**NEW ISSUE -- FULL BOOK-ENTRY** **RATING: S&P: "AA-"**
**See "RATING" herein.**

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

**$5,713,216**
**MESA UNION SCHOOL DISTRICT**
**(Ventura County, California)**
**General Obligation Bonds**
**Election of 2018, Series B**
**(Bank Qualified)**

**$2,285,000**
**MESA UNION SCHOOL DISTRICT**
**(Ventura County, California)**
**2020 Refunding General Obligation Bonds**
**(Federally Taxable)**

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

***Authority and Purposes.*** The captioned bonds (collectively, the "Bonds") are being issued by the Mesa Union School District (the "District") of Ventura County, California, pursuant to applicable provisions of the California Government Code, and two separate resolutions adopted by the Board of Trustees of the District on June 16, 2020. The General Obligation Bonds, Election of 2018, Series B (Bank Qualified) (the "Series B Bonds") were authorized at an election of the registered voters of the District held on November 6, 2018, which authorized the issuance of $9,875,000 principal amount of general obligation bonds (the "2018 Authorization") for the purpose of financing the renovation, construction and improvement of school facilities. The Series B Bonds will be the second series of bonds to be issued under the 2018 Authorization. The captioned 2020 Refunding General Obligation Bonds (Federally Taxable) (the "Refunding Bonds") are being issued by the District for the purpose of refinancing certain outstanding general obligation bonds of the District as more particularly identified herein, and paying related costs of issuance. See "THE FINANCING AND REFINANCING PLAN" and "THE BONDS – Authority for Issuance" herein.

***Security.*** The Bonds are general obligation bonds of the District payable solely from *ad valorem* taxes. The Board of Supervisors of Ventura County has the power and is obligated to annually levy *ad valorem* taxes 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) for the payment of principal and accreted value of and interest on the Bonds. See "SECURITY FOR THE BONDS."

***Redemption***. The Bonds are subject to optional redemption prior to maturity under certain circumstances, as described herein. See "THE BONDS – Optional Redemption".

***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 ("DTC"). Purchasers will not receive physical certificates representing their interests in the Bonds. See "THE BONDS – Book-Entry Only System."

***Payments.*** The Bonds are dated the date of delivery. The Series B Bonds are being issued as Current Interest Bonds and Capital Appreciation Bonds (both as defined herein). The Refunding Bonds are being issued as Current Interest Bonds. The Current Interest Bonds accrue interest at the rates set forth on the inside cover page hereof, payable semiannually on each February 1 and August 1 until maturity or earlier redemption, commencing February 1, 2021. The Capital Appreciation Bonds accrete interest at the accretion rates set forth on the inside cover page hereof, compounded semiannually on February 1 and August 1 of each year, commencing on February 1, 2021 until payment of the accreted value thereof at maturity or upon earlier redemption. Payments of principal and accreted value of and interest on the Bonds will be paid by MUFG Union Bank, N.A., as the designated paying agent, registrar and transfer agent (the "Paying Agent"), to DTC for subsequent disbursement to DTC Participants who will remit such payments to the beneficial owners of the Bonds. See "THE BONDS."

**MATURITY SCHEDULES**
**(see inside front cover)**

***Cover Page.*** This cover page contains information for general reference only. It is not a summary of all the 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. Certain matters will be passed on the Underwriter by Kutak Rock LLP, Irvine, California. It is anticipated that the Series B Bonds, in book-entry form, will be available for delivery through the facilities of DTC, on or about August 3, 2020. It is anticipated that the Refunding Bonds, in book-entry form, will be available for delivery through the facilities of DTC, on or about August 5, 2020.*

**RAYMOND JAMES®**

The date of this Official Statement is June 29, 2020.

**The Series B Bonds have one maturity on July 1, 2045.*

# MATURITY SCHEDULES

## MESA UNION SCHOOL DISTRICT
**(Ventura County, California)**

## Base CUSIP†: 590595

### General Obligation Bonds
### Election of 2018, Series B
**(Bank Qualified)**

**$1,100,000 Principal Amount**
**Current Interest Bonds**

| Maturity Date | Principal Amount | Interest Rate | Yield | Price | CUSIP† |
|---|---|---|---|---|---|
| 8/1/22 | $100,000 | 3.000% | 0.450% | 105.057 | DY7 |
| 8/1/23 | 110,000 | 4.000 | 0.480 | 110.452 | DZ4 |
| 8/1/24 | 155,000 | 4.000 | 0.560 | 113.569 | EA8 |
| 8/1/25 | 225,000 | 4.000 | 0.670 | 116.329 | EB6 |
| 8/1/26 | 245,000 | 4.000 | 0.800 | 118.693 | EC4 |
| 8/1/27 | 265,000 | 4.000 | 0.910 | 120.893 | ED2 |

**$4,613,216.00 Denominational Amount**
**($7,345,000 Maturity Value)**
**Capital Appreciation Bonds**

| Maturity Date | Denominational Amount | Accretion Rate | Yield to Maturity | Maturity Value | CUSIP† |
|---|---|---|---|---|---|
| 8/1/28 | $250,696.30 | 1.830% | 1.830% | $290,000 | EE0 |
| 8/1/29 | 251,952.00 | 1.950 | 1.950 | 300,000 | EF7 |
| 8/1/30 | 260,470.40 | 2.070 | 2.070 | 320,000 | EG5 |
| 8/1/31 | 258,594.60 | 2.230 | 2.230 | 330,000 | EH3 |
| 8/1/32 | 258,529.20 | 2.420 | 2.420 | 345,000 | EJ9 |
| 8/1/33 | 257,014.80 | 2.610 | 2.610 | 360,000 | EK6 |
| 8/1/34 | 258,360.00 | 2.680 | 2.680 | 375,000 | EL4 |
| 8/1/35 | 263,038.40 | 2.730 | 2.730 | 395,000 | EM2 |
| 8/1/36 | 264,052.30 | 2.770 | 2.770 | 410,000 | EN0 |
| 8/1/37 | 267,619.10 | 2.810 | 2.810 | 430,000 | EP5 |
| 8/1/38 | 270,432.00 | 2.850 | 2.850 | 450,000 | EQ3 |
| 8/1/39 | 272,520.10 | 2.890 | 2.890 | 470,000 | ER1 |
| 8/1/40 | 273,914.90 | 2.930 | 2.930 | 490,000 | ES9 |
| 8/1/41 | 274,635.00 | 2.970 | 2.970 | 510,000 | ET7 |
| 8/1/42 | 275,319.10 | 3.000 | 3.000 | 530,000 | EU4 |
| 8/1/43 | 278,582.25 | 3.020 | 3.020 | 555,000 | EV2 |
| 8/1/44 | 283,625.55 | 3.040 | 3.040 | 585,000 | EW0 |
| 7/1/45 | 93,860.00 | 3.060 | 3.060 | 200,000 | EX8 |

# MATURITY SCHEDULES
## (continued)

## MESA UNION SCHOOL DISTRICT
### (Ventura County, California)

### Base CUSIP†: 590595

### 2020 Refunding General Obligation Bonds
#### (Federally Taxable)

| Maturity Date | Principal Amount | Interest Rate | Yield | Price | CUSIP† |
|---|---|---|---|---|---|
| 8/1/21 | $70,000 | 0.836% | 0.836% | 100.000 | EZ3 |
| 8/1/22 | 355,000 | 0.936 | 0.936 | 100.000 | FA7 |
| 8/1/23 | 395,000 | 1.060 | 1.060 | 100.000 | FB5 |
| 8/1/24 | 425,000 | 1.277 | 1.277 | 100.000 | FC3 |
| 8/1/25 | 450,000 | 1.427 | 1.427 | 100.000 | FD1 |
| 8/1/26 | 490,000 | 1.678 | 1.678 | 100.000 | FE9 |
| 8/1/27 | 100,000 | 1.828 | 1.828 | 100.000 | FF6 |

# MESA UNION SCHOOL DISTRICT
**(Ventura County, California)**



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### DISTRICT ADMINISTRATION

Jeff Turner, *Superintendent/Principal**
Tami Peterson, *Chief Business Official*

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### PROFESSIONAL SERVICES

#### FINANCIAL ADVISOR

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

#### BOND COUNSEL AND DISCLOSURE COUNSEL

Jones Hall, A Professional Law Corporation
*San Francisco, California*

#### BOND REGISTRAR, TRANSFER AGENT, PAYING AGENT AND ESCROW AGENT

MUFG Union Bank, N.A.,
*Los Angeles, California*

#### ESCROW VERIFICATION

Causey Demgen & Moore P.C.
*Denver, Colorado*

**Superintendent Turner will be completing his service to the District effective June 30, 2020. Dr. Raul Ramirez has been appointed by the Board as his successor.*

## GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

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

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

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

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

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

***Stabilization of and Changes to Offering Prices.*** In connection with the offering of the Bonds, the Underwriter may over allot or effect transactions which stabilize or maintain the market price of such Bonds at levels above those that might otherwise prevail in the open market. Such stabilization, if commenced, may be discontinued 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.

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

***Document Summaries.*** All summaries of the Bond Resolutions 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, or the Securities Exchange Act of 1934, as amended, in reliance upon exceptions therein for the issuance and sale of municipal securities. The Bonds have not been registered or qualified under the securities laws of any state.

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

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

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| **General Obligation Bonds** | **2020 Refunding General Obligation Bonds** |
| **Election of 2018, Series B** | **(Federally Taxable)** |
| **(Bank Qualified)** | |

## INTRODUCTION

This Official Statement, which includes the cover page, inside cover page and appendices hereto, provides information in connection with the sale and delivery by the Mesa Union School District (the "**District**") of the Mesa Union School District (Ventura County, California) General Obligation Bonds, Election of 2018, Series B (Bank Qualified) in the principal amount of $5,713,216 (the "**Series B Bonds**"), and the Mesa Union School District (Ventura County, California) 2020 Refunding General Obligation Bonds (Federally Taxable) in the principal amount of $2,285,000 (the **"Refunding Bonds"**, and with the Series B Bonds, the **"Bonds"**).

*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 herein. A full review should be made of the entire Official Statement. The offering of the Bonds to potential investors is made only by means of the entire Official Statement.*

***The District***. The District was established in 1937 and has boundaries located in portions of the City of Camarillo, the City of San Buenaventura, and an unincorporated area of Ventura County (the "**County**"). The District currently operates one elementary and middle school located on a single campus in the Los Posas Valley, serving grades kindergarten through eight. Student average daily attendance for fiscal year 2020-21 is budgeted for 593 students. The District's total assessed valuation for fiscal year 2019-20 is $1,188,690,695. For more information regarding the District and its finances, see Appendix A and Appendix B hereto. See also Appendix C for demographic and other statistical information regarding the County.

***COVID-19 Statement***. The COVID-19 pandemic has resulted in a public health crisis that is fluid and unpredictable with financial and economic impacts that cannot be predicted. As such, investors are cautioned that the District cannot at this time predict the impacts that the COVID-19 pandemic may have on its operations and finances, property values in the District, and economic activity in the District, the State and the nation, among others. District school sites were closed in March 2020 for the remainder of the 2019-20 academic year, and the District transitioned to distance learning. The District is in the process of planning for the 2020-21 academic year, with the guidance of health and public education authorities. For more disclosure regarding the COVID-19 emergency, see "SECURITY FOR THE BONDS – Disclosure Regarding COVID-19" herein. See also references to COVID-19 in the sections herein entitled "PROPERTY TAXATION", and in APPENDIX A under the heading "DISTRICT GENERAL INFORMATION" and "STATE FUNDING OF EDUCATION; RECENT STATE BUDGETS."

***Authority and Purposes of Issues; Financing and Refinancing Plan***. The Bonds will be issued pursuant to the applicable provisions of the California Government Code and two separate resolutions adopted by the Board of Trustees of the District on June 16, 2020 (the **"Series B Bond Resolution"** and the **"Refunding Bond Resolution"** and, together, the "**Bond Resolutions**").

The Series B Bonds were authorized at an election of the registered voters of the District held on November 6, 2018, which authorized the issuance of $9,875,000 principal amount of general obligation bonds (the **"2018 Bond Authorization"**) for the purpose of financing the renovation, construction and improvement of school facilities. The Series B Bonds will be the second series of bonds issued pursuant to the 2018 Bond Authorization. The net proceeds of the Series B Bonds will be used to finance school facility improvements and to pay related costs of issuance.

The Refunding Bonds are being issued by the District for the purpose of refinancing certain outstanding general obligation bonds of the District, as more particularly identified herein, and paying related costs of issuance.

See "THE FINANCING AND REFINANCING PLAN", "THE BONDS – Authority for Issuance" and "SOURCES AND USES OF FUNDS" herein.

***Sources of Payment for the Bonds***. The Bonds are general obligation bonds of the District payable solely from *ad valorem* taxes. The Board of Supervisors of the County has the power and are obligated to annually levy an *ad valorem* tax for the payment of the Bonds and the interest thereon upon all property within the District subject to taxation without limitation of rate or amount (except certain personal property which is taxable at limited rates). See "SECURITY FOR THE BONDS" herein.

The District can make no representation regarding the affect that the current COVID-19 outbreak may have on the assessed valuation of property within the District. See "SECURITY FOR THE BONDS – Disclosure Regarding COVID-19."

***Form of Bonds***. The Series B Bonds are being issued as current interest bonds (the "**Current Interest Bonds**") and capital appreciation bonds (the "**Capital Appreciation Bonds**"). The Refunding Bonds are being issued as Current Interest Bonds. The Bonds mature in the years and in the amounts as set forth on the inside cover page hereof. The Bonds will be dated their date of original issuance and delivery (the "**Dated Date**") and will be issued as fully registered bonds, without coupons, in the denominations of $5,000 principal amount or Maturity Value (as defined herein), as applicable, or any integral multiple of $5,000, registered in the name of Cede & Co. as nominee of The Depository Trust Company ("**DTC**"), and will be available under the book-entry system maintained by DTC, only through brokers and dealers who are or act through DTC Participants as described below. Purchasers will not receive physical certificates representing their interest in the Bonds. See "THE BONDS – General Description of the Bonds" and "– Book-Entry Only System," below and "APPENDIX F – DTC and the Book-Entry System."

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

***Legal Matters***. Issuance of the Bonds is subject to the approving opinions of Jones Hall, A Professional Law Corporation, San Francisco, California, as bond counsel (**"Bond Counsel"**), to be delivered in substantially the forms attached hereto as Appendix D. Jones Hall, A Professional Law Corporation, San Francisco, California, will also serve as Disclosure Counsel to the District (**"Disclosure Counsel"**). Kutak Rock LLP, Irvine, California, is serving as Underwriter's counsel ("**Underwriter's Counsel**"). Payment of the fees of Bond Counsel, Disclosure Counsel and Underwriter's Counsel is contingent upon issuance of the Bonds.

***Tax Matters.*** Assuming compliance with certain covenants and provisions of the Internal Revenue Code of 1986 (the **"Tax Code"**), in the opinion of Bond Counsel, subject, however to certain qualifications described herein, under existing law, the interest on the Series B 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. Further, the District has designated the Series B Bonds as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Tax Code. Such section provides an exception to the prohibition against the ability of a "financial institution" (as defined in the Tax Code) to deduct its interest expense allocable to interest payable on the Series B Bonds. Interest on the Refunding Bonds is not excluded from gross income for federal income tax purposes. In the further opinion of Bond Counsel, interest on the Bonds is exempt from California personal income taxes. See "TAX MATTERS" herein.

***Continuing Disclosure.*** The District has covenanted and agreed that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate, dated the date of the Bonds, respectively, and executed by the District (the **"Continuing Disclosure Certificate"**). The form of the Continuing Disclosure Certificate which will be delivered in connection with each series of the Bonds, is included in Appendix E hereto. See "CONTINUING DISCLOSURE."

***Changes Since Preliminary Official Statement.*** On June 29, 2020, the State Budget for fiscal year 2020-21 was adopted. A summary of certain provisions has been added under the heading "APPENDIX A - General and Financial Information for Mesa Union School District – STATE FUNDING OF EDUCTION; RECENT STATE BUDGETS."

***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 herein and information concerning the Bonds are available from Superintendent's Office at 3901 North Mesa School Road, Somis, California 93066, telephone (805) 485-1411. The District may impose a charge for copying, mailing and handling.

This Official Statement is not to be construed as a contract with the purchasers of the Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of fact. The summaries and references to documents, statutes and constitutional provisions referred to herein do not purport to be comprehensive or definitive, and are qualified in their entireties by reference to each of such documents, statutes and constitutional provisions.

The information set forth herein has been obtained from official sources which are believed to be reliable but it is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by the District. The information and expressions of opinions herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District since the date hereof. 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.

*[END OF INTRODUCTION]*

## THE FINANCING AND REFINANCING PLAN

As described herein, the net proceeds of the Series B Bonds will be used to finance capital facility improvements and pay related costs of issuance. Proceeds of the Refunding Bonds will be used to refund certain maturities of outstanding bonds as more particularly described below, and to pay related costs of issuance.

### The Series B Bonds

The proceeds of bonds issued pursuant to the Authorization will be used for the purposes specified in the ballot measure approved by the District's voters on November 6, 2018 by over 70% of the voters and known as Measure O (**"Measure O"**). The abbreviated summary of Measure O (limited to 75 words or less) as set forth on the ballot is as follows:

> *"To improve the quality of education; upgrade outdated classrooms, restrooms and school facilities; replace/renovate aging heating and air-conditioning, deteriorating plumbing, and inadequate electrical systems; make safety and security improvements; shall Mesa Union School District issue $9,875,000 of bonds at legal interest rates, raising an average $532,090 annually as long as bonds are outstanding, at a rate of 3 cents per $100 assessed value, with independent citizens' oversight, NO money for administrative salaries, and all money spent locally?"*

As part of the ballot materials presented to District voters at the Bond Election, the voters authorized a list of projects (the **"Project List"**) eligible to be funded with proceeds of bonds sold pursuant to the Authorization, including the Series B Bonds described herein. The District makes no representation as to the specific application of the proceeds of the Series B Bonds, the completion of any projects listed on the Project List, or whether bonds authorized by the Authorization will provide sufficient funds to complete any particular project listed in the Project List.

### The Refunding Bonds

**The Refunded Bonds.** The Refunding Bonds are being issued by the District to refund on an advance basis certain maturities of the District's 2011 General Obligation Refunding Bonds (the **"Prior Bonds"**, and with respect to the maturities to be refunded, the **"Refunded Bonds"**).

The Refunded Bonds are identified more particularly in the following tables.

**MESA UNION SCHOOL DISTRICT**
**Identification of 2011 Bonds to be Redeemed**

| Maturities Payable from Escrow | CUSIP† | Principal Amount | Redemption Date | Redemption Price |
|---|---|---|---|---|
| 08/08/2022 | 590595 BX1 | $310,000 | 08/01/2021 | 100.0% |
| 08/01/2023 | 590595 BY9 | 355,000 | 08/01/2021 | 100.0 |
| 08/01/2027-T | 590595 CC6 | 1,445,000 | 08/01/2021 | 100.0 |
| Total: | | $2,110,000 | -- | -- |

*† CUSIP Copyright American Bankers Association. CUSIP data herein is provided by Standard & Poor's CUSIP Service Bureau, a division of McGraw Hill Companies, Inc. Neither the District nor the Underwriter is responsible for the accuracy of such data.*

**Deposit in Escrow Fund.** The District will deliver the net proceeds of the Refunding Bonds to MUFG Union Bank, N.A., San Francisco, California, as escrow bank (the "**Escrow**

**Agent**”), for deposit in an escrow fund (the “**Escrow Fund**”) established under an Escrow Agreement (the “**Escrow Agreement**”), between the District and the Escrow Agent. The Escrow Agent will invest such funds in certain United States Treasury notes, bonds, bills or certificates of indebtedness, or obligations issued by any agency or department of the United States which are secured, directly or indirectly, by the full faith and credit of the United States (“**Escrow Fund Securities**”) and will apply such funds, together with interest earnings on the investment of such funds in Escrow Fund Securities, to pay the principal of and interest on the Refunded Bonds, including the redemption price of the Refunded Bonds, as set forth above, together with accrued interest to the redemption date identified above.

Sufficiency of the deposits in the Escrow Fund for the foregoing purposes will be verified by Causey Demgen & Moore, P.C., Denver, Colorado (the **“Verification Agent”**). See “VERIFICATION OF MATHEMATICAL ACCURACY” herein. As a result of the deposit of funds with the Escrow Agent on the date of issuance of the Refunding Bonds, the Refunded Bonds will be legally defeased and will be payable solely from amounts held for that purpose under the Escrow Agreement, and will cease to be secured by *ad valorem* property taxes levied in the District.

*The Escrow Fund Securities and cash held by the Escrow Agent in the Escrow Fund are pledged solely to the payment of the Refunded Bonds, and will not be available for the payment of debt service with respect to the Refunding Bonds*.

## THE BONDS

### Authority for Issuance

The Series B Bonds will be issued pursuant to the 2018 Bond Authorization and under the provisions of Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California, commencing with Section 53506 of said Code and the Series B Bond Resolution.

The Refunding Bonds will be issued under the provisions of the provisions of Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California, and the Refunding Bond Resolution.

### General Description of the Bonds

***Form of Bonds***. The Series B Bonds are being issued as Current Interest Bonds and Capital Appreciation Bonds, both as described below. The Refunding Bonds are being issued as Current Interest Bonds. The Bonds mature in the years and in the amounts as set forth on the inside cover page hereof. The Bonds will be issued in book-entry form only, and will be initially issued and registered in the name of Cede & Co. as nominee for DTC. Purchasers will not receive physical certificates representing their interest in the Bonds. See “– Book-Entry Only System” below and “APPENDIX F – DTC and the Book-Entry System.”

***Current Interest Bonds***

The Current Interest Bonds shall be issued in the denominations of $5,000 principal amount each or any integral multiple thereof. Interest on the Current Interest Bonds is payable semiannually on each February 1 and August 1, commencing February 1, 2021 (each, an **"Interest Payment Date"**). Each Current Interest Bond will bear interest from the Interest Payment Date next preceding the date of registration and authentication thereof unless (i) it is authenticated as of an Interest Payment Date, in which event it will bear interest from such date, or (ii) it is authenticated prior to an Interest Payment Date and after the close of business on the fifteenth (15th) day of the month preceding the Interest Payment Date (each, a **"Record Date"**), in which event it will bear interest from such Interest Payment Date, or (iii) it is authenticated prior to January 15, 2021, 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 Current Interest Bond is in default at the time of authentication thereof, such Current Interest 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 Current Interest Bonds will be paid by the Paying Agent to DTC for subsequent disbursement to DTC Participants who will remit such payments to the Beneficial Owners of the Current Interest Bonds.

***Capital Appreciation Bonds***

The following terms used herein are defined in the Series B Bond Resolution to have the following meanings with respect to the Series B Bonds which are issued as Capital Appreciation Bonds:

> **"Accreted Value"** means, with respect to any Capital Appreciation Bond, the total amount of principal thereof and interest payable thereon as of any Compounding Date determined solely by reference to the Table of Accreted Values set forth on such Capital Appreciation Bond, which is attached to this Official Statement as Appendix H. The Accreted Value of any Capital Appreciation Bond as of any date other than a Compounding Date will be the sum of (a) the Accreted Value as of the Compounding Date immediately preceding the date as of which the calculation is being made plus (b) interest on the Accreted Value determined under the preceding clause (a), computed to the date as of which the calculation is being made at the Accretion Rate set forth on such Capital Appreciation Bond (computed on the basis of a 360-day year of twelve 30-day months).
>
> **"Accretion Rate"** means the rate which, when applied to the principal amount of any Capital Appreciation Bond and compounded semiannually on each Compounding Date, produces the Maturity Value of such Capital Appreciation Bond on the maturity date thereof.
>
> **"Capital Appreciation Bonds"** means bonds the interest on which is compounded semiannually on each Compounding Date and is payable in full at maturity as shown in the table of Accreted Value for the Capital Appreciation Bonds and attached to this Official Statement as Appendix H.
>
> **"Closing Date"** means the date upon which there is a delivery of the Series B Bonds in exchange for the amount representing the purchase price of the Series B Bonds by the Underwriter (as defined herein).

**"Compounding Date"** means, with respect to any Capital Appreciation Bond, each February 1 and August 1, commencing February 1, 2021, to and including the date of maturity or redemption of such Capital Appreciation Bond. In addition, interest is compounded on the July 1, 2045 maturity of the Series B Bonds on July 1, 2045.

**"Denominational Amount"** means, with respect to any Capital Appreciation Bond, the original amount of such Capital Appreciation Bond as of the Closing Date.

**"Maturity Value"** means, with respect to any Capital Appreciation Bond, the Accreted Value of such Capital Appreciation Bond to be paid at maturity.

As provided in the Series B Bond Resolution, references therein and in this Official Statement to the payment of the principal of and interest on the Series B Bonds includes payment of the Accreted Value and Maturity Value of the Capital Appreciation Bonds, unless otherwise required by the context or by the express provisions of such reference. Further, whenever in the Series B Bond Resolution or in this Official Statement, any reference is made to the rights of the owners of the Series B Bonds as measured by the principal amount of such Series B Bonds, the principal amount of the Capital Appreciation Bonds is deemed to be the Accreted Value thereof as of the date of exercise of such rights.

The Capital Appreciation Bonds are dated the date of delivery, and accrete interest from such date. The Denominational Amount of each maturity of the Capital Appreciation Bonds shall be as shown on the inside cover page hereof. The Capital Appreciation Bonds are issued in denominations such that the Maturity Value thereof shall equal $5,000 or an integral multiple thereof. The Capital Appreciation Bonds are payable only at maturity or upon earlier redemption, in the years and amounts set forth on the inside cover page hereof.

Interest on the Capital Appreciation Bonds is compounded on each Compounding Date. Each Capital Appreciation Bond accretes in value daily over the term to its maturity, from its Denominational Amount on the Closing Date to its Accreted Value on its maturity date. The Accreted Value payable on any date shall be determined solely by reference to the Table of Accreted Values attached to such Capital Appreciation Bond. See "APPENDIX H– Table of Accreted Values."

The interest portion of the Accreted Value of any Capital Appreciation Bond that is payable on the date of maturity shall represent interest accreted and coming due on such date. The Accreted Value of any Capital Appreciation Bond at maturity shall be payable by check or draft mailed by first-class mail, in lawful money of the United State of America upon presentation and surrender of such Bond at the Office of the Paying Agent. See "APPENDIX F- DTC and the Book-Entry System."

## Paying Agent

MUFG Union Bank, N.A., San Francisco, California, will act as the registrar, transfer agent, and paying agent for the Bonds (the **"Paying Agent"**). As long as DTC is the registered owner of the Bonds and DTC's book-entry method is used for the Bonds, the Paying Agent will send all payments with respect to principal and interest on the Bonds, and any notice of redemption or other notices to owners of the Bonds, 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 redemption of the Bonds called for redemption or of any other action covered by such notice.

The Paying Agent, the District, the County 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.

## Optional Redemption

Series B Bonds. The Series B Bonds maturing on or before August 1, 2028 are not subject to redemption prior to maturity. The Series B Bonds maturing on or after August 1, 2029 are subject to redemption prior to maturity, at the option of the District, in whole or in part among maturities on such basis as shall be designated by the District and by lot within a maturity, from any available source of funds, on August 1, 2028, or on any date thereafter, at a price equal to 100% of the Accreted Value thereof as of the date of redemption, without premium.

Refunding Bonds. The Refunding Bonds are not subject to optional redemption prior to maturity.

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 purposes of such selection, each Bond will be deemed to consist of individual Bonds of $5,000 denominations each, which may be separately redeemed.

## Notice of Redemption

The Paying Agent will cause notice of any redemption to be mailed, first class mail, postage prepaid, at least 20 days but not more than 60 days prior to the date fixed for redemption, to the respective owners of any Bonds designated for redemption, at their addresses appearing on the registration books maintained by the Paying Agent. Such notice may be a conditional notice of redemption and subject to rescission. Such notice will state the redemption date and the redemption price and, if less than all of the then outstanding Bonds are to be called for redemption, shall designate the serial numbers of the Bonds to be redeemed by giving the individual number of each Bond or by stating that all Bonds between two stated numbers, both inclusive, or by stating that all of the Bonds of one or more maturities have been called for redemption, and shall require that such Bonds be then surrendered at the office of the Paying Agent for redemption at the said redemption price, giving notice also that further interest on such Bonds will not accrue or accrete from and after the redemption date.

## Partial Redemption

Upon the surrender of any Bond redeemed in part only, the District will execute and the Paying Agent will authenticate and deliver to the owner thereof, at the expense of the District, a new Bond or Bonds of the same maturity and of authorized denominations (or of like Accreted Value in the case of the Capital Appreciation Bonds) equal in aggregate amounts to the unredeemed portion of the Bonds surrendered. Such partial redemption will be valid upon payment of the amount required to be paid to such owner, and the County and the District will be released and discharged thereupon from all liability to the extent of such payment.

## Right to Rescind Notice of 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 will be cancelled and annulled if for any reason funds will not be or are not available on the date fixed for redemption for the payment in full of the Bonds then called for redemption. The District and the Paying Agent will have no liability to the Bond owners or any other party related to or arising from such rescission of redemption. The Paying Agent will mail notice of such rescission of redemption in the same manner as the original notice of redemption was sent under the applicable Bond Resolution.

## Book-Entry Only System

The Bonds will be registered initially in the name of “Cede & Co.,” as nominee of DTC, which has been appointed as securities depository for the Bonds, and registered ownership may not be transferred thereafter except as provided in the applicable Bond Resolution. Purchasers will not receive certificates representing their interests in the Bonds. Principal of the Bonds will be paid by the Paying Agent to DTC, which in turn is obligated to remit such principal to its participants for subsequent disbursement to beneficial owners of the Bonds as described herein. See “APPENDIX F – DTC and the Book-Entry System.”

In the event that the securities depository (either DTC or its successor depository) determines not to continue to act as securities depository for the Bonds, or the District determines to terminate the depository as such, then the District will thereupon discontinue the book-entry system with such securities depository. In such event, the securities depository will cooperate with the District and the Paying Agent in the issuance of replacement Bonds by providing the Paying Agent with a list showing the interests of the Depository System Participants in the Bonds, and by surrendering the Bonds, registered in the name of the nominee of the securities depository, to the Paying Agent on or before the date such replacement Bonds are to be issued.

## Registration, Transfer and Exchange of Bonds

The Paying Agent will keep or cause to be kept sufficient books for the registration and transfer of the Bonds, which will at all times be open to inspection by the District upon reasonable notice; and, upon presentation for such purpose, the Paying Agent will, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on said books, Bonds as provided in the applicable Bond Resolution.

Any Bond may, in accordance with its terms, be transferred, upon the registration books required to be kept pursuant to the applicable 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 at the Paying Agent, accompanied by delivery of a written instrument of transfer in a form approved by the Paying Agent, duly executed. The Paying Agent will require the payment by the owner requesting such transfer of any tax or other governmental charge required to be paid with respect to such transfer. Whenever any Bond(s) shall be surrendered for transfer, the District will execute, and the Paying Agent will authenticate and deliver, a new Bond(s) of the same series, for like aggregate principal amount.

Bonds may be exchanged at the principal office of the Paying Agent for a like aggregate principal amount of Bonds of authorized denominations and of the same maturity and series. The Paying Agent will require the payment by the owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange.

No transfers or exchanges of Bonds will be required to be made (a) fifteen days prior to the date established by the Paying Agent for selection of Bonds for redemption or (b) with respect to a Bond after such Bond has been selected for redemption.

**Defeasance**

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

(a) by paying or causing to be paid the principal or redemption price of and interest on such Bonds (or the Maturity Value or Accreted Value thereof, in the case of Capital Appreciation 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 related Bond Resolution) to pay or redeem such Bonds; or

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

If the District pays all the Bonds that are outstanding and also pays or causes to be paid all other sums payable under the related Bond Resolution by the District, then and in that case, at the election of the District, and notwithstanding that any Bonds have not been surrendered for payment, the related Bond Resolution and all covenants, agreements and other obligations of the District under the related Bond Resolution will cease, terminate, become void and be completely discharged and satisfied, except only as provided in the related Bond Resolution.

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 Bond that is outstanding, whether upon or prior to its maturity date), then all liability of the District in respect of such Bond will cease and be completely discharged, except only that thereafter the owner thereof will be entitled only to payment of the principal of and interest on such Bond by the District, and the District will remain liable for such payment, but only out of such money or securities deposited with the Paying Agent as aforesaid for such payment.

Whenever in a Bond Resolution it is provided or permitted that there be deposited with or held in trust by the Paying Agent or other financial institution money or securities in the necessary amount to pay or redeem any Bonds, the money or securities so to be deposited or held may include money or securities held by the Paying Agent in the funds and accounts established pursuant to 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; 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, as such principal or redemption price and interest become due.

As used in the foregoing defeasance provision and in the Bond Resolutions, the term **"Federal Securities"** means United States Treasury notes, bonds, bills or certificates of indebtedness or any other obligations the timely payment of which is directly or indirectly guaranteed by the faith and credit of the United States.

## SOURCES AND USES OF FUNDS

The estimated sources and uses of funds with respect to the Bonds are as follows:

| **Sources of Funds** | **Series B Bonds** | **Refunding Bonds** |
|---|---|---|
| Principal Amount of Bonds | $5,713,216.00 | $2,285,000.00 |
| Plus Net Original Issue Premium | 175,490.70 | -- |
| **Total Sources** | **$5,888,706.70** | **$2,285,000.00** |
| | | |
| **Uses of Funds** | | |
| Deposit to Building Fund | $5,713,216.00 | -- |
| Deposit to Escrow Fund | -- | $2,212,041.34 |
| Deposit to Debt Service Fund | 2,785.72 | -- |
| Costs of Issuance(1) | 172,704.98 | 72,958.66 |
| **Total Uses** | **$5,888,706.70** | **$2,285,000.00** |

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

# APPLICATION OF PROCEEDS OF BONDS

## Building Fund

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

## Debt Service Funds

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

## Escrow Fund

A portion of the proceeds of the Refunding Bonds will be deposited in escrow to provide for the redemption of the Refunded Bonds on the applicable redemption dates. See "THE FINANCING AND REFINANCING PLAN - Deposits to Escrow Funds" herein.

## Investment of Proceeds of Bonds

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

## DEBT SERVICE SCHEDULES

***Series B Bonds.*** The following table shows the annual debt service schedule with respect to the Series B Bonds (assuming no optional redemptions).

**MESA UNION SCHOOL DISTRICT**
**Annual Debt Service Schedule**
**Series B Bonds**

| | Current Interest Bonds | | Capital Appreciation Bonds | | |
|---|---|---|---|---|---|
| Date (August 1) | Principal | Interest | Denominational Amount | Accreted Interest | Total |
| 2021 | -- | $42,761.11 | -- | -- | $42,761.11 |
| 2022 | $100,000.00 | 43,000.00 | -- | -- | 143,000.00 |
| 2023 | 110,000.00 | 40,000.00 | -- | -- | 150,000.00 |
| 2024 | 155,000.00 | 35,600.00 | -- | -- | 190,600.00 |
| 2025 | 225,000.00 | 29,400.00 | -- | -- | 254,400.00 |
| 2026 | 245,000.00 | 20,400.00 | -- | -- | 265,400.00 |
| 2027 | 265,000.00 | 10,600.00 | -- | -- | 275,600.00 |
| 2028 | -- | -- | $250,696.30 | $39,303.70 | 290,000.00 |
| 2029 | -- | -- | 251,952.00 | 48,048.00 | 300,000.00 |
| 2030 | -- | -- | 260,470.40 | 59,529.60 | 320,000.00 |
| 2031 | -- | -- | 258,594.60 | 71,405.40 | 330,000.00 |
| 2032 | -- | -- | 258,529.20 | 86,470.80 | 345,000.00 |
| 2033 | -- | -- | 257,014.80 | 102,985.20 | 360,000.00 |
| 2034 | -- | -- | 258,360.00 | 116,640.00 | 375,000.00 |
| 2035 | -- | -- | 263,038.40 | 131,961.60 | 395,000.00 |
| 2036 | -- | -- | 264,052.30 | 145,947.70 | 410,000.00 |
| 2037 | -- | -- | 267,619.10 | 162,380.90 | 430,000.00 |
| 2038 | -- | -- | 270,432.00 | 179,568.00 | 450,000.00 |
| 2039 | -- | -- | 272,520.10 | 197,479.90 | 470,000.00 |
| 2040 | -- | -- | 273,914.90 | 216,085.10 | 490,000.00 |
| 2041 | -- | -- | 274,635.00 | 235,365.00 | 510,000.00 |
| 2042 | -- | -- | 275,319.10 | 254,680.90 | 530,000.00 |
| 2043 | -- | -- | 278,582.25 | 276,417.75 | 555,000.00 |
| 2044 | -- | -- | 283,625.55 | 301,374.45 | 585,000.00 |
| 2045 | -- | -- | 93,860.00 | 106,140.00 | 200,000.00 |
| Total | $1,100,000.00 | $221,761.11 | $4,613,216.00 | $2,731,784.00 | $8,666,761.11 |

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

**MESA UNION SCHOOL DISTRICT**
**Annual Debt Service Schedule**
**Refunding Bonds**

| Date (August 1) | Principal | Interest | Total |
|---|---|---|---|
| 2020 | $50,000.00 | $1,861.15 | $51,861.15 |
| 2021 | 70,000.00 | 30,112.10 | 100,112.10 |
| 2022 | 360,000.00 | 29,526.90 | 389,526.90 |
| 2023 | 395,000.00 | 26,157.30 | 421,157.30 |
| 2024 | 425,000.00 | 21,970.30 | 446,970.30 |
| 2025 | 455,000.00 | 16,543.06 | 471,543.06 |
| 2026 | 490,000.00 | 10,050.20 | 500,050.20 |
| 2027 | 100,000.00 | 1,828.00 | 101,828.00 |
| Total | $2,345,000.00 | $138,049.01 | $2,483,049.01 |

***Combined Debt Service Schedule.*** In addition to the Bonds described herein, the District has two other series of refunding general obligation bonds outstanding. The following table shows the combined debt service schedule for the outstanding bonds, together with the Bonds, assuming no optional redemptions. See also Appendix A under the heading "DISTRICT FINANCIAL INFORMATION – Long-Term Indebtedness" for additional information.

**MESA UNION SCHOOL DISTRICT**
**Combined General Obligation Bonds Debt Service Schedule**

| Bond Year Ending August 1 | 2011 Refunding Bonds Debt Service | 2014 Refunding Bonds Debt Service | Election of 2018, Series A Bonds Debt Service | Election of 2018, Series B Bonds Debt Service | 2020 Refunding Bonds Debt Service | Total Debt Service |
|---|---|---|---|---|---|---|
| 2020 | $249,800 | $311,763 | $302,213 | -- | -- | $863,775 |
| 2021 | 275,600 | 279,963 | 316,013 | $42,761 | $99,661 | 1,013,997 |
| 2022 | -- | 289,163 | 189,013 | 143,000 | 384,409 | 1,005,584 |
| 2023 | -- | 301,163 | 191,813 | 150,000 | 421,086 | 1,064,061 |
| 2024 | -- | 307,163 | 199,413 | 190,600 | 446,899 | 1,144,074 |
| 2025 | -- | 317,413 | 156,613 | 254,400 | 466,472 | 1,194,897 |
| 2026 | -- | 326,663 | 160,413 | 265,400 | 500,050 | 1,252,525 |
| 2027 | -- | 334,913 | 169,013 | 275,600 | 101,828 | 881,353 |
| 2028 | -- | 347,163 | 172,213 | 290,000 | -- | 809,375 |
| 2029 | -- | 358,763 | 180,213 | 300,000 | -- | 838,975 |
| 2030 | -- | 364,763 | 182,813 | 320,000 | -- | 867,575 |
| 2031 | -- | 375,313 | 190,213 | 330,000 | -- | 895,525 |
| 2032 | -- | 387,750 | 197,213 | 345,000 | -- | 929,963 |
| 2033 | -- | 394,250 | 203,813 | 360,000 | -- | 958,063 |
| 2034 | -- | -- | 210,013 | 375,000 | -- | 585,013 |
| 2035 | -- | -- | 216,600 | 395,000 | -- | 611,600 |
| 2036 | -- | -- | 222,863 | 410,000 | -- | 632,863 |
| 2037 | -- | -- | 228,800 | 430,000 | -- | 658,800 |
| 2038 | -- | -- | 239,413 | 450,000 | -- | 689,413 |
| 2039 | -- | -- | 244,538 | 470,000 | -- | 714,538 |
| 2040 | -- | -- | 254,338 | 490,000 | -- | 744,338 |
| 2041 | -- | -- | 263,650 | 510,000 | -- | 773,650 |
| 2042 | -- | -- | 272,475 | 530,000 | -- | 802,475 |
| 2043 | -- | -- | 280,556 | 555,000 | -- | 835,556 |
| 2044 | -- | -- | 288,131 | 585,000 | -- | 873,131 |
| 2045 | -- | -- | 295,200 | 200,000 | -- | 495,200 |
| 2046 | -- | -- | 305,200 | -- | -- | 305,200 |
| 2047 | -- | -- | 319,400 | -- | -- | 319,400 |
| 2048 | -- | -- | 327,600 | -- | -- | 327,600 |
| Total | $525,400 | $4,696,200 | $6,779,750 | $8,666,761 | $2,420,404 | $23,088,515 |

## SECURITY FOR THE BONDS

### *Ad Valorem* Taxes

***Bonds Payable from Ad Valorem Property Taxes.*** The Bonds are general obligations of the District, payable solely from *ad valorem* property taxes levied on taxable property within the District and collected by the County. The County is empowered and is obligated to annually levy *ad valorem* taxes for the payment of the principal and Accreted Value of the Bonds, and the interest thereon, upon all property within the District subject to taxation by the District, without limitation of rate or amount (except certain personal property which is taxable at limited rates). In no event is the District obligated to pay principal and Accreted Value of and interest and redemption premium, if any, on the Bonds out of any funds or properties of the District other than *ad valorem* taxes levied upon all taxable property in the District; provided, however, nothing in the Bond Resolutions prevents the District from making advances of its own moneys howsoever derived to any of the uses or purposes permitted by law.

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

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

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

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

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

Economic and other factors beyond the District's control, such as economic recession, deflation of 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 Valuations – Factors Relating to Increases/Decreases in Assessed Value." See also below under the heading "-- Disclosure Relating to COVID-19."

**Debt Service Funds**

The County will establish the Debt Service Funds for each series of the Bonds, which will be established as a separate fund to be maintained distinct from all other funds of the County. All taxes levied by the County for the payment of the principal of and interest and premium (if any) on the Bonds will be deposited in the applicable Debt Service Fund by the County promptly upon receipt. The Debt Service Funds are pledged for the payment of the principal of and interest and premium (if any) on the applicable series of Bonds when and as the same become due. The County will transfer amounts in the applicable Debt Service Fund to the Paying Agent to the extent necessary to pay the principal of and interest and premium (if any) on the applicable series of Bonds as the same becomes due and payable.

If, after payment in full of the Bonds and any other general obligation bond indebtedness of the District, any amounts remain on deposit in the Debt Service Funds, the County will apply said funds to pay other outstanding general obligation bonds indebtedness of the District, or transfer such amounts to the general fund of the District, to be applied solely in a manner which is consistent with the requirements of applicable state and federal tax law.

**Not a County Obligation**

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

**Disclosure Relating to COVID-19**

***Background.*** The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus (**"COVID-19"** or **"Coronavirus"**), which was first detected in China and has spread throughout the world, including to the United States, has been declared a Pandemic by the World Health Organization, a National Emergency by President Trump (the **"President"**) and a State of Emergency by State Governor Newsom (the **"Governor"**). The emergency has resulted in tremendous volatility in the financial markets in the United States and globally, and the likely onset of a U.S. 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 the President on March 18, 2020 providing for Medicaid expansion, unemployment benefits and paid emergency leave during the crisis. 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. Further, on March 27, 2020, the United State Congress passed a third $2 trillion relief package responding to the Coronavirus emergency, which has been signed by the President, referred to as the Coronavirus Aid, Relief, and Economic Security Act (the **"CARES Act"**). The package includes direct payments to taxpayers, jobless benefits, assistance to hospitals and healthcare systems, $367 billion for loans to small businesses, a $500 billion fund to assist distressed large businesses, including approximately $30 billion to The Education Stabilization Fund to provide Emergency Relief Grants to educational institutions and local educational agencies in their respective responses to COVID-19. This funding allocation includes approximately $13.5 billion in formula funding to the Elementary and Secondary School Emergency Fund to make grants available to each state educational agency to facilitate K-12 schools' responses to COVID-19, of which the State will receive $1.65 billion.

On April 9, 2020, the Federal Reserve took additional actions to provide up to $2.3 trillion in loans to support the economy, including supplying liquidity to participating financial institutions in the SBA's Paycheck Protection Program, purchasing up to $600 billion in loans through the Main Street Lending Program and offering up to $500 billion in lending to states and municipalities.

On April 24, 2020, an additional $484 billion federal aid package was signed, to provide additional funding for the local program for distressed small businesses and to provide funds for hospitals and COVID-19 testing. The legislation adds $310 billion to the Paycheck Protection Program, increases the small business emergency grant and loan program by $60 billion, and directs $75 billion to hospitals and $25 billion to a new COVID-19 testing program.

At the State level, on March 15, 2020, the Governor ordered the closing of California bars and nightclubs, the cancellation of gatherings of more than 250 and confirmed continued funding for school districts that close under certain conditions. On March 16, 2020, the State legislature passed $1.1 billion in general purpose spending authority for emergency funds to respond to the Coronavirus crisis. On March 19, 2020, Governor Newsom issued Executive Order N-33-20, a blanket shelter-in-place order, ordering all California residents to stay home except for certain necessities and other essential purposes, which is in effect until further notice.

Pursuant to the Governor's Order N-60-20 of May 4, 2020, on May 7, 2020, the State's Public Health Officer released an order supporting the gradual movement of the State from Stage 1 to Stage 2 of "California's Pandemic Resilience Roadmap." Effective as of May 8, 2020, the order allows for entry into Stage 2, with the return of certain kinds of retail, manufacturing and other "low risk" businesses if physical distancing measures are implemented, and identifies criteria and procedures for reducing restrictions by local officers that might be less restrictive than statewide measures. The stages will be phased in gradually, and counties which have met readiness criteria and worked with the State Department of Public Health can open more workplaces as outlined by the State for variances by county.

The COVID-19 outbreak is ongoing, and the ultimate geographic spread of the virus, the duration and severity of the outbreak, the economic impacts and actions that may be taken by governmental authorities to contain the outbreak or to treat its impacts are uncertain and cannot be predicted. Additional information with respect to events surround the outbreak of COVID-19 and responses thereto can be found on State and local government websites, including but not limited to: the Governor's office (http://www.gov.ca.gov) and the California Department of Public Health (https://covid19.ca.gov). *The District has not incorporated by reference the information on such websites, and neither the District nor the Underwriter assumes any responsibility for the accuracy of the information on such website*s.

***Impacts of COVID-19 Pandemic on Global and Local Economies Cannot be Predicted; Potential Declines in State and Local Revenues.*** The COVID-19 public health emergency will have negative impacts on global and local economies, including the economy of the State and in the region of the District. The extent and duration of the COVID-19 emergency is currently unknown, and the reach of its impacts uncertain.

The State's revenue sources are anticipated to be materially impacted by the COVID-19 pandemic, including with respect to reductions in personal income tax receipts and capital gains tax receipts. Economic uncertainty caused by the outbreak will significantly affect California's near-term fiscal outlook, with a likely recession due to pullback in activity across wide swaths of the economy. The State released its May Revise to the proposed fiscal year 2020-21 State Budget on May 14, 2020, which projects significant declines in State revenues in both the current and budgeted fiscal years. For more detail regarding the State's current and proposed budgets, the May Revise, and related reports and outlooks, see Appendix A under the heading "STATE FUNDING OF EDUCATION; RECENT STATE BUDGETS."

In addition, in an attempt to mitigate the effects of the COVID-19 pandemic on State property taxpayers, on May 6, 2020, the Governor signed an executive order suspending penalties, costs or interest for the failure to pay secured or unsecured property taxes, or to pay a supplemental bill, before the date that such taxes become delinquent. See "PROPERTY TAXATION – Property Tax Collection Procedures – Waiver of State Laws Relating to Penalties for Non-Payment of Property Taxes."

***Impacts on California School Districts.*** Shelter in place orders have suspended in-person classroom instruction indefinitely throughout California schools. Most school districts (including the District) have undertaken distance learning efforts to provide continuing instruction to students. State law allows school districts to apply for a waiver to hold them harmless from the loss of State apportionment funding based on attendance and state instructional time penalties when they are forced to close schools due to emergency conditions. In addition, on March 13, 2020, Governor Newsom signed Executive Order N-26-20 which provides for continued State funding to school districts to support distance learning or independent study, providing subsidized school meals to low-income students, continuing payment for school district employees, and, to the extent practicable, providing for attendance calculations supervision of students during school hours, notwithstanding legal provisions to the contrary. Senate Bill 117 was passed on March 17, 2020, addressing attendance issues and instructional hour requirements, among other items, and effectively holds schools harmless from incurring funding losses that could result from these issues under existing funding formulas. For more information about education funding formulas in California, see Appendix A under the heading "DISTRICT FINANCIAL INFORMATION – Education Funding Generally."

For more information about how the District has responded to the COVID-19 emergency and the District's current assessment of the impact of the COVID-19 emergency on its finances, see Appendix A under the heading "DISTRICT GENERAL INFORMATION – District's Response to COVID-19 Emergency."

***Impacts of COVID-19 Emergency Uncertain.*** The possible impacts that the COVID-19 emergency might have on the District's finances, programs, credit ratings on its debt obligations, local property values and the economy in general are uncertain at this time. In addition, there may be unknown consequences of the COVID-19 emergency, which the District is unable to predict.

***General Obligation Bonds Secured by* Ad Valorem *Tax Revenues.*** Notwithstanding the impacts the COVID-19 emergency may have on the economy in the State, the County and the District or on the District's general purpose revenues, 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. The District cannot predict the impacts that the Coronavirus emergency might have on local property values or tax collections. See "SECURITY FOR THE BONDS – *Ad Valorem* Taxes" and "PROPERTY TAXATION – Teeter Plan; Property Tax Collections" herein.

*[Remainder of page intentionally left blank]*

## PROPERTY TAXATION

### Property Tax Collection Procedures

Generally. In California, property which is subject to *ad valorem* taxes is classified as "secured" or "unsecured." The "secured roll" is that part of the assessment roll containing 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 1-1/2% per month to the time of redemption. If taxes are unpaid for a period of five years or more, the property is subject to sale by the County.

Property taxes are levied for each fiscal year on taxable real and personal property situated in the taxing jurisdiction as of the preceding January 1. A bill enacted in 1983, SB813 (Statutes of 1983, Chapter 498), however, provided for the supplemental assessment and taxation of property as of the occurrence of a change of ownership or completion of new construction. Thus, this legislation eliminated delays in the realization of increased property taxes from new assessments. As amended, 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 1-1/2% per month accrues with respect to such taxes beginning the first day of the third month following the delinquency date. The taxing authority has four ways of collecting unsecured personal property taxes: (1) a civil action against the taxpayer; (2) filing a certificate in the office of the county clerk specifying certain facts in order to obtain a judgment lien on certain property of the taxpayer; (3) filing a certificate of delinquency for record in the county recorder's office, in order to obtain a lien on certain property of the taxpayer; and (4) seizure and sale of personal property, improvements or possessory interests belonging or assessed to the assessee. The exclusive means of enforcing the payment of delinquent taxes in respect of property on the secured roll is the sale of the property securing the taxes for the amount of taxes which are delinquent.

Waiver of State Laws Relating to Penalties for Non-Payment of Property Taxes. In an attempt to mitigate the effects of the COVID-19 pandemic on State property taxpayers, on May 6, 2020, the Governor signed Executive Order N-61-20 ("**Order N-61-20").** Under Order N-61-20, certain provisions of the State Revenue and Taxation Code are suspended until May 6, 2021 to the extent said provisions require a tax collector to impose penalties, costs or interest for the failure to pay secured or unsecured property taxes, or to pay a supplemental bill, before the date that such taxes become delinquent. Said penalties, costs and interest shall be cancelled under the conditions provided for in Order N-61-20, including if the property is residential real property occupied by the taxpayer or the real property qualifies as a small business under certain State laws, the taxes were not delinquent prior to March 4, 2020, the taxpayer files a claim for relief with the tax collector, and the taxpayer demonstrates economic hardship or other circumstances that have arisen due to the COVID-19 pandemic or due to a local, state, or federal governmental response to COVID-19.

Disclaimer Regarding Property Tax Collection Procedures. The property tax collection procedures described above are subject to amendment based on legislation or executive order, including Order N-61-20, which may be enacted by the State legislature or declared by the Governor from time to time. The District cannot predict the impact of Order N-61-20 on property tax revenues in the County or the District, whether future amendments or orders will occur, and what impact, if any, said future amendments or orders could have on the procedures relating to the levy and collection of property taxes, and related interest and penalties.

**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 of the State based on the situs of the various components of the unitary property. Except for unitary property of regulated railways and certain other excepted property, all unitary and operating nonunitary property is taxed at special county-wide rates and tax proceeds are distributed to taxing jurisdictions according to statutory formulae generally based on the distribution of taxes in the prior year.

## Assessed Valuations

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

**MESA UNION SCHOOL DISTRICT**
**Assessed Valuations of All Taxable Property**
**Fiscal Years 1999-00 to 2019-20**

| Fiscal Year | Local Secured | Utility | Unsecured | Total |
|---|---|---|---|---|
| 1999-00 | $413,727,948 | $0 | $8,062,024 | $421,789,972 |
| 2000-01 | 490,502,242 | 0 | 9,246,947 | 499,749,189 |
| 2001-02 | 584,492,299 | 0 | 8,514,083 | 593,006,382 |
| 2002-03 | 615,137,313 | 0 | 9,773,903 | 624,911,216 |
| 2003-04 | 639,938,664 | 0 | 9,114,417 | 649,053,081 |
| 2004-05 | 683,459,145 | 0 | 9,156,515 | 692,615,660 |
| 2005-06 | 737,937,711 | 0 | 11,505,261 | 749,442,972 |
| 2006-07 | 802,185,430 | 0 | 10,770,820 | 812,956,250 |
| 2007-08 | 859,248,017 | 0 | 12,235,370 | 871,483,387 |
| 2008-09 | 901,939,520 | 0 | 10,839,335 | 912,778,855 |
| 2009-10 | 913,901,057 | 0 | 13,827,528 | 927,728,585 |
| 2010-11 | 900,385,770 | 0 | 14,213,294 | 914,599,064 |
| 2011-12 | 901,633,425 | 0 | 13,653,566 | 915,286,991 |
| 2012-13 | 929,915,638 | 0 | 21,513,754 | 951,429,392 |
| 2013-14 | 995,353,148 | 0 | 24,908,023 | 1,020,261,171 |
| 2014-15 | 1,131,253,645 | 0 | 25,851,684 | 1,157,105,329 |
| 2015-16 | 1,066,437,167 | 0 | 26,955,446 | 1,093,392,613 |
| 2016-17 | 1,048,471,944 | 0 | 26,569,565 | 1,075,041,509 |
| 2017-18 | 1,088,037,821 | 0 | 26,195,750 | 1,114,233,571 |
| 2018-19 | 1,117,429,723 | 0 | 34,382,527 | 1,151,812,250 |
| 2019-20 | 1,156,667,866 | 0 | 32,022,829 | 1,188,690,695 |

*Source: California Municipal Statistics, Inc.*

***Factors Relating to Increases/Decreases in Assessed Value.*** Economic Conditions; Disasters. As indicated in the previous tables, 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, property reclassifications, and man-made or natural disasters such as earthquakes, fires, floods and droughts. The District is located in a seismically active region. Other notable natural disasters in recent years include drought conditions throughout the State, which ended in 2017 due to record-level precipitation in late 2016 and early 2017, and wildfires in different regions of the State, and related flooding and mudslides. The most destructive of the recent wildfires, which have burned thousands of acres and destroyed thousands of homes and structures, have originated in wildlands adjacent to urban areas. Most of the District is urbanized, but portions of it are adjacent to grasslands and forested areas. In addition, according to the U.S. Drought Monitor, as of March 2020, parts of the State are experiencing abnormally dry conditions or moderate drought conditions.

Currently the world is experiencing a global pandemic as a result of the outbreak of COVID-19 which could result in an economic recession or depression that could cause general market declines in property values. For disclosure relating to the COVID-19 emergency, see also "SECURITY FOR THE BONDS – Disclosure Relating to Coronavirus."

The District cannot predict or make any representations regarding the effects that any 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.

Initiative for Split-Roll Approach to Property Taxation. 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 Constitution to change to a split roll approach to determine property values for purposes of property taxation. If approved, the 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 Value By Jurisdiction***. The following table shows the assessed value in the District by jurisdiction for fiscal year 2019-20.

**MESA UNION SCHOOL DISTRICT**
**Assessed Value by Jurisdiction**
**Fiscal Year 2019-20**

| Jurisdiction: | Assessed Valuation in School District | % of School District | Assessed Valuation of Jurisdiction | % of Jurisdiction in School District |
|---|---|---|---|---|
| City of Camarillo | $ 441,220,480 | 37.12% | $14,008,816,863 | 3.15% |
| City of San Buenaventura | 2,369,411 | 0.20 | $17,149,629,230 | 0.01% |
| Unincorporated Ventura County | 745,100,804 | 62.68 | $23,508,607,477 | 3.17% |
| Total District | $1,188,690,695 | 100.00% | | |
| Ventura County | $1,188,690,695 | 100.00% | $141,212,482,726 | 0.84% |

*Source: California Municipal Statistics, Inc.*

***Assessed Valuation by Land Use***. The following table shows a breakdown of local secured property assessed value and parcels within the District by land use for fiscal year 2019-20.

**MESA UNION 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 | $314,627,285 | 27.20% | 235 | 16.48% |
| Commercial/Office | 782,957 | 0.07 | 3 | 0.21 |
| Vacant Commercial | 81,163 | 0.01 | 2 | 0.14 |
| Industrial | 3,043,342 | 0.26 | 2 | 0.14 |
| Oil & Gas | 32,114,346 | 2.78 | 15 | 1.05 |
| Recreational/Golf Course | 20,335,383 | 1.76 | 18 | 1.26 |
| Government/Social/Institutional | 430,866 | 0.04 | 20 | 1.40 |
| Miscellaneous/Water Companies | 10,460,331 | 0.90 | 96 | 6.73 |
| Subtotal Non-Residential | $381,875,673 | 33.02% | 391 | 27.42% |
| | | | | |
| Residential: | | | | |
| Single Family Residence | $718,659,809 | 62.13% | 925 | 64.87% |
| Condominium/Townhouse | 41,784,169 | 3.61 | 73 | 5.12 |
| 2+ Residential Units | 3,450,227 | 0.30 | 4 | 0.28 |
| Vacant Residential | 10,897,988 | 0.94 | 33 | 2.31 |
| Subtotal Residential | $774,792,193 | 66.98% | 1,035 | 72.58% |
| | | | | |
| Total | $1,156,667,866 | 100.00% | 1,426 | 100.00% |

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

*[Remainder of page intentionally left blank]*

***Assessed Valuation of Single Family Homes.*** The following table shows a breakdown of assessed valuation of single-family homes on a per parcel basis for fiscal year 2019-20.

**MESA UNION SCHOOL DISTRICT**
**Per Parcel Assessed Valuation of Single-Family Homes**

| | No. of Parcels | 2019-20 Assessed Valuation | Average Assessed Valuation | Median Assessed Valuation |
|---|---|---|---|---|
| **Single Family Residential** | 925 | $718,659,809 | $776,930 | $776,956 |

| 2019-20 Assessed Valuation | No. of Parcels [1] | % of Total | Cumulative % of Total | Total Valuation | % of Total | Cumulative % of Total |
|---|---|---|---|---|---|---|
| $0 - $99,999 | 41 | 4.432% | 4.432% | $ 2,392,986 | 0.333% | 0.333% |
| $100,000 - $199,999 | 94 | 10.162 | 14.595 | 14,501,148 | 2.018 | 2.351 |
| $200,000 - $299,999 | 53 | 5.730 | 20.324 | 13,452,229 | 1.872 | 4.223 |
| $300,000 - $399,999 | 49 | 5.297 | 25.622 | 17,080,607 | 2.377 | 6.599 |
| $400,000 - $499,999 | 53 | 5.730 | 31.351 | 24,342,371 | 3.387 | 9.987 |
| $500,000 - $599,999 | 45 | 4.865 | 36.216 | 24,824,605 | 3.454 | 13.441 |
| $600,000 - $699,999 | 60 | 6.486 | 42.703 | 39,444,940 | 5.489 | 18.930 |
| $700,000 - $799,999 | 93 | 10.054 | 52.757 | 69,814,929 | 9.715 | 28.644 |
| $800,000 - $899,999 | 108 | 11.676 | 64.432 | 91,877,901 | 12.785 | 41.429 |
| $900,000 - $999,999 | 88 | 9.514 | 73.946 | 83,178,770 | 11.574 | 53.003 |
| $1,000,000 - $1,099,999 | 87 | 9.405 | 83.351 | 90,956,143 | 12.656 | 65.659 |
| $1,100,000 - $1,199,999 | 30 | 3.243 | 86.595 | 34,257,938 | 4.767 | 70.426 |
| $1,200,000 - $1,299,999 | 23 | 2.486 | 89.081 | 28,526,562 | 3.969 | 74.396 |
| $1,300,000 - $1,399,999 | 14 | 1.514 | 90.595 | 19,079,329 | 2.655 | 77.050 |
| $1,400,000 - $1,499,999 | 9 | 0.973 | 91.568 | 13,103,165 | 1.823 | 78.874 |
| $1,500,000 - $1,599,999 | 11 | 1.189 | 92.757 | 17,077,374 | 2.376 | 81.250 |
| $1,600,000 - $1,699,999 | 13 | 1.405 | 94.162 | 21,447,186 | 2.984 | 84.234 |
| $1,700,000 - $1,799,999 | 15 | 1.622 | 95.784 | 26,104,966 | 3.632 | 87.867 |
| $1,800,000 - $1,899,999 | 6 | 0.649 | 96.432 | 11,164,368 | 1.553 | 89.420 |
| $1,900,000 - $1,999,999 | 9 | 0.973 | 97.405 | 17,508,241 | 2.436 | 91.857 |
| $2,000,000 and greater | 24 | 2.595 | 100.000 | 58,524,051 | 8.143 | 100.000 |
| | 925 | 100.000% | | $718,659,809 | 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 applicable 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 a 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 applicable 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 debt of the District) may be paid.

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## Typical Tax Rates

Below are historical typical tax rates in typical tax rate areas within the District for the years 2015-16 through 2019-20.

**MESA UNION SCHOOL DISTRICT**
**TYPICAL TAX RATES (TRA 7-33)(1)**
**Per $100 of Assessed Valuation**
**FISCAL YEARS 2015-16 THROUGH 2019-20**

| | 2015-16 | 2016-17 | 2017-18 | 2018-19 | 2019-20 |
|---|---|---|---|---|---|
| General | $1.000000 | $1.000000 | $1.000000 | $1.000000 | $1.000000 |
| Mesa Union School District | .047700 | .052200 | .052000 | .052600 | .091700 |
| Oxnard Union High School District | .028200 | .022100 | .028700 | .047500 | .049100 |
| Ventura Community College District | .013000 | .015500 | .015100 | .015200 | .014300 |
| Metropolitan Water District | .003500 | .003500 | .003500 | .003500 | .003500 |
| Total All Property Tax Rate | $1.092400 | $1.093300 | $1.099300 | $1.118800 | $1.158600 |
| | | | | | |
| United Water Conservation District | $.000530 | $.027148 | $.026434 | $.024886 | $.017208 |
| Total Land and Improvements Tax Rate | $.000530 | $.027148 | $.026434 | $.024886 | $.017208 |

(1) 2018-19 Assessed Valuation of TRA 7-33 is $215,973,453.
*Source: California Municipal Statistics, Inc.*

## Tax Levies and Delinquencies; Teeter Plan

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

So long as the Teeter Plan remains in effect and the County continues to include the District in the Teeter Plan, the District's receipt of revenues with respect to the levy of *ad valorem* property taxes on the secured roll will not be dependent upon actual collections of the *ad valorem* property taxes by the County. However, under the statute creating the Teeter Plan, the Board of Supervisors could under certain circumstances terminate the Teeter Plan in its entirety and, in addition, the Board of Supervisors could terminate the Teeter Plan with respect to the District if the delinquency rate for all *ad valorem* property taxes levied within the District in any year exceeds 3%. In the event that the Teeter Plan were terminated with regard to the secured tax roll, the amount of the levy of *ad valorem* property taxes in the District would depend upon the collections of the *ad valorem* property taxes and delinquency rates experienced with respect to the parcels within the District. With respect to general obligation bonds, county assessors are authorized to levy taxes sufficient to pay debt service on bonds coming due, including as a rate that will provide for a reserve. The District cannot represent the sufficiency of any such reserve to the extent necessary to cover delinquent taxes, to the extent the Teeter Plan were amended or discontinued.

The District cannot provide any assurances that the County will continue to maintain the Teeter Plan described above, or will have sufficient funds available to distribute the full amount of the District's share of property tax collections to the District. The ability of the County to maintain the Teeter Plan may depend on its financial resources and may be affected by future property tax delinquencies. Property tax delinquencies may be impacted by economic and other factors beyond the District's or the County's control, including the ability or willingness of property owners to pay property taxes during an economic recession or depression. An economic recession or depression could be caused by many factors outside the control of the District, including high interest rates, reduced consumer confidence, reduced real wages or reduced economic activity as a result of the spread of COVID-19 or other outbreak of disease or natural or manmade disaster. See "SECURITY FOR THE BONDS – Disclosure Relating to the COVID-19."

Furthermore, the District cannot predict the impact, if any, that changes or modifications to property tax collection procedures, including Order N-61-20 which waives the collection of certain penalties and interest on delinquent property taxes resulting from the COVID-19 pandemic, might have on the County's Teeter Plan. See "PROPERTY TAXATION – Property Tax Collection Procedures" herein.

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.

**MESA UNION SCHOOL DISTRICT**
**Secured Tax Charges and Delinquencies**

| Fiscal Year | Secured Tax Charge (1) | Amt. Del. June 30 | % Del. June 30 |
|---|---|---|---|
| 2013-14 | $2,072,388.80 | $18,860.34 | 0.91% |
| 2014-15 | 2,357,978.77 | 19,497.45 | 0.83 |
| 2015-16 | 2,246,800.74 | 30,677.22 | 1.37 |
| 2016-17 | 2,204,800.91 | 17,879.22 | 0.81 |
| 2017-18 | 2,288,162.47 | 17,261.61 | 0.75 |
| 2018-19 | 2,367,519.71 | 17,269.69 | 0.73 |

(1) 1% General Fund apportionment. Reflects County-wide delinquency rate.
*Source: California Municipal Statistics, Inc.*

*[Remainder of page intentionally left blank]*

### Major Taxpayers

The following table shows the 20 largest taxpayers in the District as determined by local secured assessed valuation 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.

**MESA UNION SCHOOL DISTRICT**
**Largest Local Secured Taxpayers**
**Fiscal Year 2019-20**

| Property Owner | Primary Land Use | 2019-20 Assessed Valuation | % of Total (1) |
|---|---|---|---|
| 1. Mittag Ranches and Farms | Agricultural | $31,900,556 | 2.76% |
| 2. CA Resources Petroleum Corp | Oil & Gas | 29,219,084 | 2.53% |
| 3. Nakamura James Tr Est A B C | Agricultural | 13,893,994 | 1.20% |
| 4. Santa Clara Avenue Oxnard LP | Agricultural | 13,663,409 | 1.18% |
| 5. Berry Land Management Co | Agricultural | 10,318,642 | 0.89% |
| 6. Beardsley Assoc G P | Agricultural | 9,429,207 | 0.82% |
| 7. Kirschbaum LLC | Agricultural | 9,278,042 | 0.80% |
| 8. Placco LLC | Agricultural | 8,393,834 | 0.73% |
| 9. Camarosa Holdings, LLC | Agricultural | 7,565,464 | 0.65% |
| 10. Santa Elena Farms LLC | Agricultural | 7,370,628 | 0.64% |
| 11. AMS Melinda LLC | Agricultural | 7,363,680 | 0.64% |
| 12. Las Posas Country Club | Golf Course | 6,857,689 | 0.59% |
| 13. Orr John C Tr Et Al | Agricultural | 6,815,724 | 0.59% |
| 14. Plum Vista LP | Agricultural | 6,790,273 | 0.59% |
| 15. Los Angeles Avenue Ranch LP | Agricultural | 6,597,343 | 0.57% |
| 16. Seacoast Farms LLC | Agricultural | 6,576,090 | 0.57% |
| 17. Green Hills Ranch LLC | Agricultural | 6,493,040 | 0.56% |
| 18. Meyerstein Arnold-Jerilyn Tr | Agricultural | 5,819,098 | 0.50% |
| 19. Zip Two LLC | Golf Course | 5,770,846 | 0.50% |
| 20. Grether Surv Admin Tr Et Al | Agricultural | 5,242,198 | 0.45% |
| **Total** | | $205,358,841 | 17.75% |

(1) 2019-20 Local Secured Assessed Valuation: $1,156,667,866.

*Source: Urban Futures, Inc. with information from the Ventura County 2019-20 Secured Property Tax Roll.*

## Direct and Overlapping Debt

Set forth below is a direct and overlapping debt report (the **"Debt Report"**) prepared by California Municipal Statistics, Inc. prepared June 3, 2020 with respect to debt as of June 1, 2020. The Debt Report is included for general information purposes only. The District and the Underwriter have 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 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.

**MESA UNION SCHOOL DISTRICT**
**Statement of Direct and Overlapping Bonded Debt**
**Debt as of June 1, 2020**

2019-20 Assessed Valuation: $1,188,690,695

| DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT: | % Applicable | Debt 6/1/20 |
|---|---|---|
| Metropolitan Water District | 0.026% | $ 9,698 |
| Ventura County Community College District | 0.842 | 2,378,325 |
| Oxnard Union High School District | 2.603 | 6,949,412 |
| **Mesa Union School District** | **100.000** | **10,130,000**(1) |
| West Camarillo Community Facilities District No. 1 | 37.564 | 1,932,065 |
| TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT | | $21,399,500 |
| | | |
| OVERLAPPING GENERAL FUND DEBT: | | |
| Ventura County Certificates of Participation | 0.842% | $2,641,691 |
| Ventura County Superintendent of Schools Obligations | 0.842 | 73,970 |
| Oxnard Union High School District Certificates of Participation | 2.603 | 504,839 |
| City of Camarillo General Fund Obligations | 3.150 | 167,108 |
| City of Ventura General Fund Obligations | 0.014 | 3,660 |
| Pleasant Valley Recreation and Park District Certificates of Participation | 2.679 | 330,187 |
| TOTAL OVERLAPPING GENERAL FUND DEBT | | $3,721,455 |
| | | |
| COMBINED TOTAL DEBT | | $25,120,955 (2) |

Ratios to 2019-20 Assessed Valuation:
**Direct Debt ($10,130,000) .......................................................... 0.85%**
Total Direct and Overlapping Tax and Assessment Debt ........... 1.80%
Combined Total Debt .................................................................. 2.11%

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

## TAX MATTERS

### *Tax-Exempt Bonds*

***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 Series B Bonds (the **"Tax-Exempt Bonds"**) is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax. In addition, the Tax-Exempt Bonds are "qualified tax-exempt obligations" within the meaning of section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the "**Tax Code**"), such that, in the case of certain financial institutions (within the meaning of section 265(b)(5) of the Tax Code), a deduction for federal income tax purposes is allowed for 80% of that portion of such financial institution's interest expense allocable to interest payable on the Tax-Exempt Bonds.

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

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

Under the Tax Code, original issue discount is treated as interest excluded from federal gross income and exempt from State of California personal income taxes to the extent properly allocable to each owner thereof subject to the limitations described in the first paragraph of this section. The original issue discount accrues over the term to maturity of a Tax-Exempt Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). The amount of original issue discount accruing during each period is added to the adjusted basis of such Tax-Exempt Bonds to determine taxable gain upon disposition (including sale, redemption, or payment on maturity) of such Tax-Exempt Bond. The Tax Code contains certain provisions relating to the accrual of original issue discount in the case of purchasers of the Tax-Exempt Bonds who purchase the Tax-Exempt Bonds after the initial offering of a substantial amount of such maturity. Owners of such Tax-Exempt Bonds should consult their own tax advisors with respect to the tax consequences of ownership of the Tax-Exempt 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 Tax-Exempt Bonds are sold to the public.

Under the Tax Code, bond premium is amortized on an annual basis over the term of a Tax-Exempt 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 Tax-Exempt Bonds for purposes of determining taxable gain or loss upon disposition. The amount of bond premium on a Tax-Exempt Bond is amortized each year over the term to maturity of the 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 Tax-Exempt Bonds including purchasers who do not purchase in the original offering, should consult their own tax advisors with respect to State of California personal income tax and federal income tax consequences of owning such Tax-Exempt Bonds.

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

***Federally Taxable Bonds***

In the opinion of Bond Counsel, interest on the Refunding Bonds (the **"Federally Taxable Bonds"**), is exempt from California personal income taxes. Interest on such Federally Taxable Bonds is not excluded from gross income for federal income tax purposes.

***Other Tax Considerations***

Current and future legislative proposals, if enacted into law, clarification of the Tax Code or court decisions may cause interest on the Tax-Exempt Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, 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 Tax-Exempt 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.

***Forms of Opinions.*** Copies of the proposed forms of opinions of Bond Counsel are attached hereto as APPENDIX D.

## CONTINUING DISCLOSURE

The District has covenanted for the benefit of holders and beneficial owners of the Bonds to provide certain financial information and operating data relating to the District by not later than nine (9) months following the end of the District's fiscal year (which currently would be by March 31 each year based upon the June 30 end of the District's fiscal year), commencing March 31, 2021 with the report for the 2019-20 Fiscal Year (the **"Annual Report"**), and to provide notices of the occurrence of certain enumerated events. The Annual Report and any event notices will be filed by the District with the Municipal Securities Rulemaking Board (the **"MSRB"**). The specific nature of the information to be contained in an Annual Report or other notices is set forth below under the caption "APPENDIX E – Form of Continuing Disclosure Certificate." These covenants have been made in order to assist the Underwriter in complying with S.E.C. Rule 15c2-12(b)(5) (the **"Rule"**).

A review has been made of the District's undertakings pursuant to the Rule and filing requirements in the previous five years. No instances of non-compliance have been identified.

In order to assist it in complying with its disclosure undertakings for its outstanding obligations and the Bonds, the District is expected to engage Isom Advisors, a Division of Urban Futures, Inc., to serve as its dissemination agent with respect to each of its disclosure undertakings, including the Continuing Disclosure Certificate to be executed in connection with the Bonds.

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

## VERIFICATION OF MATHEMATICAL ACCURACY

The Verification Agent, upon delivery of the Refunding Bonds, will deliver a report of the mathematical accuracy of certain computations, contained in schedules provided to them on behalf of the District, relating to the sufficiency of the anticipated amount of proceeds of the Refunding Bonds and other funds available to pay upon prior redemption, principal and premium, if any, on the applicable Refunded Bonds upon their redemption, and interest requirements thereon to and including the applicable redemption date, of the Refunded Bonds described under the heading "THE FINANCING AND REFINANCING PLAN."

The report of the Verification Agent will include the statement that the scope of their engagement is limited to verifying mathematical accuracy, of the computations contained in such schedules provided to them, and that they have no obligation to update their report because of events occurring, or data or information coming to their attention, subsequent to the date of their report.

## RATING

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

## UNDERWRITING

The Bonds are being purchased by Raymond James & Associates, Inc. (the **“Underwriter”**), pursuant to a bond purchase agreement for the Bonds. The Underwriter has agreed to purchase the Bonds at the following prices:

(a) Series B Bonds: A purchase price of $5,716,001.72 (representing the principal amount of the Series B Bonds of $5,713,216.00, plus original issue premium of $175,490.70 less Underwriter’s discount of $49,704.98, less the amount of $123,000.00 which the Underwriter will apply to the payment of certain costs of issuance).

(b) Refunding Bonds: A purchase price of $2,267,748.25 (representing the principal amount of the Refunding Bonds of $2,285,000.00, less Underwriter’s discount of $17,251.75).

The bond purchase agreement provides that the Underwriter will purchase all of the Bonds (if any are purchased), and provides that the Underwriter’s obligation to purchase is subject to certain terms and conditions, including the approval of certain legal matters by counsel. The Underwriter may offer and sell Bonds to certain dealers and others at prices lower than the offering prices stated on the inside cover page hereof. The offering prices may be changed by the Underwriter.

## MISCELLANEOUS

### 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.

## 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 sell the Bonds.

The District may be or may become a party to lawsuits and claims which are unrelated to the Bonds or actions taken with respect to the Bonds and which have arisen in the normal course of operating the District. The District maintains certain insurance policies which provide coverage under certain circumstances and with respect to certain types of incidents. In the opinion of the District, there currently are no claims or actions pending which could have a material adverse effect on the financial position or operations of the District. The District cannot predict what types of claims may arise in the future.

## Compensation of Certain Professionals

Payment of the fees and expenses of Bond Counsel and Disclosure Counsel and Underwriter’s Counsel, and Isom Advisors, A Division of Urban Futures, Inc., as financial advisor to the District, is contingent upon issuance of the Bonds.

## Additional Information

The discussions herein about the Bond Resolutions, the Continuing Disclosure Certificate and the Escrow Agreement 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 are available from the Underwriter and following delivery of the Bonds will be on file at the offices of the Paying Agent in San Francisco, California.

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

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

## EXECUTION

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

**MESA UNION SCHOOL DISTRICT**

By: /s/ *Tami Peterson*
Chief Business Official

# APPENDIX A

## GENERAL AND FINANCIAL INFORMATION FOR MESA UNION SCHOOL DISTRICT

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

## GENERAL DISTRICT INFORMATION

### General Information

The District was established in 1937 and has boundaries located in portions of the City of Camarillo, the City of San Buenaventura, and an unincorporated area of Ventura County (the "**County**"). The District currently operates one elementary and middle school located on a single campus in the Los Posas Valley, serving grades kindergarten through eight. Student average daily attendance for fiscal year 2020-21 is budgeted for 593 students. District students generally attend Oxnard Union High School District for high school years.

### Administration

***Governing Board.*** The District is governed by a five-member Board of Trustees that governs all activities related to public K-8 education. Current members of the Board, together with their office and the date their term expires, are listed below.

| Name | Office | Term Expires |
|---|---|---|
| Dr. Neil Canby | President | December 2022 |
| Krista Nowak | Vice President | December 2022 |
| Steven Sullivan | Clerk | December 2020 |
| Jayme Dryden | Member | December 2020 |
| Roddie Villa | Member | December 2022 |

***Superintendent and Administrative Personnel***. The Superintendent of the District is responsible for administering the affairs of the District in accordance with the policies of the Board. Currently, Jeff Turner is the District's Superintendent. Superintendent Turner will be completing his service to the District as of June 30, 2020, in order to take a position at another California school district. Dr. Raul Ramirez has been appointed to the Board to serve as the successor Superintendent, effective July 1, 2020.

## Recent Enrollment Trends

The following table shows recent enrollment history for the District.

**ANNUAL ENROLLMENT**
**Fiscal Years 2006-07 through 2020-21 (Projected)**
**Mesa Union School District**

| School Year | Enrollment | % Change |
|---|---|---|
| 2006-07 | 576 | --% |
| 2007-08 | 581 | 0.9 |
| 2008-09 | 584 | 0.5 |
| 2009-10 | 602 | 3.1 |
| 2010-11 | 606 | 0.7 |
| 2011-12 | 631 | 4.1 |
| 2012-13 | 665 | 5.4 |
| 2013-14 | 650 | (2.3) |
| 2014-15 | 626 | (3.7) |
| 2015-16 | 604 | (3.5) |
| 2016-17 | 611 | 1.2 |
| 2017-18 | 618 | 1.1 |
| 2018-19 | 615 | (0.5) |
| 2019-20 | 618 | 0.5 |
| 2020-21(1) | 618 | 0.0 |

(1) Projected.
*Source: California Department of Education; Mesa Union School District.*

The District sponsors one independent, non-classroom based charter school, known as Golden Valley Charter School. The Charter School serves students in grades kindergarten through twelve. The charter schools is independent from the District and as such, its financials are not accounted for in the District's audited financial statements or budgeting documents.

## District's Response to COVID-19 Emergency

In March, 2020, the District closed its school for on-site learning to reduce the potential for community transmission of COVID-19. The closure was extended through the end of the academic school year. The District is in the process of formulating plans for re-opening its facilities for students and employees in accordance with recommendations of State and local health authorities, and with the guidance of the County Office of Education.

The District is expected to receive $26,415 (approximately $43 per student) in funding under the CARES Act in July 2020 to address costs which may have resulted from the COVID-19 emergency. The District may also pursue funds from FEMA. Because the District is funded pursuant to the State's education funding formula known as LCFF, the District's main operating revenues will be impacted by the State's financial position in the current and future fiscal years. As a result of the COVID-19 emergency, the State's revenues are predicted to decline sharply from the original budget for the current fiscal year, and in the near future. A corresponding decline in education funding is expected, but the extent of the decline, and whether additional federal funding will be available to school district, is not known at this time. See herein under the heading "STATE FUNDING OF EDUCATION; RECENT STATE BUDGETS" for information on the State's current and proposed budgets, and commentary provided by the LAO on the State Department of Finance on the State's fiscal outlook.

The District has incurred costs that were not anticipated at the time of its 2019-20 Budget as a result of COVID-19, such as the costs of mitigation measures and of implementing distance learning. However, funding under the CARES Act and other cost-saving impacts of not operating site-based learning, such as reductions in transportation costs, fuel and electricity costs, provide offsets to those expenses. With respect to pension costs, the District cannot currently predict if the COVID-19 emergency will have a material impact on its required employer contributions which could arise if the unfunded actuarial accrued liabilities of PERS and STRS materially increase. The District maintains reserves for economic uncertainties, which exceed the State' required minimum reserve, and has an estimated ending fund balance for fiscal year 2019-20 of 22% of expenditures. See "DISTRICT FINANCIAL INFORMATION – District Budget and Interim Financial Reporting - District Reserves."

The impacts of the COVID-19 emergency on global, State-wide and local economies, which could impact District operations and finances, and local property values are unknown and cannot be predicted by the District.

### Employee Relations

The District has 31.3 full time equivalent (**"FTE"**) certificated employees, 25.4 FTE classified employees and 3.0 management/Supervisor/Confidential FTE employees. Certificated and classified employees are represented by employee bargaining units as follows:

| Name of Bargaining Unit | Current Contract Expiration Date |
| --- | --- |
| Mesa Union Teachers Association | June 2020 |
| Mesa Union Support Team | June 2020 |

*Source: Mesa Union School District.*

### Insurance - Joint Powers Agreements

The District participates in three joint power agreement ("**JPA**") entities, Ventura County Schools Self-Funding Authority ("**VCSSFA**"), Ventura County Schools Business Services Authority ("**VCSBSA**") and Self-Insured Schools of California ("**SISC**"). VCSSFA provides workers' compensation, property and liability coverage for its member school districts through a varying combination of coverage. The District pays a contribution commensurate with the level of coverage requested. VCSBSA was established April 1, 1988 for the purpose of providing school business services for participating public agencies. SISC arranges for health and welfare benefits for employees and retirees of participating school districts and their eligible dependents. Member districts pay a monthly premium per eligible participant.

Each JPA is governed by a board consisting of a representative from each member district. Each governing board controls the operations of its JPA independent of any influence by the District beyond the District's representation on the governing boards.

Each JPA is independently accountable for its fiscal matters. VCSSFA, VCSBSA and SISC maintain their own accounting records. Budgets are not subject to any approval other than that of the respective governing boards. Member districts share surpluses and deficits proportionately to their participation in the JPA. Separate financial statements for each JPA may be obtained from the respective entity.

The relationships between the District and the JPAs are such that none of the JPAs are a component unit of the District for financial reporting purposes.

## DISTRICT FINANCIAL INFORMATION

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

### 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 a 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 their respective local property tax revenues. Districts that had local property tax revenues which exceeded its revenue limit entitlements were deemed "Basic Aid Districts" and received full funding from local property tax revenues, and were entitled to keep those tax revenues which exceeded their revenue limit funding entitlements.

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

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

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

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

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

The LCFF was implemented for fiscal year 2013-14 and is being phased in gradually. Beginning in fiscal year 2013-14, an annual transition adjustment was required to be calculated for each school district, equal to each district's proportionate share of the appropriations included in the State budget (based on the percentage of each district's students who are low-income, English learners, and foster youth ("**Targeted Students**")), to close the gap between the prior-year funding level and the target allocation at full implementation of LCFF. In each year, districts will have the same proportion of their respective funding gaps closed, with dollar amounts varying depending on the size of a district's funding gap. Full implementation occurred in fiscal year 2018-19 in connection with adoption of the State Budget for said fiscal year.

Funding levels used in the LCFF target entitlement calculations, 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 State Budget for fiscal year 2013-14 created the California Collaborative for Education Excellence to advise and assist school districts, county offices of education, and charter schools in achieving the goals identified in their plans. Under the LCFF and related legislation, the State will continue to measure student achievement through statewide assessments, produce an Academic Performance Index for schools and subgroups of students, determine the contents of the school accountability report card, and establish policies to implement the federal accountability system.

Basic Aid or Community Supported districts are school districts which have local property tax revenues which exceed such district's funding entitlement under LCFF. As such, in lieu of State funding under LCFF, Basic Aid districts are entitled to keep the full share of local property tax revenues, even the amount which exceeds its funding entitlement under LCFF. The District's funding formula is currently determined pursuant to LCFF, and not as a Basic Aid district.

**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 "APPENDIX A – Audited Financial Statements of the District for Fiscal Year Ending June 30, 2019 – Note 1 - Significant Accounting Policies" herein.

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 CliftonLarsonAllen LLP, Glendora, and are attached hereto as Appendix A. 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 Associate Superintendent, Administrative Services of the District, Mesa Union School District, Superintendent's Office at 3901 North Mesa School Road, Somis, California 93066, telephone (805) 485-1411. 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. Copies of such financial statements will be mailed to prospective investors and their representatives upon written request to the District. This District may impose a charge for copying, mailing and handling.

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***General Fund Revenues, Expenditures and Changes in Fund Balance***. The District's General Fund is the District's primary operating fund. It accounts for all financial resources of the District except those required to be accounted for in another fund. The following table shows the audited income and expense statements for the District's General Fund for the fiscal years 2014-15 through 2018-19.

**SUMMARY OF GENERAL FUND REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**
**Fiscal Years 2014-15 through 2018-19**
**Mesa Union School District**

| | Audited 2014-15 | Audited 2015-16 | Audited 2016-17 | Audited 2017-18 | Audited 2018-19 |
|---|---|---|---|---|---|
| **Revenues** | | | | | |
| LCFF sources: | | | | | |
| State apportionment | $3,217,421 | $3,304,055 | $3,615,002 | $3,592,922 | $3,819,269 |
| Local sources | 1,032,937 | 1,216,148 | 1,070,637 | 1,233,755 | 1,360,159 |
| Federal revenues | 334,383 | 304,521 | 287,993 | 254,395 | 329,214 |
| Other state revenues | 233,941 | 664,608 | 457,022 | 661,727 | 780,288 |
| Other local revenues | 803,817 | 777,143 | 903,676 | 756,403 | 904,100 |
| Total Revenues | 5,622,499 | 6,266,475 | 6,334,330 | 6,499,202 | 7,193,030 |
| **Expenditures** | | | | | |
| Instruction | 3,181,108 | 3,537,669 | 3,723,644 | 4,033,775 | 4,227,979 |
| Instruction-related services | 501,291 | 484,691 | 569,390 | 577,240 | 648,156 |
| Pupil services | 291,448 | 310,567 | 384,241 | 422,940 | 464,488 |
| Ancillary services | 1,778 | 1,979 | 2,040 | -- | -- |
| General administration | 405,552 | 500,787 | 539,932 | 566,831 | 532,502 |
| Plant services | 502,119 | 530,375 | 636,374 | 1,006,164 | 566,981 |
| Other outgo | 654,453 | 694,741 | 619,980 | 442,334 | 467,049 |
| Debt Service | -- | -- | -- | -- | -- |
| Total Expenditures | 5,537,749 | 6,060,809 | 6,475,601 | 7,049,284 | 6,907,155 |
| Excess of Revenues Over/(Under) Expenditures | 84,750 | 205,666 | (141,271) | (550,082) | 285,875 |
| **Other Financing Sources (Uses)** | | | | | |
| Operating transfers in | -- | -- | -- | -- | -- |
| Operating transfers out | -- | -- | -- | -- | (3,905) |
| Total Other Fin. Source(Uses) | -- | -- | -- | -- | (3,905) |
| Net change in fund balance | 84,750 | 205,666 | (141,271) | (550,082) | 281,970 |
| **Fund Balance, July 1** | 1,859,257 | 1,944,007 | 2,149,673 | 2,008,402 | 1,458,320 |
| **Fund Balance, June 30** | $1,944,007 | $2,149,673 | $2,008,402 | $1,458,320 | $1,740,290 |

*Source: Mesa Union School District - Audited Financial Statements.*

## District Budget and Interim Financial Reporting

***Budgeting - Education Code Requirements.*** State law requires school districts to maintain a balanced budget in each fiscal year. The State Department of Education imposes a uniform budgeting and accounting format for school districts.

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

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

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

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

***Interim Certifications Regarding Ability to Meet Financial Obligations***. Under the provisions of AB 1200, each school district is required to file interim certifications with the county office of education as to its ability to meet its financial obligations for the remainder of the then-current fiscal year and, based on current forecasts, for the subsequent two fiscal years. The county office of education reviews the certification and issues the following types of certifications:

- ***Positive certification*** - the school district that will meet its financial obligations for the current fiscal year and subsequent two fiscal years.

- ***Negative certification*** - the school district will be unable to meet its financial obligations for the remainder of the fiscal year or subsequent fiscal year.

- ***Qualified certification*** - the school district may not meet its financial obligations for the current fiscal year or subsequent two fiscal years.

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

***District's Budget Approval/Disapproval and Certification History.*** During the past five years, each of the District's adopted budgets has been approved by the County Superintendent and the District has certified each of its interim reports as positive.

Copies of the District's budget, interim reports and certifications may be obtained upon request from the District Office at 3901 North Mesa School Road, Somis, California 93066, telephone (805) 485-1411. The District may impose charges for copying, mailing and handling.

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***District's Fiscal Year 2019-20 and 2020-21 Budgeted General Fund Figures***. The following table shows a comparison of the estimated actuals for fiscal year 2019-20, and the adopted budget figures for fiscal year 2020-21.

**MESA UNION SCHOOL DISTRICT**
**General Fund - Revenues, Expenses and Changes in Fund Balance[1]**
**Fiscal Year 2019-20 Estimated Actuals**
**and Fiscal Year 2020-21 Adopted Budget**

| **Revenues** | **Estimated Actuals 2019-20** | **Adopted Budget 2020-21** |
|---|---|---|
| LCFF Sources | $5,365,632 | $4,938,477 |
| Federal Revenues | 365,278 | 315,921 |
| Other State Revenues | 181,968 | 136,844 |
| Other Local Revenues | 898,126 | 846,659 |
| Total Revenues | 6,811,004 | 6,237,901 |
| | | |
| **Expenditures** | | |
| Certificated Salaries | 2,645,618 | 2,657,279 |
| Classified Salaries | 933,894 | 911,596 |
| Employee Benefits | 1,257,501 | 1,247,887 |
| Books and Supplies | 403,227 | 265,290 |
| Services and Other Operating Expenditures | 1,041,317 | 913,727 |
| Capital Outlay | 36,501 | 0 |
| Other Outgo (Excluding Indirect Costs) | 497,112 | 454,831 |
| Other Outgo – Transfers of Indirect Costs | (4,352) | (3,416) |
| Total Expenditures | 6,810,818 | 6,447,194 |
| | | |
| **Excess of Revenues Over/(Under) Expenditures** | | |
| | | |
| **Other Financing Sources (Uses)** | | |
| Operating Transfers In | -- | -- |
| Operating Transfers Out | -- | -- |
| Other Sources | -- | -- |
| Total Other Financing Sources (Uses) | -- | -- |
| | | |
| **Net Change In Fund Balance** | 186 | (209,293) |
| | | |
| Fund Balance, July 1(2) | 1,538,092 | 1,538,278 |
| Fund Balance, June 30 | $1,538,278 | $1,328,985 |

(1) Columns may not add to totals due to rounding.
(2) Budget and interim report documents relating to the District's general fund do not account for reserve funds which are accounted for separately in such documents. Said reserves are, however, included in the District's audited financial statements with respect to the General Fund, as shown on the preceding table. As such, the beginning fund balances shown above do not correspond to the audited financial statements.
*Source: Mesa Union School District.*

***District Reserves***. In general, the State requires that California school districts of the size of the District maintain the equivalent of 4% of annual general fund expenditures in reserve to be available during financial crisis. The District has historically had a reserve in excess of the 4%.

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

Effective January 1, 2018, Senate Bill 751, which was signed by the Governor on October 11, 2017, amends Section 42127.01 of the California Education Code to raise the reserve cap to no more than 10% of a school district's combined assigned or unassigned ending general fund balance. In addition, the amendment provides that the reserve cap will be effective only if there is a minimum balance of 3% in the Proposition 98 reserve referenced in the preceding paragraph. Basic aid school districts and small districts with 2,500 or fewer ADA are exempted from the reserve cap contained in California Education Code Section 42127.01. The District cannot predict how the foregoing legislation and reserve caps could impact its reserves and future spending.

The District cannot predict when or how any additional changes to legal provisions governing the reserve cap would impact its reserves and future spending. See "STATE FUNDING OF EDUCATION; RECENT STATE BUDGETS - 2019-20 State Budget."

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### Attendance - Revenue Limit and LCFF Funding

As described herein, prior to fiscal year 2013-14, school districts in California derived most State funding based on a formula which considered a revenue limit per unit of ADA. With the implementation of the LCFF, commencing in fiscal year 2013-14, school districts receive base funding based on ADA, and may also be entitled to supplemental and concentration funding based on Targeted Student enrollment (unduplicated count) and funding based on an economic recovery target.

Total Funding Trends Under LCFF. The following table sets forth historical LCFF funding for the District for fiscal year 2013-14 through 2020-21 (Budgeted), together with ADA.

**ADA AND LCFF FUNDING**
**Fiscal Years 2013-14 through 2020-21 (Budgeted)**
**Mesa Union School District**

| Fiscal Year | ADA(1) | Total Funding Trends Under LCFF |
|---|---|---|
| 2013-14 | 626 | $2,896,472 |
| 2014-15 | 604 | 3,217,421 |
| 2015-16 | 582 | 3,304,055 |
| 2016-17 | 589 | 3,615,002 |
| 2017-18 | 593 | 4,826,677 |
| 2018-19 | 590 | 5,179,428 |
| 2019-20(1) | 592 | 5,365,632 |
| 2020-21(1) | 594 | 4,938,477 |

(1) Estimated Actual/Budgeted.
*Source: Mesa Union School District.*

Unduplicated Count. The District has a Target Student unduplicated count of approximately 43% in fiscal year 2019-20. Because this percentage is under 55 percent, the District does not qualify for concentration funding under LCFF.

Possible Impact of COVID-19 on Attendance. As described herein, the short-term and long-term impact of COVID-19 on the District's attendance, revenues and local property values, and the impacts of Federal and State legislation resulting from the COVID-19 emergency, 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 – Disclosure Relating to COVID-19."

### 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 was entitled to. Furthermore, if a school district's share of local property tax revenues exceeded the revenue limit, the school district was deemed a "Basic Aid" district, and entitled to keep the full share of local property taxes, even if they exceeded the revenue limit which would have been provided through State funding.

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

***Federal Revenues***. The federal government provides funding for several District programs, including special education programs, programs under Every Student Succeeds, 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 revenue limit and its property tax revenues. In addition to such apportionment revenue, the District receives substantial 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. Lottery revenues generally comprise approximately 2% of general fund revenues. Moreover, State Proposition 20 approved in March 2000 requires that 50% of the increase in Lottery revenues over 1997-98 levels must be restricted to use on instruction material.

For additional discussion of State aid to school districts, see "STATE FUNDING OF EDUCATION; RECENT STATE BUDGETS - State Funding of Education."

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

## District Retirement Systems

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

***Implementation of GASB Nos. 68 and 71***. Commencing with fiscal year ended June 30, 2015, the District implemented the provisions of GASB Statement Nos. 68 and 71 which require certain new pension disclosures in the notes to its audited financial statements commencing with the audit for fiscal year 2014-15. Statement No. 68 generally requires the District to recognize its proportionate share of the unfunded pension obligation for STRS and PERS by recognizing a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year.

***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**
**Mesa Union School District**
**Fiscal Years 2013-14 through 2020-21(Projected)**

| Fiscal Year | Amount |
|---|---|
| 2013-14 | $186,483 |
| 2014-15 | 202,533 |
| 2015-16 | 251,913 |
| 2016-17 | 307,324 |
| 2017-18 | 378,651 |
| 2018-19 | 417,839 |
| 2019-20[1] | 461,611 |
| 2020-21[1] | 438,090 |

(1) Estimated Actual/Budgeted.
*Source: Mesa Union 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 fund the unfunded actuarial obligation with respect to service credited members of the STRS Defined Benefit

Program before July 1, 2014, within 32 years. AB 1469 addressed the funding gap by increasing contributions by employees, employers and the State. In particular, employer contribution rates are scheduled to increase through at least fiscal year 2020-21, from a contribution rate of 8.88% in fiscal year 2013-14 to 19.1% in fiscal year 2020-21. Thereafter, employer contribution rates will be determined by the STRS board to reflect the contribution required to eliminate unfunded liabilities by June 30, 2046.

The District's employer contribution rates for fiscal years 2015-16, 2016-17, 2017-18, 2018-19 and 2019-20 were 10.73%, 12.58%, 14.43%, 16.28% and 18.13, 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 | 19.10% |
| 2021-22[2] | 18.60 |
| 2022-23[2] | 18.10 |

(1) Expressed as a percentage of covered payroll.
(2) The employer contribution rate is projected to decrease in fiscal years 2021-22 and 2022-23. Projections may change based on actual experience. Does not reflect the proposed changes to such rates included in the May Revise.
*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**
**Mesa Union School District**
**Fiscal Years 2013-14 through 2020-21 (Projected)**

| Fiscal Year | Amount |
|---|---|
| 2013-14 | $64,306 |
| 2014-15 | 67,276 |
| 2015-16 | 67,045 |
| 2016-17 | 88,779 |
| 2017-18 | 105,967 |
| 2018-19 | 137,600 |
| 2019-20[1] | 148,455 |
| 2020-21[1] | 164,884 |

(1) Estimated Actual/Budgeted.
*Source: Mesa Union 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 $31.4 billion as of June 30, 2019 (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, was 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(3) | 22.680% |
| 2021-22 | 24.600 |
| 2022-23 | 25.500 |

(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. Rates have been reduced following adoption of the fiscal year 2019-20 State Budget. See the following footnote (3). Does not reflect the proposed changes to such rates in the May Revise.
(3) The contribution rate for fiscal year 2020-21 reflects an initial actuarially determined rate of 23.35% that has been reduced by 0.67% after reflecting part of the State contribution in accordance with SB 90.
*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 10 to the District's audited financial statements attached to the Official Statement as APPENDIX B. In addition, both STRS and PERS issue separate comprehensive financial reports that include financial statements and required supplemental information. Copies of such reports may be obtained from STRS and PERS, respectively, as follows: (i) STRS, P.O. Box 15275, Sacramento, California 95851-0275; and (ii) PERS, 400 Q Street, Sacramento, California 95811. More information regarding STRS and PERS can also be obtained at their websites, www.calstrs.com and www.calpers.ca.gov, respectively. *The references to these Internet websites are shown for reference and convenience only and the information contained on such websites is not incorporated by reference into this Official Statement. The information contained on these websites may not be current and has not been reviewed by the District or the Underwriter for accuracy or completeness.*

**Other Post-Employment Retirement Benefits**

The District does not provide other post-employment benefits (**"OPEB"**) to employees that were hired on or after January 1, 1999. The District has some liability relating to OPEB for retired employees who (1) were hired prior to January 1, 1999, and (2) had been a full-time employee of the District for at least 15 consecutive years prior to retirement. The retiree benefits terminate when the retiree reaches the age of 65.

Following are the maximum amounts that the District contributes towards the premium for eligible retirees:

- Hire date after August 1, 1985 and prior to September 1, 1996: The District pays up to a maximum of $1,500 annually towards the benefits. There are currently three employees who may be eligible to retire under this plan.

- Hire date after September 1, 1996 and prior to January 1, 1999: The District pays up to a maximum of $1,000 annually towards the benefits. There are currently three employees who may be eligible to retire under this plan.

Because the potential future liability related to the post-employment benefits plan is not material to the financial statements, it is not included in long-term debt. The District's fiscal year 2020-21 budget does not budget funds with respect to an OPEB liability because it provides for such items on a pay-as-you-go basis, if they arise.

## Existing Debt Obligations

In addition to debt relating to pensions, the District has three series of refunding general obligation bonds outstanding. The District has never defaulted on the payment of principal or interest on any of its indebtedness. The following table summarizes the District's outstanding General Obligation bonds indebtedness.

**MESA UNION SCHOOL DISTRICT**
**Outstanding General Obligation Bonds**

| Issue Date | Original Principal Amount | Name of Issue | Final Maturity | Amount Outstanding June 1, 2020 |
|---|---|---|---|---|
| 09/13/2011[1] | $3,565,000.00 | 2011 General Obligation Refunding Bonds | 08/01/2027 | $2,605,000 |
| 12/31/2014 | 3,855,000.00 | 2014 Refunding General Obligation Bonds | 08/01/2033 | 3,525,000 |
| 04/03/2019 | 4,000,000.00 | General Obligation Bonds Election of 2018, Series A | 08/01/2048 | 4,000,000 |
| Total | $11,420,000.00 | | | $10,130,000 |

(1) Includes bonds to be refunded.
*Source: Mesa Union School District.*

## Investment of District Funds

In accordance with Government Code Section 53600 *et seq.*, the Ventura County Treasurer manages funds deposited with it by the District. The County is required to invest such funds in accordance with California Government Code Sections 53601 *et seq*. In addition, counties are required to establish their own investment policies which may impose limitations beyond those required by the Government Code. For further information concerning County investments, access the County's website at www.ventura.org and access the link to the Department of the Treasurer-Tax Collector, and the links to "Investment Policy" and "Portfolio". The information contained in such website has not been reviewed by the District or the Underwriter and is not incorporated in this Official Statement by reference. The most recent Investment Policy adopted by the Board of Supervisors of the County is attached hereto as Appendix G.

## Effect of State Budget on Revenues

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

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

## STATE FUNDING OF EDUCATION; RECENT STATE BUDGETS

### State Funding of Education

***General.*** The State requires that from all State revenues there first shall be set apart the moneys to be applied for support of the public school system and public institutions of higher education. School districts in California receive operating income primarily from two sources: (1) the State funded portion which is derived from the State's general fund, and (2) a locally funded portion, being a district's share of the 1% general *ad valorem* tax levy authorized by the California Constitution (see "DISTRICT FINANCIAL INFORMATION – Education Funding Generally" above). School districts in California which do not operate as Basic Aid Districts are dependent on revenues from the State for a large portion of their operating budgets. California school districts which do not operate as Basic Aid 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.

As described below in the summaries of State budgeting documents and commentary of the LAO and the State Department of Finance, the COVID-19 pandemic is expected to have a material impact on State revenues and appropriations.

*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. Neither 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 Finance" and sub-heading "-Public Finance Division", (1) posts various State of California Official Statements, many of which contain a summary of the current State Budget, past State Budgets, and the impact of those budgets on school districts in the State, and (2) also posts various financial documents for the State under the "-Financial Information" link.

- 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 headings "The Budget" and "State Budget Condition."

***Prior Years' Budgeting Techniques.*** Declining revenues and fiscal difficulties which arose in the State commencing in fiscal year 2008-09 resulting in the State undertaking a number of budgeting strategies, which had subsequent impacts on local agencies within the State. These techniques included the issuance of IOUs in lieu of warrants (checks), the enactment of statutes deferring amounts owed to public schools until a later date in the fiscal year or even into the following fiscal year (known as statutory deferrals), trigger reductions, which were budget cutting measures which were implemented or could have been implemented if certain State budgeting goals were not met, and the dissolution of local redevelopment agencies in part to make available additional funding for local agencies. 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**

Summary of Budget As Adopted. 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.

Impacts of COVID-19 on Current Year State Budget. The COVID-19 pandemic will result in material declines in State revenues in the current fiscal year. The short and long term outlooks for the State's revenues are uncertain. See summaries below of the May Revise, as well as LAO Fiscal Perspective Reports and Budget Letters released by the State Department of Finance.

**2020-21 Proposed State Budget**

Summary as Introduced. 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.

May Revise to 2020-21 Proposed State Budget. On May 15, 2020, the Governor released the May Revise to the 2020-21 Proposed State Budget (the **"May Revise"**). The May Revise is typically an updated budget proposal based on April tax filings. However, because the federal and State income tax deadline has been extended to July 15, 2020 due to the COVID-19 pandemic, it is likely that the budget when adopted in June will be updated after the July 15, 2020 filing deadline to more accurately reflect income tax revenues.

The May Revise notes that the COVID-19 pandemic and resulting recession has changed the State's fiscal landscape dramatically. Entrepreneurs who run small businesses throughout California have been severely impacted and unemployment claims have surged, with increased unemployment claims of 4.4 million from mid-March to May 9, 2020, and a projected 2020 unemployment rate of 18%. Job losses have occurred in nearly every sector of the economy, but they have been most acute in sectors not fully able to telework such as leisure and hospitality, retail trade, and personal services. Personal income is projected to decline by 9% in 2020.

After a record economic expansion, the U.S. economy entered into a recession in March of 2020, having an immediate negative impact on State revenues, with all three major revenue sources showing significant declines relative to the Governor's original budget forecast. From fiscal years 2018-19 through 2020-21, the May Revise baseline revenue estimate (absent policy changes) has decreased by over $41 billion, and over $43 billion before accounting for transfers.

The changes in the three largest State tax sources are:

- Personal income tax revenues are revised downward by $32.6 billion (including $6.9 billion less in 2019-20 and $26.3 billion less in 2020-21), due to a decline in all income sources, but particularly wages, proprietorship income, and capital gains.

- Sales and use tax receipts are down by almost $10 billion ($2.2 billion less in 2019-20 and $7.7 billion in 2020-21) due mainly to lower consumption and investment by business.

- Corporation tax revenues are down over $5 billion based on a significant drop in corporate profits.

After accounting for transfers, which includes loan repayments as well as automatic and discretionary transfers to the State's Rainy Day Fund, baseline State General Fund revenues at the May Revise forecast are down relative to the proposed budget by $41.2 billion ($9.6 billion in the current 2019-20 fiscal year and $32 billion in the budgeted 2020-21 fiscal year).

The revenue decrease, combined with increased costs in health and human service programs and the added costs to address COVID-19, results in a projected budget deficit of approximately $54 billion, before the changes proposed in the May Revise. To close the budget gap, the May Revise proposes to:

- Cancel $6.1 billion in program expansions and spending increases.

- Draw down $16.2 billion in the Budget Stabilization Account (Rainy Day Fund) over three years, with $8.3 billion withdrawn in 2020-21 ($7.8 billion from the Rainy Day Fund and $450 million from the Safety Net Reserves).

- Borrow and transfer $4.1 billion from special funds.

- Undertake revenue generating measures with a temporary suspension of net operating losses and temporary limit to $5 million the amount of credits a taxpayer can use in any given tax year, generating new revenue of $4.4 billion in 2020-21.

- Reflect federal funds support of $8.3 billion and triggers of $14.0 billion in reductions to base programs and employee compensation that will be necessary if sufficient federal funding does not materialize.

The State estimates, as of May 9, 2020, that the State will benefit from over $186 billion in federal stimulus funds (which amount includes approximately $115 billion in direct benefits to individuals, families, small businesses, higher education institutions and $71 billion to or through the State), as a result of the Coronavirus Preparedness and Response Supplemental Appropriations Act, the Families First Coronavirus Response Act, the CARES Act and the Paycheck Protection Program and Health Care Enhancement Act. This federal funding is not expected to be sufficient to address the State's fiscal crisis.

With respect to California K-12 schools and community colleges, the economy and State's reduced State General Fund revenues have an equally significant negative impact on the Proposition 98 education funding guarantee. The May Revise estimates that Proposition 98 funding will decline by $19 billion from the original budget, being a decline of 25% from the prior year. To mitigate the impacts on school funding, the May Revise withdraws a number of funding proposals that were included in the proposed budget, suspends the statutory cost-of-living adjustment of 2.31% in 2020-21 for all eligible programs, and proposes the following:

- *Temporary Revenue Increases.* The May Revise proposes the temporary three-year suspension of net operating losses and limitation on business incentive tax credits to offset no more than $5 million of tax liability per year. These measures along with other more minor tax changes will generate $4.5 billion in State General Fund revenues and approximately $1.8 billion in benefit to the Proposition 98 Guarantee.

- *Federal Funds.* The May Revise proposes a one-time investment of $4.4 billion ($4 billion federal Coronavirus Relief Fund and $355 million federal Governor's Emergency Education Relief Fund) to local educational agencies to address learning loss related to COVID-19 school closures, especially for students most heavily impacted by those closures, including supporting an earlier start date for the next school year.

- *Revising CalPERS/CalSTRS Contributions*. The 2019 Budget Act included $850 million to buy down local educational agency employer contribution rates for STRS and PERS in 2019-20 and 2020-21, as well as $2.3 billion towards the employer long-term unfunded liability. To provide local educational agencies with increased fiscal relief, the May Revise proposes redirecting the $2.3 billion paid to STRS and PERS towards long-term unfunded liabilities to further reduce employer contribution rates in 2020-21 and 2021-22. This reallocation will reduce the STRS employer rate from 18.41% to approximately 16.15% in 2020-21 and from 18.2% to 16.02% in 2021-22. The PERS Schools Pool employer contribution rate will be reduced from 22.67% to 20.7% in 2020-21 and from 25% to 22.84 percent in 2021-22.

The May Revise indicates that in 2019-20 and 2020-21, the Proposition 98 funding level drops below the target funding level by a total of approximately $13 billion. To accelerate the recovery from this funding reduction, the May Revise proposes to provide supplemental appropriations above the constitutionally required Proposition 98 funding level, beginning in 2021-22, and in each of the next several fiscal years, in an amount equal to 1.5% of State General Fund revenues per year, up to a cumulative total of $13 billion. This will accelerate growth in the Proposition 98 guarantee, which the Administration proposes to increase as a share of the State General Fund. Currently, Proposition 98 guarantees that K-14 schools receive approximately 38% of the State General Fund in Test 1 years. The May Revise proposes to increase this share of funding to 40% by 2023-24.

The May Revise also reflects the withdrawal of all of the funding in the Public School System Stabilization Account, which was projected at time the budget was proposed to be approximately $524 in 2019-20. The May Revise projects that no additional deposits will be required and the entire amount is available to offset the decline in the Proposition 98 guarantee.

The May Revise proposes a one-time investment of $4.4 billion ($4 billion federal Coronavirus Relief Fund and $355 million federal Governor's Emergency Education Relief Fund) to local educational agencies to address learning loss related to COVID-19 school closures, especially for students most heavily impacted by those closures. Funds will be allocated to local educational agencies offering classroom-based instruction based on a formula that takes into account the share of students most heavily impacted by school closures, including students with disabilities, low-income students, English learners, youth in foster care, and homeless youth.

Absent additional federal funds, the COVID-19 Recession requires a 10% ($6.5 billion) reduction to LCFF, including the elimination of the 2.31% cost-of-living adjustment. This reduction to LCFF will be removed if the federal government provides sufficient funding to backfill this cut. The May Revise also proposes apportionment deferrals to align Proposition 98 expenditures and resources with the need of local educational agencies to maintain a level of fiscal stability. In 2019-20, the Budget proposes to defer $1.9 billion of LCFF apportionments to 2020-21, and an additional $3.4 billion is added to the 2019-20 deferral in 2020-21, for a total of $5.3 billion in LCFF deferrals scheduled for payment in 2021-22.

The May Revise includes certain fiscal and programmatic flexibilities, including exemptions from deferrals in the case of documented hardship, excluding state pension payments on behalf of local educational agencies from the calculation of required contributions to restricted maintenance, increases on internal inter-fund borrowing, and the use of proceeds from the sale of surplus property for one-time general fund purposes, among others.

The May Revise notes that property taxes are local revenue sources, but the amount generated each year has a substantial impact on the State budget because local property tax revenues allocated to K-14 schools help offset State General Fund expenditures. Preliminary data show statewide property tax revenues increased 5.8% in 2019-20, which is 0.6 percentage point lower than the 6.4% growth rate anticipated at the Governor's Budget. Property tax revenues are expected to grow 3.5% in 2020-21, which is 2.2 percentage points lower than the 5.7% growth expected at the time of the original proposed budget due to increased delinquencies, which typically rise in a recession. Approximately 42% ($32 billion) of 2020-21 property tax revenues will go to K-14 schools. While this amount includes $2.3 billion that schools are expected to receive in 2020-21 due to the dissolution of redevelopment agencies, it excludes the $9.4 billion shifted from schools to cities and counties to replace Vehicle License Fee revenue losses stemming from the reduced VLF rate of 0.65%.

<u>Legislature Budget Passed June 15, 2020</u>. On June 15, 2020, the Legislature passed the Budget Act of 2020 by majority vote, satisfying the legal requirement that legislators send a balanced budget to the Governor by June 15. The Governor has until July 1 to sign the bill at which time it becomes law as it is designated an urgency measure. The Governor has the

authority to reduce or eliminate any appropriation contained in the budget (veto), and the Legislature can override vetoes by a two-thirds vote in both houses. The budget passed by the Legislature addresses the $54 billion shortfall in State funds caused by reduced revenues and higher costs of the COVID-19 pandemic, and specifically provides that if funding is not received by the federal government under the HEROES Act by October 1, then cuts would be enacted. With respect to education funding, the costs of living increase would be retained, and needed funding would be accessed from the State's Rainy Day Fund, instead of through cuts in the LCFF funding formula as proposed in the Governor's budget. Deferrals of $5.9 billion in education funding for fiscal year 2020-21 would occur into the 2021-22 fiscal year. Negotiations between the Legislature and the Governor regarding the budget are expected to continue as the July 1, 2020 deadline approaches.

**2020-21 State Budget - Adopted**

***Introduction and Background.*** The Governor signed the fiscal year 2020-21 State Budget (the **"2020-21 State Budget"**) on June 29, 2020. The 2020-21 State Budget notes that the COVID-19 pandemic has impacted every sector of the State's economy and has caused record high unemployment, and further action from the federal government is needed as a result of the crisis. The Governor is pursuing $1 trillion in flexible federal aid to state and local governments across the country, which support will be critical to mitigate the effects of the public health crisis, encourage recovery, and support persons in need.

At the time of the Governor's proposed 2020-21 State Budget in January, the State was projecting a surplus of $5.6 billion. At the time of the May Revision with respect to the 2020-21 State Budget, the State had a budget deficit of $54.3 billion. The 2020-21 State Budget includes measures to close the gap and bring the State's resources and spending into balance while preserving reserves for future years.

To reduce the structural deficit in the coming years, the 2020-21 State Budget sustains the January 1, 2022 suspension of several ongoing programmatic expansions that were made in the 2019 Budget Act. In addition, the 2020-21 State Budget accelerates the suspension of most Proposition 56 (2016 tobacco tax measure) tax rate increases to July 1, 2021. Despite these measures, the State forecasts an operating deficit of $8.7 billion in 2021-22, after accounting for reserves.

***Closing the Budget Gap.*** The 2020-21 State Budget uses the following strategies to close the budget gap:

- Reserve Draw Down: Draws down $8.8 billion in reserves, including from the State's Rainy Day Fund ($7.8 billion), the Safety Net Reserve ($450 million), and all of the funds in the Public School System Stabilization Account.

- Triggers: Includes $11.1 billion in funding reductions and deferrals that will be restored if at least $14 billion in federal funds are received by October 15, 2020. If the State receives a lesser amount between $2 billion and $14 billion, the reductions and deferrals will be partially restored. The trigger includes $6.6 billion in deferred funding for schools.

- Federal Funds: Relies on $10.1 billion in federal funds that provide State general fund relief, including $8.1 billion already received.

- Revenues: Temporarily suspends the use of net operating losses for medium and large businesses and temporarily limits to $5 million the amount of business incentive credits a taxpayer can use in any given tax year. These short-term limitations will generate $4.4 billion in new revenues in the 2020-21 fiscal year.

- Borrowing/Transfers/Deferrals: Relies on $9.3 billion in special fund borrowing and transfers, as well as other deferrals for K-14 schools. Approximately $900 million in additional special fund borrowing is associated with the reductions to employee compensation and is contained in the trigger.

- Other Solutions: Cancelling multiple program expansions and anticipating increased government efficiencies, higher ongoing revenues above the May Revision forecast and lower health and human services caseload costs than the May Revision estimated.

***General Budget Highlights.*** Certain highlights of the 2020-21 State Budget are:

Emergency Response: COVID-19 and other emergency response efforts included in the 2020-21 State Budget are:

• Responding to COVID-19: The State expects to receive over $72 billion in federal assistance to State programs, of which unemployment insurance represents about $52 billion of this total. Under the CARES Act, the State received $9.5 billion for various uses including $4.4 billion to mitigate K-14 learning loss. The amount of $5.9 million of General Fund spending for 2020-21 and $4.8 million ongoing is allocated to support the State Department of Health's response to COVID-19.

• Enhancements to Emergency Responses and Preparedness: $117.6 million is allocated to the State Office of Emergency Services to enhance emergency preparedness and response capabilities, including with respect to power outages, earthquakes, wildfires and cybersecurity.

• Forestry and Fire Protection: $90 million is allocated to enhance CAL FIRE's fire protection capabilities, including for wildfire prediction and modeling technology.

Revenue Solutions. Revenue measures which are expected to net $4.3 billion in 2020-21, $3.1 billion in 2021-22 and $1.3 billion in 2022-23, include:

• Certain Tax Measure Extensions. Extending certain tax measures including certain sales tax exemptions through the end of 2022-23, extending the carryover period for film credits from 6 years to 9 years, and extending the current exemption from the minimum tax for first year corporations to first year limited liability corporations, partnerships, and limited liability partnerships.

• Expansion of Earned Income Tax. Expanding the Earned Income Tax Credit to certain taxpayers.

• Changes to Tax Laws and Sales Tax. Changes in tax law including suspending net operating losses for 2020, 2021, and 2022 for medium and large businesses, and limiting certain business incentive tax credits, and with respect to closing the sale tax loss gap, requiring used car dealers to remit sales tax to the Department of Motor Vehicles with registration fees.

Recovery for Small Businesses. The 2020-21 State Budget includes a waiver of the minimum franchise tax for the first year of operation, $100 million budgeted for the State's small business loan program, $25 million to provide capital to enable the origination of more loans in underbanked communities, and adding funding of $758,000 ongoing for positions relating to small business support.

Housing. Up to $500 million is allocated in State tax credits for low-income housing in 2021, under certain conditions. The 2020-21 State Budget provides $331 million in National Mortgage Settlement funds to help prevent avoidable foreclosures and evictions, and $8.3 billion across multiple departments and programs to address housing throughout the State.

***K-12 Education Funding Summary.*** For K-12 education funding, the 2020-21 State Budget provides for funding under Proposition 98 of $70.9 billion, which is more than $10 billion below the minimum guarantee contained in the State's 2019-20 budget. For K-12 schools, this results in Proposition 98 per pupil spending of $10,654 in 2020-21, which is a $1,339 decrease over the 2019-20 per pupil spending levels. Additionally, in the same period, per pupil spending from all State, federal, and local sources decreased by approximately $542 per pupil to $16,881.

Efforts to mitigate the impact of the decline in K-12 funding in the 2020-21 State Budget include:

Deferrals: $1.9 billion of LCFF apportionment deferrals in 2019-20, growing to $11 billion LCFF apportionment deferrals in 2020-21. These deferrals will allow LCFF funding to remain at 2019-20 levels in both fiscal years. The statutory LCFF cost-of-living adjustment is suspended in 2020-21. Of the total deferrals, $5.8 billion will be triggered off in 2020-21 if the federal funding becomes available.

Learning Loss Mitigation: A one-time investment of $5.3 billion ($4.4 billion federal Coronavirus Relief Fund, $539.9 million Proposition 98 General Fund, and $355.2 million federal Governor's Emergency Education Relief Fund) to local educational agencies to address learning loss related to COVID-19 school closures. Funds will be allocated to local educational agencies on an equity basis, with an emphasis on ensuring the greatest resources are available to local educational agencies serving students with the greatest needs.

Supplemental Appropriations: In 2019-20 and 2020-21, the Proposition 98 funding level drops below the target funding level by a total of approximately $12.4 billion. To accelerate the recovery from this funding reduction, the 2020-21 State Budget provides supplemental appropriations above the constitutionally-required Proposition 98 funding level, beginning in 2021-22, and in each of the next several fiscal years, in an amount equal to 1.5 percent of State general fund revenues per year, up to a cumulative total of $12.4 billion.

Revised PERS and STRS Contributions. To provide local educational agencies with increased fiscal relief, the 2020-21 State Budget redirects $2.3 billion appropriated in the 2019 Budget Act to STRS and PERS for long-term unfunded liabilities to reduce employer contribution rates in 2020-21 and 2021-22. This reallocation will reduce the STRS employer rate from 18.41 percent to approximately 16.15 percent in 2020-21 and from 17.9 percent to 16.02 percent in 2021-22. The PERS Schools Pool employer contribution rate will be further reduced from 22.67 percent to 20.7 percent in 2020-21 and from 24.6 percent to 22.84 percent in 2021-22.

Federal Funds. The 2020-21 State Budget appropriates $1.6 billion in federal Elementary and Secondary School Emergency Relief funds that the State was recently awarded. Of this amount, 90 percent ($1.5 billion) will be allocated to local educational agencies in proportion to the amount of Title I-A funding they receive to be used for COVID-19 related costs. The remaining 10 percent ($164.7 million) is available for certain COVID-19 related State-level activities, such as providing additional funding for student meals and social services.

Special Education. The 2020-21 State Budget increases special education base rates to $625 per pupil pursuant to a new funding formula, apportioned using the existing hold harmless methodology, and provides $100 million to increase funding for students with low-incidence disabilities. Additional federal funding received by the State is also allocated to various special education programs.

Average Daily Attendance. To ensure funding stability regardless of the instructional model undertaken in the 2020-21 academic year, the 2020-21 State Budget includes a hold harmless for the average daily attendance used to calculate school funding for all local educational agencies and includes requirements for distance learning to ensure that, when in-person instruction is not possible, students continue to receive access to a quality education via distance learning.

In addition, the 2020-21 State Budget includes certain employee protection terms to ensure the continuity of employment for essential school staff during the COVID-19 pandemic. As such, the 2020-21 State Budget includes the suspension of the August 15, 2020, layoff window for teachers and other non-administrative certificated staff, and the suspension of layoffs for classified staff working in transportation, nutrition, and custodial services from July 1, 2020 through June 30, 2021. The 2020-21 State Budget also includes the intent of the State Legislature that school districts, community college districts, joint powers authorities, and county offices of education retain all classified employees in the 2020-21 fiscal year.

**LAO Fiscal Perspective Report (March 18, 2020 and April 15, 2020): COVID-19**

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.

The LAO issued another fiscal perspective report on April 15, 2020 entitled "State Budget Effects of Recent Federal Actions to Address COVID-19," concluding that recent actions by the federal government will mitigate some of the adverse budgetary effects that the COVID-19 pandemic is likely to cause, but only a small portion of the federal funding allocated to date, being additional Medi-Cal funding, will assist the State with budgetary strain caused by lower revenues. Key information in the report is as follows:

***Sources of Potential Budget Problem.*** The State likely will face a budget problem at the time of the May Revision, resulting from COVID-19. Specifically from higher direct costs to respond to the public health emergency, higher indirect costs as a result of changes in the economy, and lower revenues as a result of changes in the economy.

***Federal Legislation May Affect State Budget.*** Recent federal legislation could help reduce budgetary strain at the State level. This includes funds under the CARES Act which established the Coronavirus Relief Fund, and which the U.S. Department of the Treasury has indicated the State is eligible for $15.3 billion to be shared between the State and local governments, with the State's eligibility without regard to local governments estimated at $9.5 billion. Said funds are available to provide relief for direct and possibly indirect higher costs resulting from COVID-19, but not revenue losses. Additional federal aid in the form of increases to funding under Medicaid and unemployment insurance, which is a federal-state program, could also provide potential benefits to the State's budget. Education relief funding could provide some additional relief, although this form of relief will mainly accrue to the State's educational institutions.

**State Department of Finance – Effect of COVID-19 on State Budgets.**

On March 24, 2020, the California Department of Finance released Budget Letter 20-08 which states that the Department anticipates a severe drop in economic activity in California as a result of the COVID-19 pandemic, which could negatively impact anticipated revenue levels in fiscal year 2019-20, and will certainly produce impacts on the fiscal year 2020-21 Proposed State Budget.

On May 7, 2020. the DOF released a fiscal update, indicating that the State is facing a $54 billion budget deficit. Job losses and business closures are predicted to sharply reduce state revenues. The State's three main General Fund revenue sources, personal income taxes, sales and use taxes and corporate taxes, are projected to drop for the 2020-21 fiscal year by 22.5%, 27.2% and 22.7%, respectively. The revenue declines will result in a lower required funding level to the Proposition 98 General Fund for school districts and community colleges by $18.3 billion. The revenue declines combined with the increased costs of supporting health and human service programs results in the $54.3 billion deficit, of which $13.4 billion occurs in the current fiscal year, and $40.9 billion occurs in the 2020-21 budget year. The DOF notes that the overall deficit is equal to nearly 37% of State General Fund spending authorized in the 2019 Budget Act, and is nearly three and one half times the revised balance in the State's Rainy Day Fund.

**Disclaimer Regarding State Budgets**

The implementation of the foregoing 2019-20 State Budget, the 2020-21 Proposed Budget including the May Revise and as adopted, and future State budgets may be affected by numerous factors, including but not limited to: (i) shifts in costs from the federal government to the State, (ii) national, State and international economic conditions, (iii) litigation risks associated with proposed spending reductions, (iv) rising health care costs and/or other unfunded liabilities, such as pension or OPEB, and (v) numerous other factors, all or any of which could cause the revenue and spending projections included in such budgets to be unattainable, including the COVID-19 emergency.

The current and proposed State budgets are expected to be impacted by the COVID-19 emergency described herein. Notwithstanding data contained in the May Revise or the 2020-21 State Budget (as adopted), the District cannot predict the impact that the COVID-19 emergency, the results of the 2019-20 State Budget, the 2020-21 State Budget, or subsequent state budgets, including adjustments made for economic conditions, will have on its own finances and operations. However, the Bonds are secured by *ad valorem* taxes levied and collected on taxable property in the District, without limit as to rate or amount, and are not secured by a pledge of revenues of the District or its general fund.

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

**Availability of State Budgets**

The complete 2019-20 State Budget and 2020-21 State Budget, including the May Revise, 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.

The Bonds described herein are secured by voter-approved *ad valorem* property taxes and not by the District's general or other funds.

## 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) on bonded indebtedness for the acquisition or improvement of real property which has been approved on or after July 1, 1978 by two-thirds of the voters on such indebtedness (which provided the authority for the issuance of the Refunded Bonds), and (iii) (as a result of an amendment to Article 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. 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 County, use a similar methodology in raising the taxable values of property beyond 2% in a single year. The State Board of Equalization has approved this methodology for increasing assessed values. On appeal, the Appellate Court held that the trial court erred in ruling that assessments are always limited to no more than 2% of the previous year's assessment. On May 10, 2004 a petition for review was filed with the California Supreme Court. The petition has been denied by the California Supreme Court. As a result of this litigation, the "recapture" provision described above may continue to be employed in determining the full cash value of property for property tax purposes.

## Article 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 State Board of Equalization ("**SBE**") as part of a "going concern" rather than as individual pieces of real or personal property. State-assessed unitary and certain other property is allocated to the counties by SBE, taxed at special county-wide rates, and the tax revenues distributed to taxing jurisdictions (including the District) according to statutory formulae generally based on the distribution of taxes in the prior year.

**Articles 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 percent limit in order to repay the bonds and (2) changes existing statutory law regarding charter school facilities. As adopted, the constitutional amendments may be changed only with another statewide vote. The statutory provisions could be changed by a majority vote of both houses of the Legislature and approval by the Governor, but only to further the purposes of the proposition. The local school jurisdictions affected by this proposition are K-12 school districts, community college districts, including the District, and county offices of education. As noted above, the California Constitution previously limited property taxes to 1% of the value of property. Prior to the approval of Proposition 39, property taxes could only exceed this limit to pay for (1) any local government debts approved by the voters prior to July 1, 1978 or (2) bonds to acquire or improve real property that receive two-thirds voter approval after July 1, 1978.

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

**Proposition 30 and Proposition 55**

Guaranteed Local Public Safety Funding, Initiative Constitutional Amendment (also known as **"Proposition 30"**), which temporarily increases the State Sales and Use Tax and personal income tax rates on higher incomes. Proposition 30 temporarily imposes 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 imposes an additional excise tax on the storage, use, or other consumption in the State of tangible personal property purchased from a retailer on and after January 1, 2013 and before January 1, 2017. This excise tax will be levied at a rate of 0.25% of the sales price of the property so purchased. For personal income taxes imposed beginning in the taxable year commencing January 1, 2012 and ending December 31, 2018, Proposition 30 increases the marginal personal income tax rate by: (i) 1% for taxable income over $250,000 but less than $300,000 for single filers (over $500,000 but less than $600,000 for joint filers and over, $340,000 but less than $408,000 for head-of-household filers), (ii) 2% for taxable income over $300,000 but less than $500,000 for single filers (over $600,000 but less than $1,000,000 for joint filers and over $408,000 but less than $680,000 for head-of-household filers), and (iii) 3% for taxable income over $500,000 for single filers (over $1,000,000 for joint filers and over $680,000 for head-of-household filers).

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

EPA for salaries or benefits of administrators or any other administrative costs.

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

**Proposition 1A and Proposition 22**

On November 2, 2004, California voters approved Proposition 1A, which amended the State constitution to significantly reduce the State's authority over major local government revenue sources. Under Proposition 1A, the State cannot (i) reduce local sales tax rates or alter the method of allocating the revenue generated by such taxes, (ii) shift property taxes from local governments to schools or community colleges, (iii) change how property tax revenues are shared among local governments without two-thirds approval of both houses of the State Legislature or (iv) decrease Vehicle License Fee revenues without providing local governments with equal replacement funding. Under Proposition 1A, beginning, in 2008-09, the State may shift to schools and community colleges a limited amount of local government property tax revenue if certain conditions are met, including: (i) a proclamation by the Governor that the shift is needed due to a severe financial hardship of the State, and (ii) approval of the shift by the State Legislature with a two-thirds vote of both houses. Under such a shift, the State must repay local governments for their property tax losses, with interest, within three years. Proposition 1A does allow the State to approve voluntary exchanges of local sales tax and property tax revenues among local governments within a county. Proposition 1A also amended the State Constitution to require the State to suspend certain State laws creating mandates in any year that the State does not fully reimburse local governments for their costs to comply with the mandates. This provision does not apply to mandates relating to schools or community colleges or to those mandates relating to employee rights.

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

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

### California Senate Bill 222

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

### Future Initiatives

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

# APPENDIX B

## AUDITED FINANCIAL STATEMENTS OF THE DISTRICT FOR FISCAL YEAR ENDED JUNE 30, 2019

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**MESA UNION SCHOOL DISTRICT**
**VENTURA COUNTY**

**REPORT ON AUDIT OF FINANCIAL STATEMENTS**
**AND SUPPLEMENTARY INFORMATION**
**INCLUDING REPORTS ON COMPLIANCE**
**June 30, 2019**

CLAconnect.com

WEALTH ADVISORY

OUTSOURCING

AUDIT, TAX, AND
CONSULTING

**MESA UNION SCHOOL DISTRICT**

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**June 30, 2019**

CliftonLarsonAllen LLP
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# INDEPENDENT AUDITORS' REPORT

Board of Trustees
Mesa Union School District
Somis, 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 Mesa Union 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.

### Auditors' 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 of 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 auditors' 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 entity'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 entity'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 in the aforementioned table of contents present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the 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 and the required supplementary information schedules as listed in the aforementioned 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 District's basic financial statements. The supplementary schedules and the combining non-major fund financial statements as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Average Daily Attendance (ADA), Schedule of Instructional Time, Reconciliation of the Annual Financial and Budget Report with the Audited Financial Statements, the Notes to the Supplementary Information and the combining non-major fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Board of Trustees
Mesa Union School District

The History and Organization, Schedule of Financial Trends and Analysis and Schedule of Charter Schools have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

**<u>Other Reporting Required by *Government Auditing Standards*</u>**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2019 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District’s internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP
Glendora, California
December 10, 2019

**MESA UNION SCHOOL DISTRICT**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**
**For the Fiscal Year Ended June 30, 2019**

This section of Mesa Union School District's 2018/19 annual financial report presents management's discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2019. Please read it in conjunction with the independent auditors' report at the front of this report and the District's financial statements, which immediately follow this section.

## OVERVIEW OF THE FINANCIAL STATEMENTS

### Financial Statements

The financial statements presented herein include all of the activities of the Mesa Union School District (the District) using the integrated approach as prescribed by GASB Statement Number 34.

The *Government-Wide Financial Statements* present the financial picture of the District from the economic resources measurement focus using the accrual basis of accounting. They present governmental activities. These statements include all assets of the District as well as all liabilities (including long-term obligations).

*Governmental Activities* are prepared using the economic resources measurement focus and the accrual basis of Accounting.

The *Fund Financial Statements* include statements for the governmental activities.

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

- General Fund, including the Deferred Maintenance Fund, the Pupil Transportation Fund and the Special Reserve Fund for Other than Capital Outlay
- Cafeteria Fund
- Building Fund
- Capital Facilities Fund (Developer Fees)
- County Schools Facilities Fund
- Bond Interest and Redemption Fund

The District has no *Proprietary Funds*.

The Fiduciary funds are funds where the District is the trustee, or fiduciary, for assets that belong to others, such as the student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position on page 8. The District excluded these activities from the district-wide financial statements because the District cannot use these assets to finance its operations.

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

The Primary unit of the government is the District.

## FINANCIAL HIGHLIGHTS OF THE PAST YEAR

- The total net position of the District was $2.1 million as of June 30, 2019 which is a decrease from the prior year's net position of $2.4 million at June 30, 2018.

- The District recorded a net pension liability of $5.98 million.

- District revenues from all governmental activities were $7.92 million which is an increase of $536 thousand (7%) from the prior fiscal year.

- District expenses from all governmental activities were $8.24 million which is an increase of $441 thousand (6%) from the prior fiscal year.

- The fund balance of the General Fund (excluding Special Revenue Funds) increased $180 thousand (13%) from the prior fiscal year resulting in an ending fund balance of $1.54 million. Total revenues increased $693 thousand primarily due to full funding of the Local Control Funding Formula, one-time discretionary dollars apportioned by the state, and receipt of the Low Performing Student Block Grant. Total expenditures decreased $107 thousand as a result of an increase in the District's net pension liability offset by decreases in certificated salaries, books and supplies and capital outlay.

- Capital Assets decreased $511 thousand from the prior fiscal year (due to depreciation) for a total of $10.85 million.

- The District's net outstanding long-term liabilities increased to $17.03 million primarily as a result of the District's sale of bonds in the Spring of 2019.

## REPORTING THE DISTRICT AS A WHOLE

### The Statement of Net Position and the Statement of Activities

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

These two statements report the changes in the District's net position. Net position is the net between assets plus deferred outflows of resources less liabilities and deferred inflows of resources. Over time, increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating. Other factors to consider are changes in the District's enrollment and the condition of the District's facilities.

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

In the *Statement of Net Position* and the *Statement of Activities*, the District's activities are separated as follows:

Governmental activities - All of the District's services are reported in this category. This includes the education of kindergarten through grade eight students, and the on-going effort to improve and maintain buildings and sites. Property taxes, state apportionment, user fees, interest income, federal, state and local grants finance these activities.

Business-type activities - None at this time.

## REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

### Fund Financial Statements

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

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

## THE DISTRICT AS A WHOLE

### Net Position

The District's net position was $2.07 million for the fiscal year ended June 30, 2019. Of this amount, the unrestricted net position was reduced to a negative $3.08 million primarily due to the net pension liability. Restricted net position is reported separately to show legal constraints from debt covenants, grantors, constitutional provisions and enabling legislation that limit the governing board's ability to use restricted net position for day-to-day operations. The following analysis, in summary form, focuses on the net position (Table 1) and change in net position (Table 2) of the District's governmental activities.

## MESA UNION SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS
### For the Fiscal Year Ended June 30, 2019

### Table 1: Net Position

| | Governmental Activities | | |
|---|---|---|---|
| | 2019 | 2018 | Difference |
| **Assets** | | | |
| Current and other assets | $ 7,071,683 | $ 2,666,841 | $ 4,404,842 |
| Capital assets | 10,845,325 | 11,356,234 | (510,909) |
| **Total Assets** | 17,917,008 | 14,023,075 | 3,893,933 |
| **Deferred outflows of resources** | | | |
| Deferred charge on refunding | 544,019 | 588,160 | (44,141) |
| Deferred outflows - pensions | 1,577,412 | 1,653,739 | (76,327) |
| **Total Assets** | 2,121,431 | 2,241,899 | (120,468) |
| **Liabilities** | | | |
| Current liabilities | 671,367 | 513,318 | 158,049 |
| Long-term liabilities | 17,032,887 | 13,094,287 | 3,938,600 |
| **Total Liabilities** | 17,704,254 | 13,607,605 | 4,096,649 |
| **Deferred inflows of resources** | | | |
| Deferred inflows - pensions | 261,362 | 262,181 | (819) |
| **Net position** | | | |
| Net investment in capital assets | 3,654,272 | 4,079,579 | (425,307) |
| Restricted | 1,497,931 | 1,397,070 | 100,861 |
| Unrestricted | (3,079,380) | (3,081,461) | 2,081 |
| **Total Net Position** | $ 2,072,823 | $ 2,395,188 | $ (322,365) |

## Governmental Activities

The results of this year's operations for the District as a whole are reported in the Government-wide Statement of Activities on page 3. Table 2 takes the information from the statement and rearranges them slightly in order to see the total revenues, expenses, and change in net position for the year. The revenues from all governmental sources were $7.92 million and the cost of all governmental activities was $8.24 million, resulting in a decrease in net position of $322 thousand.

### Table 2: Governmental Activities

| | Governmental Activities | | |
|---|---|---|---|
| | 2019 | 2018 | Difference |
| **Revenues** | | | |
| Program revenues: | | | |
| Charges for services | $ 104,357 | $ 117,000 | $ (12,643) |
| Operating grants and contributions | 1,583,920 | 1,482,391 | 101,529 |
| General revenues: | | | |
| Federal and state aid (unrestricted) | 2,831,276 | 2,518,823 | 312,453 |
| Property taxes | 3,208,921 | 3,109,910 | 99,011 |
| Other general revenues | 187,894 | 151,958 | 35,936 |
| **Total Revenues** | 7,916,368 | 7,380,082 | 536,286 |
| **Services (Functions)** | | | |
| Instruction | 4,265,600 | 4,171,852 | 93,748 |
| Instruction-related services | 657,677 | 602,205 | 55,472 |
| Pupil services | 663,987 | 624,132 | 39,855 |
| General administration | 734,324 | 590,495 | 143,829 |
| Plant services | 551,182 | 501,529 | 49,653 |
| Other outgo | 467,049 | 442,334 | 24,715 |
| Debt service - interest | 322,677 | 301,775 | 20,902 |
| Depreciation (unallocated) | 576,237 | 563,518 | 12,719 |
| **Total Expenses** | 8,238,733 | 7,797,840 | 440,893 |
| **Change in Net Position** | (322,365) | (417,758) | 95,393 |
| **Net Position - Beginning of Year** | 2,395,188 | 2,812,946 | (417,758) |
| **Net Position - End of Year** | $ 2,072,823 | $ 2,395,188 | $ (322,365) |

## GOVERNMENTAL FUNDS

As the District completed this year, the governmental funds reported a combined fund balance of $6.55 million, which is an increase from last year of $4.28 million (188%) as shown in Table 3.

### Table 3: Fund Balance

| **Fund Balances** | June 30, 2019 | June 30, 2018 | Difference |
|---|---|---|---|
| Major Governmental Funds: | | | |
| General Fund | $ 1,538,093 | $ 1,358,565 | $ 179,528 |
| Deferred Maintenance Fund | 118,184 | 17,756 | 100,428 |
| Pupil Transportation Equipment Fund | 20,862 | 20,364 | 498 |
| Special Reserve Fund for Non-Capital Outlay | 63,151 | 61,635 | 1,516 |
| Total General Fund * | 1,740,290 | 1,458,320 | 281,970 |
| Building Fund | 3,860,000 | - | 3,860,000 |
| Non-Major Governmental Funds: | | | |
| Cafeteria Fund | 108,139 | 102,313 | 5,826 |
| Capital Facilities Fund | 89,255 | 87,141 | 2,114 |
| County School Facilities Fund | 54,679 | 53,396 | 1,283 |
| Bond Interest and Redemption Fund | 701,252 | 575,097 | 126,155 |
| **Total Fund Balances** | $ 6,553,615 | $ 2,276,267 | $ 4,277,348 |

*GASB 54 requires that special revenue funds without an independent, restricted funding source be included in the District's General Fund.

The Total General Fund Balance (including GASB 54 revenue funds) increased $282 thousand (19%) due to:

- The principal operating fund balance (General Fund excluding GASB 54 revenue funds) increased $180 thousand (13%) as a result of the receipt of one-time State apportionments and relatively static staffing and maintenance costs.

- The increase of $100 thousand in the Deferred Maintenance Fund is due to a transfer of revenue from the General Fund.

The Building Fund was reopened with the passage of Measure O and the fund increased due to the issuance of Series A bonds for $4.00 million.

## GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year, the District revises its budget as changes in revenues and expenditures become known. Table 4 compares the District's original adopted budget for the General Fund with the amounts actually paid and received for 2018/19.

### Table 4: General Fund Comparison

| | Original Budget | Final Budget | Actuals | Difference Actuals vs Final Budget |
|---|---|---|---|---|
| **Revenues** | | | | |
| Local control funding formula sources | $ 5,158,708 | $ 5,179,428 | $ 5,179,428 | $ - |
| Federal sources | 336,371 | 350,419 | 329,214 | (21,205) |
| Other state sources | 229,320 | 334,159 | 780,288 | 446,129 |
| Other local sources | 661,038 | 902,232 | 901,658 | (574) |
| **Total Revenues** | 6,385,437 | 6,766,238 | 7,190,588 | 424,350 |
| **Expenditures** | | | | |
| Certificated salaries | 2,566,458 | 2,591,591 | 2,571,830 | (19,761) |
| Classified salaries | 813,880 | 961,523 | 949,067 | (12,456) |
| Employee benefits | 1,218,613 | 1,220,539 | 1,633,884 | 413,345 |
| Books and supplies | 255,704 | 298,122 | 256,773 | (41,349) |
| Services and other operating expenditures | 862,604 | 1,045,353 | 1,003,729 | (41,624) |
| Capital outlay | 100,000 | 29,065 | 29,063 | (2) |
| Other outgo | 438,538 | 471,922 | 462,809 | (9,113) |
| **Total Expenditures** | 6,255,797 | 6,618,115 | 6,907,155 | 289,040 |
| Excess of revenues over expenditures | 129,640 | 148,123 | 283,433 | 135,310 |
| **Other Sources/(Uses)** | | | | |
| Interfund transfers in | - | - | - | - |
| Interfund transfers out | - | (103,905) | (103,905) | - |
| **Total Other Sources/(Uses)** | - | (103,905) | (103,905) | - |
| **Net Change in Fund Balance** | 129,640 | 44,218 | 179,528 | 135,310 |
| **Beginning Fund Balance** | 1,263,370 | 1,358,565 | 1,358,565 | - |
| **Ending Fund Balance** | $ 1,393,010 | $ 1,402,783 | $ 1,538,093 | $ 135,310 |

*This schedule is for the General Fund only for all years. The Deferred Maintenance Fund, the Pupil Transportation Fund and the Special Reserve Fund for Non-Capital Outlay have not been included.*

1. Actual revenues for 2018/19 increased $805 thousand (13%) compared to the original adopted budget projections due to the following:

    a. LCFF revenue constitutes 72% of District revenues. This includes state aid, Education Protection Account monies, and local revenue from property taxes. State aid was equal to $2.86 million, Education Protection Account distributions were $910 thousand, and gross property tax revenues were $2.58 million less in-lieu taxes distributed to Golden Valley Charter School (GVCS) of $1.17 million. The District experienced an increase between the adopted budget and the actuals of $21 thousand as a result of an increase in average daily attendance.

    b. Federal revenues declined by almost $7 thousand due to the reduction in Title I and Title III funds.

    c. State revenue increased $551 thousand due primarily to recording on-behalf payments to State Teachers Retirement System (STRS) and the one-time reimbursement of past mandate claims. The District also received one-time Low Performing Student Block Grant monies and Classified Professional Development Block Grant monies.

    d. Local revenue increased $241 thousand due to an increase in interest revenue, one-time SELPA transfers, increased locally restricted donations from the District's parent teacher organization and an increase in locally unrestricted miscellaneous revenue as a result of an interagency service agreement with Somis Union School District.

2. Actual expenditures were $651 thousand (10%) more than the expenditures included in the original adopted budget. The difference is primarily due to the following:

    a. Salaries and benefits increased $556 thousand primarily due to normal step/column increases and the recording of state on-behalf payments to STRS.

    b. The cost for materials and supplies was relatively static as actual expenditures were only $1 thousand more than the adopted budget projection.

    c. Services and other operating costs were up $141 thousand from the projection at budget adoption primarily due to increased costs for psychological services, professional development, property and liability insurance, bus repairs, election and general obligation bond fees, and student field trips.

    d. Capital outlay decreased by $71 thousand as a result of the deferral of the District's fencing project.

    e. Other outgo increased $24 thousand as a result of decreased special education excess costs paid to the Ventura County Office of Education and to the Pleasant Valley School District offset by increased transfer of special education revenue to Golden Valley Charter.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

As of June 30, 2019, the District had $10.84 million in a broad range of capital assets (net of depreciation), including land, buildings, and equipment as shown in Table 5 below. This amounts represents a net decrease (including additions, deductions, and depreciation) of $511 thousand over the prior year. More detailed information about the District's capital assets is presented in Note 7 of the financial statements.

**Table 5: Capital Assets (Net of Depreciation)**

| | Governmental Activities | | |
|---|---|---|---|
| **Capital Assets (Net of Depreciation)** | 2019 | 2018 | Difference |
| Land | $ 1,967,726 | $ 1,967,726 | $ - |
| Work in progress | 38,899 | 21,873 | 17,026 |
| Site improvements | 3,663,712 | 3,941,515 | (277,803) |
| Buildings | 5,063,272 | 5,326,653 | (263,381) |
| Equipment | 111,716 | 98,467 | 13,249 |
| **Total Capital Assets (Net of Depreciation)** | $ 10,845,325 | $ 11,356,234 | $ (510,909) |

### Long-Term Liabilities

The District had a total of $17.03 million in long-term liabilities which included $11.05 million for outstanding general obligation bonds and $5.98 million in net pension liability as of June 30, 2019, as shown on the following Table 6. More detailed information about the District's long-term obligations is presented in Note 8 to the financial statements.

**Table 6: Long-Term Liabilities**

| | Governmental Activities | | |
|---|---|---|---|
| **Long-Term Liabilities** | 2019 | 2018 | Difference |
| General obligation bonds (including bond premium) | $ 11,051,053 | $ 7,276,655 | $ 3,774,398 |
| Net pension liability | 5,981,834 | 5,817,632 | 164,202 |
| **Total Long-Term Liabilities** | $ 17,032,887 | $ 13,094,287 | $ 3,938,600 |

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

In considering the District's Budget for the 2019/20 fiscal year, the District Board and management used the following criteria:

The key assumptions in our revenue forecast are:

1. LCFF unduplicated pupil count is approximately 43.4%.

2. At budget adoption, enrollment projections were estimated to be 623 students.

3. Budget development based upon the District's Local Control Accountability Plan which includes adoption of common core aligned supplementary materials, the continuing implementation of the District's Technology Plan, the development of an in-house after school program, and on-going maintenance and repairs.

Multi-year projections for expenditures are based on the following forecasts:

**MYP Budget Assumptions**

| Factor | 2019/20 | 2020/21 | 2021/22 |
|---|---|---|---|
| Statutory COLA | 3.26% | 3.00% | 2.80% |
| Gap Funding | 100.00% | 100.00% | 100.00% |
| 3-Year Unduplicated Pupil Percentage | 43.40% | 42.95% | 42.58% |
| Projected Enrollment | 623 | 625 | 630 |
| Projected P-2 ADA | 598.67 | 600.6 | 605.41 |
| Funded ADA | 599.73 | 601.66 | 606.47 |
| Instruction Days | 180 | 180 | 180 |
| CPI | 3.33% | 3.14% | 3.02% |
| Lottery - Unrestricted | $153 | $153 | $153 |
| Lottery - Restricted | $54 | $54 | $54 |
| Mandate Block Grant | $32.18 | $33.15 | $34.08 |
| One-time Discretionary Funds per ADA | N/A | N/A | N/A |
| CalPERS Employer Rate | 19.721% | 22.70% | 24.60% |
| CalSTRS Employer Rate | 17.10% | 18.40% | 18.10% |

## CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, students, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact the Chief Business Official, at Ventura County Schools Business Services Authority, Camarillo, California, 93012, (805) 383-1972 or e-mail at tpeterson@vcoe.org.

# FINANCIAL SECTION

# MESA UNION SCHOOL DISTRICT

## STATEMENT OF NET POSITION
## June 30, 2019

| | | Governmental Activities |
|---|---|---|
| **Assets** | | |
| Cash in county treasury | $ | 6,568,760 |
| Cash and cash equivalents | | 4,441 |
| Accounts receivable | | 480,929 |
| Prepaid expense | | 11,100 |
| Inventory | | 6,453 |
| Land | | 1,967,726 |
| Work in progress | | 38,899 |
| Depreciable assets, net | | 8,838,700 |
| **Total Assets** | | 17,917,008 |
| **Deferred Outflows of Resources** | | |
| Deferred charge on refunding | | 544,019 |
| Deferred outflows - pensions | | 1,577,412 |
| **Total Deferred Outflows of Resources** | | 2,121,431 |
| **Liabilities** | | |
| Accounts payable | | 512,574 |
| Accrued interest | | 153,299 |
| Unearned revenue | | 5,494 |
| Current portion of long-term liabilities | | 350,000 |
| Non-current portion of long term liabilities | | 16,682,887 |
| **Total Liabilities** | | 17,704,254 |
| **Deferred Inflows of Resources** | | |
| Deferred inflows - pensions | | 261,362 |
| **Net Position** | | |
| Net investment in capital assets | | 3,654,272 |
| Restricted for: | | |
| Capital projects | | 143,934 |
| Debt service | | 1,091,972 |
| Educational programs | | 153,886 |
| Other purposes | | 108,139 |
| Unrestricted | | (3,079,380) |
| **Total Net Position** | $ | 2,072,823 |

See accompanying notes to the financial statements.

# MESA UNION SCHOOL DISTRICT

## STATEMENT OF ACTIVITIES
## For the Fiscal Year Ended June 30, 2019

| | | Program Revenues | | Net (Expense) Revenue and Changes in Net Position |
|---|---|---|---|---|
| Functions | Expenses | Charges for Services | Operating Grants and Contributions | Governmental Activities |
| **Governmental Activities** | | | | |
| Instruction | $ 4,265,600 | $ 29,665 | $ 778,798 | $ (3,457,137) |
| Instruction - related services | 657,677 | 1,628 | 50,066 | (605,983) |
| Pupil services | 663,987 | 51,542 | 357,265 | (255,180) |
| General administration | 734,324 | 862 | 27,104 | (706,358) |
| Plant services | 551,182 | 1,077 | 13,971 | (536,134) |
| Other outgo | 467,049 | 19,583 | 356,716 | (90,750) |
| Debt service - interest | 322,677 | - | - | (322,677) |
| Depreciation (unallocated) | 576,237 | - | - | (576,237) |
| **Total Governmental Activities** | $ 8,238,733 | $ 104,357 | $ 1,583,920 | (6,550,456) |
| | **General Revenues** | | | |
| | Property taxes levied for | | | |
| | General purposes | | | 2,580,494 |
| | Debt service | | | 628,427 |
| | Federal and state aid not restricted to specific purposes | | | 2,831,276 |
| | Interest and investment earnings | | | 54,438 |
| | Interagency revenues | | | 45,499 |
| | Miscellaneous | | | 87,957 |
| | **Total General Revenues** | | | 6,228,091 |
| | Change in net position | | | (322,365) |
| | Net Position - Beginning of Year | | | 2,395,188 |
| | Net Position - End of Year | | | $ 2,072,823 |

See accompanying notes to the financial statements.

# MESA UNION SCHOOL DISTRICT

## BALANCE SHEET
## GOVERNMENTAL FUNDS
## June 30, 2019

| | General Fund | Building Fund | Non-Major Governmental Funds | Total Governmental Funds |
|---|---|---|---|---|
| **Assets** | | | | |
| Cash in county treasury | $ 1,798,750 | $ 3,860,000 | $ 910,010 | $ 6,568,760 |
| Cash and cash equivalents | 4,341 | - | 100 | 4,441 |
| Accounts receivable | 439,803 | - | 41,126 | 480,929 |
| Due from other funds | 335 | - | - | 335 |
| Prepaid expenditures | 11,100 | - | - | 11,100 |
| Inventory | - | - | 6,453 | 6,453 |
| **Total Assets** | $ 2,254,329 | $ 3,860,000 | $ 957,689 | $ 7,072,018 |
| **Liabilities and Fund Balances** | | | | |
| **Liabilities** | | | | |
| Accounts payable | $ 511,351 | $ - | $ 1,223 | $ 512,574 |
| Due to other funds | - | - | 335 | 335 |
| Unearned revenue | 2,688 | - | 2,806 | 5,494 |
| **Total Liabilities** | 514,039 | - | 4,364 | 518,403 |
| **Fund Balances** | | | | |
| Nonspendable | 12,100 | - | 6,453 | 18,553 |
| Restricted | 153,886 | 3,860,000 | 946,872 | 4,960,758 |
| Committed | 202,197 | - | - | 202,197 |
| Unassigned | 1,372,107 | - | - | 1,372,107 |
| **Total Fund Balances** | 1,740,290 | 3,860,000 | 953,325 | 6,553,615 |
| **Total Liabilities and Fund Balances** | $ 2,254,329 | $ 3,860,000 | $ 957,689 | $ 7,072,018 |

See accompanying notes to the financial statements.

# MESA UNION SCHOOL DISTRICT

## RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
## June 30, 2019

| | | |
|---|---|---|
| Total fund balances - governmental funds | | $ 6,553,615 |
| Amounts reported for governmental funds are different than the statement of net position because: | | |
| Capital assets used in governmental activities are not financial resource and, therefore, are not reported as assets in governmental funds. These assets consist of: | | |
| Land | $ 1,967,726 | |
| Work in progress | 38,899 | |
| Depreciable assets, net | 8,838,700 | 10,845,325 |
| Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. Long-term liabilities at year-end consist of: | | |
| General obligation bonds | (11,051,053) | |
| Net pension liability | (5,981,834) | (17,032,887) |
| In governmental funds, deferred outflows and inflows of resources are not reported because they are applicable to future periods. Deferred outflows and inflows of resources at year-end consist of: | | |
| Deferred charge on refunding | 544,019 | |
| Deferred outflows - pensions | 1,577,412 | |
| Deferred inflows - pensions | (261,362) | 1,860,069 |
| Interest expense related to general obligation bonds was incurred but not accrued through June 30, 2019. | | (153,299) |
| Total net position - governmental activities | | $ 2,072,823 |

See accompanying notes to the financial statements.

## MESA UNION SCHOOL DISTRICT

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE GOVERNMENTAL FUNDS For the Fiscal Year Ended June 30, 2019

| | General Fund | Building Fund | Non-Major Governmental Funds | Total Governmental Funds |
|---|---|---|---|---|
| **Revenues** | | | | |
| Local control funding formula sources: | | | | |
| State apportionments | $ 3,819,269 | $ - | $ - | $ 3,819,269 |
| Local sources | 1,360,159 | - | - | 1,360,159 |
| Total local control funding formula sources | 5,179,428 | - | - | 5,179,428 |
| Federal sources | 329,214 | - | 162,043 | 491,257 |
| Other state sources | 780,288 | - | 15,046 | 795,334 |
| Other local sources | 904,100 | - | 684,861 | 1,588,961 |
| **Total Revenues** | 7,193,030 | - | 861,950 | 8,054,980 |
| **Expenditures** | | | | |
| Instruction | 4,227,979 | - | - | 4,227,979 |
| Instruction - related services | 648,156 | - | - | 648,156 |
| Pupil services | 464,488 | - | 217,894 | 682,382 |
| General administration | 532,502 | 140,000 | 39,000 | 711,502 |
| Plant services | 566,981 | - | - | 566,981 |
| Other outgo | 467,049 | - | - | 467,049 |
| Debt service | - | - | 600,055 | 600,055 |
| **Total Expenditures** | 6,907,155 | 140,000 | 856,949 | 7,904,104 |
| Excess (deficiency) of revenues over expenditures | 285,875 | (140,000) | 5,001 | 150,876 |
| **Other Financing Sources (Uses)** | | | | |
| Proceeds from sale of bonds | - | 4,000,000 | - | 4,000,000 |
| Premium on sale of bonds | - | - | 126,472 | 126,472 |
| Interfund transfers in | - | - | 3,905 | 3,905 |
| Interfund transfers out | (3,905) | - | - | (3,905) |
| **Total Other Financing Sources (Uses)** | (3,905) | 4,000,000 | 130,377 | 4,126,472 |
| Net changes in fund balance | 281,970 | 3,860,000 | 135,378 | 4,277,348 |
| **Fund Balances at Beginning of Year** | 1,458,320 | - | 817,947 | 2,276,267 |
| **Fund Balances at End of Year** | $ 1,740,290 | $ 3,860,000 | $ 953,325 | $ 6,553,615 |

See accompanying notes to the financial statements.

# MESA UNION SCHOOL DISTRICT

## RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
## For the Fiscal Year Ended June 30, 2019

| | | |
|---|---|---|
| Net change in fund balances - total governmental funds | | $ 4,277,348 |
| Amounts reported for governmental activities in the statement of activities are different because: | | |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost is allocated over their estimated useful lives and reported as depreciation expense. | | |
| Capital outlay | $ 65,328 | |
| Depreciation expense | (576,237) | (510,909) |
| Issuance of general obligation bonds, including premium, is reported as proceeds in governmental funds but increases long-term liabilities in the statement of net position. | | (4,126,472) |
| Repayment of general obligation bonds is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net position. | | 310,000 |
| In governmental funds, pension costs are recognized when the employer contribution is made, but in the statement of activities, pension costs are recognized on the accrual basis. The difference between accrual basis pension costs and actual employer contribution was: | | (239,710) |
| Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. These activities consist of: | | |
| Increase in accrued interest | (30,555) | |
| Bond premium, current year amortization | 42,074 | |
| Deferred charge on refunding, current year amortization | (44,141) | (32,622) |
| Change in net position of governmental activities | | $ (322,365) |

See accompanying notes to the financial statements.

## MESA UNION SCHOOL DISTRICT

## STATEMENT OF FIDUCIARY NET POSITION
**June 30, 2019**

| | Associated Student Body Fund |
|---|---|
| **Assets** | |
| Cash and cash equivalents | $ 4,090 |
| **Total Assets** | 4,090 |
| | |
| **Liabilities** | |
| Funds held in trust | 4,090 |
| **Total Liabilities** | $ 4,090 |

See accompanying notes to the financial statements.

## NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The District accounts for its financial transactions in accordance with the policies and procedures of the California Department of Education's *California School Accounting Manual*, updated to conform to the most current financial and reporting requirements promulgated by the California Department of Education. The accounting policies of the District conform to generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB).

The significant accounting policies applicable to the District are described below.

### Basis of Presentation

The accompanying financial statements have been prepared in conformity with GAAP as prescribed by GASB. The financial statement presentation required by GASB provides a comprehensive, entity-wide perspective of the District's financial activities. The entity-wide perspective enhances the fund-group perspective previously required. Fiduciary activities are excluded from the basic financial statements and are reported separately in the fiduciary fund statements.

The District's basic financial statements consist of government-wide statements, including a Statement of Net Position, a Statement of Activities, and fund financial statements.

### Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities displays information about the District as a whole. These statements include the financial activities of the primary government. Fiduciary funds are excluded.

The Statement of Net Position presents the financial condition of the governmental activities of the District at year-end. The Statement of Activities presents a comparison between direct expenses and program revenues for each program or function of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and, therefore, clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District. Depreciation and interest expense have not been allocated to specific functions.

## NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Fund Financial Statements

During the year, the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. The fiduciary fund is reported by type.

The fund financial statement expenditures are presented in a function-oriented format. The following is a brief description of the functions:

***Instruction:*** includes the activities directly dealing with the interaction between teachers and students.

***Instruction-Related Services:*** includes supervision of instruction, instructional library, media and technology, and school site administration.

***Pupil Services:*** includes home to school transportation, food services, and other pupil services.

***General Administration:*** includes data processing services and all other general administration services.

***Plant Services:*** includes activities of maintaining the physical plant. This also includes facilities acquisition and construction expenditures.

***Other Outgo:*** includes transfers to other agencies.

***Debt Service:*** includes principal and interest payments for long term debt.

### Fund Accounting

To ensure compliance with the California Education Code, the financial resources of the District are divided into separate funds for which separate accounts are maintained for recording cash, other resources and all related liabilities, obligations, and equities.

The Statement of Revenues, Expenditures and Changes in Fund Balance are statements of financial activities of the particular fund related to the current reporting period. Expenditures of the various funds frequently include amounts for land, buildings, equipment, retirement of indebtedness, transfers to other funds, etc. Consequently, these statements do not purport to present the result of operations or the net income or loss for the period as would a statement of

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

income for a profit-type organization. The modified accrual basis of accounting is used for all governmental funds.

**Governmental Funds – Major**

**General Fund:** used to account for all financial resources except those required to be accounted for in another fund. The Deferred Maintenance Fund, the Pupil Transportation Fund and the Special Reserve Fund for Other than Capital Outlay no longer meet the definition of a special revenue fund as they are no longer primarily composed of restricted or committed revenue sources. Therefore, all activities of these funds are reported in the General Fund.

**Building Fund:** used to account for resources for the purpose of financing the renovation, construction and improvement of school facilities.

**Governmental Funds – Non-Major**

**Special Revenue Funds:** used to account for the proceeds of specific revenue sources that are restricted or committed to expenditures for specific purposes other than debt service or capital projects.

*Cafeteria Fund:* used to account for revenues received and expenditures made to operate the District's cafeteria.

**Capital Projects Funds:** used to account for the financial resources that are restricted, committed or assigned for the acquisition and/or construction of major governmental general fixed assets.

*Capital Facilities Fund:* used to account for resources received from residential and commercial developer impact fees.

*County School Facilities Fund:* used to account for the School Facility Program grant awards for modernization and new construction of various school sites.

**Debt Service Funds:** used to account for the financial resources that are restricted, committed or assigned and the accumulation of resources for, the payment of general long-term debt principal, interest and related costs.

*Bond Interest and Redemption Fund:* used to account for bond interest and redemption of general obligation bond principal.

## NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Fiduciary Fund

**Associated Student Body Fund:** used to account for raising and expending money to promote the general welfare, morale, and educational experiences of the Mesa Union School student body.

### Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of measurement made, regardless of the measurement focus applied. Revenues in governmental fund financial statements are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Fiduciary funds use the accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of unearned revenue, and in the presentation of expenses versus expenditures.

### Cash and Cash Equivalents

The District’s cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Cash in the county treasury is recorded at cost, which approximates fair value.

### Receivables

Receivables are generally recorded when the amount is earned and can be estimated. All material receivables are considered fully collectible. Per Education Code Section 33128.1, a local education agency may recognize for budgetary and financial reporting purposes any amount of state appropriations deferred from the current fiscal year and appropriated from the subsequent fiscal year for payment of current year costs as a receivable in the current year.

### Inventory

Inventory is presented at the lower of cost or market on an average basis and is expensed when used. Inventory consists of expendable supplies held for consumption. At June 30, 2019, the Cafeteria fund had inventory of $6,453 for food.

## NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Capital Assets

Generally, capital assets result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the Statement of Net Position, but are not reported in the fund financial statements.

Capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition values as of the date received. The District maintains a capitalization threshold of $5,000. The District does not own any infrastructure as defined by GASB. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

All reported capital assets except for land and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

| Description | Estimated Lives |
|---|---|
| Buildings and improvements | 15-50 years |
| Furniture | 5-15 years |

### Deferred Outflows of Resources

Deferred outflows of resources represent a consumption of net position by the District that is applicable to a future reporting period. The deferred outflows of resources related to pensions resulted from District contributions to employee pension plans subsequent to the measurement date of the actuarial valuations for the pension plans and the effects of actuarially-determined changes to the pension plan. These amounts are deferred and amortized as detailed in Note 10 to the financial statements.

### Unearned Revenue

Cash received for federal and state special projects and programs is recognized as revenue to the extent that qualified expenditures have been incurred. Unearned revenue is recorded to the extent eligibility requirements have not been met.

### Compensated Absences

Employee vacation benefits are paid in full at the end of each fiscal year.

## NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Sick leave benefits are accumulated without limit for each employee. The employees do not gain a vested right to accumulated sick leave, therefore, accumulated employee sick leave benefits are not recognized as a liability of the District. The District's policy is to record sick leave as an operating expense in the period taken. However, unused sick leave is added to the creditable service period for calculation of retirement benefits when the employee retires.

### Long-Term Obligations

The District reports long-term debt of governmental funds at face value in the government-wide financial statements. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. General obligation bonds are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued and premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

### Net Pension Liability

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

### Deferred Inflows of Resources

Deferred inflows of resources represent an acquisition of net position by the District that is applicable to a future reporting period. The deferred inflows of resources related to pensions resulted from the effects of actuarially-determined changes to the pension plan. These amounts are deferred and amortized as detailed in Note 10 to the financial statements.

## NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Net Position

Net position represents the difference between assets plus deferred outflows of resources less liabilities and deferred inflows of resources. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvements of those assets and any unspent bond proceeds. Net position is reported as restricted when there are limitations imposed on use through external restrictions imposed by donors, grantors, laws or regulations of other governments or by enabling legislation adopted by the District.

### Fund Balance Classification

The governmental fund financial statements present fund balance classifications that comprise a hierarchy based on the extent to which the District is bound to honor constraints on the specific purposes for which amounts can be spent. The classifications used in the governmental fund financial statements are as follows:

***Nonspendable:*** This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact.

***Restricted:*** Amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

***Committed:*** Amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the District Board of Trustees. These amounts cannot be used for any other purpose unless the District Board of Trustees removes or changes the specified use by taking the same formal action (vote or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

***Unassigned:*** The residual fund balance for the General Fund and all other spendable amounts.

### Spending Order Policy

The District considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted net position or fund balance is available.

## NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District's policy considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the District Board of Trustees has provided otherwise in its commitment or assignment functions.

### Minimum Fund Balance Policy

The District has adopted a minimum fund balance policy in order to protect against revenue shortfalls and unexpected one-time expenditures. The policy requires a reserve for economic uncertainties consisting of unassigned amounts which represent, at a minimum, 5% of annual operating expenditures and other uses.

### State Apportionments

Certain current year apportionments from the state are based upon various financial and statistical information of the previous year. Second period to annual corrections for local control funding formula and other state apportionments (either positive or negative) are accrued at the end of the fiscal year.

### Property Taxes

Secured property taxes attach as an enforceable lien on property as of January 1st. Taxes are payable in two installments on November 1st and February 1st. Unsecured property taxes are payable in one installment on or before August 31st.

Real and personal property tax revenues are reported in the same manner in which the county auditor records and reports actual property tax receipts to the California Department of Education. This is generally on a cash basis. A receivable has not been recognized in the General Fund for property taxes due to the fact that any receivable is offset by a payable to the state for local control funding formula purposes. Property taxes for debt service purposes cannot be estimated and have, therefore, not been accrued in the government-wide financial statements.

### On-Behalf Payments

GAAP requires that direct on-behalf payments for fringe benefits and salaries made by one entity to a third party recipient for the employees of another, legally separate entity be recognized as revenue and expenditures by the employer government. The State of California makes direct on behalf payments for retirement benefits to the State Teachers' Retirement System on behalf of all school districts in California. During the current year the State of California made additional one time contributions to the State Teachers' Retirement System in the amount of $404,100 and

## NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

to the California Public Employees' Retirement System in the amount of $43,612. On-behalf payments made have been recorded in the fund financial statements.

**Contributed Services**

Generally accepted accounting principles require that contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are to be recorded at fair value in the period received. Although the District receives numerous hours of volunteer time, it is not deemed necessary to record these hours on the books of the District based on the above guidelines. In addition, the District receives donations of immaterial equipment and supplies which are not recorded upon receipt.

**Estimates**

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

### Reporting Entity

The District is the level of government primarily accountable for activities related to public education. The governing authority consists of elected officials who, together, constitute the District Board of Trustees.

The District considered its financial and operational relationships with potential component units under the reporting entity definition of GASB. The basic, but not the only, criterion for including another organization in the District's reporting entity for financial reports is the ability of the District's elected officials to exercise oversight responsibility over such agencies. Oversight responsibility implies that one entity is dependent on another and a financial benefit or burden relationship is present and that the dependent unit should be reported as part of the other.

Oversight responsibility is derived from the District's power and includes, but is not limited to: financial interdependency; selection of governing authority; designation of management; ability to significantly influence operations; and accountability for fiscal matters.

## NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Due to the nature and significance of their relationship with the District, including ongoing financial support of the District or its other component units, certain organizations warrant inclusion as part of the financial reporting entity. A legally separate, tax-exempt organization should be reported as a component unit of the District if all of the following criteria are met:

- The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the District, its component units, or its constituents.
- 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 separate organization.
- The economic resources received or held by an individual organization that the District, or its component units, is entitled to, or has the ability to otherwise access, are significant to the District.

The following potential component units have been excluded from the District's reporting entity:

**The Mesa Education Foundation:** The Foundation is a separate not-for-profit corporation. The Foundation is not included as a component unit because the second and third criterions were not met. Separate financial statements for the Foundation may be obtained through the District.

**Parent Faculty Organization (PFO):** The PFO is not included as a component unit because the third criterion was not met.

## NOTE 2: BUDGETS

By state law, the District Board of Trustees must approve a budget no later than July 1$^{st}$, using the Single Adoption Budget process. A public hearing must be conducted to receive comments prior to adoption. The District Board of Trustees satisfied these requirements. Budgets for all governmental funds were adopted on a basis consistent with GAAP.

These budgets are revised by the District Board of Trustees during the year to give consideration to unanticipated income and expenditures. The original and final revised budget for the General Fund is presented in a budgetary comparison schedule in the required supplementary section.

Formal budgetary integration was employed as a management control device during the year for all budgeted funds. Expenditures cannot legally exceed appropriations by major object account.

## NOTE 3: DEPOSITS AND INVESTMENTS

### Deposits

### Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial risk. As of June 30, 2019, none of the District's bank balance was exposed to credit risk.

### Cash in County

In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the Ventura County Treasury as part of the common investment pool. The District is considered an involuntary participant in the investment pool. These pooled funds are recorded at amortized cost which approximates fair value. Fair value of the pooled investments at June 30, 2019 is measured at 100.57% of amortized costs. The District's deposits in the fund are considered to be highly liquid.

The county is authorized to deposit cash and invest excess funds by California Government Code Sections 53534, 53601, 53635 and 53648. The county is restricted to invest 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 funds maintained by the county are either secured by federal depository insurance or are collateralized. The county investment pool is not required to be rated. Interest earned is deposited quarterly into participating funds. Any investment losses are proportionately shared by all funds in the pool.

The county investment pool is not registered as an investment company with the Securities and Exchange Commission (SEC) nor is it an SEC Rule 2a7-like pool. California Government Code statutes and the County Board of Supervisors set forth the various investment policies that the County Treasurer follow. The method used to determine the value of the participant's equity withdrawn is based on the book value, which is amortized cost, of the participant's percentage participation on the date of such withdrawals.

The pools sponsor's annual financial report may be obtained from the Ventura County Board of Supervisors, County Government Center, 800 South Victoria Avenue, Ventura, CA 93009.

## NOTE 4: ACCOUNTS RECEIVABLE

Accounts receivable as of June 30, 2019 consists of the following:

| Accounts Receivable | General Fund | Building Fund | Non-Major Governmental Funds | Total Governmental Funds |
|---|---|---|---|---|
| Federal and state | $ 357,406 | $ - | $ 35,013 | $ 392,419 |
| Miscellaneous | 82,397 | - | 6,113 | 88,510 |
| Total accounts receivable | $ 439,803 | $ - | $ 41,126 | $ 480,929 |

## NOTE 5: INTERFUND TRANSACTIONS

Interfund activity has been eliminated in the government-wide statements. The following balances and transactions are reported in the fund financial statements.

### Interfund Receivables/Payables

Individual interfund receivable and payable balances at June 30, 2019 are temporary loans and are detailed as follows:

| Fund | Interfund Receivables | Interfund Payables |
|---|---|---|
| General Fund | $ 335 | $ - |
| Cafeteria Fund | - | 335 |
| Total | $ 335 | $ 335 |

### Interfund Transfers

Interfund transfers consist of operating transfers from funds receiving revenue to funds through which the resources are to be expended.

Interfund transfers for the 2018-19 fiscal year are as follows:

| | |
|---|---|
| Transfer from the General Fund to the Cafeteria Fund to support the child nutrition program. | $ 3,905 |

## NOTE 6: FUND BALANCES

The following amounts were nonspendable, restricted, committed or unassigned as shown below:

| | General Fund | Building Fund | Non-Major Governmental Funds | Total Governmental Funds |
|---|---|---|---|---|
| Nonspendable: | | | | |
| Cash in revolving fund | $ 1,000 | $ - | $ - | $ 1,000 |
| Prepaid expenditures | 11,100 | - | - | 11,100 |
| Inventory | - | - | 6,453 | 6,453 |
| Total nonspendable | 12,100 | - | 6,453 | 18,553 |
| Restricted: | | | | |
| Legally restricted programs | 153,886 | - | 101,686 | 255,572 |
| Capital projects | - | 3,860,000 | 143,934 | 4,003,934 |
| Debt service | - | - | 701,252 | 701,252 |
| Total restricted | 153,886 | 3,860,000 | 946,872 | 4,960,758 |
| Committed: | | | | |
| Pupil transportation | 20,862 | - | - | 20,862 |
| Technology and equipment | 63,151 | - | - | 63,151 |
| Deferred maintenance program | 118,184 | - | - | 118,184 |
| Total committed | 202,197 | - | - | 202,197 |
| Unassigned: | | | | |
| Economic uncertainties | 328,168 | - | - | 328,168 |
| Unassigned | 1,043,939 | - | - | 1,043,939 |
| Total unassigned | 1,372,107 | - | - | 1,372,107 |
| Total fund balance | $ 1,740,290 | $ 3,860,000 | $ 953,325 | $ 6,553,615 |

## NOTE 7: CAPITAL ASSETS AND DEPRECIATION – SCHEDULE OF CHANGES

Capital asset activity for the year ended June 30, 2019 is shown below.

| | Balance July 1, 2018 | Additions | Retirements | Balance June 30, 2019 |
|---|---|---|---|---|
| Capital assets not being depreciated: | | | | |
| Land | $ 1,967,726 | $ - | $ - | $ 1,967,726 |
| Work in progress | 21,873 | 17,026 | - | 38,899 |
| Total capital assets not being depreciated | 1,989,599 | 17,026 | - | 2,006,625 |
| Capital assets being depreciated: | | | | |
| Site improvements | 6,477,563 | - | - | 6,477,563 |
| Buildings | 8,538,029 | 12,036 | - | 8,550,065 |
| Equipment | 785,923 | 36,266 | 79,904 | 742,285 |
| Total capital assets being depreciated | 15,801,515 | 48,302 | 79,904 | 15,769,913 |
| Less accumulated depreciation for: | | | | |
| Site improvements | (2,536,048) | (277,803) | - | (2,813,851) |
| Buildings | (3,211,376) | (275,417) | - | (3,486,793) |
| Equipment | (687,456) | (23,017) | (79,904) | (630,569) |
| Total accumulated depreciation | (6,434,880) | (576,237) | (79,904) | (6,931,213) |
| Depreciable assets, net | 9,366,635 | (527,935) | - | 8,838,700 |
| Governmental activities capital assets, net | $ 11,356,234 | $ (510,909) | $ - | $ 10,845,325 |

## NOTE 8: LONG-TERM DEBT – SCHEDULE OF CHANGES

A schedule of changes in long-term debt for the year ended June 30, 2019 is shown below.

| | Balance July 1, 2018 | Additions | Reductions | Balance June 30, 2019 | Amount Due in One Year |
|---|---|---|---|---|---|
| General obligation bonds | $ 6,790,000 | $ 4,000,000 | $ 310,000 | $ 10,480,000 | $ 350,000 |
| Premium on general obligation bonds | 486,655 | 126,472 | 42,074 | 571,053 | - |
| Total general obligation bonds | 7,276,655 | 4,126,472 | 352,074 | 11,051,053 | 350,000 |
| Net pension liability | 5,817,632 | 164,202 | - | 5,981,834 | - |
| Total | $ 13,094,287 | $ 4,290,674 | $ 352,074 | $ 17,032,887 | $ 350,000 |

General obligation bonds are liquidated by the tax assessments recorded in the Bond Interest and Redemption Fund. The net pension liability is liquidated by the General Fund.

## NOTE 9: GENERAL OBLIGATION BONDS

On November 5, 2002, $3,900,000 in general obligation bonds were authorized by an election (Measure H) held within the District. The bonds were authorized to finance the acquisition and construction of school facilities of the District, including modernization of the District's existing school and school facilities. In 2003, the District issued bonds, Series A, totaling $3,900,000. In 2011, the District issued a refunding bond to advance refund Series A.

On June 3, 2008, $4,000,000 in general obligation bonds were authorized by an election (Measure A) held within the District. The bonds were authorized to finance the acquisition and construction of school facilities of the District, including modernization of the District's existing school and school facilities. In 2008, the District issued bonds, Series A, totaling $4,000,000. In 2014, the District issued a refunding bond to advance refund a portion of Series A.

On November 6, 2018, $9,875,000 in general obligation bonds were authorized by an election (Measure O) held within the District. The bonds were authorized to finance the acquisition and construction of school facilities of the District, including modernization of the District's existing school and school facilities. In April 2019, the District issued bonds, Series A, totaling $4,000,000.

The outstanding general obligation bonded debt of the District at June 30, 2019 is:

| General Obligation Bonds | Date of Issue | Date of Final Maturity | Interest Rate % | Amount of Original Issue | Outstanding June 30, 2019 |
|---|---|---|---|---|---|
| 2002 Measure H: | | | | | |
| 2011 Refunding | 9/13/2011 | 8/1/2027 | 2.0-5.0 | $ 3,565,000 | $ 2,800,000 |
| 2008 Measure A: | | | | | |
| Series A | 8/14/2008 | 8/1/2033 | 5.25-5.5 | 4,000,000 | - |
| 2014 Refunding | 12/31/2014 | 8/1/2033 | 2.0-5.0 | 3,855,000 | 3,680,000 |
| 2018 Measure O: | | | | | |
| Series A | 4/3/2019 | 8/1/2048 | 3.25-4.0 | 4,000,000 | 4,000,000 |
| Total | | | | $ 15,420,000 | $ 10,480,000 |

## NOTE 9: GENERAL OBLIGATION BONDS

The annual debt service requirements to maturity for general obligation bonds are as follows:

| Year Ending June 30, | Principal | Interest |
|---|---|---|
| 2020 | $ 350,000 | $ 395,921 |
| 2021 | 555,000 | 403,175 |
| 2022 | 585,000 | 380,375 |
| 2023 | 525,000 | 355,825 |
| 2024 | 595,000 | 328,400 |
| 2025-2029 | 2,855,000 | 1,173,048 |
| 2030-2034 | 2,070,000 | 728,118 |
| 2035-2044 | 630,000 | 477,450 |
| 2040-2044 | 950,000 | 349,853 |
| 2045-2049 | 1,365,000 | 143,966 |
| Total | $ 10,480,000 | $ 4,736,131 |

Proceeds received in excess of debt are added to the maturity amount and amortized to interest expense over the life of the liability. The outstanding bonds were issued with total premiums of $829,776. This amount is amortized using the straight-line method. Amortization of $42,074 was recognized during the fiscal year.

The difference between the reacquisition price and the net carrying amount on refunded debt is deferred and amortized as a component of interest expense over the life of the new debt. Payments to the refunding escrow agents exceeded the existing carrying value of the refunded debt by $785,788. This amount is amortized using the straight-line method. Amortization of $44,141 was recognized during the fiscal year.

## NOTE 10: EMPLOYEE RETIREMENT PLANS

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

As of June 30, 2019, the District’s net pension liabilities, deferred outflows of resources, deferred inflows of resources and pension expense for each of the retirement plans are as follows:

## NOTE 10: EMPLOYEE RETIREMENT PLANS

| Pension Plan | Net Pension Liability | Deferred Outflows of Resources | Deferred Inflows of Resources | Pension Expense |
|---|---|---|---|---|
| CalSTRS (STRP) | $ 4,595,350 | $ 1,145,989 | $ 243,700 | $ 539,850 |
| CalPERS (Schools Pool Plan) | 1,386,484 | 431,423 | 17,662 | 261,364 |
| Total | $ 5,981,834 | $ 1,577,412 | $ 261,362 | $ 801,214 |

The details of each plan are as follows:

### California State Teachers' Retirement System (CalSTRS)

### Plan Description

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

### Benefits Provided

The STRP provides retirement, disability and survivor benefits to beneficiaries. Benefits are based on members' final compensation, age and years of service credit. Members hired on or before December 31, 2012, with five years of credited service are eligible for the normal retirement benefit at age 60. Members hired on or after January 1, 2013, with five years of credited service are eligible for the normal retirement benefit at age 62. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service. The STRP is comprised of four programs: Defined Benefit Program, Defined Benefit Supplement Program, Cash Balance Benefit Program and Replacement Benefits Program. The STRP holds assets for the exclusive purpose of providing benefits to members and beneficiaries of these programs. CalSTRS also uses plan assets to defray reasonable expenses of administering the STRP. Although CalSTRS is the administrator of the STRP, the state is the sponsor of the STRP and obligor of the trust. In addition, the state is both an employer and nonemployer contributing entity to the STRP.

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

## NOTE 10: EMPLOYEE RETIREMENT PLANS

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

| Provisions and Benefits | STRP Defined Benefit Program and Supplement Program | |
|---|---|---|
| Hire date | On or Before December 31, 2012 | On or after January 1, 2013 |
| Benefit formula | 2% at 60 | 2% at 62 |
| Benefit vesting schedule | 5 years of service | 5 years of service |
| Benefit payments | Monthly for life | Monthly for life |
| Retirement age | 60 | 62 |
| Monthly benefits as a percentage of eligible compensation | 2.0%-2.4% | 2.0%-2.4% |
| Required employee contribution rate | 10.25% | 10.205% |
| Required employer contribution rate | 16.28% | 16.28% |
| Required state contribution rate | 9.828% | 9.828% |

### Contributions

Required member, District and State of California contribution 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. The contribution rates for each plan for the year ended June 30, 2019 are presented above and the total District contributions were $417,839.

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

At June 30, 2019, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for state pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the District were as follows:

| Proportionate Share of Net Pension Liability | Balance June 30, 2019 |
|---|---|
| District proportionate share of net pension liability | $ 4,595,350 |
| State's proportionate share of the net pension liability associated with the District | 2,631,066 |
| Total | $ 7,226,416 |

The net pension liability was measured as of June 30, 2018. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the state, actuarially determined. At June 30, 2018, the District's proportion was 0.0050%.

## NOTE 10: EMPLOYEE RETIREMENT PLANS

For the year ended June 30, 2019, the District recognized pension expense of $539,850. In addition, the District recognized revenue and corresponding expense of $309,091 for support provided by the state. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| Pension Deferred Outflows and Inflows of Resources | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Pension contributions subsequent to measurement date | $ 417,839 | $ - |
| Differences between expected and actual experience | 14,250 | 66,750 |
| Changes of assumptions | 713,900 | - |
| Net differences between projected and actual earnings on pension plan investments | - | 176,950 |
| Total | $ 1,145,989 | $ 243,700 |

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. The net difference between projected and actual earnings on plan investments is amortized over a five year period on a straight-line basis. One-fifth is recognized in pension expense during the measurement period and remaining amount is deferred and will be amortized over the remaining four-year period. The remaining net differences between projected and actual earnings on plan investments shown above represents the unamortized balance relating to the current measurement period and the prior measurement periods.

All other deferred outflows of resources and deferred inflows of resources are amortized over the expected average remaining service life (EARSL) of the plan participants. The EARSL for the STRP for the June 30, 2018 measurement date is seven years. The first year of amortization is recognized in pension expense for the year the gain or loss occurs. The remaining amounts are deferred and will be amortized over the remaining periods not to exceed six years.

The remaining amount will be recognized to pension expense as follows:

| Year Ending June 30, | Amortization |
|---|---|
| 2020 | $ 165,350 |
| 2021 | 99,050 |
| 2022 | (21,524) |
| 2023 | 97,294 |
| 2024 | 144,955 |
| 2025 | (675) |
| Total | $ 484,450 |

## NOTE 10: EMPLOYEE RETIREMENT PLANS

### Actuarial Methods and Assumptions

Total pension liability for STRP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2017, and rolling forward the total pension liability to June 30, 2018. The financial reporting actuarial valuation as of June 30, 2017 used the following methods and assumptions, applied to all prior periods included in the measurement:

| Actuarial Methods and Assumptions | |
|---|---|
| Valuation Date | June 30, 2017 |
| Measurement Date | June 30, 2018 |
| Experience Study | July 1, 2010 through June 30, 2015 |
| Actuarial Cost Method | Entry Age Normal |
| Discount Rate | 7.10% |
| Investment Rate of Return | 7.10% |
| Consumer Price Inflation | 2.75% |
| Wage Growth | 3.50% |

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant and adopted by the CalSTRS Board in February 2017. The assumed asset allocation is based on board policy for target asset allocation in effect on February 2017, the date the current experience study was approved by the board. Best estimates of 20-year geometric real rates of return and the assumed asset allocation for each major asset class used as input to develop the actuarial investment rate of return are summarized in the following table:

## NOTE 10: EMPLOYEE RETIREMENT PLANS

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

### Discount Rate

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

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

| Discount Rate | Net Pension Liability |
|---|---|
| 1% decrease (6.10%) | $ 6,731,650 |
| Current discount rate (7.10%) | 4,595,350 |
| 1% increase (8.10%) | 2,824,150 |

### Plan Fiduciary Net Position

Detailed information about the STRP's plan fiduciary net position is available in a separate comprehensive annual financial report for CalSTRS. Copies of the CalSTRS annual financial report may be obtained from CalSTRS, 7667 Folsom Boulevard, Sacramento, CA 95826.

## NOTE 10: EMPLOYEE RETIREMENT PLANS

### California Public Employees Retirement System (CalPERS)

### Plan Description

Qualified employees are eligible to participate in the Schools Pool Plan under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the Public Employees' Retirement Law.

### Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of service credit, a benefit factor, and the member's final compensation. Members hired on or before December 31, 2012, with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. Members hired on or after January 1, 2013, with five years of total service are eligible to retire at age 52 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 5 years of service. The Basic Death Benefit is paid to any member's beneficiary if the member dies while actively employed. An employee's eligible survivor may receive the 1957 Survivor Benefit if the member dies while actively employed, is at least age 50 (or 52 for members hired on or after January 1, 2013), and has at least 5 years of credited service. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

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

| Provisions and Benefits | Schools Pool Plan (CalPERS) | |
|---|---|---|
| Hire date | On or Before December 31, 2012 | On or after January 1, 2013 |
| Benefit formula | 2% at 55 | 2% at 62 |
| Benefit vesting schedule | 5 years of service | 5 years of service |
| Benefit payments | Monthly for life | Monthly for life |
| Retirement age | 55 | 62 |
| Monthly benefits as a percentage of eligible compensation | 1.1%-2.5% | 1.0%-2.5% |
| Required employee contribution rate | 7.00% | 7.00% |
| Required employer contribution rate | 18.062% | 18.062% |

## NOTE 10: EMPLOYEE RETIREMENT PLANS

### Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Total plan contributions are determined through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2019 are as presented above and the total District contributions were $137,600.

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

As of June 30, 2019, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $1,386,484. The net pension liability was measured as of June 30, 2018. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2018, the District's proportion was 0.0052%.

For the year ended June 30, 2019, the District recognized pension expense of $261,364. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| Pension Deferred Outflows and Inflows of Resources | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Pension contributions subsequent to measurement date | $ 137,600 | $ - |
| Differences between expected and actual experience | 90,893 | - |
| Changes of assumptions | 138,434 | - |
| Changes in proportion | 53,124 | 17,662 |
| Net differences between projected and actual earnings on pension plan investments | 11,372 | - |
| Total | $ 431,423 | $ 17,662 |

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. The net difference between projected and actual earnings on plan investments is amortized over a five year period on a straight-line basis. One-fifth is

**NOTE 10: EMPLOYEE RETIREMENT PLANS**

recognized in pension expense during the measurement period and remaining amount is deferred and will be amortized over the remaining four-year period. The remaining net differences between projected and actual earnings on plan investments shown above represents the unamortized balance relating to the current measurement period and the prior measurement period.

All other deferred outflows of resources and deferred inflows of resources are amortized over the expected average remaining service life (EARSL) of the plan participants. The EARSL for the CalPERS Schools Pool Plan for the June 30, 2018 measurement date is 4.0 years. The first year of amortization is recognized in pension expense for the year the gain or loss occurs. The remaining amounts are deferred and will be amortized over the remaining periods not to exceed 3.0 years.

The remaining amount will be recognized in pension expense as follows:

| Year Ending June 30, | Amortization |
|---|---|
| 2020 | $ 147,611 |
| 2021 | 129,001 |
| 2022 | 7,732 |
| 2023 | (8,183) |
| Total | $ 276,161 |

**Actuarial Methods and Assumptions**

Total pension liability for the Schools Pool Plan was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2017, and rolling forward the total pension liability to June 30, 2018. The financial reporting actuarial valuation as of June 30, 2017 used the following methods and assumptions, applied to all prior periods included in the measurement:

| Actuarial Methods and Assumptions | |
|---|---|
| Valuation Date | June 30, 2017 |
| Measurement Date | June 30, 2018 |
| Experience Study | July 1, 1997 through June 30, 2015 |
| Actuarial Cost Method | Entry Age Normal |
| Discount Rate | 7.15% |
| Investment Rate of Return | 7.50% |
| Consumer Price Inflation | 2.50% |
| Wage Growth | Varies by entry age and service |

## NOTE 10: EMPLOYEE RETIREMENT PLANS

Mortality assumptions are based on mortality rates resulting from the most recent CalPERS experience study adopted by the CalPERS Board. For purposes of the post-retirement mortality rates, those revised rates include 15 years of mortality improvements using 90 percent of scale MP 2016 published by the Society of Actuaries.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the 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 adjusted to account for assumed administrative expenses. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

| Asset Class | Assumed Asset Allocation | Long-term Expected Real Rate of Return |
|---|---|---|
| Global equity | 50% | 5.98% |
| Fixed income | 28% | 2.62% |
| Private equity | 8% | 7.23% |
| Real assets | 13% | 4.93% |
| Liquidity | 1% | -0.92% |

### Discount Rate

The discount rate used to measure the total pension liability was 7.15% and reflects the long-term expected rate of return for the Schools Pool Plan net of investment expenses and without reduction for administrative expenses. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Based on these assumptions, the Schools Pool Plan fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine total pension liability.

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

## NOTE 10: EMPLOYEE RETIREMENT PLANS

| Discount Rate | Net Pension Liability |
|---|---|
| 1% decrease (6.15%) | $ 2,018,654 |
| Current discount rate (7.15%) | 1,386,484 |
| 1% increase (8.15%) | 862,008 |

### Changes of Assumptions

During the fiscal year of the measurement date of June 30, 2018, the CalPERS Board adopted new mortality assumptions for the plan. The new mortality table was developed from the December 2017 experience study and includes 15 years of projected ongoing mortality improvement using 90 percent of scale MP 2016 published by the Society of Actuaries. The inflation assumption is reduced from 2.75% to 2.50%. The assumptions for individual salary increases and overall payroll growth are reduced from 3.00% to 2.75%. Deferred outflows of resources for changes of assumptions represents the unamortized portion of this assumption change.

### Plan Fiduciary Net Position

Detailed information about CalPERS Schools Pool Plan fiduciary net position is available in a separate comprehensive annual financial report. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, CA 95814.

## NOTE 11: POST-EMPLOYMENT BENEFITS

The District provides post-employment health care benefits, in accordance with District employment contracts and District Board policies, to retired employees who were hired prior to January 1, 1999, and had been a full-time employee of the District for at least 15 consecutive years prior to retirement. Retiree benefits are terminated when the retiree reaches the age of 65.

Following are the maximum amounts that the District contributes towards the premium for eligible retirees:

- Hire date after August 1, 1985 and prior to September 1, 1996: The District pays up to a maximum of $1,500 annually towards the benefits. There are currently three employees who may be eligible to retire under this plan.
- Hire date after September 1, 1996 and prior to January 1, 1999: The District pays up to a maximum of $1,000 annually towards the benefits. There are currently three employees who may be eligible to retire under this plan.

The potential future liability related to the post-employment benefits plan has not been included in long term debt as the estimated liability calculated is not material to the financial statements.

## NOTE 12: JOINT POWERS AGREEMENTS

The District participates in three joint power agreement (JPA) entities, Ventura County Schools Self-Funding Authority (VCSSFA), Ventura County Schools Business Services Authority (VCSBSA) and Self-Insured Schools of California (SISC). VCSSFA provides workers' compensation, property and liability coverage for its member school districts through a varying combination of coverage. The District pays a contribution commensurate with the level of coverage requested. VCSBSA was established April 1, 1988 for the purpose of providing school business services for participating public agencies. SISC arranges for health and welfare benefits for employees and retirees of participating school districts and their eligible dependents. Member districts pay a monthly premium per eligible participant. Claims have not exceeded coverage in any of the past three fiscal years.

Each JPA is governed by a board consisting of a representative from each member district. Each governing board controls the operations of its JPA independent of any influence by the District beyond the District's representation on the governing boards.

Each JPA is independently accountable for its fiscal matters. VCSSFA, VCSBSA and SISC maintain their own accounting records. Budgets are not subject to any approval other than that of the respective governing boards. Member districts share surpluses and deficits proportionately to their participation in the JPA. Separate financial statements for each JPA may be obtained from the respective entity.

The relationships between the District and the JPAs are such that none of the JPAs are a component unit of the District for financial reporting purposes.

Condensed financial information is as follows:

| JPA Condensed Financial Information | VCSSFA (Audited) 6/30/2019 | VCSBSA (Audited) 6/30/2019 | SISC (Audited) 9/30/2018 |
|---|---|---|---|
| Total assets and deferred outflows of resources | $ 129,370,132 | $ 1,555,936 | $ 642,346,557 |
| Total liabilities and deferred inflows of resources | 54,135,779 | 984,642 | 197,341,183 |
| Net position | $ 75,234,353 | $ 571,294 | $ 445,005,374 |
| Total revenues | 29,793,799 | 1,515,002 | 2,314,300,371 |
| Total expenditures | 24,474,102 | 1,380,817 | 2,236,274,883 |
| Total expenditures | $ 5,319,697 | $ 134,185 | $ 78,025,488 |

## NOTE 13: COMMITMENTS AND CONTINGENCIES

### Litigation

The District is involved in claims and legal actions arising in the ordinary course of business. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the District's financial statements.

### State and Federal Allowances, Awards, and Grants

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

### County School Facilities Fund

The District participated in a construction project funded through the Office of Public School Construction. This project is subject to future audits by the state, which may result in adjustments to the fund.

## NOTE 14: GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENTS ISSUED, NOT YET EFFECTIVE

The Governmental Accounting Standards Board (GASB) has issued pronouncements prior to June 30, 2019, that have effective dates that will impact future financial presentations; however, the impact of the implementation of each of the statements below to the District’s financial statements has not been assessed at this time.

***Statement No. 84 – Fiduciary Activities***

Issued in January 2017, 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 activities and (2) the beneficiary with whom a fiduciary relationship exists. The statement is effective for the fiscal year 2019-20.

**Statement No. 87 – *Leases***

This statement was issued in June 2017 and addresses accounting and financial reporting for leases by governments. This statement requires 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

**NOTE 14: GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENTS ISSUED, NOT YET EFFECTIVE**

of the right to use an underlying asset. Under this statement, 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. The statement is effective for the fiscal year 2020-21.

**Statement No. 90 – *Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61***

The statement modifies previous guidance for reporting a majority equity interest in a legally separate organization and provides guidance for reporting a component unit if 100 percent equity interest is acquired in that component unit. The statement is effective for the fiscal year 2019-20.

**Statement No. 91 – *Conduit Debt Obligations***

The objective of the statement is to eliminate diversity in practice associated with commitments extended by issuers, arrangements associated with conduit obligations and related note disclosures. The statement clarifies the existing definition of a conduit debt obligation, establishing that a conduit debt obligation is not a liability of the user, and establishing standards for accounting and financial reporting. The statement is effective for the fiscal year 2021-22.

**REQUIRED SUPPLEMENTARY INFORMATION**

## MESA UNION SCHOOL DISTRICT

## SCHEDULE OF BUDGETARY COMPARISON FOR THE GENERAL FUND
### For the Fiscal Year Ended June 30, 2019

| | Budgetary Amounts - General Fund | | Actual Amounts | Fund Basis to GAAP (a) | Actual Amounts |
|---|---|---|---|---|---|
| | Original | Final | General Fund | | GAAP Basis |
| **Revenues** | | | | | |
| Local control funding formula sources: | | | | | |
| State apportionments | $ 3,947,728 | $ 3,804,789 | $ 3,819,269 | $ - | $ 3,819,269 |
| Local sources | 1,210,980 | 1,374,639 | 1,360,159 | - | 1,360,159 |
| Total local control funding formula sources | 5,158,708 | 5,179,428 | 5,179,428 | - | 5,179,428 |
| Federal sources | 336,371 | 350,419 | 329,214 | - | 329,214 |
| Other state sources | 229,320 | 334,159 | 780,288 | - | 780,288 |
| Other local sources | 661,038 | 902,232 | 901,658 | 2,442 | 904,100 |
| **Total Revenues** | 6,385,437 | 6,766,238 | 7,190,588 | 2,442 | 7,193,030 |
| **Expenditures** | | | | | |
| Certificated salaries | 2,566,458 | 2,591,591 | 2,571,830 | - | 2,571,830 |
| Classified salaries | 813,880 | 961,523 | 949,067 | - | 949,067 |
| Employee benefits | 1,218,613 | 1,220,539 | 1,633,884 | - | 1,633,884 |
| Books and supplies | 255,704 | 298,122 | 256,773 | - | 256,773 |
| Services and other operating expenditures | 862,604 | 1,045,353 | 1,003,729 | - | 1,003,729 |
| Capital outlay | 100,000 | 29,065 | 29,063 | - | 29,063 |
| Other outgo | 438,538 | 471,922 | 462,809 | - | 462,809 |
| **Total Expenditures** | 6,255,797 | 6,618,115 | 6,907,155 | - | 6,907,155 |
| Excess of revenues over expenditures | 129,640 | 148,123 | 283,433 | 2,442 | 285,875 |
| **Other Financing Uses** | | | | | |
| Interfund transfers out | - | (103,905) | (103,905) | 100,000 | (3,905) |
| **Total Other Financing Uses** | - | (103,905) | (103,905) | 100,000 | (3,905) |
| Net changes in fund balance | $ 129,640 | $ 44,218 | 179,528 | 102,442 | 281,970 |
| **Fund Balance - Beginning of Year** | | | 1,358,565 | 99,755 | 1,458,320 |
| **Fund Balance - End of Year** | | | $ 1,538,093 | $ 202,197 | $ 1,740,290 |

(a) Amounts presented are the result of the District including activity of the Deferred Maintenance Fund, Pupil Transportation Fund, and Special Reserve Fund for Other than Capital Outlay. Interfund transfers have been elminated.

See the accompanying notes to the required supplementary information.

# MESA UNION SCHOOL DISTRICT

## SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
## For the Fiscal Year Ended June 30, 2019

| State Teachers' Retirement System - State Teachers' Retirement Plan | 2015 | 2016 | 2017 | 2018 | 2019 |
|---|---|---|---|---|---|
| District's proportion of the net pension liability | 0.0050% | 0.0050% | 0.0050% | 0.0050% | 0.0050% |
| District's proportionate share of the net pension liability | $ 2,921,850 | $ 3,366,200 | $ 4,044,050 | $ 4,624,000 | $ 4,595,350 |
| State's proportionate share of the net pension liability associated with the District | 1,764,357 | 1,780,344 | 2,302,544 | 2,735,542 | 2,631,066 |
| Total | $ 4,686,207 | $ 5,146,544 | $ 6,346,594 | $ 7,359,542 | $ 7,226,416 |
| District's covered payroll | $ 2,260,000 | $ 2,281,000 | $ 2,348,000 | $ 2,443,000 | $ 2,624,000 |
| District's proportionate share of the net pension liability as a percentage of its covered payroll | 129% | 148% | 172% | 189% | 175% |
| Plan fiduciary net position as a percentage of the total pension liability | 77% | 74% | 70% | 69% | 71% |

| California Public Employees' Retirement System - Schools Pool Plan | 2015 | 2016 | 2017 | 2018 | 2019 |
|---|---|---|---|---|---|
| District's proportion of the net pension liability | 0.0054% | 0.0052% | 0.0047% | 0.0050% | 0.0052% |
| District's proportionate share of the net pension liability | $ 613,031 | $ 766,485 | $ 928,253 | $ 1,193,632 | $ 1,386,484 |
| District's covered payroll | $ 562,000 | $ 571,500 | $ 566,000 | $ 639,000 | $ 682,000 |
| District's proportionate share of the net pension liability as a percentage of its covered payroll | 109% | 134% | 164% | 187% | 203% |
| Plan fiduciary net position as a percentage of the total pension liability | 83% | 79% | 74% | 72% | 71% |

Note: Accounting standards require presentation of 10 years of information. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule as future data becomes available.

The amounts for covered payroll are reported as of the previous fiscal year to align with the measurement date of the net pension liability.

See the accompanying notes to the required supplementary information.

# MESA UNION SCHOOL DISTRICT

## SCHEDULE OF DISTRICT CONTRIBUTIONS
## For the Fiscal Year Ended June 30, 2019

| State Teachers' Retirement System - State Teachers' Retirement Plan | 2015 | 2016 | 2017 | 2018 | 2019 |
|---|---|---|---|---|---|
| Contractually required contribution | $ 202,533 | $ 251,913 | $ 307,324 | $ 378,651 | $ 417,839 |
| Contributions in relation to the contractually required contributions | 202,533 | 251,913 | 307,324 | 378,651 | 417,839 |
| Contribution deficiency (excess) | $ - | $ - | $ - | $ - | $ - |
| District's covered payroll | $ 2,281,000 | $ 2,348,000 | $ 2,443,000 | $ 2,624,000 | $ 2,566,000 |
| Contributions as a percentage of its covered payroll | 8.88% | 10.73% | 12.58% | 14.43% | 16.28% |

| California Public Employees' Retirement System - Schools Pool Plan | 2015 | 2016 | 2017 | 2018 | 2019 |
|---|---|---|---|---|---|
| Contractually required contribution | $ 67,276 | $ 67,045 | $ 88,779 | $ 105,967 | $ 137,600 |
| Contributions in relation to the contractually required contributions | 67,276 | 67,045 | 88,779 | 105,967 | 137,600 |
| Contribution deficiency (excess) | $ - | $ - | $ - | $ - | $ - |
| District's covered payroll | $ 571,500 | $ 566,000 | $ 639,000 | $ 682,000 | $ 762,000 |
| Contributions as a percentage of its covered payroll | 11.77% | 11.85% | 13.89% | 15.53% | 18.06% |

Note: Accounting standards require presentation of 10 years of information. However, the information in this schedule is not presented retroactively.
Years will be added to this schedule as future data becomes available.

See the accompanying notes to the required supplementary information.

# NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
## For the Fiscal Year Ended June 30, 2019

## NOTE 1: PURPOSE OF SCHEDULES

### Schedule of Budgetary Comparison For The General Fund

A budgetary comparison is presented for the general fund. This schedule presents the budget as originally adopted, the revised budget as of the fiscal year end, actual amounts at fiscal year end, and any adjustments needed to present the amounts in accordance with generally accepted accounting principles (GAAP).

### Schedules of District's Proportionate Share of the Net Pension Liability – CalSTRS (STRP) and CalPERS (Schools Pool Plan)

The schedule presents information on the District's proportionate share of the net pension liability, the plans' fiduciary net position and, when applicable, the state's proportionate share of the net pension liability associated with the District. In the future, as data becomes available, 10 years of information will be presented.

### Schedules of District Contributions – CalSTRS (STRP) and CalPERS (Schools Pool Plan)

The schedule presents information on the District's required contribution, the amounts actually contributed and any excess or deficiency related to the required contribution. In the future, as data becomes available, 10 years of information will be presented.

## NOTE 2: EXCESS OF EXPENDITURES OVER APPROPRIATIONS

Excesses of expenditures over appropriations, by major object accounts, occurred in the funds as follows:

| | | |
|---|---|---|
| General Fund: | | |
| Employee benefits * | $ | 413,345 |

* The excess of expenditures over appropriations for employee benefits is due to the exclusion of the STRS/PERS on-behalf contributions of $447,712 from the budget.

## SUPPLEMENTARY INFORMATION

**MESA UNION SCHOOL DISTRICT**

**HISTORY AND ORGANIZATION**
**For the Fiscal Year Ended June 30, 2019**

The Mesa Union School District was established in 1873 and is located in Ventura County. There were no changes in the boundaries of the District during the current year. The District is currently operating one elementary school consisting of kindergarten through eighth grade. The District also sponsors Golden Valley Charter School, an independent, non-classroom based program serving kindergarten through twelfth grade students.

The Board of Trustees and the District Administrators for the fiscal year ended June 30, 2019 were as follows:

**BOARD OF TRUSTEES**

| Member | Office | Term Expires |
|---|---|---|
| Mary Crull | President | December 2020 |
| Neil Canby | Vice President | December 2022 |
| Krista Nowak | Clerk | December 2022 |
| Steven Sullivan | Member | December 2020 |
| Roddie Villa | Member | December 2022 |

**DISTRICT ADMINISTRATORS**

| | |
|---|---|
| Jeff Turner | Superintendent |
| Tami Peterson | Chief Business Official |

# MESA UNION SCHOOL DISTRICT

## SCHEDULE OF AVERAGE DAILY ATTENDANCE (ADA)
## For the Fiscal Year Ended June 30, 2019

The requirements governing ADA, admission of pupils, types of schools, recording and reporting of pupil attendance, and similar matters are controlled by provisions of the Education Code and by regulations of the California Department of Education.

ADA statistics reported to the state for the fiscal year ended June 30, 2019 are as follows:

| | Revised Second Period | Annual |
|---|---|---|
| Regular ADA | | |
| Transitional Kindergarten through third grade | 264 | 265 |
| Fourth through sixth grade | 200 | 199 |
| Seventh and eighth grade | 127 | 126 |
| Total ADA | 591 | 590 |

See the accompanying notes to the supplementary information.

**MESA UNION SCHOOL DISTRICT**

**SCHEDULE OF INSTRUCTIONAL TIME**
**For the Fiscal Year Ended June 30, 2019**

| Grade Level | Minute Requirement | Actual Minutes | Number of Days Traditional Calendar | Status |
|---|---|---|---|---|
| Kindergarten | 36,000 | 53,555 | 180 | In Compliance |
| Grade 1 | 50,400 | 51,540 | 180 | In Compliance |
| Grade 2 | 50,400 | 51,540 | 180 | In Compliance |
| Grade 3 | 50,400 | 51,540 | 180 | In Compliance |
| Grade 4 | 54,000 | 57,210 | 180 | In Compliance |
| Grade 5 | 54,000 | 57,210 | 180 | In Compliance |
| Grade 6 | 54,000 | 57,210 | 180 | In Compliance |
| Grade 7 | 54,000 | 57,210 | 180 | In Compliance |
| Grade 8 | 54,000 | 57,210 | 180 | In Compliance |

See the accompanying notes to the supplementary information.

## MESA UNION SCHOOL DISTRICT

## SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
### For the Fiscal Year Ended June 30,

| | 2020 (Budgeted) | 2019 | 2018 | 2017 |
|---|---|---|---|---|
| Revenues | | | | |
| Local control funding formula sources | $ 5,408,746 | $ 5,179,428 | $ 4,826,677 | $ 4,685,639 |
| Federal sources | 361,879 | 329,214 | 254,395 | 287,993 |
| Other state sources | 147,031 | 780,288 | 661,727 | 457,022 |
| Other local sources | 805,159 | 901,658 | 755,163 | 902,582 |
| Total revenues | 6,722,815 | 7,190,588 | 6,497,962 | 6,333,236 |
| Expenditures | | | | |
| Certificated salaries | 2,671,685 | 2,571,830 | 2,632,866 | 2,430,193 |
| Classified salaries | 926,627 | 949,067 | 862,218 | 760,299 |
| Employee benefits | 1,340,611 | 1,633,884 | 1,323,059 | 1,179,465 |
| Books and supplies | 403,477 | 256,773 | 304,237 | 401,664 |
| Services and other operating expenditures | 999,659 | 1,003,729 | 998,651 | 1,001,641 |
| Capital outlay | - | 29,063 | 454,574 | 28,420 |
| Other outgo | 448,361 | 462,809 | 438,683 | 618,644 |
| Interfund transfers out | - | 103,905 | - | - |
| Total expenditures | 6,790,420 | 7,011,060 | 7,014,288 | 6,420,326 |
| Change in fund balance | $ (67,605) | $ 179,528 | $ (516,326) | $ (87,090) |
| Ending fund balance | $ 1,470,488 | $ 1,538,093 | $ 1,358,565 | $ 1,874,891 |
| Available reserve | $ 1,417,255 | $ 1,372,107 | $ 1,243,858 | $ 1,715,339 |
| Available reserve % | 20.9% | 19.6% | 17.7% | 26.7% |
| State recommended reserve % | 4.0% | 4.0% | 4.0% | 4.0% |
| ADA | 599 | 591 | 593 | 589 |
| Total long term debt | $ 16,682,887 | $ 17,032,887 | $ 13,094,287 | $ 12,559,954 |

The amounts above are those reported as General Fund in the Annual Financial and Budget Report and do not include special revenue funds included in the General Fund of the governmental funds' financial statements.

Available reserves are those amounts reserved for economic uncertainty and any other remaining unassigned fund balance from the General Fund. For a District this size, the state recommends a 4% reserve of total General Fund expenditures, transfers out and other uses. For the year ended June 30, 2019, the District has met this requirement.

The 2020 budget is the original budget adopted on June 13, 2019.

See the accompanying notes to the supplementary information.

**MESA UNION SCHOOL DISTRICT**

**SCHEDULE OF CHARTER SCHOOLS**
**For the Fiscal Year Ended June 30, 2019**

| Charter School # | Charter School | Included in District Audit Report |
|---|---|---|
| 0356 | Golden Valley Charter School | No |

See the accompanying notes to the supplementary information.

## MESA UNION SCHOOL DISTRICT

## RECONCILIATION OF THE ANNUAL FINANCIAL AND BUDGET REPORT WITH THE AUDITED FINANCIAL STATEMENTS
**For the Fiscal Year Ended June 30, 2019**

There were no differences between the fund balances reported on the June 30, 2019 Annual Financial and Budget Report for the governmental funds and the audited financial statements.

**NOTES TO THE SUPPLEMENTARY INFORMATION**
**For the Fiscal Year Ended June 30, 2019**

## NOTE 1: PURPOSE OF SCHEDULES

### Schedule of Average Daily Attendance (ADA)

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

### Schedule of Instructional Time

The District has met or exceeded its target funding. This schedule presents information on the amount of instructional time offered by the District and whether the District complied with the provisions of Education Code Sections 46207 through 46208.

### Schedule of Financial Trends and Analysis

The *2018-19 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* requires that this schedule be prepared showing financial trends of the general fund over the past three fiscal years as well as the current year budget. This report is intended to identify if the District faces potential fiscal problems and if they have met the recommended available reserve percentages.

### Schedule of Charter Schools

The *2018-19 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* requires that this schedule list all charter schools chartered by the District and inform the users whether or not the charter school information is included in the District’s financial statements.

### Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

This schedule provides the information necessary to reconcile the fund balances of all funds as reported on the annual Financial and Budget Report form to the audited financial statements.

**OPTIONAL SUPPLEMENTARY INFORMATION**

## MESA UNION SCHOOL DISTRICT

## COMBINING BALANCE SHEET
## NON-MAJOR GOVERNMENTAL FUNDS
## June 30, 2019

| | Cafeteria Fund | Capital Facilities Fund | County School Facilities Fund | Bond Interest and Redemption Fund | Total Non-Major Governmental Funds |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| Cash in county treasury | $ 70,937 | $ 88,416 | $ 54,168 | $ 696,489 | $ 910,010 |
| Cash and cash equivalents | 100 | - | - | - | 100 |
| Accounts receivable | 35,013 | 839 | 511 | 4,763 | 41,126 |
| Inventory | 6,453 | - | - | - | 6,453 |
| **Total Assets** | $ 112,503 | $ 89,255 | $ 54,679 | $ 701,252 | $ 957,689 |
| **Liabilities and Fund Balances** | | | | | |
| **Liabilities** | | | | | |
| Accounts payable | $ 1,223 | $ - | $ - | $ - | $ 1,223 |
| Due to other funds | 335 | - | - | - | 335 |
| Unearned revenue | 2,806 | - | - | - | 2,806 |
| **Total Liabilities** | 4,364 | - | - | - | 4,364 |
| **Fund Balances** | | | | | |
| Nonspendable | 6,453 | - | - | - | 6,453 |
| Restricted | 101,686 | 89,255 | 54,679 | 701,252 | 946,872 |
| **Total Fund Balances** | 108,139 | 89,255 | 54,679 | 701,252 | 953,325 |
| **Total Liabilities and Fund Balances** | $ 112,503 | $ 89,255 | $ 54,679 | $ 701,252 | $ 957,689 |

See the accompanying notes to the optional supplementary information.

## MESA UNION SCHOOL DISTRICT

## COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
## NON-MAJOR GOVERNMENTAL FUNDS
## For the Fiscal Year Ended June 30, 2019

| | Cafeteria Fund | Capital Facilities Fund | County School Facilities Fund | Bond Interest and Redemption Fund | Total Non-Major Governmental Funds |
|---|---|---|---|---|---|
| **Revenues** | | | | | |
| Federal sources | $ 162,043 | $ - | $ - | $ - | $ 162,043 |
| Other state sources | 12,218 | - | - | 2,828 | 15,046 |
| Other local sources | 45,554 | 2,114 | 1,283 | 635,910 | 684,861 |
| **Total Revenues** | 219,815 | 2,114 | 1,283 | 638,738 | 861,950 |
| **Expenditures** | | | | | |
| Pupil services | 217,894 | - | - | - | 217,894 |
| General administration | - | - | - | 39,000 | 39,000 |
| Debt service | - | - | - | 600,055 | 600,055 |
| **Total Expenditures** | 217,894 | - | - | 639,055 | 856,949 |
| Excess (deficiency) of revenues over expenditures | 1,921 | 2,114 | 1,283 | (317) | 5,001 |
| **Other Financing Sources** | | | | | |
| Premium on sale of bonds | - | - | - | 126,472 | 126,472 |
| Interfund transfers in | 3,905 | - | - | - | 3,905 |
| **Total Other Financing Sources** | 3,905 | - | - | 126,472 | 130,377 |
| Net changes in fund balance | 5,826 | 2,114 | 1,283 | 126,155 | 135,378 |
| **Fund Balances at Beginning of Year** | 102,313 | 87,141 | 53,396 | 575,097 | 817,947 |
| **Fund Balances at End of Year** | $ 108,139 | $ 89,255 | $ 54,679 | $ 701,252 | $ 953,325 |

See the accompanying notes to the optional supplementary information.

# NOTES TO THE OPTIONAL SUPPLEMENTARY INFORMATION
**For the Fiscal Year Ended June 30, 2019**

## NOTE 1: PURPOSE OF SCHEDULES

### Combining Fund Financial Statements

The combining fund balance sheet and statement of revenues, expenditures and changes in fund balance has been presented for the non-major funds to provide additional information to the users of these financial statements. These statements have been prepared using the basis of accounting described in the notes to the financial statements.

# OTHER INDEPENDENT AUDITORS' REPORTS

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Trustees
Mesa Union School District
Somis, California

We have audited, 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Mesa Union 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, and have issued our report thereon dated December 10, 2019.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the 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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 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.

**INDEPENDENT AUDITORS' 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***

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 non-compliance 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.

CliftonLarsonAllen LLP
Glendora, California
December 10, 2019

## INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

Board of Trustees
Mesa Union School District
Somis, California

We have audited the Mesa Union School District's (the District) 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*, published by the Education Audit Appeals Panel for the year ended June 30, 2019. The District's state compliance requirements are identified in the table provided.

### Management's Responsibility

Management is responsible for compliance with the state laws and regulations as identified below.

### Auditors' Responsibility

Our responsibility is to express an opinion on the District's compliance based on our audit of the types of compliance requirements referred to below. 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 *2018-19 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the specific areas listed below has occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion on state compliance. However, our audit does not provide a legal determination of the District's compliance.

## INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

**Compliance Requirements Tested**

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

| Description | Procedures Performed |
|---|---|
| Attendance | Yes |
| Teacher Certification and Misassignments | Yes |
| Kindergarten Continuance | Yes |
| Independent Study | Not Applicable |
| Continuation Education | Not Applicable |
| Instructional Time | Yes |
| Instructional Materials | Yes |
| Ratio of Administrative Employees to Teachers | Yes |
| Classroom Teacher Salaries | Yes |
| Early Retirement Incentive | Not Applicable |
| GANN Limit Calculation | Yes |
| School Accountability Report Card | Yes |
| Juvenile Court Schools | Not Applicable |
| Middle or Early College High Schools | Not Applicable |
| K-3 Grade Span Adjustment | Yes |
| Transportation Maintenance of Effort | Yes |
| Apprenticeship: Related and Supplemental Instruction | Not Applicable |
| Comprehensive School Safety Plan | Yes |
| District of Choice | Yes |
| California Clean Energy Jobs Act | Yes |
| After/Before School Education and Safety Program | Not Applicable |
| 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 | Not Applicable |
| Charter Schools: | |
| Attendance | No[1] |
| Mode of Instruction | No[1] |
| Nonclassroom Based Instruction/Independent Study | No[1] |
| Determination of Funding for Nonclassroom Based Instruction | No[1] |
| Annual Instructional Minutes – Classroom Based | No[1] |
| Charter School Facility Grant Program | No[1] |

[1]Testing for charter schools was done by the charter school's respective auditor.

## INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

### Opinion on State Compliance

In our opinion, the District complied with the laws and regulations of the state programs referred to above in all material respects for the year ended June 30, 2019.

### Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the *2018-19 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel, and which are described in the accompanying schedule of findings and responses as item 19-001 and 19-002. Our opinion on each state program is not modified with respect to this matter.

The District's response to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and responses. The District's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

### Purpose of this Report

The purpose of this report on state compliance is solely to describe the results of testing based on the requirements of the *2018-19 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel. Accordingly, this report is not suitable for any other purpose.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP
Glendora, California
December 10, 2019

## FINDINGS AND RESPONSES

**MESA UNION SCHOOL DISTRICT**

**SCHEDULE OF FINDINGS AND RESPONSES RELATED TO THE FINANCIAL STATEMENTS June 30, 2019**

All audit findings must be identified as one or more of the following categories:

| Five Digit Code | Finding Types |
|---|---|
| 10000 | Attendance |
| 20000 | Inventory of Equipment |
| 30000 | Internal Control |
| 40000 | State Compliance |
| 42000 | Charter School Facilities Programs |
| 43000 | Apprenticeship: Related and Supplemental Instruction |
| 50000 | Federal Compliance |
| 60000 | Miscellaneous |
| 61000 | Classroom Teacher Salaries |
| 62000 | Local Control Accountability Plan |
| 70000 | Instructional Materials |
| 71000 | Teacher Misassignments |
| 72000 | School Accountability Report Card |

There were no findings related to the basic financial statements for the year ended June 30, 2019.

## SCHEDULE OF FINDINGS AND RESPONSES RELATED TO THE STATE AWARDS
**June 30, 2019**

**19-001** **Classroom Teachers Salaries** **61000**

**Criteria:** Pursuant to California Education Code Section 41372, an elementary school district is required to expend 60% of a district's current expense of education on compensation for classroom teachers.

**Condition:** Upon review of the Current Expense Formula/Minimum Classroom Compensation report it was noted that the District did not meet the 60% requirement.

**Effect:** The District is not in compliance with California Education Code Section 41372.

**Cause:** With the change in state funding and as part of the District's Local Control Accountability Plan, more dollars have been allocated for pupil services, parent participation and non-classroom based activities. As a result, the District did not meet its minimum classroom compensation percentage.

**Questioned Costs and Units:** It was noted that the District's current expense of education for classroom teachers of $5,750,871 was deficient by $161,024.

**Recommendation:** The District should establish procedures to monitor and verify that 60% of the District's current expense of education is spent on the compensation of classroom teachers.

**Corrective Action Plan:** An Application for Exemption from the Required Expenditures for Classroom Teachers' Salaries will be filed with the Ventura County Office of Education.

**MESA UNION SCHOOL DISTRICT**

**SCHEDULE OF FINDINGS AND RESPONSES RELATED TO THE STATE AWARDS June 30, 2019**

**19-002 District of Choice 40000**

**Criteria:** Pursuant to California Education Code Section 48301, a school district shall register as a school district of choice with both the State of California and the Ventura County Board of Education.

**Condition:** Upon review of the State of California participating District of Choice programs for 2018-19 it was noted that the District did not register as required.

**Effect:** The District is not in compliance with California Education Code Section 48301.

**Cause:** The District was aware of the requirement to notify the State of California when withdrawing from the District of Choice program but unaware of the newer requirement that annually they must register if they are to continue operating as a District of Choice school.

**Recommendation:** The District should establish procedures to register annually with the State of California and Ventura County Board of Education annually in school years they wish to operate the District of Choice program.

**Corrective Action Plan:** The District has been a District of Choice since 2012. While the District did not register with the Department of Education, the District did not pass a Resolution withdrawing from the Program. Going forward, the District will register with the California Department of Education and the Ventura County Board of Education in those years they wish to operate the District of Choice Program.

The District did hold informational meetings regarding District of Choice, made public announcements about District of Choice up to and including newspaper advertisements in the Ventura County Star. Additionally, no students residing in the District were displaced.

The District kept an accounting of the following District of Choice information up to and including:

(A) The number of requests granted, denied, or withdrawn. There were no denials.
(B) The number of pupils transferred out of the school district of choice.
(C) The number of pupils transferred into the school district of choice.
(D) The race, ethnicity, gender, self-reported socioeconomic status, eligibility for free or reduced-price meals, and the school district of residence of each of the pupils described in subparagraphs (B) and (C).
(E) The number of pupils described in subparagraphs (B) and (C) who are classified as English learners or identified as individuals with exceptional needs.

The information was reported to the Governing Board at a regularly scheduled meeting prior to October 15.

## STATUS OF PRIOR YEAR FINDINGS AND RESPONSES
**June 30, 2019**

**18-001** **Classroom Teachers Salaries** **61000**

**Criteria:** Pursuant to California Education Code Section 41372, an elementary school district is required to expend 60% of a district's current expense of education on compensation for classroom teachers.

**Condition:** Upon review of the Current Expense Formula/Minimum Classroom Compensation report it was noted that the District did not meet the 60% requirement.

**Effect:** The District is not in compliance with California Education Code Section 41372.

**Cause:** With the change in state funding and as part of the District's Local Control Accountability Plan, more dollars have been allocated for pupil services, parent participation and non-classroom based activities. As a result, the District did not meet its minimum classroom compensation percentage.

**Questioned Costs and Units:** It was noted that the District's current expense of education for classroom teachers of $5,574,776 was deficient by $78,604.

**Recommendation:** The District should establish procedures to monitor and verify that 60% of the District's current expense of education is spent on the compensation of classroom teachers.

**Current Status:** The District filed and received a waiver for the 2017-18 fiscal year; however the District is not in compliance for the 2018-19 fiscal year. See Finding 19-001.

# APPENDIX C

## GENERAL INFORMATION ABOUT VENTURA COUNTY

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

### General Information

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

The County covers an area of 1,843 square miles and ranks 26th in size among the State's 58 counties. The County is bordered to the north by Kern County, to the west by Santa Barbara County, to the south and east by Los Angeles County and on the southwest by the Pacific Ocean. Most of the population of the County lives in the southern (mainland) portion of the County. The major population centers are the Oxnard Plain and the Simi and Conejo Valleys.

The Los Padres National Forest makes up most of the northern half of the County. Mountain ranges create fertile valleys and broad alluvial basins, primarily in the southern half of the County. Forty-two miles of coastline comprise the southwestern edge of the County. The County's two military bases, Point Mugu and Port Hueneme, are among the largest employers in the County.

**Population**

The population of the County in recent years is set forth on the following table.

**VENTURA COUNTY**
**Population Estimates**

| Area | 2016 | 2017 | 2018 | 2019 | 2020 |
|---|---|---|---|---|---|
| Camarillo | 68,463 | 68,530 | 68,796 | 70,024 | 70,261 |
| Fillmore | 15,454 | 15,546 | 15,652 | 15,680 | 15,566 |
| Moorpark | 36,217 | 36,337 | 36,569 | 36,649 | 36,278 |
| Ojai | 7,591 | 7,570 | 7,584 | 7,591 | 7,557 |
| Oxnard | 206,085 | 205,974 | 206,222 | 206,221 | 206,352 |
| Port Hueneme | 23,127 | 23,119 | 23,370 | 23,457 | 23,607 |
| San Buenaventura | 109,513 | 109,473 | 109,288 | 107,021 | 106,276 |
| Santa Paula | 30,843 | 30,731 | 30,778 | 30,573 | 30,389 |
| Simi Valley | 125,905 | 125,728 | 125,738 | 125,664 | 125,115 |
| Thousand Oaks | 129,142 | 128,666 | 128,701 | 127,610 | 126,484 |
| Balance Of County | 97,491 | 97,383 | 96,626 | 95,560 | 95,001 |
| **Total County (1)** | **849,831** | **849,057** | **849,324** | **846,050** | **842,886** |

(1) Totals may not add due to rounding.
*Source: U.S. Census and State of California, Department of Finance.*

**Employment and Industry**

The District is included in the Oxnard-Thousand Oaks-Ventura Metropolitan Statistical Area ("**MSA**"). The unemployment rate in the Ventura County was 4.6% in March 2020, up from a revised 3.7% in February 2020, and above the year-ago estimate of 3.8%. This compares with an unadjusted unemployment rate of 5.6% for California and 4.5% for the nation during the same period.

The table below provides information about employment by industry type for the MSA for calendar years 2015 through 2019.

**OXNARD-THOUSAND OAKS-VENTURA MSA**
**(COUNTY OF VENTURA)**
**Annual Average Civilian Labor Force,**
**Unemployment and Employment by Industry**
**(March 2019 Benchmark)**

| | 2015 | 2016 | 2017 | 2018 | 2019 |
|---|---|---|---|---|---|
| Civilian Labor Force (1) | 427,200 | 425,300 | 424,200 | 423,600 | 423,400 |
| Employment | 403,100 | 403,100 | 405,100 | 407,300 | 408,200 |
| Unemployment | 24,100 | 22,200 | 19,100 | 16,300 | 15,200 |
| Unemployment Rate | 5.6% | 5.2% | 4.5% | 3.8% | 3.6% |
| **Wage and Salary Employment**: (2) | | | | | |
| Agriculture | 26,300 | 25,200 | 23,800 | 24,300 | 24,700 |
| Mining and Logging | 1,000 | 900 | 900 | 900 | 900 |
| Construction | 14,200 | 14,600 | 15,700 | 16,800 | 17,100 |
| Manufacturing | 9,500 | 10,000 | 10,800 | 11,300 | 11,100 |
| Wholesale Trade | 25,900 | 25,700 | 25,600 | 26,200 | 26,400 |
| Retail Trade | 12,600 | 13,000 | 13,200 | 13,100 | 13,200 |
| Trans., Warehousing and Utilities | 39,900 | 40,000 | 40,100 | 39,600 | 38,500 |
| Information | 6,000 | 6,000 | 6,100 | 6,300 | 6,300 |
| Finance and Insurance | 5,100 | 5,000 | 5,000 | 5,000 | 4,900 |
| Real Estate and Rental and Leasing | 13,500 | 13,200 | 12,700 | 12,300 | 11,600 |
| Professional and Business Services | 4,300 | 4,300 | 4,200 | 4,100 | 4,300 |
| Educational and Health Services | 40,500 | 40,900 | 42,200 | 42,900 | 44,400 |
| Leisure and Hospitality | 42,900 | 44,400 | 45,900 | 47,700 | 49,000 |
| Other Services | 35,700 | 36,400 | 37,200 | 37,800 | 38,300 |
| Federal Government | 9,700 | 9,600 | 9,600 | 9,500 | 9,700 |
| State Government | 7,100 | 7,400 | 7,300 | 7,300 | 7,400 |
| Local Government | 2,900 | 2,900 | 3,000 | 3,000 | 3,100 |
| **Total, All Industries** (3) | 322,800 | 325,700 | 329,200 | 333,400 | 336,500 |

(1) Labor force data is by place of residence; includes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.
(2) Industry employment is by place of work; excludes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.
(3) Totals may not add due to rounding.
*Source: California Employment Development Department.*

**Largest Employers**

The following table lists the largest employers within the County as of May 2020, listed alphabetically.

**COUNTY OF VENTURA**
**Major Employers**
**As of May 2020**

| Employer Name | Location | Industry |
|---|---|---|
| Adventist Health Simi Valley | Simi Valley | Hospitals |
| Amgen Inc | Newbury Park | Biological Specimens-Manufacturers |
| Baxter Healthcare | Westlake Village | Physicians & Surgeons Equip & Supls-Mfrs |
| City of Simi Valley | Simi Valley | City Hall |
| Community Memorial Health Syst | Ventura | Health Care Management |
| Haas Automation Inc | Oxnard | Computers-Electronic-Manufacturers |
| Harbor Freight Tools | Camarillo | Tools-New & Used |
| J M Smucker Co | Oxnard | Food Products & Manufacturers |
| Los Robles Hospital & Med Ctr | Thousand Oaks | Hospitals |
| Moorpark College | Moorpark | Junior-Community College-Tech Institutes |
| Nancy Reagan Breast Ctr | Simi Valley | Diagnostic Imaging Centers |
| National Guard | Port Hueneme | Government Offices-State |
| Naval Base Ventura County | Point Mugu Nawc | Military Bases |
| Ojai Valley Inn & Spa | Ojai | Hotels & Motels |
| Oxnard College | Oxnard | Junior-Community College-Tech Institutes |
| Pentair Aquatic Systems | Moorpark | Swimming Pool Equipment & Supls-Retail |
| Port Hueneme Div Naval | Port Hueneme Cbc | Military Bases |
| Rancho Simi Recreation Prk Dst | Simi Valley | Swimming Pools-Public |
| Sheriff's Department-Jails | Ventura | Government Offices-County |
| Simi Valley City Manager | Simi Valley | Government Offices-City/Village & Twp |
| St John's Regional Medical Ctr | Oxnard | Hospitals |
| Sullstar Technologies | Simi Valley | Communications Consultants |
| Ventura County | Ventura | Government Offices-County |
| Ventura County Medical Ctr | Ventura | Hospitals |
| Ventura County Office of Edu | Camarillo | School Districts |

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

## Commercial Activity

A summary of historic taxable sales within the County during the past five years for which data is available is shown in the following table.

Total taxable sales during calendar year 2019 in the County were reported to be $14,779,590,324, a 3.18% increase over the total taxable sales of $14,323,431,580 reported during calendar year 2018.

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

| | Retail Stores | | Total All Outlets | |
|---|---|---|---|---|
| | Number of Permits | Taxable Transactions | Number of Permits | Taxable Transactions |
| 2015[1] | 10,453 | $9,615,370 | 25,826 | $13,784,346 |
| 2016 | 15,595 | 9,774,880 | 26,161 | 13,745,950 |
| 2017 | 15,751 | 10,102,010 | 26,392 | 13,901,215 |
| 2018 | 15,632 | 10,486,735 | 26,954 | 14,323,432 |
| 2019 | 15,822 | 10,701,509 | 27,755 | 14,779,590 |

(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

Provided below are the building permits and valuations for the County for calendar years 2013 through 2017. Annual figures are not yet available for calendar year 2019.

**VENTURA COUNTY**
**Total Building Permit Valuations**
**(Valuations in Thousands)**

| | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|---|---|---|---|---|
| **Permit Valuation** | | | | | |
| New Single-family | $169,065.9 | $238,925.5 | $236,652.9 | $266,346.8 | $392,515.2 |
| New Multi-family | 102,514.6 | 69,260.2 | 147,122.8 | 227,566.1 | 107,224.0 |
| Res. Alterations/Additions | 72,971.1 | 66,458.2 | 64,655.7 | 200,617.4 | 148,312.3 |
| Total Residential [1] | 344,551.6 | 374,643.9 | 448,431.4 | 694,530.3 | 648,051.5 |
| | | | | | |
| New Commercial | 21,358.7 | 55,505.3 | 52,600.3 | 71,967.3 | 144,707.2 |
| New Industrial | 17,938.6 | 4,404.9 | 4,647.4 | 35,699.9 | 16,865.3 |
| New Other | 30,893.9 | 37,412.3 | 57,210.5 | 31,579.7 | 42,529.7 |
| Com. Alterations/Additions | 79,948.9 | 92,613.9 | 88,289.8 | 91,036.8 | 153,876.7 |
| Total Nonresidential [1] | 150,140.1 | 189,936.4 | 202,748.0 | 230,283.7 | 357,978.9 |
| | | | | | |
| New Dwelling Units | | | | | |
| Single Family | 450 | 615 | 652 | 851 | 637 |
| Multiple Family | 632 | 394 | 1,011 | 1,654 | 612 |
| TOTAL | 1,082 | 1,009 | 1,663 | 2,505 | 1,249 |

(1) Totals may not add due to rounding.
*Source: Construction Industry Research Board, Building Permit Summary.*

## Effective Buying Income

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

The following table summarizes the total effective buying income for the County, the State and the United States for the years 2016 through 2020.

**VENTURA COUNTY; STATE OF CALIFORNIA; UNITED STATES**
**Effective Buying Income**

| Year | Area | Total Effective Buying Income (000's Omitted) | Median Household Effective Buying Income |
|---|---|---|---|
| 2016 | Ventura County | $24,412,090 | $67,179 |
| | California | 981,231,666 | 23,589 |
| | United States | 7,757,960,399 | 46,738 |
| 2017 | Ventura County | $23,847,399 | $65,193 |
| | California | 1,036,142,723 | 55,681 |
| | United States | 8,132,748,136 | 48,043 |
| 2018 | Ventura County | $26,565,506 | $71,934 |
| | California | 1,113,648,181 | 59,646 |
| | United States | 8,640,770,229 | 50,735 |
| 2019 | Ventura County | $26,149,018 | $70,618 |
| | California | 1,183,264,399 | 62,637 |
| | United States | 9,017,967,563 | 52,841 |
| 2020 | Ventura County | $27,287,576 | $73,421 |
| | California | 1,243,564,816 | 65,870 |
| | United States | 9,487,165,436 | 55,303 |

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

# APPENDIX D

## FORMS OF OPINIONS OF BOND COUNSEL

### Opinion Relating to Series B Bonds

August 3, 2020

Board of Trustees
Mesa Union School District
3901 Mesa School Road
Somis, California 93066

***OPINION:*** $5,713,216 Mesa Union School District
(Ventura County, California)
General Obligation Bonds, Election of 2018, Series B (Bank Qualified)

Members of the Board of Trustees:

We have acted as bond counsel to the Mesa Union School District ("the District") in connection with the issuance by the District of $5,713,216 aggregate principal amount of Mesa Union School District (Ventura County, California) General Obligation Bonds, Election of 2018, Series B ( 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 (the "Act"), and a resolution adopted by the Board of Trustees of the District (the "Board") on June 16, 2020 (the "Bond 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 Bond Resolution and in the certified proceedings and other certifications furnished to us, without undertaking to verify such facts by independent investigation.

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

1. The District is a duly created and validly existing school district with the power to adopt the Resolution, perform the agreements on its part contained therein, and issue the Bonds.

2. The Bond Resolution has been duly adopted by the Board, and the Bond Resolution constitutes a valid and binding obligation of the District enforceable against the District in accordance with its terms.

3. The Bonds have been duly authorized and executed by the District, and are valid and binding general obligations of the District.

4. The Board of Supervisors of Ventura County is obligated to levy *ad valorem* taxes for the payment of the Bonds and the interest thereon upon all property within the District which is subject to taxation by the District, without limitation as to rate or amount.

5. 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 that must be satisfied subsequent to the issuance of the Bonds in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes, and in order for the Bonds to be "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Tax Code. The District has made certain representations and covenants in order to comply with each such requirement. Inaccuracy of those representations, or failure to comply with certain of those covenants, may cause the inclusion of such interest in gross income for federal income tax purposes, which may be retroactive to the date of issuance of the Bonds, or may cause the Bonds not to be "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Tax Code.

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

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

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

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

Respectfully submitted,

*Jones Hall,*
A Professional Law Corporation

**Opinion Relating to Refunding Bonds**

August 5, 2020

Board of Trustees
Mesa Union School District
3901 Mesa School Road
Somis, California 93066

***OPINION:*** $2,285,000 Mesa Union School District
(Ventura County, California)
2020 Refunding General Obligation Bonds (Federally Taxable)

Members of the Board of Trustees:

We have acted as bond counsel to the Mesa Union School District ("the District") in connection with the issuance by the District of $2,285,000 aggregate principal amount of Mesa Union School District (Ventura County, California) 2020 Refunding General Obligation Bonds (Federally Taxable) ( the "Bonds"), under the provisions of Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, commencing with Section 53550 of said Code (the "Act"), and a resolution adopted by the Board of Trustees of the District (the "Board") on June 16, 2020 (the "Bond 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 Bond Resolution and in the certified proceedings and other certifications furnished to us, without undertaking to verify such facts by independent investigation.

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

1. The District is a duly created and validly existing school district with the power to adopt the Resolution, perform the agreements on its part contained therein, and issue the Bonds.

2. The Bond Resolution has been duly adopted by the Board, and the Bond Resolution constitutes a valid and binding obligation of the District enforceable against the District in accordance with its terms.

3. The Bonds have been duly authorized and executed by the District, and are valid and binding general obligations of the District.

4. The Board of Supervisors of Ventura County is obligated to levy *ad valorem* taxes for the payment of the Bonds and the interest thereon upon all property within the District which is subject to taxation by the District, without limitation as to rate or amount.

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

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

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

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

Respectfully submitted,

*Jones Hall,*
A Professional Law Corporation

# APPENDIX E

## FORM OF CONTINUING DISCLOSURE CERTIFICATE

| | |
|---|---|
| **$5,713,216**<br>**MESA UNION SCHOOL DISTRICT**<br>**(Ventura County, California)**<br>**General Obligation Bonds**<br>**Election of 2018, Series B**<br>**(Bank Qualified)** | **$2,285,000**<br>**MESA UNION SCHOOL DISTRICT**<br>**(Ventura County, California)**<br>**2020 Refunding General Obligation Bonds**<br>**(Federally Taxable)** |

## CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (this "Disclosure Certificate") is executed and delivered by the Mesa Union School District (the "District") of Ventura County (the "County"), California, in connection with the execution and delivery of the captioned bonds (the "Bonds"). The Bonds are being executed and delivered pursuant to resolutions adopted by the Board of Trustees of the District on June 16, 2020 (the "Bond Resolutions"). MUFG Union Bank, 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 Bond Resolutions, 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 which currently ends on June 30th of each year.

"*Dissemination Agent*" means, initially, Isom Advisors, A Division of Urban Futures, Inc., or any third party 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 MUFG Union Bank, N.A., or any successor thereto.

"*Participating Underwriter*" means the original underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

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

Section 3. Provision of Annual Reports.

(a) The District shall, or shall cause the Dissemination Agent to, not later than the Annual Report Date, commencing not later than 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. 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(b). The District shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by the District hereunder.

(b) If the District does not provide (or cause the Dissemination Agent to provide) an Annual Report by the Annual Report Date, the District, in a timely manner, shall provide (or cause the Dissemination Agent to provide) to the MSRB, in an electronic format as prescribed by the MSRB, a notice in a timely manner, in substantially the form attached as Exhibit A, with a copy to the Paying Agent and Participating Underwriter.

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

(i) determine each year prior to the Annual Report Date the then-applicable rules and electronic format prescribed by the MSRB for the filing of annual continuing disclosure reports; and

(ii) if the Dissemination Agent is other than the District, file a report with the District certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, and stating the date it was provided.

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

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

(b) Unless otherwise provided in the audited financial statements filed on or before the Annual Report Date, the following information for the most recently completed fiscal year, or, if available at the time of filing the Annual Report, for the fiscal year in which the Annual Report is filed:

(i) Total assessed value of taxable property in the jurisdiction of the District;

(ii) Assessed valuation of the properties of the top 20 secured property taxpayers in the District;

(iii) Property tax collection delinquencies for the District for the most recently completed fiscal year, but only if the County does not participate in a Teeter Plan and such information is available from the County at the time of filing the Annual Report;

(iv) The District's most recently adopted Budget or approved interim report with budgeted figures which is available at the time of filing the Annual Report; and

(v) Such further information, if any, as may be necessary to make the statements made pursuant to (a) and (b) of this Section 4, in the light of the circumstances under which they are made, not misleading.

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

Section 5. Reporting of Significant Events.

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

(1) Principal and interest payment delinquencies.

(2) Non-payment related defaults, if material.

(3) Unscheduled draws on debt service reserves reflecting financial difficulties.

(4) Unscheduled draws on credit enhancements reflecting financial difficulties.

(5) Substitution of credit or liquidity providers, or their failure to perform.

(6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security.

(7) Modifications to rights of security holders, if material.

(8) Bond calls, if material, and tender offers.

(9) Defeasances.

(10) Release, substitution, or sale of property securing repayment of the securities, if material.

(11) Rating changes.

(12) Bankruptcy, insolvency, receivership or similar event of the District.

(13) The consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.

(14) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

(15) Incurrence of a financial obligation of the District, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District, any of which affect 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 District, any of which reflect financial difficulties.

(b) Whenever the District obtains knowledge of the occurrence of a Listed Event, the District shall, or shall cause the Dissemination Agent (if not the District) to, file a notice of such occurrence with the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of 10 business days after the occurrence of the Listed Event. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(8) and (9) above need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Bonds under the Bond Resolutions.

(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 District 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(b).

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. Any Dissemination Agent may resign by providing 30 days' written notice to the District and the Paying Agent.

Section 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the District may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) if the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the Bonds, or type of business conducted;

(b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the proposed amendment or waiver either (i) is approved by holders of the Bonds in the manner provided in the Bond Resolutions for amendments to the Bond Resolutions 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(b).

Section 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the District chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the District shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 11. Default. If the District fails to comply with any provision of this Disclosure Certificate, the Participating Underwriter or any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Bond Resolutions, and the sole remedy under this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance.

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

(a) The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the District agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent will have no duty or obligation to review any information provided to it by the District hereunder, and shall not be deemed to be acting in any fiduciary capacity for the District, the Bondholders or any other party. The obligations of the District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

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

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

Date: [August 3, 2020]
[August 5, 2020]

**MESA UNION SCHOOL DISTRICT**

By: ______________________________

Name: Tami Peterson

Title: Chief Business Official

## EXHIBIT A

## NOTICE OF FAILURE TO FILE ANNUAL REPORT

| | |
|---|---|
| Name of Issuer: | Mesa Union School District (the "District") |
| Name of Bond Issue: | [$5,713,216 Mesa Union School District (Ventura County, California) General Obligation Bonds, Election of 2018, Series B (Bank Qualified)] |
| | [$2,285,000 Mesa Union School District (Ventura County, California) 2020 Refunding General Obligation Bonds (Federally Taxable)] |
| Date of Issuance: | [Series B Bonds: August 3, 2020]<br>[Refunding Bonds: August 5, 2020] |

NOTICE IS HEREBY GIVEN that the District has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Certificate, dated as of [August 3, 2020] [August 5, 2020]. The District anticipates that the Annual Report will be filed by _____________.

Dated:____________

**DISSEMINATION AGENT**

By: ______________________________
Its: ______________________________

cc: Paying Agent and Participating Underwriter

## APPENDIX F

## DTC AND THE BOOK-ENTRY 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

# COUNTY INVESTMENT POLICY AND INVESTMENT REPORT

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# VENTURA COUNTY

# STATEMENT OF INVESTMENT POLICY

## AS APPROVED DECEMBER 4, 2018

**BOARD OF SUPERVISORS**

**SUPERVISOR PETER C. FOY, DISTRICT 4, CHAIR**
**SUPERVISOR STEVE BENNETT, DISTRICT 1**
**SUPERVISOR LINDA PARKS, DISTRICT 2,**
**SUPERVISOR KELLY LONG, DISTRICT 3**
**SUPERVISOR JOHN C. ZARAGOZA, DISTRICT 5**

**Judge Steven Hintz**
**Treasurer-Tax Collector**

**Sue Horgan**
**Assistant Treasurer-Tax Collector**

---

**Ventura County Treasurer-Tax Collector's Office**
**800 South Victoria Avenue, L#1290**
**Ventura, CA 93009-1290**
**E-mail helpinghand@ventura.org**
**Website: www.ventura.org/ttc**

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# STATEMENT OF INVESTMENT POLICY

This Statement of Investment Policy ("Policy") provides the guidelines for prudent investment of public funds in a manner which will provide the highest investment return with optimal security and liquidity. The Policy and practices of the County Treasurer are based on prudent money management principles and California State Law, specifically Government Code Sections 27000 - 27000.5; 27130 - 27137; and 53600 - 53686. Furthermore, it outlines the policies essential to ensuring the safety and financial strength of the County's investment portfolio.

This Policy is based on the principles of prudent money management and conforms to all applicable Federal and State laws governing the investment of public funds. In instances in which the Policy is more restrictive than Federal or State law, the Policy will supersede.

The Policy shall be reviewed annually and any modifications made thereto must be approved by the Board of Supervisors.

## Introduction

The Treasurer-Tax Collector of Ventura County manages pooled cash under the prudent investor rule. This rule states that:

> "Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived."

This rule allows the County the option to operate over a broad spectrum of investment opportunity defined within Section 53601 *et seq* of the California Government Code. Therefore, the County's portfolio will be made up of a selection of investments that ensure diversification and meet the liquidity needs of the organization. The major overriding premise underlying the County's investment objective is always to ensure that funds are available when needed.

## Investment Objective

It is the policy of the County to invest public funds in a manner which will provide for the preservation of capital while meeting the daily cash flow requirements of the County and other participants, while attaining a market average yield within an acceptable and defined level of risk.

The Policy has three primary objectives, in order of priority:

1) The safety of principal.

2) Maintenance of liquidity to meet cash flow needs.

3) To earn a competitive rate of return (i.e., yield) within the confines of the California Government Code, this policy, and procedural structure.

In order to accomplish the objectives of safety, liquidity, and yield, the economy and various financial markets are monitored daily in order to assess the probable course of interest rates and thus maximize yield on the County's temporarily idle funds. In a market with increasing interest rates, the Treasury will attempt to invest in securities with shorter maturities. This strategy allows funds to be available for other investments when interest rates are at higher levels. Conversely, when interest rates appear to be near a plateau, the Treasury will attempt to lock in a higher rate of return. The length of term for all investments shall be commensurate with the short, medium, and long-term cash flow needs of the County and other investment pool participants.

***Investment and the Notion of Risk***

In order to accomplish the investment philosophy outlined above, the concept of risk must be clearly defined as it relates to the investment of public funds. This concept of risk finds its ultimate translation into a structured and well-diversified portfolio.

The County shall ensure the safety of its idle funds by limiting credit and interest rate risk. These are the two types of risk that can clearly damage a public sector portfolio.

Credit risk is defined as the risk of loss due to the failure of the issuer of a security and shall be mitigated by:

1) Pre-qualifying financial institutions with which it will do business through the utilization of Moody's Investors Service, Standard and Poor's Ratings Services, and Fitch Ratings.

2) Diversifying the portfolio so that the failure of any one issuer or backer will not place any undue financial burden on the County.

3) Monitor all County investments on a daily basis to anticipate and respond appropriately to a significant reduction in the credit worthiness of a depository.

Interest rate risk is defined as the risk that the market value of portfolio securities will fall due to an increase in interest rates. This risk shall be mitigated by:

1) Structuring the portfolio so that securities mature at times to meet the ongoing cash needs of the County.

2) Restructure of the portfolio to minimize the loss of market value or cash flow.

3) Limit the weighted average maturity of the portfolio holdings to 375 days.

The investment program of Ventura County shall be managed with a degree of professionalism that is worthy of the public trust and adheres to the tenets of modern portfolio theory.

The Treasury is very cognizant of past losses of public funds by local agencies throughout California. Those losses resulted in a loss of confidence by the public in public sector investment expertise. This policy seeks to ensure that proper controls are maintained by the Treasurer-Tax Collector and subordinate staff.

There are times when it becomes necessary for losses to be taken:

A) Interest rates appear to be rising and the funds can be invested shorter term at higher rates.

B) When opportunities arise that will result in an increase in overall interest income to the County.

C) When cash needs are greater than expected.

Therefore, in order to mitigate these event risks to the County's portfolio all investment losses shall be approved by the Treasurer-Tax Collector, exclusively. This authority shall not be delegated.

***Liquidity***

The County's portfolio will be structured so that securities will mature at or about the same time as cash is needed to meet demand and in accordance with the economic projections mentioned above.

The Treasury will construct a portfolio that will consist of securities with active secondary and resale markets. Any investments for which no secondary market exists, such as time deposits, shall not exceed 375 days and no investment will have a maturity of more than 1150 days.

***Yield***

The Treasurer-Tax Collector shall always attempt to obtain a competitive rate of return on any investment type consistent with the required safety, liquidity, and other parameters of this policy, departmental procedures, and the laws of the State of California.

## INTERNAL CONTROLS

The Treasurer-Tax Collector shall establish a system of internal controls, which shall be documented in writing. The controls will be designed to prevent losses of public funds arising from fraud, employee error, misrepresentation by third parties, and unanticipated changes in financial markets.

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

- All investment transactions shall be entered into the accounting system.
- County investments shall be transacted, confirmed, accounted for, and audited by different people.

### *Safekeeping of Securities*
To protect against potential losses caused by the collapse of individual securities dealers, all securities owned by the County, including collateral on repurchase agreements, shall be held in safekeeping by a third party bank trust department, acting as agent for the County under the terms of a custody agreement executed by the bank and the Treasurer-Tax Collector. All trades executed between the County and a dealer will settle on a delivery vs. payment basis with a custodial bank. All security transactions engaged in by the Treasurer-Tax Collector shall be countersigned by another authorized treasury department employee.

### *Security Custody & Deliveries*
All securities purchased shall be deposited for safekeeping with the custodial bank that has contracted to provide the County Treasurer with custodial security clearance services.

All security holdings shall be reconciled monthly by the County Treasurer-Tax Collector's Office and audited at least quarterly by the Auditor-Controller's Office.

All security transactions are to be conducted on a "delivery-versus-payment basis". Confirmation receipts on all investments are to be reviewed immediately for conformity with County transaction documentation. Confirmations resulting from securities purchased under repurchase agreements should clearly state the exact and complete nomenclature of the underlying securities purchased, that these securities have been sold to the County under a repurchase agreement, and the stipulated date and amount of the resale by the County back to the seller of the securities.

## SECURITY INSTRUMENTS

### *Qualifications of Brokers, Dealers, and Financial Institutions*
The Treasurer-Tax Collector will maintain a list of approved financial institutions authorized to provide investment services. Additionally, the Treasurer-Tax Collector shall transact business only with approved direct issuers; security brokers/dealers selected by credit worthiness that licensed by the State of California and licensed by the Financial Industry Regulatory Authority (FINRA); National or State chartered bank or savings institutions; and primary government dealers designated by the Federal Reserve.

Any broker/dealer interested in conducting business with the County must have an office within the State of California and is required to fill out an extensive questionnaire maintained by the Treasurer-Tax Collector. This questionnaire is then reviewed by the Treasurer-Tax Collector and upon acceptance permits the County to deal with the broker/dealer.

The Treasurer-Tax Collector views the relationship of the firm and its representatives to the County as being a long-term mutually beneficial business relationship. The Treasurer-Tax Collector expects the firm and its staff to act with integrity and trust. The firm must ensure that its staff is aware of the County Treasurer's Investment Policy as well as California Government Code sections 53601 and 53635 that govern the securities transactions of the County. The firm will be required to annually issue written acknowledgment that it has read and will comply with the County's Investment Policy.

No broker/dealer may have made political contributions greater than the limits expressed in Rule G-37 of the Municipal Securities Rule Making Body to the Treasurer-Tax Collector, Board of Supervisors, or candidate for those offices, or Treasury Oversight Committee members.

The Treasury staff shall investigate dealers with which it will conduct business in order to determine: if the firm is adequately capitalized and meets the Federal Reserve's minimum capital requirements for broker/dealer operations, makes markets in securities appropriate to the County's investment policy, the individual covering the account has a minimum of three years dealing with large institutional accounts, and receives three favorable recommendations from other short term cash portfolio managers.

Upon application, all firms will provide a copy of their most recent published annual report; quarterly reports issued since the last annual report; Financial and Operational Combined Uniform Single (FOCUS) Report; organization chart; and any financial information regarding credit lines and debt support provided by the parent firm.

Furthermore, no later than July 31 of each calendar year, in addition to the required annual written acknowledgment of the Investment Policy compliance, only as requested by the Treasurer-Tax Collector, all firms will provide a copy of their most recent published annual report; FOCUS Report; organization chart; and any financial information regarding credit lines and debt support provided by the parent firm.

***Ratings***
With the exception of LAIF, insured deposits, and U.S. Treasury and Government Agency issues, investments shall be placed only in those instruments and institutions rated favorably as determined by the Treasurer-Tax Collector in accordance with this Statement and with the assistance of Moody’s Investors Service, Standard and Poor’s Ratings Services, and Fitch Ratings.

If the rating of any security drops below the minimum acceptable rating for that security class, the investment will be sold if no significant loss of principal is involved or matured at the earliest possible convenience. These sales must be individually approved by the Treasurer-Tax Collector. A rating of “NR” by one rating service is not a split rating and does not bar the purchase of the security.

***U.S. Agencies***
The purchase of U.S. agency securities shall be limited to issues of the Federal Farm Credit Banks (FFCB), Federal Home Loan Banks (FHLB), Federal Home Loan Mortgage Corp. (Freddie Mac/FHLMC), the Federal National Mortgage Corporation (Fannie Mae/FNMA), Federal Agricultural Mortgage Corporation (Farmer Mac/FAMCA), or in obligations, participations, or other instruments of, or issued by, a federal agency or a United States government-sponsored or backed entity. The fund’s holdings of any one federal agency security shall not exceed 25% of the total fund at the time of purchase. The maximum maturity of any one agency investment shall not exceed three years or 1150 days.

***U. S. Government***
United States Treasury Bills, Notes, and Bonds are backed by the full faith and credit of the United States Government. There shall be no limitation as to the percentage of the portfolio which can be invested in this category. The maturity of a security is limited to a maximum of three years or 1150 days.

***Commercial Paper***
Commercial Paper is a short term unsecured promissory note issued to finance short term credit needs. Commercial Paper eligible for investment must be of "prime" quality of the highest ranking or of the highest short-term letter and numerical rating as provided for by Standard and Poor's Ratings Services, Moody's Investors Service, and Fitch Ratings (S&P A-1+, A-1; Moody's P-1; Fitch F1+, F1). Eligible paper is further limited to issuing corporations that are organized and operating within the United States and have total assets in excess of $500 million and an "A" or higher rating for the issuer's debt, other than commercial paper, if any, as provided for by S&P (A or higher), Moody's (A2 or higher) and Fitch (A or higher). Purchases of eligible Commercial Paper may not exceed 270 days to maturity. Purchases of Commercial Paper may not exceed 40 percent of the investment portfolio at the time of the purchase. No more than 10 percent of the total assets of the pool at the time of the purchase may be invested in the outstanding paper of any single issuing corporation. The Treasurer-Tax Collector shall establish a list of approved Commercial Paper issuers in which investments may be made.

***Medium-Term Notes and Deposit Notes***
Medium-Term Notes eligible for investment must be rated in the same categories described in **Commercial Paper**, above, to wit: Short-term ratings by S&P A-1 or higher; Moody's P-1; and Fitch F1 or higher; and long-term ratings of S&P A or higher, Moody's A2 or higher, and Fitch A or higher. Medium-Term Notes may not exceed 20 percent of the investment portfolio at the time of the purchase and may not have a maturity of longer than 2 years or 735 days.

***Municipal Notes, Bonds and Other Obligations***
Municipal notes, bonds, and other obligations eligible for investment are registered securities issued by the State of California and local California government agencies as well as registered securities issued by any of the other 49 states to finance capital and operating expenses. The characteristics of a municipal bond or note often are similar to the characteristics of corporate bonds and notes or the U.S. government and federal agency bonds and notes. Municipal notes normally have a specific maturity date, and bear interest that is scheduled to be paid at specific intervals. Municipal notes, bonds and other obligations may not exceed 30 percent of the investment portfolio at the time of purchase and the maturity may not exceed three years or 1150 days. Municipal notes must meet the minimum debt rating described above in Medium Term Notes and Deposit Notes.

***Bankers Acceptances***
A Bankers Acceptance is a draft or bill of exchange accepted by a bank or trust company and brokered to investors in the secondary market. Bankers Acceptances may be purchased for a period of up to 180 days and in an amount not to exceed 40 percent of the investment portfolio at the time of the purchase, with no more than 30 percent of the investment portfolio at the time of the purchase in the Bankers Acceptances of any one commercial bank. The Treasurer-

Tax Collector shall establish a list of those banks deemed most credit worthy for the investment in Bankers Acceptances, limited to those institutions rated as noted in **Commercial Paper** and **Medium-Term Notes**, above.

***Negotiable Certificates of Deposit and Yankee Certificates of Deposit***
Negotiable Certificates of Deposit (NCD) are issued by commercial banks, foreign banks, and thrift institutions against funds deposited for a specified period of time and earn specified or variable rates of interest. The Treasurer-Tax Collector may invest up to 30 percent of the investment portfolio at the time of the purchase in NCD's. Negotiable certificates of deposit shall be limited to those institutions rated as noted in **Commercial Paper** and **Medium-Term Notes**, above.

NCD's differ from other Certificates of Deposit in that they are illiquid instruments which are traded in secondary markets. The maximum term to maturity of any NCD shall be one year or 365 days. The Treasurer-Tax Collector shall establish a list of eligible domestic commercial banks, thrifts and state licensed foreign banks (Yankee Certificates of Deposit) which will be eligible for investment.

Yankee Certificates of Deposit (YCD) are issued in the United States by a branch or agency of a foreign bank. They are negotiable instruments, and most have a minimum face value of $100,000, making them appropriate for large investors. The maximum term to maturity of any YCD shall be one year or 365 days.

***Certificates of Deposit***
Certificates of Deposit are deposits by the Treasurer-Tax Collector in commercial banks or savings and loan associations within the State of California and shall be limited to those institutions rated as noted above in **Negotiable Certificates of Deposit**. Local institutions shall receive preference for deposits up to $250,000 if competitive rates are offered. These investments are non-negotiable. The maximum term to maturity shall not exceed one year or 365 days and shall be fully insured by the FDIC.

***Repurchase Agreements***
The County may invest in repurchase agreements with banks and dealers of primary dealer status recognized by the Federal Reserve with which the County has entered into a repurchase contract which specifies terms and conditions of repurchase agreements. The maturity of repurchase agreements shall not exceed 90 days. The market value of securities used as collateral for repurchase agreements shall be monitored daily by the Treasurer-Tax Collector and will not be allowed to fall below 102% of the value borrowed against those funds. The value is adjusted quarterly based on the value of the repurchase agreement.

In order to conform with provisions of the Federal Bankruptcy Code which provide for the liquidation of securities held as collateral for repurchase agreements, the only securities acceptable as collateral shall be certificates of deposit, commercial paper, eligible bankers' acceptances, or securities that are direct obligations of, or that are fully guaranteed as to principal and interest by the United States or any agency of the United States. Furthermore, this collateral shall not exceed three years or 1150 days to maturity.

There shall be a $75 million limitation in repurchase agreements entered into with any one institution.

***Securities Lending***

Securities Lending is permissible as an agreement to lend securities to a borrower who provides collateral to the local agency. The local agency retains ownership and continues to receive all interest, dividends, and capital appreciation. Both securities and collateral are held by a third party. At the conclusion of the agreement, the securities are transferred back to the local agency in return for the collateral.

***Local Agency Investment Fund***

The Treasurer-Tax Collector may invest in the Local Agency Investment Fund (LAIF) established by the State Treasurer for the benefit of local agencies up to the maximum permitted by State law.

***CalTrust and California Asset Management Program (CAMP)***

The Treasurer-Tax Collector may invest in The Investment Trust of California, doing business as CalTRUST, and in California Asset Management Program (CAMP), California joint powers authorities in which local agencies may invest funds pursuant to Government Code section 53601(p). The combined investment in CalTrust and CAMP shall not exceed $25,000,000 at the time of the purchase. The Treasurer-Tax Collector shall withdraw its entire investment in a program if the S&P rating falls below AAf/S-1+ for CalTrust or AAAm for CAMP.

***Local Agency Debt and State Warrants***

The Treasurer-Tax Collector may invest in bonds, notes, warrants, or other evidences of indebtedness of any local agency within this state, including bonds payable solely out of revenues from a revenue-producing property owned, controlled, or operated by the local agency, or by a department, board, agency, or authority of the local agency.

The Treasurer-Tax Collector may invest in registered state warrants or treasury notes or bonds of this state, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the state, or by a department, board, agency, or authority of the state.

***Supranationals***

The Treasurer-Tax Collector may invest surplus funds to include United States dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development (IBRD), International Finance Corporation (IFC), or Inter-American Development Bank (IADB).

These instruments must have a maximum remaining maturity of three years (1150 days) or less, be eligible for purchase and sale within the United States, be S&P rated "AAA" and shall not exceed 30% of the investment pool.

***Prohibited Transactions and Asset-Backed Securities***

At the time of purchase, all permitted investments shall conform in all respects with this Investment Policy Statement and with applicable provisions of the California Government Code.

The Treasurer-Tax Collector may not invest in asset backed securities such as Collateralized Mortgage Obligations.

### *Apportionment of Interest and Costs*

Interest shall be apportioned to all pool participants quarterly, based upon the ratio of the average daily balance of each individual fund to the average daily balance of all funds in the Investment Pool. The amount of interest apportioned shall be determined using the accrual method of accounting, whereby interest will be apportioned for the quarter in which it was actually earned. The Treasurer-Tax Collector may deduct from the gross interest earnings those administrative costs relating to the management of the Treasury, including salaries and other compensation, banking costs, equipment costs, supplies, the cost of information services, cashiering, accounting, reporting remittance processing, depositing of public funds, audit, and any other costs as provided by Section 27013, 27133(f), and 27135.

## AUTHORITY AND RESPONSIBILITIES OF THE TREASURER-TAX COLLECTOR

### *Delegation to Authority to Invest*

The Treasurer-Tax Collector's authority to invest is delegated by the Board of Supervisors in accordance with the California Government Code Sections 27000.1 and 53607. Statutory authority for the investment and safekeeping functions are found in Sections 53600 et seq., and 53630 et seq., of the California Government Code.

The Treasurer-Tax Collector has the authority to react to unstable market conditions in order to preserve the safety, liquidity or yield of the portfolio. The Treasurer-Tax Collector's reaction may temporarily change the investment parameters or investment practices of the County until the market has stabilized or until the Board of Supervisors has approved a revised Investment Policy.

The Treasurer-Tax Collector shall immediately notify the Treasury Oversight Committee members and the Board of Supervisors at their next scheduled meeting of any changes to the investment parameters or practices that were precipitated by the unstable market conditions.

### *Authority to Execute Investment Transactions*

The authority to execute investment transactions on a daily basis is limited to the Treasurer-Tax Collector. This function may be delegated to the Assistant Treasurer-Tax Collector and/or other Treasury personnel at the discretion of the Treasurer-Tax Collector.

### *Competitive Bidding*

All purchase/sales shall be made only after a process of competitive bidding, unless information provided on electronic market quotation services, faxes, or email transmissions show current market rates. A minimum of three offer/bids should be obtained before an investment is purchased or sold. Exceptions to the above would involve transactions in U.S. Treasury or agency obligations, repurchase agreements, securities possessing unique characteristics which would make competitive bidding impractical, or market circumstances in which competitive bidding could be adverse to the best interest of the Treasurer-Tax Collector's investment program.

***Place and Time for Conducting Business***

Investment transactions shall not be conducted from any place other than the office of the Treasurer-Tax Collector during normal business hours established for Treasury operations. Exceptions must have the approval of the Treasurer-Tax Collector.

***Conflict of Interest***

No agency employee nor Treasury Oversight Committee member may directly or indirectly accept or solicit from any persons, corporations, or group having a business relationship with this Agency anything of economic value as a gift, gratuity, or favor which would be in conflict with the County Administrative Policy.

No agency employee nor Treasury Oversight Committee member shall, outside of regular working hours, engage in any profession, trade, business, or occupation which is incompatible or involves a conflict of interest with his duties as a county officer or employee, or which in any way may reflect unfavorably on this Agency, the appointing authority, or his fellow employees.

***Portfolio Reporting***

The Treasurer-Tax Collector shall prepare a monthly Investment Report to be presented at a regularly scheduled meeting of the Board of Supervisors, including a succinct management summary that provides a clear picture of the status of the current investment portfolio, market conditions and strategy for the coming months. The report will also include a listing of all investments by type, name of issuer, date of maturity, par and dollars amount invested in each security, investment, and the money within the Treasury. There will be a separate statement advising the Board of the longest maturity of a security in the portfolio. The report will contain a statement assuring the Board that the anticipated cash flow needs of the participants will be met. The report will also include a statement that the investment practices and portfolio holdings are in compliance with the investment policy or an explanation as to why there is a condition which exists outside of the investment policy. The Treasurer-Tax Collector will also provide a copy of the Investment Report to the Treasury Oversight Committee members at scheduled meetings.

***Disaster Recovery Program***

The Treasurer-Tax Collector’s Disaster Plan includes critical phone numbers and addresses of key Treasury and investment personnel, as well as, currently approved bankers and broker/dealers. The plan provides for an offsite location to be communicated at the time of readiness if the Treasurer-Tax Collector’s offices are uninhabitable. In the event the Treasurer or authorized staff is unable to invest the portfolio, the Treasurer has an agreement with the custodian for a daily sweep of all uninvested cash with the custody bank into an interest-bearing account.

Until normal operations of the Treasurer’s office have been restored, the limitations on the size of an Individual issuer and the percentage restrictions by investment type would be allowed to exceed those approved in this Investment Policy Statement and would be required to be reported to the Board of Supervisors and Pool Participants in a timely manner.

### *Extraordinary Withdrawals*

The Treasurer-Tax Collector will maintain a schedule of seasonal deposits into and withdrawals from the investment pool by participating districts. Constant contact with the pool participants will be maintained to ascertain any cash needs beyond the anticipated cash-flow patterns. Our investment strategy is based upon the known cash-flow patterns, which allow the Treasurer-Tax Collector to maximize interest earnings for the County and other pool participants.

Extraordinary withdrawals could create a liquidity problem and negatively impact the earnings of the remaining pool participants if the Treasurer-Tax Collector is forced to liquidate securities before their scheduled maturity date. A pool participant who wishes to withdraw from the pool or make an extraordinary withdrawal, will be encouraged to work with the Treasury to arrange a withdrawal schedule that would prevent losses to the withdrawing district or the remaining pool participants. Losses experienced by the County investment pool, which were precipitated by the unnoticed extraordinary withdrawal of funds, will be borne by the district who caused such losses to occur. The Treasurer-Tax Collector reserves the right to choose which securities to liquidate and could choose to sell the securities that have the lowest earnings.

### *Terms and Conditions that a Local Agency May Participate in the Pool*

Local agencies may, by resolution of their governing bodies and the approval of the Treasurer-Tax Collector, deposit excess funds in the County Treasury for the purpose of investment by the Treasurer-Tax Collector. The procedures for this process are contained in the Treasury Procedural Manual.

# INVESTMENT GLOSSARY

**Accrued Interest** – Interest that has accumulated but has not yet been paid from the most recent interest payment date or issue date to a certain date.

**Agency Issues** – Securities issued by federal agencies, those chartered by the federal government or Government Sponsored Enterprises that are considered to be backed by the federal government. See also Government Sponsored Enterprises.

**Amortized Cost** – The original cost of the principal adjusted for the periodic reduction of any discount or premium from the purchase date until a specific date (also called "Book Value").

**Bankers Acceptance** – Money market instrument created from transactions involving foreign trade. In its simplest and most traditional form, a bankers' acceptance is merely a check, drawn on a bank by an importer or exporter of goods.

**Basis Point** – A unit of measurement equal to 1/100 of 1 percent. As an example, the difference between a security yielding 3.25% and one yielding 3.20% is five basis points.

**Benchmark** – An index or security used to compare the performance of a portfolio.

**Bond** – A long-term debt instrument of a government or corporation promising payment of the original investment plus interest by a specified future date.

**Bullet** – A colloquial term for a bond that cannot be redeemed, or called, prior to maturity.

**Callable Bond** – A bond in which all or a portion of its outstanding principal may be redeemed prior to maturity by the issuer under specified conditions.

**Collateralization** – Process by which a borrower pledges securities, property or other deposits for the purpose of securing the repayment of a loan and/or security.

**Collateralized Certificate of Deposit** – An instrument representing a receipt from a bank for a deposit at a specified rate of interest for a specified period of time that is collateralized by the bank with securities at a minimum of 110% of the deposit amount.

**Commercial Paper** – Money Market instrument representing an unsecured short-term promissory note of a corporation at a specified rate of return for a specified period of time.

**Coupon** – The stated interest rate on a debt security that an issuer promises to pay.

**Credit Quality** – An indication of risk that an issuer of a security will fulfill its obligation, as rated by a rating agency.

**Credit Rating** – A standardized assessment, expressed in alphanumeric characters, of a company's creditworthiness.

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

**Derivatives** – Securities which derive their value from that of another security or an underlying index, currency or other measure. Floating rate notes (also "floaters") are not considered derivatives.

**Discount Instruments** – Securities that are sold at a discount to face value.

**Diversification** – The practice or concept of investing in a range of securities by sector, maturity, asset class or credit quality in order to reduce and spread financial risk.

**Dollar Weighted Average Maturity** – The sum of the amount of each security investment multiplied by the number of days to maturity, divided by the total amount of security investments.

**Duration** – Is a measure of the price volatility of a portfolio and reflects an estimate of the projected increase or decrease in the value of that portfolio based upon a decrease or increase in the interest rates. A duration of 1.0 means that for every one percent increase in interest rates, the market value of the Portfolio would decrease by 1.0 percent.

**Earnings Apportionment** – Is the quarterly interest distribution to the Pool Participants where the actual investment costs incurred by the Treasurer are deducted from the interest earnings of the Pool.

**Government Obligations** – Securities issued by the U.S. Treasury and Federal Agencies. U.S. Treasuries are direct obligations of the Federal Government. Agencies are not direct obligations of the Federal Government, but involve Federal sponsorship or guarantees.

**Government Sponsored Enterprises (GSE'S)** – Private, shareholder-owned companies with a relationship with government agencies. These agencies generally are viewed to have an implied guarantee of the U.S. government.

**Highly Liquid** – The most eminent type of security that is easily converted to cash because there are many interested buyers and sellers to trade large quantities at a reasonable price.

**Illiquid** – A security that is difficult to buy or sell or has a wide spread between the bid price and offer price in the secondary market. There are few buyers and sellers willing to trade large quantities at a reasonable price.

**Interest Rate Risk** – The risk associated with declines or rises in interest rates which cause an investment in a fixed-income security to increase or decrease in value. Also called "Market Risk".

**Liquid** – A security that is easily bought and sold because of the willingness of interested buyers and sellers to trade large quantities at a reasonable price.

**Local Agency Obligation** – An indebtedness issued by a local agency, department, board, or authority within the State of California.

**Long-Term** – The term used to describe a security when the maturity is greater than one year.

**Market Value** – An estimate of the value of a security at which the principal would be sold from a willing seller to a willing buyer at the date of pricing.

**Medium-Term Notes** – These are Corporate Notes and Bank Notes that are debt obligations of banks, corporations, and insurance companies. They are issued at a specific rate of return for a specific period of time.

**Money Market Mutual Fund** – A mutual fund with investments directed in short-term money market instruments only, which can be withdrawn daily without penalty.

**Municipal Notes, Bonds and Other** Obligations - Municipal notes, bonds, and other obligations are securities issued by state and local government agencies to finance capital and operating expenses. The characteristics of a municipal bond or note often are similar to the characteristics of corporate bonds and notes or the U.S. government and federal agency bonds and notes. Municipal notes normally have a specific maturity date, and bear interest that is scheduled to be paid at specific intervals. Municipal notes, bonds and other obligations may not exceed a maximum of three years or 1150 days. Municipal notes must meet the minimum debt rating described above in Medium Term Notes and Deposit Notes.

**Negotiable Certificate of Deposit** – A Money Market instrument representing a receipt from a bank for a deposit at a specified rate of interest for a specified period of time that is traded in secondary markets.

**Par** – The stated maturity value, or face value, of a security.

**Pass-Through Securities** – A debt instrument that reflects an interest in a mortgage pool, consumer receivables pool and equipment lease-backed pool that serves as collateral for a bond.

**Pool** – In this context, the pooled monies of different government agencies administered by the County Treasurer. Each pool member owns a fractional interest in the securities held in the Pool.

**Portfolio Value** – The total book value amount of all the securities held in the Treasurer's Pooled Money Fund.

**Primary Dealer** – A group of dealers and banks that can buy and sell securities directly with the Federal Reserve Bank of New York.

**Private Placements** – Securities that do not have to be registered with the Securities and Exchange Commission because they are offered to a limited number of sophisticated investors.

**Range Notes** – Notes which pay interest only if the underlying index upon which it is benchmarked, falls within a certain range.

**Repurchase Agreement** – A repurchase agreement consists of two simultaneous transactions. One is the purchase of securities by an investor (i.e., the County), the other is the commitment by the seller (i.e. a broker/dealer) to repurchase the securities at the same price, plus interest, at some mutually agreed future date.

**Reverse Repurchase Agreement** – The mirror image of Repurchase Agreements. In this instance the County Pool is the seller of securities to an investor (i.e. brokers).

**Safekeeping** – A custodian bank's action to store and protect an investor's securities by segregating and identifying the securities.

**Securities Lending** – A transaction wherein the Treasurer's Pool transfers its securities to broker/dealers and other entities for collateral which may be cash or securities and simultaneously agrees to return the collateral for the same securities in the future.

**Short-Term** – The term used to describe a security when the maturity is one year or less.

**Supranationals** – Senior unsecured unsubordinated obligations that are issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, International Finance Corporation, or Inter-American Development Bank. They are eligible for purchase and sale within the United States and approved for investments by local agencies in California as of January 1, 2015.

**Total Return** – The sum of all investment income plus changes in the capital value of a portfolio for a given period.

**Voluntary Participants** – Local agencies that are not required to deposit their funds with the County Treasurer.

**Weighted Average Maturity** – The remaining average maturity of all securities held in a portfolio.

**Yankee Certificates of Deposit** - Yankee Certificates of Deposit (YCD) are issued in the United States by a branch or agency of a foreign bank. They are negotiable instruments, and most have a minimum face value of $100,000, making them appropriate for large investors.

**Yield** – The gain, expressed as a percentage that an investor derives from a financial asset.

**Yield to Maturity** – The percentage rate of return paid if the security is held to its maturity date. The calculation is based on the coupon rate, length of time to maturity, and market price. It assumes that coupon interest paid over the life of the security is reinvested at the same rate.

## APPENDIX A: INVESTMENT INSTRUMENTS

| **Investment Instruments** | **Maximum Maturity** | **Maximum Specified Percentage of Portfolio** | **Approved Selected Agencies** |
|---|---|---|---|
| U.S. Agencies | 3 years or 1150 days | N/A | Yes |
| Commercial Paper (CP) | 270 days | 40% | Yes |
| Medium Term Notes (MTN) | 2 years or 735 days | 20% | Yes |
| Supranationals | 3 years (1150 days) or less | 30% | Yes |
| U.S. Government Treasury Bills, Notes, and Bonds | 3 years or 1150 days | N/A | |
| Yankee Certificates of Deposit (YCD) | 1 year or 365 days | 30% | Yes |
| Negotiable Certificates of Deposit (NCD) | 1 year or 365 days | 30% | Yes |
| Certificates of Deposits (CD) | 1 year or 365 days | 30% | Yes |
| Local Agency Investment Fund (LAIF) | N/A | Maximum As Permitted by State Law | |
| CalTrust/CAMP | | $25 MM | |
| Munis | 3 years or 1150 days | 30% | |

TREASURER-TAX COLLECTOR
VENTURA COUNTY

STEVEN HINTZ
TREASURER
TAX COLLECTOR

Sue Horgan
Assistant Treasurer-Tax Collector

June 16, 2020

Ventura County Board of Supervisors
800 South Victoria Avenue
Ventura, CA 93009

**SUBJECT:** **Receive and File Report of Investments, Including Market Values for Investments for the Month Ending April 30, 2020.**

**RECOMMENDATION:** Receive and File

**FISCAL/MANDATES IMPACT:** None

**DISCUSSION:**

This report covers the one-month period ending April 30, 2020.

The **average daily portfolio balance** for April was $3.102 Billion, a significant increase that results in the highest average daily balance ever reported. I expect the average daily balance to remain over $3 Billion throughout May.

The **annualized percentage yield** for April was 1.796%, another decrease from March. There were no additional rate cuts, and some of the volatility has gone out of the interest rate market.

In April, the portfolio's net yield continued to **exceed all three benchmarks**, shown at the far right of Exhibit 5. That separation between the yields of similar pools is alpha, the measure of gain produced by the efforts of management.

Going forward, if the current portfolio investments were all held to maturity, the portfolio's **approximate yield to maturity** is 1.67%, a significant decline of 21 basis points. Since few of the April investments shown in Exhibit 2 produce a yield that high, the portfolio's percentage yield will continue to decline. If the interest rate market stabilizes at its current levels, our portfolio's approximate yield to maturity and annualized percentage yield may be as low as 1.50% in the report to be delivered in August.

The **total net earnings** for April were $4.581 Million, an increase from March that reflects the increase in the size of the pool.

The **weighted average days to maturity** declined to 217 days. The interest-rate sensitivity measure of **effective duration** declined to 0.416. Both numbers reflect the move to shorter-term investments to take advantage of what is still an inverted yield curve that rewards shorter-term investments.

The **three largest sectors**, by percentage, were: Commercial Paper (28.40%); Yankee Certificates of Deposit (28.31%) and Supranationals (13.16%). The **three largest issuers**, by percentage, were: Toyota Motor Credit Company (9.94%); National Bank of Kuwait (8.98%); and Korea Development Bank (7.19%). The **three highest-yielding sectors**, by annualized percentage yield, were: Municipal Bonds (1.766%); Yankee Certificates of Deposit (1.740%); and Medium-Term Notes (1.712%). The portfolio is well-diversified and is within the limits of our investment policy and applicable State guidelines.

The portfolio has been managed with the stated objectives of safety, liquidity, and earning a competitive return, as outlined in the Statement of Investment Policy. In striving to maintain **the primary objective, safety of principal**, the County of Ventura has continuously maintained a rating of AAAf/S1+ by Standard & Poor's, the highest rating given by that agency, and re-affirmed in December 2019. The rating reflects S&P's opinion that the portfolio is well-managed, credit-worthy, well-diversified, and has a low sensitivity to interest rate variations. Regarding **the secondary objective of maintaining sufficient liquidity** to meet cash flow needs, the portfolio maintains significant cash reserves in the County's bank, as well as significant holdings in LAIF and CalTrust. The portfolio has the ability to meet its participants' expenditure requirements for the next six months, pursuant to a daily study of projected cash flows. All of the portfolio's assets have a well-developed resale market, although of course it is our policy not to sell. **Earning a competitive rate of return** is reflected by our performance against our benchmarks, even though they each have less restrictive investment policies than ours, and either has no S&P rating like LAIF or a lower S&P rating like CalTrust.

The portfolio has been managed for several months on the assumption that monthly yields will decline. The Investment Work Group has already switched its focus to the challenges of investing in a declining market without approaching the boundaries imposed by our Statement of Investment Policy and by the Standard and Poor's ratings team.

This letter has been reviewed and approved as to form by the County Executive Office, the Auditor-Controller's Office, and County Counsel.

Please contact me at 805-654-3726 if you have any questions or require further information regarding this item.

Sincerely,

STEVEN HINTZ
Treasurer-Tax Collector

Exhibit 1 – Wells Fargo Market/Cost Value Comparison Report – Month End 4/30/2020
Exhibit 2 – Monthly Transactions Report – April 2020
Exhibit 3 – Portfolio Average Monthly Balance Graph – April 2018-2020
Exhibit 4 – Average Maturity Graph – April 2018-2020
Exhibit 5 – Yield Comparison Graph – April 2019-2020
Exhibit 6 – Rolling 2-Year % Yield Graph – April 2018-2020 (Ventura)
Exhibit 7 – Rolling 2-Year $ Yield Graph – April 2018-2020
Exhibit 8 – Portfolio Holdings by Class Graph – April 2020

# WELLS FARGO
**Market/Cost Value Comparison Report**
**By Account By Industry Class**
VENTU009

**General Reporting**
From Month End With Pricing 04/30/2020
05/06/2020 10:49:50 AM PDT

**ACCOUNT: All Accounts Selected**
* = Trade or Other Activity Pending

| Asset ID | Units | Maturity Date | Market Value | Fed Tax Cost | Gain/Loss Amount | % | S & P Rating | Moody`s Rating | Units in Transition | Encumbrd Units |
|---|---|---|---|---|---|---|---|---|---|---|
| **ACCOUNT: 11435100 COUNTY OF VENTURA** | | | | | | | | | | |
| **NET CASH** | | | | | | | | | | |
| NET CASH | | | | | | | | | | |
| | .0000 | | $.00 | $.00 | $.00 | .00 | | | .0000 | .00 |
| | U.S. DOLLARS | | | | | | | | | |
| **SUBTOTAL** | **.0000** | | **$.00** | **$.00** | **$.00** | **.00** | | | **.0000** | **.00** |
| **US GOVERNMENT SHORT-TERM** | | | | | | | | | | |
| GOVERNMENT AGENCY DISCOUNT | | | | | | | | | | |
| 313384XL8 | 10,000,000.0000 | 05/29/2020 | $9,999,300.00 | $9,935,405.56 | $63,894.44 | .64 | N/A | N/A | .0000 | .00 |
| | FED HOME LN BK DISC NOTE DTD 05/29/19 05/29/2020 | | | | | | | | | |
| **SUBTOTAL** | **10,000,000.0000** | | **$9,999,300.00** | **$9,935,405.56** | **$63,894.44** | **.64** | | | **.0000** | **.00** |
| **SAVINGS & CERTIFICATES OF DEPOSIT** | | | | | | | | | | |
| MARKETABLE CERTIFICATES OF DEPOSIT | | | | | | | | | | |
| 05971XNL1 | 10,000,000.0000 | 05/29/2020 | $10,016,800.00 | $10,000,988.00 | $15,812.00 | .16 | N/A | N/A | .0000 | .00 |
| | BANCO DEL ESTA DE CHLE CERT OF DEPOSIT | | | | | | | | | |
| 05971XRL7 | 10,000,000.0000 | 05/26/2020 | $10,011,500.00 | $10,001,272.80 | $10,227.20 | .10 | N/A | N/A | .0000 | .00 |
| | BANCO DEL ESTA DE CHLE CERT OF DEPOSIT | | | | | | | | | |
| 05971XTB7 | 20,000,000.0000 | 08/13/2020 | $20,024,200.00 | $20,001,327.84 | $22,872.16 | .11 | N/A | N/A | .0000 | .00 |
| | BANCO DEL ESTA DE CHLE CERT OF DEPOSIT | | | | | | | | | |
| 23328AN91 | 10,000,000.0000 | 07/20/2020 | $10,008,800.00 | $10,000,757.05 | $8,042.95 | .08 | N/A | N/A | .0000 | .00 |
| | DG BANK, NY BRANCH CERT OF DEPOSIT | | | | | | | | | |
| 48668MC92 | 10,000,000.0000 | 07/08/2020 | $10,019,600.00 | $10,001,369.64 | $18,230.36 | .18 | N/A | N/A | .0000 | .00 |
| | KOOKMIN BANK NY BRCH CERT OF DEPOSIT | | | | | | | | | |
| 48668MD42 | 10,000,000.0000 | 08/20/2020 | $10,041,200.00 | $10,002,988.33 | $38,211.67 | .38 | N/A | N/A | .0000 | .00 |
| | KOOKMIN BANK NY BRCH CERT OF DEPOSIT | | | | | | | | | |
| 50066BRQ6 | 10,000,000.0000 | 06/08/2020 | $10,015,900.00 | $10,000,418.98 | $15,481.02 | .15 | N/A | N/A | .0000 | .00 |
| | KOREA DEVELOPMENT BK CERT OF DEPOSIT | | | | | | | | | |
| 50066BRU7 | 20,000,000.0000 | 07/02/2020 | $20,042,400.00 | $20,001,720.50 | $40,679.50 | .20 | N/A | N/A | .0000 | .00 |
| | KOREA DEVELOPMENT BK CERT OF DEPOSIT | | | | | | | | | |
| 50066BRZ6 | 10,000,000.0000 | 07/30/2020 | $10,024,900.00 | $10,000,926.20 | $23,973.80 | .24 | N/A | N/A | .0000 | .00 |
| | KOREA DEVELOPMENT BK CERT OF DEPOSIT | | | | | | | | | |
| 50066BSB8 | 10,000,000.0000 | 07/28/2020 | $10,024,500.00 | $10,000,882.00 | $23,618.00 | .24 | N/A | N/A | .0000 | .00 |



Exhibit 1

# WELLS FARGO
**Market/Cost Value Comparison Report**
**By Account By Industry Class**
VENTU009

**General Reporting**
From Month End With Pricing 04/30/2020
05/06/2020 10:49:50 AM PDT

**ACCOUNT: All Accounts Selected**
* = Trade or Other Activity Pending

| Asset ID | Units | Maturity Date | Market Value | Fed Tax Cost | Gain/Loss Amount | % | S & P Rating | Moody`s Rating | Units in Transition | Encumbrd Units |
|---|---|---|---|---|---|---|---|---|---|---|
| | | KOREA DEVELOPMENT BK CERT OF DEPOSIT | | | | | | | | |
| 50066BSE2 | 10,000,000.0000 | 09/25/2020 | $10,054,900.00 | $10,002,011.00 | $52,889.00 | .53 | N/A | N/A | .0000 | .00 |
| | | KOREA DEVELOPMENT BK CERT OF DEPOSIT | | | | | | | | |
| 50066BSG7 | 10,000,000.0000 | 10/01/2020 | $10,046,200.00 | $10,001,500.00 | $44,700.00 | .45 | N/A | N/A | .0000 | .00 |
| | | KOREA DEVELOPMENT BK CERT OF DEPOSIT | | | | | | | | |
| 50066BSQ5 | 10,000,000.0000 | 11/18/2020 | $10,000,700.00 | $10,000,579.95 | $120.05 | .00 | N/A | N/A | .0000 | .00 |
| | | KOREA DEVELOPMENT BK CERT OF DEPOSIT | | | | | | | | |
| 63375P2Q1 | 10,000,000.0000 | 05/01/2020 | $10,000,600.00 | $10,000,983.37 | ($383.37) | .00 | N/A | N/A | .0000 | .00 |
| | | NATIONAL BANK OF KUWAI CERT OF DEPOSIT | | | | | | | | |
| 63375P2R9 | 10,000,000.0000 | 05/01/2020 | $10,000,600.00 | $10,000,975.49 | ($375.49) | .00 | N/A | N/A | .0000 | .00 |
| | | NATIONAL BANK OF KUWAI CERT OF DEPOSIT | | | | | | | | |
| 63375P2Y4 | 10,000,000.0000 | 05/19/2020 | $10,011,100.00 | $10,001,973.74 | $9,126.26 | .09 | N/A | N/A | .0000 | .00 |
| | | NATIONAL BANK OF KUWAI CERT OF DEPOSIT | | | | | | | | |
| 63375P3A5 | 20,000,000.0000 | 05/07/2020 | $20,008,200.00 | $20,001,863.57 | $6,336.43 | .03 | N/A | N/A | .0000 | .00 |
| | | NATIONAL BANK OF KUWAI CERT OF DEPOSIT | | | | | | | | |
| 63375P5S4 | 10,000,000.0000 | 09/25/2020 | $10,035,000.00 | $10,001,980.96 | $33,019.04 | .33 | N/A | N/A | .0000 | .00 |
| | | NATIONAL BANK OF KUWAI CERT OF DEPOSIT | | | | | | | | |
| 63375P6R5 | 10,000,000.0000 | 05/22/2020 | $10,008,400.00 | $10,001,006.50 | $7,393.50 | .07 | N/A | N/A | .0000 | .00 |
| | | NATIONAL BANK OF KUWAI CERT OF DEPOSIT | | | | | | | | |
| 63375P6U8 | 10,000,000.0000 | 05/08/2020 | $10,003,200.00 | $10,000,908.42 | $2,291.58 | .02 | N/A | N/A | .0000 | .00 |
| | | NATIONAL BANK OF KUWAI CERT OF DEPOSIT | | | | | | | | |
| 63375P6W4 | 15,000,000.0000 | 06/05/2020 | $15,019,200.00 | $15,002,362.50 | $16,837.50 | .11 | N/A | N/A | .0000 | .00 |
| | | NATIONAL BANK OF KUWAI CERT OF DEPOSIT | | | | | | | | |
| 63376DAP0 | 10,000,000.0000 | 07/20/2020 | $10,018,200.00 | $10,000,990.68 | $17,209.32 | .17 | N/A | N/A | .0000 | .00 |
| | | NATIONAL BANK OF KUWAI CERT OF DEPOSIT | | | | | | | | |
| 63376DAS4 | 10,000,000.0000 | 07/02/2020 | $10,016,800.00 | $10,000,881.52 | $15,918.48 | .16 | N/A | N/A | .0000 | .00 |
| | | NATIONAL BANK OF KUWAI CERT OF DEPOSIT | | | | | | | | |
| 63376DBE4 | 10,000,000.0000 | 07/31/2020 | $10,016,100.00 | $10,000,000.00 | $16,100.00 | .16 | N/A | N/A | .0000 | .00 |
| | | NATIONAL BANK OF KUWAI CERT OF DEPOSIT | | | | | | | | |
| 63376DBG9 | 10,000,000.0000 | 07/29/2020 | $10,015,300.00 | $10,001,372.26 | $13,927.74 | .14 | N/A | N/A | .0000 | .00 |
| | | NATIONAL BANK OF KUWAI CERT OF DEPOSIT | | | | | | | | |



Exhibit 1

# WELLS FARGO
**Market/Cost Value Comparison Report**
**By Account By Industry Class**
VENTU009

**General Reporting**
From Month End With Pricing 04/30/2020
05/06/2020 10:49:50 AM PDT

**ACCOUNT: All Accounts Selected**
* = Trade or Other Activity Pending

| Asset ID | Units | Maturity Date | Market Value | Fed Tax Cost | Gain/Loss Amount | % | S & P Rating | Moody`s Rating | Units in Transition | Encumbrd Units |
|---|---|---|---|---|---|---|---|---|---|---|
| 63376DBZ7 | 20,000,000.0000 | 05/15/2020 | $20,002,600.00 | $20,000,499.64 | $2,100.36 | .01 | N/A | N/A | .0000 | .00 |
| | NATIONAL BANK OF KUWAI CERT OF DEPOSIT | | | | | | | | | |
| 63376DCA1 | 10,000,000.0000 | 07/17/2020 | $10,005,400.00 | $10,000,509.43 | $4,890.57 | .05 | N/A | N/A | .0000 | .00 |
| | NATIONAL BANK OF KUWAI CERT OF DEPOSIT | | | | | | | | | |
| 63376DCE3 | 30,000,000.0000 | 06/23/2020 | $30,007,500.00 | $30,001,014.00 | $6,486.00 | .02 | N/A | N/A | .0000 | .00 |
| | NATIONAL BANK OF KUWAI CERT OF DEPOSIT | | | | | | | | | |
| 63376DCF0 | 30,000,000.0000 | 05/26/2020 | $30,000,300.00 | $30,000,274.84 | $25.16 | .00 | N/A | N/A | .0000 | .00 |
| | NATIONAL BANK OF KUWAI CERT OF DEPOSIT | | | | | | | | | |
| 63376DCH6 | 40,000,000.0000 | 06/29/2020 | $40,002,800.00 | $40,001,464.17 | $1,335.83 | .00 | N/A | N/A | .0000 | .00 |
| | NATIONAL BANK OF KUWAI CERT OF DEPOSIT | | | | | | | | | |
| 63376DCJ2 | 20,000,000.0000 | 07/30/2020 | $19,991,800.00 | $20,000,000.00 | ($8,200.00) | (.04) | N/A | N/A | .0000 | .00 |
| | NATIONAL BANK OF KUWAI CERT OF DEPOSIT | | | | | | | | | |
| 63376DCK9 | 10,000,000.0000 | 06/29/2020 | $9,997,300.00 | $10,000,000.00 | ($2,700.00) | (.03) | N/A | N/A | .0000 | .00 |
| | NATIONAL BANK OF KUWAI CERT OF DEPOSIT | | | | | | | | | |
| 65558TPF6 | 25,000,000.0000 | 10/28/2020 | $25,185,250.00 | $25,004,976.11 | $180,273.89 | .72 | N/A | N/A | .0000 | .00 |
| | NORDEA BK ABP NY CERT OF DEPOSIT | | | | | | | | | |
| 65558TSB2 | 15,000,000.0000 | 07/02/2020 | $15,041,550.00 | $15,000,000.00 | $41,550.00 | .28 | N/A | N/A | .0000 | .00 |
| | NORDEA BK ABP NY CERT OF DEPOSIT | | | | | | | | | |
| 65558TSX4 | 25,000,000.0000 | 06/16/2020 | $25,052,250.00 | $25,002,109.49 | $50,140.51 | .20 | N/A | N/A | .0000 | .00 |
| | NORDEA BK ABP NY CERT OF DEPOSIT | | | | | | | | | |
| 65558TTT2 | 25,000,000.0000 | 07/06/2020 | $25,069,250.00 | $25,002,206.04 | $67,043.96 | .27 | N/A | N/A | .0000 | .00 |
| | NORDEA BK ABP NY CERT OF DEPOSIT | | | | | | | | | |
| 65558TXK6 | 25,000,000.0000 | 05/26/2020 | $24,999,500.00 | $25,000,000.00 | ($500.00) | .00 | N/A | N/A | .0000 | .00 |
| | NORDEA BK ABP NY CERT OF DEPOSIT | | | | | | | | | |
| 69033MLL9 | 25,000,000.0000 | 08/04/2020 | $25,082,750.00 | $25,003,794.75 | $78,955.25 | .32 | N/A | N/A | .0000 | .00 |
| | OVERSEA-CHINESE BANKING CERT OF DEPOSIT | | | | | | | | | |
| 69033MMA2 | 20,000,000.0000 | 05/29/2020 | $20,024,400.00 | $20,001,784.74 | $22,615.26 | .11 | N/A | N/A | .0000 | .00 |
| | OVERSEA-CHINESE BANKING CERT OF DEPOSIT | | | | | | | | | |
| 69033MMC8 | 20,000,000.0000 | 05/11/2020 | $20,009,800.00 | $20,001,533.30 | $8,266.70 | .04 | N/A | N/A | .0000 | .00 |
| | OVERSEA-CHINESE BANKING CERT OF DEPOSIT | | | | | | | | | |
| 69033MMH7 | 10,000,000.0000 | 06/08/2020 | $10,014,500.00 | $10,000,843.68 | $13,656.32 | .14 | N/A | N/A | .0000 | .00 |



Exhibit 1

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**By Account By Industry Class**
VENTU009

**General Reporting**
From Month End With Pricing 04/30/2020
05/06/2020 10:49:50 AM PDT

**ACCOUNT: All Accounts Selected**
* = Trade or Other Activity Pending

| Asset ID | Units | Maturity Date | Market Value | Fed Tax Cost | Gain/Loss Amount | % | S & P Rating | Moody`s Rating | Units in Transition | Encumbrd Units |
|---|---|---|---|---|---|---|---|---|---|---|
| | OVERSEA-CHINESE BANKING CERT OF DEPOSIT | | | | | | | | | |
| 69033MMJ3 | 20,000,000.0000 | 07/02/2020 | $20,043,200.00 | $20,001,873.58 | $41,326.42 | .21 | N/A | N/A | .0000 | .00 |
| | OVERSEA-CHINESE BANKING CERT OF DEPOSIT | | | | | | | | | |
| 69033MML8 | 30,000,000.0000 | 07/17/2020 | $30,080,400.00 | $30,003,023.40 | $77,376.60 | .26 | N/A | N/A | .0000 | .00 |
| | OVERSEA-CHINESE BANKING CERT OF DEPOSIT | | | | | | | | | |
| 69033MNE3 | 10,000,000.0000 | 09/25/2020 | $10,024,800.00 | $10,002,000.00 | $22,800.00 | .23 | N/A | N/A | .0000 | .00 |
| | OVERSEA-CHINESE BANKING CERT OF DEPOSIT | | | | | | | | | |
| 69033MNH6 | 10,000,000.0000 | 09/29/2020 | $10,022,200.00 | $10,001,496.97 | $20,703.03 | .21 | N/A | N/A | .0000 | .00 |
| | OVERSEA-CHINESE BANKING CERT OF DEPOSIT | | | | | | | | | |
| 78012UPF6 | 10,000,000.0000 | 05/01/2020 | $10,000,700.00 | $10,000,000.00 | $700.00 | .01 | N/A | N/A | .0000 | .00 |
| | ROYAL BK OF CANADA CERT OF DEPOSIT | | | | | | | | | |
| 78012URE7 | 10,000,000.0000 | 05/14/2020 | $10,006,500.00 | $10,000,000.00 | $6,500.00 | .07 | N/A | N/A | .0000 | .00 |
| | ROYAL BK OF CANADA CERT OF DEPOSIT | | | | | | | | | |
| 78012UTQ8 | 10,000,000.0000 | 07/23/2020 | $10,017,400.00 | $10,000,000.00 | $17,400.00 | .17 | N/A | N/A | .0000 | .00 |
| | ROYAL BK OF CANADA CERT OF DEPOSIT | | | | | | | | | |
| 78012UTU9 | 20,000,000.0000 | 06/24/2020 | $20,053,200.00 | $20,000,000.00 | $53,200.00 | .27 | N/A | N/A | .0000 | .00 |
| | ROYAL BK OF CANADA CERT OF DEPOSIT | | | | | | | | | |
| 85325V5H9 | 10,000,000.0000 | 10/28/2020 | $9,984,900.00 | $10,000,503.52 | ($15,603.52) | (.16) | N/A | N/A | .0000 | .00 |
| | STANDARD CHRTRD BNK NY CERT OF DEPOSIT | | | | | | | | | |
| 89114M4J3 | 20,000,000.0000 | 07/01/2020 | $20,061,000.00 | $20,003,644.50 | $57,355.50 | .29 | N/A | N/A | .0000 | .00 |
| | TORONTO-DOMINION CERT OF DEPOSIT | | | | | | | | | |
| 89114N6M2 | 15,000,000.0000 | 08/14/2020 | $15,068,400.00 | $15,001,206.86 | $67,193.14 | .45 | N/A | N/A | .0000 | .00 |
| | TORONTO-DOMINION CERT OF DEPOSIT | | | | | | | | | |
| 89114NAH8 | 10,000,000.0000 | 11/13/2020 | $10,078,600.00 | $10,001,995.99 | $76,604.01 | .77 | N/A | N/A | .0000 | .00 |
| | TORONTO-DOMINION CERT OF DEPOSIT | | | | | | | | | |
| 89114NAV7 | 10,000,000.0000 | 08/28/2020 | $10,050,900.00 | $10,000,785.70 | $50,114.30 | .50 | N/A | N/A | .0000 | .00 |
| | TORONTO-DOMINION CERT OF DEPOSIT | | | | | | | | | |
| 89114NB95 | 10,000,000.0000 | 05/22/2020 | $10,009,900.00 | $10,001,007.55 | $8,892.45 | .09 | N/A | N/A | .0000 | .00 |
| | TORONTO-DOMINION CERT OF DEPOSIT | | | | | | | | | |
| 89114NBB0 | 10,000,000.0000 | 05/08/2020 | $10,003,800.00 | $10,001,388.40 | $2,411.60 | .02 | N/A | N/A | .0000 | .00 |
| | TORONTO-DOMINION CERT OF DEPOSIT | | | | | | | | | |



Exhibit 1

# WELLS FARGO

**Market/Cost Value Comparison Report**
**By Account By Industry Class**
VENTU009

**General Reporting**
From Month End With Pricing 04/30/2020
05/06/2020 10:49:50 AM PDT

**ACCOUNT: All Accounts Selected**
* = Trade or Other Activity Pending

| Asset ID | Units | Maturity Date | Market Value | Fed Tax Cost | Gain/Loss Amount | % | S & P Rating | Moody`s Rating | Units in Transition | Encumbrd Units |
|---|---|---|---|---|---|---|---|---|---|---|
| 89114NBR5 | 10,000,000.0000 | 06/05/2020 | $10,016,300.00 | $10,001,013.00 | $15,287.00 | .15 | N/A | N/A | .0000 | .00 |
| | TORONTO-DOMINION CERT OF DEPOSIT | | | | | | | | | |
| 89114NCF0 | 20,000,000.0000 | 06/05/2020 | $20,032,000.00 | $20,002,014.90 | $29,985.10 | .15 | N/A | N/A | .0000 | .00 |
| | TORONTO-DOMINION CERT OF DEPOSIT | | | | | | | | | |
| 89114NET8 | 10,000,000.0000 | 06/26/2020 | $10,026,300.00 | $10,000,484.46 | $25,815.54 | .26 | N/A | N/A | .0000 | .00 |
| | TORONTO-DOMINION CERT OF DEPOSIT | | | | | | | | | |
| 89114NFK6 | 10,000,000.0000 | 07/08/2020 | $10,029,200.00 | $10,000,969.53 | $28,230.47 | .28 | N/A | N/A | .0000 | .00 |
| | TORONTO-DOMINION CERT OF DEPOSIT | | | | | | | | | |
| 89114NG66 | 20,000,000.0000 | 07/01/2020 | $20,050,400.00 | $20,001,720.80 | $48,679.20 | .24 | N/A | N/A | .0000 | .00 |
| | TORONTO-DOMINION CERT OF DEPOSIT | | | | | | | | | |
| 89114NHY4 | 20,000,000.0000 | 03/19/2021 | $20,339,000.00 | $20,005,931.60 | $333,068.40 | 1.66 | N/A | N/A | .0000 | .00 |
| | TORONTO-DOMINION CERT OF DEPOSIT | | | | | | | | | |
| **SUBTOTAL** | **930,000,000.0000** | | **$931,970,350.00** | **$930,084,112.25** | **$1,886,237.75** | **.20** | | | **.0000** | **.00** |
| **COMMERCIAL PAPER** | | | | | | | | | | |
| COMMERCIAL PAPER DISCOUNT | | | | | | | | | | |
| 22533TE85 | 10,000,000.0000 | 05/08/2020 | $9,999,900.00 | $9,919,500.00 | $80,400.00 | .81 | | | .0000 | .00 |
| | CREDIT AGRICOLE CRP&IN CPDN DTD 08/14/19 05/08/2020 | | | | | | | | | |
| 2254EAEV1 | 25,000,000.0000 | 05/29/2020 | $24,997,750.00 | $24,800,014.00 | $197,736.00 | .80 | | | .0000 | .00 |
| | CREDIT SUISSE AG CPDN DTD 12/27/19 05/29/2020 | | | | | | | | | |
| 2254EAJF1 | 20,000,000.0000 | 09/15/2020 | $19,968,000.00 | $19,896,300.00 | $71,700.00 | .36 | | | .0000 | .00 |
| | CREDIT SUISSE AG CPDN DTD 12/20/19 09/15/2020 | | | | | | | | | |
| 30229AGQ6 | 10,000,000.0000 | 07/24/2020 | $9,991,800.00 | $9,964,105.56 | $27,694.44 | .28 | | | .0000 | .00 |
| | EXXON MOBIL CORP CPDN DTD 02/25/20 07/24/2020 | | | | | | | | | |
| 30229AGV5 | 10,000,000.0000 | 07/29/2020 | $9,991,300.00 | $9,980,500.00 | $10,800.00 | .11 | | | .0000 | .00 |
| | EXXON MOBIL CORP CPDN DTD 03/17/20 07/29/2020 | | | | | | | | | |
| 30229AHH5 | 10,000,000.0000 | 08/17/2020 | $9,988,000.00 | $9,920,083.33 | $67,916.67 | .68 | | | .0000 | .00 |
| | EXXON MOBIL CORP CPDN DTD 04/02/20 08/17/2020 | | | | | | | | | |
| 30229AHX0 | 20,000,000.0000 | 08/31/2020 | $19,971,600.00 | $19,816,833.33 | $154,766.67 | .78 | | | .0000 | .00 |
| | EXXON MOBIL CORP CPDN DTD 03/16/20 08/31/2020 | | | | | | | | | |
| 30229AJW0 | 10,000,000.0000 | 09/30/2020 | $9,981,800.00 | $9,957,966.67 | $23,833.33 | .24 | | | .0000 | .00 |
| | EXXON MOBIL CORP CPDN DTD 03/26/20 09/30/2020 | | | | | | | | | |



Exhibit 1

# WELLS FARGO
**Market/Cost Value Comparison Report**
**By Account By Industry Class**
VENTU009

**General Reporting**
From Month End With Pricing 04/30/2020
05/06/2020 10:49:50 AM PDT

**ACCOUNT: All Accounts Selected**
* = Trade or Other Activity Pending

| Asset ID | Units | Maturity Date | Market Value | Fed Tax Cost | Gain/Loss Amount | % | S & P Rating | Moody`s Rating | Units in Transition | Encumbrd Units |
|---|---|---|---|---|---|---|---|---|---|---|
| 30229ALW7 | 10,000,000.0000 | 11/30/2020 | $9,971,600.00 | $9,932,783.33 | $38,816.67 | .39 | | | .0000 | .00 |
| | EXXON MOBIL CORP CPDN DTD 03/31/20 11/30/2020 | | | | | | | | | |
| 48306AEC7 | 43,000,000.0000 | 05/12/2020 | $42,999,140.00 | $42,984,567.78 | $14,572.22 | .03 | | | .0000 | .00 |
| | KAISER FOUNDATION CPDN DTD 04/08/20 05/12/2020 | | | | | | | | | |
| 5006E0E77 | 10,000,000.0000 | 05/07/2020 | $9,999,900.00 | $9,904,955.60 | $94,944.40 | .96 | | | .0000 | .00 |
| | KOREA DEVELOPMENT BK CPDN DTD 11/07/19 05/07/2020 | | | | | | | | | |
| 5006E0E85 | 20,000,000.0000 | 05/08/2020 | $19,999,800.00 | $19,770,544.40 | $229,255.60 | 1.16 | | | .0000 | .00 |
| | KOREA DEVELOPMENT BK CPDN DTD 10/07/19 05/08/2020 | | | | | | | | | |
| 5006E0EC6 | 15,000,000.0000 | 05/12/2020 | $14,999,700.00 | $14,859,000.00 | $140,700.00 | .95 | | | .0000 | .00 |
| | KOREA DEVELOPMENT BK CPDN DTD 11/14/19 05/12/2020 | | | | | | | | | |
| 5006E0FW1 | 30,000,000.0000 | 06/30/2020 | $29,986,500.00 | $29,691,950.10 | $294,549.90 | .99 | | | .0000 | .00 |
| | KOREA DEVELOPMENT BK CPDN DTD 12/11/19 06/30/2020 | | | | | | | | | |
| 5006E0GG5 | 29,750,000.0000 | 07/16/2020 | $29,727,985.00 | $29,672,523.61 | $55,461.39 | .19 | | | .0000 | .00 |
| | KOREA DEVELOPMENT BK CPDN DTD 04/16/20 07/16/2020 | | | | | | | | | |
| 5006E0GV2 | 10,000,000.0000 | 07/29/2020 | $9,991,300.00 | $9,950,666.70 | $40,633.30 | .41 | | | .0000 | .00 |
| | KOREA DEVELOPMENT BK CPDN DTD 03/03/20 07/29/2020 | | | | | | | | | |
| 5006E0GX8 | 5,000,000.0000 | 07/31/2020 | $4,994,950.00 | $4,959,725.00 | $35,225.00 | .71 | | | .0000 | .00 |
| | KOREA DEVELOPMENT BK CPDN DTD 01/31/20 07/31/2020 | | | | | | | | | |
| 5006E0H58 | 10,000,000.0000 | 08/05/2020 | $9,989,300.00 | $9,915,066.70 | $74,233.30 | .75 | | | .0000 | .00 |
| | KOREA DEVELOPMENT BK CPDN DTD 02/05/20 08/05/2020 | | | | | | | | | |
| 5006E0HM1 | 13,250,000.0000 | 08/21/2020 | $13,233,570.00 | $13,221,092.92 | $12,477.08 | .09 | | | .0000 | .00 |
| | KOREA DEVELOPMENT BK CPDN DTD 04/21/20 08/21/2020 | | | | | | | | | |
| 5006E0KL9 | 3,000,000.0000 | 10/20/2020 | $2,993,850.00 | $2,989,125.00 | $4,725.00 | .16 | | | .0000 | .00 |
| | KOREA DEVELOPMENT BK CPDN DTD 04/23/20 10/20/2020 | | | | | | | | | |
| 5006E2EE8 | 10,000,000.0000 | 05/14/2020 | $9,999,700.00 | $9,915,783.33 | $83,916.67 | .85 | | | .0000 | .00 |
| | KOREA DEVELOPMENT BK CPDN DTD 12/03/19 05/14/2020 | | | | | | | | | |
| 59087AGN3 | 10,000,000.0000 | 07/22/2020 | $9,992,000.00 | $9,937,502.80 | $54,497.20 | .55 | | | .0000 | .00 |
| | MET-LIFE FNDG INC. CPDN DTD 02/19/20 07/22/2020 | | | | | | | | | |
| 62479LEN1 | 20,000,000.0000 | 05/22/2020 | $19,998,800.00 | $19,818,094.49 | $180,705.51 | .91 | | | .0000 | .00 |
| | MUFG BANK LTD NY BRAN CPDN DTD 08/26/19 05/22/2020 | | | | | | | | | |
| 62479LFF7 | 10,000,000.0000 | 06/15/2020 | $9,997,300.00 | $9,983,294.44 | $14,005.56 | .14 | | | .0000 | .00 |



Exhibit 1

# WELLS FARGO

**Market/Cost Value Comparison Report**
**By Account By Industry Class**
VENTU009

**General Reporting**
From Month End With Pricing 04/30/2020
05/06/2020 10:49:50 AM PDT

**ACCOUNT: All Accounts Selected**
* = Trade or Other Activity Pending

| Asset ID | Units | Maturity Date | Market Value | Fed Tax Cost | Gain/Loss Amount | % | S & P Rating | Moody`s Rating | Units in Transition | Encumbrd Units |
|---|---|---|---|---|---|---|---|---|---|---|
| | MUFG BANK LTD NY BRAN CPDN DTD 09/19/19 06/15/2020 | | | | | | | | | |
| 62479LFV2 | 20,000,000.0000 | 06/29/2020 | $19,991,200.00 | $19,860,744.44 | $130,455.56 | .66 | | | .0000 | .00 |
| | MUFG BANK LTD NY BRAN CPDN DTD 10/03/19 06/29/2020 | | | | | | | | | |
| 62479LGV1 | 10,000,000.0000 | 07/29/2020 | $9,991,300.00 | $9,959,983.33 | $31,316.67 | .31 | | | .0000 | .00 |
| | MUFG BANK LTD NY BRAN CPDN DTD 01/28/20 07/29/2020 | | | | | | | | | |
| 62479LGW9 | 15,000,000.0000 | 07/30/2020 | $14,986,950.00 | $14,905,033.35 | $81,916.65 | .55 | | | .0000 | .00 |
| | MUFG BANK LTD NY BRAN CPDN DTD 11/08/19 07/30/2020 | | | | | | | | | |
| 62479LGX7 | 15,000,000.0000 | 07/31/2020 | $14,984,850.00 | $14,946,100.00 | $38,750.00 | .26 | | | .0000 | .00 |
| | MUFG BANK LTD NY BRAN CPDN DTD 11/05/19 07/31/2020 | | | | | | | | | |
| 89233GEE2 | 20,000,000.0000 | 05/14/2020 | $19,999,400.00 | $19,825,850.00 | $173,550.00 | .88 | | | .0000 | .00 |
| | TOYOTA MOTOR CREDIT CO CPDN DTD 09/03/19 05/14/2020 | | | | | | | | | |
| 89233GEF9 | 10,000,000.0000 | 05/15/2020 | $9,999,700.00 | $9,964,611.11 | $35,088.89 | .35 | | | .0000 | .00 |
| | TOYOTA MOTOR CREDIT CO CPDN DTD 08/23/19 05/15/2020 | | | | | | | | | |
| 89233GEL6 | 20,000,000.0000 | 05/20/2020 | $19,999,000.00 | $19,923,611.11 | $75,388.89 | .38 | | | .0000 | .00 |
| | TOYOTA MOTOR CREDIT CO CPDN DTD 03/16/20 05/20/2020 | | | | | | | | | |
| 89233GEN2 | 10,000,000.0000 | 05/22/2020 | $9,999,400.00 | $9,908,033.33 | $91,366.67 | .92 | | | .0000 | .00 |
| | TOYOTA MOTOR CREDIT CO CPDN DTD 08/27/19 05/22/2020 | | | | | | | | | |
| 89233GEU6 | 10,000,000.0000 | 05/28/2020 | $9,999,100.00 | $9,903,416.67 | $95,683.33 | .97 | | | .0000 | .00 |
| | TOYOTA MOTOR CREDIT CO CPDN DTD 10/01/19 05/28/2020 | | | | | | | | | |
| 89233GEV4 | 10,000,000.0000 | 05/29/2020 | $9,999,100.00 | $9,914,950.00 | $84,150.00 | .85 | | | .0000 | .00 |
| | TOYOTA MOTOR CREDIT CO CPDN DTD 09/04/19 05/29/2020 | | | | | | | | | |
| 89233GF50 | 10,000,000.0000 | 06/05/2020 | $9,997,900.00 | $9,905,444.44 | $92,455.56 | .93 | | | .0000 | .00 |
| | TOYOTA MOTOR CREDIT CO CPDN DTD 09/27/19 06/05/2020 | | | | | | | | | |
| 89233GF84 | 10,000,000.0000 | 06/08/2020 | $9,997,700.00 | $9,986,327.78 | $11,372.22 | .11 | | | .0000 | .00 |
| | TOYOTA MOTOR CREDIT CO CPDN DTD 09/12/19 06/08/2020 | | | | | | | | | |
| 89233GFC5 | 10,000,000.0000 | 06/12/2020 | $9,997,400.00 | $9,967,488.89 | $29,911.11 | .30 | | | .0000 | .00 |
| | TOYOTA MOTOR CREDIT CO CPDN DTD 09/16/19 06/12/2020 | | | | | | | | | |
| 89233GFJ0 | 10,000,000.0000 | 06/18/2020 | $9,996,400.00 | $9,961,766.67 | $34,633.33 | .35 | | | .0000 | .00 |
| | TOYOTA MOTOR CREDIT CO CPDN DTD 09/26/19 06/18/2020 | | | | | | | | | |
| 89233GFK7 | 20,000,000.0000 | 06/19/2020 | $19,992,600.00 | $19,803,755.56 | $188,844.44 | .95 | | | .0000 | .00 |
| | TOYOTA MOTOR CREDIT CO CPDN DTD 09/23/19 06/19/2020 | | | | | | | | | |



Exhibit 1

**ACCOUNT: All Accounts Selected**
* = Trade or Other Activity Pending

| Asset ID | Units | Maturity Date | Market Value | Fed Tax Cost | Gain/Loss Amount | % | S & P Rating | Moody`s Rating | Units in Transition | Encumbrd Units |
|---|---|---|---|---|---|---|---|---|---|---|
| 89233GFR2 | 10,000,000.0000 | 06/25/2020 | $9,995,900.00 | $9,899,311.11 | $96,588.89 | .98 | | | .0000 | .00 |
| | TOYOTA MOTOR CREDIT CO CPDN DTD 10/02/19 06/25/2020 | | | | | | | | | |
| 89233GFS0 | 10,000,000.0000 | 06/26/2020 | $9,995,800.00 | $9,909,066.67 | $86,733.33 | .88 | | | .0000 | .00 |
| | TOYOTA MOTOR CREDIT CO CPDN DTD 10/03/19 06/26/2020 | | | | | | | | | |
| 89233GG83 | 20,000,000.0000 | 07/08/2020 | $19,986,800.00 | $19,854,372.22 | $132,427.78 | .67 | | | .0000 | .00 |
| | TOYOTA MOTOR CREDIT CO CPDN DTD 10/17/19 07/08/2020 | | | | | | | | | |
| 89233GGU4 | 25,000,000.0000 | 07/28/2020 | $24,978,500.00 | $24,857,872.23 | $120,627.77 | .49 | | | .0000 | .00 |
| | TOYOTA MOTOR CREDIT CO CPDN DTD 11/01/19 07/28/2020 | | | | | | | | | |
| 89233GGW0 | 20,000,000.0000 | 07/30/2020 | $19,982,600.00 | $19,866,416.66 | $116,183.34 | .58 | | | .0000 | .00 |
| | TOYOTA MOTOR CREDIT CO CPDN DTD 12/09/19 07/30/2020 | | | | | | | | | |
| 89233GGX8 | 10,000,000.0000 | 07/31/2020 | $9,989,900.00 | $9,860,269.44 | $129,630.56 | 1.31 | | | .0000 | .00 |
| | TOYOTA MOTOR CREDIT CO CPDN DTD 11/04/19 07/31/2020 | | | | | | | | | |
| 89233GK96 | 20,000,000.0000 | 10/09/2020 | $19,961,600.00 | $19,832,877.78 | $128,722.22 | .65 | | | .0000 | .00 |
| | TOYOTA MOTOR CREDIT CO CPDN DTD 01/14/20 10/09/2020 | | | | | | | | | |
| 89233GKP0 | 10,000,000.0000 | 10/23/2020 | $9,979,100.00 | $9,909,175.00 | $69,925.00 | .71 | | | .0000 | .00 |
| | TOYOTA MOTOR CREDIT CO CPDN DTD 01/27/20 10/23/2020 | | | | | | | | | |
| 89233GLW4 | 10,000,000.0000 | 11/30/2020 | $9,971,600.00 | $9,886,022.22 | $85,577.78 | .87 | | | .0000 | .00 |
| | TOYOTA MOTOR CREDIT CO CPDN DTD 03/06/20 11/30/2020 | | | | | | | | | |
| 89233GNF9 | 10,000,000.0000 | 01/15/2021 | $9,961,900.00 | $9,850,000.00 | $111,900.00 | 1.14 | | | .0000 | .00 |
| | TOYOTA MOTOR CREDIT CO CPDN DTD 04/20/20 01/15/2021 | | | | | | | | | |
| 89233GNN2 | 10,000,000.0000 | 01/22/2021 | $9,960,800.00 | $9,850,555.56 | $110,244.44 | 1.12 | | | .0000 | .00 |
| | TOYOTA MOTOR CREDIT CO CPDN DTD 04/27/20 01/22/2021 | | | | | | | | | |
| 8923A0E82 | 10,000,000.0000 | 05/08/2020 | $9,999,900.00 | $9,912,213.89 | $87,686.11 | .88 | | | .0000 | .00 |
| | TOYOTA CDT DE PR CORP CPDN DTD 11/01/19 05/08/2020 | | | | | | | | | |
| 8923A0EC3 | 10,000,000.0000 | 05/12/2020 | $9,999,800.00 | $9,984,500.00 | $15,300.00 | .15 | | | .0000 | .00 |
| | TOYOTA CDT DE PR CORP CPDN DTD 11/12/19 05/12/2020 | | | | | | | | | |
| 8923A0ES8 | 20,000,000.0000 | 05/26/2020 | $19,998,400.00 | $19,908,300.00 | $90,100.00 | .45 | | | .0000 | .00 |
| | TOYOTA CDT DE PR CORP CPDN DTD 08/30/19 05/26/2020 | | | | | | | | | |
| 8923A0ET6 | 20,000,000.0000 | 05/27/2020 | $19,998,200.00 | $19,908,300.00 | $89,900.00 | .45 | | | .0000 | .00 |
| | TOYOTA CDT DE PR CORP CPDN DTD 03/25/20 05/27/2020 | | | | | | | | | |
| 8923A0F16 | 20,000,000.0000 | 06/01/2020 | $19,996,200.00 | $19,906,200.00 | $90,000.00 | .45 | | | .0000 | .00 |



Exhibit 1

# WELLS FARGO

**Market/Cost Value Comparison Report**
**By Account By Industry Class**
VENTU009

**General Reporting**
From Month End With Pricing 04/30/2020
05/06/2020 10:49:50 AM PDT

**ACCOUNT: All Accounts Selected**
* = Trade or Other Activity Pending

| Asset ID | Units | Maturity Date | Market Value | Fed Tax Cost | Gain/Loss Amount | % | S & P Rating | Moody`s Rating | Units in Transition | Encumbrd Units |
|---|---|---|---|---|---|---|---|---|---|---|
| TOYOTA CDT DE PR CORP CPDN DTD 11/12/19 06/01/2020 | | | | | | | | | | |
| 8923A0FK4 | 10,000,000.0000 | 06/19/2020 | $9,996,300.00 | $9,941,988.89 | $54,311.11 | .55 | | | .0000 | .00 |
| TOYOTA CDT DE PR COR CPDN DTD 03/19/20 06/19/2020 | | | | | | | | | | |
| 8923A0GF4 | 10,000,000.0000 | 07/15/2020 | $9,992,700.00 | $9,910,002.78 | $82,697.22 | .83 | | | .0000 | .00 |
| TOYOTA CDT DE PR CORP CPDN DTD 01/16/20 07/15/2020 | | | | | | | | | | |
| 8923A0GU1 | 10,000,000.0000 | 07/28/2020 | $9,991,400.00 | $9,952,722.22 | $38,677.78 | .39 | | | .0000 | .00 |
| TOYOTA CDT DE PR CORP CPDN DTD 03/02/20 07/28/2020 | | | | | | | | | | |
| 8923A0H48 | 20,000,000.0000 | 08/04/2020 | $19,978,800.00 | $19,712,000.00 | $266,800.00 | 1.35 | | | .0000 | .00 |
| TOYOTA CDT DE PR CORP CPDN DTD 11/08/19 08/04/2020 | | | | | | | | | | |
| 8923A0JA2 | 20,000,000.0000 | 09/10/2020 | $19,969,200.00 | $19,865,000.00 | $104,200.00 | .52 | | | .0000 | .00 |
| TOYOTA CDT DE PR CORP CPDN DTD 04/13/20 09/10/2020 | | | | | | | | | | |
| 8923A0K51 | 30,000,000.0000 | 10/05/2020 | $29,943,600.00 | $29,737,055.55 | $206,544.45 | .69 | | | .0000 | .00 |
| TOYOTA CDT DE PR CORP CPDN DTD 04/06/20 10/05/2020 | | | | | | | | | | |
| 8923A0KD4 | 20,000,000.0000 | 10/13/2020 | $19,960,600.00 | $19,818,266.67 | $142,333.33 | .72 | | | .0000 | .00 |
| TOYOTA CDT DE PR CORP CPDN DTD 04/08/20 10/13/2020 | | | | | | | | | | |
| 8923A0N82 | 10,000,000.0000 | 01/08/2021 | $9,962,900.00 | $9,848,500.00 | $114,400.00 | 1.16 | | | .0000 | .00 |
| TOYOTA CDT DE PR CORP CPDN DTD 04/13/20 01/08/2021 | | | | | | | | | | |
| 91411SFB1 | 3,840,000.0000 | 06/11/2020 | $3,839,040.00 | $3,817,079.47 | $21,960.53 | .58 | | | .0000 | .00 |
| RGTS OF UNIV OF CA CPDN DTD 01/23/20 06/11/2020 | | | | | | | | | | |
| **SUBTOTAL** | **932,840,000.0000** | | **$932,089,085.00** | **$926,297,164.13** | **$5,791,920.87** | **.63** | | | **.0000** | **.00** |
| **CORPORATE BONDS** | | | | | | | | | | |
| CORPORATE BONDS | | | | | | | | | | |
| 02665WCH2 | 4,300,000.0000 | 06/16/2020 | $4,302,150.00 | $4,285,853.00 | $16,297.00 | .38 | A | A3 | .0000 | .00 |
| AMERICAN HONDA FINANCE DTD 07/16/18 3.000 06/16/2020 | | | | | | | | | | |
| 02665WCS8 | 1,975,000.0000 | 01/08/2021 | $1,992,775.00 | $2,001,692.13 | ($8,917.13) | (.45) | A | A3 | .0000 | .00 |
| AMERICAN HONDA FINANCE DTD 01/15/19 3.150 01/08/2021 | | | | | | | | | | |
| 037833BD1 | 5,621,000.0000 | 05/06/2020 | $5,621,505.89 | $5,625,106.64 | ($3,600.75) | (.06) | AA+ | AA1 | .0000 | .00 |
| APPLE INC DTD 05/13/15 2.000 05/06/2020 | | | | | | | | | | |
| 037833BS8 | 15,000,000.0000 | 02/23/2021 | $15,174,750.00 | $15,104,460.00 | $70,290.00 | .47 | AA+ | AA1 | .0000 | .00 |
| APPLE INC DTD 02/23/16 2.250 02/23/2021 | | | | | | | | | | |
| 037833CC2 | 25,000,000.0000 | 08/04/2021 | $25,234,500.00 | $25,000,000.00 | $234,500.00 | .94 | AA+ | AA1 | .0000 | .00 |



Exhibit 1

# WELLS FARGO
**Market/Cost Value Comparison Report**
**By Account By Industry Class**
VENTU009

**General Reporting**
From Month End With Pricing 04/30/2020
05/06/2020 10:49:50 AM PDT

**ACCOUNT: All Accounts Selected**
* = Trade or Other Activity Pending

| Asset ID | Units | Maturity Date | Market Value | Fed Tax Cost | Gain/Loss Amount | % | S & P Rating | Moody`s Rating | Units in Transition | Encumbrd Units |
|---|---|---|---|---|---|---|---|---|---|---|
| | APPLE INC DTD 08/04/16 1.550 08/04/2021 | | | | | | | | | |
| 037833DJ6 | 11,549,000.0000 | 11/13/2020 | $11,633,654.17 | $11,579,885.63 | $53,768.54 | .46 | AA+ | AA1 | .0000 | .00 |
| | APPLE INC DTD 11/13/17 2.000 11/13/2020 | | | | | | | | | |
| 05253JAK7 | 2,343,000.0000 | 11/16/2020 | $2,365,609.95 | $2,358,440.37 | $7,169.58 | .30 | AA- | AA3 | .0000 | .00 |
| | AUST & NZ BANKING GRP NY MED TERM NOTE | | | | | | | | | |
| 05253JAM3 | 5,909,000.0000 | 06/01/2021 | $5,992,139.63 | $5,983,867.03 | $8,272.60 | .14 | AA- | AA3 | .0000 | .00 |
| | AUST & NZ BANKING GRP NY DTD 06/01/16 2.300 06/01/2021 | | | | | | | | | |
| 05253JAR2 | 1,390,000.0000 | 08/19/2020 | $1,394,239.50 | $1,393,822.50 | $417.00 | .03 | AA- | AA3 | .0000 | .00 |
| | AUST & NZ BANKING GROUP DTD 05/19/17 2.125 08/19/2020 | | | | | | | | | |
| 05253JAT8 | 6,380,000.0000 | 11/09/2020 | $6,425,808.40 | $6,353,331.60 | $72,476.80 | 1.14 | AA- | AA3 | .0000 | .00 |
| | AUST & NZ BANKING GRP NY MED TERM NOTE | | | | | | | | | |
| 06406FAA1 | 20,000,000.0000 | 04/15/2021 | $20,270,200.00 | $19,970,100.00 | $300,100.00 | 1.50 | A | A1 | .0000 | .00 |
| | BANK OF NY MELLON CORP DTD 02/19/16 2.500 04/15/2021 | | | | | | | | | |
| 06406FAB9 | 2,000,000.0000 | 05/03/2021 | $2,021,300.00 | $1,980,780.00 | $40,520.00 | 2.05 | A | A1 | .0000 | .00 |
| | BANK OF NY MELLON CORP MED TERM NOTE | | | | | | | | | |
| 06406HDF3 | 8,788,000.0000 | 11/27/2020 | $8,846,352.32 | $8,844,155.32 | $2,197.00 | .02 | A | A1 | .0000 | .00 |
| | BANK OF NY MELLON CORP MED TERM NOTE | | | | | | | | | |
| 166764AG5 | 1,000,000.0000 | 06/24/2020 | $1,001,270.00 | $995,450.00 | $5,820.00 | .58 | AA | AA2 | .0000 | .00 |
| | CHEVRON CORP DTD 06/24/13 2.427 06/24/2020 | | | | | | | | | |
| 166764AY6 | 12,766,000.0000 | 11/17/2020 | $12,849,106.66 | $12,848,679.98 | $426.68 | .00 | AA | AA2 | .0000 | .00 |
| | CHEVRON CORP DTD 11/17/15 2.419 11/17/2020 | | | | | | | | | |
| 166764BG4 | 24,927,000.0000 | 05/16/2021 | $25,208,176.56 | $25,146,236.58 | $61,939.98 | .25 | AA | AA2 | .0000 | .00 |
| | CHEVRON CORP DTD 05/16/16 2.100 05/16/2021 | | | | | | | | | |
| 17275RAX0 | 14,523,000.0000 | 06/15/2020 | $14,552,772.15 | $14,569,718.83 | ($16,946.68) | (.12) | AA- | A1 | .0000 | .00 |
| | CISCO SYSTEMS INC DTD 06/17/15 2.450 06/15/2020 | | | | | | | | | |
| 17275RBD3 | 21,941,000.0000 | 02/28/2021 | $22,217,237.19 | $22,105,864.38 | $111,372.81 | .50 | AA- | A1 | .0000 | .00 |
| | CISCO SYSTEMS INC DTD 02/29/16 2.200 02/28/2021 | | | | | | | | | |
| 191216BT6 | 9,825,000.0000 | 10/27/2020 | $9,874,911.00 | $9,891,613.50 | ($16,702.50) | (.17) | A+ | A1 | .0000 | .00 |
| | COCA-COLA CO/THE DTD 10/27/15 1.875 10/27/2020 | | | | | | | | | |
| 21688AAF9 | 19,783,000.0000 | 01/19/2021 | $20,006,745.73 | $19,906,248.37 | $100,497.36 | .50 | A+ | AA3 | .0000 | .00 |
| | RABOBANK NEDERLAND NY MED TERM NOTE | | | | | | | | | |



Exhibit 1

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VENTU009

**General Reporting**
From Month End With Pricing 04/30/2020
05/06/2020 10:49:50 AM PDT

**ACCOUNT: All Accounts Selected**
* = Trade or Other Activity Pending

| Asset ID | Units | Maturity Date | Market Value | Fed Tax Cost | Gain/Loss Amount | % | S & P Rating | Moody`s Rating | Units in Transition | Encumbrd Units |
|---|---|---|---|---|---|---|---|---|---|---|
| 21688AAN2 | 2,500,000.0000 | 04/26/2021 | $2,554,700.00 | $2,551,700.00 | $3,000.00 | .12 | A+ | AA3 | .0000 | .00 |
| | COOPERAT RABOBANK UA/NY DTD 04/26/18 3.125 04/26/2021 | | | | | | | | | |
| 22546QAF4 | 3,634,000.0000 | 08/05/2020 | $3,663,072.00 | $3,666,876.92 | ($3,804.92) | (.10) | A+ | A1 | .0000 | .00 |
| | CREDIT SUISSE NEW YORK DTD 08/05/10 4.375 08/05/2020 | | | | | | | | | |
| 22546QAR8 | 5,351,000.0000 | 10/29/2021 | $5,487,289.97 | $5,472,735.25 | $14,554.72 | .27 | A+ | A1 | .0000 | .00 |
| | CREDIT SUISSE NEW YORK DTD 10/29/14 3.000 10/29/2021 | | | | | | | | | |
| 22550L2A8 | 19,735,000.0000 | 11/12/2021 | $19,943,796.30 | $19,818,135.25 | $125,661.05 | .63 | A+ | A1 | .0000 | .00 |
| | CREDIT SUISSE NEW YORK DTD 11/12/19 2.100 11/12/2021 | | | | | | | | | |
| 22550L2B6 | 5,000,000.0000 | 04/08/2022 | $5,118,500.00 | $5,104,000.00 | $14,500.00 | .28 | A+ | A1 | .0000 | .00 |
| | CREDIT SUISSE NEW YORK DTD 04/09/20 2.800 04/08/2022 | | | | | | | | | |
| 25468PDE3 | 1,850,000.0000 | 09/17/2020 | $1,857,011.50 | $1,853,418.80 | $3,592.70 | .19 | A- | A2 | .0000 | .00 |
| | WALT DISNEY COMPANY/THE MED TERM NOTE | | | | | | | | | |
| 30231GAV4 | 7,155,000.0000 | 03/01/2021 | $7,218,536.40 | $7,195,031.97 | $23,504.43 | .33 | AA | AA1 | .0000 | .00 |
| | EXXON MOBIL CORPORATION DTD 03/03/16 2.222 03/01/2021 | | | | | | | | | |
| 45818WCK0 | 17,250,000.0000 | 04/11/2022 | $17,820,975.00 | $17,543,040.00 | $277,935.00 | 1.58 | AAA | AAA | .0000 | .00 |
| | INTER-AMERICAN DEVEL BK DTD 04/11/19 2.360 04/11/2022 | | | | | | | | | |
| 4581X0CD8 | 40,915,000.0000 | 11/09/2020 | $41,291,008.85 | $41,083,848.52 | $207,160.33 | .50 | AAA | AAA | .0000 | .00 |
| | INTER-AMERICAN DEVEL BK DTD 11/08/13 2.125 11/09/2020 | | | | | | | | | |
| 4581X0CX4 | 14,510,000.0000 | 05/12/2020 | $14,517,835.40 | $14,380,883.11 | $136,952.29 | .95 | AAA | AAA | .0000 | .00 |
| | INTER-AMERICAN DEVEL BK DTD 04/12/17 1.625 05/12/2020 | | | | | | | | | |
| 4581X0DB1 | 17,888,000.0000 | 04/19/2021 | $18,270,266.56 | $18,128,348.00 | $141,918.56 | .78 | AAA | AAA | .0000 | .00 |
| | INTER-AMERICAN DEVEL BK DTD 04/19/18 2.625 04/19/2021 | | | | | | | | | |
| 459058DH3 | 26,052,000.0000 | 11/01/2020 | $26,245,826.88 | $26,159,958.25 | $85,868.63 | .33 | AAA | AAA | .0000 | .00 |
| | INTL BK RECON & DEVELOP DTD 11/01/13 2.125 11/01/2020 | | | | | | | | | |
| 459058DY6 | 10,000,000.0000 | 02/10/2022 | $10,218,000.00 | $9,974,800.00 | $243,200.00 | 2.44 | AAA | AAA | .0000 | .00 |
| | INTL BK RECON & DEVELOP DTD 02/12/15 1.625 02/10/2022 | | | | | | | | | |
| 459058EW9 | 5,776,000.0000 | 03/09/2021 | $5,846,987.04 | $5,771,454.20 | $75,532.84 | 1.31 | AAA | AAA | .0000 | .00 |
| | INTL BK RECON & DEVELOP DTD 03/09/16 1.625 03/09/2021 | | | | | | | | | |
| 459058FM0 | 25,000,000.0000 | 08/10/2020 | $25,015,750.00 | $24,909,275.00 | $106,475.00 | .43 | AAA | AAA | .0000 | .00 |
| | INTL BK RECON & DEVELOP DTD 08/10/16 1.125 08/10/2020 | | | | | | | | | |
| 459058GA5 | 46,570,000.0000 | 09/04/2020 | $46,766,525.40 | $46,513,241.36 | $253,284.04 | .54 | AAA | AAA | .0000 | .00 |



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05/06/2020 10:49:50 AM PDT

**ACCOUNT: All Accounts Selected**
* = Trade or Other Activity Pending

| Asset ID | Units | Maturity Date | Market Value | Fed Tax Cost | Gain/Loss Amount | % | S & P Rating | Moody`s Rating | Units in Transition | Encumbrd Units |
|---|---|---|---|---|---|---|---|---|---|---|
| | INTL BK RECON & DEVELOP DTD 08/29/17 1.625 09/04/2020 | | | | | | | | | |
| 459058GH0 | 10,000,000.0000 | 07/23/2021 | $10,281,200.00 | $10,171,300.00 | $109,900.00 | 1.08 | AAA | AAA | .0000 | .00 |
| | INTL BK RECON & DEVELOP DTD 07/25/18 2.750 07/23/2021 | | | | | | | | | |
| 459058GU1 | 10,000,000.0000 | 07/01/2022 | $10,373,900.00 | $10,073,400.00 | $300,500.00 | 2.98 | AAA | AAA | .0000 | .00 |
| | INTL BK RECON & DEVELOP DTD 05/29/19 2.125 07/01/2022 | | | | | | | | | |
| 45905U4Y7 | 25,000,000.0000 | 12/17/2022 | $25,217,750.00 | $25,000,000.00 | $217,750.00 | .87 | AAA | AAA | .0000 | .00 |
| | INTL BK RECON & DEVELOP DTD 12/17/19 1.750 12/17/2022 | | | | | | | | | |
| 45905UP32 | 6,550,000.0000 | 09/12/2020 | $6,591,461.50 | $6,491,836.10 | $99,625.40 | 1.53 | N/A | AAA | .0000 | .00 |
| | INTL BK RECON & DEVELOP DTD 09/19/17 1.561 09/12/2020 | | | | | | | | | |
| 459200HM6 | 5,550,000.0000 | 05/15/2020 | $5,551,665.00 | $5,513,630.85 | $38,034.15 | .69 | A | A2 | .0000 | .00 |
| | IBM CORP DTD 05/07/13 1.625 05/15/2020 | | | | | | | | | |
| 45950KCG3 | 63,498,000.0000 | 07/16/2020 | $63,628,805.88 | $63,493,202.98 | $135,602.90 | .21 | AAA | AAA | .0000 | .00 |
| | INTL FINANCE CORP DTD 07/16/15 1.625 07/16/2020 | | | | | | | | | |
| 45950KCJ7 | 11,700,000.0000 | 07/20/2021 | $11,799,567.00 | $11,592,304.00 | $207,263.00 | 1.79 | AAA | AAA | .0000 | .00 |
| | INTL FINANCE CORP DTD 07/20/16 1.125 07/20/2021 | | | | | | | | | |
| 45950KCM0 | 5,000,000.0000 | 01/25/2021 | $5,063,450.00 | $5,030,400.00 | $33,050.00 | .66 | AAA | AAA | .0000 | .00 |
| | INTL FINANCE CORP DTD 01/25/18 2.250 01/25/2021 | | | | | | | | | |
| 45950VLQ7 | 1,630,000.0000 | 03/09/2021 | $1,654,873.80 | $1,650,032.70 | $4,841.10 | .29 | N/A | AAA | .0000 | .00 |
| | INTL FINANCE CORP DTD 03/16/18 2.635 03/09/2021 | | | | | | | | | |
| 45950VNW2 | 25,000,000.0000 | 04/15/2021 | $25,024,250.00 | $24,988,000.00 | $36,250.00 | .15 | N/A | N/A | .0000 | .00 |
| | INTL FINANCE CORP DTD 04/27/20 0.500 04/15/2021 | | | | | | | | | |
| 46632FPZ2 | 20,000,000.0000 | 06/03/2021 | $19,810,000.00 | $20,000,000.00 | ($190,000.00) | (.95) | A+ | AA2 | .0000 | .00 |
| | JP MORGAN CHASE BANK NA MED TERM NOTE | | | | | | | | | |
| 478160CH5 | 1,302,000.0000 | 11/10/2020 | $1,307,663.70 | $1,305,569.33 | $2,094.37 | .16 | AAA | AAA | .0000 | .00 |
| | JOHNSON & JOHNSON DTD 11/10/17 1.950 11/10/2020 | | | | | | | | | |
| 594918AH7 | 674,000.0000 | 10/01/2020 | $678,259.68 | $682,263.24 | ($4,003.56) | (.59) | AAA | AAA | .0000 | .00 |
| | MICROSOFT CORP DTD 09/27/10 3.000 10/01/2020 | | | | | | | | | |
| 594918BA1 | 1,280,000.0000 | 02/12/2022 | $1,320,051.20 | $1,286,553.60 | $33,497.60 | 2.60 | AAA | AAA | .0000 | .00 |
| | MICROSOFT CORP DTD 02/12/15 2.375 02/12/2022 | | | | | | | | | |
| 594918BG8 | 2,909,000.0000 | 11/03/2020 | $2,930,730.23 | $2,916,172.18 | $14,558.05 | .50 | AAA | AAA | .0000 | .00 |
| | MICROSOFT CORP DTD 11/03/15 2.000 11/03/2020 | | | | | | | | | |



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VENTU009

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05/06/2020 10:49:50 AM PDT

**ACCOUNT: All Accounts Selected**
* = Trade or Other Activity Pending

| Asset ID | Units | Maturity Date | Market Value | Fed Tax Cost | Gain/Loss Amount | % | S & P Rating | Moody`s Rating | Units in Transition | Encumbrd Units |
|---|---|---|---|---|---|---|---|---|---|---|
| 594918BP8 | 43,857,000.0000 | 08/08/2021 | $44,391,616.83 | $44,209,222.77 | $182,394.06 | .41 | AAA | AAA | .0000 | .00 |
| | MICROSOFT CORP DTD 08/08/16 1.550 08/08/2021 | | | | | | | | | |
| 637432MU6 | 1,180,000.0000 | 06/15/2020 | $1,181,333.40 | $1,181,085.60 | $247.80 | .02 | A | A1 | .0000 | .00 |
| | NATIONAL RURAL UTIL COOP DTD 06/06/13 2.350 06/15/2020 | | | | | | | | | |
| 637432NF8 | 2,725,000.0000 | 11/01/2020 | $2,741,023.00 | $2,737,235.25 | $3,787.75 | .14 | A | A1 | .0000 | .00 |
| | NATIONAL RURAL UTIL COOP DTD 10/27/15 2.300 11/01/2020 | | | | | | | | | |
| 68389XBA2 | 2,456,000.0000 | 07/08/2021 | $2,510,400.40 | $2,485,675.12 | $24,725.28 | .99 | A+ | A3 | .0000 | .00 |
| | ORACLE CORP DTD 07/08/14 2.800 07/08/2021 | | | | | | | | | |
| 69353RES3 | 500,000.0000 | 07/21/2020 | $501,175.00 | $501,680.00 | ($505.00) | (.10) | A | A2 | .0000 | .00 |
| | PNC FINANCIAL SERVICES DTD 07/21/15 2.600 07/21/2020 | | | | | | | | | |
| 69353REU8 | 1,000,000.0000 | 11/05/2020 | $1,006,720.00 | $998,380.00 | $8,340.00 | .84 | A | A2 | .0000 | .00 |
| | PNC BANK NA DTD 11/03/15 2.450 11/05/2020 | | | | | | | | | |
| 713448BR8 | 4,250,000.0000 | 11/01/2020 | $4,301,765.00 | $4,302,895.50 | ($1,130.50) | (.03) | A+ | A1 | .0000 | .00 |
| | PEPSICO INC DTD 10/26/10 3.125 11/01/2020 | | | | | | | | | |
| 742718FA2 | 1,084,000.0000 | 10/23/2020 | $1,091,826.48 | $1,085,550.12 | $6,276.36 | .58 | AA- | AA3 | .0000 | .00 |
| | PROCTER & GAMBLE CP/THE DTD 10/25/17 1.900 10/23/2020 | | | | | | | | | |
| 88579YAQ4 | 3,500,000.0000 | 08/07/2020 | $3,510,430.00 | $3,498,705.00 | $11,725.00 | .34 | A+ | A1 | .0000 | .00 |
| | 3M COMPANY DTD 08/07/15 2.000 08/07/2020 | | | | | | | | | |
| 89233P5T9 | 1,370,000.0000 | 01/12/2022 | $1,415,210.00 | $1,423,799.90 | ($8,589.90) | (.60) | AA- | A1 | .0000 | .00 |
| | TOYOTA MOTOR CREDIT CORP DTD 01/12/12 3.300 01/12/2022 | | | | | | | | | |
| 89236TCZ6 | 5,000,000.0000 | 04/08/2021 | $5,031,050.00 | $4,950,850.00 | $80,200.00 | 1.62 | AA- | A1 | .0000 | .00 |
| | TOYOTA MOTOR CREDIT CORP MED TERM NOTE | | | | | | | | | |
| 89236TGR0 | 25,000,000.0000 | 12/13/2021 | $25,203,000.00 | $25,000,000.00 | $203,000.00 | .81 | AA- | A1 | .0000 | .00 |
| | TOYOTA MOTOR CREDIT CORP MED TERM NOTE | | | | | | | | | |
| 90331HNG4 | 3,100,000.0000 | 10/23/2020 | $3,114,229.00 | $3,108,625.70 | $5,603.30 | .18 | AA- | A1 | .0000 | .00 |
| | US BANK NA CINCINNATI MED TERM NOTE | | | | | | | | | |
| 90331HPJ6 | 5,000,000.0000 | 01/21/2022 | $5,066,250.00 | $5,020,550.00 | $45,700.00 | .91 | AA- | A1 | .0000 | .00 |
| | US BANK NA CINCINNATI DTD 01/21/20 1.800 01/21/2022 | | | | | | | | | |
| 91159HHL7 | 420,000.0000 | 01/29/2021 | $423,507.00 | $421,197.00 | $2,310.00 | .55 | A+ | A1 | .0000 | .00 |
| | US BANCORP MED TERM NOTE | | | | | | | | | |
| 931142EA7 | 20,209,000.0000 | 12/15/2020 | $20,362,588.40 | $20,256,846.03 | $105,742.37 | .52 | AA | AA2 | .0000 | .00 |



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| Asset ID | Units | Maturity Date | Market Value | Fed Tax Cost | Gain/Loss Amount | % | S & P Rating | Moody`s Rating | Units in Transition | Encumbrd Units |
|---|---|---|---|---|---|---|---|---|---|---|
| | WAL-MART STORES INC DTD 10/20/17 1.900 12/15/2020 | | | | | | | | | |
| 94988J5N3 | 5,400,000.0000 | 01/15/2021 | $5,458,644.00 | $5,427,054.00 | $31,590.00 | .58 | A+ | AA2 | .0000 | .00 |
| | WELLS FARGO BANK NA DTD 01/23/18 2.600 01/15/2021 | | | | | | | | | |
| CORPORATE STRIPPED/ZERO COUPON | | | | | | | | | | |
| 45818KYD8 | 20,000,000.0000 | 06/15/2020 | $19,997,600.00 | $19,989,150.00 | $8,450.00 | .04 | N/A | N/A | .0000 | .00 |
| | IADB DISCOUNT NOTE ZERO CPN DTD 06/17/19 06/15/2020 | | | | | | | | | |
| 45818KZY1 | 10,000,000.0000 | 07/28/2020 | $9,997,100.00 | $9,955,083.30 | $42,016.70 | .42 | N/A | N/A | .0000 | .00 |
| | IADB DISCOUNT NOTE ZERO CPN DTD 07/29/19 07/28/2020 | | | | | | | | | |
| 459052YH3 | 20,000,000.0000 | 06/19/2020 | $19,997,200.00 | $19,837,022.22 | $160,177.78 | .81 | N/A | N/A | .0000 | .00 |
| | IBRD DISCOUNT NOTE ZERO CPN DTD 06/19/19 06/19/2020 | | | | | | | | | |
| 459516YE4 | 20,000,000.0000 | 06/16/2020 | $19,997,400.00 | $19,870,800.00 | $126,600.00 | .64 | N/A | N/A | .0000 | .00 |
| | IFC DISCOUNT NOTE ZERO CPN DTD 06/17/19 06/16/2020 | | | | | | | | | |
| **SUBTOTAL** | **850,350,000.0000** | | **$857,354,981.95** | **$852,528,124.98** | **$4,826,856.97** | **.57** | | | **.0000** | **.00** |
| **FEDERAL AGENCY** | | | | | | | | | | |
| GOVERNMENT AGENCIES | | | | | | | | | | |
| 3130ADHJ4 | 2,000,000.0000 | 01/29/2021 | $2,028,300.00 | $2,008,580.00 | $19,720.00 | .98 | AA+ | AAA | .0000 | .00 |
| | FED HOME LN BK SER 0002 | | | | | | | | | |
| 3130AFB89 | 5,000,000.0000 | 11/30/2020 | $5,071,800.00 | $4,994,975.00 | $76,825.00 | 1.54 | AA+ | AAA | .0000 | .00 |
| | FED HOME LN BK DTD 10/22/18 2.920 11/30/2020 | | | | | | | | | |
| 3130AH2Z5 | 20,000,000.0000 | 09/16/2020 | $20,093,000.00 | $19,985,860.00 | $107,140.00 | .54 | N/A | AAA | .0000 | .00 |
| | FED HOME LN BK DTD 09/16/19 1.750 09/16/2020 | | | | | | | | | |
| 3130AH5P4 | 4,500,000.0000 | 09/24/2020 | $4,524,300.00 | $4,502,295.00 | $22,005.00 | .49 | N/A | AAA | .0000 | .00 |
| | FED HOME LN BK DTD 09/24/19 1.875 09/24/2020 | | | | | | | | | |
| 3130AH5R0 | 10,000,000.0000 | 09/26/2022 | $10,017,400.00 | $10,000,000.00 | $17,400.00 | .17 | AA+ | AAA | .0000 | .00 |
| | FED HOME LN BK SER 0001 | | | | | | | | | |
| 3130AHFA6 | 15,000,000.0000 | 11/04/2022 | $15,109,950.00 | $14,999,500.00 | $110,450.00 | .74 | AA+ | AAA | .0000 | .00 |
| | FED HOME LN BK DTD 11/04/19 1.800 11/04/2022 | | | | | | | | | |
| 3130AHGD9 | 4,000,000.0000 | 10/28/2022 | $4,026,800.00 | $4,000,000.00 | $26,800.00 | .67 | AA+ | AAA | .0000 | .00 |
| | FED HOME LN BK DTD 10/30/19 1.800 10/28/2022 | | | | | | | | | |
| 3130AHJY0 | 10,000,000.0000 | 11/19/2021 | $10,209,100.00 | $9,982,900.00 | $226,200.00 | 2.27 | AA+ | AAA | .0000 | .00 |
| | FED HOME LN BK DTD 11/08/19 1.625 11/19/2021 | | | | | | | | | |
| 3130AHPB3 | 20,000,000.0000 | 12/19/2022 | $20,031,400.00 | $20,000,000.00 | $31,400.00 | .16 | AA+ | AAA | .0000 | .00 |



Exhibit 1

**ACCOUNT: All Accounts Selected**
* = Trade or Other Activity Pending

FED HOME LN BK DTD 12/19/19 1.800 12/19/2022

| Asset ID | Units | Maturity Date | Market Value | Fed Tax Cost | Gain/Loss Amount | % | S & P Rating | Moody`s Rating | Units in Transition | Encumbrd Units | Description |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 3133EK2U9 | 55,000,000.0000 | 10/21/2022 | $55,221,650.00 | $54,955,500.00 | $266,150.00 | .48 | AA+ | AAA | .0000 | .00 | FED FARM CREDIT BK DTD 10/21/19 1.740 10/21/2022 |
| 3133EK3W4 | 10,000,000.0000 | 10/25/2021 | $10,187,100.00 | $9,987,800.00 | $199,300.00 | 2.00 | AA+ | AAA | .0000 | .00 | FED FARM CREDIT BK DTD 10/25/19 1.550 10/25/2021 |
| 3133EK6Z4 | 5,000,000.0000 | 11/13/2020 | $5,038,500.00 | $4,999,950.00 | $38,550.00 | .77 | N/A | AAA | .0000 | .00 | FED FARM CREDIT BK DTD 11/13/19 1.625 11/13/2020 |
| 3133EKF27 | 10,000,000.0000 | 08/26/2022 | $10,043,200.00 | $9,994,000.00 | $49,200.00 | .49 | AA+ | AAA | .0000 | .00 | FED FARM CREDIT BK DTD 08/26/19 1.850 08/26/2022 |
| 3133EKH66 | 31,060,000.0000 | 03/03/2022 | $31,175,232.60 | $31,057,837.00 | $117,395.60 | .38 | AA+ | AAA | .0000 | .00 | FED FARM CREDIT BK DTD 09/03/19 1.850 03/03/2022 |
| 3133EKK39 | 10,000,000.0000 | 09/09/2022 | $10,034,600.00 | $9,984,500.00 | $50,100.00 | .50 | AA+ | AAA | .0000 | .00 | FED FARM CREDIT BK DTD 09/09/19 1.840 09/09/2022 |
| 3133EKY75 | 10,000,000.0000 | 10/15/2021 | $10,162,100.00 | $9,944,000.00 | $218,100.00 | 2.19 | AA+ | AAA | .0000 | .00 | FED FARM CREDIT BK DTD 10/15/19 1.400 10/15/2021 |
| 3133ELAU8 | 20,000,000.0000 | 11/25/2022 | $20,071,400.00 | $19,988,400.00 | $83,000.00 | .42 | AA+ | AAA | .0000 | .00 | FED FARM CREDIT BK DTD 11/25/19 1.710 11/25/2022 |
| 3133ELBT0 | 10,000,000.0000 | 12/02/2021 | $10,080,100.00 | $9,990,000.00 | $90,100.00 | .90 | AA+ | N/A | .0000 | .00 | FED FARM CREDIT BK DTD 12/02/19 1.620 12/02/2021 |
| 3133ELCH5 | 7,595,000.0000 | 06/02/2022 | $7,601,303.85 | $7,592,721.50 | $8,582.35 | .11 | AA+ | AAA | .0000 | .00 | FED FARM CREDIT BK DTD 12/02/19 1.700 06/02/2022 |
| 3133ELCY8 | 21,820,000.0000 | 12/10/2021 | $21,986,923.00 | $21,795,998.00 | $190,925.00 | .88 | AA+ | AAA | .0000 | .00 | FED FARM CREDIT BK DTD 12/10/19 1.590 12/10/2021 |
| 3133ELDH4 | 20,800,000.0000 | 12/16/2022 | $20,903,584.00 | $20,779,200.00 | $124,384.00 | .60 | AA+ | AAA | .0000 | .00 | FED FARM CREDIT BK DTD 12/16/19 1.710 12/16/2022 |
| 3133ELUX0 | 5,000,000.0000 | 03/30/2022 | $5,002,950.00 | $5,000,000.00 | $2,950.00 | .06 | AA+ | AAA | .0000 | .00 | FED FARM CREDIT BK DTD 03/30/20 1.000 03/30/2022 |
| 3134GUJJ0 | 10,000,000.0000 | 01/21/2022 | $10,058,100.00 | $10,000,000.00 | $58,100.00 | .58 | N/A | AAA | .0000 | .00 | FED HOME LN MTG CORP MED TERM NOTE |
| 3134GVJB5 | 10,000,000.0000 | 04/06/2022 | $10,010,700.00 | $10,000,000.00 | $10,700.00 | .11 | N/A | AAA | .0000 | .00 | FED HOME LN MTG CORP DTD 04/06/20 1.200 04/06/2022 |



Exhibit 1

# WELLS FARGO
**Market/Cost Value Comparison Report**
**By Account By Industry Class**
VENTU009

**General Reporting**
From Month End With Pricing 04/30/2020
05/06/2020 10:49:50 AM PDT

**ACCOUNT: All Accounts Selected**
* = Trade or Other Activity Pending

| Asset ID | Units | Maturity Date | Market Value | Fed Tax Cost | Gain/Loss Amount | % | S & P Rating | Moody`s Rating | Units in Transition | Encumbrd Units |
|---|---|---|---|---|---|---|---|---|---|---|
| 3134GVJR0 | 10,000,000.0000 | 04/13/2022 | $10,014,200.00 | $10,000,000.00 | $14,200.00 | .14 | N/A | AAA | .0000 | .00 |
| | FED HOME LN MTG CORP DTD 04/13/20 1.050 04/13/2022 | | | | | | | | | |
| 3135G0T60 | 2,700,000.0000 | 07/30/2020 | $2,708,856.00 | $2,707,290.00 | $1,566.00 | .06 | AA+ | AAA | .0000 | .00 |
| | FED NATL MTG ASSN DTD 08/01/17 1.500 07/30/2020 | | | | | | | | | |
| 3135G0W74 | 20,000,000.0000 | 10/28/2022 | $20,083,600.00 | $19,999,800.00 | $83,800.00 | .42 | AA+ | AAA | .0000 | .00 |
| | FED NATL MTG ASSN DTD 10/28/19 1.800 10/28/2022 | | | | | | | | | |
| 3135G0X99 | 10,000,000.0000 | 02/14/2023 | $10,033,700.00 | $10,000,000.00 | $33,700.00 | .34 | AA+ | AAA | .0000 | .00 |
| | FED NATL MTG ASSN DTD 02/14/20 1.700 02/14/2023 | | | | | | | | | |
| **SUBTOTAL** | **369,475,000.0000** | | **$371,529,849.45** | **$369,251,106.50** | **$2,278,742.95** | **.62** | | | **.0000** | **.00** |
| **MUNICIPAL BONDS** | | | | | | | | | | |
| MUNICIPAL BONDS - TAX-EXEMPT | | | | | | | | | | |
| 13068L4Y8 | 200,000.0000 | 03/01/2021 | $206,588.00 | $206,870.00 | ($282.00) | (.14) | A+ | AA3 | .0000 | .00 |
| | CALIFORNIA ST PUBLIC WKS BRD L VARIOUS CAPITAL PROJ-SER B | | | | | | | | | |
| 794896EJ5 | 330,000.0000 | 08/01/2020 | $331,973.40 | $331,617.00 | $356.40 | .11 | A+ | AA2 | .0000 | .00 |
| | SALINAS CA UNION HIGH SCH DIST REF-SER B | | | | | | | | | |
| 794896EK2 | 500,000.0000 | 08/01/2021 | $514,190.00 | $509,770.00 | $4,420.00 | .87 | A+ | AA2 | .0000 | .00 |
| | SALINAS CA UNION HIGH SCH DIST REF-SER B | | | | | | | | | |
| 882724PY7 | 20,000,000.0000 | 08/27/2020 | $20,220,400.00 | $20,109,400.00 | $111,000.00 | .55 | N/A | N/A | .0000 | .00 |
| | TEXAS ST TRANS | | | | | | | | | |
| MUNICIPAL TAXABLE | | | | | | | | | | |
| 03667PFT4 | 150,000.0000 | 08/01/2020 | $150,123.00 | $150,000.00 | $123.00 | .08 | AA | AA2 | .0000 | .00 |
| | ANTELOPE VLY CA CMNTY CLG DIST TXBL-REF | | | | | | | | | |
| 088006JH5 | 1,085,000.0000 | 06/01/2020 | $1,085,835.45 | $1,085,000.00 | $835.45 | .08 | AA+ | N/A | .0000 | .00 |
| | BEVERLY HILLS CA PUBLIC FING A TXBL-SER B | | | | | | | | | |
| 088006JJ1 | 1,335,000.0000 | 06/01/2021 | $1,345,186.05 | $1,335,000.00 | $10,186.05 | .76 | AA+ | N/A | .0000 | .00 |
| | BEVERLY HILLS CA PUBLIC FING A TXBL-SER B | | | | | | | | | |
| 13032UUY2 | 3,345,000.0000 | 06/01/2021 | $3,356,473.35 | $3,347,625.45 | $8,847.90 | .26 | AA- | AA3 | .0000 | .00 |
| | CALIFORNIA ST HLTH FACS FING A TXBL-SENIOR-NO PLACE LIKE HOME | | | | | | | | | |
| 13032UUZ9 | 4,700,000.0000 | 06/01/2022 | $4,712,643.00 | $4,699,520.00 | $13,123.00 | .28 | AA- | AA3 | .0000 | .00 |
| | CALIFORNIA ST HLTH FACS FING A TXBL-SENIOR-NO PLACE LIKE HOME | | | | | | | | | |
| 13034PYJ0 | 500,000.0000 | 02/01/2021 | $502,585.00 | $502,190.00 | $395.00 | .08 | AA | A1 | .0000 | .00 |



Exhibit 1

# WELLS FARGO
**Market/Cost Value Comparison Report**
**By Account By Industry Class**
VENTU009

**General Reporting**
From Month End With Pricing 04/30/2020
05/06/2020 10:49:50 AM PDT

**ACCOUNT: All Accounts Selected**
* = Trade or Other Activity Pending

| Asset ID | Units | Maturity Date | Market Value | Fed Tax Cost | Gain/Loss Amount | % | S & P Rating | Moody`s Rating | Units in Transition | Encumbrd Units |
|---|---|---|---|---|---|---|---|---|---|---|
| | | CALIFORNIA ST HSG FIN AGY REVE TXBL-SER A | | | | | | | | |
| 13063DAC2 | 4,400,000.0000 | 04/01/2021 | $4,461,248.00 | $4,465,388.00 | ($4,140.00) | (.09) | AA- | AA2 | .0000 | .00 |
| | | CALIFORNIA ST TXBL-HIGH-SPEED PASSENGER TRAI | | | | | | | | |
| 13063DAD0 | 1,200,000.0000 | 04/01/2022 | $1,226,448.00 | $1,228,776.00 | ($2,328.00) | (.19) | AA- | AA2 | .0000 | .00 |
| | | CALIFORNIA ST TXBL-HIGH-SPEED PASSENGER TRAI | | | | | | | | |
| 13063DGA0 | 2,340,000.0000 | 04/01/2021 | $2,376,270.00 | $2,382,681.60 | ($6,411.60) | (.27) | AA- | AA2 | .0000 | .00 |
| | | CALIFORNIA ST TXBL | | | | | | | | |
| 13063DRF7 | 300,000.0000 | 10/01/2020 | $303,567.00 | $306,129.00 | ($2,562.00) | (.84) | AA- | AA2 | .0000 | .00 |
| | | CALIFORNIA ST TXBL-REF | | | | | | | | |
| 13063DRG5 | 260,000.0000 | 10/01/2021 | $266,245.20 | $265,220.80 | $1,024.40 | .39 | AA- | AA2 | .0000 | .00 |
| | | CALIFORNIA ST TXBL-REF | | | | | | | | |
| 13077DHH8 | 2,200,000.0000 | 11/01/2020 | $2,208,712.00 | $2,200,000.00 | $8,712.00 | .40 | AA- | AA2 | .0000 | .00 |
| | | CALIFORNIA ST UNIV REVENUE TXBL-REF-SER B | | | | | | | | |
| 13077DJY9 | 475,000.0000 | 11/01/2020 | $475,888.25 | $475,000.00 | $888.25 | .19 | AA- | AA2 | .0000 | .00 |
| | | CALIFORNIA ST UNIV REVENUE TXBL-REF-SER B | | | | | | | | |
| 13077DJZ6 | 400,000.0000 | 11/01/2021 | $401,976.00 | $400,000.00 | $1,976.00 | .49 | AA- | AA2 | .0000 | .00 |
| | | CALIFORNIA ST UNIV REVENUE TXBL-REF-SER B | | | | | | | | |
| 157411TF6 | 1,000,000.0000 | 08/01/2020 | $1,002,180.00 | $1,000,000.00 | $2,180.00 | .22 | AA- | AA1 | .0000 | .00 |
| | | CHAFFEY CA JT UNION HIGH SCH D TXBL-REF | | | | | | | | |
| 157411TG4 | 500,000.0000 | 08/01/2021 | $504,065.00 | $500,000.00 | $4,065.00 | .81 | AA- | AA1 | .0000 | .00 |
| | | CHAFFEY CA JT UNION HIGH SCH D TXBL-REF | | | | | | | | |
| 190335KC2 | 600,000.0000 | 08/01/2020 | $600,900.00 | $600,000.00 | $900.00 | .15 | AA+ | AA1 | .0000 | .00 |
| | | COAST CA CMNTY CLG DIST TXBL-REF | | | | | | | | |
| 190335KD0 | 525,000.0000 | 08/01/2021 | $527,903.25 | $525,000.00 | $2,903.25 | .55 | AA+ | AA1 | .0000 | .00 |
| | | COAST CA CMNTY CLG DIST TXBL-REF | | | | | | | | |
| 190335KE8 | 525,000.0000 | 08/01/2022 | $529,977.00 | $525,000.00 | $4,977.00 | .95 | AA+ | AA1 | .0000 | .00 |
| | | COAST CA CMNTY CLG DIST TXBL-REF | | | | | | | | |
| 223093VH5 | 200,000.0000 | 08/01/2020 | $200,328.00 | $200,000.00 | $328.00 | .16 | AA | N/A | .0000 | .00 |
| | | COVINA-VLY CA UNIF SCH DIST TXBL-REF | | | | | | | | |
| 223093VJ1 | 250,000.0000 | 08/01/2021 | $251,475.00 | $250,000.00 | $1,475.00 | .59 | AA | N/A | .0000 | .00 |
| | | COVINA-VLY CA UNIF SCH DIST TXBL-REF | | | | | | | | |



Exhibit 1

# WELLS FARGO

**Market/Cost Value Comparison Report**
**By Account By Industry Class**
VENTU009

**General Reporting**
From Month End With Pricing 04/30/2020
05/06/2020 10:49:50 AM PDT

**ACCOUNT: All Accounts Selected**
* = Trade or Other Activity Pending

| Asset ID | Units | Maturity Date | Market Value | Fed Tax Cost | Gain/Loss Amount | % | S & P Rating | Moody`s Rating | Units in Transition | Encumbrd Units |
|---|---|---|---|---|---|---|---|---|---|---|
| 376087FV9 | 2,500,000.0000 | 08/01/2020 | $2,503,200.00 | $2,500,000.00 | $3,200.00 | .13 | AA- | AA3 | .0000 | .00 |
| | GILROY CA UNIF SCH DIST TXBL-REF | | | | | | | | | |
| 376087FW7 | 365,000.0000 | 08/01/2021 | $366,518.40 | $365,000.00 | $1,518.40 | .42 | AA- | AA3 | .0000 | .00 |
| | GILROY CA UNIF SCH DIST TXBL-REF DTD 10/30/19 1.721 08/01/2021 | | | | | | | | | |
| 525641BF2 | 415,000.0000 | 08/01/2020 | $415,605.90 | $415,000.00 | $605.90 | .15 | AA | N/A | .0000 | .00 |
| | LEMON GROVE CA CMNTY DEV AGY S TXBL-REF-LEMON GROVE REDEVELOP | | | | | | | | | |
| 525641BG0 | 270,000.0000 | 08/01/2021 | $271,609.20 | $270,000.00 | $1,609.20 | .60 | AA | N/A | .0000 | .00 |
| | LEMON GROVE CA CMNTY DEV AGY S TXBL-REF-LEMON GROVE REDEVELOP | | | | | | | | | |
| 544290JA8 | 1,770,000.0000 | 08/01/2021 | $1,781,841.30 | $1,770,000.00 | $11,841.30 | .67 | AA+ | AA1 | .0000 | .00 |
| | LOS ALTOS CA SCH DIST TXBL-ELECTION OF 2014-SER A-2 | | | | | | | | | |
| 56453RAU8 | 500,000.0000 | 10/01/2020 | $499,560.00 | $500,000.00 | ($440.00) | (.09) | AA | N/A | .0000 | .00 |
| | MANTECA CA REDEV AGY SUCCESSOR TXBL-REF-SER B | | | | | | | | | |
| 574193RY6 | 2,025,000.0000 | 08/01/2022 | $2,037,615.75 | $2,025,000.00 | $12,615.75 | .62 | AAA | AAA | .0000 | .00 |
| | MARYLAND ST TXBL-SECOND SER B | | | | | | | | | |
| 574193SN9 | 18,720,000.0000 | 03/15/2023 | $18,567,432.00 | $18,720,000.00 | ($152,568.00) | (.81) | AAA | AAA | .0000 | .00 |
| | MARYLAND ST TXBL-SER B | | | | | | | | | |
| 623040KH4 | 250,000.0000 | 08/01/2020 | $250,472.50 | $250,000.00 | $472.50 | .19 | AA | AA1 | .0000 | .00 |
| | MOUNT SAN ANTONIO CA CMNTY CLG REF-TXBL-SER A | | | | | | | | | |
| 624403GZ8 | 500,000.0000 | 05/01/2020 | $500,000.00 | $500,000.00 | $.00 | .00 | AA | A1 | .0000 | .00 |
| | MOUNTAIN VIEW CA SCH DIST LOS TXBL-SER C | | | | | | | | | |
| 661334DV1 | 1,000,000.0000 | 08/01/2021 | $1,014,500.00 | $1,017,640.00 | ($3,140.00) | (.31) | AA+ | AA1 | .0000 | .00 |
| | N ORANGE CNTY CA CMNTY CLG DIS TXBL-REF | | | | | | | | | |
| 672240WD6 | 4,800,000.0000 | 01/15/2021 | $4,856,736.00 | $4,863,744.00 | ($7,008.00) | (.14) | AA | AA1 | .0000 | .00 |
| | OAKLAND CA TXBL-SER B2 | | | | | | | | | |
| 672240WE4 | 2,010,000.0000 | 01/15/2022 | $2,064,370.50 | $2,064,611.70 | ($241.20) | (.01) | AA | AA1 | .0000 | .00 |
| | OAKLAND CA TXBL-SER B2 | | | | | | | | | |
| 672240WP9 | 4,625,000.0000 | 01/15/2021 | $4,679,667.50 | $4,686,420.00 | ($6,752.50) | (.14) | AA | AA1 | .0000 | .00 |
| | OAKLAND CA TXBL-REF | | | | | | | | | |
| 672240WQ7 | 4,605,000.0000 | 01/15/2022 | $4,729,565.25 | $4,730,117.85 | ($552.60) | (.01) | AA | AA1 | .0000 | .00 |
| | OAKLAND CA TXBL-REF | | | | | | | | | |
| 692020Q86 | 250,000.0000 | 08/01/2020 | $250,395.00 | $250,000.00 | $395.00 | .16 | AA | N/A | .0000 | .00 |



Exhibit 1

# WELLS FARGO

**Market/Cost Value Comparison Report**
**By Account By Industry Class**
VENTU009

**General Reporting**
From Month End With Pricing 04/30/2020
05/06/2020 10:49:50 AM PDT

**ACCOUNT: All Accounts Selected**
* = Trade or Other Activity Pending

| Asset ID | Units | Maturity Date | Market Value | Fed Tax Cost | Gain/Loss Amount | % | S & P Rating | Moody`s Rating | Units in Transition | Encumbrd Units |
|---|---|---|---|---|---|---|---|---|---|---|
| | OXNARD CA SCH DIST TXBL-REF | | | | | | | | | |
| 692020Q94 | 250,000.0000 | 08/01/2021 | $251,397.50 | $250,000.00 | $1,397.50 | .56 | AA | N/A | .0000 | .00 |
| | OXNARD CA SCH DIST TXBL-REF | | | | | | | | | |
| 724581UK7 | 635,000.0000 | 08/01/2021 | $638,873.50 | $635,000.00 | $3,873.50 | .61 | AA | AA3 | .0000 | .00 |
| | PITTSBURG CA UNIF SCH DIST TXBL-REF | | | | | | | | | |
| 724581UL5 | 640,000.0000 | 08/01/2022 | $647,545.60 | $640,000.00 | $7,545.60 | 1.18 | AA | AA3 | .0000 | .00 |
| | PITTSBURG CA UNIF SCH DIST TXBL-REF | | | | | | | | | |
| 738850ST4 | 515,000.0000 | 08/01/2020 | $516,045.45 | $515,000.00 | $1,045.45 | .20 | AA- | N/A | .0000 | .00 |
| | POWAY CA UNIF SCH DIST TXBL-REF-IMPT DT 2002-1 | | | | | | | | | |
| 767027DH5 | 340,000.0000 | 09/01/2020 | $340,962.20 | $340,000.00 | $962.20 | .28 | AA | N/A | .0000 | .00 |
| | RIO CA ELEM SCH DIST CMNTY FAC TXBL-REF | | | | | | | | | |
| 76912TMW0 | 175,000.0000 | 07/01/2021 | $175,633.50 | $175,000.00 | $633.50 | .36 | AA | N/A | .0000 | .00 |
| | RIVERSIDE CNTY CA PUBLIC FINGA TXBL-DESERT CMNTY & INTERSTATE | | | | | | | | | |
| 76912TMX8 | 385,000.0000 | 07/01/2022 | $387,775.85 | $385,000.00 | $2,775.85 | .72 | AA | N/A | .0000 | .00 |
| | RIVERSIDE CNTY CA PUBLIC FINGA TXBL-DESERT CMNTY & INTERSTATE | | | | | | | | | |
| 797330AD9 | 3,060,000.0000 | 06/01/2020 | $3,063,549.60 | $3,060,000.00 | $3,549.60 | .12 | A | N/A | .0000 | .00 |
| | SAN DIEGO CA TOBACCO SETTLEMEN TXBL-REF-SER A | | | | | | | | | |
| 7976464Z6 | 445,000.0000 | 06/15/2021 | $448,368.65 | $445,000.00 | $3,368.65 | .76 | AAA | AAA | .0000 | .00 |
| | SAN FRANCISCO CITY & CNTY CA TXBL-SOCIAL BONDS-AFFORDABLE H | | | | | | | | | |
| 79766DNU9 | 1,000,000.0000 | 01/01/2021 | $1,005,440.00 | $1,000,000.00 | $5,440.00 | .54 | A | A1 | .0000 | .00 |
| | SAN FRANCISCO CALIF CITY &CNTY TXBL-REF-SPL FACS LEASE-SFO FU | | | | | | | | | |
| 798755FV1 | 250,000.0000 | 08/01/2020 | $250,377.50 | $250,000.00 | $377.50 | .15 | AA | AA3 | .0000 | .00 |
| | SAN MARCOS CA UNIF SCH DIST TXBL-REF | | | | | | | | | |
| 798755FW9 | 250,000.0000 | 08/01/2021 | $251,357.50 | $250,000.00 | $1,357.50 | .54 | AA | AA3 | .0000 | .00 |
| | SAN MARCOS CA UNIF SCH DIST TXBL-REF | | | | | | | | | |
| 798755FX7 | 250,000.0000 | 08/01/2022 | $252,682.50 | $250,000.00 | $2,682.50 | 1.07 | AA | AA3 | .0000 | .00 |
| | SAN MARCOS CA UNIF SCH DIST TXBL-REF | | | | | | | | | |
| 80136PCY7 | 955,000.0000 | 12/01/2021 | $981,358.00 | $955,000.00 | $26,358.00 | 2.76 | AA | A1 | .0000 | .00 |
| | SANTA BARBARA CNTY CA SOLID WA TXBL-SER C | | | | | | | | | |
| 802498UD5 | 1,000,000.0000 | 08/01/2020 | $1,001,450.00 | $1,000,000.00 | $1,450.00 | .14 | AA+ | AAA | .0000 | .00 |
| | SANTA MONICA-MALIBU CA UNIF SC TXBL-REF | | | | | | | | | |



Exhibit 1

# WELLS FARGO
**Market/Cost Value Comparison Report**
**By Account By Industry Class**
VENTU009

**General Reporting**
From Month End With Pricing 04/30/2020
05/06/2020 10:49:50 AM PDT

**ACCOUNT: All Accounts Selected**
* = Trade or Other Activity Pending

| Asset ID | Units | Maturity Date | Market Value | Fed Tax Cost | Gain/Loss Amount | % | S & P Rating | Moody`s Rating | Units in Transition | Encumbrd Units |
|---|---|---|---|---|---|---|---|---|---|---|
| 802498UE3 | 470,000.0000 | 08/01/2021 | $471,781.30 | $470,000.00 | $1,781.30 | .38 | AA+ | AAA | .0000 | .00 |
| | SANTA MONICA-MALIBU CA UNIF SC TXBL-REF | | | | | | | | | |
| 835569GP3 | 425,000.0000 | 08/01/2022 | $431,948.75 | $433,019.75 | ($1,071.00) | (.25) | AA | AA2 | .0000 | .00 |
| | SONOMA CNTY CA JNR CLG DIST TXBL-REF | | | | | | | | | |
| 83789TBL2 | 750,000.0000 | 10/01/2020 | $751,860.00 | $750,000.00 | $1,860.00 | .25 | AA- | N/A | .0000 | .00 |
| | SOUTH GATE CA UTILITY AUTH WTR TXBL-REF-SER A-T | | | | | | | | | |
| 8913814T9 | 425,000.0000 | 08/01/2020 | $425,658.75 | $425,000.00 | $658.75 | .15 | AA- | AA2 | .0000 | .00 |
| | TORRANCE CA UNIF SCH DIST TXBL-REF | | | | | | | | | |
| 899154AS7 | 5,000,000.0000 | 06/01/2020 | $5,005,900.00 | $5,000,000.00 | $5,900.00 | .12 | AA- | A1 | .0000 | .00 |
| | TULARE CNTY CA PENSN OBLG TXBL | | | | | | | | | |
| 91412HEV1 | 800,000.0000 | 05/15/2021 | $811,216.00 | $800,000.00 | $11,216.00 | 1.40 | AA | AA2 | .0000 | .00 |
| | UNIV OF CALIFORNIA CA REVENUES TXBL-REF-GEN-SER BC | | | | | | | | | |
| 923040GQ6 | 1,000,000.0000 | 08/01/2020 | $1,001,210.00 | $1,000,000.00 | $1,210.00 | .12 | AA+ | AA1 | .0000 | .00 |
| | VENTURA CNTY CA CMNTY CLG DIST TXBL-REF | | | | | | | | | |
| 923040GR4 | 1,000,000.0000 | 08/01/2021 | $1,005,060.00 | $1,000,000.00 | $5,060.00 | .51 | AA+ | AA1 | .0000 | .00 |
| | VENTURA CNTY CA CMNTY CLG DIST TXBL-REF | | | | | | | | | |
| **SUBTOTAL** | **111,945,000.0000** | | **$112,669,721.40** | **$112,555,741.15** | **$113,980.25** | **.10** | | | **.0000** | **.00** |
| **OTHER ASSETS** | | | | | | | | | | |
| OTHER ASSETS | | | | | | | | | | |
| MS6232818 | 55,000,000.0000 | | $55,000,000.00 | $55,000,000.00 | $.00 | .00 | | | .0000 | .00 |
| | CA LAIF STATE OF CALIFORNIA INVESTMENT FD | | | | | | | | | |
| MS6615459 | 25,000,000.0000 | | $25,139,675.00 | $25,000,000.00 | $139,675.00 | .56 | | | .0000 | .00 |
| | CALTRUST SHORT TERM ACCT | | | | | | | | | |
| **SUBTOTAL** | **80,000,000.0000** | | **$80,139,675.00** | **$80,000,000.00** | **$139,675.00** | **.17** | | | **.0000** | **.00** |
| **ACCOUNT 11435100 TOTAL** | **3,284,610,000.0000** | | **$3,295,752,962.80** | **$3,280,651,654.57** | **$15,101,308.23** | **.46** | | | **.0000** | **.00** |
| **GRAND TOTAL** | **3,284,610,000.0000** | | **$3,295,752,962.80** | **$3,280,651,654.57** | **$15,101,308.23** | **.46** | | | **.0000** | **.00** |

**END OF REPORT**



Exhibit 1

## MONTHLY TRANSACTIONS REPORT - APRIL 2020

| Transaction Date | Purchase/ Sale | Par Amount | Security Type | Security Name | Maturity Date | Yield |
|---|---|---|---|---|---|---|
| 04/01/20 | Purchase | $ 20,000,000.00 | CP | EXXON MOBIL CORP | 04/29/20 | 1.993 |
| 04/01/20 | Purchase | $ 10,000,000.00 | YCD | OVERSEA-CHINESE BK CO NY | 09/29/20 | 1.510 |
| 04/02/20 | Purchase | $ 330,000.00 | MUNI | SALINAS UHSD | 08/01/20 | 1.510 |
| 04/02/20 | Purchase | $ 500,000.00 | MUNI | SALINAS UHSD | 08/01/21 | 1.502 |
| 04/02/20 | Purchase | $ 10,000,000.00 | CP | EXXON MOBIL CORP | 08/17/20 | 2.117 |
| 04/02/20 | Purchase | $ 10,000,000.00 | YCD | KOREA DEVELOPMENT BK NY | 10/01/20 | 1.950 |
| 04/03/20 | Purchase | $ 5,400,000.00 | MTN | WELLS FARGO BANK NA | 01/15/21 | 1.950 |
| 04/03/20 | Purchase | $ 1,130,000.00 | MTN | EXXON MOBIL CORP | 03/01/21 | 1.958 |
| 04/03/20 | Purchase | $ 4,000,000.00 | MTN | COOPERATIEVE RABOBANK UA NY | 01/19/21 | 1.980 |
| 04/06/20 | Purchase | $ 10,000,000.00 | GA | FHLMC | 04/06/22 | 1.200 |
| 04/06/20 | Purchase | $ 3,000,000.00 | MUNI | STATE OF CALIFORNIA | 06/01/22 | 1.900 |
| 04/06/20 | Purchase | $ 1,850,000.00 | MTN | THE WALT DISNEY COMPANY | 09/17/20 | 1.732 |
| 04/06/20 | Purchase | $ 10,000,000.00 | CP | TOYOTA CREDIT DE PUERTO RICO | 10/05/20 | 1.796 |
| 04/06/20 | Purchase | $ 10,000,000.00 | CP | TOYOTA CREDIT DE PUERTO RICO | 05/12/20 | 1.552 |
| 04/07/20 | Purchase | $ 5,625,000.00 | MTN | CISCO SYSTEMS INC | 02/28/21 | 1.340 |
| 04/07/20 | Purchase | $ 20,000,000.00 | CP | TOYOTA CREDIT DE PUERTO RICO | 10/05/20 | 1.735 |
| 04/07/20 | Purchase | $ 20,000,000.00 | YCD | BANCO ESTADO CHILE NY | 04/21/20 | 0.200 |
| 04/07/20 | Purchase | $ 10,000,000.00 | YCD | BANCO ESTADO CHILE NY | 04/28/20 | 0.740 |
| 04/08/20 | Purchase | $ 1,306,000.00 | MTN | CISCO SYSTEMS INC | 02/28/21 | 1.271 |
| 04/08/20 | Purchase | $ 1,150,000.00 | MTN | MICROSOFT CORP | 08/08/21 | 0.713 |
| 04/08/20 | Purchase | $ 2,343,000.00 | MTN | AUST & NZ BANKING GRP NY | 11/16/20 | 1.601 |
| 04/08/20 | Purchase | $ 20,000,000.00 | CP | TOYOTA CREDIT DE PUERTO RICO | 10/13/20 | 1.756 |
| 04/08/20 | Purchase | $ 6,370,000.00 | SUPRA | INTL BK RECON & DEVELOP | 09/04/20 | 0.408 |
| 04/08/20 | Purchase | $ 43,000,000.00 | CP | KAISER FOUNDATION HOSP | 05/12/20 | 0.380 |
| 04/08/20 | Purchase | $ 20,000,000.00 | YCD | BANCO ESTADO CHILE NY | 04/22/20 | 0.200 |
| 04/09/20 | Purchase | $ 5,010,000.00 | MTN | CISCO SYSTEMS INC | 02/28/21 | 1.203 |
| 04/09/20 | Purchase | $ 13,000,000.00 | MTN | MICROSOFT CORP | 08/08/21 | 0.870 |
| 04/09/20 | Purchase | $ 3,000,000.00 | MTN | CHEVRON CORP | 05/16/21 | 1.791 |
| 04/09/20 | Purchase | $ 40,000,000.00 | YCD | BANCO ESTADO CHILE NY | 04/23/20 | 0.200 |
| 04/13/20 | Purchase | $ 10,000,000.00 | GA | FHLMC | 04/13/22 | 1.050 |
| 04/13/20 | Purchase | $ 5,000,000.00 | MTN | US BANK NA CINCINNATI | 01/21/22 | 1.563 |
| 04/13/20 | Purchase | $ 10,000,000.00 | SUPRA | IADB DISCOUNT NOTE | 06/15/20 | 0.310 |
| 04/13/20 | Purchase | $ 10,000,000.00 | CP | TOYOTA CREDIT DE PUERTO RICO | 01/08/21 | 2.051 |
| 04/13/20 | Purchase | $ 20,000,000.00 | CP | TOYOTA CREDIT DE PUERTO RICO | 09/10/20 | 1.631 |
| 04/13/20 | Purchase | $ 10,000,000.00 | SUPRA | IADB DISCOUNT NOTE | 06/15/20 | 0.310 |
| 04/14/20 | Purchase | $ 11,431,000.00 | MTN | COOPERATIEVE RABOBANK UA NY | 01/19/21 | 1.778 |
| 04/14/20 | Purchase | $ 1,000,000.00 | MTN | CISCO SYSTEMS INC | 02/28/21 | 0.903 |

## MONTHLY TRANSACTIONS REPORT - APRIL 2020

| Transaction Date | Purchase/ Sale | Par Amount | Security Type | Security Name | Maturity Date | Yield |
|---|---|---|---|---|---|---|
| 04/14/20 | Purchase | $ 1,200,000.00 | MUNI | STATE OF CALIFORNIA | 04/01/21 | 1.101 |
| 04/14/20 | Purchase | $ 20,000,000.00 | CP | TOYOTA MOTOR CREDIT CORP | 10/09/20 | 1.704 |
| 04/14/20 | Purchase | $ 10,000,000.00 | CP | MUFG BANK LTD NY | 06/15/20 | 0.972 |
| 04/15/20 | Purchase | $ 17,247,000.00 | MTN | MICROSOFT CORP | 08/08/21 | 0.593 |
| 04/15/20 | Purchase | $ 20,000,000.00 | YCD | BANCO ESTADO CHILE NY | 08/13/20 | 1.240 |
| 04/15/20 | Purchase | $ 20,000,000.00 | CP | CREDIT SUISSE NEW YORK | 09/15/20 | 1.226 |
| 04/15/20 | Purchase | $ 20,000,000.00 | YCD | NATL BANK OF KUWAIT NY | 05/15/20 | 0.870 |
| 04/16/20 | Purchase | $ 1,390,000.00 | MTN | AUST & NZ BANKING GRP NY | 08/19/20 | 1.312 |
| 04/16/20 | Purchase | $ 3,200,000.00 | MUNI | STATE OF CALIFORNIA | 04/01/21 | 1.051 |
| 04/16/20 | Purchase | $ 1,200,000.00 | MUNI | STATE OF CALIFORNIA | 04/01/22 | 1.125 |
| 04/16/20 | Purchase | $ 1,100,000.00 | MTN | US BANK NA CINCINNATI | 10/23/20 | 1.316 |
| 04/16/20 | Purchase | $ 500,000.00 | MTN | PNC BANK NA | 05/19/20 | 1.743 |
| 04/16/20 | Purchase | $ 20,000,000.00 | CP | KOREA DEVELOPMENT BK NY | 07/16/20 | 1.063 |
| 04/16/20 | Purchase | $ 10,000,000.00 | YCD | NATL BANK OF KUWAIT NY | 07/17/20 | 1.290 |
| 04/17/20 | Purchase | $ 21,927,000.00 | MTN | CHEVRON CORP | 05/16/21 | 1.208 |
| 04/17/20 | Purchase | $ 1,000,000.00 | MUNI | NORTH ORANGE COUNTY CCD | 08/01/21 | 1.020 |
| 04/17/20 | Purchase | $ 9,750,000.00 | CP | KOREA DEVELOPMENT BK NY | 07/16/20 | 0.982 |
| 04/17/20 | Purchase | $ 10,000,000.00 | CP | TOYOTA MOTOR CREDIT CORP | 10/23/20 | 1.746 |
| 04/20/20 | Purchase | $ 2,619,000.00 | MTN | CREDIT SUISSE NEW YORK | 08/05/20 | 1.273 |
| 04/20/20 | Purchase | $ 7,765,000.00 | MTN | CREDIT SUISSE NEW YORK | 11/12/21 | 1.579 |
| 04/20/20 | Purchase | $ 4,250,000.00 | MTN | PEPSICO INC | 11/01/20 | 0.770 |
| 04/20/20 | Purchase | $ 10,000,000.00 | CP | TOYOTA MOTOR CREDIT CORP | 01/15/21 | 2.030 |
| 04/20/20 | Purchase | $ 10,000,000.00 | YCD | DZ BANK NY | 07/20/20 | 0.670 |
| 04/21/20 | Purchase | $ 1,907,000.00 | MTN | COOPERATIEVE RABOBANK UA NY | 01/19/21 | 1.221 |
| 04/21/20 | Purchase | $ 100,000.00 | MTN | MICROSOFT CORP | 11/03/20 | 0.766 |
| 04/21/20 | Purchase | $ 10,000,000.00 | CP | TOYOTA MOTOR CREDIT CORP | 11/30/20 | 1.861 |
| 04/22/20 | Purchase | $ 5,000,000.00 | MTN | CREDIT SUISSE NEW YORK | 04/08/22 | 1.717 |
| 04/22/20 | Purchase | $ 2,340,000.00 | MUNI | STATE OF CALIFORNIA | 04/01/21 | 0.851 |
| 04/22/20 | Purchase | $ 5,909,000.00 | MTN | AUST & NZ BANKING GRP NY | 06/01/21 | 1.146 |
| 04/22/20 | Purchase | $ 200,000.00 | MUNI | CALIFORNIA STATE PUBLIC WORKS | 03/01/21 | 0.973 |
| 04/22/20 | Purchase | $ 10,000,000.00 | CP | EXXON MOBIL CORP | 11/30/20 | 1.097 |
| 04/22/20 | Purchase | $ 10,000,000.00 | YCD | KOREA DEVELOPMENT BK NY | 11/18/20 | 1.000 |
| 04/23/20 | Purchase | $ 2,500,000.00 | MTN | COOPERATIEVE RABOBANK UA NY | 04/26/21 | 1.058 |
| 04/23/20 | Purchase | $ 345,000.00 | MUNI | STATE OF CALIFORNIA | 06/01/21 | 1.201 |
| 04/23/20 | Purchase | $ 10,000,000.00 | CP | TOYOTA MOTOR CREDIT CORP | 06/08/20 | 1.071 |
| 04/23/20 | Purchase | $ 30,000,000.00 | YCD | NATL BANK OF KUWAIT NY | 06/23/20 | 1.010 |
| 04/23/20 | Purchase | $ 25,000,000.00 | YCD | NORDEA BANK ABP NEW YORK | 05/26/20 | 0.100 |

# MONTHLY TRANSACTIONS REPORT - APRIL 2020

| Transaction Date | Purchase/ Sale | Par Amount | Security Type | Security Name | Maturity Date | Yield |
|---|---|---|---|---|---|---|
| 04/23/20 | Purchase | $ 30,000,000.00 | YCD | NATL BANK OF KUWAIT NY | 05/26/20 | 0.650 |
| 04/24/20 | Purchase | $ 13,250,000.00 | CP | KOREA DEVELOPMENT BK NY | 08/21/20 | 0.661 |
| 04/24/20 | Purchase | $ 40,000,000.00 | YCD | NATL BANK OF KUWAIT NY | 06/29/20 | 0.930 |
| 04/27/20 | Purchase | $ 25,000,000.00 | SUPRA | INTL FINANCE CORP | 04/15/21 | 0.550 |
| 04/27/20 | Purchase | $ 1,015,000.00 | MTN | CREDIT SUISSE NEW YORK | 08/05/20 | 0.969 |
| 04/27/20 | Purchase | $ 10,000,000.00 | CP | EXXON MOBIL CORP | 09/30/20 | 0.974 |
| 04/27/20 | Purchase | $ 20,000,000.00 | YCD | NATL BANK OF KUWAIT NY | 07/30/20 | 1.000 |
| 04/28/20 | Purchase | $ 2,445,000.00 | MTN | COOPERATIEVE RABOBANK UA NY | 01/19/21 | 0.977 |
| 04/28/20 | Purchase | $ 425,000.00 | MUNI | SONOMA COUNTY JR COLLEGE | 08/01/22 | 1.120 |
| 04/28/20 | Purchase | $ 9,825,000.00 | MTN | COCA COLA CO | 10/27/20 | 0.508 |
| 04/28/20 | Purchase | $ 10,000,000.00 | CP | TOYOTA MOTOR CREDIT CORP | 01/22/21 | 2.030 |
| 04/29/20 | Purchase | $ 5,351,000.00 | MTN | CREDIT SUISSE NEW YORK | 10/29/21 | 1.461 |
| 04/29/20 | Purchase | $ 500,000.00 | MUNI | STATE OF CALIFORNIA | 02/01/21 | 1.751 |
| 04/29/20 | Purchase | $ 3,000,000.00 | CP | KOREA DEVELOPMENT BK NY | 10/20/20 | 0.753 |
| 04/29/20 | Purchase | $ 10,000,000.00 | YCD | STANDARD CHARTERED BK NY | 10/28/20 | 0.800 |
| 04/29/20 | Purchase | $ 10,000,000.00 | YCD | NATL BANK OF KUWAIT NY | 06/29/20 | 0.750 |
| 04/30/20 | Purchase | $ 10,000,000.00 | CP | EXXON MOBIL CORP | 07/29/20 | 0.782 |

# PORTFOLIO AVERAGE MONTHLY BALANCE

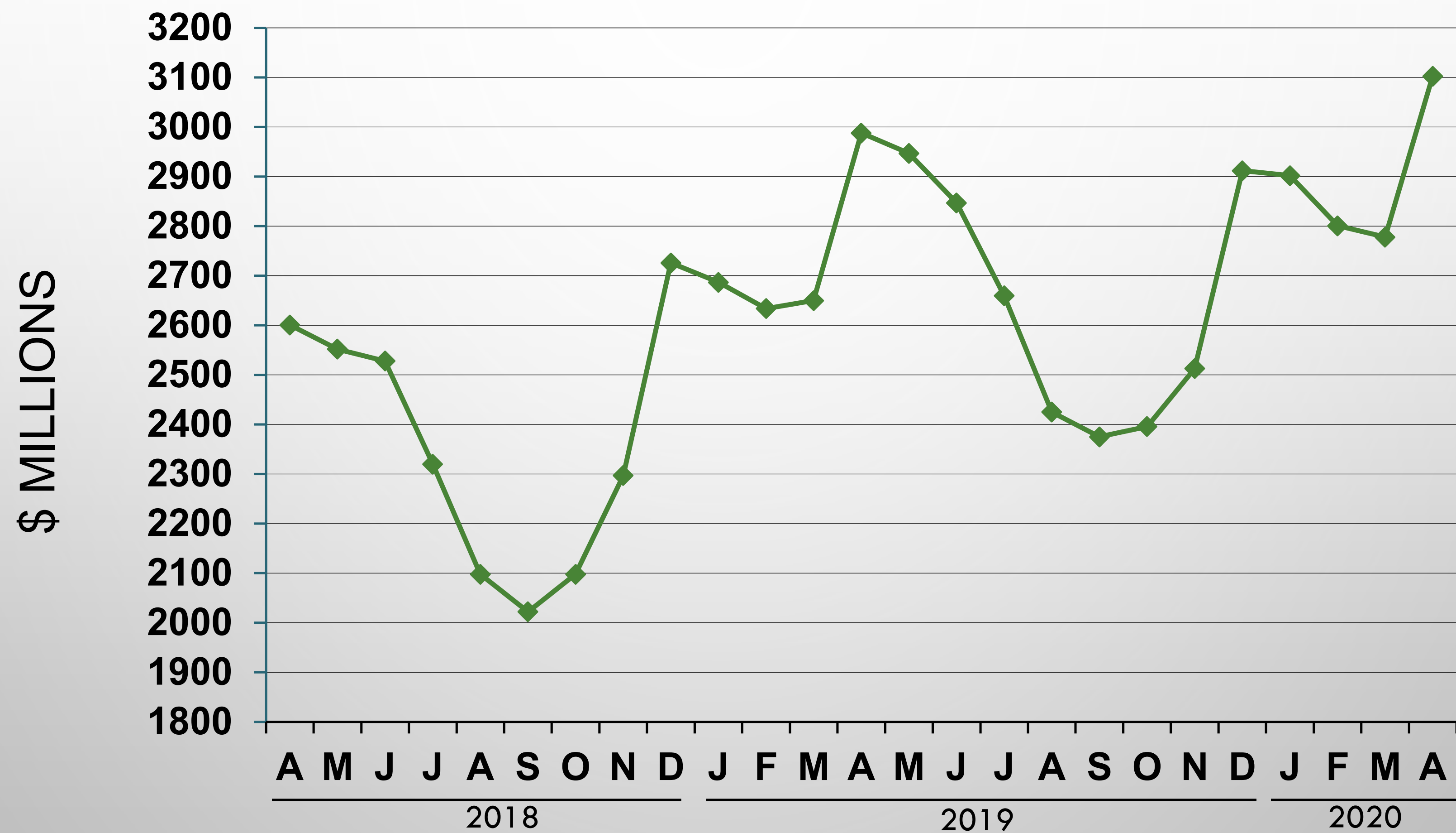



EXHIBIT 3

04-20 INV.PPT

# AVERAGE MATURITY

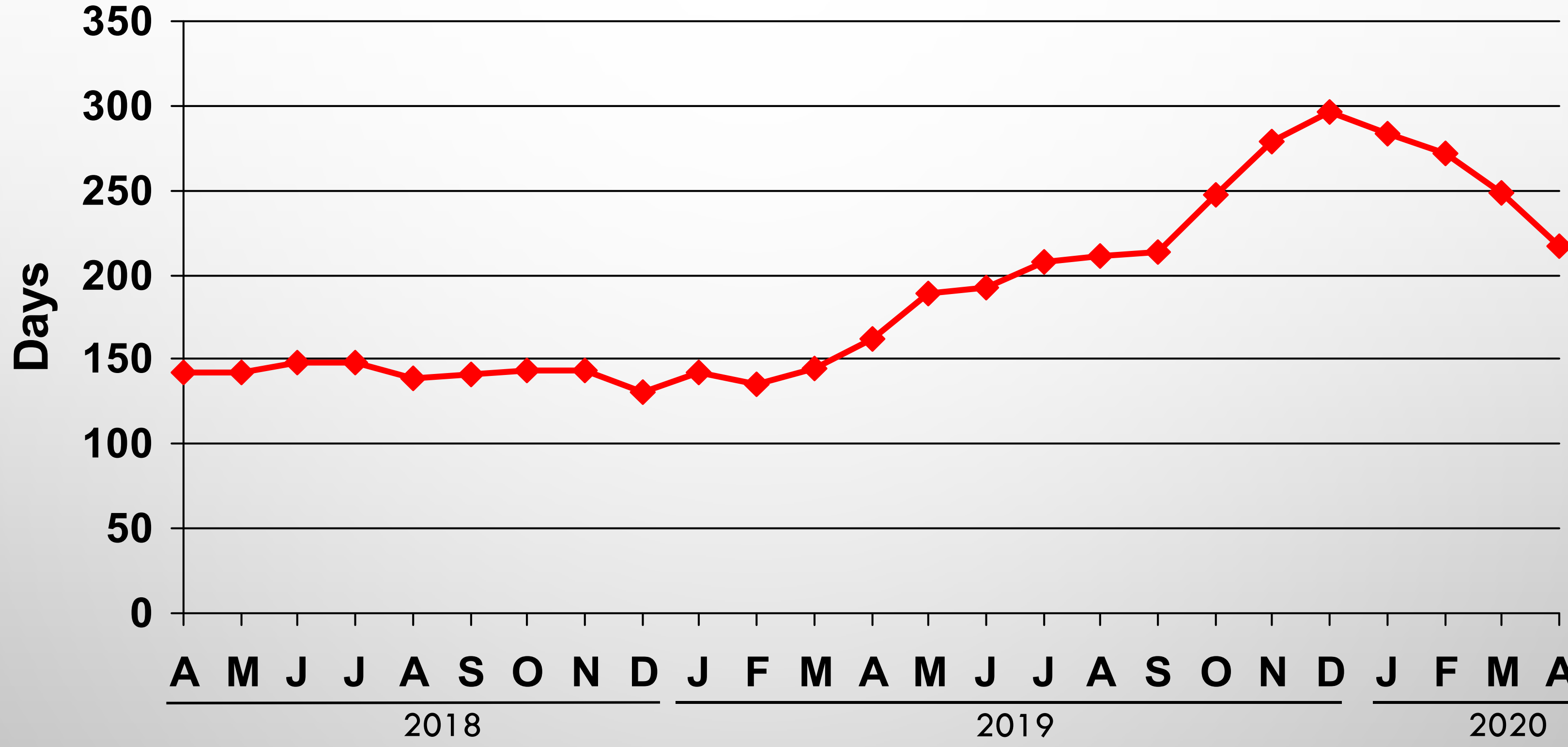



EXHIBIT 4

04-20 INV.PPT

# ++++YIELD COMPARISON

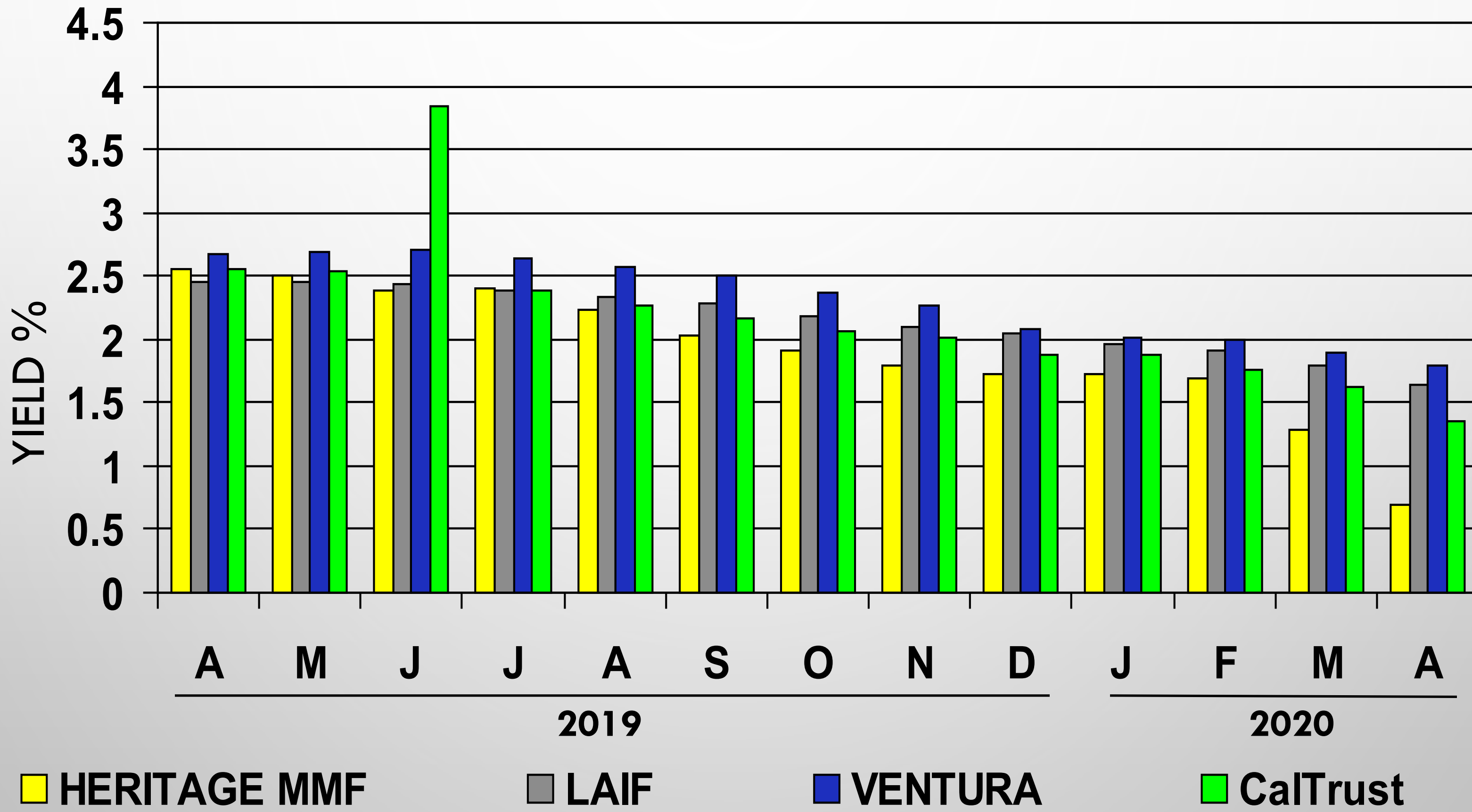



EXHIBIT 5

# ROLLING 2-YEAR % YIELD

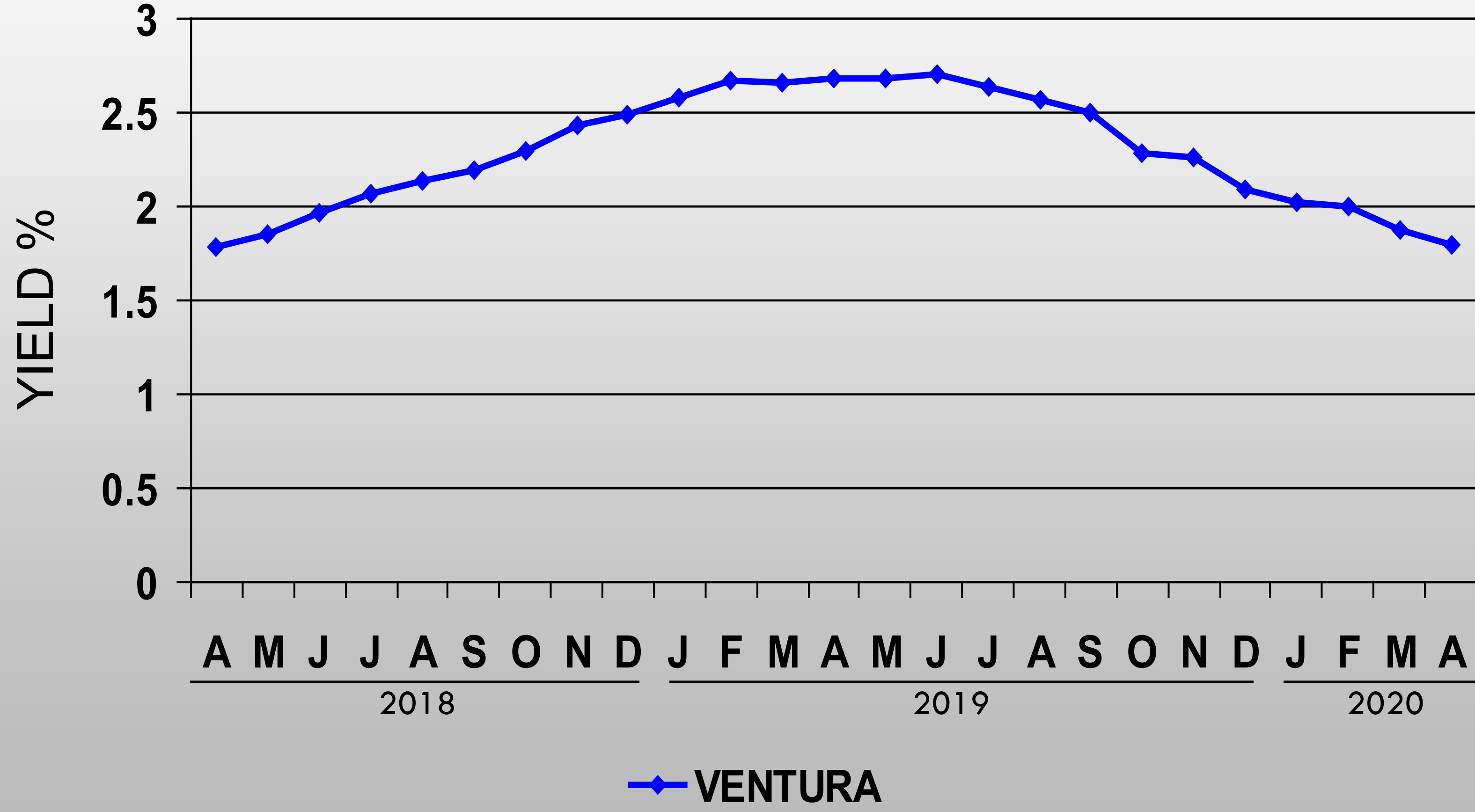



EXHIBIT 6

04-20 INV.PPT

# ROLLING 2-YEAR $ YIELD

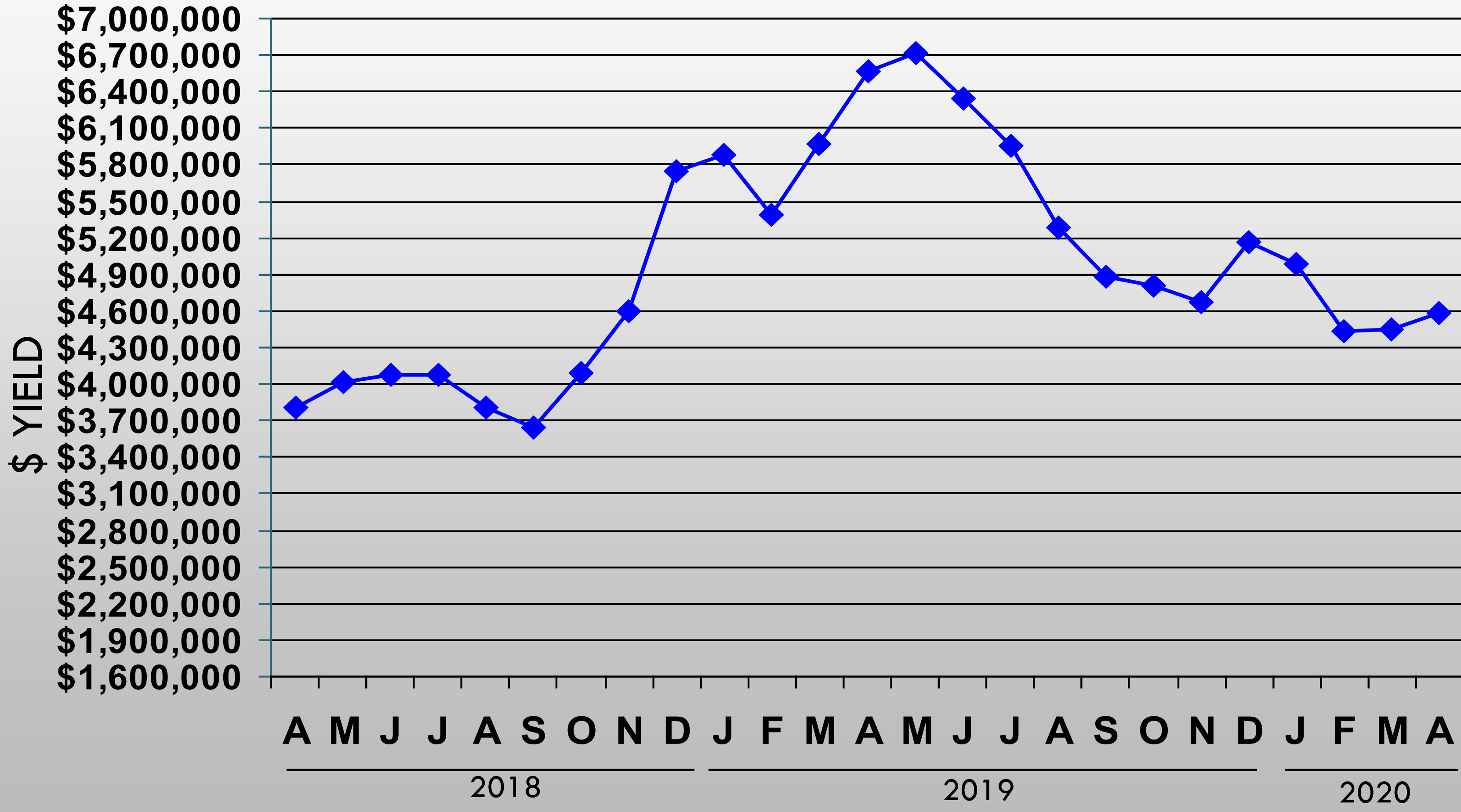
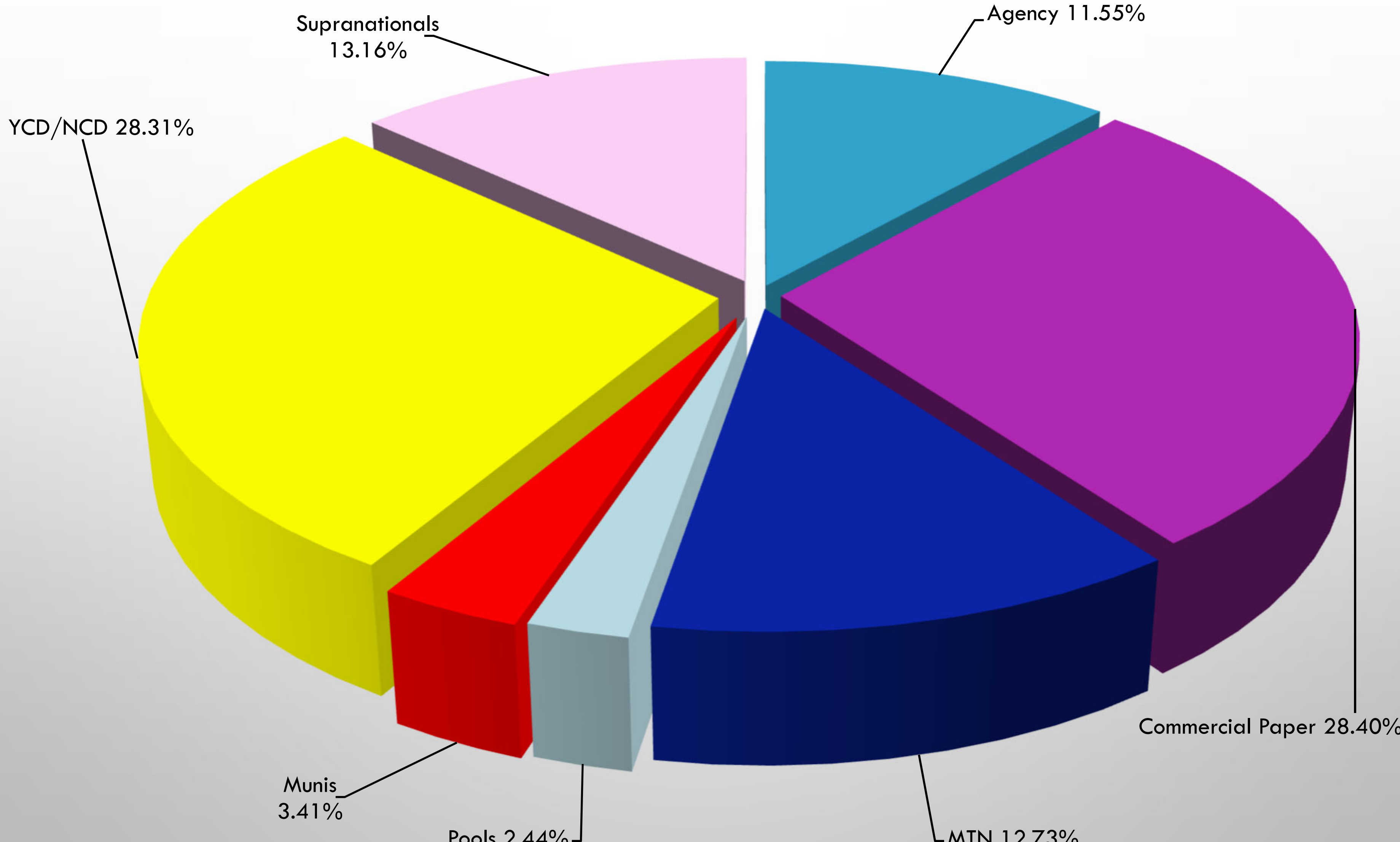



EXHIBIT 7

04-20 INV.PPT

# PORTFOLIO HOLDINGS BY CLASS



# APPENDIX H

# TABLE OF ACCRETED VALUES

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Bond Accreted Value Table

Mesa Union School District

Election of 2018 Series B

| Date | CAB Bond 08/01/2028 1.83% | CAB Bond 08/01/2029 1.95% | CAB Bond 08/01/2030 2.07% | CAB Bond 08/01/2031 2.23% | CAB Bond 08/01/2032 2.42% | CAB Bond 08/01/2033 2.61% | CAB Bond 08/01/2034 2.68% | CAB Bond 08/01/2035 2.73% | CAB Bond 08/01/2036 2.77% | CAB Bond 08/01/2037 2.81% | CAB Bond 08/01/2038 2.85% | CAB Bond 08/01/2039 2.89% | CAB Bond 08/01/2040 2.93% | CAB Bond 08/01/2041 2.97% | CAB Bond 08/01/2042 3% | CAB Bond 08/01/2043 3.02% | CAB Bond 08/01/2044 3.04% | CAB Bond 07/01/2045 3.06% |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 8/3/2020 | 4,322.35 | 4,199.20 | 4,069.85 | 3,918.10 | 3,746.80 | 3,569.65 | 3,444.80 | 3,329.60 | 3,220.15 | 3,111.85 | 3,004.80 | 2,899.15 | 2,795.05 | 2,692.50 | 2,597.35 | 2,509.75 | 2,424.15 | 2,346.50 |
| 1/1/2021 | | | | | | | | | | | | | | | | | | 2,375.95 |
| 2/1/2021 | 4,361.45 | 4,239.65 | 4,111.50 | 3,961.30 | 3,791.65 | 3,615.70 | 3,490.45 | 3,374.55 | 3,264.25 | 3,155.05 | 3,047.15 | 2,940.60 | 2,835.50 | 2,732.05 | 2,635.90 | 2,547.25 | 2,460.60 | |
| 7/1/2021 | | | | | | | | | | | | | | | | | | 2,412.30 |
| 8/1/2021 | 4,401.35 | 4,281.00 | 4,154.05 | 4,005.50 | 3,837.55 | 3,662.90 | 3,537.25 | 3,420.60 | 3,309.45 | 3,199.40 | 3,090.55 | 2,983.05 | 2,877.05 | 2,772.65 | 2,675.40 | 2,585.70 | 2,498.00 | |
| 1/1/2022 | | | | | | | | | | | | | | | | | | 2,449.25 |
| 2/1/2022 | 4,441.65 | 4,322.75 | 4,197.05 | 4,050.15 | 3,883.95 | 3,710.70 | 3,584.65 | 3,467.30 | 3,355.30 | 3,244.35 | 3,134.60 | 3,026.15 | 2,919.20 | 2,813.80 | 2,715.55 | 2,624.75 | 2,535.95 | |
| 7/1/2022 | | | | | | | | | | | | | | | | | | 2,486.70 |
| 8/1/2022 | 4,482.30 | 4,364.90 | 4,240.50 | 4,095.30 | 3,930.95 | 3,759.15 | 3,632.65 | 3,514.60 | 3,401.75 | 3,289.90 | 3,179.25 | 3,069.90 | 2,961.95 | 2,855.60 | 2,756.30 | 2,664.35 | 2,574.50 | |
| 1/1/2023 | | | | | | | | | | | | | | | | | | 2,524.75 |
| 2/1/2023 | 4,523.30 | 4,407.45 | 4,284.40 | 4,140.95 | 3,978.55 | 3,808.20 | 3,681.35 | 3,562.60 | 3,448.85 | 3,336.15 | 3,224.55 | 3,114.25 | 3,005.35 | 2,898.00 | 2,797.65 | 2,704.60 | 2,613.65 | |
| 7/1/2023 | | | | | | | | | | | | | | | | | | 2,563.40 |
| 8/1/2023 | 4,564.70 | 4,450.40 | 4,328.75 | 4,187.15 | 4,026.65 | 3,857.90 | 3,730.65 | 3,611.20 | 3,496.65 | 3,383.00 | 3,270.50 | 3,159.25 | 3,049.40 | 2,941.05 | 2,839.60 | 2,745.45 | 2,653.35 | |
| 1/1/2024 | | | | | | | | | | | | | | | | | | 2,602.60 |
| 2/1/2024 | 4,606.45 | 4,493.80 | 4,373.55 | 4,233.85 | 4,075.40 | 3,908.25 | 3,780.65 | 3,660.50 | 3,545.05 | 3,430.55 | 3,317.10 | 3,204.90 | 3,094.05 | 2,984.70 | 2,882.20 | 2,786.90 | 2,693.70 | |
| 7/1/2024 | | | | | | | | | | | | | | | | | | 2,642.40 |
| 8/1/2024 | 4,648.60 | 4,537.65 | 4,418.80 | 4,281.05 | 4,124.70 | 3,959.25 | 3,831.35 | 3,710.50 | 3,594.15 | 3,478.75 | 3,364.40 | 3,251.25 | 3,139.40 | 3,029.05 | 2,925.40 | 2,829.00 | 2,734.65 | |
| 1/1/2025 | | | | | | | | | | | | | | | | | | 2,682.85 |
| 2/1/2025 | 4,691.15 | 4,581.85 | 4,464.55 | 4,328.75 | 4,174.60 | 4,010.90 | 3,882.65 | 3,761.15 | 3,643.95 | 3,527.65 | 3,412.35 | 3,298.20 | 3,185.40 | 3,074.00 | 2,969.30 | 2,871.70 | 2,776.20 | |
| 7/1/2025 | | | | | | | | | | | | | | | | | | 2,723.90 |
| 8/1/2025 | 4,734.05 | 4,626.55 | 4,510.75 | 4,377.05 | 4,225.10 | 4,063.25 | 3,934.70 | 3,812.45 | 3,694.40 | 3,577.20 | 3,460.95 | 3,345.85 | 3,232.05 | 3,119.65 | 3,013.85 | 2,915.05 | 2,818.40 | |
| 1/1/2026 | | | | | | | | | | | | | | | | | | 2,765.55 |
| 2/1/2026 | 4,777.35 | 4,671.65 | 4,557.45 | 4,425.85 | 4,276.25 | 4,116.25 | 3,987.40 | 3,864.50 | 3,745.60 | 3,627.45 | 3,510.30 | 3,394.20 | 3,279.40 | 3,166.00 | 3,059.05 | 2,959.10 | 2,861.25 | |
| 7/1/2026 | | | | | | | | | | | | | | | | | | 2,807.90 |
| 8/1/2026 | 4,821.10 | 4,717.20 | 4,604.60 | 4,475.20 | 4,328.00 | 4,170.00 | 4,040.85 | 3,917.25 | 3,797.45 | 3,678.40 | 3,560.30 | 3,443.25 | 3,327.45 | 3,213.00 | 3,104.95 | 3,003.75 | 2,904.75 | |
| 1/1/2027 | | | | | | | | | | | | | | | | | | 2,850.85 |
| 2/1/2027 | 4,865.20 | 4,763.20 | 4,652.25 | 4,525.10 | 4,380.35 | 4,224.40 | 4,095.00 | 3,970.75 | 3,850.05 | 3,730.10 | 3,611.05 | 3,493.00 | 3,376.20 | 3,260.70 | 3,151.50 | 3,049.10 | 2,948.90 | |
| 7/1/2027 | | | | | | | | | | | | | | | | | | 2,894.45 |
| 8/1/2027 | 4,909.70 | 4,809.65 | 4,700.40 | 4,575.55 | 4,433.35 | 4,279.55 | 4,149.85 | 4,024.95 | 3,903.40 | 3,782.50 | 3,662.50 | 3,543.50 | 3,425.65 | 3,309.15 | 3,198.80 | 3,095.15 | 2,993.70 | |
| 1/1/2028 | | | | | | | | | | | | | | | | | | 2,938.75 |
| 2/1/2028 | 4,954.65 | 4,856.55 | 4,749.05 | 4,626.55 | 4,487.00 | 4,335.40 | 4,205.50 | 4,079.90 | 3,957.45 | 3,835.65 | 3,714.70 | 3,594.70 | 3,475.85 | 3,358.30 | 3,246.75 | 3,141.90 | 3,039.25 | |
| 7/1/2028 | | | | | | | | | | | | | | | | | | 2,983.70 |
| 8/1/2028 | 5,000.00 | 4,903.90 | 4,798.20 | 4,678.15 | 4,541.30 | 4,391.95 | 4,261.85 | 4,135.55 | 4,012.25 | 3,889.55 | 3,767.60 | 3,646.65 | 3,526.75 | 3,408.15 | 3,295.45 | 3,189.35 | 3,085.45 | |
| 1/1/2029 | | | | | | | | | | | | | | | | | | 3,029.35 |
| 2/1/2029 | | 4,951.70 | 4,847.90 | 4,730.30 | 4,596.25 | 4,449.30 | 4,318.95 | 4,192.00 | 4,067.80 | 3,944.20 | 3,821.30 | 3,699.35 | 3,578.45 | 3,458.75 | 3,344.90 | 3,237.50 | 3,132.30 | |
| 7/1/2029 | | | | | | | | | | | | | | | | | | 3,075.70 |
| 8/1/2029 | | 5,000.00 | 4,898.05 | 4,783.05 | 4,651.85 | 4,507.35 | 4,376.80 | 4,249.25 | 4,124.15 | 3,999.60 | 3,875.75 | 3,752.80 | 3,630.85 | 3,510.10 | 3,395.10 | 3,286.40 | 3,179.95 | |
| 1/1/2030 | | | | | | | | | | | | | | | | | | 3,122.75 |
| 2/1/2030 | | | 4,948.75 | 4,836.40 | 4,708.15 | 4,566.15 | 4,435.45 | 4,307.25 | 4,181.30 | 4,055.80 | 3,931.00 | 3,807.00 | 3,684.05 | 3,562.25 | 3,446.00 | 3,336.00 | 3,228.25 | |
| 7/1/2030 | | | | | | | | | | | | | | | | | | 3,170.55 |
| 8/1/2030 | | | 5,000.00 | 4,890.30 | 4,765.10 | 4,625.75 | 4,494.90 | 4,366.05 | 4,239.20 | 4,112.80 | 3,987.00 | 3,862.05 | 3,738.00 | 3,615.15 | 3,497.70 | 3,386.40 | 3,277.35 | |
| 1/1/2031 | | | | | | | | | | | | | | | | | | 3,219.05 |

Bond Accreted Value Table

Mesa Union School District

Election of 2018 Series B

| Date | CAB Bond 08/01/2028 1.83% | CAB Bond 08/01/2029 1.95% | CAB Bond 08/01/2030 2.07% | CAB Bond 08/01/2031 2.23% | CAB Bond 08/01/2032 2.42% | CAB Bond 08/01/2033 2.61% | CAB Bond 08/01/2034 2.68% | CAB Bond 08/01/2035 2.73% | CAB Bond 08/01/2036 2.77% | CAB Bond 08/01/2037 2.81% | CAB Bond 08/01/2038 2.85% | CAB Bond 08/01/2039 2.89% | CAB Bond 08/01/2040 2.93% | CAB Bond 08/01/2041 2.97% | CAB Bond 08/01/2042 3% | CAB Bond 08/01/2043 3.02% | CAB Bond 08/01/2044 3.04% | CAB Bond 07/01/2045 3.06% |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 2/1/2031 | | | | 4,944.85 | 4,822.80 | 4,686.10 | 4,555.15 | 4,425.65 | 4,297.90 | 4,170.55 | 4,043.80 | 3,917.85 | 3,792.80 | 3,668.85 | 3,550.15 | 3,437.55 | 3,327.15 | |
| 7/1/2031 | | | | | | | | | | | | | | | | | | 3,268.30 |
| 8/1/2031 | | | | 5,000.00 | 4,881.15 | 4,747.25 | 4,616.15 | 4,486.05 | 4,357.45 | 4,229.15 | 4,101.45 | 3,974.45 | 3,848.35 | 3,723.30 | 3,603.40 | 3,489.45 | 3,377.75 | |
| 1/1/2032 | | | | | | | | | | | | | | | | | | 3,318.30 |
| 2/1/2032 | | | | | 4,940.20 | 4,809.25 | 4,678.05 | 4,547.30 | 4,417.80 | 4,288.60 | 4,159.90 | 4,031.90 | 3,904.75 | 3,778.60 | 3,657.45 | 3,542.15 | 3,429.05 | |
| 7/1/2032 | | | | | | | | | | | | | | | | | | 3,369.10 |
| 8/1/2032 | | | | | 5,000.00 | 4,872.00 | 4,740.70 | 4,609.35 | 4,478.95 | 4,348.85 | 4,219.15 | 4,090.15 | 3,961.95 | 3,834.70 | 3,712.35 | 3,595.60 | 3,481.20 | |
| 1/1/2033 | | | | | | | | | | | | | | | | | | 3,420.65 |
| 2/1/2033 | | | | | | 4,935.55 | 4,804.25 | 4,672.25 | 4,541.00 | 4,409.95 | 4,279.30 | 4,149.25 | 4,020.00 | 3,891.65 | 3,768.00 | 3,649.90 | 3,534.10 | |
| 7/1/2033 | | | | | | | | | | | | | | | | | | 3,472.95 |
| 8/1/2033 | | | | | | 5,000.00 | 4,868.60 | 4,736.05 | 4,603.90 | 4,471.90 | 4,340.30 | 4,209.20 | 4,078.85 | 3,949.45 | 3,824.55 | 3,705.00 | 3,587.85 | |
| 1/1/2034 | | | | | | | | | | | | | | | | | | 3,526.10 |
| 2/1/2034 | | | | | | | 4,933.85 | 4,800.70 | 4,667.65 | 4,534.75 | 4,402.15 | 4,270.00 | 4,138.60 | 4,008.10 | 3,881.90 | 3,760.95 | 3,642.35 | |
| 7/1/2034 | | | | | | | | | | | | | | | | | | 3,580.05 |
| 8/1/2034 | | | | | | | 5,000.00 | 4,866.20 | 4,732.30 | 4,598.45 | 4,464.85 | 4,331.75 | 4,199.25 | 4,067.65 | 3,940.15 | 3,817.75 | 3,697.75 | |
| 1/1/2035 | | | | | | | | | | | | | | | | | | 3,634.85 |
| 2/1/2035 | | | | | | | | 4,932.65 | 4,797.85 | 4,663.05 | 4,528.50 | 4,394.30 | 4,260.75 | 4,128.05 | 3,999.25 | 3,875.40 | 3,753.95 | |
| 7/1/2035 | | | | | | | | | | | | | | | | | | 3,690.45 |
| 8/1/2035 | | | | | | | | 5,000.00 | 4,864.30 | 4,728.55 | 4,593.00 | 4,457.80 | 4,323.20 | 4,189.35 | 4,059.20 | 3,933.90 | 3,811.00 | |
| 1/1/2036 | | | | | | | | | | | | | | | | | | 3,746.90 |
| 2/1/2036 | | | | | | | | | 4,931.65 | 4,795.00 | 4,658.45 | 4,522.25 | 4,386.55 | 4,251.55 | 4,120.10 | 3,993.35 | 3,868.90 | |
| 7/1/2036 | | | | | | | | | | | | | | | | | | 3,804.25 |
| 8/1/2036 | | | | | | | | | 5,000.00 | 4,862.40 | 4,724.85 | 4,587.60 | 4,450.80 | 4,314.70 | 4,181.90 | 4,053.65 | 3,927.75 | |
| 1/1/2037 | | | | | | | | | | | | | | | | | | 3,862.45 |
| 2/1/2037 | | | | | | | | | | 4,930.70 | 4,792.20 | 4,653.85 | 4,516.00 | 4,378.75 | 4,244.65 | 4,114.85 | 3,987.45 | |
| 7/1/2037 | | | | | | | | | | | | | | | | | | 3,921.55 |
| 8/1/2037 | | | | | | | | | | 5,000.00 | 4,860.45 | 4,721.10 | 4,582.15 | 4,443.80 | 4,308.30 | 4,176.95 | 4,048.05 | |
| 1/1/2038 | | | | | | | | | | | | | | | | | | 3,981.55 |
| 2/1/2038 | | | | | | | | | | | 4,929.75 | 4,789.35 | 4,649.30 | 4,509.75 | 4,372.95 | 4,240.05 | 4,109.55 | |
| 7/1/2038 | | | | | | | | | | | | | | | | | | 4,042.45 |
| 8/1/2038 | | | | | | | | | | | 5,000.00 | 4,858.55 | 4,717.40 | 4,576.75 | 4,438.55 | 4,304.05 | 4,172.05 | |
| 1/1/2039 | | | | | | | | | | | | | | | | | | 4,104.30 |
| 2/1/2039 | | | | | | | | | | | | 4,928.75 | 4,786.50 | 4,644.70 | 4,505.10 | 4,369.05 | 4,235.45 | |
| 7/1/2039 | | | | | | | | | | | | | | | | | | 4,167.10 |
| 8/1/2039 | | | | | | | | | | | | 5,000.00 | 4,856.65 | 4,713.70 | 4,572.70 | 4,435.05 | 4,299.85 | |
| 1/1/2040 | | | | | | | | | | | | | | | | | | 4,230.85 |
| 2/1/2040 | | | | | | | | | | | | | 4,927.80 | 4,783.70 | 4,641.30 | 4,502.00 | 4,365.20 | |
| 7/1/2040 | | | | | | | | | | | | | | | | | | 4,295.60 |
| 8/1/2040 | | | | | | | | | | | | | 5,000.00 | 4,854.70 | 4,710.90 | 4,570.00 | 4,431.55 | |
| 1/1/2041 | | | | | | | | | | | | | | | | | | 4,361.30 |
| 2/1/2041 | | | | | | | | | | | | | | 4,926.80 | 4,781.55 | 4,639.00 | 4,498.90 | |
| 7/1/2041 | | | | | | | | | | | | | | | | | | 4,428.05 |

Bond Accreted Value Table

Mesa Union School District

Election of 2018 Series B

| Date | CAB Bond 08/01/2028 1.83% | CAB Bond 08/01/2029 1.95% | CAB Bond 08/01/2030 2.07% | CAB Bond 08/01/2031 2.23% | CAB Bond 08/01/2032 2.42% | CAB Bond 08/01/2033 2.61% | CAB Bond 08/01/2034 2.68% | CAB Bond 08/01/2035 2.73% | CAB Bond 08/01/2036 2.77% | CAB Bond 08/01/2037 2.81% | CAB Bond 08/01/2038 2.85% | CAB Bond 08/01/2039 2.89% | CAB Bond 08/01/2040 2.93% | CAB Bond 08/01/2041 2.97% | CAB Bond 08/01/2042 3% | CAB Bond 08/01/2043 3.02% | CAB Bond 08/01/2044 3.04% | CAB Bond 07/01/2045 3.06% |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 8/1/2041 | | | | | | | | | | | | | | 5,000.00 | 4,853.30 | 4,709.05 | 4,567.30 | |
| 1/1/2042 | | | | | | | | | | | | | | | | | | 4,495.80 |
| 2/1/2042 | | | | | | | | | | | | | | | 4,926.10 | 4,780.15 | 4,636.70 | |
| 7/1/2042 | | | | | | | | | | | | | | | | | | 4,564.60 |
| 8/1/2042 | | | | | | | | | | | | | | | 5,000.00 | 4,852.35 | 4,707.20 | |
| 1/1/2043 | | | | | | | | | | | | | | | | | | 4,634.40 |
| 2/1/2043 | | | | | | | | | | | | | | | | 4,925.60 | 4,778.75 | |
| 7/1/2043 | | | | | | | | | | | | | | | | | | 4,705.35 |
| 8/1/2043 | | | | | | | | | | | | | | | | 5,000.00 | 4,851.35 | |
| 1/1/2044 | | | | | | | | | | | | | | | | | | 4,777.30 |
| 2/1/2044 | | | | | | | | | | | | | | | | | 4,925.10 | |
| 7/1/2044 | | | | | | | | | | | | | | | | | | 4,850.40 |
| 8/1/2044 | | | | | | | | | | | | | | | | | 5,000.00 | |
| 1/1/2045 | | | | | | | | | | | | | | | | | | 4,924.65 |
| 7/1/2045 | | | | | | | | | | | | | | | | | | 5,000.00 |