POLICY CRITERIA FOR SELECTION OF BROKER/DEALERS

1. All financial institutions wishing to be considered for the County of Kern's Broker/Dealer List must confirm that they are a member of the Financial Industry Regulatory Authority (FINRA), registered with the Securities & Exchange Commission (SEC), and possess all other required licenses.

2. The County Treasurer's intent is to enter into a long-term relationship. Therefore, the integrity of the firm and the personnel assigned to our account is of primary importance.

3. The assigned staff members must complete a Brokers Certificate stating in writing their acceptance and understanding of the County Treasurer's written Investment Policy guidelines. *Such Certificate must be renewed annually.* This is critical for the establishment of a stable, long-term relationship.

4. It is important that the firm provide related services that will enhance the account relationship which could include:

   (a) An active secondary market for its securities.
   (b) Internal credit research analysis on the securities offered for sale.
   (c) Be willing to purchase securities from our portfolio.
   (d) Be capable of providing market analysis, economic projections, newsletters.

5. The firm must provide the County with annual financial statements. All firms with whom the County does business must have a stable financial condition.

6. The County Treasury is prohibited from the establishment of a broker/dealer account for the purpose of holding the County's securities. All securities must be subject to delivery at the County's Custodial Bank.

7. Without exception, all transactions are to be conducted on a delivery vs. payment (DVP) basis or for repurchase agreements, on a tri-party basis.

8. The broker/dealer must have been in operation for more than five (5) years.

9. Firms must have adequate financial strength and capital to support the level of trading that is approved. Adequate financial strength will be assessed by a review of the balance sheet and income statement of the dealer.

10. Repurchase Agreement Counterparty Minimum Requirements:
    Repurchase agreement counterparties will be limited to (i) primary government securities

dealers who report daily to the Federal Reserve Bank of New York, or (ii) banks, savings and loan associations or diversified securities broker-dealers subject to regulation of capital standards by any State or federal regulatory agency.

Counterparties must have:

(a) short-term credit ratings of at least A-1/P-1; and
(b) a minimum asset and capital size of $25 billion in assets and $350 million in capital for primary dealers

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GLOSSARY OF TERMS

ACCRUED INTEREST – Interest that has accumulated but has not yet been received.

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 settlement date until a specific future date (also called "Book Value").

BANKERS ACCEPTANCE – Money market instrument created from transactions involving foreign trade. Payment is guaranteed by a shipping manifest and a bank Letter of Credit accepted by the seller's bank.

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 periodic interest payments by a specified future date.

BOOK RETURN – The sum of all investment income plus changes in the realized gains or losses of a portfolio for a given period.

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 – A non-negotiable instrument representing a deposit into a bank. The interest rate and maturity are specified on the receipt. It is collateralized by the bank with securities at a minimum of 110% of the deposit amount.

COMMERCIAL PAPER – An unsecured short-term promissory note of a corporation or special purpose entity issued 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 the risk that an issuer of a security will fulfill its obligation.

CREDIT RATING – A standardized assessment, expressed in alphanumeric characters, of a company's credit quality.

CREDIT RISK – The risk to an investor that an issuer will default in the payment of interest and/or principal on a security.

CUSIP – A unique identifier for a security developed by the Committee on Uniform Security Identification Procedures (CUSIP). The identifier is a nine-digit alphanumeric character *string*. The first six characters identify the issuer, the following two identify the issue, and the final character is a Check-digit.

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 cost of each security investment multiplied by the number of days to maturity, divided by the total cost of security investments.

EFFECTIVE DURATION – Is a measure of the price volatility of a portfolio that provides an estimate of the projected increase or decrease in the value of that portfolio based upon a decrease or increase in market interest rates. An effective duration of 1.0 means that for every one percent increase in interest rates, the market value of the Portfolio would be expected to decrease by 1.0 percent.

EARNINGS APPORTIONMENT – Is the quarterly interest distribution to the Pool Participants. The actual investment costs incurred by the Treasurer are deducted from the interest earnings of the Pool prior to apportionment.

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. These include:

Federal National Mortgage Association (FNMA)
Federal Home Loan Bank (FHLB)
Federal Farm Credit Bank (FFCB)
Federal Home Loan Mortgage Corporation (FHLMC)

LIQUID – A 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. It is also called “Market Risk”.

INVERSE FLOATERS – Floating rate notes which pay interest in inverse relationship to an underlying index.

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 – The value of a security at which the principal could 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.

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. Principal and interest are ‘passed through’ to investors at specified intervals.

POOL – 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 dealer or bank 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.

SETTLEMENT DATE – The date on which cash and securities are exchanged and the transaction completed.

SHORT-TERM – The term used to describe a security when the maturity is one year or less.

SUPRANATIONAL SECURITIES – A supranational organization is formed by a group of countries through an international treaty with specific objectives such as promoting economic development. Supranational organizations also issue debt in the United States. The most commonly recognized supranational debt is issued by the International Bank for Reconstruction and Development (IBRD or World Bank).

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. See Dollar Weighted Average Maturity.

WHEN-ISSUED SECURITIES – A security traded before it is actually *issued.* All Treasury bills, notes and bonds trade in the when-issued market before they are auctioned by the Treasury Department. Agencies and GSE's also use this method of trading. It serves to establish the initial offering price of the securities.

YIELD – The percentage return 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.

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BROKER/DIRECT ISSUER RECEIPT FOR INVESTMENT POLICY AND CERTIFICATE OF COMPLIANCE

TO:

Jordan Kaufman, Kern County Treasurer-Tax Collector
Mary Bedard, Kern County Auditor-Controller-County Clerk
1115 Truxtun Avenue
Bakersfield, CA 93301

By signing below, I____________________________ of __________________________
(Name) (Company)

hereby certify that:

1) I have reviewed the Investment Policy governing the Kern County Treasurer's Pooled Cash Portfolio, and that I understand its content. I am not expected to enforce provisions concerning Average Maturity, Category Limits or Issuer Limits. I am expected to offer only those investments that qualify under the County's credit requirement as directed in the Policy. The responsibility for overall portfolio structure and composition remains with the County.

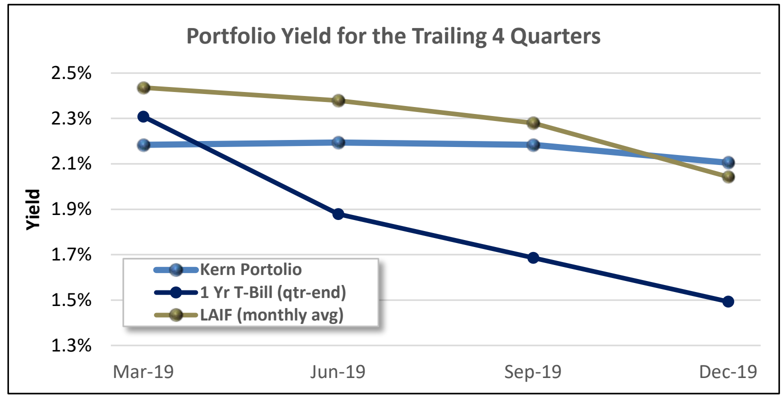
2) I further certify that I have not made, nor do I intend to make, political contributions to any candidate for any Kern County elective office.

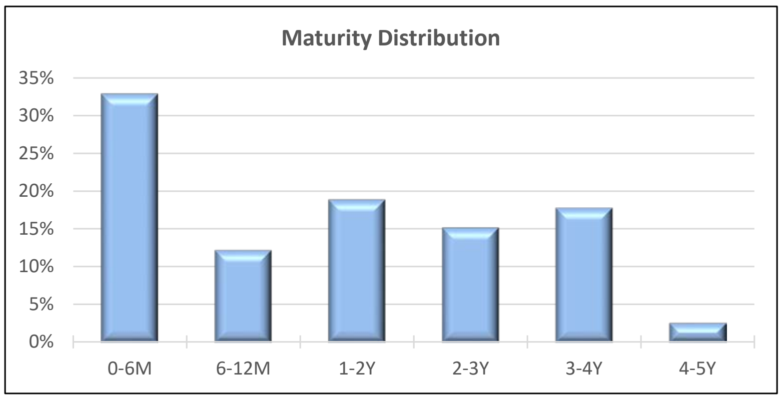
Signed:

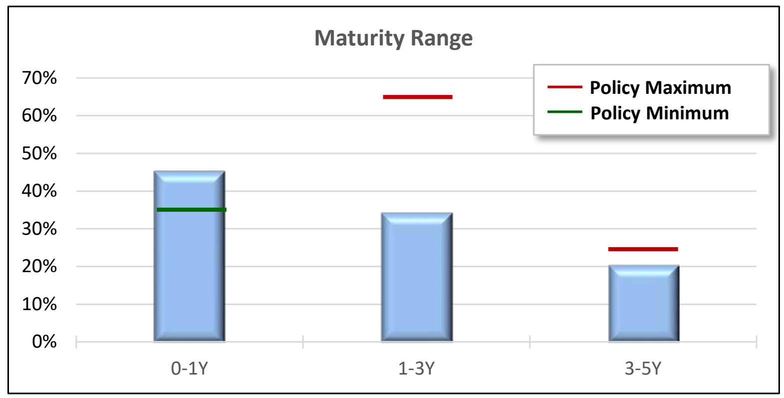
____ Date:________________________

Kern County Treasurer's Pooled Cash
Portfolio Summary
12/31/2019

Total Market Value	$ 3,378,816,166
Yield to Maturity at Cost	2.11%
Yield to Maturity at Market	1.78%
Effective Duration	1.38
Weighted Average Years to Maturity	1.51



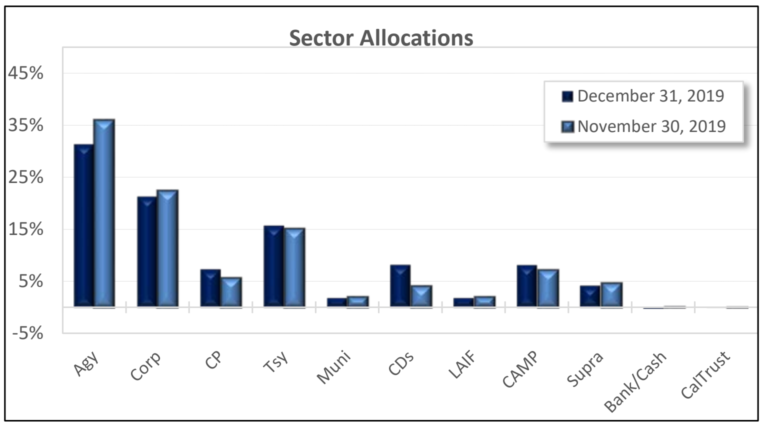


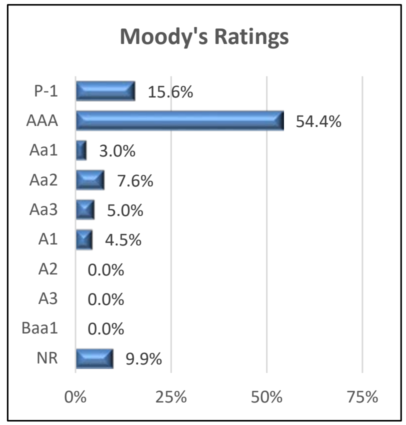


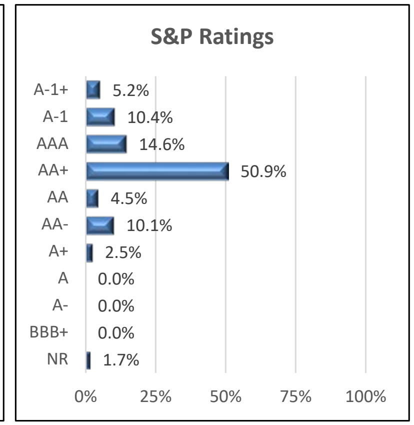
*The County Treasurer believes the Treasury Investment Pool contains sufficient cash flow from liquid and maturing securities, bank deposits, and incoming cash to meet the next six months of expected expenditures.

Kern County Treasurer's Pooled Cash
Portfolio Summary
12/31/2019

Sector	Par Amount	Original Cost	Market Value	Original Yield	% of Total Assets	Policy Limit Rating	Days to Maturity
Local Agency Investment Fund	62,578,572	62,578,572	62,578,572	2.02%	1.85%	$65 Million	1
California Asset Management Program	274,625,929	274,625,929	274,625,929	1.77%	8.13%	10%	1
CalTRUST	414,877	414,877	414,877	1.67%	0.01%	10%	1
U.S. Treasuries	531,000,000	527,425,391	533,474,350	1.98%	15.79%	100%	580
Federal Agencies	1,048,117,000	1,049,114,705	1,058,173,110	2.05%	31.32%	75%	651
Municipal Bonds	62,000,000	62,748,290	63,732,060	2.51%	1.89%	10%	1,011
Supranationals	141,175,000	142,419,088	143,679,460	2.01%	4.25%	10%	765
Negotiable CDs	275,000,000	275,000,000	275,050,859	2.05%	8.14%	30%	115
Commercial Paper	250,000,000	247,564,389	248,569,443	1.95%	7.36%	40%	109
Corporate Notes	712,739,000	713,301,754	724,306,807	2.47%	21.44%	30%	889
Total Securities	3,357,650,378	3,355,192,994	3,384,605,466	2.11%	100.17%		553
Total Cash	(5,789,300)	(5,789,300)	(5,789,300)		-0.17%		
Total Assets	3,351,861,078	3,349,403,694	3,378,816,166		100.00%		







Treasurer's Pooled Cash
Portfolio Management
Portfolio Details - Investments
December 31, 2019

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Moody's	S&P	YTM 365	Maturity Date
Pooled Funds												
928989367	8940	JPM Short Term Inv Fund			379,017.00	379,017.00	379,017.00	0.001	Aaa	AAA	0.001	
539995217	419	Local Agency Investment Fund			62,199,554.59	62,199,554.59	62,199,554.59	2.030			2.030	
		Subtotal and Average	**62,318,490.94**		**62,578,571.59**	**62,578,571.59**	**62,578,571.59**				**2.018**	
Negotiable CD's												
06367BBP3	15586	Bank of Montreal Chicago		12/04/2019	50,000,000.00	49,992,959.00	50,000,000.00	1.830	P-1	A-1	1.855	06/05/2020
06367BBV0	15588	Bank of Montreal Chicago		12/09/2019	25,000,000.00	24,998,158.00	25,000,000.00	1.850	P-1	A-1	1.876	02/20/2020
22535CDY4	15508	Credit Agricole NY		04/05/2019	25,000,000.00	25,011,449.75	25,000,000.00	2.580	P-1	A-1	2.616	01/22/2020
60710AH96	15594	Mizuho Bank NY		12/11/2019	50,000,000.00	49,997,581.00	50,000,000.00	1.850	P-1	A-1	1.876	05/05/2020
21684XBE5	15533	RABOBANK NED NY		06/26/2019	25,000,000.00	25,008,178.75	25,000,000.00	2.090	P-1	A-1	2.119	02/06/2020
78012UMR3	15499	Royal Bank of Canada NY		03/28/2019	25,000,000.00	25,020,109.25	25,000,000.00	2.520	P-1	A-1	2.555	02/06/2020
89114M3Q8	15547	Toronto Dominion Bank NY		07/30/2019	25,000,000.00	25,026,791.75	25,000,000.00	2.100	P-1	A-1	2.129	07/07/2020
89114N6R1	15575	Toronto Dominion Bank NY		10/28/2019	25,000,000.00	24,995,680.00	25,000,000.00	1.860	P-1	A-1	1.886	07/07/2020
89114NE27	15599	Toronto Dominion Bank NY		12/17/2019	25,000,000.00	24,999,951.00	25,000,000.00	1.890	P-1	A-1	1.916	07/01/2020
		Subtotal and Average	**234,677,419.35**		**275,000,000.00**	**275,050,858.50**	**275,000,000.00**				**2.051**	
Commercial Paper - Discount												
09659JGQ0	15577	BNP Paribas Fortis New York		10/29/2019	25,000,000.00	24,733,487.50	24,656,277.78	1.840	P-1	A-1	1.912	07/24/2020
22533TA22	15525	Credit Agricole NY		05/24/2019	25,000,000.00	24,997,869.50	24,628,333.33		P-1	A-1	2.499	01/02/2020
22533TE51	15585	Credit Agricole NY		12/04/2019	25,000,000.00	24,836,550.00	24,807,687.50	1.810	P-1	A-1	1.875	05/05/2020
22533TC20	15593	Credit Agricole NY		12/10/2019	25,000,000.00	24,919,572.25	24,896,250.00	1.800	P-1	A-1	1.858	03/02/2020
62479LH57	15582	MUFG BANK LTD/NY		11/20/2019	25,000,000.00	24,712,815.25	24,667,256.94	1.850	P-1	A-1	1.922	08/05/2020
62479LJ48	15602	MUFG BANK LTD/NY		12/19/2019	25,000,000.00	24,675,016.75	24,664,166.67	1.860	P-1	A-1	1.933	09/04/2020
89233GA63	15531	Toyota Motors Credit Corp		06/24/2019	25,000,000.00	24,992,916.75	24,710,083.33	2.130	P-1	A-1	2.214	01/06/2020
62479LG74	15570	MUFG UNION BK NA		10/23/2019	25,000,000.00	24,749,706.25	24,664,958.33	1.870	P-1	A-1	1.943	07/07/2020
30229AAN9	15583	Exxon-Mobil		11/26/2019	50,000,000.00	49,951,508.50	49,869,375.10	1.650	P-1	A-1	1.701	01/22/2020
		Subtotal and Average	**250,213,013.31**		**250,000,000.00**	**248,569,442.75**	**247,564,388.98**				**1.955**	
Federal Agency Issues - Coupon												
3133EFXV4	14630	Federal Farm Credit Bank		02/04/2016	10,000,000.00	9,994,600.00	10,037,800.00	1.450	Aaa	AA	1.363	08/04/2020
3133EHWM1	15241	Federal Farm Credit Bank		09/01/2017	10,000,000.00	10,022,800.00	10,005,800.00	1.700	Aaa	AA	1.685	09/01/2021
3133EHVS9	15255	Federal Farm Credit Bank		09/29/2017	8,065,000.00	8,113,551.30	8,019,594.05	1.840	Aaa	AA	1.961	08/23/2022
3133EHTS2	15259	Federal Farm Credit Bank		09/29/2017	10,000,000.00	10,074,400.00	9,980,100.00	1.900	Aaa	AA	1.943	08/03/2022
3133EHF57	15263	Federal Farm Credit Bank		10/13/2017	10,000,000.00	10,003,300.00	10,000,000.00	1.680	Aaa	AA	1.680	10/13/2020
3133EHW58	15278	Federal Farm Credit Bank		11/28/2017	10,000,000.00	10,029,300.00	9,997,970.00	1.900	Aaa	AA	1.907	11/27/2020

Treasurer's Pooled Cash
Portfolio Management
Portfolio Details - Investments
December 31, 2019

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Moody's	S&P	YTM 365	Maturity Date
Federal Agency Issues - Coupon												
3133EHU84	15316	Federal Farm Credit Bank		01/03/2018	23,925,000.00	24,107,069.25	23,742,930.75	1.980	Aaa	AA	2.185	11/22/2021
3133EH6L2	15321	Federal Farm Credit Bank		01/10/2018	20,000,000.00	20,001,800.00	19,979,200.00	1.950	Aaa	AA	2.003	01/10/2020
3133EJAW9	15336	Federal Farm Credit Bank		01/29/2018	10,000,000.00	10,072,600.00	10,000,000.00	2.250	Aaa	AA	2.250	01/29/2021
3133EJHL6	15348	Federal Farm Credit Bank		03/27/2018	10,000,000.00	10,019,300.00	9,992,800.00	2.375	Aaa	AA	2.412	03/27/2020
3133EJK24	15429	Federal Farm Credit Bank		10/19/2018	10,000,000.00	10,253,100.00	9,994,700.00	3.000	Aaa	AA	3.019	10/19/2021
3133EJK24	15430	Federal Farm Credit Bank		10/19/2018	10,000,000.00	10,253,100.00	9,994,700.00	3.000	Aaa	AA	3.019	10/19/2021
3133EJZU6	15434	Federal Farm Credit Bank		10/31/2018	15,000,000.00	15,325,800.00	14,954,850.00	2.850	Aaa	AA	2.959	09/20/2021
3133EJV63	15439	Federal Farm Credit Bank		11/28/2018	11,311,000.00	11,874,174.69	11,324,573.20	3.050	Aaa	AA	3.023	08/23/2023
3133EJWV7	15454	Federal Farm Credit Bank		12/12/2018	10,589,000.00	11,057,245.58	10,622,355.35	2.900	Aaa	AA	2.827	08/14/2023
3133EJP60	15463	Federal Farm Credit Bank		12/20/2018	15,000,000.00	15,663,000.00	15,140,100.00	3.000	Aaa	AA	2.771	05/02/2023
3133EJQX0	15466	Federal Farm Credit Bank		01/04/2019	15,000,000.00	15,628,050.00	15,249,900.00	2.900	Aaa	AA	2.498	05/30/2023
3133EJ4Q9	15477	Federal Farm Credit Bank		01/11/2019	10,000,000.00	10,099,600.00	9,996,700.00	2.550	Aaa	AA	2.567	01/11/2021
3133EJQX0	15478	Federal Farm Credit Bank		01/15/2019	10,000,000.00	10,418,700.00	10,106,600.00	2.900	Aaa	AA	2.640	05/30/2023
3133EJ5G0	15479	Federal Farm Credit Bank		01/16/2019	20,000,000.00	20,764,800.00	20,006,600.00	2.700	Aaa	AA	2.693	01/16/2024
3133EJ7C7	15485	Federal Farm Credit Bank		02/06/2019	10,000,000.00	10,385,700.00	9,994,500.00	2.700	Aaa	AA	2.712	02/06/2024
3133EKRD0	15532	Federal Farm Credit Bank		06/25/2019	10,000,000.00	10,065,400.00	10,016,460.00	1.875	Aaa	AA	1.818	06/14/2022
3133EKSN7	15535	Federal Farm Credit Bank		06/28/2019	5,500,000.00	5,525,245.00	5,481,960.00	1.770	Aaa	AA	1.856	06/26/2023
3133EKUA2	15537	Federal Farm Credit Bank		07/01/2019	10,000,000.00	10,066,200.00	10,007,200.00	1.850	Aaa	AA	1.829	02/01/2023
3133EKTV8	15538	Federal Farm Credit Bank		07/01/2019	12,650,000.00	12,731,466.00	12,650,253.00	1.900	Aaa	AA	1.900	07/01/2024
3133ELDK7	15598	Federal Farm Credit Bank		12/16/2019	25,000,000.00	25,017,000.00	24,998,675.50	1.630	Aaa	AA	1.632	06/15/2022
313383HU8	14934	Federal Home Loan Bank		09/30/2016	8,965,000.00	8,967,510.20	9,191,814.50	1.750	Aaa	AA	1.051	06/12/2020
3130A9TJ0	14960	Federal Home Loan Bank		11/15/2016	10,000,000.00	9,983,600.00	10,000,000.00	1.200	Aaa	AA	1.200	05/15/2020
3130A9ZV6	14971	Federal Home Loan Bank		11/30/2016	15,000,000.00	14,991,450.00	15,000,000.00	1.200	Aaa	AA	1.200	02/28/2020
3130AAGX0	15067	Federal Home Loan Bank		01/10/2017	15,000,000.00	15,000,900.00	15,000,000.00	1.830	Aaa	AA	1.830	07/10/2020
313378J77	15107	Federal Home Loan Bank		03/30/2017	15,000,000.00	15,006,300.00	15,122,100.00	1.875	Aaa	AA	1.575	03/13/2020
3130AB3E4	15114	Federal Home Loan Bank		04/05/2017	15,000,000.00	15,008,100.00	15,053,850.00	1.750	Aaa	AA	1.644	10/05/2020
3130AB3E4	15129	Federal Home Loan Bank		04/13/2017	10,000,000.00	10,005,400.00	10,046,500.00	1.750	Aaa	AA	1.612	10/05/2020
3130AB6A9	15141	Federal Home Loan Bank		04/20/2017	20,000,000.00	20,003,000.00	20,092,000.00	1.650	Aaa	AA	1.505	07/20/2020
313379RB7	15193	Federal Home Loan Bank		06/22/2017	10,000,000.00	10,032,100.00	10,059,200.00	1.875	Aaa	AA	1.720	06/11/2021
313383HU8	15203	Federal Home Loan Bank		06/29/2017	15,000,000.00	15,004,200.00	15,075,450.00	1.750	Aaa	AA	1.575	06/12/2020
3130A8QS5	15243	Federal Home Loan Bank		09/14/2017	10,000,000.00	9,925,300.00	9,817,000.00	1.125	Aaa	AA	1.619	07/14/2021
3130A1W95	15293	Federal Home Loan Bank		12/07/2017	10,000,000.00	10,087,700.00	10,068,400.00	2.250	Aaa	AA	2.901	06/11/2021
313383MB4	15298	Federal Home Loan Bank		12/08/2017	5,000,000.00	5,004,850.00	4,992,300.00	1.875	Aaa	AA	1.938	06/12/2020
3130A0XD7	15346	Federal Home Loan Bank		03/20/2018	10,000,000.00	10,086,100.00	9,957,800.00	2.375	Aaa	AA	2.523	03/12/2021
3130ADXU1	15369	Federal Home Loan Bank		04/09/2018	20,000,000.00	20,002,600.00	19,989,400.00	2.320	Aaa	AA	2.352	01/09/2020
3130ADRG9	15376	Federal Home Loan Bank		04/12/2018	15,000,000.00	15,500,400.00	15,030,300.00	2.750	Aaa	AA	2.705	03/10/2023

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Federal Agency Issues - Coupon												
3130AEBM1	15396	Federal Home Loan Bank		06/27/2018	20,000,000.00	20,548,800.00	19,969,600.00	2.750	Aaa	AA	2.790	06/10/2022
3130AEVF4	15413	Federal Home Loan Bank		08/30/2018	7,000,000.00	7,047,040.00	7,000,000.00	3.050	Aaa	AA	3.050	08/28/2023
3130AFBS5	15435	Federal Home Loan Bank		11/16/2018	15,000,000.00	15,167,850.00	15,000,000.00	3.250	Aaa	AA	3.250	11/16/2022
313383QR5	15469	Federal Home Loan Bank		01/08/2019	20,000,000.00	21,072,800.00	20,502,000.00	3.250	Aaa	AA	2.644	06/09/2023
3130AFWX1	15496	Federal Home Loan Bank		03/28/2019	10,000,000.00	10,291,200.00	10,132,300.00	2.550	Aaa	AA	2.248	05/30/2023
313370E38	15497	Federal Home Loan Bank		03/28/2019	13,875,000.00	14,047,743.75	14,047,743.75	3.375	Aaa	AA	2.320	06/12/2020
3130AGHA6	15526	Federal Home Loan Bank		06/03/2019	10,000,000.00	10,066,600.00	10,000,000.00	2.430	Aaa	AA	2.430	06/03/2024
313379Q69	15553	Federal Home Loan Bank		09/06/2019	10,000,000.00	10,115,200.00	10,159,600.00	2.125	Aaa	AA	1.532	06/10/2022
3134G9DC8	14750	Federal Home Loan Mort Corp		05/10/2016	15,000,000.00	14,994,000.00	15,000,000.00	1.320	Aaa	AA	1.320	02/10/2020
3134G9PR2	14792	Federal Home Loan Mort Corp		05/26/2016	15,000,000.00	14,989,050.00	15,000,000.00	1.450	Aaa	AA	1.450	05/26/2020
3134GABZ6	14899	Federal Home Loan Mort Corp		08/25/2016	10,000,000.00	9,993,700.00	10,000,000.00	1.250	Aaa	AA	1.250	02/25/2020
3134G43Q9	14947	Federal Home Loan Mort Corp		10/21/2016	6,737,000.00	6,733,362.02	6,830,374.82	1.550	Aaa	AA	1.150	05/08/2020
3134GAVB7	14959	Federal Home Loan Mort Corp		11/10/2016	15,000,000.00	14,991,750.00	15,000,000.00	1.180	Aaa	AA	1.180	02/10/2020
3137EADR7	15018	Federal Home Loan Mort Corp		12/13/2016	10,000,000.00	9,990,800.00	9,938,800.00	1.375	Aaa	AA	1.561	05/01/2020
3134GBEK4	15099	Federal Home Loan Mort Corp		03/29/2017	20,000,000.00	20,061,400.00	20,000,000.00	1.850	Aaa	AA	1.850	03/29/2021
3137EADR7	15117	Federal Home Loan Mort Corp		04/05/2017	15,000,000.00	14,986,200.00	14,925,450.00	1.375	Aaa	AA	1.541	05/01/2020
3134GBHQ8	15153	Federal Home Loan Mort Corp		04/27/2017	10,000,000.00	10,004,400.00	10,000,000.00	1.700	Aaa	AA	1.434	07/27/2020
3134GBJM5	15158	Federal Home Loan Mort Corp		05/03/2017	20,000,000.00	20,140,600.00	20,000,000.00	1.910	Aaa	AA	1.910	05/03/2022
3134G9S24	15198	Federal Home Loan Mort Corp		06/27/2017	25,000,000.00	25,056,250.00	25,042,000.00	1.750	Aaa	AA	1.707	07/26/2021
3134GSSP1	15407	Federal Home Loan Mort Corp		07/30/2018	10,000,000.00	10,063,900.00	10,000,000.00	3.000	Aaa	AA	3.000	01/30/2023
3134GSVD4	15412	Federal Home Loan Mort Corp		08/29/2018	5,000,000.00	5,035,000.00	4,996,250.00	3.000	Aaa	AA	3.018	02/28/2023
3134GTGS6	15521	Federal Home Loan Mort Corp		04/16/2019	20,000,000.00	20,034,600.00	20,000,000.00	2.550	Aaa	AA	2.550	10/16/2023
3134GULU2	15573	Federal Home Loan Mort Corp		10/28/2019	10,000,000.00	9,987,800.00	10,000,000.00	1.750	Aaa	AA	1.930	07/28/2022
3134GULJ7	15580	Federal Home Loan Mort Corp		10/30/2019	15,000,000.00	14,925,300.00	15,000,000.00	2.000	Aaa	AA	2.117	07/30/2024
3135G0D75	14924	Federal National Mortgage Assn		09/27/2016	10,000,000.00	9,993,000.00	10,165,800.00	1.500	Aaa	AA	1.046	06/22/2020
3135G0D75	14946	Federal National Mortgage Assn		10/21/2016	5,000,000.00	4,996,500.00	5,067,900.00	1.500	Aaa	AA	1.121	06/22/2020
3135G0D75	14954	Federal National Mortgage Assn		10/27/2016	10,000,000.00	9,993,000.00	10,125,500.00	1.500	Aaa	AA	1.148	06/22/2020
3135G0D75	14974	Federal National Mortgage Assn		11/10/2016	10,000,000.00	9,993,000.00	10,093,400.00	1.500	Aaa	AA	1.235	06/22/2020
3136G4GN7	14977	Federal National Mortgage Assn		11/22/2016	9,500,000.00	9,487,460.00	9,500,000.00	1.250	Aaa	AA	1.250	05/22/2020
3136G4GS6	14978	Federal National Mortgage Assn		11/30/2016	10,000,000.00	9,981,000.00	10,000,000.00	1.430	Aaa	AA	1.430	11/30/2020
3135G0D75	15008	Federal National Mortgage Assn		12/08/2016	10,000,000.00	9,993,000.00	9,979,400.00	1.500	Aaa	AA	1.560	06/22/2020
3135G0N82	15011	Federal National Mortgage Assn		12/09/2016	10,000,000.00	9,947,200.00	9,727,200.00	1.250	Aaa	AA	1.862	08/17/2021
3135G0S38	15191	Federal National Mortgage Assn		06/22/2017	15,000,000.00	15,121,675.50	15,117,000.00	2.000	Aaa	AA	1.820	01/05/2022
3135G0T60	15277	Federal National Mortgage Assn		11/21/2017	10,000,000.00	9,990,700.00	9,903,500.00	1.500	Aaa	AA	1.869	07/30/2020
3135G0T78	15304	Federal National Mortgage Assn		12/12/2017	10,000,000.00	10,107,500.00	9,901,300.00	2.000	Aaa	AA	2.217	10/05/2022
3135G0U27	15377	Federal National Mortgage Assn		04/13/2018	20,000,000.00	20,233,200.00	19,970,200.00	2.500	Aaa	AA	2.552	04/13/2021

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Federal Agency Issues - Coupon												
3135G0U43	15440	Federal National Mortgage Assn		11/28/2018	10,000,000.00	10,438,600.00	9,942,300.00	2.875	Aaa	AA	3.005	09/12/2023
3135G0S38	15509	Federal National Mortgage Assn		04/08/2019	10,000,000.00	10,081,117.00	9,913,500.00	2.000	Aaa	AA	2.327	01/05/2022
3135G0V59	15517	Federal National Mortgage Assn		04/12/2019	10,000,000.00	10,149,600.00	9,967,200.00	2.250	Aaa	AA	2.364	04/12/2022
3135G0V59	15518	Federal National Mortgage Assn		04/12/2019	10,000,000.00	10,149,600.00	9,967,200.00	2.250	Aaa	AA	2.364	04/12/2022
3135G0W33	15554	Federal National Mortgage Assn		09/06/2019	5,000,000.00	4,967,100.00	4,982,600.00	1.375	Aaa	AA	1.494	09/06/2022
3135G0W33	15555	Federal National Mortgage Assn		09/06/2019	5,000,000.00	4,967,100.00	4,982,600.00	1.375	Aaa	AA	1.494	09/06/2022
880591EN8	15457	Tennessee Valley Authority		12/13/2018	15,000,000.00	15,060,600.00	14,471,550.00	1.875	Aaa	AA	2.893	08/15/2022
		Subtotal and Average	**1,068,426,145.81**		**1,048,117,000.00**	**1,058,173,110.29**	**1,049,114,704.92**				**2.053**	
Medium Term Notes 30/360												
037833AX8	14134	Apple		03/04/2015	10,000,000.00	9,996,100.00	9,905,900.00	1.550	Aa	AA	1.750	02/07/2020
037833AR1	14956	Apple		10/31/2016	10,000,000.00	10,154,300.00	10,489,200.00	2.850	Aa	AA	1.719	05/06/2021
037833AR1	15028	Apple		12/16/2016	10,000,000.00	10,154,300.00	10,253,500.00	2.850	Aa	AA	2.240	05/06/2021
037833BD1	15197	Apple		06/27/2017	10,000,000.00	10,007,300.00	10,070,200.00	2.000	Aa	AA	1.747	05/06/2020
037833BS8	15288	Apple		12/05/2017	10,000,000.00	10,059,500.00	10,021,000.00	2.250	Aa	AA	2.182	02/23/2021
037833DE7	15356	Apple		04/03/2018	10,000,000.00	10,166,100.00	9,724,200.00	2.400	Aa	AA	3.023	01/13/2023
037833DE7	15399	Apple		06/28/2018	14,000,000.00	14,232,540.00	13,519,520.00	2.400	Aa	AA	3.218	01/13/2023
037833CQ1	15498	Apple		03/29/2019	15,000,000.00	15,186,117.00	14,956,350.00	2.300	Aa	AA	2.397	05/11/2022
037833AR1	15551	Apple		08/28/2019	10,000,000.00	10,154,300.00	10,176,700.00	2.850	Aa	AA	1.782	05/06/2021
084670BJ6	15402	Berkshire Hathaway		06/29/2018	13,094,000.00	13,525,840.12	13,006,663.02	3.000	Aa	AA	3.156	02/11/2023
084670BJ6	15446	Berkshire Hathaway		12/04/2018	8,460,000.00	8,739,010.80	8,324,809.20	3.000	Aa	AA	3.412	02/11/2023
084670BR8	15579	Berkshire Hathaway		10/30/2019	11,339,000.00	11,627,237.38	11,650,142.16	2.750	Aa	AA	1.906	03/15/2023
19416QEL0	15539	Colgate-Palmolive		07/08/2019	8,340,000.00	8,454,574.92	8,439,996.60	2.250	Aa	AA	1.879	11/15/2022
166764AY6	15111	Chevron Corp		04/03/2017	10,277,000.00	10,322,732.65	10,381,517.09	2.419	Aa	AA	2.125	11/17/2020
166764BK5	15484	Chevron Corp		02/01/2019	10,000,000.00	10,201,800.00	9,839,500.00	2.566	Aa	AA	2.966	05/16/2023
166764BK5	15501	Chevron Corp		04/01/2019	10,000,000.00	10,201,800.00	10,042,400.00	2.566	Aa	AA	2.457	05/16/2023
166764AH3	15524	Chevron Corp		05/23/2019	10,000,000.00	10,410,600.00	10,216,000.00	3.191	Aa	AA	2.630	06/24/2023
166764AH3	15528	Chevron Corp		06/21/2019	5,000,000.00	5,205,300.00	5,179,000.00	3.191	Aa	AA	2.252	06/24/2023
166764BK5	15552	Chevron Corp		08/29/2019	5,000,000.00	5,100,900.00	5,145,500.00	2.566	Aa	AA	1.753	05/16/2023
166764BK5	15567	Chevron Corp		10/10/2019	2,000,000.00	2,040,360.00	2,061,000.00	2.566	Aa	AA	1.689	05/16/2023
166764BK5	15568	Chevron Corp		10/10/2019	8,145,000.00	8,309,366.10	8,393,422.50	2.566	Aa	AA	1.689	05/16/2023
166764BK5	15596	Chevron Corp		12/11/2019	15,000,000.00	15,302,700.00	15,321,450.00	2.566	Aa	AA	1.917	05/16/2023
4042Q0WY1	15519	HSBC Bank USA		04/16/2019	10,000,000.00	9,915,159.00	10,000,000.00	2.800	Aa	AA	2.801	07/17/2023
4042Q0WX3	15520	HSBC Bank USA		04/16/2019	10,000,000.00	9,929,533.00	10,000,000.00	2.625	Aa	AA	2.625	07/18/2022
478160CD4	15352	Johnson & Johnson		03/28/2018	18,135,000.00	18,335,391.75	17,732,765.70	2.250	Aaa	AAA	2.850	03/03/2022

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Medium Term Notes 30/360												
191216BT6	14494	Coca Cola		11/03/2015	10,000,000.00	10,003,500.00	9,955,100.00	1.875	A	A	1.970	10/27/2020
191216BY5	15144	Coca Cola		04/24/2017	16,063,000.00	16,022,360.61	15,823,821.93	1.550	A	A	1.908	09/01/2021
191216CF5	15200	Coca Cola		06/29/2017	10,000,000.00	10,093,068.00	10,051,900.00	2.200	A	A	2.088	05/25/2022
191216BY5	15379	Coca Cola		04/17/2018	7,607,000.00	7,587,754.29	7,299,905.41	1.550	A	A	2.813	09/01/2021
594918BV5	15124	Microsoft Corp		04/11/2017	10,000,000.00	9,999,600.00	10,051,500.00	1.850	Aaa	AAA	1.662	02/06/2020
594918BP8	15426	Microsoft Corp		10/18/2018	14,610,000.00	14,590,714.80	14,013,327.60	1.550	Aaa	AAA	3.080	08/08/2021
594918BP8	15427	Microsoft Corp		10/18/2018	1,718,000.00	1,715,732.24	1,647,390.20	1.550	Aaa	AAA	3.090	08/08/2021
594918BP8	15428	Microsoft Corp		10/18/2018	5,000,000.00	4,993,400.00	4,795,800.00	1.550	Aaa	AAA	3.080	08/08/2021
594918BP8	15451	Microsoft Corp		12/10/2018	7,778,000.00	7,767,733.04	7,494,647.46	1.550	Aaa	AAA	2.984	08/08/2021
594918BQ6	15483	Microsoft Corp		01/29/2019	11,683,000.00	11,766,416.62	11,296,526.36	2.000	Aaa	AAA	2.783	08/08/2023
594918BQ6	15527	Microsoft Corp		06/21/2019	5,000,000.00	5,035,700.00	4,970,700.00	2.000	Aaa	AAA	2.149	08/08/2023
66989HAM0	15187	Novartis		06/21/2017	10,000,000.00	10,126,933.00	10,125,400.00	2.400	Aa	AA	2.129	05/17/2022
66989HAM0	15201	Novartis		06/30/2017	16,980,000.00	17,195,532.23	17,112,444.00	2.400	Aa	AA	2.230	05/17/2022
66989HAM0	15590	Novartis		12/10/2019	10,000,000.00	10,126,933.00	10,139,200.00	2.400	Aa	AA	1.813	05/17/2022
742718EN5	15385	Proctor & Gamble		04/23/2018	10,000,000.00	10,013,600.00	9,743,971.94	1.850	Aa	AA	2.815	02/02/2021
742718EQ8	15401	Proctor & Gamble		06/29/2018	9,127,000.00	9,158,305.61	8,785,193.85	1.700	Aa	AA	2.882	11/03/2021
742718DY2	15406	Proctor & Gamble		07/18/2018	20,000,000.00	20,271,000.00	19,528,000.00	2.300	Aa	AA	3.006	02/06/2022
742718EU9	15408	Proctor & Gamble		08/16/2018	4,997,000.00	5,046,697.16	4,842,192.94	2.150	Aa	AA	2.980	08/11/2022
742718EU9	15410	Proctor & Gamble		08/23/2018	5,686,000.00	5,742,549.54	5,515,021.98	2.150	Aa	AA	2.959	08/11/2022
89233P4S2	15301	Toyota Motors Credit Corp		12/11/2017	10,196,000.00	10,443,660.84	10,789,101.32	4.250	Aa	AA	2.285	01/11/2021
89236TCF0	15338	Toyota Motors Credit Corp		02/05/2018	12,972,000.00	12,975,372.72	12,915,571.80	2.150	Aa	AA	2.363	03/12/2020
89236TCZ6	15341	Toyota Motors Credit Corp		03/06/2018	9,289,000.00	9,301,818.82	9,035,503.19	1.900	Aa	AA	2.829	04/08/2021
89236TDP7	15411	Toyota Motors Credit Corp		08/29/2018	10,000,000.00	10,142,398.00	9,834,800.00	2.600	Aa	AA	3.120	01/11/2022
89233P5T9	15414	Toyota Motors Credit Corp		09/07/2018	5,729,000.00	5,892,792.11	5,757,759.58	3.300	Aa	AA	3.140	01/12/2022
89236TDP7	15542	Toyota Motors Credit Corp		07/10/2019	5,424,000.00	5,501,236.68	5,472,599.04	2.600	Aa	AA	2.230	01/11/2022
89236TFQ3	15557	Toyota Motors Credit Corp		09/25/2019	4,055,000.00	4,104,065.50	4,119,474.50	3.050	Aa	AA	1.793	01/08/2021
89236TFQ3	15558	Toyota Motors Credit Corp		09/25/2019	2,785,000.00	2,818,698.50	2,828,167.50	3.050	Aa	AA	1.824	01/08/2021
89236TDP7	15563	Toyota Motors Credit Corp		09/30/2019	10,000,000.00	10,142,398.00	10,152,800.00	2.600	Aa	AA	1.911	01/11/2022
89236TGM1	15569	Toyota Motors Credit Corp		10/15/2019	10,000,000.00	9,858,100.00	10,000,000.00	1.875	Aa	AA	1.963	07/31/2024
90331HNL3	15333	US Bank		01/25/2018	7,500,000.00	7,681,050.00	7,499,625.00	2.850	A	AA	2.851	01/23/2023
90331HNL3	15334	US Bank		01/25/2018	10,000,000.00	10,241,400.00	9,998,100.00	2.850	A	AA	2.854	01/23/2023
90331HNV1	15481	US Bank		01/22/2019	10,000,000.00	10,448,300.00	10,034,700.00	3.400	A	AA	3.316	07/24/2023
90331HNV1	15482	US Bank		01/22/2019	10,000,000.00	10,448,300.00	10,034,700.00	3.400	A	AA	3.316	07/24/2023
90331HPC1	15529	US Bank		06/21/2019	2,850,000.00	2,903,380.50	2,876,790.00	2.650	A	AA	2.315	05/23/2022
90331HPC1	15530	US Bank		06/21/2019	7,150,000.00	7,283,919.50	7,217,210.00	2.650	A	AA	2.315	05/23/2022
90331HPC1	15589	US Bank		12/10/2019	10,000,000.00	10,187,300.00	10,194,200.00	2.650	A	AA	1.836	05/23/2022

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CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Moody's	S&P	YTM 365	Maturity Date
Medium Term Notes 30/360												
90331HPF4	15591	US Bank		12/10/2019	3,000,000.00	2,997,390.00	3,001,860.00	1.950	A	AA	1.929	01/09/2023
90331HPF4	15595	US Bank		12/12/2019	10,250,000.00	10,241,082.50	10,245,900.00	1.950	A	AA	1.964	01/09/2023
92826CAG7	15541	VISA INC		07/08/2019	10,000,000.00	10,113,800.00	10,043,000.00	2.150	Aa	AA	2.010	09/15/2022
94988J5R4	15443	Wells Fargo Bank		11/30/2018	15,000,000.00	15,721,050.00	14,788,050.00	3.550	Aa	A	3.880	08/14/2023
94988J5R4	15488	Wells Fargo Bank		03/18/2019	10,000,000.00	10,480,700.00	10,181,900.00	3.550	Aa	A	3.105	08/14/2023
94988J5R4	15502	Wells Fargo Bank		04/01/2019	10,000,000.00	10,480,700.00	10,292,700.00	3.550	Aa	A	2.832	08/14/2023
94988J5R4	15503	Wells Fargo Bank		04/01/2019	5,000,000.00	5,240,350.00	5,145,750.00	3.550	Aa	A	2.835	08/14/2023
931142EK5	15486	Wal-Mart Stores		03/05/2019	11,500,000.00	12,092,250.00	11,722,812.50	3.400	Aa	AA	2.917	06/26/2023
931142EK5	15487	Wal-Mart Stores		03/05/2019	10,000,000.00	10,515,000.00	10,197,700.00	3.400	Aa	AA	2.908	06/26/2023
931142EL3	15581	Wal-Mart Stores		10/30/2019	10,000,000.00	10,375,500.00	10,404,900.00	2.850	Aa	AA	1.942	07/08/2024
931142EK5	15600	Wal-Mart Stores		12/18/2019	10,000,000.00	10,515,000.00	10,511,000.00	3.400	Aa	AA	1.893	06/26/2023
30231GAV4	15342	Exxon-Mobil		03/07/2018	10,000,000.00	10,059,000.00	9,851,600.00	2.222	Aaa	AA	2.748	03/01/2021
30231GBB7	15550	Exxon-Mobil		08/23/2019	10,000,000.00	10,055,200.00	10,054,100.00	1.902	Aaa	AA	1.715	08/16/2022
30231GBB7	15574	Exxon-Mobil		10/28/2019	10,000,000.00	10,055,200.00	10,056,600.00	1.902	Aaa	AA	1.694	08/16/2022
		Subtotal and Average	**707,663,633.24**		**712,739,000.00**	**724,306,806.53**	**713,301,754.37**				**2.466**	
CAMP												
CAMP	14800	CAMP			274,625,928.76	274,625,928.76	274,625,928.76	1.770		AAA	1.770	
		Subtotal and Average	**238,609,799.73**		**274,625,928.76**	**274,625,928.76**	**274,625,928.76**				**1.770**	
CALTRUST												
CALTRUST	15476	CalTRUST			414,877.37	414,877.37	414,877.37	1.670		AAA	1.670	
		Subtotal and Average	**414,877.37**		**414,877.37**	**414,877.37**	**414,877.37**				**1.670**	
Treasury Securities - Coupon												
912828XH8	15090	U S Treasury Note		03/13/2017	10,000,000.00	10,000,000.00	9,957,812.50	1.625	Aaa	AA	1.757	06/30/2020
912828T67	15204	U S Treasury Note		06/29/2017	20,000,000.00	19,879,600.00	19,587,500.00	1.250	Aaa	AA	1.746	10/31/2021
912828P87	15233	U S Treasury Note		08/25/2017	10,000,000.00	9,941,400.00	9,847,656.25	1.125	Aaa	AA	1.572	02/28/2021
912828D72	15247	U S Treasury Note		09/21/2017	20,000,000.00	20,132,000.00	20,234,375.00	2.000	Aaa	AA	1.691	08/31/2021
912828T67	15257	U S Treasury Note		09/29/2017	10,000,000.00	9,939,800.00	9,790,625.00	1.250	Aaa	AA	1.783	10/31/2021
912828R77	15261	U S Treasury Note		10/05/2017	10,000,000.00	9,969,500.00	9,866,406.25	1.375	Aaa	AA	1.754	05/31/2021
912828S76	15262	U S Treasury Note		10/05/2017	10,000,000.00	9,925,400.00	9,761,328.13	1.125	Aaa	AA	1.774	07/31/2021
912828XH8	15274	U S Treasury Note		11/07/2017	10,000,000.00	10,000,000.00	9,981,640.63	1.625	Aaa	AA	1.696	06/30/2020
912828N89	15284	U S Treasury Note		11/30/2017	10,000,000.00	9,972,300.00	9,833,593.75	1.375	Aaa	AA	1.919	01/31/2021
912828P87	15285	U S Treasury Note		11/30/2017	20,000,000.00	19,882,800.00	19,495,312.50	1.125	Aaa	AA	1.930	02/28/2021

Treasurer's Pooled Cash
Portfolio Management
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CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Moody's	S&P	YTM 365	Maturity Date
Treasury Securities - Coupon												
912828L32	15287	U S Treasury Note		12/04/2017	20,000,000.00	19,966,400.00	19,752,343.75	1.375	Aaa	AA	1.841	08/31/2020
912828P87	15290	U S Treasury Note		12/06/2017	20,000,000.00	19,882,800.00	19,453,125.00	1.125	Aaa	AA	2.003	02/28/2021
912828L32	15307	U S Treasury Note		12/14/2017	20,000,000.00	19,966,400.00	19,739,062.50	1.375	Aaa	AA	1.871	08/31/2020
912828L32	15308	U S Treasury Note		12/19/2017	15,000,000.00	14,974,800.00	14,793,750.00	1.375	Aaa	AA	1.900	08/31/2020
912828T67	15311	U S Treasury Note		12/20/2017	10,000,000.00	9,939,800.00	9,683,203.13	1.250	Aaa	AA	2.108	10/31/2021
912828R77	15312	U S Treasury Note		12/20/2017	15,000,000.00	14,954,250.00	14,658,984.38	1.375	Aaa	AA	2.062	05/31/2021
912828R77	15318	U S Treasury Note		01/04/2018	10,000,000.00	9,969,500.00	9,767,968.75	1.375	Aaa	AA	2.085	05/31/2021
912828S76	15319	U S Treasury Note		01/04/2018	10,000,000.00	9,925,400.00	9,665,625.00	1.125	Aaa	AA	2.101	07/31/2021
912828XM7	15326	U S Treasury Note		01/22/2018	20,000,000.00	19,999,200.00	19,752,343.75	1.625	Aaa	AA	2.131	07/31/2020
912828XR6	15339	U S Treasury Note		02/02/2018	10,000,000.00	10,039,100.00	9,693,750.00	1.750	Aaa	AA	2.501	05/31/2022
912828F21	15371	U S Treasury Note		04/10/2018	11,000,000.00	11,098,450.00	10,862,500.00	2.125	Aaa	AA	2.503	09/30/2021
912828WY2	15372	U S Treasury Note		04/10/2018	10,000,000.00	10,100,800.00	9,926,562.50	2.250	Aaa	AA	2.482	07/31/2021
912828K58	15383	U S Treasury Note		04/19/2018	20,000,000.00	19,981,200.00	19,575,000.00	1.375	Aaa	AA	2.454	04/30/2020
9128284S6	15393	U S Treasury Note		06/15/2018	10,000,000.00	10,368,800.00	9,986,718.75	2.750	Aaa	AA	2.779	05/31/2023
912828X96	15409	U S Treasury Note		08/22/2018	5,000,000.00	4,997,450.00	4,908,398.44	1.500	Aaa	AA	2.588	05/15/2020
912828NT3	15452	U S Treasury Note		12/10/2018	10,000,000.00	10,060,200.00	9,977,734.38	2.625	Aaa	AA	2.760	08/15/2020
912828Y46	15455	U S Treasury Note		12/12/2018	10,000,000.00	10,056,600.00	9,975,781.25	2.625	Aaa	AA	2.776	07/31/2020
912828U57	15491	U S Treasury Note		03/26/2019	10,000,000.00	10,178,100.00	9,955,468.75	2.125	Aaa	AA	2.225	11/30/2023
912828XG0	15495	U S Treasury Note		03/28/2019	10,000,000.00	10,132,000.00	9,994,140.63	2.125	Aaa	AA	2.143	06/30/2022
912828Y20	15505	U S Treasury Note		04/03/2019	10,000,000.00	10,155,500.00	10,071,875.00	2.625	Aaa	AA	2.299	07/15/2021
912828X96	15510	U S Treasury Note		04/08/2019	10,000,000.00	9,994,900.00	9,901,562.50	1.500	Aaa	AA	2.410	05/15/2020
9128286C9	15522	U S Treasury Note		04/16/2019	15,000,000.00	15,284,700.00	15,049,804.69	2.500	Aaa	AA	2.378	02/15/2022
9128287C8	15556	U S Treasury Note		09/25/2019	10,000,000.00	10,038,700.00	10,042,187.50	1.750	Aaa	AA	1.595	07/15/2022
9128282J8	15561	U S Treasury Note		09/26/2019	10,000,000.00	9,993,800.00	9,973,437.50	1.500	Aaa	AA	1.834	07/15/2020
9128285K2	15564	U S Treasury Note		09/30/2019	10,000,000.00	10,452,000.00	10,509,765.63	2.875	Aaa	AA	1.581	10/31/2023
9128285K2	15565	U S Treasury Note		09/30/2019	10,000,000.00	10,452,000.00	10,509,375.00	2.875	Aaa	AA	1.582	10/31/2023
912828S92	15566	U S Treasury Note		10/09/2019	10,000,000.00	9,866,000.00	9,951,171.88	1.250	Aaa	AA	1.382	07/31/2023
9128287C8	15592	U S Treasury Note		12/10/2019	10,000,000.00	10,038,700.00	10,028,125.00	1.750	Aaa	AA	1.639	07/15/2022
912828UN8	15603	U S Treasury Note		12/19/2019	20,000,000.00	20,234,400.00	20,201,562.50	2.000	Aaa	AA	1.671	02/15/2023
9128284W7	15605	U S Treasury Note		12/24/2019	40,000,000.00	40,729,600.00	40,707,812.50	2.750	Aaa	AA	1.654	08/15/2021
		Subtotal and Average	**482,581,489.46**		**531,000,000.00**	**533,474,350.00**	**527,425,390.67**				**1.983**	
Municipal Bonds												
13063DDF2	15323	California State Controller		01/08/2018	10,000,000.00	10,185,500.00	10,004,600.00	2.500	Aa	AA	2.489	10/01/2022
13063DAC2	15378	California State Controller		04/17/2018	5,000,000.00	5,054,100.00	4,989,350.00	2.625	Aa	AA	2.700	04/01/2021

Treasurer's Pooled Cash
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CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Moody's	S&P	YTM 365	Maturity Date
Municipal Bonds												
13063DGA0	15386	California State Controller		04/25/2018	6,000,000.00	6,077,760.00	6,000,240.00	2.800	Aa	AA	2.867	04/01/2021
13063DGN2	15416	State of California		09/18/2018	21,000,000.00	22,043,700.00	21,329,700.00	3.400	Aa	AA	3.051	08/01/2023
13063DRH3	15571	State of California		10/24/2019	10,000,000.00	10,185,500.00	10,205,000.00	2.500	Aa	AA	1.822	10/01/2022
13063DRH3	15572	State of California		10/24/2019	10,000,000.00	10,185,500.00	10,219,400.00	2.500	Aa	AA	1.770	10/01/2022
		Subtotal and Average	**62,748,290.00**		**62,000,000.00**	**63,732,060.00**	**62,748,290.00**				**2.507**	
Supranationals												
4581X0CP1	14933	INTER AMERICAN DEV BANK		09/30/2016	5,000,000.00	5,002,300.00	5,131,100.00	1.875	Aaa	AAA	1.151	06/16/2020
4581X0CX4	15126	INTER AMERICAN DEV BANK		04/12/2017	20,000,000.00	19,988,400.00	19,952,600.00	1.625	Aaa	AAA	1.704	05/12/2020
4581X0DB1	15384	INTER AMERICAN DEV BANK		04/19/2018	10,000,000.00	10,120,644.00	9,987,060.00	2.625	Aaa	AAA	2.670	04/19/2021
4581X0DA3	15490	INTER AMERICAN DEV BANK		03/27/2019	10,000,000.00	10,238,006.00	10,077,000.00	2.500	Aaa	AAA	2.287	01/18/2023
4581X0CC0	15507	INTER AMERICAN DEV BANK		04/05/2019	6,175,000.00	6,462,940.25	6,331,227.50	3.000	Aaa	AAA	2.403	10/04/2023
4581X0CC0	15534	INTER AMERICAN DEV BANK		06/28/2019	15,000,000.00	15,699,450.00	15,706,200.00	3.000	Aaa	AAA	1.847	10/04/2023
45905UXS8	14951	International Bank for Reconst		10/27/2016	10,000,000.00	9,943,900.00	9,920,600.00	1.200	Aaa	AAA	1.400	12/01/2020
45905UC36	15045	International Bank for Reconst		12/28/2016	10,000,000.00	10,050,302.00	10,000,000.00	2.000	Aaa	AAA	2.000	09/28/2021
45905UF74	15138	International Bank for Reconst		04/19/2017	10,000,000.00	10,016,600.00	10,000,000.00	1.770	Aaa	AAA	1.770	10/19/2020
459058EW9	15239	International Bank for Reconst		08/30/2017	10,000,000.00	9,993,600.10	9,985,000.00	1.625	Aaa	AAA	1.669	03/09/2021
459058GL1	15448	International Bank for Reconst		12/05/2018	15,000,000.00	15,703,432.50	15,022,200.00	3.000	Aaa	AAA	2.966	09/27/2023
459058GL1	15504	International Bank for Reconst		04/02/2019	10,000,000.00	10,468,955.00	10,321,700.00	3.000	Aaa	AAA	2.242	09/27/2023
459058DY6	15601	International Bank for Reconst		12/18/2019	10,000,000.00	9,990,930.00	9,984,400.00	1.626	Aaa	AAA	1.699	02/10/2022
		Subtotal and Average	**144,040,545.56**		**141,175,000.00**	**143,679,459.85**	**142,419,087.50**				**2.014**	
		Total and Average	**3,291,695,469.73**		**3,357,650,377.72**	**3,384,605,465.64**	**3,355,192,994.16**				**2.105**	

APPENDIX H

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

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ASSURED GUARANTY MUNICIPAL

MUNICIPAL BOND INSURANCE POLICY

ISSUER: Policy No: -N

BONDS: $ in aggregate principal amount of

Effective Date:

Premium: $

ASSURED GUARANTY MUNICIPAL CORP. ("AGM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of AGM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which AGM shall have received Notice of Nonpayment, AGM will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by AGM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in AGM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by AGM is incomplete, it shall be deemed not to have been received by AGM for purposes of the preceding sentence and AGM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, AGM shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by AGM hereunder. Payment by AGM to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AGM under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless AGM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the

United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to AGM which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

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

To the fullest extent permitted by applicable law, AGM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to AGM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of AGM, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

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

ASSURED GUARANTY MUNICIPAL CORP.

By ______________________________
Authorized Officer

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