NEW ISSUE—FULL BOOK-ENTRY **RATING: Moody's: "Aaa";**
(See "MISCELLANEOUS – Rating")

In the opinion of Atkinson, Andelson, Loya, Ruud & Romo, A Professional Law Corporation, Irvine, California, Bond Counsel, subject, however, to certain qualifications described herein, under existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended ("Code"). In the further opinion of Bond Counsel, interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax. In the further opinion of Bond Counsel, interest on the Bonds is exempt from State of California personal income taxation. Bond Counsel expresses no other opinion regarding or concerning any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds. See "TAX MATTERS" herein.

$55,285,000
DEL MAR UNION SCHOOL DISTRICT
(San Diego County, California)
General Obligation Bonds, 2018 Election, Series 2019 A

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

This cover page contains certain information for general reference only. It is not a summary of this issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision. Capitalized terms used but not otherwise defined on this cover page shall have the meanings assigned to such terms herein.

The Del Mar Union School District (San Diego County, California) General Obligation Bonds, 2018 Election, Series 2019 A (the "Bonds") were authorized at an election of the registered voters of the Del Mar Union School District (the "District") held on November 6, 2018, at which more than fifty-five percent of the persons voting on the proposition voted to authorize the issuance and sale of $186,000,000 principal amount of general obligation bonds of the District. The Bonds are being issued by the District to (i) finance the repair, upgrading, acquisition, construction and equipping of certain District property and facilities and (ii) pay the costs of issuing the Bonds.

The Bonds are general obligations of the District payable solely from *ad valorem* property taxes. The Board of Supervisors of San Diego County is empowered and obligated to levy *ad valorem* property taxes, without limitation as to rate or amount, upon all property within the District subject to taxation thereby (except certain personal property which is taxable at limited rates), for the payment of principal of and interest on the Bonds when due.

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 The Depository Trust Company, New York, New York (collectively referred to herein as "DTC"). Purchasers of the Bonds (the "Beneficial Owners") will not receive physical certificates representing their interest in the Bonds, but will instead receive credit balances on the books of their respective nominees. The Bonds will be dated as of their date of initial delivery (the "Date of Delivery") and will be issued as current interest bonds, such that interest thereon will accrue from the Date of Delivery and be payable semiannually on February 1 and August 1 of each year, commencing February 1, 2020. The Bonds are issuable in denominations of $5,000 principal amount or any integral multiple thereof.

Payments of principal of and interest on the Bonds will be made by the designated paying agent, bond 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. The Treasurer-Tax Collector of San Diego County has been appointed as Paying Agent for the Bonds.

The Bonds are subject to optional and mandatory sinking fund redemption prior to maturity as further described herein.

Maturity Schedule
(see inside front cover)

The Bonds will be offered when, as and if issued and received by the Underwriter, subject to the approval of legality by Atkinson, Andelson, Loya, Ruud & Romo, A Professional Law Corporation, Irvine, California, Bond Counsel. Certain legal matters will be passed upon for the District by Stradling Yocca Carlson & Rauth, a Professional Corporation, as Disclosure Counsel, and for the Underwriter by Kutak Rock LLP, Los Angeles, California. The Bonds, in book-entry form, will be available for delivery through the facilities of The Depository Trust Company in New York, New York on or about October 16, 2019.

STIFEL

Dated: October 1, 2019

MATURITY SCHEDULE

$55,285,000
DEL MAR UNION SCHOOL DISTRICT
(San Diego County, California)
General Obligation Bonds, 2018 Election, Series 2019 A

Base CUSIP(†): 245145

$43,720,000 Serial Bonds

Maturity (August 1)	Principal Amount	Interest Rate	Yield	CUSIP†
2020	$5,225,000	4.000%	1.080%	ER4
2021	5,425,000	4.000	1.040	ES2
2022	960,000	4.000	1.050	ET0
2023	460,000	1.500	1.050	EU7
2024	540,000	4.000	1.050	EV5
2025	640,000	4.000	1.040	EW3
2026	745,000	4.000	1.070	EX1
2027	860,000	4.000	1.110	EY9
2028	980,000	4.000	1.180	EZ6
2029	1,110,000	4.000	1.250	FA0
2030	1,250,000	4.000	1.410(1)	FB8
2031	1,400,000	4.000	1.570(1)	FC6
2032	1,555,000	4.000	1.670(1)	FD4
2033	1,725,000	4.000	1.760(1)	FE2
2034	1,905,000	4.000	1.830(1)	FF9
2035	2,095,000	4.000	1.950(1)	FG7
2036	2,300,000	3.000	2.290(1)	FH5
2037	2,495,000	3.000	2.380(1)	FJ1
2038	2,695,000	2.500	2.650	FK8
2039	2,900,000	2.625	2.700	FL6
2040	3,115,000	2.625	2.740	FN2
2041	3,340,000	2.750	2.780	FP7

$11,565,000 – 3.000% Term Bonds due August 1, 2044 – Yield 2.710%(1); CUSIP Suffix†: FM4

(1) Yield to call at par on August 1, 2029.

† CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services ("CGS"), managed by S&P Capital IQ on behalf of The American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP numbers have been assigned by an independent company not affiliated with the District, the Municipal Advisor or the Underwriter and are included solely for the convenience of the registered owners of the applicable Bonds. None of the District, the Municipal Advisor or the Underwriter is responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the applicable Bonds or as included herein. The CUSIP number for a specific maturity is subject to being changed after the execution and delivery of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

This Official Statement does not constitute an offering of any security other than the original offering of the Bonds of the District. No dealer, broker, salesperson or other person has been authorized by the District to give any information or to make any representations other than as contained in this Official Statement, and if given or made, such other information or representation not so authorized should not be relied upon as having been given or authorized by the District.

The issuance and sale of the Bonds have not been registered under the Securities Act of 1933 or the Securities Exchange Act of 1934, both as amended, in reliance upon exemptions provided thereunder by Sections 3(a)2 and 3(a)12, respectively, for the issuance and sale of municipal securities. This Official Statement does not constitute an offer to sell or a solicitation of an offer to buy in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

Certain information set forth herein has been obtained from sources outside of the District which are believed to be reliable, but such information 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.

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 in this Official Statement, 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 Underwriter has provided the following sentence for inclusion in this Official Statement: "The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter do not guarantee the accuracy or completeness of such information."

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE BONDS AT LEVELS ABOVE THOSE THAT MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITER MAY OFFER AND SELL THE BONDS TO CERTAIN SECURITIES DEALERS AND DEALER BANKS AND BANKS ACTING AS AGENT AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED ON THE COVER PAGE HEREOF AND SAID PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER.

The District maintains a website. However, the information presented on the District's website is not incorporated into this Official Statement by any reference, and should not be relied upon in making investment decisions with respect to the Bonds. References to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement for purposes of, and as that term is defined in, the Rule (defined herein).

DEL MAR UNION SCHOOL DISTRICT

DISTRICT ADMINISTRATION

Holly McClurg, Ph.D., *Superintendent*
Catherine Birks, *Assistant Superintendent, Business Services*
Jason E. Romero*, Assistant Superintendent, Human Resources*
Shelley Petersen*, Assistant Superintendent, Instructional Services*

PROFESSIONAL SERVICES

BOND COUNSEL

Atkinson, Andelson, Loya, Ruud & Romo, A Professional Law Corporation
Irvine, California

DISCLOSURE COUNSEL

Stradling Yocca Carlson & Rauth, a Professional Corporation
San Francisco, California

MUNICIPAL ADVISOR

Fieldman, Rolapp & Associates, Inc.
Irvine, California

PAYING AGENT, REGISTRAR AND TRANSFER AGENT

Treasurer-Tax Collector of San Diego County
San Diego, California

TABLE OF CONTENTS

Page

TABLE OF CONTENTS (cont'd)

Page

$55,285,000
DEL MAR UNION SCHOOL DISTRICT
(San Diego County, California)
General Obligation Bonds, 2018 Election, Series 2019 A

INTRODUCTION

This Official Statement, which includes the cover page, inside cover page and appendices hereto, provides information in connection with the sale of the Del Mar Union School District (San Diego County, California) General Obligation Bonds, 2018 Election, Series 2019 A (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, including the cover page, inside cover page and appendices hereto, 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 Del Mar Union School District (the "District") was established as a school district in 1906. The District is located in the northern coastal region of San Diego County (the "County") and encompasses approximately 14.6 square miles, serving the City of Del Mar and portions of the City of San Diego known as Del Mar Heights, Carmel Valley, Pacific Highlands Ranch, and Sorrento Hills. The District provides kindergarten through sixth grade education services, maintaining eight elementary schools. Additionally, the District administers an Early Childhood Development Center and an After School Program. For fiscal year 2019-20, the District's estimated average daily attendance ("ADA") is 4,082 students, and taxable property within the District has an assessed valuation of $19,936,881,988.

The District is governed by a five-member Board of Trustees (the "Board"), each member of which is elected to a four-year term. Elections for positions to the Board are held every two years, alternating between two and three available positions. The management and policies of the District are administered by a Superintendent appointed by the Board who is responsible for day-to-day District operations, as well as the supervision of the District's other personnel. Dr. Holly McClurg is currently the District Superintendent.

For more information regarding the District generally, see "DISTRICT FINANCIAL INFORMATION" and "DEL MAR UNION SCHOOL DISTRICT" herein, and for more information regarding the District's assessed valuation, see "TAX BASE FOR PAYMENT OF BONDS" herein.

Purpose of the Bonds

The Bonds are being issued by the District to (i) finance the repair, upgrading, acquisition, construction and equipping of certain District property and facilities and (ii) pay the costs of issuing the Bonds. See "THE BONDS – Application and Investment of Bond Proceeds" and "ESTIMATED SOURCES AND USES OF FUNDS" herein.

Authority for Issuance of the Bonds

The Bonds are issued pursuant to certain provisions of the Government Code and pursuant to a resolution adopted by the Board. See "THE BONDS – Authority for Issuance" herein.

Sources of Payment for the Bonds

The Bonds are general obligations of the District payable solely from *ad valorem* property taxes. The Board of Supervisors of the County is empowered and obligated to levy such *ad valorem* property taxes, without limitation as to rate or amount, upon all property within the District subject to taxation thereby (except certain personal property which is taxable at limited rates), for the payment of principal of and interest on the Bonds when due. See "THE BONDS – Security and Sources of Payment" and "TAX BASE FOR PAYMENT OF BONDS" herein.

Description of the Bonds

Form and Registration. The Bonds will be issued in fully registered form only, without coupons. The Bonds will be initially registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (the "DTC"), who will act as securities depository for the Bonds. See "THE BONDS – General Provisions" and "THE BONDS – Book-Entry Only System" herein. Purchasers of the Bonds (the "Beneficial Owners") will not receive physical certificates representing their interests in the Bonds purchased, but will instead receive credit balances on the books of their respective nominees. In the event that the book-entry only system described below is no longer used with respect to the Bonds, the Bonds will be registered in accordance with the Resolution (as defined herein). See "THE BONDS – Registration, Exchange and Transfer of Bonds" herein.

So long as Cede & Co. is the registered owner of the Bonds, as nominee of DTC, references herein to the "Owners," "Bondowners" or "Holders" of the Bonds (other than under the caption "TAX MATTERS" herein and in APPENDIX A attached hereto) will mean Cede & Co. and will not mean the Beneficial Owners of the Bonds.

Denominations. Individual purchases of interests in the Bonds will be available to purchasers of the Bonds in the denominations of $5,000 principal amount, or any integral multiple thereof.

Redemption. The Bonds are subject to optional and mandatory sinking fund redemption prior to maturity as further described herein. See "THE BONDS – Redemption" herein.

Payments. The Bonds will be dated as of the date of their initial delivery (the "Date of Delivery"). Interest on the Bonds accrues from the Date of Delivery, and is payable semiannually on each February 1 and August 1, commencing February 1, 2020 (each, a "Bond Payment Date"). Principal of the Bonds is payable on August 1, in the amounts and years as shown on the inside cover page hereof. Payments of the principal of and interest on the Bonds will be made by the Treasurer-Tax Collector of the County, as the designated paying agent, registrar and transfer agent (the "Paying Agent") to DTC for subsequent disbursement through DTC Participants (defined herein) to the Beneficial Owners of the Bonds.

Tax Matters

In the opinion of Atkinson, Andelson, Loya, Ruud & Romo, A Professional Law Corporation, Irvine, California, Bond Counsel, subject, however, to certain qualifications described herein, under existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended ("Code"). In the further opinion of Bond Counsel interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax. In the further opinion of Bond Counsel, interest on the Bonds is exempt from State of California (the "State") personal income taxation. Bond Counsel expresses no other opinion regarding or concerning any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds.

Set forth in Appendix A attached hereto is the form of opinion Bond Counsel is expected to deliver in connection with the issuance of the Bonds. For a more complete discussion of such opinion and certain other tax consequences incident to the ownership of the Bonds, including certain exceptions to the tax treatment of interest, see "TAX MATTERS" herein.

Offering and Delivery of the Bonds

The Bonds are offered when, as and if issued, subject to approval as to their legality by Bond Counsel. It is anticipated that the Bonds in book-entry form will be available for delivery through the facilities of DTC in New York, New York, on or about October 16, 2019.

Bond Owner's Risks

The Bonds are general obligations of the District payable solely from the proceeds of *ad valorem* property taxes which may be levied on all taxable property in the District, without limitation as to rate or amount (except with respect to certain personal property which is taxable at limited rates). For more complete information regarding the District's financial condition and taxation of property within the District, see "TAX BASE FOR PAYMENT OF BONDS," "DISTRICT FINANCIAL INFORMATION" and "DEL MAR UNION SCHOOL DISTRICT" herein.

Continuing Disclosure

Pursuant to that certain Continuing Disclosure Certificate relating to the Bonds, the District will covenant for the benefit of the Owners and Beneficial Owners of the Bonds to make available certain financial information and operating data relating to the District and to provide notices of the occurrence of certain listed events, in order to assist the Underwriter in complying with Securities Exchange Commission (the "S.E.C.") Rule 15c2-12(b)(5) (the "Rule"). See "LEGAL MATTERS – Continuing Disclosure" herein. The specific nature of the information to be made available and the notices of listed events required to be provided are described in "APPENDIX C – Form of Continuing Disclosure Certificate" attached hereto.

Professionals Involved in the Offering

Atkinson, Andelson, Loya, Ruud & Romo, A Professional Law Corporation, Irvine, California, is acting as Bond Counsel to the District with respect to the Bonds. Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California is acting as Disclosure Counsel to the District with respect to the Bonds. Fieldman Rolapp & Associates, Inc., Irvine, California, is acting as municipal advisor ("Municipal Advisor") to the District with respect to the Bonds. Atkinson, Andelson, Loya, Ruud

& Romo, A Professional Law Corporation, Stradling Yocca Carlson & Rauth, a Professional Corporation and the Municipal Advisor will each receive compensation from the District contingent upon the sale and delivery of the Bonds. Certain matters will be passed upon for Stifel, Nicolaus & Company, Incorporated (the "Underwriter"), by Kutak Rock LLP, Los Angeles, California.

Forward-Looking Statements

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "project," "intend," "budget" or other similar words. Such forward-looking statements include, but are not limited to, certain statements contained in the information regarding the District herein.

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE DISTRICT DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THE FORWARD-LOOKING STATEMENTS SET FORTH IN THIS OFFICIAL STATEMENT.

Other Information

This Official Statement speaks only as of its date, and the information contained herein is subject to change. Copies of documents referred to herein and information concerning the Bonds are available from the Del Mar Union School District, 11232 El Camino Real, Suite 100, San Diego, California 92130, Attention: Assistant Superintendent, Business Services. The District may impose a charge for copying, mailing and handling.

No dealer, broker, salesperson or other person has been authorized by the District to give any information or to make any representations other than as contained herein and, if given or made, such other information or representations must not be relied upon as having been authorized by the District. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall 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.

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 such documents, statutes and constitutional provisions.

The information set forth herein, other than that provided by the District, 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.

Capitalized terms used but not otherwise defined herein shall have the meanings assigned to such terms in the Resolution (as defined herein).

THE BONDS

Authority for Issuance

The Bonds are issued pursuant to the provisions of Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code (the "Act"), commencing with Section 53506 *et seq*., as amended, Article XIIIA of the State Constitution and pursuant to a resolution adopted by the Board on August 28, 2019 (the "Resolution"). The District received authorization at an election held on November 6, 2018 by the requisite 55% of the votes cast by eligible voters within the District to issue $186,000,000 aggregate principal amount of general obligation bonds (the "Authorization"). The Bonds are the first series of bonds issued under the Authorization, and following the issuance thereof, $130,715,000 of the Authorization will remain unissued.

Security and Sources of Payment

The Bonds are general obligations of the District payable solely from *ad valorem* property taxes. The Board of Supervisors of the County is empowered and obligated to annually levy *ad valorem* property taxes upon all property subject to taxation by the District, without limitation as to rate or amount (except certain personal property which is taxable at limited rates), for the payment of principal of and interest on the Bonds when due. The levy may include allowance for an annual reserve, established for the purpose of avoiding fluctuating tax levies. The County, however, is not obligated to establish such a reserve, and the District can make no representation that such reserve will be established by the County or that such a reserve, if previously established by the County, will be maintained in the future.

Such taxes will be levied annually in addition to all other taxes during the period that the Bonds are outstanding in an amount sufficient to pay the principal of and interest on the Bonds when due. Such taxes, when collected, will be placed by the County in the Debt Service Fund (as defined herein) established by the Resolution, which is required to be segregated and maintained by the County and which is designated for the payment of the Bonds, and interest thereon when due, and for no other purpose. Pursuant to the Resolution, the District has pledged funds on deposit in the Debt Service Fund to the payment of the Bonds. Although the County is obligated to levy *ad valorem* property taxes for the payment of the Bonds as described above, and will maintain the Debt Service Fund, none of the Bonds are a debt of the County.

The moneys in the Debt Service Fund, to the extent necessary to pay the principal of and interest on the Bonds as the same becomes due and payable, will be transferred by the County to the Paying Agent. The Paying Agent will in turn remit the funds to DTC for remittance of such principal and interest to its Participants for subsequent disbursement to the Beneficial Owners of the Bonds.

The amount of the annual *ad valorem* property taxes 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 in any year. 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 general market decline in land values, disruption in financial markets that may reduce the availability of financing for purchasers of property, reclassification of property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by the State and local agencies and property used for qualified education, hospital, charitable or religious purposes), or the complete or partial destruction of the taxable property caused by a natural or manmade disaster, such as earthquake, flood, fire, wildfire, drought or toxic contamination, could cause a reduction in the assessed value of taxable property within the District and necessitate a corresponding increase in the annual tax rate. For further information regarding the District's assessed valuation, tax rates, overlapping debt, and other matters concerning taxation, see "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Article XIIIA of the California Constitution" and "TAX BASE FOR PAYMENT OF BONDS – Assessed Valuations" herein.

Statutory Lien

Pursuant to Government Code Section 53515, the Bonds will be secured by a statutory lien on all revenues received pursuant to the levy and collection of *ad valorem* property taxes for the payment thereof. The lien automatically attaches, without further action or authorization by the Board, and is valid and binding from the time the Bonds are executed and delivered. The revenues received pursuant to the levy and collection of the *ad valorem* property tax will be immediately subject to the lien, and such lien will be enforceable against the District, its successor, transferees and creditors, and all other parties asserting rights therein, irrespective of whether such parties have notice of the lien and without the need for physical delivery, recordation, filing or further act.

This statutory lien, by its terms, secures not only the Bonds, but also any other bonds of the District issued after January 1, 2016, and payable, both as to principal and interest, from the proceeds of *ad valorem* property taxes that may be levied pursuant to paragraphs (2) and (3) of subdivision (b) of Section 1 of Article XIII A of the California Constitution. The statutory lien provision does not specify the relative priority of obligations so secured or a method of allocation in the event that the revenues received pursuant to the levy and collection of such *ad valorem* property taxes are insufficient to pay all amounts then due and owing that are secured by the statutory lien.

General Provisions

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. See "—Book-Entry Only System" herein. Beneficial Owners will not receive certificates representing their interest in the Bonds, but instead will receive credit balances on the books of their respective nominees. The Bonds will be dated as of the Date of Delivery.

Interest on the Bonds accrues from the Date of Delivery and is payable semiannually on each Bond Payment Date, commencing February 1, 2020. Interest on the Bonds will be computed on the basis of a 360-day year of twelve, 30-day months. Each Bond will bear interest from the Bond Payment Date next preceding the date of authentication thereof unless it is authenticated as of a day during the period from the 16th day of the month next preceding any Bond Payment Date to that Bond Payment Date, inclusive, in which event it will bear interest from such Bond Payment Date, or unless it is authenticated on or before January 15, 2020, in which event it will bear interest from the Date of Delivery. The Bonds are issuable in denominations of $5,000 principal amount or any integral multiple thereof, and mature on August 1, in the years and amounts set forth on the inside cover page hereof.

Payment. The principal of the Bonds will be payable on the dates indicated on the inside cover hereof, in lawful money of the United States of America to the registered Owner thereof, upon the surrender thereof at the designated office of the Paying Agent. The interest on the Bonds will be payable in lawful money to the person whose name appears on the bond registration books of the Paying Agent as the registered Owner thereof as of the close of business on the 15th day of the month next preceding any Bond Payment Date (a "Record Date"), whether or not such day is a business day. Such interest is to be paid by wire transfer on such Bond Payment Date to such registered Owner to the bank and account number on file with the Paying Agent as of the Record Date. The Paying Agent is authorized to pay the Bonds when duly presented for payment at maturity, and to cancel all Bonds upon payment thereof. So long as the Bonds are held in the book-entry system of DTC, all payments of principal of and interest on the Bonds will be made by the Paying Agent to Cede & Co. (as a nominee of DTC), as the registered Owner of the Bonds.

Annual Debt Service

The following table displays the annual debt service requirements of the District for the Bonds (assuming no optional redemptions):

Year Ending (August 1)	Annual Principal Payment	Annual Interest Payment[1]	Total Annual Debt Service Payment
2020	$5,225,000	$1,481,539.85	$6,706,539.85
2021	5,425,000	1,662,418.76	7,087,418.76
2022	960,000	1,445,418.76	2,405,418.76
2023	460,000	1,407,018.76	1,867,018.76
2024	540,000	1,400,118.76	1,940,118.76
2025	640,000	1,378,518.76	2,018,518.76
2026	745,000	1,352,918.76	2,097,918.76
2027	860,000	1,323,118.76	2,183,118.76
2028	980,000	1,288,718.76	2,268,718.76
2029	1,110,000	1,249,518.76	2,359,518.76
2030	1,250,000	1,205,118.76	2,455,118.76
2031	1,400,000	1,155,118.76	2,555,118.76
2032	1,555,000	1,099,118.76	2,654,118.76
2033	1,725,000	1,036,918.76	2,761,918.76
2034	1,905,000	967,918.76	2,872,918.76
2035	2,095,000	891,718.76	2,986,718.76
2036	2,300,000	807,918.76	3,107,918.76
2037	2,495,000	738,918.76	3,233,918.76
2038	2,695,000	664,068.76	3,359,068.76
2039	2,900,000	596,693.76	3,496,693.76
2040	3,115,000	520,568.76	3,635,568.76
2041	3,340,000	438,800.00	3,778,800.00
2042	3,585,000	346,950.00	3,931,950.00
2043	3,850,000	239,400.00	4,089,400.00
2044	4,130,000	123,900.00	4,253,900.00
TOTAL	$55,285,000.00	$24,822,440.05	$80,107,440.05

(1) Interest payments on the Bonds will be made semiannually on February 1 and August 1 of each year, commencing February 1, 2020.

Application and Investment of Bond Proceeds

The Bonds are being issued by the District to (i) finance the repair, upgrading, acquisition, construction and equipping of certain District property and facilities and (ii) pay the costs of issuing the Bonds.

Building Fund. The net proceeds of the sale of the Bonds will be deposited into the fund held by the County and designated as the "Del Mar Union School District General Obligation Bonds, 2018 Election, Series 2019 A Building Fund" (the "Building Fund") and will be applied only for the purposes approved by the voters of the District pursuant to the 2018 Authorization. Any interest earnings on moneys held in the Building Fund will be retained therein. The County will have no responsibility for assuring the proper use of the proceeds of the Bonds.

Debt Service Fund. Any premium or accrued interest received by the District from the sale of the Bonds will be kept separate and apart in the fund designated as the "Del Mar Union School District General Obligation Bonds, 2018 Election, Series 2019 A Debt Service Fund" (the "Debt Service Fund"), which fund is held by the County for the payment of principal of and interest on the Bonds, and for no other purpose. Any interest earnings on moneys held in the Debt Service Fund will be retained therein. Any excess proceeds of the Bonds not needed for authorized purposes for which the Bonds are being issued will be transferred to the Debt Service Fund and applied to the payment of the principal of and interest on the Bonds. Pursuant to the Resolution, the District has pledged monies on deposit in the Debt Service Fund to the payment of the Bonds. If, after payment in full of the Bonds, there remain excess proceeds, any such excess amounts will be transferred to the general fund of the District.

Investment of Proceeds. Moneys in the Building Fund and the Debt Service Fund are expected to be invested through the County's pooled investment fund. See "APPENDIX E – SAN DIEGO COUNTY INVESTMENT POOL" attached hereto.

Redemption

Optional Redemption. The Bonds maturing on or before August 1, 2029 are not subject to optional redemption prior to their respective stated maturity dates. The Bonds maturing on or after August 1, 2030 are subject to optional redemption prior to their respective stated maturity dates at the option of the District, from any source of available funds, as a whole or in part, on any date on or after August 1, 2029, at a redemption price equal to the principal amount of the Bonds called for redemption, together with interest accrued thereon to the date fixed for redemption, without premium.

Mandatory Sinking Fund Redemption. The term bonds maturing on August 1, 2044 (the "Term Bond"), are subject to redemption prior to maturity from mandatory sinking fund payments on August 1 of each year, on and after August 1, 2042, at a redemption price equal to the principal amount thereof, together with accrued interest to the date fixed for redemption, without premium. The principal amounts represented by such Term Bonds to be so redeemed, the dates therefor and the final principal payment date are as indicated in the table on the following page:

Redemption Date (August 1)	Principal Amount to be Redeemed
2042	$3,585,000
2043	3,850,000
2044[1]	4,130,000

[1] Maturity.

In the event that a portion of the Term Bonds maturing on August 1, 2044 is optionally redeemed prior to maturity, the remaining mandatory sinking fund payments shown above shall be reduced on a pro rata basis, or as otherwise directed by the District, in integral multiples of $5,000 of principal amount, in respect of the portion of such Term Bonds optionally redeemed.

Selection of Bonds for Redemption. Whenever less than all of the outstanding Bonds are to be redeemed, the Paying Agent, upon written direction from a designated officer, shall select the Bonds to be redeemed as so directed, and if not so directed by the District in inverse order of maturity, and within a maturity, the Paying Agent shall select Bonds for redemption by lot. Redemption by lot shall be in such manner as the Paying Agent shall determine; provided, however, that the portion of any Bond to be redeemed in part shall be in denominations of $5,000 or any integral multiple thereof. The Paying Agent shall promptly notify the District of the Bonds so selected for redemption on such date. In the event that Term Bonds are subject to optional redemption there shall be pro rata reductions in the annual sinking fund payments due on such outstanding Term Bonds, or as otherwise directed by the District.

Notice of Redemption. When optional redemption is authorized or required pursuant to the Resolution, the Paying Agent, upon written instruction from the District, shall give notice (a "Redemption Notice") of the redemption of the Bonds. Such Redemption Notice shall specify (a) that the Bonds or a designated portion thereof are to be redeemed; (b) if less than all of the then outstanding Bonds are to be called for redemption, shall designate the numbers (or state that all Bonds between two stated numbers both inclusive have been called for redemption) and CUSIP numbers, if any, of the Bonds to be redeemed; (c) the date of notice and the date of redemption; (d) the place or places where the redemption will be made; and (e) descriptive information regarding the Bonds and the specific Bonds to be redeemed, including the dated date, interest rate and stated maturity date of each. Such Redemption Notice shall further state that on the specified date there shall become due and payable upon each Bond to be redeemed, the portion of the Principal Amount, of such Bond to be redeemed, together with interest accrued, to the date of redemption, and redemption premium, if any, and that from and after such date interest with respect thereto shall cease to accrue.

Any Redemption Notice shall be mailed, first class postage, to a Securities Depository and to a national Informational Service, and by first class mail, postage prepaid, to the District and County and the respective Owners of any registered Bonds designated for redemption at their addresses appearing on the Bond Register, in every case at least 20 days, but not more than 60 days, prior to the designated redemption date; provided that neither failure to receive such notice nor any defect in any notice so mailed shall affect the sufficiency of the proceedings for the redemption of such Bonds nor entitle the Owner thereof to interest beyond the date given for redemption. Neither failure to receive or failure to send, to the registered Owners, the Securities Depositories or Informational Services, any Redemption Notice nor any defect in any such Redemption Notice so given shall affect the sufficiency of the proceedings for the redemption of the affected Bonds. Neither the failure to receive such notice, the failure to send such notice, nor any defect in any notice so mailed shall affect the sufficiency of the proceedings for the redemption of such Bonds or the cessation of accrual of interest represented thereby from and after the redemption date.

“Information Services” means Municipal Securities Rulemaking Board, through its Electronic Municipal Market Access (EMMA) system, and, in accordance with then current guidelines of the Securities and Exchange Commission, such other addresses and/or such other services providing information with respect to called bonds as the District may designate in a written request of the District delivered to the Paying Agent.

“Securities Depository” means The Depository Trust Company, 55 Water Street, New York, New York 10041.

A certificate of the Paying Agent that notice of such redemption has been given as provided in the Resolution will be conclusive as against all parties, and it shall not be open to a Bond Owner to show that he or she failed to receive notice of such redemption. In case of the redemption as permitted herein of all the Outstanding Bonds of any one maturity, notice of redemption shall be given by mailing as provided in the Resolution, except that the notice of redemption does not need to specify the serial numbers of the Bonds of such maturity.

Conditional Notice of Redemption. Any optional Redemption Notice may specify that redemption of the Bonds designated for redemption on the specified date will be subject to the receipt by the District of monies sufficient to cause such redemption (and will specify the proposed source of such monies), and neither the District nor the County will have any liability to the Owners of any Bonds, or any other party, as a result of the District’s failure to redeem the Bonds designated for redemption as a result of insufficient monies therefor.

Additionally, the District may rescind any optional redemption of the Bonds, and notice thereof, for any reason on any date prior to the date fixed for such redemption by causing written notice of the rescission to be given to the Owners of the Bonds so called for redemption. Notice of rescission of redemption shall be given in the same manner in which notice of redemption was originally given. The actual receipt by the Owner of any Bond of notice of such rescission shall not be a condition precedent to rescission, and failure to receive such notice or any defect in such notice shall not affect the validity of the rescission. The District, the County and the Paying Agent will have no liability to the Owners of any Bonds, or any other party, as a result of the District’s decision to rescind a redemption of any Bonds pursuant to the provisions of the Resolution.

Partial Redemption of Bonds. Upon the surrender of any Bond redeemed in part only, the Paying Agent shall authenticate and deliver to the Owner thereof a new Bond of like tenor and maturity and of authorized denominations equal in principal amount to the unredeemed portion of the Bond surrendered. Such partial redemption shall be valid upon payment of the amount required to be paid to such Owner, and the District shall be released and discharged thereupon from all liability to the extent of such payment.

Effect of Notice of Redemption. Notice having been given as described above, and the moneys for the redemption (including the interest accrued to the applicable date of redemption) having been set aside in the Debt Service Fund or another dedicated fund or account, the Bonds to be redeemed shall become due and payable on such date of redemption.

Purchase in Lieu of Redemption. In lieu of, or partially in lieu of, any mandatory sinking fund redemption of Bonds pursuant to the terms hereof, monies in the Debt Service Fund may be used to purchase the outstanding Bonds that were to be redeemed with such funds in the manner hereinafter provided. Purchases of outstanding Bonds may be made by the District or the Treasurer through the Paying Agent prior to the selection of Bonds for redemption at public or private sale as and when and at such prices as the District may in its discretion determine but only at prices (including brokerage or other expenses) not more than par plus accrued interest as applicable. Any accrued interest payable upon the purchase of Bonds may be paid from the Debt Service Fund for payment of interest on the next following Bond Payment Date. Any Bond purchased in lieu of redemption shall be transmitted to the Paying Agent and shall be canceled by the Paying Agent upon surrender thereof, as provided below and shall not be re-issued or resold.

Cancellation of Redeemed Bonds. All Bonds paid at maturity or redeemed prior to maturity pursuant to the above sections will be canceled upon surrender thereof and be delivered to or upon the order of the District. All or any portion of a Bond purchased by the Treasurer or the District pursuant to above shall be canceled by the Paying Agent and the Paying Agent shall provide a written certification of such cancellation and destruction to the District.

Bonds No Longer Outstanding. When any Bonds (or portions thereof), which have been duly called for redemption prior to maturity pursuant to the Resolution, or with respect to which irrevocable instructions to call for redemption prior to maturity at the earliest redemption date have been given to the Paying Agent, in form satisfactory to it, and sufficient moneys shall be held irrevocably in trust for the payment of the redemption price of such Bonds or portions thereof and accrued interest thereon to the date fixed for redemption, then such Bonds will no longer be deemed outstanding and shall be surrendered to the Paying Agent for cancellation.

Book-Entry Only System

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but neither the District, Municipal Advisor nor the Underwriter take any responsibility for the accuracy or completeness thereof. The District and the Underwriter cannot and do not give any assurances that DTC or the Direct Participants or Indirect Participants (as defined herein) will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Bonds, (b) certificates 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 or the Direct Participants or Indirect Participants will act in the manner described in this Official Statement. 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 the Direct Participants or Indirect Participants are on file with DTC.

The DTC, New York, NY, will act as securities depository for 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 certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

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 3.6 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 is rated "AA+" by Standard & Poor's. 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.

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 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 certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

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 DTC 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.

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 the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, defaults, and proposed amendments to the Resolution. 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 notices be provided directly to them.

Redemption notices shall 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.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the 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 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds and distributions 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 the District or the 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, the Paying Agent, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds or distributions to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the 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.

For every transfer and exchange of Bonds, Owners requesting such transfer or exchange may be charged a sum sufficient to cover any tax, governmental charge or transfer fees that may be imposed in relation thereto, which charge may include transfer fees imposed by the Paying Agent, DTC or the DTC Participant in connection with such transfers or exchanges.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the District or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

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.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy thereof.

Registration, Exchange and Transfer of Bonds

So long as any of the Bonds remain outstanding, the District will cause the Paying Agent to maintain and keep at its principal office all books and records necessary for the registration, exchange and transfer of the Bonds as provided in the Resolution (the "Bond Register"). Subject to the provisions of the Resolution, the person in whose name a Bond is registered on the Bond Register shall be regarded as the absolute Owner of that Bond for all purposes of the Resolution. Payment of or on account of the principal, premium, if any, and interest on any Bond shall be made only to or upon the order of the Owner thereof; the District, the County and the Paying Agent shall not be affected by any notice to the contrary, but the registration may be changed as provided in the Resolution. All such payments shall be valid and effectual to satisfy and discharge the District's liability upon the Bonds, including interest, to the extent of the amount or amounts so paid.

In the event that the book-entry system described above is no longer used with respect to the Bonds, the following provisions will govern the payment, registration, transfer, exchange and replacement of the Bonds.

Any Bond may be exchanged for Bonds of like tenor, maturity and aggregate principal amount, upon presentation and surrender at the designated corporate trust office of the Paying Agent, together with a request for exchange signed by the Owner or by a person legally empowered to do so in a form satisfactory to the Paying Agent. A Bond may (but only if the District determines no longer to maintain the book-entry-only status of the Bonds, DTC determines to discontinue providing such services and no successor securities depository is named or DTC requests the District to deliver certificated securities to particular DTC Participants) be transferred on the applicable Bond Register only upon surrender of such Bond for cancellation at the office of the Paying Agent accompanied by delivery of a duly executed written instrument of transfer in a form approved by the Paying Agent. Upon exchange or transfer, the Paying Agent shall register, authenticate and deliver a new Bond or Bonds of like tenor and of any authorized denomination or denominations requested by the Owner in the aggregate principal amount of the Bond surrendered and bearing or accruing interest at the same rate and maturing on the same date.

In all cases of exchanged or transferred Bonds, the County shall sign and the Paying Agent shall authenticate and deliver Bonds in accordance with the provisions of the Resolution. All fees and costs of transfer shall be paid by the requesting party. Those charges may be required to be paid before the procedure is begun for the exchange or transfer. All Bonds issued upon any exchange or transfer shall be valid obligations of the District, evidencing the same debt and entitled to the same security and benefit under the Resolution as the Bonds surrendered upon that exchange or transfer.

Any Bond surrendered to the Paying Agent for payment, retirement, exchange, replacement or transfer shall be cancelled by the Paying Agent. The District and the County may at any time deliver to the Paying Agent for cancellation any previously authenticated and delivered Bonds that the District and the County may have acquired in any manner whatsoever, and those Bonds shall be promptly cancelled by the Paying Agent. Written reports of the surrender and cancellation of Bonds shall be made to the District and the County by the Paying Agent and updated annually. The cancelled Bonds shall be destroyed by the Paying Agent in accordance with its procedures as confirmed in writing to the District.

Neither the District nor the Paying Agent will be required (a) to issue or transfer any Bonds during a period beginning with the opening of business on the day after the Record Date next preceding any Bond Payment Date or any date of selection of Bonds to be redeemed and ending with the close of business on the Bond Payment Date or any day on which the applicable notice of redemption is given, as applicable, or (b) to transfer any Bonds which have been selected or called for redemption in whole or in part.

Defeasance

All or any portion of the outstanding maturities of the Bonds may be defeased prior to maturity in the following ways:

(a) Cash: by irrevocably depositing with a bank or trust company, in escrow, an amount of cash which, together with amounts then on deposit in the Debt Service Fund, is sufficient to pay all Bonds outstanding and designated for defeasance (including all principal thereof, accrued interest thereon and redemption premiums, if any), at or before their maturity date; or

(b) Government Obligations: by irrevocably depositing with a bank or trust company, in escrow, noncallable Defeasance Securities, together with cash, if required, in such amount as will, in the opinion of an independent certified public accountant, together with interest to accrue thereon and monies in the Debt Service Fund, be fully sufficient to pay and discharge all Bonds outstanding and designated for defeasance (including all principal thereof, accrued interest thereon, and redemption premiums, if any) at or before their maturity date;

then, notwithstanding that any of such Bonds shall not have been surrendered for payment, all obligations of the District with respect to all such designated outstanding Bonds will cease and terminate, except only the obligation of the Paying Agent or an independent escrow agent selected by the District to pay or cause to be paid from funds deposited pursuant to paragraphs (a) or (b) above, to the owners of such designated Bonds not so surrendered and paid all sums due with respect thereto.

"Defeasance Securities" means direct and general obligations of the United States of America (including State and Local Government Series), or obligations that are unconditionally guaranteed as to principal and interest by the United States of America, including (in the case of direct and general obligations of the United States of America) evidence of direct ownership or proportionate interests in future interest or principal payments of such obligations. In the case of investments in such proportionate interests, such proportionate interests shall be limited to circumstances wherein (a) a bank or trust company acts as custodian and holds the underlying Defeasance Securities; (b) the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor of the underlying Defeasance Securities; and (c) the underlying Defeasance Securities are held in a special account, segregated from the custodian's general assets, and are not available to satisfy any claim of the custodian, any person claiming through the custodian, or any person to whom the custodian may be obligated; *provided* that such obligations are rated or assessed at the highest then-prevailing United States Treasury securities credit rating.

ESTIMATED SOURCES AND USES OF FUNDS

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

Sources of Funds	
Principal Amount of Bonds	$55,285,000.00
Original Issue Premium	3,930,330.15
Total Sources	$59,215,330.15
Uses of Funds	
Building Fund	$55,105,000.00
Debt Service Fund	3,753,418.15
Costs of Issuance[1]	180,000.00
Underwriter's Discount	176,912.00
Total Uses	$59,215,330.15

(1) A portion of the proceeds of the Bonds will be used to pay costs of issuance thereof, including, but not limited to, legal fees, municipal advisory fees, printing costs, rating agency fees, the costs and fees of the Paying Agent, and other costs of issuance of the Bonds.

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TAX BASE FOR PAYMENT OF BONDS

The information in this section describes ad valorem *property taxation, assessed valuation, and other measures of the tax base of the District. The principal of and interest on the Bonds are payable solely from the proceeds of* ad valorem property tax*es levied and collected by the County on taxable property in the District. The District's general fund is not a source for the repayment of the Bonds.*

Ad Valorem Property Taxation

District property taxes are assessed and collected by the County at the same time and on the same tax rolls as County, city and special district taxes. Assessed valuations are the same for both District and County taxing purposes.

Taxes are levied for each fiscal year on taxable real and personal property which is located in the District as of the preceding January 1. For assessment and collection purposes, property is classified either as "secured" or "unsecured" and is listed accordingly on separate parts of the assessment roll. The "secured roll" is that part of the assessment roll containing State assessed public utilities property and real property having a tax lien which is sufficient, in the opinion of the assessor, to secure payment of the taxes. Other property is assessed on the "unsecured roll." A supplemental roll is developed when property changes hands or new construction is completed. The County levies and collects all property taxes for property falling within the County's taxing boundaries.

The valuation of secured property is established as of January 1 and is subsequently enrolled in August. Property taxes on the secured roll are payable in two installments, due November 1 and February 1 of the calendar year. If unpaid, such taxes become delinquent on December 10 and April 10, respectively, and a 10% penalty attaches to any delinquent installment plus any additional amount determined by the Treasurer. After the second installment of taxes on the secured roll is delinquent, the tax collector shall collect a cost of $10 for preparing the delinquent tax records and giving notice of delinquency. Property on the secured roll with delinquent taxes is declared tax-defaulted on July 1 of the calendar year. Such property may thereafter be redeemed, until the right of redemption is terminated, by payment of the delinquent taxes and the delinquency penalty, plus a $15 redemption fee and a redemption penalty of 1.5% per month to the time of redemption. If taxes are unpaid for a period of five years or more, the property is subject to sale by the Treasurer.

Property taxes on the unsecured roll as of July 31 become delinquent if they are not paid by August 31 and are thereafter subject to a delinquent penalty of 10%. Taxes added to the unsecured tax roll after July 31, if unpaid are delinquent and subject to a penalty of 10% on the last day of the month succeeding the month of enrollment. In the case of unsecured property taxes, an additional penalty of 1.5% per month begins to accrue when such taxes remain unpaid on the last day of the second month after the 10% penalty attaches. The taxing authority has four ways of collecting unsecured personal property taxes: (1) a civil action against the assessee; (2) filing a certificate in the office of the county clerk specifying certain facts in order to obtain a judgment lien on specific property of the assessee; (3) filing a certificate of delinquency for record in the county recorder's office in order to obtain a lien on specified property of the assessee; and (4) seizure and sale of personal property, improvements or possessory interests belonging or assessed to the assessee. See also " – Tax Levies, Collections and Delinquencies" herein.

State law exempts from taxation $7,000 of the full cash value of an owner-occupied dwelling, but this exemption does not result in any loss of revenue to local agencies, since the State reimburses local agencies for the value of the exemptions.

All property is assessed using full cash value as defined by Article XIIIA of the State Constitution. State law provides exemptions from *ad valorem* property taxation for certain classes of property, such as churches, colleges, non-profit hospitals, and charitable institutions.

Assessed valuation growth allowed under Article XIIIA (new construction, certain changes of ownership, 2% inflation) is allocated on the basis of "situs" among the jurisdictions that serve the tax rate area within which the growth occurs. Local agencies and K-14 school districts (as defined herein) share the growth of "base" revenues from the tax rate area. Each year's growth allocation becomes part of each agency's allocation in the following year.

Assessed Valuations

Property within the District has a total assessed valuation for fiscal year 2019-20 of $19,936,881,988. The following table shows an nine-year history of assessed valuations in the District.

ASSESSED VALUATIONS
Fiscal Years 2011-12 through 2019-20
Del Mar Union School District

	Local Secured	Utility	Unsecured	Total	Percent Change
2011-12	$13,001,141,919	--	$164,080,297	$13,165,222,216	--
2012-13	12,819,147,191	--	161,904,011	12,981,051,202	(1.40)%
2013-14	13,539,018,856	--	180,128,743	13,719,147,599	5.69
2014-15	14,258,198,421	--	182,533,348	14,440,731,769	5.26
2015-16	15,207,124,506	--	191,385,015	15,398,509,521	6.63
2016-17	16,372,792,888	--	195,904,666	16,568,697,554	7.60
2017-18	17,524,762,116	--	199,956,060	17,724,718,176	6.98
2018-19	18,773,261,498	--	186,209,325	18,959,470,823	6.97
2019-20	19,745,677,294	--	191,204,694	19,936,881,988	5.16

Source: California Municipal Statistics, Inc.; Percent change figures provided by the Municipal Advisor.

Economic and other factors beyond the District's control, such as a general market decline in real property values, disruption in financial markets that may reduce availability of financing for purchasers of property, reclassification of property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by the State and local agencies and property used for qualified education, hospital, charitable or religious purposes), or the complete or partial destruction of the taxable property caused by a natural or manmade disaster, such as earthquake, drought, flood, fire, wildfire or toxic contamination, could cause a reduction in the assessed value of taxable property within the District. Any such reduction would result in a corresponding increase in the annual tax rate levied by the County to pay the debt service with respect to the Bonds. See "THE BONDS – Security and Sources of Payment" herein.

Appeals and Adjustments of Assessed Valuations

Under State law, property owners may apply for a reduction of their property tax assessment by filing a written application, in form prescribed by the State Board of Equalization (the "SBE"), with the appropriate 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.

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.

In addition to the above-described taxpayer appeals, county assessors may independently reduce assessed valuations based on changes in the market value of property, or for other factors such as the complete or partial destruction of taxable property caused by natural or man-made disasters such as earthquakes, floods, fire, drought or toxic contamination pursuant to relevant provisions of the State Constitution.

Whether resulting from taxpayer appeals or county assessor reductions, adjustments to assessed value are subject to yearly reappraisals by the county assessor and may be adjusted back to their original values when real estate market conditions improve. Once property has regained its prior assessed value, adjusted for inflation, it once again is subject to the annual inflationary growth rate factor allowed under Article XIIIA. See also "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Article XIIIA of the California Constitution" herein.

The District does not have information regarding pending appeals of assessed valuation of property within the District. No assurance can be given that property tax appeals currently pending or in the future, or actions by the county assessor, will not significantly reduce the assessed valuation of property within the District.

Assembly Bill 102. On June 27, 2017, the Governor signed into law Assembly Bill 102 ("AB 102"). AB 102 restructured the functions of the SBE and created two new separate agencies: (i) the California Department of Tax and Fee Administration, and (ii) the Office of Tax Appeals. Under AB 102, the California Department of Tax and Fee Administration took over programs previously in the SBE Property Tax Department, such as the Tax Area Services Section, which is responsible for maintaining all property tax-rate area maps and for maintaining special revenue district boundaries. Under AB 102, the SBE continues to perform the duties assigned by the State Constitution related to property taxes, however, effective January 1, 2018, the SBE will only hear appeals related to the programs that it constitutionally administers and the Office of Tax Appeals will hear appeals on all other taxes and fee matters, such as sales and use tax and other special taxes and fees. AB 102 obligates the Office of Tax Appeals to adopt regulations as necessary to carry out its duties, powers, and responsibilities. No assurances can be given as to the effect of such regulations on the appeals process or on the assessed valuation of property within the District.

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Assessed Valuation of Single Family Homes

The following table shows a per-parcel analysis of single family residences within the District, in terms of their fiscal year 2019-20 assessed valuation.

ASSESSED VALUATION OF SINGLE FAMILY HOMES
Fiscal Year 2019-20
Del Mar Union School District

	No. of Parcels	2019-20 Assessed Valuation	Average Assessed Valuation	Median Assessed Valuation
Single Family Residential	10,183	$12,195,818,106	$1,207,485	$1,003,921

2019-20 Assessed Valuation	No. of Parcels[1]	% of Total	Cumulative % of Total	Total Valuation	% of Total	Cumulative % of Total
$0 - $99,999	183	1.797%	1.797%	$14,658,925	0.119%	0.119%
100,000 - 199,999	300	2.946	4.743	42,083,998	0.342	0.461
200,000 - 299,999	208	2.043	6.786	53,355,800	0.434	0.895
300,000 - 399,999	288	2.828	9.614	100,967,748	0.821	1.717
400,000 - 499,999	396	3.889	13.503	178,701,471	1.453	3.170
500,000 - 599,999	510	5.008	18.511	280,080,847	2.278	5.448
600,000 - 699,999	643	6.314	24.826	419,101,284	3.408	8.856
700,000 - 799,999	649	6.373	31.199	487,545,514	3.965	12.821
800,000 - 899,999	869	8.534	39.733	740,270,644	6.021	18.842
900,000 - 999,999	988	9.702	49.435	940,379,251	7.648	26.490
1,000,000 - 1,099,999	910	8.936	58.372	953,218,243	7.752	34.242
1,100,000 - 1,199,999	773	7.591	65.963	886,843,287	7.213	41.455
1,200,000 - 1,299,999	589	5.784	71.747	732,784,014	5.960	47.414
1,300,000 - 1,399,999	406	3.987	75.734	545,921,357	4.440	51.854
1,400,000 - 1,499,999	389	3.820	79.554	562,912,387	4.578	56.432
1,500,000 - 1,599,999	317	3.113	82.667	489,866,581	3.984	60.416
1,600,000 - 1,699,999	207	2.033	84.700	340,574,401	2.770	63.186
1,700,000 - 1,799,999	174	1.709	86.409	303,250,028	2.466	65.653
1,800,000 - 1,899,999	165	1.620	88.029	304,589,815	2.477	68.130
1,900,000 - 1,999,999	110	1.080	89.109	214,085,397	1.741	69.871
2,000,000 and greater	1,109	10.891	100.000	3,704,627,114	30.129	100.000
Total	10,183	100.000%		$12,295,818,106	100.000%	

(1) Improved single family residential parcels. Excludes condominiums and parcels with multiple family units.
Source: California Municipal Statistics, Inc.

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Assessed Valuation and Parcels by Land Use

The following table shows a per-parcel analysis of the distribution of taxable property within the District by principal use, and the fiscal year 2019-20 assessed valuation of such parcels.

ASSESSED VALUATION AND PARCELS BY LAND USE
Fiscal Year 2019-20
Del Mar Union School District

Non-Residential:	**2019-20 Assessed Valuation**[1]	**% of Total**	**No. of Parcels**	**% of Total**
Agricultural/Rural	$12,166,079	0.06%	26	0.14%
Commercial/Office	2,804,688,311	14.20	218	1.13
Vacant Commercial	34,187,162	0.17	24	0.12
Industrial	94,872,919	0.48	14	0.07
Vacant Industrial	11,258,511	0.06	16	0.08
Recreational	63,917,149	0.32	11	0.06
Government/Social/Institutional	6,945,924	0.04	320	1.66
Miscellaneous	17,291,236	0.09	369	1.92
Subtotal Non-Residential	$3,045,327,291	15.42%	998	5.19%
Residential:				
Single Family Residence	$12,295,818,106	62.27%	10,183	52.96%
Condominium	2,724,464,996	13.80	5,018	26.10
Mobile Home	1,339,324	0.01	2	0.01
Timeshare Units	44,781,515	0.23	2,242	11.66
2-4 Residential Units	235,445,143	1.19	170	0.88
5+ Residential Units/Apartments	1,205,656,784	6.11	56	0.29
Miscellaneous Residential	16,842,737	0.09	342	1.78
Vacant Residential	176,001,398	0.89	216	1.12
Subtotal Residential	$16,700,350,003	84.58%	18,229	94.81%
Total	$19,745,677,294	100.00%	19,227	100.00%

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

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Assessed Valuation by Jurisdiction

The following table shows the fiscal year 2019-20 assessed valuation of the District by jurisdiction.

ASSESSED VALUATION BY JURISDICTION
Fiscal Year 2019-20
Del Mar Union School District

Jurisdiction:	Assessed Valuation in District	% of District	Assessed Valuation of Jurisdiction	% of Jurisdiction in District
City of Del Mar	$3,914,917,269	19.64%	$3,995,693,508	97.98%
City of San Diego	16,021,964,719	80.36	264,495,510,966	6.06
Total District	$19,936,881,988	100.00%		
San Diego County	$19,936,881,988	100.00%	$556,205,983,982	3.58%

Source: California Municipal Statistics, Inc.

Alternative Method of Tax Apportionment - "Teeter Plan"

The Board of Supervisors of the County has approved the implementation of the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the "Teeter Plan"), as provided for in California Revenue and Taxation Code Section 4701 *et seq.* Under the Teeter Plan, the County apportions the unpaid secured property taxes as of June 30 of the current fiscal year (irrespective of actual collections) to its local political subdivisions, including the District, for which the County acts as the tax-levying or tax-collecting agency.

The Teeter Plan is applicable to all tax levies for which the County acts as the tax-levying or tax-collecting agency, or for which the County treasury is the legal depository of the tax collections. As adopted by the County, the Teeter Plan excludes Mello-Roos Community Facilities Districts and special assessment districts which provide for accelerated judicial foreclosure of property for which assessments are delinquent.

The *ad valorem* property tax to be levied to pay the interest on and principal of the Bonds will be subject to the Teeter Plan, beginning in the first year of such levy. The District will receive 100% of the current year's *ad valorem* property tax levied to pay the Bonds irrespective of actual delinquencies in the collection of the tax by the County.

The Teeter Plan is to remain in effect unless the Board of Supervisors of the County orders its discontinuance or unless, prior to the commencement of any fiscal year of the County (which commences on July 1), the Board of Supervisors receives a petition for its discontinuance joined in by a resolution adopted by at least two-thirds of the participating revenue districts in the County. In the event the Board of Supervisors is to order discontinuance of the Teeter Plan subsequent to its implementation, only those secured property taxes actually collected would be allocated to political subdivisions (including the District) for which the County acts as the tax-levying or tax-collecting agency.

Tax delinquency data for the prior fiscal years are not available.

Tax Rates

A representative tax rate area (a "TRA") located within the District is TRA 8-119. The table below shows the total *ad valorem* property tax rates, as a percentage of assessed valuation, levied by all taxing entities in this TRA during the five-year period from fiscal years 2014-15 through 2018-19.

SUMMARY OF *AD VALOREM* TAX RATES (TRA 8-119)[1]
Fiscal Years 2014-15 through 2018-19
Del Mar Union School District

	2014-15	2015-16	2016-17	2017-18	2018-19
General	1.00000%	1.00000%	1.00000%	1.00000%	1.00000%
City of San Diego	.00500	.00500	.00500	.00500	.00500
Metropolitan Water District	.00350	.00350	.00350	.00350	.00350
Mira Costa Community College District	--	--	--	.01443	.01294
San Dieguito Union High School District	.02147	.02272	.02275	.02229	.02298
Total	1.02997%	1.03122%	1.03125%	1.04522%	1.04442%

(1) Fiscal year 2018-19 assessed valuation of TRA 8-119 is $12,004,839,856.
Source: California Municipal Statistics, Inc.

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Principal Taxpayers

The more property (by assessed value) which is owned by a single taxpayer within the District, the greater amount of tax collections that are exposed to weaknesses in such a taxpayer's financial situation and ability or willingness to pay property taxes. The following table lists the 20 largest local secured taxpayers in the District in terms of their fiscal year 2019-20 secured assessed valuations. Each taxpayer listed below is a name listed on the tax rolls. The District cannot make any representation as to 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.

20 LARGEST LOCAL SECURED TAXPAYERS
Fiscal Year 2019-20
Del Mar Union School District

	Property Owner	Primary Land Use	2019-20 Assessed Valuation	% of Total[1]
1.	Kilroy Realty LP	Office Building	$312,210,326	1.58%
2.	Irvine Co. LLC	Apartments	302,073,875	1.53
3.	GDM Hotel Properties LLC	Hotel	266,374,828	1.35
4.	Paseo Del Mar LLC	Office Building	165,500,000	0.84
5.	Torrey Garden Hills I LLC	Apartments	144,375,685	0.73
6.	Carmel Village LP	Apartments	130,843,643	0.66
7.	SWVP Del Mar Hotel LLC / SWVPMDM LLC	Hotel	118,894,990	0.60
8.	Pacific Highlands Ranch LP	Apartments	109,895,005	0.56
9.	BRE-FMCA LLC	Apartments	107,991,816	0.55
10.	Gateway Torrey Hills LLC	Office Building	107,100,000	0.54
11.	Torrey Hills Apartments SD LLC	Apartments	104,179,955	0.53
12.	Trea Pacific Plaza LLC	Office Building	102,600,000	0.52
13.	Pacific North Court Holdings LP	Office Building	93,377,296	0.47
14.	Township 14 LLC	Office Building	88,537,722	0.45
15.	Carmel Terrace LP	Apartments	83,008,418	0.42
16.	LHOberge LP	Hotel	78,626,331	0.40
17.	KR 12400 High Bluff LLC	Office Building	78,418,432	0.40
18.	PHR Village LLC	Office Building	75,508,127	0.38
19.	One Del Mar LLC	Office Building	73,350,000	0.37
20.	Cognac Del Mar Owner I & II LLC	Office Building	72,645,533	0.37
			$2,615,511,982	13.25%

(1) The District has a fiscal year 2019-20 local secured assessed valuation of $19,745,677,294.
Source: California Municipal Statistics, Inc.

Statement of Direct and Overlapping Debt

Set forth on the following page is a direct and overlapping debt report (the "Debt Report") prepared by California Municipal Statistics, Inc., effective as of September 1, 2019. The Debt Report is included for general information purposes only. Neither the District nor the Underwriter has reviewed the Debt Report for completeness or accuracy and make no representation in connection therewith.

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

The table shows the percentage of each overlapping entity's assessed value located within the boundaries of the District. The table also shows the corresponding portion of the overlapping entity's existing debt payable from property taxes levied within the District. The total amount of debt for each overlapping entity is not given in the table.

The first column in the table names each public agency which has outstanding debt as of the date of the report and whose territory overlaps the District in whole or in part. The second column shows the percentage of each overlapping agency's assessed value located within the boundaries of the District. This percentage, multiplied by the total outstanding debt of each overlapping agency (which is not shown in the table) produces the amount shown in the third column, which is the apportionment of each overlapping agency's outstanding debt to taxable property in the District.

STATEMENT OF DIRECT AND OVERLAPPING DEBT
Del Mar Union School District

2019-20 Assessed Valuation: $19,936,881,988

DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:	% Applicable	Debt 9/1/19
Metropolitan Water District	0.645%	$309,778
Mira Costa Community College District	17.434	12,425,212
San Diego Community College District	0.024	305,791
San Dieguito Union High School District	28.787	95,092,097
Del Mar Union School District	**100.000**	**--** [(1)]
Del Mar Union School District Community Facilities District No. 95-1	100.000	13,540,000
Del Mar Union School District Community Facilities District No. 99-1	100.000	3,190,000
North City West School District Community Facilities District No. 1	39.059	15,728,182
San Dieguito Union High School District Combined Community Facilities Districts	46.717-79.270	41,609,950
City of Del Mar 1915 Act Bonds	100.000	430,000
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		$182,631,010
OVERLAPPING GENERAL FUND DEBT:		
San Diego County General Fund Obligations	3.584%	$ 9,152,282
San Diego County Pension Obligation Bonds	3.584	16,344,474
San Diego County Superintendent of Schools Certificates of Participation	3.584	361,446
Mira Costa Community College District General Fund Obligations	17.434	26,151
San Dieguito Union High School District General Fund Obligations	28.787	3,664,585
City of San Diego General Fund Obligations	6.058	31,723,867
TOTAL OVERLAPPING GENERAL FUND DEBT		$61,272,805
COMBINED TOTAL DEBT		$243,903,815[(2)]

Ratios to 2019-20 Assessed Valuation:
Direct Debt.. -- %
Total Direct and Overlapping Tax and Assessment Debt................. 0.92%
Combined Total Debt.. 1.22%

(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.

CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS

The principal of and interest on the Bonds are payable solely from the proceeds of an ad valorem *property tax levied by the County for the payment thereof. See "The Bonds – Security and Sources of Payment" herein. Articles XIIIA, XIIIB, XIIIC and XIIID of the State Constitution, Propositions 98 and 111, 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 County to levy taxes on behalf of the District and of the District to 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 County to levy taxes for payment of the principal of and interest on the Bonds.*

Article XIIIA of the California Constitution

Article XIIIA ("Article XIIIA") of the State Constitution limits the amount of *ad valorem* property taxes on real property to 1% of "full cash value" as determined by the county assessor. Article XIIIA defines "full cash value" to mean "the county assessor's valuation of real property as shown on the 1975-76 bill under "full cash value," or thereafter, the appraised value of real property when purchased, newly constructed or a change in ownership has occurred after the 1975 assessment," subject to exemptions in certain circumstances of property transfer or reconstruction. Determined in this manner, the full cash value is also referred to as the "base year value." The "full cash value" is subject to annual adjustment to reflect increases, not to exceed 2% for any year, or decreases in the consumer price index or comparable local data, or to reflect reductions in property value caused by damage, destruction or other factors.

Article XIIIA has been amended to allow for temporary reductions of assessed value in instances where the fair market value of real property falls below the adjusted base year value described above. Proposition 8—approved by the voters in November of 1978—provides for the enrollment of the lesser of the base year value or the market value of real property, taking into account reductions in value due to damage, destruction, depreciation, obsolescence, removal of property, or other factors causing a similar decline. In these instances, the market value is required to be reviewed annually until the market value exceeds the base year value, adjusted for inflation. Reductions in assessed value could result in a corresponding increase in the annual tax rates levied by the County to pay debt service on the Bonds. See "THE BONDS – Security and Sources of Payment" and "TAX BASE FOR PAYMENT OF BONDS" herein.

Article XIIIA requires a vote of two-thirds or more of the qualified electorate of a city, county, special district or other public agency to impose special taxes, while totally precluding the imposition of any additional *ad valorem*, sales or transaction tax on real property. Article XIIIA exempts from the 1% tax limitation any taxes above that level required to pay debt service (a) on any indebtedness approved by the voters prior to July 1, 1978, or (b) as the result of an amendment approved by State voters on June 3, 1986, on any bonded indebtedness approved by two-thirds or more of the votes cast by the voters for the acquisition or improvement of real property on or after July 1, 1978, or (c) 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% or more of the votes cast on the proposition, but only if certain accountability measures are included in the proposition. The tax for payment of the Bonds falls within the exception described in (c) of the immediately preceding sentence. In addition, Article XIIIA requires the approval of two-thirds or more of all members of the legislature of the State (the "State Legislature") to change any State taxes for the purpose of increasing tax revenues.

Split Roll Property Tax Ballot Measure. On October 15, 2018, a proposed ballot initiative became eligible for the November 2020 Statewide ballot (the "2020 Ballot Measure"). If approved by a majority of voters casting a ballot at the November 2020 Statewide election, the 2020 Ballot Measure would amend Article XIIIA such that the "full cash value" of commercial and industrial real property that is not zoned for commercial agricultural production, for each lien date, would be equal to the fair market value of that property. If passed, the 2020 Ballot Measure would not affect the "full cash value" of residential property or real property used for commercial agricultural production, which would continue to be subject to annual increases not to exceed 2%. After compensating the State General Fund for resulting reductions in State personal income tax and corporate tax revenues, and compensating cities, counties and special districts for the cost of implementing the 2020 Ballot Measure, approximately 40% of the remaining additional tax revenues generated as a result of the 2020 Ballot Measure would be deposited into a fund created pursuant to the 2020 Ballot Measure called the Local School and Community College Property Tax Fund, with such funds being used to supplement, and not replace, existing funding school districts and community college districts receive under the State's constitutional minimum funding requirement. The District cannot predict whether the 2020 Ballot Measure will appear on the Statewide ballot at the November 2020 election or, if it does, whether the 2020 Ballot Measure will be approved by a majority of voters casting a ballot. If approved, the District cannot make any assurance as to what effect the implementation of the 2020 Ballot Measure will have on District revenues or the assessed valuation of real property in the District.

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 relevant 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 or 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.

All taxable property value included in this Official Statement is shown at 100% of taxable value (unless noted differently) and all tax rates reflect the $1 per $100 of taxable value.

Both the United States Supreme Court and the State Supreme Court have upheld the general validity of Article XIIIA.

Proposition 50 and Proposition 171

On June 3, 1986, the voters of the State approved Proposition 50. Proposition 50 amends Section 2 of Article XIIIA of the State Constitution to allow owners of property that was "substantially damaged or destroyed" by a disaster, as declared by the Governor, (the "Damaged Property"), to transfer their existing base year value (the "Original Base Year Value") to a comparable replacement property within the same county, which is acquired or constructed within five years after the disaster. At the time of such transfer, the Damaged Property will be reassessed at its full cash value immediately prior to damage or destruction (the "Original Cash Value"); however, such property will retain its base year value notwithstanding such a transfer. Property is substantially damaged or destroyed if either the land or the improvements sustain physical damage amounting to more than 50 percent of either the land or improvements full cash value immediately prior to the disaster. There is no filing deadline, but the assessor can only correct four years of assessments when the owner fails to file a claim within four years of acquiring a replacement property.

Under Proposition 50, the base year value of the replacement property (the "Replacement Base Year Value") depends on the relation of the full cash value of the replacement property (the "Replacement Cash Value") to the Original Cash Value: if the Replacement Cash Value exceeds 120 percent of the Original Cash Value, then the Replacement Base Year Value is calculate by combining the Original Base Year Value with such excessive Replacement Cash Value; if the Replacement Cash Value does not exceed 120 percent of the Original Cash Value, then the Replacement Base Year Value equals the Original Base Year Value; if the Replacement Cash Value is less than the Original Cash Value, then the Replacement Base Year Value equals the Replacement Cash Value. The replacement property must be comparable in size, utility, and function to the Damaged Property.

On November 2, 1993, the voters of the State approved Proposition 171. Proposition 171 amends subdivision (e) of Section 2 of Article XIIIA of the State Constitution to allow owners of Damaged Property to transfer their Original Base Year Value to a "comparable replacement property" located within another county in the State, which is acquired or newly constructed within three years after the disaster.

Intra-county transfers under Proposition 171 are more restrictive than inter-county transfers under Proposition 50. For example, Proposition 171 (1) only applies to (a) structures that are owned and occupied by property owners as their principal place of residence and (b) land of a "reasonable size that is used as a site for a residence;" (2) explicitly does not apply to property owned by firms, partnerships, associations, corporations, companies, or legal entities of any kind; (3) only applies to replacement property located in a county that adopted an ordinance allowing Proposition 171 transfers; (4) claims must be timely filed within three years of the date of purchase or completion of new construction; and (5) only applies to comparable replacement property, which has a full cash value that is of "equal or lesser value" than the Original Cash Value.

Within the context of Proposition 171, "equal or lesser value" means that the amount of the Replacement Cash Value does not exceed either (1) 105 percent of the Original Cash Value when the replacement property is acquired or constructed within one year of the destruction, (2) 110 percent of the Original Cash Value when the replacement property is acquired or constructed within two years of the destruction, or (3) 115 percent of the Original Cash Value when the replacement property is acquired or constructed within three years of the destruction.

State-Assessed Utility 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. Under the State Constitution, such property is assessed by the SBE as part of a "going concern" rather than as individual pieces of real or personal property. Such State-assessed property is allocated to the counties by the 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.So long as the District is not a basic aid district, taxes lost through any reduction in assessed valuation will be compensated by the State as equalization aid under the State's school financing formula. See "DISTRICT FINANCIAL INFORMATION – State Funding of Education" herein.

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. As amended, Article XIIIB defines:

(a) "change in the cost of living" with respect to school districts to mean the percentage change in State per capita income from the preceding year, and

(b) "change in population" with respect to a school district to mean the percentage change in the ADA of the school district from the preceding fiscal year.

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 pursuant to 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 such as the Bonds, (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 State 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.

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 pursuant to Section 8.5 of Article XVI of the State Constitution. See "— Propositions 98 and 111" herein.

Article XIIIC and Article XIIID of the California Constitution

On November 5, 1996, the voters of the State approved Proposition 218, popularly known as the "Right to Vote on Taxes Act." Proposition 218 added to the State 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 State 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 State Constitution and special taxes approved by a two-thirds vote under Article XIIIA, Section 4. 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.

The District does not impose any taxes, assessments, or property-related fees or charges which are subject to the provisions of Proposition 218. It does, however, receive a portion of the basic 1% *ad valorem* property tax levied and collected by the County pursuant to Article XIIIA of the State Constitution. 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.

Proposition 26

On November 2, 2010, voters in the State approved Proposition 26. Proposition 26 amends Article XIIIC of the State Constitution 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.

Propositions 98 and 111

On November 8, 1988, voters of the State 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 changed 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 the State general fund revenues as the percentage appropriated to such districts in the 1986-87 fiscal year, and (b) the amount actually appropriated to such districts from the State general fund in the previous fiscal year, adjusted for increases in enrollment and changes in the cost of living. The Accountability Act permits the State Legislature to suspend this formula for a one-year period.

The Accountability Act also changed how tax revenues in excess of the State appropriations limit are distributed. Any excess State tax revenues up to a specified amount are, instead of being returned to taxpayers, to 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 can be transferred to K-14 school districts is 4% of the minimum State spending for education mandated by the Accountability Act.

Since the Accountability Act is unclear in some details, there can be no assurances that the State Legislature or a court might not interpret the Accountability Act to require a different percentage of State general fund revenues to be allocated to K-14 school districts, or to apply the relevant percentage to the State's budgets in a different way than is proposed in the State Budget.

On June 5, 1990, the voters of the State approved Proposition 111 (Senate Constitutional Amendment No. 1) called the "Traffic Congestion Relief and Spending Limitation 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:

a. <u>Annual Adjustments to Spending Limit</u>. 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 State 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.

b. <u>Treatment of Excess Tax Revenues</u>. "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.

c. 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 State 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 State Legislature and the Governor, which was expected to raise over $15 billion in additional taxes from 1990 through 2000 to fund transportation programs.

d. 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.

e. 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 ("Test 1") 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 ("Test 2"). Under Proposition 111, K-14 school districts will receive the greater of (1) Test 1, (2) Test 2, or (3) a third test ("Test 3"), which will replace Test 2 in any year when growth in per capita State general fund revenues from the prior year is less than the annual growth in the State per capita personal income. Under Test 3, K-14 school districts 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 Test 3 is used in any year, the difference between Test 3 and Test 2 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, State voters approved an amendment (commonly known as Proposition 39) to the State Constitution. This amendment (1) allows school facilities bond measures to be approved by 55% (rather than two-thirds) of the voters in local elections and permits property taxes to exceed the current 1% limit in order to repay the bonds and (2) changes existing statutory law regarding charter school facilities. As adopted, the constitutional amendments may be changed only with another statewide vote of the people. The statutory provisions could be changed by a majority vote of both houses of the State 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, including the District, community college districts, and county offices of education. As noted above, the State 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 placed certain limitations on local school bonds to be approved by 55% of the voters. These provisions require that the tax rate projected to be levied as the result of any single election be no more than $60 (for a unified school district), $30 (for a high school district, or an elementary school district, such as the District), or $25 (for a community college district) per $100,000 of taxable property value, when assessed valuation is projected to increase in accordance with Article XIIIA of the State Constitution. These requirements are not part of Proposition 39 and can be changed with a majority vote of both houses of the State Legislature and approval by the Governor. See "- Article XIIIA of the California Constitution" herein.

Propositions 1A and Proposition 22

On November 2, 2004, State voters approved Proposition 1A, which amends 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-third approval of both houses of the State Legislature or (iv) decrease Vehicle License Fee revenues without providing local governments with equal replacement funding. 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 amends 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, The Local Taxpayer, Public Safety, and Transportation Protection Act, approved by the voters of the State on November 2, 2010, prohibits the State from enacting new laws that require redevelopment agencies to shift funds to schools or other agencies and eliminates the State's authority to shift property taxes temporarily during a severe financial hardship of the State. In addition, Proposition 22 restricts the State's authority to use State fuel tax revenues to pay debt service on state transportation bonds, to borrow or change the distribution of state fuel tax revenues, and to use vehicle license fee revenues to reimburse local governments for state mandated costs. Proposition 22 impacts resources in the State's general fund and transportation funds, the State's main funding source for schools and community colleges, as well as universities, prisons and health and social services programs. According to an analysis of Proposition 22 submitted by the Legislative Analyst's Office (the "LAO") on July 15, 2010, the expected reduction in resources available for the State to spend on these other programs as a consequence of the passage of Proposition 22 was projected to be approximately $1 billion in fiscal year 2010-11, with an estimated immediate fiscal effect equal to approximately 1% of the State's total general fund spending. The longer-term effect of Proposition 22, according to the LAO analysis, was expected to be an increase in the State's general fund costs by approximately $1 billion annually for several decades.

See also "DISTRICT FINANCIAL INFORMATION – State Dissolution of Redevelopment Agencies" herein.

Jarvis vs. Connell

On May 29, 2002, the State Court of Appeal for the Second District decided the case of *Howard Jarvis Taxpayers Association, et al. v. Kathleen Connell* (as Controller of the State). The Court of Appeal held that either a final budget bill, an emergency appropriation, a self-executing authorization pursuant to state statutes (such as continuing appropriations) or the State Constitution or a federal mandate is necessary for the State Controller to disburse funds. The foregoing requirement could apply to amounts budgeted by the District as being received from the State. To the extent the holding in such case would apply to State payments reflected in the District's budget, the requirement that there be either a final budget bill or an emergency appropriation may result in the delay of such payments to the District if such required legislative action is delayed, unless the payments are self-executing authorizations or are subject to a federal mandate. On May 1, 2003, the State Supreme Court upheld the holding of the Court of Appeal, stating that the Controller is not authorized under State law to disburse funds prior to the enactment of a budget or other proper appropriation, but under federal law, the Controller is required, notwithstanding a budget impasse and the limitations imposed by State law, to timely pay those State employees who are subject to the minimum wage and overtime compensation provisions of the federal Fair Labor Standards Act.

Proposition 55

The California Children's Education and Health Care Protection Act of 2016 (also known as "Proposition 55") is a constitutional amendment approved by the voters of the State on November 4, 2014. Proposition 55 extends, through 2030, the increases to personal income tax rates for high-income taxpayers that were approved as part of Temporary Taxes to Fund Education, Guaranteed Local Public Safety Funding, Initiative Constitutional Amendment (also known as "Proposition 30"). Proposition 30 increased the marginal personal income tax rate by: (i) 1% for taxable income over $250,000 but less than $300,001 for single filers (over $500,000 but less than $600,001 for joint filers and over $340,000 but less than $408,001 for head-of-household filers), (ii) 2% for taxable income over $300,000 but less than $500,001 for single filers (over $600,000 but less than $1,000,001 for joint filers and over $408,000 but less than $680,001 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 personal income tax increases will be included in the calculation of the Proposition 98 Minimum Funding Guarantee (defined herein) for school districts and community college districts. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES – Propositions 98 and 111" herein. From an accounting perspective, the revenues generated from the personal income tax increases are being 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 board is prohibited from using any funds from the EPA for salaries or benefits of administrators or any other administrative costs.

Proposition 2

On November 4, 2014, voters approved the Rainy Day Budget Stabilization Fund Act (also known as "Proposition 2"). Proposition 2 is a legislatively-referred constitutional amendment which makes certain changes to State budgeting practices, including substantially revising the conditions under which transfers are made to and from the State's Budget Stabilization Account (the "BSA") established by the California Balanced Budget Act of 2004 (also known as Proposition 58).

Under Proposition 2, and beginning in fiscal year 2015-16 and each fiscal year thereafter, the State will generally be required to annually transfer to the BSA an amount equal to 1.5% of estimated State general fund revenues (the "Annual BSA Transfer"). Supplemental transfers to the BSA (a "Supplemental BSA Transfer") are also required in any fiscal year in which the estimated State general fund revenues that are allocable to capital gains taxes exceed 8% of the total estimated general fund tax revenues. Such excess capital gains taxes—net of any portion thereof owed to K-14 school districts pursuant to Proposition 98—will be transferred to the BSA. Proposition 2 also increases the maximum size of the BSA to an amount equal to 10% of estimated State general fund revenues for any given fiscal year. In any fiscal year in which a required transfer to the BSA would result in an amount in excess of the 10% threshold, Proposition 2 requires such excess to be expended on State infrastructure, including deferred maintenance.

For the first 15-year period ending with the 2029-30 fiscal year, Proposition 2 provides that half of any required transfer to the BSA, either annual or supplemental, must be appropriated to reduce certain State liabilities, including making certain payments owed to K-14 school districts, repaying State interfund borrowing, reimbursing local governments for State mandated services, and reducing or prefunding accrued liabilities associated with State-level pension and retirement benefits. Following the initial 15-year period, the Governor and the State Legislature are given discretion to apply up to half of any required transfer to the BSA to the reduction of such State liabilities. Any amount not applied towards such reduction must be transferred to the BSA or applied to infrastructure, as described above.

Proposition 2 changes the conditions under which the Governor and the State Legislature may draw upon or reduce transfers to the BSA. The Governor does not retain unilateral discretion to suspend transfers to the BSA, nor does the State Legislature retain discretion to transfer funds from the BSA for any reason, as previously provided by law. Rather, the Governor must declare a "budget emergency," defined as an emergency within the meaning of Article XIIIB of the State Constitution or a determination that estimated resources are inadequate to fund State general fund expenditures, for the current or ensuing fiscal year, at a level equal to the highest level of State spending within the three immediately preceding fiscal years. Any such declaration must be followed by a legislative bill providing for a reduction or transfer. Draws on the BSA are limited to the amount necessary to address the budget emergency, and no draw in any fiscal year may exceed 50% of the funds on deposit in the BSA unless a budget emergency was declared in the preceding fiscal year.

Proposition 2 also requires the creation of the Public School System Stabilization Account (the "PSSSA") into which transfers will be made in any fiscal year in which a Supplemental BSA Transfer is required (as described above). Such transfer will be equal to the portion of capital gains taxes above the 8% threshold that would otherwise be paid to K-14 school districts as part of the minimum funding guarantee. A transfer to the PSSSA will only be made if certain additional conditions are met, as follows: (i) the minimum funding guarantee was not suspended in the immediately preceding fiscal year, (ii) the operative Proposition 98 formula for the fiscal year in which a PSSSA transfer might be made is "Test 1," (iii) no maintenance factor obligation is being created in the budgetary legislation for the fiscal year in which a PSSSA transfer might be made, (iv) all prior maintenance factor obligations have been fully repaid, and (v) the minimum funding guarantee for the fiscal year in which a PSSSA transfer might be made is higher than the immediately preceding fiscal year, as adjusted for ADA growth and cost of living. Proposition 2 caps the size of the PSSSA at 10% of the estimated minimum guarantee in any fiscal year, and any excess funds must be paid to K-14 school districts. Reductions to any required transfer to the PSSSA, or draws on the PSSSA, are subject to the same budget emergency requirements described above. However, Proposition 2 also mandates draws on the PSSSA in any fiscal year in which the estimated minimum funding guarantee is less than the prior year's funding level, as adjusted for ADA growth and cost of living.

SB 858. Senate Bill 858 ("SB 858") became effective upon the passage of Proposition 2. SB 858 includes provisions which could limit the amount of reserves that may be maintained by a school district in certain circumstances. Under SB 858, in any fiscal year immediately following a fiscal year in which the State has made a transfer into the PSSSA, any adopted or revised budget by a school district would need to contain a combined unassigned and assigned ending fund balance that (a) for school districts with an ADA of less than 400,000, is not more than two times the amount of the reserve for economic uncertainties mandated by the State Education Code, or (b) for school districts with an ADA that is more than 400,000, is not more than three times the amount of the reserve for economic uncertainties mandated by the State Education Code. In certain cases, the county superintendent of schools may grant a school district a waiver from this limitation on reserves for up to two consecutive years within a three-year period if there are certain extraordinary fiscal circumstances.

The District, which has an ADA of less than 400,000, is required to maintain a reserve for economic uncertainty in an amount equal to 3% of its general fund expenditures and other financing uses.

SB 751. Senate Bill 751 ("SB 751"), enacted on October 11, 2017, alters the reserve requirements imposed by SB 858. Under SB 751, in a fiscal year immediately after a fiscal year in which the amount of moneys in the PSSSA is equal to or exceeds 3% of the combined total general fund revenues appropriated for school districts and allocated local proceeds of taxes for that fiscal year, a school district budget that is adopted or revised cannot have an assigned or unassigned ending fund balance that exceeds 10% of those funds. SB 751 excludes from the requirements of those provisions basic aid school districts (also known as community funded districts) and small school districts having fewer than 2,501 units of average daily attendance.

The Bonds are payable from *ad valorem* property taxes to be levied within the District pursuant to the State Constitution and other State law. Accordingly, the District does not expect SB 858 or SB 751 to adversely affect its ability to pay the principal of and interest on the Bonds as and when due.

Proposition 51

The Kindergarten Through Community College Public Education Facilities Bond Act of 2016 (also known as Proposition 51) is a voter initiative that was approved by voters on November 8, 2016. Proposition 51 authorizes the sale and issuance of $9 billion in general obligation bonds for the new construction and modernization of K-14 facilities.

K-12 School Facilities. Proposition 51 includes $3 billion for the new construction of K-12 facilities and an additional $3 billion for the modernization of existing K-12 facilities. K-12 school districts will be required to pay for 50% of the new construction costs and 40% of the modernization costs with local revenues. If a school district lacks sufficient local funding, it may apply for additional State grant funding, up to 100% of the project costs. In addition, a total of $1 billion will be available for the modernization and new construction of charter school ($500 million) and technical education ($500 million) facilities. Generally, 50% of modernization and new construction project costs for charter school and technical education facilities must come from local revenues. However, schools that cannot cover their local share for these two types of projects may apply for State loans. State loans must be repaid over a maximum of 30 years for charter school facilities and 15 years for career technical education facilities. For career technical education facilities, State grants are capped at $3 million for a new facility and $1.5 million for a modernized facility. Charter schools must be deemed financially sound before project approval.

Community College Facilities. Proposition 51 includes $2 billion for community college district facility projects, including buying land, constructing new buildings, modernizing existing buildings, and purchasing equipment. In order to receive funding, community college districts must submit project proposals to the Chancellor of the community college system, who then decides which projects to submit to the State Legislature and Governor based on a scoring system that factors in the amount of local funds contributed to the project. The Governor and State Legislature will select among eligible projects as part of the annual state budget process.

The District makes no guarantees that it will either pursue or qualify for Proposition 51 state facilities funding.

Future Initiatives

Article XIIIA, Article XIIIB, Article XIIIC and Article XIIID of the State Constitution and Propositions 22, 26, 30, 39, 98, 55 and 51 were each adopted as measures that qualified for the ballot pursuant to 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.

DISTRICT FINANCIAL INFORMATION

The information in this section concerning the State funding of public education 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 are payable from the general fund of the District. The principal of and interest on the Bonds are payable solely from the proceeds of an ad valorem property tax which is required to be levied by the County in the District in an amount sufficient for the payment thereof. See "THE BONDS – Security and Sources of Payment" herein.

State Funding of Education

School district revenues consist primarily of guaranteed State moneys, local property taxes and funds received from the State in the form of categorical aid under ongoing programs of local assistance. All State aid is subject to the appropriation of funds in the State's annual budget.

Revenue Limit Funding. Previously, school districts operated under general purpose revenue limits established by the State Department of Education. In general, revenue limits were calculated for each school district by multiplying the ADA for such district by a base revenue limit per unit of ADA. Revenue limit calculations were subject to adjustment in accordance with a number of factors designed to provide cost of living adjustments ("COLAs") and to equalize revenues among school districts of the same type. Funding of a school district's revenue limit was provided by a mix of local property taxes and State apportionments of basic and equalization aid. Since fiscal year 2013-14, school districts have been funded based on a uniform system of funding grants assigned to certain grade spans. See "— Local Control Funding Formula" herein.

Local Control Funding Formula. State Assembly Bill 97 (Stats. 2013, Chapter 47) ("AB 97"), enacted as part of the fiscal year 2013-14 State budget, established the current system for funding school districts, charter schools and county offices of education. Certain provisions of AB 97 were amended and clarified by Senate Bill 91 (Stats. 2013, Chapter 49) ("SB 91").

The primary component of AB 97, as amended by SB 91, was the implementation of the Local Control Funding Formula ("LCFF"), which replaced the revenue limit funding system for determining State apportionments, as well as the majority of State categorical program funding. State allocations are provided on the basis of target base funding grants per unit of ADA (a "Base Grant") assigned to each of four grade spans. Each Base Grant is subject to certain adjustments and add-ons, as discussed below. Full implementation of the LCFF is expected to occur over a period of several fiscal years. Beginning in fiscal year 2013-14, an annual transition adjustment is required to be calculated for each school district, equal to such district's proportionate share of appropriations included in the State budget to close the gap between the prior-year funding level and the target allocation following full implementation of the LCFF. In each year, school 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.

The Base Grants per unit of ADA for each grade span are as follows: (i) $6,845 for grades K-3; (ii) $6,947 for grades 4-6; (iii) $7,154 for grades 7-8; and (iv) $8,289 for grades 9-12. Beginning in fiscal year 2013-14, and in each subsequent year, the Base Grants are to be adjusted for COLAs by applying the implicit price deflator for government goods and services. Following full implementation of the LCFF, the provision of COLAs will be subject to appropriation for such adjustment in the annual State budget. The differences among Base Grants are linked to differentials in statewide average revenue limit rates by district type, and are intended to recognize the generally higher costs of education at higher grade levels. See "—State Budget Measures" herein for information on the adjusted Base Grants provided by current State budgetary legislation.

The Base Grants for 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 early grades and the provision of career technical education in high schools. Following full implementation of the LCFF, and unless otherwise collectively bargained for, school districts serving students in grades K-3 must maintain an average class enrollment of 24 or fewer students in grades K-3 at each school site in order to continue receiving the adjustment to the K-3 Base Grant. Such school districts must also make progress towards this class size reduction goal in proportion to the growth in their funding over the implementation period. Additional add-ons are also provided to school districts that received categorical block grant funding pursuant to the Targeted Instructional Improvement and Home-to-School Transportation programs during fiscal year 2012-13.

School districts that serve students of limited English proficiency ("EL" students), students from low income families who are eligible for free or reduced priced meals ("LI" students) and foster youth are eligible to receive additional funding grants. Enrollment counts are unduplicated, such that students may not be counted as both EL and LI (foster youth automatically meet the eligibility requirements for free or reduced priced meals, and are therefore not discussed separately herein). A supplemental grant add-on (each, a "Supplemental Grant") is authorized for school districts that serve EL/LI students, equal to 20% of the applicable Base Grant multiplied by such district's percentage of unduplicated EL/LI student enrollment. School districts whose EL/LI populations exceed 55% of their total enrollment are eligible for a concentration grant add-on (each, a "Concentration Grant") equal to 50% of the applicable Base Grant multiplied by the percentage of such district's unduplicated EL/LI student enrollment in excess of the 55% threshold.

The following table shows the District's ADA, enrollment, and percentage of EL/LI student enrollment, for fiscal years 2013-14 through 2019-20.

ADA, ENROLLMENT AND EL/LI ENROLLMENT PERCENTAGE
Fiscal Years 2013-14 through 2019-20
Del Mar Union School District

	Average Daily Attendance			Enrollment[1]	
Fiscal Year	K-3	4-6	Total ADA	Total Enrollment	% of EL/LI Enrollment[2]
2013-14	2,356.60	1,891.98	4,248.58	4,376	12.23%
2014-15	2,330.27	1,940.35	4,270.62	4,400	12.04
2015-16	2,220.86	1,995.60	4,216.46	4,334	11.95
2016-17	2,220.53	2,083.84	4,304.37	4,414	12.61
2017-18	2,256.20	2,065.63	4,321.83	4,453	14.20
2018-19	2,192.21	1,948.53	4,140.74	4,263	16.12
2019-20[3]	2,159.00	1,923.00	4,082.00	4,195	17.38

(1) Fiscal years 2013-14 through 2018-19 reflect certified enrollment as of the fall census day (the first Wednesday in October), which is reported to the California Longitudinal Pupil Achievement Data System ("CALPADS") in each school year and used to calculate each school district's unduplicated EL/LI student enrollment. Adjustments may be made to the certified EL/LI counts by the California Department of Education. CALPADS figures generally exclude preschool and adult transitional students.

(2) For purposes of calculating Supplemental and Concentration Grants, a school district's fiscal year 2013-14 percentage of unduplicated EL/LI students will be expressed solely as a percentage of its total fiscal year 2013-14 total enrollment. For fiscal year 2014-15, the percentage of unduplicated EL/LI enrollment will be based on the two-year average of EL/LI enrollment in fiscal years 2013-14 and 2014-15. Beginning in fiscal year 2015-16, a school district's percentage of unduplicated EL/LI students is based on a rolling average of such district's EL/LI enrollment for the then-current fiscal year and the two immediately preceding fiscal years.

(3) Budgeted.

Source: Del Mar Union School District.

For certain school districts that would have received greater funding levels under the prior revenue limit system, the LCFF provides for a permanent economic recovery target ("ERT") add-on, equal to the difference between the revenue limit allocations such districts would have received under the prior system in fiscal year 2020-21, and the target LCFF allocations owed to such districts in the same year. To derive the projected funding levels, the LCFF assumes the discontinuance of deficit revenue limit funding, implementation of a 1.94% COLA in fiscal years 2014-15 through 2020-21, and restoration of categorical funding to pre-recession levels. The ERT add-on will be paid incrementally over the LCFF implementation period. The District does not qualify for the ERT add-on.

The sum of a school district's adjusted Base, Supplemental and Concentration Grants will be multiplied by such district's P-2 ADA for the current or prior year, whichever is greater (with certain adjustments applicable to small school districts). This funding amount, together with any applicable ERT or categorical block grant add-ons, will yield a district's total LCFF allocation. Generally, the amount of annual State apportionments received by a school district will amount to the difference between such total LCFF allocation and such district's share of applicable local property taxes. Most school districts receive a significant portion of their funding from such State apportionments. As a result, decreases in State revenues may significantly affect appropriations made by the State Legislature to school districts.

Community Funded District. Certain school districts, known as "community funded" districts (formerly called "basic aid" districts), have allocable local property tax collections that equal or exceed such districts' total LCFF allocation, and result in the receipt of no State apportionment aid. Community funded school districts receive certain other non-LCFF State funding which is deemed to satisfy the "basic aid" requirement guaranteed by Article IX, Section 6 of the State Constitution. The implication for community funded districts is that the legislatively determined allocations to school districts, and other politically determined factors, are less significant in determining their primary funding sources. Rather, property tax growth and the local economy are the primary determinants. The District currently qualifies as a basic aid district. For fiscal year 2017-18, the District's local property tax receipts exceeded the District's total LCFF allocation by $12,774,512 and the District estimates that local property tax receipts will exceed the District's total LCFF allocation by $13,389,718 in fiscal year 2018-19. For fiscal year 2019-20, the District's local property tax receipts are budgeted to exceed the District's total LCFF allocation by $16,069,165.

Accountability. Regulations adopted by the State Board of Education require that school districts increase or improve services for EL/LI students in proportion to the increase in funds apportioned to such districts on the basis of the number and concentration of such EL/LI students, and detail the conditions under which school districts can use supplemental or concentration funding on a school-wide or district-wide basis.

School districts are also required to adopt local control and accountability plans ("LCAPs") disclosing annual goals for all students, as well as certain numerically significant student subgroups, to be achieved in eight areas of State priority identified by the LCFF. LCAPs may also specify additional local priorities. LCAPs must specify the actions to be taken to achieve each goal, including actions to correct identified deficiencies with regard to areas of State priority. Beginning in fiscal year 2014-15, LCAPs have been required to be adopted covering a period of three fiscal years, and updated annually. The State Board of Education has adopted a template LCAP for use by school districts.

Support and Intervention. AB 97, as amended by SB 91, establishes a new system of support and intervention to assist school districts in meeting the performance expectations outlined in their respective LCAPs. School districts must adopt their LCAPs (or annual updates thereto) in tandem with their annual operating budgets, and not later than five days thereafter submit such LCAPs or updates to their respective county superintendents of schools. On or before August 15 of each year, a county superintendent may seek clarification regarding the contents of a district's LCAP (or annual update thereto), and the district is required to respond to such a request within 15 days. Within 15 days of receiving such a response, the county superintendent can submit non-binding recommendations for amending the LCAP or annual update, and such recommendations must be considered by the respective school district at a public hearing within 15 days. A district's LCAP or annual update must be approved by the county superintendent by October 8 of each year if the superintendent determines that (i) the LCAP or annual update adheres to the State template, and (ii) the district's budgeted expenditures are sufficient to implement the actions and strategies outlined in the LCAP.

A school district is required to receive additional support if its respective LCAP or annual update thereto is not approved, if the district requests technical assistance from its respective county superintendent, or if the district does not improve student achievement across more than one State priority for one or more student subgroups. Such support can include a review of a district's strengths and weaknesses in the eight State priority areas, or the assignment of an academic expert to assist the district in identifying and implementing programs designed to improve outcomes. Assistance may be provided by the California Collaborative for Educational Excellence, a state agency created by the LCFF and charged with assisting school districts with achieving the goals set forth in their LCAPs. On or before October 1, 2015, the State Board of Education is required to develop rubrics to assess school district performance and the need for support and intervention.

The State Superintendent of Public Instruction (the "State Superintendent") is further authorized, with the approval of the State Board of Education, to intervene in the management of persistently underperforming school districts. The State Superintendent may intervene directly or assign an academic trustee to act on his or her behalf. In so doing, the State Superintendent is authorized to (i) modify a district's LCAP, (ii) impose budget revisions designed to improve student outcomes, and (iii) stay or rescind actions of the local governing board that would prevent such district from improving student outcomes; provided, however, that the State Superintendent is not authorized to rescind an action required by a local collective bargaining agreement.

Other Revenue Sources

Other State Sources. In addition to State allocations determined pursuant to the LCFF, the District receives other State revenues consisting primarily of restricted revenues designed to implement State mandated programs. Beginning in fiscal year 2013-14, categorical spending restrictions associated with a majority of State mandated programs were eliminated, and funding for these programs was folded into the LCFF. Categorical funding for certain programs was excluded from the LCFF, and school districts will continue to receive restricted State revenues to fund these programs.

Federal and Local Sources. The federal government provides funding for several school district programs, including specialized programs such as the Every Student Succeeds Act, special education programs, and programs under the Educational Consolidation and Improvement Act. In addition, portions of a school district's budget can come from local sources other than unrestricted property taxes, including but not limited to interest income, leases and rentals, foundations, donations and sales of property.

Foundation. The Del Mar Schools Education Foundation (the "Foundation") is an independent 501(c)(3) nonprofit corporation that supports the District. It was established in 2000 by a group of citizens. The District deposits the cash contributions made by the Foundation into its unrestricted general fund. The following table shows a four-year history and the budgeted amount for the current fiscal year of cash contributions made by the Foundation to the District:

FOUNDATION CONTRIBUTIONS
Fiscal Years 2015-16 through 2019-20
Del Mar Union School District

Fiscal Year	Donations
2015-16	$1,270,000
2016-17	1,270,000
2017-18	1,236,000
2018-19	1,228,000
2019-20[1]	1,377,000

[1] Budgeted.
Source: Del Mar Union School District.

Budget Process

State Budgeting Requirements. The District is required by provisions of the State Education Code to maintain a balanced budget each year, in which the sum of expenditures and the ending fund balance cannot exceed the sum of revenues and the carry-over fund balance from the previous year. The State Department of Education imposes a uniform budgeting and accounting format for school districts. The budget process for school districts was substantially amended by Assembly Bill 1200 ("AB 1200"), which became State law on October 14, 1991. Portions of AB 1200 are summarized below. Additional amendments to the budget process were made by Assembly Bill 2585, effective as of September 9, 2014, including the elimination of the dual budget cycle option for school districts. All school districts must now be on a single budget cycle.

School districts must adopt a budget on or before July 1 of each year. The budget must be submitted to the county superintendent within five days of adoption or by July 1, whichever occurs first. The county superintendent will 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, and will determine if the budget allows the district to meet its current obligations, if the budget is consistent with a financial plan that will enable the district to meet its multi-year financial commitments, whether the budget includes the expenditures necessary to implement a LCAP, and whether the budget's ending fund balance exceeds the minimum recommended reserve for economic uncertainties.

On or before September 15, the county superintendent will approve, conditionally approve or disapprove the adopted budget for each school district. Budgets will be disapproved if they fail the above standards. The district board must be notified by September 15 of the county superintendent's recommendations for revision and reasons for the recommendations. The county superintendent may assign a fiscal advisor or appoint a committee to examine and comment on the superintendent's recommendations. The committee must report its findings no later than September 20. Any recommendations made by the county superintendent must be made available by the district for public inspection. No later than October 22, the county superintendent must notify the State Superintendent of all school districts whose budget may be disapproved.

A school district whose budget has been disapproved must revise and readopt its budget by October 8, reflecting changes in projected income and expense since July 1, including responding to the county superintendent's recommendations. The county superintendent must determine if the budget conforms with the standards and criteria applicable to final school district budgets and not later than November 8, must approve or disapprove the revised budgets. If the budget is disapproved, the county superintendent will call for the formation of a budget review committee pursuant to Education Code Section 42127.1. No later than November 8, the county superintendent must notify the State Superintendent of all school districts whose budget has been disapproved. Until a school district's budget is approved, the school district will operate on the lesser of its proposed budget for the current fiscal year or the last budget adopted and reviewed for the prior fiscal year.

Interim Financial Reporting. 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 either a positive, negative or qualified certification. A positive certification is assigned to any school district that will meet its financial obligations for the current fiscal year and subsequent two fiscal years. A negative certification is assigned to any school district that will be unable to meet its financial obligations for the remainder of the current fiscal year or the subsequent fiscal year. A qualified certification is assigned to any school district that may not meet its financial obligations for the current fiscal year or the two subsequent fiscal years.

Within the past five years, the District has submitted, and the County superintendent of schools has accepted, "positive" certifications on each of its interim financial reports.

Budgeting Trends. The table on the following page summarizes the District's general fund adopted budgets for fiscal years 2015-16 through 2019-20, audited ending results for fiscal years 2015-16 through 2017-18, and projected totals for fiscal year 2018-19.

GENERAL FUND BUDGETING
Fiscal Years 2015-16 through 2019-20
Del Mar Union School District

	Fiscal Year 2015-16[1] Adopted Budget	Fiscal Year 2015-16[1] Audited Actuals	Fiscal Year 2016-17[1] Adopted Budget	Fiscal Year 2016-17[1] Audited Actuals	Fiscal Year 2017-18[1] Adopted Budget	Fiscal Year 2017-18[1] Audited Actuals	Fiscal Year 2018-19 Adopted Budget[2]	Fiscal Year 2018-19 Unaudited Actuals[3]	Fiscal Year 2019-20 Adopted Budget[3]
REVENUES:									
LCFF/Revenue Limit Sources:	--	--	--	--	--	--	$49,744,606	$50,823,044	$53,164,241
State Apportionment or State Aid	--	$1,170,350	$1,170,350	$1,163,666	$1,170,350	$1,160,438	--	--	--
Education Protection Account Funds	--	853,440	844,600	861,468	869,600	864,656	--	--	--
Local Sources	$40,053,686	39,693,865	41,848,655	42,846,598	45,638,061	45,642,366	--	--	--
Federal Revenue	1,034,611	1,061,592	1,054,191	1,151,843	1,115,836	1,219,063	1,394,273	1,213,532	1,273,877
Other State Revenue	3,805,181	5,704,845	4,378,309	4,501,378	4,246,015	4,323,391	4,220,761	4,972,075	3,503,338
Other Local Revenue	3,428,063	3,967,964	3,380,872	4,234,180	3,411,232	4,278,903	3,455,050	4,463,335	3,582,800
Total Revenues	48,321,541	52,452,056	52,676,977	54,759,133	56,451,094	57,488,817	58,814,690	61,471,986	61,524,256
EXPENDITURES:									
Certificated Salaries	25,120,772	26,244,604	26,839,058	28,083,740	28,492,005	28,469,666	28,789,218	29,785,060	30,707,222
Classified Salaries	6,893,075	7,146,230	7,392,727	7,502,048	7,861,127	7,986,984	8,216,028	8,077,536	8,412,814
Employee Benefits	8,275,469	10,117,692	11,328,784	11,528,627	12,747,336	12,377,907	13,784,204	14,361,575	14,653,282
Books and Supplies	1,250,125	2,107,043	2,194,237	2,639,931	1,371,097	1,868,398	2,365,088	1,354,381	1,613,470
Services and Operating Expenditures	4,557,584	5,138,701	4,632,236	4,986,389	4,753,979	5,432,918	5,348,536	5,060,164	5,380,982
Other Outgo	137,258	70,014	92,091	73,660	109,000	42,081	154,163	169,379	315,666
Direct Support/Indirect Costs	(11,694)	--	--	--	--	--	--	--	--
Capital Outlay	1,961,109	1,374,768	60,000	69,324	70,000	209,734	227,453	1,240,867	110,820
Debt Service:									
Principal	201,724	201,724	199,783	243,638	246,266	244,934	--	--	--
Interest	6,119	6,119	8,061	8,061	5,506	6,765	--	--	--
Total Expenditures	48,391,541	52,406,895	52,746,977	55,135,418	55,656,316	56,639,387	58,884,690	60,048,962	61,194,256
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(70,000)	45,161	(70,000)	(376,285)	794,778	849,430	(70,000)	1,423,024	330,000
OTHER FINANCING SOURCES (USES):									
Operating Transfers In	70,000	80,243	70,000	91,000	70,000	70,000	70,000	--	70,000
Operating Transfer Out	--	--	--	--	--	(16,220)	--	(402,529)	(400,000)
Other Sources	--	353,306	--	130,615	--	--	--	811,604	--
Total Other Financing Sources (Uses)	70,000	433,549	70,000	221,615	70,000	53,780	70,000	409,075	(330,000)
NET CHANGE IN FUND BALANCES	--	478,710	--	(154,670)	864,778	903,210	--	1,832,099	--
FUND BALANCE, JULY 1	10,862,093	10,862,093	11,340,803	11,340,803	11,186,133	11,186,133	12,089,343[4]	12,089,343	13,921,442
FUND BALANCE, JUNE 30	$10,862,093	$11,340,803	$11,340,803	$11,186,133	$12,050,911	$12,089,343	$11,588,168	$13,921,442	$13,921,442

(1) From the District's Comprehensive Audited Financial Report for fiscal years 2015-16 through 2017-18.
(2) From the District's Adopted Budget for fiscal year 2018-19, approved by the Board on June 27, 2018.
(3) From the District's Unaudited Actuals for fiscal year 2018-19, approved by the Board on August 28, 2019.
(4) Revised to reflect actual beginning fund balance for comparison purposes.

Source: Del Mar Union School 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 Education Code Section 41010 is to be followed by all State school districts.

The District's 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. Delinquent taxes not received after the fiscal year end are not recorded as revenue until received. 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 District's accounting is organized on the basis of fund groups, with each group consisting of a separate set of self-balancing accounts containing assets, liabilities, fund balances, revenues and expenditures. The major fund classification is the general fund which accounts for all financial resources not requiring a special type of fund. The District's fiscal year begins on July 1 and ends on June 30.

Comparative Financial Statements

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. Audited financial statements for the District for the fiscal year ended June 30, 2018, and prior fiscal years are on file with the District and available for public inspection at the Del Mar Union School District, 11232 El Camino Real, Suite 100, San Diego, California 92130, telephone: (858) 755-9301, Attention: Assistant Superintendent, Business Services. The audited financial statements for the fiscal year ended June 30, 2018, are included in APPENDIX B hereto.

The table on the following page reflects the District's audited general fund revenues, expenditures and fund balances from fiscal year 2014-15 through fiscal year 2017-18.

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AUDITED GENERAL FUND REVENUES, EXPENDITURES AND FUND BALANCE
Fiscal Years 2014-15 through 2017-18
Del Mar Union School District

	Audited Actuals 2014-15	Audited Actuals 2015-16	Audited Actuals 2016-17	Audited Actuals 2017-18
REVENUES:				
Revenue Limit Sources/LCFF Sources				
State Apportionments	$1,170,350	$1,170,350	$1,163,666	$1,160,438
Education Protection Account Funds	854,342	853,440	861,468	864,656
Local Sources	36,993,671	39,693,865	42,846,598	45,642,366
Federal Sources	1,015,695	1,061,592	1,151,843	1,219,063
Other State Sources	2,922,267	5,704,845	4,485,205	4,323,391
Other Local Sources	3,892,878	3,967,964	4,234,180	4,278,903
TOTAL REVENUES	46,849,203	52,452,056	54,742,960	57,488,817
EXPENDITURES:				
Current:				
Instruction	32,974,265	36,253,180	39,911,448	39,985,373
Instruction-Related Services:	3,717,474	4,335,496	4,557,292	5,038,910
Pupil Services	1,842,814	2,146,056	2,339,551	2,459,977
General Administration	15,125	3,353,715	3,236,642	3,754,106
Plant Services	3,258,703	4,665,823	4,679,629	4,897,507
Other outgo	5,415,653	70,014	73,660	42,081
Capital Outlay	75,014	1,374,768	69,324	209,734
Debt Service:				
Principal	207,054	201,724	243,638	244,934
Interest	3,292	6,119	8,061	6,765
TOTAL EXPENDITURES	47,509,394	52,406,895	55,119,245	56,639,387
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(660,191)	45,161	(376,285)	849,430
OTHER FINANCING SOURCES (USES):				
Transfers In	70,000	80,243	91,000	70,000
Transfers Out	--	--	--	(16,220)
Other Sources	--	353,306	130,615	--
NET FINANCING SOURCES (USES)	70,000	433,549	221,615	53,780
NET CHANGE IN FUND BALANCES	(590,191)	478,710	(154,670)	903,210
Fund Balance, July 1	11,452,283	10,862,093	11,340,803	11,186,133
Fund Balance, June 30	$10,862,092	$11,340,803	$11,186,133	$12,089,343

Source: Del Mar Union School District.

State Budget Measures

The following information concerning the State's budgets has been obtained from publicly available information which the District and Underwriter believes to be reliable; however, neither the District nor the Underwriter guarantees the accuracy or completeness of this information and has not independently verified such information. Furthermore, it should not be inferred from the inclusion of this information herein that the principal of or interest on the Bonds is payable from the general fund of the District. The Bonds are payable solely from the proceeds of an ad valorem *property tax required to be levied by the County on taxable property within the District in an amount sufficient for the payment thereof.*

2019-20 Budget. On June 27, 2019, the Governor signed into law the State budget for fiscal year 2019-20 (the "2019-20 Budget"). The following information is drawn from the State Department of Finance's summary of the 2019-20 Budget.

For fiscal year 2018-19, the 2019-20 Budget projects total general fund revenues and transfers of \$138 billion and total expenditures of \$142.7 billion. The State is projected to end the 2018-19 fiscal year with total available general fund reserves of \$20.7 billion, including \$5.4 billion in the traditional general fund reserve, \$14.4 billion in the BSA and \$900 million in the Safety Net Reserve Fund for the CalWORKs and Medi-Cal programs. For fiscal year 2019-20, the 2019-20 Budget projects total general fund revenues and transfers of \$143.8 billion and authorizes expenditures of \$147.8 billion. The State is projected to end the 2019-20 fiscal year with total available general fund reserves of \$18.8 billion, including \$1.4 billion in the traditional general fund reserve, \$16.5 billion in the BSA and \$900 million in the Safety Net Reserve Fund. The 2019-20 Budget also authorizes a deposit to the PSSSA of \$376.5 million in order to comply with Proposition 2. The amount is below the threshold required to trigger certain maximum local reserve levels for school districts created by State legislation approved in 2014 (and amended in 2017). See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Proposition 2 – SB 858; SB 751."

For fiscal year 2019-20, the Budget sets the minimum funding guarantee at \$81.1 billion. With respect to K-12 education, ongoing per-pupil spending is set at \$11,993. Other significant features with respect to K-12 education funding include the following:

- *Local Control Funding Formula* – An increase of \$1.9 billion in Proposition 98 funding for the LCFF, reflecting a 3.26% COLA. For fiscal year 2019-20, the adjusted Base Grants are as follows: (i) \$8,503 for grades K-3, (ii) \$7,818 for grades 4-6, (iii) \$8,050 for grades 7-8, and (iv) \$9,572 for grades 9-12. See also "DISTRICT FINANCIAL INFORMATION – State Funding of Education – Local Control Funding Formula" herein.

- *Settle-Up Payment* – An increase of \$686.6 million for K-14 school districts to pay the balance of past-year Proposition 98 funding owed through fiscal year 2017-18.

- *Special Education* – \$645.3 million in ongoing Proposition 98 funding for special education. Specifically, the 2019-20 Budget allocates (i) \$152.6 million to provide all special education local area plans at least the Statewide target rate for base special education funding, and (ii) \$492.7 million in special education funding, to be allocated to school districts based on the number of children between three to five years of age and with exceptional needs that are being served.

- *Pension Costs* – A \$3.15 billion payment from non-Proposition 98 funds to CalSTRS and CalPERS, to reduce long-term liabilities for K-14 school districts. Of this amount, \$850 million would be provided to buy down employer contribution rates in fiscal years 2019-20 and 2020-21. With these payments, CalSTRS employer contributions will be reduced from 18.13% to 17.1% in fiscal year 2019-20, and from 19.1% to 18.4% in fiscal year 2020-21. The CalPERS employer contribution will be reduced from 20.7% to 19.7% in fiscal year 2019-20, and the projected CalPERS employer contribution is expected to be reduced from 23.6% to 22.9 % in fiscal year 2020-21. The remaining $2.3 billion would be paid towards employers' long-term unfunded liability. See also "DEL MAR UNION SCHOOL DISTRICT – District Retirement Systems" herein.

- *After School Programs* - $50 million in ongoing Proposition 98 funding to provide an increase of approximately 8.3% to the per-pupil daily rate for after school education and safety programs.

- *Teacher Support* - $43.8 million in one-time non-Proposition 98 funding to provide training and resources for classroom educators and paraprofessionals, to build capacity in key State priorities. The 2019-20 Budget also includes $89.8 million in one-time, non-Proposition 98 funding to provide up to 4,487 grants for students enrolled in professional teacher preparation programs who commit to working in a high-need field at a priority school for at least four years.

- *Broadband Infrastructure* - $7.5 million in one-time, non-Proposition 98 funding for broadband infrastructure improvements at local educational agencies.

- *Full-Day Kindergarten* - $300 million in one-time, non-Proposition 98 funding to finance construction or retrofit of facilities to support full-day kindergarten programs.

- *Wildfire-Related Cost Adjustments* – An increase of $2 million in one-time Proposition 98 funding to reflect adjustments in the estimate for property tax backfill for basic aid school districts impacted by wildfires which occurred in 2017 and 2018. The 2019-20 Budget also holds both school districts and charter schools impacted by wildfires in 2018 harmless in terms of State funding for two years.

- *Proposition 51* – a total allocation of $1.5 billion in Proposition 51 bond funds for K-12 school facility projects.

For additional information regarding the 2019-20 Budget, see the State Department of Finance website at www.dof.ca.gov. However, the information presented on such website is not incorporated herein by reference.

Future Actions. The District cannot predict what actions will be taken in the future by the State legislature and the Governor to address changing State revenues and expenditures. The District also cannot predict the impact such actions will have on State revenues available in the current or future years for education. The State budget will be affected by national and State economic conditions and other factors over which the District will have no control. Certain actions or results could produce a significant shortfall of revenue and cash, and could consequently impair the State's ability to fund schools. State budget shortfalls in future fiscal years may also have an adverse financial impact on the financial condition of the District. However, the obligation to levy ad valorem property taxes upon all taxable property within the District for the payment of principal of and interest on the Bonds would not be impaired.

DEL MAR UNION SCHOOL DISTRICT

The information in this section concerning the operations of the District and the District's finances 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 and interest on the Bonds are payable from the general fund of the District. The Bonds are payable solely from the revenues generated by an ad valorem *property tax required to be levied by the County on taxable property within the District for the payment thereof. See "THE BONDS – Security and Sources of Payment" herein.*

Introduction

The District was established as a school district in 1906. The District is located in the northern coastal region of the County and encompasses approximately 14.6 square miles, serving the City of Del Mar and portions of the City of San Diego known as Del Mar Heights, Carmel Valley, Pacific Highlands Ranch and Sorrento Hills. The District provides kindergarten through sixth grade education services, maintaining eight elementary schools. Additionally, the District administers an Early Childhood Development Center and an After School Program. For fiscal year 2019-20, the District's estimated average daily attendance ("ADA") is 4,082 students, and taxable property within the District has an assessed valuation of $19,936,881,988.

Unless otherwise indicated, the following financial, statistical and demographic data has been provided by the District. Additional information concerning the District and copies of the most recent and subsequent audited financial reports of the District may be obtained by contacting: Del Mar Union School District, 11232 El Camino Real, Suite 100, San Diego, California 92130, telephone: (858) 755-9301, Attention: Assistant Superintendent, Business Services.

Administration

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

BOARD OF TRUSTEES
Del Mar Union School District

Board Member	Office	Term Expires
Erica Halpern	President	December 2020
Scott Wooden, Ph.D.	Clerk	December 2022
Katherine Fitzpatrick	Trustee	December 2022
Gee Wah Mok, Esq.	Trustee	December 2020
Doug Rafner, Esq.	Trustee	December 2022

The Superintendent of the District is responsible for administering the affairs of the District in accordance with the policies of the Board. Dr. Holly McClurg is the Superintendent of the District. Brief biographies of the Superintendent and Assistant Superintendent, Business Services follow:

Holly McClurg Ph.D., Superintendent. Dr. McClurg began her tenure as Superintendent of the District on July 1, 2012. She previously served the District as Superintendent of Instructional Services. In her over 30-year career in education, Dr. McClurg has also held the positions of district office administrator, principal and teacher in the states of California, Virginia and Arizona. Dr. McClurg earned a Bachelor of Science from University of North Dakota, a Master of Arts in Education Administration from Point Loma Nazarene University and a Ph.D. in Institutional Leadership and Policy Studies from the University of California, Riverside.

Catherine Birks, Assistant Superintendent, Business Services. Ms. Birks has extensive expertise and background in government agency and private industry, she has been employed with the District for over 20 years and began her tenure as Assistant Superintendent, Business Services of the District on January 2011. She previously worked in private industry and was Controller for the Development Division of The Hahn Company, a shopping center owner and developer. Ms. Birks earned a Bachelor of Science in Business Administration with an emphasis in Accounting from San Diego State University.

Historical Enrollment

On average throughout the District, the regular education pupil-teacher ratio is approximately 22:1 for grades K-3, 25:1 for grades 4-6. The following table shows enrollment figures for the District for fiscal years indicated.

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HISTORICAL ENROLLMENT
Fiscal Years 2010-11 through 2019-20
Del Mar Union School District

Fiscal Year	Enrollment(1)	Change
2010-11	4,363	--
2011-12	4,381	0.41%
2012-13	4,384	0.07
2013-14	4,376	(0.18)
2014-15	4,400	0.55
2015-16	4,334	(1.50)
2016-17	4,414	1.85
2017-18	4,453	0.88
2018-19	4,263	(4.27)
2019-20(2)	4,195	(1.60)

(1) Enrollment is as of the fall census day (the first Wednesday in October) reported to CALPADS. See also "DISTRICT FINANCIAL INFORMATION – State Funding of Education – Local Control Funding Formula" herein
(2) Budgeted.
Source: Del Mar Union School District

Labor Relations

The District currently employs approximately 274 full-time certificated employees and 101 classified employees. In addition, the District employs 211 part-time faculty and staff. Certificated staffs (non-management) are represented by the one bargaining unit as noted below:

Labor Organization	Number of Employees In Bargaining Unit	Contract Expiration Date
Del Mar California Teachers Association (Certificated)	267	June 30, 2022

Source: Del Mar Union School District.

District Retirement Systems

The information set forth below regarding the STRS and PERS programs, other than the information provided by the District regarding its annual contributions thereto, has been obtained from publicly available sources which are believed to be reliable but are not guaranteed as to accuracy or completeness, and should not to be construed as a representation by either the District or the Underwriter.

STRS. All full-time certificated employees, as well as certain classified employees, are members of the State Teachers' Retirement System ("STRS"). STRS provides retirement, disability and survivor benefits to plan members and beneficiaries under a defined benefit program (the "STRS Defined Benefit Program"). The STRS Defined Benefit Program is funded through a combination of investment earnings and statutorily set contributions from three sources: employees, employers, and the State. Benefit provisions and contribution amounts are established by State statutes, as legislatively amended from time to time.

Prior to fiscal year 2014-15, and unlike typical defined benefit programs, none of the employee, employer nor State contribution rates to the STRS Defined Benefit Program varied annually to make up funding shortfalls or assess credits for actuarial surpluses. In recent years, the combined employer, employee and State contributions to the STRS Defined Benefit Program have not been sufficient to pay actuarially required amounts. As a result, and due to significant investment losses, the unfunded actuarial liability of the STRS Defined Benefit Program has increased significantly in recent fiscal years. In September 2013, STRS projected that the STRS Defined Benefit Program would be depleted in 31 years assuming existing contribution rates continued, and other significant actuarial assumptions were realized. In an effort to reduce the unfunded actuarial liability of the STRS Defined Benefit Program, the State passed the legislation described below to increase contribution rates.

Prior to July 1, 2014, K-14 school districts were required by such statutes to contribute 8.25% of eligible salary expenditures, while participants contributed 8% of their respective salaries. On June 24, 2014, the Governor signed AB 1469 ("AB 1469") into law as a part of the State's fiscal year 2014-15 budget. AB 1469 seeks to fully fund the unfunded actuarial obligation with respect to service credited to members of the STRS Defined Benefit Program before July 1, 2014 (the "2014 Liability"), within 32 years, by increasing member, K-14 school district and State contributions to STRS. Commencing July 1, 2014, the employee contribution rate increased over a three-year phase-in period in accordance with the following schedule:

MEMBER CONTRIBUTION RATES
STRS (Defined Benefit Program)

Effective Date	STRS Members Hired Prior to January 1, 2013	STRS Members Hired After January 1, 2013
July 1, 2014	8.150%	8.150%
July 1, 2015	9.200	8.560
July 1, 2016	10.250	9.205

Source: AB 1469.

Pursuant to the Reform Act (defined below), the contribution rates for members hired after the Implementation Date (defined below) will be adjusted if the normal cost increases by more than 1% since the last time the member contribution was set. The contribution rate for employees hired after the

Implementation Date (defined below) increased from 9.205% of creditable compensation for fiscal year commencing July 1, 2017 to 10.205% of creditable compensation effective July 1, 2018. For the fiscal year commencing July 1, 2019, the contribution rate for employees hired after the Implementation Date (defined below) will be 10.205%.

Pursuant to AB 1469, K-14 school districts' contribution rate will increase over a seven-year phase-in period in accordance with the following schedule:

K-14 SCHOOL DISTRICT CONTRIBUTION RATES
STRS (Defined Benefit Program)

Effective Date	K-14 school districts
July 1, 2014	8.88%
July 1, 2015	10.73
July 1, 2016	12.58
July 1, 2017	14.43
July 1, 2018	16.28
July 1, 2019	18.13
July 1, 2020	19.10

Source: AB 1469.

Based upon the recommendation from its actuary, for fiscal year 2021-22 and each fiscal year thereafter the STRS Teachers' Retirement Board (the "STRS Board"), is required to increase or decrease the K-14 school districts' contribution rate to reflect the contribution required to eliminate the remaining 2014 Liability by June 30, 2046; provided that the rate cannot change in any fiscal year by more than 1% of creditable compensation upon which members' contributions to the STRS Defined Benefit Program are based; and provided further that such contribution rate cannot exceed a maximum of 20.25%. In addition to the increased contribution rates discussed above, AB 1469 also requires the STRS Board to report to the State Legislature every five years (commencing with a report due on or before July 1, 2019) on the fiscal health of the STRS Defined Benefit Program and the unfunded actuarial obligation with respect to service credited to members of that program before July 1, 2014. The reports are also required to identify adjustments required in contribution rates for K-14 school districts and the State in order to eliminate the 2014 Liability.

On June 27, 2019, the Governor signed SB 90 ("SB 90") into law as a part of the 2019-20 Budget. Pursuant to SB 90, the State Legislature appropriated $2.246 billion to be transferred to the Teacher's Retirement Fund for the STRS Defined Benefit Program to pay in advance, on behalf of employers, part of the contributions required for fiscal years 2019-20 and 2020-21, resulting in K-14 school districts having to contribute 1.03% less in fiscal year 2019-20 and 0.70% less in fiscal year 2020-21. The remainder of the payment not committed for the reduction in employer contribution rates described above, is required to be allocated to reduce the employer's share of the unfunded actuarial obligation determined by the STRS Board upon recommendation from its actuary. See also "DISTRICT FINANCIAL INFORMATION – State Budget Measures – 2019-20 Budget."

The District's contributions to STRS were $2,222,307 in fiscal year 2014-15, $2,729,535 in fiscal year 2015-16, $3,524,138 in fiscal year 2016-17, $4,079,157 for fiscal year 2017-18, and $4,831,856 (estimated) for fiscal year 2018-19. The District has budgeted $5,141,544 for its contribution to STRS for fiscal year 2019-20.

The State also contributes to STRS, currently in an amount equal to 7.328% for fiscal year 2018-19 and 7.828% for fiscal year 2019-20. The State's contribution reflects a base contribution rate of 2.017%, and a supplemental contribution rate that will vary from year to year based on statutory criteria. Based upon the recommendation from its actuary, for fiscal year 2017-18 and each fiscal year thereafter, the STRS Board is required, with certain limitations, to increase or decrease the State's contribution rates to reflect the contribution required to eliminate the unfunded actuarial accrued liability attributed to benefits in effect before July 1, 1990.

In addition, the State is currently required to make an annual general fund contribution up to 2.5% of the fiscal year covered STRS member payroll to the Supplemental Benefit Protection Account (the "SBPA"), which was established by statute to provide supplemental payments to beneficiaries whose purchasing power has fallen below 85% of the purchasing power of their initial allowance.

PERS. Classified employees working four or more hours per day are members of the Public Employees' Retirement System ("PERS"). PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the State statutes, as legislatively amended from time to time. PERS operates a number of retirement plans including the Public Employees Retirement Fund ("PERF"). PERF is a multiple-employer defined benefit retirement plan. In addition to the State, employer participants at June 30, 2017 included 1,624 public agencies and 1,366 K-14 school districts and charter schools. PERS acts as the common investment and administrative agent for the member agencies. The State and K-14 school districts (for "classified employees," which generally consist of school employees other than teachers) are required by law to participate in PERF. Employees participating in PERF generally become fully vested in their retirement benefits earned to date after five years of credited service. One of the plans operated by PERS is for K-14 school districts throughout the State (the "Schools Pool").

Contributions by employers to the Schools Pool are based upon an actuarial rate determined annually and contributions by plan members vary based upon their date of hire. The District is currently required to contribute to PERS at an actuarially determined rate, which is 18.062% of eligible salary expenditures for fiscal year 2018-19, and will be 20.733% of eligible salary expenditures in fiscal year 2019-20. Participants enrolled in PERS prior to January 1, 2013 contribute at a rate established by statute, which is 7% of their respective salaries in fiscal year 2018-19 and will be 7% in fiscal year 2019-20, while participants enrolled after January 1, 2013 contribute at an actuarially determined rate, which is 7% in fiscal year 2018-19 and will be 7% in fiscal year 2019-20. See "—California Public Employees' Pension Reform Act of 2013" herein.

Pursuant to SB 90, the State Legislature appropriated $144 for fiscal year 2019-20 and $100 million for fiscal year 2020-21 to be transferred to the Public Employees' Retirement Fund, to pay in advance, on behalf of K-14 school district employers, part of the contributions required for K-14 school district employers for such fiscal years. In addition, the State Legislature appropriated $660 million to be applied toward certain unfunded liabilities for K-14 school district employers. See also "DISTRICT FINANCIAL INFORMATION – State Budget Measures – 2019-20 Budget" herein.

The District's contributions to PERS were $912,338 in fiscal year 2014-15, $1,048,188 in fiscal year 2015-16, $1,250,815 in fiscal year 2016-17, $1,462,848 for fiscal year 2017-18, and $1,449,760 (estimated) for fiscal year 2018-19. The District has budgeted $1,719,626 for its contribution to PERS for fiscal year 2019-20.

State Pension Trusts. Each of STRS and PERS issues a separate comprehensive financial report that includes financial statements and required supplemental information. Copies of such financial reports may be obtained from each of STRS and PERS as follows: (i) STRS, P.O. Box 15275, Sacramento, California 95851-0275; (ii) PERS, P.O. Box 942703, Sacramento, California 94229-2703. Moreover, each of STRS and PERS maintains a website, as follows: (i) STRS: www.calstrs.com; (ii) PERS: www.calpers.ca.gov. However, the information presented in such financial reports or on such websites is not incorporated into this Official Statement by any reference.

Both STRS and PERS have substantial statewide unfunded liabilities. The amount of these unfunded liabilities will vary depending on actuarial assumptions, returns on investments, salary scales and participant contributions. The following table summarizes information regarding the actuarially-determined accrued liability for both STRS and PERS. Actuarial assessments are "forward-looking" information that reflect the judgment of the fiduciaries of the pension plans, and are based upon a variety of assumptions, one or more of which may not materialize or be changed in the future. Actuarial assessments will change with the future experience of the pension plans.

FUNDED STATUS
STRS (Defined Benefit Program) and PERS (Schools Pool)
(Dollar Amounts in Millions) (1)
Fiscal Years 2010-11 through 2017-18

STRS

Fiscal Year	Accrued Liability	Value of Trust Assets (MVA)(2)	Unfunded Liability (MVA)(2)	Value of Trust Assets (AVA)(3)	Unfunded Liability (AVA)(3)
2010-11	$208,405	$147,140	$68,365	$143,930	$64,475
2011-12	215,189	143,118	80,354	144,232	70,957
2012-13	222,281	157,176	74,374	148,614	73,667
2013-14	231,213	179,749	61,807	158,495	72,718
2014-15	241,753	180,633	72,626	165,553	76,200
2015-16	266,704	177,914	101,586	169,976	96,728
2016-17	286,950	197,718	103,468	179,689	107,261
2017-18	297,603	211,367	101,992	190,451	107,152

PERS

Fiscal Year	Accrued Liability	Value of Trust Assets (MVA)	Unfunded Liability (MVA)	Value of Trust Assets (AVA)(3)	Unfunded Liability (AVA)(3)
2010-11	$58,358	$45,901	$12,457	$51,547	$6,811
2011-12	59,439	44,854	14,585	53,791	5,648
2012-13	61,487	49,482	12,005	56,250	5,237
2013-14	65,600	56,838	8,761	--(4)	--(4)
2014-15	73,325	56,814	16,511	--(4)	--(4)
2015-16	77,544	55,785	21,759	--(4)	--(4)
2016-17	84,416	60,865	23,551	--(4)	--(4)
2017-18(5)	92,071	64,846	27,225	--(4)	--(4)

(1) Amounts may not add due to rounding.
(2) Reflects market value of assets, including the assets allocated to the SBPA reserve. Since the benefits provided through the SBPA are not a part of the projected benefits included in the actuarial valuations summarized above, the SBPA reserve is subtracted from the STRS Defined Benefit Program assets to arrive at the value of assets available to support benefits included in the respective actuarial valuations.
(3) Reflects actuarial value of assets.
(4) Effective for the June 30, 2014 actuarial valuation, PERS no longer uses an actuarial value of assets.
(5) On April 16, 2019, the PERS Board (defined below) approved the K-14 school district contribution rate for fiscal year 2019-20 and released certain actuarial information to be incorporated into the June 30, 2018 actuarial valuation to be released in summer 2019.

Source: PERS Schools Pool Actuarial Valuation; STRS Defined Benefit Program Actuarial Valuation.

The STRS Board has sole authority to determine the actuarial assumptions and methods used for the valuation of the STRS Defined Benefit Program. Based on the multi-year CalSTRS Experience Analysis (spanning from July 1, 2010, through June 30, 2015), on February 1, 2017, the STRS Board adopted a new set of actuarial assumptions that reflect member's increasing life expectancies and current economic trends. These new assumptions were first reflected in the STRS Defined Benefit Program Actuarial Valuation, as of June 30, 2016 (the "2016 STRS Actuarial Valuation"). The new actuarial assumptions include, but are not limited to: (i) adopting a generational mortality methodology to reflect past improvements in life expectancies and provide a more dynamic assessment of future life spans, (ii) decreasing the investment rate of return (net of investment and administrative expenses) to 7.25% for the 2016 STRS Actuarial Valuation and 7.00% for the June 30, 2017 actuarial evaluation (the "2017 STRS Actuarial Valuation"), and (iii) decreasing the projected wage growth to 3.50% and the projected inflation rate to 2.75%. The 2017 STRS Actuarial Valuation continues using the Entry Age Normal Actuarial Cost Method.

Based on salary increases less than assumed and actuarial asset gains recognized from the current and prior years, the STRS Defined Benefit Program Actuarial Valuation, as of June 30, 2018 (the "2018 STRS Actuarial Valuation") reports that the unfunded actuarial obligation decreased by $109 million since the 2017 STRS Actuarial Valuation and the funded ratio increased by 1.4% to 64.0% over such time period.

According to the 2018 STRS Actuarial Valuation, the future revenues from contributions and appropriations for the STRS Defined Benefit Program are projected to be approximately sufficient to finance its obligations with a projected ending funded ratio in fiscal year ending June 30, 2046 of 99.9%, except for a small portion of the unfunded actuarial obligation related to service accrued on or after July 1, 2014 for member benefits adopted after 1990, for which AB 1469 provides no authority to the STRS Board to adjust rates to pay down that portion of the unfunded actuarial obligation. This finding reflects the scheduled contribution rate increases directed by statute, assumes additional increases in the scheduled contribution rates allowed under the current law will be made, and is based on the valuation assumptions and valuation policy adopted by the STRS Board, including a 7.00% investment rate of return assumption.

In recent years, the PERS Board of Administration (the "PERS Board") has taken several steps, as described below, intended to reduce the amount of the unfunded accrued actuarial liability of its plans, including the Schools Pool.

On March 14, 2012, the PERS Board voted to lower the PERS' rate of expected price inflation and its investment rate of return (net of administrative expenses) (the "PERS Discount Rate") from 7.75% to 7.5%. On February 18, 2014, the PERS Board voted to keep the PERS Discount Rate unchanged at 7.5%. On November 17, 2015, the PERS Board approved a new funding risk mitigation policy to incrementally lower the PERS Discount Rate by establishing a mechanism whereby such rate is reduced by a minimum of 0.05% to a maximum of 0.25% in years when investment returns outperform the existing PERS Discount Rate by at least four percentage points. On December 21, 2016, the PERS Board voted to lower the PERS Discount Rate to 7.0% over a three year phase-in period in accordance with the following schedule: 7.375% for the June 30, 2017 actuarial valuation, 7.25% for the June 30, 2018 actuarial valuation and 7.00% for the June 30, 2019 actuarial valuation. The new discount rate went into effect July 1, 2017 for the State and July 1, 2018 for K-14 school districts and other public agencies. Lowering the PERS Discount Rate means employers that contract with PERS to administer their pension plans will see increases in their normal costs and unfunded actuarial liabilities. Active members hired after January 1, 2013, under the Reform Act (defined below) will also see their contribution rates rise.

On April 17, 2013, the PERS Board approved new actuarial policies aimed at returning PERS to fully-funded status within 30 years. The policies include a rate smoothing method with a 30-year fixed amortization period for gains and losses, a five-year increase of public agency contribution rates, including the contribution rate at the onset of such amortization period, and a five year reduction of public agency contribution rates at the end of such amortization period. The new actuarial policies were first included in the June 30, 2014 actuarial valuation and were implemented with respect the State, K-14 school districts and all other public agencies in fiscal year 2015-16.

Also, on February 20, 2014, the PERS Board approved new demographic assumptions reflecting (i) expected longer life spans of public agency employees and related increases in costs for the PERS system and (ii) trends of higher rates of retirement for certain public agency employee classes, including police officers and firefighters. The new actuarial assumptions were first reflected in the Schools Pool in the June 30, 2015 actuarial valuation. The increase in liability due to the new assumptions will be amortized over 20 years with increases phased in over five years, beginning with the contribution requirement for fiscal year 2016-17. The new demographic assumptions affect the State, K-14 school districts and all other public agencies.

The PERS Board is required to undertake an experience study every four years under its Actuarial Assumptions Policy and State law. As a result of the most recent experience study, on December 20, 2017, the PERS Board approved new actuarial assumptions, including (i) lowering the inflation rate to 2.625% for the June 30, 2018 actuarial valuation and to 2.50% for the June 30, 2019 actuarial valuation, (ii) lowering the payroll growth rate to 2.875% for the June 30, 2018 actuarial valuation and 2.75% for the June 30, 2019 actuarial valuation, and (iii) certain changes to demographic assumptions relating to the salary scale for most constituent groups, and modifications to the morality, retirement, and disability retirement rates.

On February 14, 2018, the PERS Board approved a new actuarial amortization policy with an effective date for actuarial valuations beginning on or after June 30, 2019, which includes (i) shortening the period over which actuarial gains and losses are amortized from 30 years to 20 years, (ii) requiring that amortization payments for all unfunded accrued liability bases established after the effective date be computed to remain a level dollar amount throughout the amortization period, (iii) removing the 5-year ramp-up and ramp-down on unfunded accrued liability bases attributable to assumptions changes and non-investment gains/losses established on or after the effective date and (iv) removing the 5-year ramp-down on investment gains/losses established after the effective date. While PERS expects that reducing the amortization period for certain sources of unfunded liability will increase future average funding ratios, provide faster recovery of funded status following market downturns, decrease expected cumulative contributions, and mitigate concerns over intergenerational equity, such changes may result in increases in future employer contribution rates.

On April 16, 2019, the PERS Board established the employer contribution rates for 2019-20 and released certain information from the Schools Pool Actuarial Valuation as of June 30, 2018, ahead of its summer of 2019 release date. Based on the changes in the discount rate, inflation rate, payroll growth rate and demographic assumptions, along with the expected reductions in normal cost due to the continuing transition of active members from those employees hired prior to the Implementation Date (defined below), to those hired after such date, the projected contribution rate for 2020-21 is projected to be 23.6%, with annual increases thereafter, resulting in a projected 26.5% employer contribution rate for fiscal year 2025-26.

The District can make no representations regarding the future program liabilities of STRS, or whether the District will be required to make additional contributions to STRS in the future above those amounts required under AB 1469. The District can also provide no assurances that the District's required contributions to PERS will not increase in the future.

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 (the "Reform Act"), which makes changes to both STRS and PERS, most substantially affecting new employees hired after January 1, 2013 (the "Implementation Date"). For STRS participants hired after the Implementation Date, the Reform Act changes the normal retirement age by increasing the eligibility for the 2% age factor (the age factor is the percent of final compensation to which an employee is entitled for each year of service) from age 60 to 62 and increasing the eligibility of the maximum age factor of 2.4% from age 63 to 65. Similarly, for non-safety PERS participants hired after the Implementation Date, the Reform Act changes the normal retirement age by increasing the eligibility for the 2% age factor from age 55 to 62 and increases the eligibility requirement for the maximum age factor of 2.5% to age 67. Among the other changes to PERS and STRS, the Reform Act also: (i) requires all new participants enrolled in PERS and STRS after the Implementation Date to contribute at least 50% of the total annual normal cost of their pension benefit each year as determined by an actuary, (ii) requires STRS and PERS to determine the final compensation amount for employees based upon the highest annual compensation earnable averaged over a consecutive 36-month period as the basis for calculating retirement benefits for new participants enrolled after the Implementation Date (previously 12 months for STRS members who retire with 25 years of service), and (iii) caps "pensionable compensation" for new participants enrolled after the Implementation Date at 100% of the federal Social Security contribution (to be adjusted annually based on changes to the Consumer Price Index for all Urban Consumers) and benefit base for members participating in Social Security or 120% for members not participating in social security (to be adjusted annually based on changes to the Consumer Price Index for all Urban Consumers), while excluding previously allowed forms of compensation under the formula such as payments for unused vacation, annual leave, personal leave, sick leave, or compensatory time off.

GASB Statement Nos. 67 and 68. On June 25, 2012, GASB approved Statements Nos. 67 and 68 ("Statements") with respect to pension accounting and financial reporting standards for state and local governments and pension plans. The new Statements, No. 67 and No. 68, replace GASB Statement No. 27 and most of Statements No. 25 and No. 50. The changes impact the accounting treatment of pension plans in which state and local governments participate. Major changes include: (1) the inclusion of unfunded pension liabilities on the government's balance sheet (currently, such unfunded liabilities are typically included as notes to the government's financial statements); (2) more components of full pension costs being shown as expenses regardless of actual contribution levels; (3) lower actuarial discount rates being required to be used for underfunded plans in certain cases for purposes of the financial statements; (4) closed amortization periods for unfunded liabilities being required to be used for certain purposes of the financial statements; and (5) the difference between expected and actual investment returns being recognized over a closed five-year smoothing period. In addition, according to GASB, Statement No. 68 means that, for pensions within the scope of the Statement, a cost-sharing employer that does not have a special funding situation is required to recognize a net pension liability, deferred outflows of resources, deferred inflows of resources related to pensions and pension expense based on its proportionate share of the net pension liability for benefits provided through the pension plan. Because the accounting standards do not require changes in funding policies, the full extent of the effect of the new standards on the District is not known at this time. The reporting requirements for pension plans took effect for the fiscal year beginning July 1, 2013 and the reporting requirements for government employers, including the District, took effect for the fiscal year beginning July 1, 2014.

As of June 20, 2018, the District's proportionate shares of the STRS and PERS pension liabilities were $48,997,884 and $16,740,449, respectively. See also "APPENDIX B – 2017-18 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT – Note N" attached hereto.

Other Post-Employment Benefits

Benefits Plan. The District provides certain post-employment benefits through a single-employer defined benefit health care plan (the "Plan"). The Plan provides medical, dental, and vision benefits to eligible retirees and their eligible dependents to age 65 (the "Benefits"). Eligibility for Post-Employment Benefits is the rule of 75; which requires the employee to be at least 55 years of age and completed the required years of full-time service in the District to equal 75. The retirees will receive the District's contribution toward health benefits consistent with current employees, any premium costs that exceeds the District's contribution is the responsibility of the retiree. As of July 1, 2018, membership in the Plan consisted of 376 eligible active employees and 5 eligible retirees. See "APPENDIX B – 2017-18 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT – Note P – Other Postemployment Benefits" attached hereto.

Funding Policy. The District currently funds the Plan on a "pay-as-you-go" basis to cover the cost of premiums for current retirees. During fiscal years 2015-16, 2016-17, 2017-18 and 2018-19 the District recognized $53,509, $44,677, $50,964 and $95,584 of expenditures for the Benefits, respectively, all of which were used for current premiums. For fiscal year 2019-20, the District has budgeted expenditures of $91,581 for the Benefits, all of which are expected to be used for current premiums.

The District established a GASB qualified irrevocable trust (the "OPEB Trust") to prefund its TOL (defined below) in fiscal year 2018-19. As of June 30, 2019, $500,000 was on deposit in OPEB Trust. The District has budgeted a contribution of $100,000 to the OPEB Trust for fiscal year 2019-20.

Accrued Liability. The District has implemented *Governmental Accounting Standards Board Statement #74, Financial Reporting for Postemployment Benefit Plans Other Than Pensions* ("GASB Statement No. 74") and *Governmental Accounting Standards Board Statement #75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* ("GASB Statement No. 75"), pursuant to which the District has commissioned and received an actuarial study of its liability with respect to the Plan benefits. GASB Statements No. 74 and No. 75 (discussed below) require biennial actuarial valuations for all plans. The most recent actuarial study was dated March 27, 2019 (the "Study"). The Study concluded that, as of a June 30, 2018 measurement date, the Total OPEB Liability (the "TOL") with respect to such Plan benefits, was $11,629,356.

GASB Statement Nos. 74 and 75. On June 2, 2015, GASB Statement No. 74 and GASB Statement No. 75 with respect to pension accounting and financial reporting standards for public sector post-retirement benefit programs and the employers that sponsor them. GASB Statement No. 74 replaces GASB Statements No. 43 and 57 and GASB Statement No. 75 replaces GASB Statement No. 45.

Most of GASB Statement No. 74 applies to plans administered through trusts, in which contributions are irrevocable, trust assets are dedicated to providing other post–employment benefits to plan members, and trust assets are legally protected from creditors. GASB Statements No. 74 and No. 75 will require a liability for OPEB obligations, known as the NOL, to be recognized on the balance sheet of the plan and the participating employer's financial statements. In addition, an OPEB expense (service cost plus interest on total OPEB liability plus current-period benefit changes minus member contributions minus assumed earning on plan investments plus administrative expenses plus recognition of deferred outflows minus recognition of deferred inflows) will be recognized in the income statement of the participating employers. In the notes to its financial statements, employers providing other post-employment benefits will also have to include information regarding the year-to-year change in the NOL and a sensitivity analysis of the NOL to changes in the discount rate and healthcare trend rate. The required supplementary information will also be required to show a 10-year schedule of the plan's net

OPEB liability reconciliation and related ratios, and any actuarially determined contributions and investment returns.

Under GASB Statement No. 74, the measurement date must be the same as the plan's fiscal year end, but the actuarial valuation date may be any date up to 24 months prior to the measurement date. For the TOL, if the valuation date is before the measurement date, the results must be projected forward from the valuation date to the measurement date using standard actuarial roll-forward techniques. For plans that are unfunded or have assets insufficient to cover the projected benefit payments, a discount rate reflecting a 20-year tax-exempt municipal bond yield or index rate must be used. For plans with assets that meet the GASB Statement No. 74 requirements, a projection of the benefit payments and future Fiduciary Net Position (the "FNP") is performed based on the funding policy and assumptions of the plan, along with the methodology specified in GASB.

GASB Statement No. 74 has an effective date for plan fiscal years beginning after June 15, 2016 and GASB Statement No. 75 is effective for employer fiscal years beginning after June 15, 2017. The District has recognized GASB Statement No. 74 and GASB Statement No. 75 in their financial statements for fiscal year 2017-18. See "APPENDIX B – 2017-18 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT" attached hereto. The full extent of the effect of the new standards on the District is not known at this time.

Net OPEB Obligation. As of June 30, 2018, the District recognized a net long-term balance sheet liability (the "Net OPEB Obligation") of $11,137,182, as restated due to an accounting policy change resulting from the adoption of GASB Statement No. 75. See "APPENDIX B – 2017-18 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT – Note S" attached hereto.

Risk Management

The District is exposed to various loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District has purchased property and liability insurance, as well as workers compensation insurance to cover any losses resulting from the various risks of loss.

For fiscal year 2018-19, the District contributed $891,867 towards the payment of premiums for the insurance coverage. The District projects a contribution of $930,161 for fiscal year 2019-20.

See also "APPENDIX B – 2017-18 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT – Note M" attached hereto.

Joint Powers Agreements

The District participates in three joint power agreements ("JPAs") entities, the San Diego County Schools Risk Management ("SDCSRM"), the North City West School Facilities Financing Authority ("NCWSFFA") and the Fringe Benefit Consortium ("FBC"). The relationship between the District and the JPAs is such that the JPAs are not a component unit of the District.

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

For more information, see "APPENDIX B – 2017-18 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT – Note L" attached hereto.

District Debt Structure

Long-Term Debt. A schedule of changes in long-term debt for the fiscal year ended June 30, 2018, is shown below:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Special Tax Bonds				
Principal Balance	$20,000,000	$14,660,000	$16,857,500	$17,802,500
Bond Premium	58,361	1,248,170	81,888	1,224,643
Bond Discount	(37,304)	--	(5,329)	(31,975)
Total Special Tax Bonds	20,021,057	15,908,170	16,934,059	$18,995,168
Capital Leases	376,019	--	244,463	131,556
Total OPEB Liability	9,487,847	857,461	--	10,345,308
Net Pension Liability	51,847,631	10,016,934	--	61,864,565
Compensated Absences[1]	280,862	6,218	--	287,080
Total Governmental Activities	$82,013,416	$26,788,783	$17,178,522	$91,623,677
Business-type Activities:				
Total OPEB Liability	$726,240	$65,634	--	$791,874
Net Pension Liability	3,994,169	--	$120,401	3,873,768
Compensated Absences[1]	58,952	--	11,149	47,803
Total Business-type Activities	$4,779,361	$65,634	$131,550	$4,713,445

[1] Includes funds typically used to liquidate other long-term liabilities. For more information, see "APPENDIX B – 2017-18 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT – Note K" attached hereto.
Source: Del Mar Union School District.

Non-obligatory Debt; Community Facilities District Bonds. The District has established community facilities districts (each, a "CFD") pursuant to the Mello-Roos Community Facilities Act of 1982 (Sections 53311 *et seq.* of the Government Code) for the purpose of raising funds for the public works projects within specified areas of the District. Each of the CFDs established by the District has sold special tax bonds ("Special Tax Bonds") payable solely from a special tax (each, a "Special Tax") to be levied on all taxable parcels within each respective CFD, pursuant to a rate and method of apportionment of special taxes (each, an "RMA") approved by registered voters of each CFD.

Special Tax Bonds issued by a CFD are special obligations thereof, payable solely from the net proceeds of the Special Tax levied within such CFD. The District's general fund is not a source of payment for the bonds issued by any CFD. Each CFD has covenanted to levy in each year an amount of Special Taxes at least equal to (i) any amounts necessary to fund specified administration costs of the CFD, and (ii) 110% of the debt service coming due on all outstanding Special Tax Bonds of such CFD in such year.

The following table shows the combined outstanding debt service on Special Tax Bonds sold by the District's CFDs.

Year Ending September 1	CFD 95-1	CFD 99-1	Total Debt Service
2019	$1,111,850.00	$258,056.26	$1,369,906.26
2020	1,114,900.00	254,606.26	1,369,506.26
2021	1,111,500.00	256,156.26	1,367,656.26
2022	1,111,250.00	257,256.26	1,368,506.26
2023	1,114,500.00	252,881.26	1,367,381.26
2024	1,111,000.00	258,193.76	1,369,193.76
2025	1,111,000.00	253,131.26	1,364,131.26
2026	1,114,250.00	257,731.26	1,371,981.26
2027	1,110,500.00	256,750.00	1,367,250.00
2028	1,110,000.00	260,375.00	1,370,375.00
2029	1,112,500.00	263,375.00	1,375,875.00
2030	1,110,650.00	255,937.50	1,366,587.50
2031	1,113,050.00	263,287.50	1,376,337.50
2032	1,114,550.00	259.962.50	1,374,512.50
2033	1,080,150.00	256,175.00	1,336,325.00
2034	1,035,900.00	251,912.50	1,287,812.50
2035	885,900.00	252,412.50	1,138,312.50
2036	674,650.00	257,175.00	931.825.00
2037	--	256,206.26	256,206.26
2038	--	209,750.00	209,750.00
Total	$19,248,100.00	$5,091,331.34	$24,339,431.34

Source: Del Mar Union School District.

Capital Lease. In fiscal year 2018-19, the District entered into a capital lease for the purchase of computer equipment. The capital lease was in the principal amount of $811,604.50, and, under the lease, the District must make annual payments of $278,655.41, plus interest, through fiscal year 2021-22.

TAX MATTERS

Tax Exemption

In the opinion of Atkinson, Andelson, Loya, Ruud & Romo, A Professional Law Corporation, Irvine, California, Bond Counsel, subject, however, to certain qualifications described herein, under existing laws, regulations, rulings and court decisions and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended ("Code"). In the opinion of Bond Counsel, such interest is not an item of tax preference for purposes of the federal alternative minimum tax.

The opinions of Bond Counsel set forth in the preceding paragraph are subject to the condition that the District complies with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that such interest be, or continue to be, excluded from gross income for federal income tax purposes. The District has covenanted in the Resolution to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of such interest in gross income for federal income tax purposes to be retroactive to the date of issuance of the Bonds. The Resolution and other related documents refer to certain requirements, covenants and procedures which may be changed and certain actions that may be taken, upon the advice or with an opinion of nationally recognized bond counsel. No opinion is expressed by Bond Counsel as to the effect on any Bond or the interest thereon if any such change is made or action is taken upon the advice or approval of counsel other than Bond Counsel. Bond Counsel expresses no opinion regarding other tax consequences arising with respect to the Bonds.

In the further opinion of Bond Counsel, interest on the Bonds is exempt from State personal income taxation.

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

See “APPENDIX A – FORM OF OPINION OF BOND COUNSEL” attached hereto for the proposed form of the opinion of Bond Counsel.

Bond Counsel’s engagement with respect to the Bonds ends with the issuance of the Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the District or the Beneficial Owners regarding the tax-exempt status of the Bonds in the event of an audit examination by the Internal Revenue Service. Under current procedures, parties other than the District and their respective appointed counsel, including the Beneficial Owners, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of Internal Revenue Service positions with which the District legitimately disagrees may not be practicable. Any action of the Internal Revenue Service, including but not limited to selection of the Bonds for audit, or the course or result of such audit, or an audit of Bonds presenting similar tax issues may affect the market price for, or the marketability of, the Bonds, and may cause the District, the School District or the Beneficial Owners to incur significant expense.

Original Issue Discount; Premium Bonds

To the extent the issue price of any maturity of the Bonds is less than the amount to be paid at maturity of such Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Bonds), the difference constitutes “original issue discount,” the accrual of which, to the extent properly allocable to each Owner thereof, is treated as interest on the Bonds which is excluded from gross income for federal income tax purposes and State personal income taxes. For this purpose, the issue price of a particular maturity of the Bonds is the first price at which a substantial amount of such maturity of the Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the Bonds accrues daily over the term to maturity of such Bonds on the basis of a constant interest rate compounded semi-annually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Bonds. Owners of the Bonds should consult their own tax advisors with respect to the tax consequences of ownership of the Bonds with original issue discount, including the treatment of purchasers who do not purchase such Bonds in the original offering to the public at the first price at which a substantial amount of such Bonds is sold to the public.

The Bonds purchased, whether at original issuance or otherwise, for an amount greater than their principal amount payable at maturity (or, in some cases, at their earlier call date) (“Premium Bonds”) will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of bonds, like the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, a purchaser's basis in a Premium Bond, and under Treasury Regulations the amount of tax-exempt interest received, will be reduced by the amount of amortizable bond premium properly allocable to such purchaser. Owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

Impact of Legislative Proposals, Clarifications of the Code and Court Decisions on Tax Exemption

Future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Owners of the Bonds from realizing the full current benefit of the tax status of such interest.

The introduction or enactment of any such or future legislative proposals, clarification of the Code or court decisions may also affect the market price for, liquidity of, or marketability of, the Bonds. 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 discussed in this Official Statement, under the caption "TAX MATTERS – Opinion of Bond Counsel" herein, interest on the Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date the Bonds were issued as a result of future acts or omissions of the District in violation of its covenants in the Resolution. Should such an event of taxability occur, the Bonds are not subject to special redemption or acceleration and will remain outstanding until maturity or until redeemed under one of the other redemption provisions contained in the Resolution.

Backup Withholding

Interest paid with respect to tax-exempt obligations such as the Bonds is subject to information reporting to the Internal Revenue Service in a manner similar to interest paid on taxable obligations. In addition, interest with respect to the Bonds may be subject to backup withholding if such interest is paid to a registered owner that (a) fails to provide certain identifying information (such as the registered owner's taxpayer identification number) in the manner required by the Internal Revenue Service or (b) has been identified by the Internal Revenue Service as being subject to backup withholding.

LIMITATION ON REMEDIES; BANKRUPTCY

General. State law contains certain safeguards to protect the financial solvency of school districts. See "DISTRICT FINANCIAL INFORMATION – Budget Process" herein. If the safeguards are not successful in preventing a school district from becoming insolvent, the State Superintendent, operating through an administrator appointed thereby, may be authorized under State law to file a petition under Chapter 9 of the United States Bankruptcy Code (the "Bankruptcy Code") on behalf of the school district for the adjustment of its debts, assuming that the school district meets certain other requirements contained in the Bankruptcy Code necessary for filing such a petition. School districts are not themselves authorized to file a bankruptcy proceeding, and they are not subject to involuntary bankruptcy.

Bankruptcy courts are courts of equity and as such have broad discretionary powers. If the District were to become the debtor in a proceeding under Chapter 9 of the Bankruptcy Code, the automatic stay provisions of Bankruptcy Code Sections 362 and 922 generally would prohibit creditors from taking any action to collect amounts due from the District or to enforce any obligation of the District related to such amounts due, without consent of the District or authorization of the bankruptcy court (although such stays would not operate to block creditor application of pledged special revenues to payment of indebtedness secured by such revenues). In addition, as part of its plan of adjustment in a Chapter 9 bankruptcy case, the District may be able to alter the priority, interest rate, principal amount, payment terms, collateral, maturity dates, payment sources, covenants (including tax-related covenants), and other terms or provisions of the Bonds and other transaction documents related to the Bonds, as long as the bankruptcy court determines that the alterations are fair and equitable. There also may be other possible effects of a bankruptcy of the District that could result in delays or reductions in payments on the Bonds. Moreover, regardless of any specific adverse determinations in any District bankruptcy proceeding, the fact of a District bankruptcy proceeding could have an adverse effect on the liquidity and market price of the Bonds.

Statutory Lien. Pursuant to Government Code Section 53515, the Bonds are secured by a statutory lien on all revenues received pursuant to the levy and collection of the tax, and such lien automatically arises, without the need for any action or authorization by the local agency or its governing board, and is valid and binding from the time the Bonds are executed and delivered. See "THE BONDS – Security and Sources of Payment" herein. Although a statutory lien would not be automatically terminated by the filing of a Chapter 9 bankruptcy petition by the District, the automatic stay provisions of the Bankruptcy Code would apply and payments that become due and owing on the Bonds during the pendency of the Chapter 9 proceeding could be delayed, unless the Bonds are determined to be secured by a pledge of "special revenues" within the meaning of the Bankruptcy Code and the pledged *ad valorem* property taxes are applied to pay the Bonds in a manner consistent with the Bankruptcy Code.

Special Revenues. If the *ad valorem* property tax revenues that are pledged to the payment of the Bonds are determined to be "special revenues" within the meaning of the Bankruptcy Code, then the application in a manner consistent with the Bankruptcy Code of the pledged *ad valorem* property tax revenues should not be subject to the automatic stay. "Special revenues" are defined to include, among others, taxes specifically levied to finance one or more projects or systems of the debtor, but excluding receipts from general property, sales, or income taxes levied to finance the general purposes of the debtor. State law prohibits the use of the tax proceeds for any purpose other than payment of the Bonds and the Bond proceeds can only be used to finance or refinance the acquisition or improvement of real property and other capital expenditures included in the proposition, so such tax revenues appear to fit the definition of special revenues. However, there is no binding judicial precedent dealing with the treatment in bankruptcy proceedings of *ad valorem* property tax revenues collected for the payments of bonds in the State, so no assurance can be given that a bankruptcy court would not hold otherwise.

Possession of Tax Revenues; Remedies. The County on behalf of the District is expected to be in possession of the annual *ad valorem* property taxes and certain funds to repay the Bonds and may invest these funds in the County Treasury Pool, as described in "THE BONDS – Application and Investment of Bond Proceeds" herein and "APPENDIX E – SAN DIEGO COUNTY INVESTMENT POOL" attached hereto. If the County goes into bankruptcy and has possession of tax revenues (whether collected before or after commencement of the bankruptcy), and if the County does not voluntarily pay such tax revenues to the owners of the Bonds, it is not entirely clear what procedures the owners of the Bonds would have to follow to attempt to obtain possession of such tax revenues, how much time it would take for such procedures to be completed, or whether such procedures would ultimately be successful. Further, should those investments suffer any losses, there may be delays or reductions in payments on the Bonds.

Opinion of Bond Counsel Qualified by Reference to Bankruptcy, Insolvency and Other Laws Relating to or Affecting Creditor's Rights. The proposed form of the approving opinion of Bond Counsel attached hereto as APPENDIX A is qualified by reference to bankruptcy, insolvency and other laws relating to or affecting creditor's rights. Bankruptcy proceedings, if initiated, could subject the owners of the Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation, or modification of their rights.

LEGAL MATTERS

Legality for Investment in California

Under provisions of the Financial Code, the Bonds are legal investments for commercial banks in the State 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 Government Code, are eligible for security for deposits of public moneys in the State.

Information Reporting Requirements

On May 17, 2006, the President signed the Tax Increase Prevention and Reconciliation Act of 2005 ("TIPRA"). Under Section 6049 of the Code, as amended by TIPRA, interest paid on tax-exempt obligations will be subject to information reporting in a manner similar to interest paid on taxable obligations. The effective date for this provision is for interest paid after December 31, 2005, regardless of when the tax-exempt obligations were issued. The purpose of this change was to assist in relevant information gathering for the IRS relating to other applicable tax provisions. TIPRA provides that backup withholding may apply to such interest payments made after March 31, 2007 to any bondholder who fails to file an accurate Form W-9 or who meets certain other criteria. The information reporting and backup withholding requirements of TIPRA do not affect the excludability of such interest from gross income for federal income tax purposes.

Absence of Litigation

No litigation is pending or threatened concerning the validity of the Bonds. There is no action, suit or proceeding known by the District to be pending at the present time restraining or enjoining the delivery of the Bonds or in any way contesting or affecting the validity of the Bonds or any proceedings of the District taken with respect to the execution thereof. A no litigation certificate executed by the District will be delivered to the Underwriter simultaneously with the delivery of the Bonds.

Continuing Disclosure

Current Undertaking. The District has covenanted for the benefit of the Owners and Beneficial Owners of the Bonds to provide certain financial information and operating data relating to the District (the "Annual Report") by not later than nine months following the end of the District's fiscal year (which currently ends June 30), commencing with the report for the 2018-19 fiscal year, and to provide notices of the occurrence of certain listed events. The Annual Reports and notices of listed events will be filed by the District in accordance with the requirements of the Rule. The specific nature of the information to be contained in the Annual Reports or the notices of listed events is included in "APPENDIX C – FORM OF CONTINUING DISCLOSURE CERTIFICATE" attached hereto. These covenants have been made in order to assist the Underwriter in complying with the Rule.

Prior Undertakings. Within the past five years, the District filed in a timely manner all annual reports and any required notices of certain events as required by its prior undertakings, pursuant to the Rule.

Financial Statements

The financial statements with required supplemental information for the year ended June 30, 2018, the independent auditor's report of the District, and the related statements of activities and of cash flows for the year then ended, and the report dated December 14, 2018 of Wilkinson Hadley King & Co. LLP (the "Auditor"), are included in this Official Statement as Appendix B. In connection with the inclusion of the financial statements and the report of the Auditor herein, the District did not request the Auditor to, and the Auditor has not undertaken to, update its report or to take any action intended or likely to elicit information concerning the accuracy, completeness or fairness of the statements made in this Official Statement, and no opinion is expressed by the Auditor with respect to any event subsequent to the date of its report.

Legal Opinion

The legal opinion of Bond Counsel, approving the validity of the Bonds, will be supplied to the original purchasers of the Bonds without cost. A copy of the proposed form of such legal opinion is attached to this Official Statement as APPENDIX A.

MISCELLANEOUS

Rating

Moody's has assigned a rating of "Aaa" to the Bonds. Such rating reflects only the view of such organization and any desired explanation of the significance of such ratings should be obtained from the rating agency furnishing the same, at the following addresses: Moody's, at 7 World Trade Center at 250 Greenwich Street, New York, New York 10007, tel. (212) 553-0300.

Generally, rating agencies base their ratings on information and materials furnished to them (which may include information and material from the District which is not included in this Official Statement) and on investigations, studies and assumptions by the rating agencies.

The District has covenanted in a Continuing Disclosure Certificate to file on the Municipal Securities Rulemaking Board's Electronic Municipal Market Access website ("EMMA") notices of any rating changes on the Bonds. See "APPENDIX C - FORM OF CONTINUING DISCLOSURE CERTIFICATE" attached hereto. Notwithstanding such covenant, information relating to rating changes on the Bonds may be publicly available from the rating agency prior to such information being provided to the District and prior to the date the District is obligated to file a notice of rating change on EMMA. Purchasers of the Bonds are directed to the rating agency and its website and official media outlets for the most current rating changes with respect to the Bonds after the initial issuance of the Bonds.

Underwriting

The Underwriter has agreed to purchase the Bonds at a price of $59,038,418.15, which is equal to the aggregate principal amount of the Bonds of $55,285,000.00, plus original issue premium of $3,930,330.15, less an underwriting discount of $176,912.00.

The Purchase Contract for the Bonds provides that the Underwriter will purchase all of the Bonds if any are purchased, the obligation to make such purchase being subject to certain terms and conditions set forth in said agreement, the approval of certain legal matters by counsel and certain other conditions. 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. The offering prices may be changed from time to time by the Underwriter.

Additional Information

The purpose of this Official Statement is to supply information to prospective buyers of the Bonds. Quotations from and summaries and explanations of the Bonds, the Resolution providing for issuance of the Bonds, and the constitutional provisions, statutes and other documents referenced herein, do not purport to be complete, and reference is made to said documents, constitutional provisions and statutes for full and complete statements of their provisions.

Certain of the data contained herein has been taken or constructed from District records. Appropriate District officials, acting in their official capacities, have reviewed this Official Statement and have determined that, as of the date hereof, the information contained herein is, to the best of their knowledge and belief, true and correct in all material respects and does not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made herein, in light of the circumstances under which they were made, not misleading. This Official Statement has been approved by the District.

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended only 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, beneficial or otherwise, of any of the Bonds.

DEL MAR UNION SCHOOL DISTRICT

By: /s/ Holly McClurg, Ph.D.
Holly McClurg, Ph.D.
Superintendent

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APPENDIX A

FORM OF OPINION OF BOND COUNSEL

Upon the issuance and delivery of the Bonds, Atkinson, Andelson, Loya, Ruud & Romo, A Professional Law Corporation, Bond Counsel, proposes to render its final approving opinion with respect to the Bonds substantially in the following form:

[Dated Date]

Board of Trustees of the
Del Mar Union School District
11232 El Camino Real, Suite 100
San Diego, CA 92130

Re: $55,285,000 Del Mar Union School District General Obligation Bonds, 2018 Election, Series 2019 A
Final Opinion

Ladies and Gentlemen:

We have acted as Bond Counsel for the Del Mar Union School District ("District") in connection with the proceedings for the issuance and sale by the District of $55,285,000 principal amount of Del Mar Union School District General Obligation Bonds, 2018 Election, Series 2019 A ("Bonds"). The Bonds are being issued pursuant to the Resolution of the Board of Trustees of the District, adopted on August 28, 2019 (Resolution No. 2019-21) ("Bond Resolution"), as authorized by a resolution adopted by the Board of Supervisors of the County of San Diego ("County"), adopted on September 24, 2019 ("County Resolution"), which Bond Resolution was adopted in accordance with the provisions of the California Constitution, the statutory authority set forth in Title 5, Division 2, Part 1, Chapter 3, Article 4.5 of the State of California Government Code, commencing with Section 53506 and, as applicable, the statutory authority set forth in California Education Code Sections 15264, 15266(b), and the provisions of Title 1, Division 1, Part 10, Chapters 1 and 2 of the California Education Code, commencing with Section 15100.

As Bond Counsel, we have examined copies certified to us as being true and complete copies of the proceedings in connection with the issuance of the Bonds. In this connection, we have also examined such certificates of public officials and officers of the District, the County and the purchaser of the Bonds, including certificates as to factual matters, including, but not limited to, the Tax Certificate, as we have deemed necessary to render this opinion.

Attention is called to the fact the we have not been requested to examine, and have not examined, any documents or information relating to the District or the County, other than the record of proceedings hereinabove referred to, and no opinion is expressed as to any financial or other information, or the adequacy thereof, which has been, or may be supplied to any purchaser of the Bonds.

We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Bonds (except to the extent, if any, stated in the Official Statement) and we express no opinion relating thereto (excepting only matters set forth as our opinion in the Official Statement).

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof. Accordingly, this opinion speaks only as of its date and is not intended to, and may not, be relied upon in connection with any such actions, events or matters. Our engagement with respect to the Bonds has concluded with their execution and delivery, and we disclaim any obligation to update this letter. As to questions of fact material to our opinions, we have relied upon the documents and matters referred to above, and we have not undertaken by independent investigation to verify the authenticity of signatures or the accuracy of the factual matters represented, warranted or certified therein. Furthermore, we have assumed compliance with all covenants contained in the Bond Resolution, the Tax Certificate and in certain other documents, including, without limitation, covenants compliance with which is necessary to assure that future actions or events will not cause the interest on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of original issuance of the Bonds.

The Bond Resolution and other related documents refer to certain requirements and procedures which may be changed and certain actions which may be taken, in circumstances and subject to terms and conditions set forth in such documents, upon the advice or with an approving opinion of nationally recognized bond counsel. No opinion is expressed herein as to the effect on any Bond or the interest thereon if any such change occurs or action is taken upon the advice or approval of counsel other than ourselves.

Based on the foregoing, we are of the following opinions:

1. The Bonds are valid and binding general obligations of the District.

2. All taxable property within the District is subject to *ad valorem* taxation without limitation as to rate or amount (except as to certain classes of personal property which is taxable at limited rates) to pay the Bonds. The County is required by law to include in its annual tax levy the principal and interest coming due on the Bonds to the extent necessary funds are not provided from other sources.

3. Interest on the Bonds (including any original issue discount properly allocable to the owner thereof) is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended, and is exempt from State of California personal income taxes. Interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax.

We express no opinion regarding other tax consequences related to the Bonds or to the accrual or receipt of the interest on the Bonds.

We express no opinion(s) as to any matter other than as expressly set forth above. We specifically express no opinion with regard to "Blue Sky" laws in connection with the Bonds.

It is understood that the rights of the holders of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights and remedies, to the application of equitable principles heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may also be subject to exercise of judicial discretion in appropriate cases and to limitations on legal remedies against school districts in the State of California.

Very truly yours,

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APPENDIX B

2017-18 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT

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DEL MAR UNION SCHOOL DISTRICT
COUNTY OF SAN DIEGO
SAN DIEGO, CALIFORNIA

AUDIT REPORT

JUNE 30, 2018

Introductory Section

Del Mar Union School District
Audit Report
For The Year Ended June 30, 2018

TABLE OF CONTENTS

TABLE OF CONTENTS

Financial Section

WILKINSON HADLEY
KING & CO. LLP
CPAs AND ADVISORS

P. Robert Wilkinson, CPA
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Independent Auditor's Report

To the Board of Trustees
Del Mar Union School District
San Diego, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Del Mar Union School District ("the District") as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Del Mar Union School District as of June 30, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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Emphasis of Matter

Change in Accounting Principle

As described in Note A to the financial statements, in 2018, Del Mar Union School District adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions.* Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2018 on our consideration of Del Mar Union School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Del Mar Union School District's internal control over financial reporting and compliance.

Wilkinson Hadley King & Co. LLP

El Cajon, California
December 14, 2018

This section of the Del Mar Union School District's annual financial reports presents the management discussion and analysis of the District's financial performance during the fiscal year that ended June 30, 2018. It is intended to provide a clear and concise analysis of the activities, financial results, and financial position during the fiscal year, and is a required element of the reporting model established by the Governmental Accounting Standards Boards (GASB) in Statement Number 34. This management discussion and analysis (MD&A) should be read in conjunction with the District's financial statements, which immediately follow this section.

USING THESE FINANCIAL STATEMENTS

This report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the Del Mar Union School District as a complex financial entity. The Del Mar Union School District operates governmental, business-type, and internal service activities.

The Statement of Net Position and Statement of Activities provide information about the activities of the whole district, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail.

FINANCIAL HIGHLIGHTS

Key financial highlights for Fiscal Year 2017-2018 are as follows:

-Total net position (including Business Type Activities) for the District are $61,291,706.

-Outstanding Capital Lease-Purchase Debt decreased from $376,020 to $131,556 during 2017-2018.

-The District's annual average daily attendance is 4,332.52 in 2017-2018.

-Property tax revenue increased by 6.71% in 2017-2018 over 2016-2017.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts – management discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include different kinds of statements that present both a view of the District as a whole, and individual fund statements that focus on various parts of the District's operations in more detail. The financial statements also include notes that explain some of the information presented in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements.

REPORTING THE DISTRICT AS A WHOLE FINANCIAL ENTITY

Statement of Net Position and Statement of Activities

While this document contains several funds used by the district to provide programs and activities, the view of the district as a whole looks at all financial transactions and asks the question, "How did we do financially this year?" The Statement of Net Position and the Statement of Activities answers this question. These statements include all assets, deferred outflows of resources, all liabilities, and all deferred inflows of resources using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into accounts all of the current year's revenues and expenses regardless of when cash is received or disbursed.

These two statements report the District's net position and changes in net position. This change is important because it tells the reader whether, for the District as a whole, the financial position of the district has improved or diminished. In addition, non-financial factors such as changes in the District's property tax base and the condition of school buildings and other facilities must be considered.

In the Statement of Net Position and the Statement of Activities, the District's activities are divided into two categories; governmental activities and business type activities. All of the District's programs and services are reported here including instruction, support services, as well as operation and maintenance of facilities. Under the governmental activities column is where most of the District's basic services are included, such as regular and special education instruction, transportation, and administration. Property taxes, federal and state categorical funding finance most of these activities. Under the business-type activities column is where the District's Early Childhood/After School Programs are included. Tuition payments finance these activities.

REPORTING THE DISTRICT'S MOST SIGNIFICANT INDIVIDUAL FUNDS

Fund Financial Statements

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

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

-The District establishes other funds to control and manage money for particular purposes (like repaying its long-term debts) or to show that it is properly using certain revenues (like federal grants).

The District has three kinds of funds which are explained below. Later in this report a chart is provided that shows all of the district funds, balances, and fund types.

Governmental funds - Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets can readily be converted to cash flow in and out, and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

Because this information does not encompass the additional long-term focus of the districtwide statements, additional information is provided at the bottom of the governmental funds statements that explains the relationship (or differences) between them.

The District maintains seven individual governmental funds. Two of these funds are considered major funds: The General Fund and Community Facilities District Funds (95-1 & 99-1). The other five governmental funds are the Cafeteria Fund, Deferred Maintenance Fund, Special Reserve Fund, Capital Facilities Fund and Debt Service Fund (95-1 & 99-1).

Major funds - Revenues, expenses, assets, or liabilities are at least 10 percent of the total for their fund category or type (governmental or enterprise) and at least 5 percent of the aggregate amount for all governmental and enterprise funds.

Proprietary funds – Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the districtwide statements. Enterprise funds or internal service funds are the two types of proprietary funds. The District does operate an enterprise fund which is where we account for the activities related to the Early Childhood/After School Program.

Enterprise funds - Are operated in a manner similar to a private business where the determination of revenues earned, costs incurred, and net income is necessary for management accountability. The District uses one enterprise fund to account for business activities of the Early Childhood/After School programs. All the Early Childhood/After School programs were reported in this enterprise fund.

Fiduciary funds – In a fiduciary fund, the District is the trustee, or fiduciary, for assets that belong to others, such as the Foundation Trust Fund. 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. The District's fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. We exclude these activities from the districtwide financial statements because the District cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position
The district's net position was $61,788,112 as of June 30, 2018. The Statement of Net Position (see Table A-1 below) provides a perspective of the District's net position as a whole. All of the data is from the District's governmental and business type activities.

Table A-1
Statement on Net Position for Years Ended

	June 30, 2017	June 30, 2018	Change	% Change
Assets				
Cash	24,582,165	34,216,632	9,634,467	39%
Receivables	760,955	606,040	(154,915)	-20%
Prepaid Expenses	142,776	69,030	(73,746)	-52%
Capital Assets:				
Land	36,813,151	36,813,151	-	0%
Site Improvements	3,324,510	3,324,510	-	0%
Buildings	104,938,105	104,938,105	-	0%
Equipment	3,663,273	3,664,595	1,322	0%
Work in Progress	-	-	-	-
Less Accumulated Depreciation	(35,606,531)	(38,104,506)	(2,497,975)	7%
Total Assets	138,618,404	145,527,557	6,909,153	5%
DEFERRED OUTFLOWS OF RESOURCES	10,349,221	23,261,760	12,912,539	125%
Liabilities				
Accounts Payable & Liabilities	1,502,586	1,893,532	390,946	26%
Unearned Revenue	330,427	446,178	115,751	35%
Long-Term Liabilities:				
Due within one year	1,245,428	881,491	*(363,937)*	-29%
Due in more than one year	81,190,839	95,455,631	*14,264,792*	18%
Total Liabilities	84,269,280	98,676,832	14,407,552	17%
DEFERRED INFLOWS OF RESOURCES	3,591,999	8,820,779	5,228,780	146%
Net Position				
Net Investment in Capital Assets				-4%

	95,299,900	91,509,231	(3,790,669)	
Restricted For:				
Capital Projects	10,038,445	534,969	(9,503,476)	-95%
Educational Purposes	12,697	26,053	13,356	105%
Other Purposes (expendable)	5,462	119,679	114,217	2091%
Other Purposes (nonexpendable)	161,666	25,000	(136,666)	-85%
Unrestricted	(44,411,828)	(30,923,226)	14,370,018	-30%
Total Net Position	61,106,342	61,291,706	185,364	0.3%

Governmental Activities

Revenue in the Governmental Funds is divided into general revenue, which funds the basic on-going instructional programs and related support services; and program revenue, which funds specific program activities that support the children enrolled in the Del Mar Union School District. Revenues from the District's governmental and business type activities were $72,344,504 (see Table A-2) while expenditures were $71,229,449 (see Table A-3). The change in net position from the District's governmental and business type activities was $ (see Table A-4).

Table A-2
Revenue for Governmental & Business Type Activities

	2016-2017	2017-18	Change	% Change
Governmental Activities				
Program Revenue	$ 6,935,638	$ 6,664,009	$ (271,629)	-3.92%
General Revenue	52,705,146	61,051,130	8,345,984	15.84%
Total Governmental Revenue	59,640,784	67,715,139	8,074,355	13.54%
Business Type Activites				
Program Revenue	4,233,773	4,588,645	354,872	8.38%
General Revenue	7,609	34,029	26,420	347.22%
Total Business Type Revenue	4,241,382	4,622,674	381,292	8.99%
Total Revenue	$ 63,882,166	$ 72,337,813	$ 8,455,647	13.24%

The primary sources of general revenue are federal and state revenue and local property taxes and represent approximately 99.9% of general revenues. The remaining .1% consists of interest earnings and other agency transfers. The primary sources of program revenues are the State of California and the Federal Government which fund programs operated by the District.

The table below presents the cost of each of the District's largest functions by expenditure total.

Table A-3
Expenditures for Governmental Activities

	2016-2017	2017-18	Change	% Change
Governmental Activities				
Instruction	$ 47,771,438	$ 44,152,721	$ (3,618,717)	-7.58%
Instruction Related Services	5,247,452	5,353,302	105,850	2.02%
Pupil Services	3,613,145	3,604,232	(8,913)	-0.25%
General Administration	3995576	4095221	99,645	2.49%
Plant Services	5309907	5843716	533,809	10.05%
Community Services	6000	0	(6,000)	-100.00%
Interest on Long Term Debt	1,081,419	(55,375)	(1,136,794)	-105.12%
Other Outgo	73,660	395,338	321,678	436.71%
Depreciation (Unallocated)	-	-	-	0.00%
Total Governmental Expenditures	$ 67,098,597	63,389,155	(3,709,442)	-5.53%
Business Type Activities				
Enterprise Activities	4701605	4638164	(63,441)	-1.35%
Total Expenditures	71800202	68,027,319	$ (3,772,883)	-5.25%

FINANCIAL ANALAYSIS OF THE DISTRICT'S FUNDS

The financial performance as a whole is reflected in the District's governmental funds. As the District completed the year, the governmental funds reported a combined fund balance of over $30 million. Below in Table A-5 is a list of all the various District funds balances at the end of the 2016-2017 and 2017-2018 fiscal years. The variance between years is also listed. The fund types are described in the Fund Financial Statements section of this report.

Table A-5
Ending Fund Balances by Type

	2016-2017	2017-18	Change	% Change
Governmental Funds				
General Fund	$ 11,186,133	$ 12,089,343	$ 903,210	8.07%
Cafeteria Fund	5,462	-	(5,462)	-100.00%
Deferred Maintenance Fund	348,203	576,518	228,315	65.57%
Capital Facilities Fund	449622	534,969	85,347	18.98%
Special Reserve Fund- Capital Projects	588658	5,562,428	4,973,770	844.93%
Capital Projects Funds for CFDs	9960546	12,151,966	2,191,420	22.00%
Total Governmental Funds	22,538,624	30,915,223	8,376,599	37.17%
Proprietary Funds				
Enterprise Fund	583,216	961,092	377,876	64.79%
Fiduciary Funds				
Foundation Trust Fund	$ 32,492	$ 32,985	493	1.52%
Total All Funds	23,154,332	31,909,300	8,754,968	37.81%

Long-Term Debt

At year end, the District had over $108 million in special tax bonds, capital leases payable, and other long-term debt outstanding. More detail about the District's long-term debt is detailed in Table A-6 below. Additional information regarding the long-term liabilities is presented in the notes to the financial statements.

Table A-6
Outstanding Long-Term Debt

	2016-2017	2017-18	Change	% Change
Governmental Activities				
Special Tax Bonds	$ 20,021,057	$ 18,995,168	$ (1,025,889)	-5.12%
Capital Leases	376,019	131,556	(244,463)	-65.01%
Net OPEB Obligation	9,487,847	10,345,308	857,461	9.04%
Net Pension Liability	51,847,631	61,864,565	10,016,934	19.32%
Compensated Absences	280,862	287,080	6,218	2.21%
Total Governmental Activities	77,938,621	91,623,677	13,685,056	17.56%
Business Type Activities				
Net OPEB Obligation	726,240	791,874	65,634	9.04%
Net Pension Liability	3,994,169	3,873,768	(120,401)	-3.01%
Compensated Absences	58,951	47,803	(11,148)	-18.91%
Total Business Type Activities	4,497,646	4,713,445	215,799	4.80%
Total Long-Term Debt	$ 82,436,267	$ 96,337,122	$ 13,900,855	16.86%

CFD 95-1
On June 28, 2007 the Del Mar Community Facilities District (CFD) 95-1 issued $19,955,000 Series 2007 Special Tax Bonds. Proceeds from the Bonds were used primarily to finance the acquisition and construction of Ocean Air School and to prepay outstanding $12,660,000 1999 Certificates of Participation. The first interest payment on the bonds was payable on September 1, 2007 and semi-annually thereafter on each September 1 and March 1.

At the June 28, 2017 regular board meeting, the Governing Board of Trustees authorized the issuance and sale of the Refunding Bonds, in order to refinance CFD 95-1 to refund the outstanding 2007 Bonds. The Series 2017 Special Tax Refunding Bonds are issued at $14,660,000. Interest on the 2017 Bonds is payable March 1, 2018 and semiannually thereafter on September 1 and March 1.

CFD 99-1
The Community Facilities District was established by the Board of Trustees on May 12, 1999. An election was held on September 28, 1999 which allowed the Community Facilities District 99-1 to finance the cost of public facilities by incurring bonded indebtedness. More than two-thirds of the votes cast were in favor of the "Series 2003 Special Tax Bonds". In October 2003 the Del Mar Community Facilities District 99-1 issued $10,620,000 in Lease Revenue Bonds. Proceeds from the sale of the bonds were used to purchase the land and construct the Pacific Highlands Ranch School #7 named Sycamore Ridge.

The District refinanced the 2003 Bonds under the Series 2012 Special Tax Refunding Bonds in the amount of $9,920,000. The first interest payment on the bonds was payable on March 1, 2013 and semi-annually thereafter on March 1 and September 1.

Based on the prepayment of Special Taxes within CFD 99-01 and the redemption terms outlined in the Fiscal Agent Agreement the District requested a bond call of $1,690,000 as of September 1, 2016 and $445,000 as of March 1, 2018.

The debt service and interest payments for the Special Tax Bonds will be paid with revenues generated from the two CFD's. No District general operating funds will be used.

General Fund Budgetary Highlights

Information about the district's major funds, including the General Fund, is shown later in this report. The General Fund is accounted for using the modified accrual basis of accounting. The District's budget is prepared according to California law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances.

During the year, interim reports are used for each major budget revision and are presented to the Governing Board for review and approval at regularly scheduled Board meetings and in accordance with deadlines established by the California Department of Education.

Pension Accounting

The District's financial statements include the new pension accounting changes under Governmental Accounting Standards Board Statements No. 67 and 68. Under GASB 67 and 68, beginning with the 2014-2015 financial statements, school districts are required to include their proportionate share of the Net Pension Liability (NPL) for the California State Teachers' Retirement System (CalSTRS) and California Public Employees' Retirement System (CalPERS).

Although this accounting entry increases the District's Liabilities, it is a liability of the State of California. The State is addressing its net pension liabilities by increasing the annual contribution requirements from State, employers, and employees. The District's increase in employer contribution is reflected in its operating expenditures.

Capital Assets

	2016-2017	2017-18	Change	% Change
Governmental Activities				
Land	$ 36,813,151	$ 36,813,151	$ -	0.00%
Buildings	102,149,156	102,149,156	-	0.00%
Improvements	3,324,510	3,324,510	-	0.00%
Equipment	3,663,273	3,664,595	1,322	0.04%
	145,950,090	145,951,412	1,322	0.00%
Accumulated depreciation	(35,343,133)	(37,756,803)	(2,413,670)	6.83%
Total Governmental Activities	110,606,957	108,194,609	(2,412,348)	-2.18%
Business Type Activities				
Buildings	2,788,949	2,788,949	-	0.00%
	2,788,949	2,788,949	-	
Accumulated depreciation	(263,399)	(347,703)	(84,304)	32.01%
Total Business Type Activities	2,525,550	2,441,246	(84,304)	-3.34%
Total Capital Assets	$ 113,132,507	$ 110,635,855	$ (2,496,652)	-2.21%

Current Financial Related Activities

As a community funded school district that is funded by local property taxes, the District is subject to the changing and unpredictable fluctuations in the economy. This requires the district to maintain a prudent reserve balance to assure fiscal solvency.

The District's budget supports the priorities of District Design 2022 and the Local Control Accountability Plan (LCAP). To assure fiscal solvency, DMUSD is committed to proactive fiscal planning and maintaining a prudent reserve balance for a community funded school district. A reserve balance will help minimize the impact of any loss of revenue, address unexpected costs, and economic uncertainty.

Contacting the District

The financial report is designed to provide our citizens, taxpayers, 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 additional financial information, contact Catherine J. Birks, Assistant Superintendent, Business Services at the Del Mar Union School District, 11232 El Camino Real, San Diego, CA 92130.

Basic Financial Statements

DEL MAR UNION SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2018

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Unit
ASSETS				
Cash	$ 31,842,789	$ 2,373,843	$ 34,216,632	$ 72,260
Receivables	588,448	17,592	606,040	-
Internal Balances	196,821	(196,821)	-	-
Prepaid Expenses	61,336	7,694	69,030	-
Capital Assets:				
Land	36,813,151	-	36,813,151	-
Improvements	3,324,510	-	3,324,510	-
Buildings	102,149,156	2,788,949	104,938,105	-
Equipment	3,664,595	-	3,664,595	-
Less Accumulated Depreciation	(37,756,803)	(347,703)	(38,104,506)	-
Total Assets	140,884,003	4,643,554	145,527,557	72,260
DEFERRED OUTFLOWS OF RESOURCES	21,349,026	1,912,734	23,261,760	-
LIABILITIES				
Accounts Payable and Other Current Liabilities	1,750,024	143,508	1,893,532	-
Unearned Revenue	199,480	246,698	446,178	-
Long-Term Liabilities:				
Due Within One Year	833,688	47,803	881,491	-
Due in More Than One Year	90,789,989	4,665,642	95,455,631	-
Total Liabilities	93,573,181	5,103,651	98,676,832	-
DEFERRED INFLOWS OF RESOURCES	7,664,641	1,156,138	8,820,779	-
NET POSITION				
Net Investment in Capital Assets	89,067,985	2,441,246	91,509,231	-
Restricted for:				
Capital Projects	534,969	-	534,969	-
Educational Programs	26,053	-	26,053	-
Other Purposes (Expendable)	119,679	-	119,679	-
Other Purposes (Nonexpendable)	25,000	-	25,000	-
Unrestricted	(28,778,479)	(2,144,747)	(30,923,226)	72,260
Total Net Position	$ 60,995,207	$ 296,499	$ 61,291,706	$ 72,260

The accompanying notes are an integral part of this statement.

DEL MAR UNION SCHOOL DISTRICT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

		Program Revenues			Net (Expense) Revenue and Changes in Net Position			
					Primary Government			
Functions	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Component Unit
Governmental Activities:								
Instruction	$ 44,152,721	$ 49,070	$ 4,110,156	$ -	$ (39,993,495)	$ -	$ (39,993,495)	$ -
Instruction-Related Services:								
Instructional Supervision and Administration	1,944,475	3,628	313,720	-	(1,627,127)	-	(1,627,127)	-
Instructional Library, Media and Technology	242,682	-	-	-	(242,682)	-	(242,682)	-
School Site Administration	3,166,145	-	55,800	-	(3,110,345)	-	(3,110,345)	-
Pupil Services:								
Home-to-School Transportation	713,214	-	61,326	-	(651,888)	-	(651,888)	-
Food Services	1,044,262	827,534	188,918	-	(27,810)	-	(27,810)	-
All Other Pupil Services	1,846,756	2,908	120,163	-	(1,723,685)	-	(1,723,685)	-
General Administration:								
Centralized Data Processing	1,194,424	-	6,608	-	(1,187,816)	-	(1,187,816)	-
All Other General Administration	2,900,797	-	34,646	-	(2,866,151)	-	(2,866,151)	-
Plant Services	5,843,716	-	214,708	-	(5,629,008)	-	(5,629,008)	-
Community Services	-	-	-	-	-	-	-	-
Interest on Long-Term Debt	(55,375)	-	-	-	55,375	-	55,375	-
Other Outgo - Transfer of Tuition	395,338	257	674,567	-	279,486	-	279,486	-
Business-Type Activities								
Child Care Services	4,638,164	4,588,645	-	-	-	(49,519)	(49,519)	-
Component Unit								
Donations to District	1,228,000	-	-	-	-	-	-	(1,228,000)
Support Services	91,882	-	-	-	-	-	-	(91,882)
Total Expenses	$ 69,347,201	$ 5,472,042	$ 5,780,612	$ -	$ (56,725,146)	$ (49,519)	$ (56,774,665)	$ (1,319,882)

	Governmental Activities	Business-type Activities	Total	Component Unit
General Revenues:				
Taxes and Subventions:				
Taxes Levied for General Purposes	45,870,611	-	45,870,611	-
Taxes Levied for Other Specific Purposes	3,865,769	-	3,865,769	-
Federal and State Aid Not Restricted to Specific Programs	3,523,815	10,364	3,534,179	-
Interest and Investment Earnings	242,431	23,665	266,096	(8)
Miscellaneous	7,548,504	-	7,548,504	-
Net Fundraising Revenue	-	-	-	1,321,307
Total General Revenues	$ 61,051,130	$ 34,029	$ 61,085,159	$ 1,321,299
Change in Net Position	4,325,984	(15,490)	4,310,494	1,417
Net Position Beginning (As Restated - See Note S)	56,669,223	311,989	56,981,212	70,843
Net Position Ending	$ 60,995,207	$ 296,499	$ 61,291,706	$ 72,260

The accompanying notes are an integral part of this statement.

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DEL MAR UNION SCHOOL DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2018

	General Fund	Special Reserve Fund
ASSETS:		
Cash in County Treasury	$ 12,779,889	$ 5,475,766
Cash on Hand and in Banks	317,408	-
Cash in Revolving Fund	25,000	-
Cash with a Fiscal Agent/Trustee	-	-
Accounts Receivable	469,802	20,519
Due from Other Funds	287,413	66,143
Total Assets	13,879,512	5,562,428
LIABILITIES AND FUND BALANCE:		
Liabilities:		
Accounts Payable	$ 1,436,087	$ -
Due to Other Funds	195,082	-
Unearned Revenue	159,000	-
Total Liabilities	1,790,169	-
Fund Balance:		
Nonspendable Fund Balances:		
Revolving Cash	25,000	-
Restricted Fund Balances	145,732	-
Committed Fund Balances	-	-
Assigned Fund Balances	1,723,521	5,562,428
Unassigned:		
Reserve for Economic Uncertainty	1,699,182	-
Other Unassigned	8,495,908	-
Total Fund Balance	12,089,343	5,562,428
Total Liabilities and Fund Balances	$ 13,879,512	$ 5,562,428

The accompanying notes are an integral part of this statement.

Capital Project Fund for Blended Component Unit	Other Governmental Funds	Total Governmental Funds
$ 11,880,209	$ 1,042,144	$ 31,178,008
-	-	317,408
-	-	25,000
322,375	-	322,375
52,609	45,515	588,445
1,862	133,384	488,802
12,257,055	1,221,043	32,920,038
$ 16,190	$ 61,075	$ 1,513,352
88,899	8,000	291,981
-	40,480	199,480
105,089	109,555	2,004,813
-	-	25,000
12,151,966	534,969	12,832,667
-	576,519	576,519
-	-	7,285,949
-	-	1,699,182
-	-	8,495,908
12,151,966	1,111,488	30,915,225
$ 12,257,055	$ 1,221,043	$ 32,920,038

DEL MAR UNION SCHOOL DISTRICT

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

Total fund balances, governmental funds		$ 30,915,225
Amounts reported for assets, deferred outflows of resources, liabilities, and deferred inflows of resources for governmental activities in the statement of net position are different from amounts reported in governmental funds because:		
Capital assets: In governmental funds, only current assets are reported. In the statement of net position, all assets are reported, including capital assets and accumulated depreciation.		
Capital assets relating to governmental activities, at historical cost	145,951,412	
Accumulated depreciation	(37,756,803)	
Net:		108,194,609
Unmatured interest on long-term debt: In governmental funds, interest on long-term debt is not recognized until the period in which it matures and is paid. In the government-wide statement of activities, it is recognized in the period that it is incurred. The additional liability for unmatured interest owing at the end of the period was:		(236,671)
Unamortized costs: In governmental funds, debt issue costs are recognized as expenditures in the period they are incurred. In the government-wide statements, debt issue costs for prepaid debt insurance are amortized over the life of the debt. Unamortized debt insurance costs included in deferred outflows of resources on the statement of net position are:		61,336
Long-Term Liabilities: In governmental funds, only current liabilities are reported. In the statement of net position, all liabilities, including long-term liabilities, are reported. Long-term liabilities relating to governmental activities consist of:		
Special Tax Bonds	18,995,168	
Net Pension Liability	61,864,565	
Total OPEB Liability	10,345,308	
Compensated Absences Payable	287,080	
Capital Leases Payable	131,556	
Total		(91,623,677)
Deferred gain or loss on debt refunding: In the government wide financial statements deferred gain or loss on debt refunding is recognized as a deferred outflow of resources (for a loss) or deferred inflow of resources (for a gain) and subsequently amortized over the life of the debt. Deferred gain or loss on debt refunding recognized as a deferred outflow of resources or deferred inflow of resources on the statement of net position was:		1,006,837
Deferred outflows and inflows of resources related to other postemployment benefits (OPEB): In governmental funds, deferred outflows and inflows of resources related to OPEB are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources related to OPEB are reported.		
Deferred outflows of resources relating to OPEB		50,964
Deferred outflows and inflows of resources relating to pensions: In governmental funds, deferred outflows and inflows of resources relating to pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions are reported.		
Deferred outflows of resources relating to pensions		20,291,225
Deferred inflows of resources relating to pensions		(7,664,641)
Net position of governmental activities - statement of net position		$ 60,995,207

The accompanying notes are an integral part of this statement.

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DEL MAR UNION SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	General Fund	Special Reserve Fund
Revenues:		
LCFF Sources:		
State Apportionment or State Aid	$ 1,160,438	$ -
Education Protection Account Funds	864,656	-
Local Sources	45,642,366	-
Federal Revenue	1,219,063	-
Other State Revenue	4,323,391	-
Other Local Revenue	4,278,903	5,120,955
Total Revenues	57,488,817	5,120,955
Expenditures:		
Current:		
Instruction	39,985,373	-
Instruction - Related Services	5,038,910	-
Pupil Services	2,459,977	-
General Administration	3,754,106	-
Plant Services	4,897,507	147,185
Other Outgo	42,081	-
Capital Outlay	209,734	-
Debt Service:		
Principal	244,934	-
Interest	6,765	-
Total Expenditures	56,639,387	147,185
Excess (Deficiency) of Revenues Over (Under) Expenditures	849,430	4,973,770
Other Financing Sources (Uses):		
Transfers In	70,000	-
Transfers Out	(16,220)	-
Proceeds From Sale of Bonds	-	-
Other Sources	-	-
Total Other Financing Sources (Uses)	53,780	-
Net Change in Fund Balance	903,210	4,973,770
Fund Balance, July 1	11,186,133	588,658
Fund Balance, June 30	$ 12,089,343	$ 5,562,428

The accompanying notes are an integral part of this statement.

Capital Project Fund for Blended Component Unit	Other Governmental Funds	Total Governmental Funds
$ -	$ -	$ 1,160,438
-	-	864,656
-	228,247	45,870,613
-	178,008	1,397,071
-	9,614	4,333,005
4,534,572	969,298	14,903,728
4,534,572	1,385,167	68,529,511
-	-	39,985,373
-	-	5,038,910
-	1,038,134	3,498,111
-	50,990	3,805,096
61,883	4,062	5,110,637
414,593	-	456,674
-	-	209,734
15,475,000	1,395,850	17,115,784
-	833,996	840,761
15,951,476	3,323,032	76,061,080
(11,416,904)	(1,937,865)	(7,531,569)
-	2,246,066	2,316,066
(2,299,846)	-	(2,316,066)
14,660,000	-	14,660,000
1,248,170	-	1,248,170
13,608,324	2,246,066	15,908,170
2,191,420	308,201	8,376,601
9,960,546	803,287	22,538,624
$ 12,151,966	$ 1,111,488	$ 30,915,225

DEL MAR UNION SCHOOL DISTRICT

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

Total change in fund balances, governmental funds		$ 8,376,601
Amounts reported for governmental activities in the statement of activities are different from amounts reported in governmental funds because:		
Capital Outlay: In governmental funds, the costs of capital assets are reported as expenditures in the period when the assets are acquired. In the statement of activities, costs of capital assets are allocated over their estimated useful lives as depreciation expense. The difference between capital outlay expenditures and depreciation expense for the period is:		
Expenditures for Capital Outlay	209,735	
Depreciation Expense	(2,696,341)	
Net		(2,486,606)
Debt proceeds: In governmental funds, proceeds from debt are recognized as Other Financing Sources. In the government-wide statements, proceeds from debt are reported as increases to liabilities. Amounts recognized in governmental funds as proceeds from debt, net of issue premium or discount were:		(15,908,170)
Debt issue costs for prepaid debt insurance: In governmental funds, debt issue costs are recognized as expenditures in the period they are incurred. In the government-wide statements, debt issue costs for prepaid debt insurance are amortized over the life of the debt. The difference between debt issue costs for prepaid insurance incurred in the current period and prepaid insurance costs amortized for the period is:		61,336
Debt Service: In governmental funds, repayments of long-term debt are reported as expenditures. In the government-wide statements, repayments of long-term debt are reported as reductions of liabilities. Expenditures for repayment of the principal portion of long-term debt were:		17,115,784
Gain or loss from disposal of capital assets: In governmental funds, the entire proceeds from disposal of capital assets are reported as revenue. In the statement of activities, only the resulting gain or loss is reported. The difference between the proceeds from disposal of capital assets and the resulting gain or loss is:		(9,626)
Unmatured interest on long-term debt: In governmental funds, interest on long-term debt is recognized in the period that it becomes due. In the government-wide statement of activities, it is recognized in the period that it is incurred. Unmatured interest owing at the end of the period, less matured interest paid during the period but owing from the prior period, was:		69,477
Compensated absences: In governmental funds, compensated absences are measured by the amounts paid during the period. In the statement of activities, compensated absences are measured by the amounts earned. The difference between compensated absences paid and compensated absences earned was:		(6,218)
Amortization of debt issue premium or discount or deferred gain or loss from debt refunding:In governmental funds, if debt is issued at a premium or at a discount, the premium or discount is recognized as an Other Financing Source or an Other Financing Use in the period it is incurred. In the government-wide statements, the premium or discount, plus any deferred gain or loss from debt refunding, is amortized as interest over the life of the debt. Amortization of premium or discount, or deferred gain or loss from debt refunding, for the period is:		826,656

Pensions: In government funds, pension costs are recognized when employer contributions are made. In the statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual-basis pension costs and actual employer contributions was:	(2,769,746)
Postemployment benefits other than pensions (OPEB): In governmental funds, OPEB costs are recognized when employer contributions are made. In the statement of activities, OPEB costs are recognized on the accrual basis. This year, the difference between OPEB costs and actual employer contributions was:	(943,504)
Change in net position of governmental activities - statement of activities	$ 4,325,984

The accompanying notes are an integral part of this statement.

DEL MAR UNION SCHOOL DISTRICT

STATEMENT OF NET POSITION
ENTERPRISE FUND
JUNE 30, 2018

	Enterprise Fund
	Enterprise Fund
ASSETS:	
Current Assets:	
Cash in County Treasury	$ 2,373,843
Accounts Receivable	17,592
Due from Other Funds	11,410
Prepaid Expenses	7,694
Total Current Assets	2,410,539
Noncurrent Assets:	
Fixed Assets-	
Buildings and Improvements	2,788,949
Accumulated Depreciation - Buildings	(347,703)
Total Noncurrent Assets	2,441,246
Total Assets	$ 4,851,785
DEFERRED OUTFLOWS OF RESOURCES:	
OPEB Related	$ 3,901
Pension Related	1,908,833
Total Outflows of Resources	$ 1,912,734
LIABILITIES:	
Current Liabilities:	
Accounts Payable	$ 143,508
Due to Other Funds	208,231
Unearned Revenue	246,698
Total Current Liabilities	598,437
Noncurrent Liabilities:	
Net Pension Liability	3,873,768
Other Postemployment Benefits	791,874
Compensated Absences Payable	47,803
Total Noncurrent Liablities	4,713,445
Total Liabilities	$ 5,311,882
DEFERRED INFLOWS OF RESOURCES	
Pension Related	$ 1,156,138
Total Inflows of Resources	$ 1,156,138
NET POSITION:	
Unrestricted	$ 296,499
Total Net Position	$ 296,499

DEL MAR UNION SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET POSITION - ENTERPRISE FUND
FOR THE YEAR ENDED JUNE 30, 2018

	Enterprise Fund
	Enterprise Fund
Operating Revenues:	
State Revenue	$ 10,364
Interest Income	23,665
Other Local Revenue	4,588,645
Total Revenues	4,622,674
Operating Expenses:	
Certificated Personnel Salaries	227,966
Classified Personnel Salaries	2,559,920
Employee Benefits	1,115,602
Books and Supplies	201,637
Services and Other Operating Expenses	448,735
Depreciation Expense	84,304
Total Expenses	4,638,164
Change in Net Position	(15,490)
Total Net Position - Beginning (As Restated - See note S)	311,989
Total Net Position - Ending	$ 296,499

The accompanying notes are an integral part of this statement.

EXHIBIT A-9

DEL MAR UNION SCHOOL DISTRICT

STATEMENT OF CASH FLOWS
ENTERPRISE FUND
FOR THE YEAR ENDED JUNE 30, 2018

		Enterprise Fund
Cash Flows from Operating Activities:		
Cash Received from Customers	$	4,643,395
Cash Payments to Employees for Services		(3,528,487)
Cash Payments to Other Suppliers for Goods and Services		(654,047)
Net Cash Provided (Used) by Operating Activities		460,861
Cash Flows from Investing Activities:		
Interest and Dividends on Investments		18,413
Net Cash Provided (Used) for Investing Activities		18,413
Net Increase (Decrease) in Cash and Cash Equivalents		479,274
Cash and Cash Equivalents at Beginning of Year		1,894,569
Cash and Cash Equivalents at End of Year	$	2,373,843
Reconciliation of Operating & Investment Income to Net Cash Provided by Operating Activities:		
Operating Income (Loss)	$	(15,490)
Adjustment to Beginning Net Position		(271,225)
Depreciation Expense		84,304
Change in Assets and Liabilities:		
Decrease (Increase) in Receivables		(3,218)
Decrease (Increase) in Due From		4,053
Decrease (Increase) in Prepaid Expenses		(1,584)
Decrease (Increase) in Deferred Outflows of Resources		(357,426)
Increase (Decrease) in Accounts Payable		38,716
Increase (Decrease) in Due To		14,767
Increase (Decrease) in Unearned Revenue		48,664
Increase (Decrease) in Net Pension Liability		(120,401)
Increase (Decrease) in Total OPEB Liability		347,348
Increase (Decrease) in Compensated Absences Payable		(11,148)
Increase (Decrease) in Deferred Inflows of Resources		721,914
Total Adjustments		494,764
Net Cash Provided (Used) by Operating & Investing Activities	$	479,274

The accompanying notes are an integral part of this statement.

DEL MAR UNION SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2018

	Private-Purpose Trust Funds
	Foundation Private-Purpose Trust Fund
ASSETS:	
Cash in County Treasury	$ 32,835
Accounts Receivable	150
Total Assets	32,985
LIABILITIES:	
Total Liabilities	-
NET POSITION:	
Held in Trust	$ 32,985
Total Net Position	$ 32,985

The accompanying notes are an integral part of this statement.

DEL MAR UNION SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	Foundation Private-Purpose Trust
Additions:	
Investment Income	$ 493
Total Additions	493
Deductions:	
Administrative Expenses	-
Total Deductions	-
Change in Net Position	493
Net Position-Beginning of the Year	32,492
Net Position-End of the Year	$ 32,985

The accompanying notes are an integral part of this statement.

A. Summary of Significant Accounting Policies

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

1. Reporting Entity

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

Del Mar Schools Community Facilities Districts

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

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

a. Manifestations of Oversight

The CFD does not have a Board of Directors. The District's Board of Directors has authority and responsibility over all activities of the CFD.

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

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

b. Accounting and Fiscal Matters

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

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

c. Scope of Public Service and Financial Presentation

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

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

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

Del Mar Schools Education Foundation

The Del Mar Schools Education Foundation (the Foundation) has a financial and operational relationship which meets the reporting entity definition criteria of the Codification of Governmental Accounting and Financial Reporting Standards, Section 2100, for inclusion of the Foundation as a component unit of the District. Therefore, the financial activities of the Foundation have been included in the basic financial statements of the District as a discretely presented component unit.

The Del Mar Schools Education Foundation (the Foundation), a California non-profit public benefit corporation, has created a permanent endowment fund that is used to support and enrich the educational programs provided to the students in the District. Distributions from the Foundation to the District during the fiscal year ending June 30, 2018 were $1,228,000 which is equal to 2.13% of the District's general fund revenue.

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

a. Nature and Significance of Relationship

The economic resources received or held by the Foundation are entirely for the direct benefit of the District.

The District is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the Foundation.

The economic resources received or held by the Foundation are significant to the District.

2. Basis of Presentation, Basis of Accounting

a. Basis of Presentation

Government-wide Statements: The statement of net position and the statement of activities include the financial activities of the overall government, except for fiduciary activities, business-type activities, and discretely presented component units. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activities of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

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

Fund Financial Statements: The fund financial statements provide information about the District's funds, with separate statements presented for each fund category. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

The District reports the following major governmental funds:

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

Special Reserve Fund for Capital Projects. This fund is used to set aside District funds for capital projects.

Capital Project Fund for Blended Component Unit. This fund is used to account for the transactions that are associated with the capital projects of the District's Community Facilities Districts (CFD).

The District reports the following major enterprise fund:

Other Enterprise Fund. This fund accounts for the financial resources of the District associated with the operation of the District's child care programs.

In addition, the District reports the following fund types:

Special Revenue Funds. These funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

Capital Projects Funds. These funds are used to account for the proceeds of bond issuances and for the acquisition of capital assets of the district.

Private-Purpose Trust Funds: These funds are used to report trust arrangements under which principal and income benefit individuals, private organizations, or other governments not reported in other fiduciary fund types.

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

b. <u>Measurement Focus, Basis of Accounting</u>

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

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

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

3. Encumbrances

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

4. Budgets and Budgetary Accounting

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

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

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

5. Revenues and Expenses

a. Revenues - Exchange and Non-Exchange

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

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

b. Expenses/Expenditures

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

6. Assets, Liabilities, and Equity

a. Deposits and Investments

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

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

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

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

b. Stores Inventories and Prepaid Expenditures

Inventories are recorded using the purchases method in that the cost is recorded as an expenditure at the time individual inventory items are purchased. These inventories are immaterial and have been ommitted from these statememts.

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

c. Capital Assets

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

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

Asset Class	Estimated Useful Lives
Buildings	25-50
Building Improvements	20
Vehicles	5-15
Office Equipment	5-15
Computer Equipment	5-15

d. Compensated Absences

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

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

e. Unearned Revenue

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

f. Interfund Activity

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

g. Property Taxes

Secured property taxes attach as an enforceable lien on property as of March 1. Taxes are payable in two installments on December 10 and April 10. Unsecured property taxes are payable in one installment on or before August 31. The County of San Diego bills and collects the taxes for the District.

h. Fund Balances - Governmental Funds

Fund balances of the governmental funds are classified as follows:

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

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

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

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

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

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

i. Minimum Fund Balance

The District is a basic aid district and receives funding computed from local property tax revenue. The Board shall establish and maintain a higher level of reserves in an attempt to close the state aid differential and protect the District during times of economic uncertainty and fluctuations in property tax revenues. The District Minimum Fund Balance policy requires a Reserve for Economic Uncertainties, consisting of unassigned amounts of not less than 15 percent of general fund operating expenditures and other financing uses.

7. Deferred Inflows and Deferred Outflows of Resources

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

8. Pensions

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

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

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

9. Use of Estimates

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

10. Fair Value Measurements

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

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

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

11. Change in Accounting Policies

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

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

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

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

GASB 81 - Irrevocable Split-Interest Agreements

The primary objective of this statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. This statement requires that a government receiving resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. This statement also requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. In addition, this statement requires that a government recognize revenue when the resources become applicable to the reporting period.

The District does not receive resources pursuant to an irrevocable split-interest agreement, nor does the District have any beneficial interests in irrevocable split interest agreements as of June 30, 2018. The District has adopted the accounting policies in the event that the District obtains a beneficial interest in a future split-interest agreement. There have been no adjustments made to the financial statements or note disclosures as a result of adoption of the accounting policies pursuant to GASB 81.

GASB 85 - Omnibus 2017

The primary objective of this statement is to address practice issues that were identified during implementation and application of certain GASB statements. This statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and OPEB). The statement was issued as a clarifying measure to previously issued statements.

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

GASB 86 - Certain Debt Extinguishment Issues

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

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

B. Compliance and Accountability

1. Finance-Related Legal and Contractual Provisions

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

Violation	Action Taken
None reported	Not applicable

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

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

Fund Name	Deficit Amount	Remarks
None reported	Not applicable	Not applicable

C. Cash and Investments

1. Cash in County Treasury:

In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the San Diego County Treasury as part of the common investment pool ($33,584,686 as of June 30, 2018). The fair value of the District's portion of this pool as of that date, as provided by the pool sponsor, was $33,584,686**.** Assumptions made in determining the fair value of the pooled investment portfolios are available from the County Treasurer.

The District is considered to be an involuntary participant in an external investment pool as the District is required to deposit all receipts and collections of monies with their County Treasurer (Education Code Section 41001). The fair value of the District's investments in the pool is reported in the accounting financial statements as amounts based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of the portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

The San Diego County Treasury is not registered with the Securities and Exchange Commission (SEC) as an investment company; however, the County Treasury acts in accordance with investment policies monitored by a Treasury Oversight Committee consisting of members appointed by participants in the investment pool and up to five members of the public having expertise, or an academic background in, public finance. In addition, the County Treasury is audited annually by an independent auditor.

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

Cash balances on hand and in banks ($317,408 as of June 30, 2018) and in the revolving fund ($25,000) are insured up to $250,000 by the Federal Depository Insurance Corporation.

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

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

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

4. Cash With Fiscal Agent

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

Account Type	Maturity	Amount Reported
Blackrock Treasury Funds	<30 Days	$ 322,375
Total Cash With Fiscal Agent		$ 322,375

5. Analysis of Specific Deposit and Investment Risks

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

a. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The county is restricted by Government Code Section 53635 pursuant to Section 53601 to invest only in time deposits, U.S. government securities, state registered warrants, notes or bonds, State Treasurer's investment pool, bankers' acceptances, commercial paper, negotiable certificates of deposit, and repurchase or reverse repurchase agreements. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. The San Diego County Investment Pool is rated AAAf/S1 by Standard & Poors. At year end the District was not exposed to credit risk.

b. Custodial Credit Risk

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the District's name. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The California Government code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

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

As of June 30, 2018, the District's cash balances exceeded FDIC limitations by $102,541. The District has never incurred losses in such accounts and does not believe the risk to be significant.

c. Concentration of Credit Risk

This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer.

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

d. Interest Rate Risk

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

e. Foreign Currency Risk

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

6. Investment Accounting Policy

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

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

D. Accounts Receivable

Accounts receivable as of June 30, 2018, are as follows:

	Major Governmental Funds				
	General Fund	Special Reserve Fund For Capital Outlay	Capital Projects Fund For Blended Component Unit	Nonmajor Governmental Funds	Total Governmental Funds
Federal Government:					
Federal Programs	$ 38,039	$ -	$ -	$ 32,089	$ 70,128
State Government:					
Lottery	190,872	-	-	-	190,872
Special Education	65,909	-	-	-	65,909
Other State Programs	14,027	-	-	1,691	15,718
Local Sources:					
Interest	76,481	20,519	52,609	4,462	154,071
Other Local Revenues	84,474	-	-	7,273	91,747
Total	$ 469,802	$ 20,519	$ 52,609	$ 45,515	$ 588,445

	Enterprise Fund	Foundation Trust Fund	Total Other Funds
Local Sources:			
Interest	$ 9,052	$ 150	$ 9,202
Other Local Revenues	8,540	-	8,540
Total	$ 17,592	$ 150	$ 17,742

All accounts receivable are considered to be collectible in full and as such no allowance for doubtful accounts has been established.

E. Capital Assets

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

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	$ 36,813,151	$ -	$ -	$ 36,813,151
Work in progress	-	-	-	-
Total capital assets not being depreciated	36,813,151	-	-	36,813,151
Capital assets being depreciated:				
Buildings	102,149,156	-	-	102,149,156
Improvements	3,324,510	-	-	3,324,510
Equipment	3,663,273	209,735	208,413	3,664,595
Total capital assets being depreciated	109,136,939	209,735	208,413	109,138,261
Less accumulated depreciation for:				
Buildings	(31,706,725)	(2,288,474)	-	(33,995,199)
Improvements	(1,729,103)	(124,233)	-	(1,853,336)
Equipment	(1,823,421)	(283,634)	(198,787)	(1,908,268)
Total accumulated depreciation	(35,259,249)	(2,696,341)	(198,787)	(37,756,803)
Total capital assets being depreciated, net	73,877,690	(2,486,606)	9,626	71,381,458
Governmental activities capital assets, net	$ 110,690,841	$ (2,486,606)	$ 9,626	$ 108,194,609

	Beginning Balances	Increases	Decreases	Ending Balances
Business-type activities:				
Capital assets being depreciated:				
Buildings	2,788,949	-	-	2,788,949
Total capital assets being depreciated	2,788,949	-	-	2,788,949
Less accumulated depreciation for:				
Buildings	(263,399)	(84,304)	-	(347,703)
Total accumulated depreciation	(263,399)	(84,304)	-	(347,703)
Total capital assets being depreciated, net	2,525,550	(84,304)	-	2,441,246
Business-type activities capital assets, net	$ 2,525,550	$ (84,304)	$ -	$ 2,441,246

Depreciation was charged to functions as follows:

	Governmental Activities	Business Type Activities
Instruction	$ 1,949,551	$ -
Instruction-Related Services	49,673	-
Enterprise	-	84,304
General Administration	95,775	-
Plant Services	601,342	-
	$ 2,696,341	$ 84,304

F. Interfund Balances and Activities

1. Due To and From Other Funds

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

Due To Fund	Due From Fund	Amount	Purpose
General Fund	Capital Project Fund	$ 70,000	CFD administration fee
General Fund	Capital Project Fund	1,182	Reimbursement of expenses
General Fund	Enterprise Fund	3,901	OPEB expenses
General Fund	Enterprise Fund	204,330	Reimbursement of expenses
General Fund	Nonmajor Govt. Fund	8,000	Reimbursement of expenses
Special Reserve Fund	General Fund	66,143	Reimbursement of expenses
Capital Project Fund	General Fund	1,770	Reimbursement of expenses
Nonmajor Govt. Fund	General Fund	93,121	Deferred maintenance transfer
Nonmajor Govt. Fund	General Fund	22,638	Reimbursement of expenses
Nonmajor Govt. Fund	Capital Project Fund	17,625	Reimbursement of expenses
Enterprise Fund	General Fund	11,410	Reimbursement of expenses
Capital Project Fund	Capital Project Fund	92	Reimbursement of expenses
	Total	$ 500,212	

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

2. Transfers To and From Other Funds

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

Transfers From	Transfers To	Amount	Reason
Capital Project Fund	General Fund	$ 70,000	CFD administration fee
Capital Project Fund	Nonmajor Govt. Fund	2,229,846	CFD debt service payments
General Fund	Nonmajor Govt. Fund	16,220	Reimbursement of expenses
	Total	$ 2,316,066	

G. Accounts Payable

Accounts payable as of June 30, 2018 are as follows:

	Major Governmental Funds				
	General Fund	Special Reserve Fund For Capital Outlay	Capital Projects Fund For Blended Component Unit	Nonmajor Governmental Funds	Total Governmental Funds
Vendor payables	$ 443,880	$ -	$ 16,190	$ 59,860	$ 519,930
LCFF Repayment	9,928	-	-	-	9,928
Pension related liabilities	454,830	-	-	1,215	456,045
Payroll and related benefits	527,449	-	-	-	527,449
Total	$ 1,436,087	$ -	$ 16,190	$ 61,075	$ 1,513,352

	Enterprise Fund
Vendor payables	$ 16,627
Pension related liabilities	32,051
Payroll and related benefits	94,830
Total	$ 143,508

H. Unearned Revenue

Unearned revenue as of June 30, 2018, are as follows:

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Local Sources:			
Site donations	$ 159,000	$ -	$ 159,000
Prepaid meals	-	40,480	40,480
Total	$ 159,000	$ 40,480	$ 199,480

	Enterprise Fund
Local Sources:	
Prepaid child care fees	$ 246,698
Total	$ 246,698

I. Short-Term Debt Activity

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

J. Components of Ending Fund Balance

Ending fund balance for the year ended June 30, 2018, consisted of:

	Major Governmental Funds				
	General Fund	Special Reserve Fund For Capital Outlay	Capital Projects Fund For Blended Component Unit	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable Fund Balances					
Revolving Cash	$ 25,000	$ -	$ -	$ -	$ 25,000
Total Nonspendable	25,000	-	-	-	25,000
Restricted Fund Balances					
Capital Projects	-	-	12,151,966	534,969	12,686,935
Educational Programs	128,927	-	-	-	128,927
Ongoing Major Maintenance	16,805	-	-	-	16,805
Total Restricted	145,732	-	12,151,966	534,969	12,832,667
Committed Fund Balances					
Deferred Maintenance	-	-	-	576,519	576,519
Total Committed	-	-	-	576,519	576,519
Assigned Fund Balances					
Capital Projects	204,590	5,562,428	-	-	5,767,018
Post Retirement Benefits	1,228,931	-	-	-	1,228,931
School & Dept. Carryover	290,000	-	-	-	290,000
Total Assigned	1,723,521	5,562,428	-	-	7,285,949
Unassigned Fund Balances					
For Economic Uncertainty	1,699,182	-	-	-	1,699,182
Other Unassigned	8,495,908	-	-	-	8,495,908
Total Unassigned	10,195,090	-	-	-	10,195,090
Total Fund Balance	$ 12,089,343	$ 5,562,428	$ 12,151,966	$ 1,111,488	$ 30,915,225

K. Long-Term Obligations

1. Long-Term Obligation Activity

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

Governmental activities:	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Special Tax Bonds					
Principal Balance	$ 20,000,000	$ 14,660,000	$ 16,857,500	$ 17,802,500	392,500
Bond Premium	58,361	1,248,170	81,888	1,224,643	23,627
Bond Discount	(37,304)	-	(5,329)	(31,975)	(1,075)
Total Special Tax Bonds	20,021,057	15,908,170	16,934,059	18,995,168	415,052
Capital leases	376,019	-	244,463	131,556	131,556
Total OPEB Liability	9,487,847	857,461	-	10,345,308	-
Net Pension Liability	51,847,631	10,016,934	-	61,864,565	-
Compensated absences *	280,862	6,218	-	287,080	287,080
Total governmental activities	$ 82,013,416	$ 26,788,783	$ 17,178,522	$ 91,623,677	$ 833,688
Business-type activities:					
Total OPEB Liability	$ 726,240	$ 65,634	$ -	$ 791,874	-
Net Pension Liability	3,994,169	-	120,401	3,873,768	-
Compensated absences *	58,952	-	11,149	47,803	47,803
Total business-type activities	$ 4,779,361	$ 65,634	$ 131,550	$ 4,713,445	$ 47,803

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

Liability	Activity Type	Fund
Compensated absences	Governmental	General Fund
Compensated absences	Business-type	Enterprise Fund

2. Special Tax Bonds

On June 14, 2007 the Community Facilities District No. 95-1 of the District issued bonds under the Mello-Roos Community Facilities Act of 1982 in order to fund public works projects within the District's boundaries. The bonds were issued with maturity dates beginning in 2008 and extending through 2036 with coupons varying in yield from 3.70% to 4.85%. The principal and interest payments will be made from special taxes assessed on the properties located within the Community Facilities District No. 95-1.

On June 7, 2012 the Community Facilities District No. 99-1 of the District issued bonds under the Mello-Roos Community Facilities Act of 1982 in order to refund previously issued special tax bonds that were used to fund public works projects within the District's boundaries. The bonds were issued with maturity dates beginning in 2013 and extending through 2038 with coupons varying in yield from 1.00% to 4.92%. The principal and interest payments will be made from special taxes assessed on the properties located within the Community Facilities District No. 99-1.

On August 30, 2017 the Community Facilities District No. 95-1 of the District issued refunding bonds in order to refund the 2007 special tax bonds issued under the Mello-Roos Community Facilities Act of 1982. The bonds were issued with maturity dates beginning in September 2018 and extending through September 2036 with coupons varying in interest rates from 2.00% to 5.00%. The principal and interest payments will be made from special taxes assessed on the properties located within the Community Facilities District No. 95-1.

A summary of special tax bonds outstanding as of June 30, 2018, are as follows:

	Date of Issue	Interest Rate	Maturity Date	Amount of Original Issue
2007 Special Tax Bonds	06/14/07	3.70 - 4.85%	09/01/36	$ 19,955,000
2012 Tax Refunding Bonds	06/07/12	1.00 - 4.92%	09/01/38	9,920,000
2017 Tax Refunding Bonds	08/30/17	2.00 - 5.00%	09/01/36	14,660,000
Total Special Tax Bonds				$ 44,535,000

	Beginning Balance	Increases	Decreases	Ending Balance
2007 Special Tax Bonds				
Principal Balance	$ 16,010,000	$ -	$ 16,010,000	$ -
Unamortized Premium	58,361	-	58,361	-
Total 2007 Bonds	16,068,361	-	16,068,361	-
2012 Tax Refunding Bonds				
Principal Balance	3,990,000	-	570,000	3,420,000
Unamortized Discount	(37,304)	-	(5,329)	(31,975)
Total 2012 Bonds	3,952,696	-	564,671	3,388,025
2017 Tax Refunding Bonds				
Principal Balance	-	14,660,000	277,500	14,382,500
Unamortized Premium	-	1,248,170	23,527	1,224,643
Total 2017 Bonds	-	15,908,170	301,027	15,607,143
Total Special Tax Bonds	$ 20,021,057	$ 15,908,170	$ 16,934,059	$ 18,995,168

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

Year Ending June 30,	Principal	Interest	Total
2019	$ 392,500	$ 694,191	$ 1,086,691
2020	680,000	679,706	1,359,706
2021	700,000	656,081	1,356,081
2022	725,000	625,581	1,350,581
2023	760,000	590,444	1,350,444
2024-2028	4,380,000	2,353,934	6,733,934
2029-2033	5,470,000	1,296,663	6,766,663
2034-2038	4,495,000	377,194	4,872,194
2039-2043	200,000	4,875	204,875
Totals	$ 17,802,500	$ 7,278,669	$ 25,081,169

Bond Premium

Bond premium arises when the market rate of interest is lower than the stated interest rate on the bond**.** Generally Accepted Accounting Principles (GAAP) require that the premium increase the face value of the bond and then amortize the premium over the life of the bond.

2007 special tax bonds issued June 14, 2007 were issued at a premium. The premium is being amortized over the life of the bonds using the straight line method.

2017 special tax bonds issued on August 30, 2017 were issued at a premium. The premium is being amortized over the life of the bonds using the effective interest method.

Premiums issued on bonds resulted in effective interest rates as follows:

	2007 Bond	2017 Bond
Total Interest Payments on Bonds	$ 17,132,453	$ 5,702,600
Less Bond Premium	(86,561)	(1,248,170)
Net Interest Payments	17,045,892	4,454,430
Par amount of Bonds	19,955,000	14,660,000
Periods	30	19
Effective Interest Rate	2.847%	1.599%

Bond Discount

Bond discount arises when the market rate of interest is higher than the stated interest rate on the bond. Generally Accepted Accounting Principles (GAAP) require that the discount decrease the face value of the bond and then amortize the discount over the life of the bond.

2012 special tax bonds issued June 7, 2012 were issued at a discount. The discount is being amortized over the life of the bonds using the effective interest method.

Premiums issued on bonds resulted in effective interest rates as follows:

	2012 Bond
Total Interest Payments on Bonds	$ 6,972,085
Plus Bond Discount	82,440
Net Interest Payments	7,054,525
Par amount of Bonds	9,920,000
Periods	26
Effective Interest Rate	2.735%

3. Capital Leases

On May 5, 2014 the District entered into a capital lease agreement with Apple Financial Services to purchase computer equipment. The lease calls for annual payments of $117,535 which includes principal and interest at a rate of 1.798%.

On April 15, 2015 the District entered into a capital lease agreement with Apple Financial Services to purchase computer equipment. The lease calls for annual payments of $90,309 which includes principal and interest at a rate of 1.500%.

On December 12, 2016 the District entered into a capital lease agreement with Wells Fargo Vendor Financial Services, LLC to purchase computer equipment. The lease calls for annual payments of $43,855 which includes principal and interest at a rate of 3.000%.

A summary of the district's capital leases outstanding as of June 30, 2018 are as follows:

	Date of Issue	Interest Rate	Maturity Date	Amount of Original Issue
2014 Apple Financial	05/05/2014	1.798%	07/01/2017	$ 457,152
2016 Apple Financial	07/15/2015	1.500%	07/15/2018	353,306
2017 Wells Fargo	12/21/2016	3.000%	12/21/2018	127,783
Total Capital Leases				$ 938,241

	Beginning Balance	Increases	Decreases	Ending Balance
2014 Apple Financial	$ 115,458	$ -	$ 115,458	$ -
2016 Apple Financial	176,633	-	87,659	88,974
2017 Wells Fargo	83,928	-	41,346	42,582
Total Capital Leases	$ 376,019	$ -	$ 244,463	$ 131,556

The annual requirements to repay the capital leases outstanding are as follows:

Year Ending June 30,	Principal	Interest	Total
2019	$ 131,556	$ 2,608	$ 134,164
2020	-	-	-
Totals	$ 131,556	$ 2,608	$ 134,164

4. Economic Gain on 2017 Refunding Bonds

On August 30, 2017 CFD 95-1 issued $14,660,000 of Refunding Special Tax Bonds The refunding bonds bear fixed interest rates ranging from 2.00 - 5.00% with annual maturities from September 1, 2018 through September 1, 2036. The net proceeds (including premiums of $1,248,170) were used to refund the 2007 Special Tax Bonds.

Economic Gain on the refunding is as follows:

	2017 Bonds
Prior Debt Service Payments Remaining	$ 24,740,409
Prior Receipts	(921,958)
Refunding Debt Service	(20,362,600)
Savings in Total Debt Service Payments	3,455,851
Discount to Present Value at issue date (2.7264767%)	(726,882)
Economic Gain (Present Value of Savings)	$ 2,728,969

5. Compensated Absences

Total unpaid employee compensated absences as of June 30, 2018 amounted to $334,883. This amount is included as part of long-term liabilities in the government-wide financial statements.

6. Net Pension Liability

The District's beginning net pension liability was $55,841,800 and increased by $9,896,533 during the year ended June 30, 2018. The ending net pension liability at June 30, 2018 was $65,738,333. See Note N for additional information regarding the net pension liability.

7. Total OPEB Liability

The District's beginning OPEB liability was $10,214,087 and increased during the year ended June 30, 2018 by $923,095. The ending OPEB liability at June 30, 2018 was $11,137,182. See Note P for additional information regarding the net pension liability.

L. Joint Ventures (Joint Powers Agreements)

The District participates in two joint powers agreement (JPA) entities, the San Diego County Schools Risk Management (SDCSRM) and the Fringe Benefit Consortium (FBC). The relationship between the District and the JPAs is such that the JPAs are not component units of the District.

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

Financial information on the District's share of the SDCSRM JPA for the year ended June 30, 2018 was not available at the time this report was issued. The information can be obtained by contacting the JPA at 6401 Linda Vista Road, San Diego, California 92111.

Combined condensed unaudited financial information of the District's share of the FBC for the year ended June 30, 2018 is as follows:

	Dental	Health & Welfare	Vision	Total FBC
Total Assets	$ 122,118	$ N/A	$ 122,773	$ 244,891
Total Liabilities	76,129	N/A	13,055	89,184
Total Net Position	$ 45,989	$ N/A	$ 109,718	$ 155,707
Total Cash Receipts	467,495	N/A	55,490	522,985
Total Cash Disbursements	566,707	N/A	65,087	631,794
Change in Net Position	$ (99,212)	$ N/A	$ (9,597)	$ (108,809)

N/A - The District does not participate in the Health & Welfare fund with the FBC.

M. Risk Management

The District is exposed to risk of losses due to:

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

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

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

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

N. Pension Plans

1. General Information About the Pension Plans

a. Plan Descriptions

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

b. Benefits Paid

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

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

	CalSTRS	
	Before	On or After
Hire Date	Jan. 1, 2013	Jan. 1, 2013
Benefit Formula	2% at 60	2% at 62**
Benefit Vesting Schedule	5 Years	5 Years
Benefit Payments	Monthly for Life	Monthly for Life
Retirement Age	50-62	55-67
Monthly Benefits as a % of Eligible Compensation	1.1-2.4%	1.0-2.4%*
Required Employee Contribution Rates (at June 30, 2018)	10.250%	9.205%
Required Employer Contribution Rates (at June 30, 2018)	14.430%	14.430%
Required State Contribution Rates (at June 30, 2018)	7.403%	7.403%

*Amounts are limited to 120% of Social Security Wage Base.
**The rate imposed on CalSTRS 2% at 62 members is based on the normal cost of benefits.

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

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

c. Contributions

CalSTRS

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

CalPERS

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

On Behalf Payments

Consistent with Section 22955.1 of the California Education Code, the State of California makes contributions to CalSTRS on behalf of employees working for the District. For the measurement period ended June 30, 2017 (measurement date) the State contributed 7.403% of salaries creditable to CalSTRS. In accordance with GASB 85 the District recorded these contributions as revenue and expense in the fund financial statements based on contributions made for the measurement period (current financial resources measurement focus). The government-wide financial statements have recorded revenue and expense for pension expense paid on behalf of the District (economic resources measurement focus). On behalf payments have been excluded from the calculation of available reserves, and have not been included in the budgeted amounts reported in the General Fund Budgetary Comparison Schedule. Contributions reported each fiscal year are based on the District's proportionate share of the States contribution for the measurement period.

Contributions made by the State on behalf of the District for the past three fiscal years are as follows:

Year Ended June 30,	Contribution Rate	Contribution Amount
2016	4.650%	$ 1,183,262
2017	5.570%	1,561,429
2018	7.403%	2,092,771

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

Year Ended June 30,	On Behalf Pension Expense
2016	$ 2,260,130
2017	3,853,571
2018	1,271,710

d. Contributions Recognized

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

	CalSTRS	CalPERS	Total
Governmental Contributions - Employer	$ 3,497,636	$ 988,879	$ 4,486,515
Governmental Contributions - State On Behalf Payments	2,075,716	-	2,075,716
Total Governmental Contributions	5,573,352	988,879	6,562,231
Business Type Contributions - Employer	26,502	261,936	288,438
Business Type Contributions - State On Behalf Payments	17,056	-	17,056
Total Business Type Contributions	43,558	261,936	305,494
Total Contributions	$ 5,616,910	$ 1,250,815	$ 6,867,725

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

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

	CalSTRS	CalPERS	Total
Proportionate Share of Net Pension Liabiltiy - Governmental	$ 48,629,813	$ 13,234,752	$ 61,864,565
Proportionate Share of Net Pension Liability - Business Type	368,071	3,505,697	3,873,768
Total Proportionate Share of Net Pension Liability	$ 48,997,884	$ 16,740,449	$ 65,738,333

The District's net pension liability for each Plan is measured as the proportionate share of the net pension liability**.** The net pension liability of each of the Plans is measured as of June 30, 2017. The total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016 rolled forward to measurement date June 30, 2017 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, as actuarially determined.

The District's proportionate share of the net pension liability for each Plan as of June 30, 2017 and June 30, 2018 were as follows:

	CalSTRS			
	District's Proportionate Share Governmental	District's Proportionate Share Business Type	State's Proportionate Share	Total For District Employees
Proportion June 30, 2017	0.0506%	0.0006%	0.0293%	0.0805%
Proportion June 30, 2018	0.0526%	0.0004%	0.0315%	0.0845%
Change in Proportion	0.0020%	-0.0002%	0.0022%	0.0040%

	CalPERS		
	District's Proportionate Share Governmental	District's Proportionate Share Business Type	Total For District Employees
Proportion June 30, 2017	0.0554%	0.0176%	0.0730%
Proportion June 30, 2018	0.0554%	0.0147%	0.0701%
Change in Proportion	-	-0.0029%	-0.0029%

a. Pension Expense

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

	Governmental Activities		
	CalSTRS	CalPERS	Total
Change in Net Pension Liability (Asset)	$ 7,728,022	$ 2,288,913	$ 10,016,935
State On Behalf Pension Expense	1,261,346	-	1,261,346
Employer Contributions to Pension Expense	4,045,914	1,177,954	5,223,868
(Increase) Decrease in Deferred Outflows of Resources			
Employer Contributions Subsequent to Measurement Date	(564,657)	(188,531)	(753,188)
Differences between actual and expected experiences	(167,848)	(69,049)	(236,897)
Changes in assumptions	(8,408,392)	(2,062,020)	(10,470,412)
Changes in proportionate share	(1,104,848)	37,449	(1,067,399)
Net difference between projected and actual earnings	3,383	770,460	773,843
Increase (Decrease) in Deferred Inflows of Resources			
Differences between actual and expected experiences	(5,025)	-	(5,025)
Changes in assumptions	-	(131,685)	(131,685)
Changes in proportionate share	(401,026)	(23,515)	(424,541)
Net difference between projected and actual earnings	4,602,572	465,544	5,068,116
Total Pension Expense	$ 6,989,441	$ 2,265,520	$ 9,254,961

	Business Type Activities		
	CalSTRS	CalPERS	Total
Change in Net Pension Liability (Asset)	$ (141,912)	$ 21,513	$ (120,399)
State On Behalf Pension Expense	10,364	-	10,364
Employer Contributions to Pension Expense	33,243	284,894	318,137
(Increase) Decrease in Deferred Outflows of Resources			
Employer Contributions Subsequent to Measurement Date	(6,741)	(22,958)	(29,699)
Differences between actual and expected experiences	(1,270)	(12,934)	(14,204)
Changes in assumptions	(63,642)	(546,200)	(609,842)
Changes in proportionate share	5,358	59,079	64,437
Net difference between projected and actual earnings	41	235,743	235,784
Increase (Decrease) in Deferred Inflows of Resources			
Differences between actual and expected experiences	(58)	-	(58)
Changes in assumptions	-	(38,092)	(38,092)
Changes in proportionate share	150,461	463,275	613,736
Net difference between projected and actual earnings	34,836	111,493	146,329
Total Pension Expense	$ 20,680	$ 555,813	$ 576,493
Total Pension Expense - Government Wide	$ 7,010,121	$ 2,821,333	$ 9,831,454

b. Deferred Outflows and Inflows of Resources

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

	Deferred Outflows of Resources		
	CalSTRS	CalPERS	Total
Governmental Activities			
Pension contributions subsequent to measurement date	$ 4,045,914	$ 1,177,954	$ 5,223,868
Differences between actual and expected experience	167,848	613,910	781,758
Changes in assumptions	8,408,392	2,062,020	10,470,412
Changes in employer's proportionate share	1,699,375	123,217	1,822,592
Net difference between projected and actual earnings	8,398	1,984,197	1,992,595
Total Deferred Outflows of Resources - Governmental Activities	14,329,927	5,961,298	20,291,225
Business Type Activities			
Pension contributions subsequent to measurement date	33,243	284,894	318,137
Differences between actual and expected experience	1,270	175,696	176,966
Changes in assumptions	63,642	546,200	609,842
Changes in employer's proportionate share	13,966	177,238	191,204
Net difference between projected and actual earnings	100	612,584	612,684
Total Deferred Outflows of Resources - Business Type Activities	112,221	1,796,612	1,908,833
Total Deferred Outflows of Resources	$ 14,442,148	$ 7,757,910	$ 22,200,058

	Deferred Inflows of Resources		
	CalSTRS	CalPERS	Total
Governmental Activities			
Differences between actual and expected experience	$ (8,466)	$ -	$ (8,466)
Changes in assumptions	-	(263,371)	(263,371)
Changes in employer's proportionate share	(1,203,078)	(47,031)	(1,250,109)
Net difference between projected and actual earnings	(4,602,572)	(1,540,123)	(6,142,695)
Total Deferred Inflows of Resources - Governmental Activities	(5,814,116)	(1,850,525)	(7,664,641)
Business Type Activities			
Differences between actual and expected experience	(96)	-	(96)
Changes in assumptions	-	(76,183)	(76,183)
Changes in employer's proportionate share	(150,461)	(474,781)	(625,242)
Net difference between projected and actual earnings	(34,836)	(419,781)	(454,617)
Total Deferred Inflows of Resources - Business Type Activities	(185,393)	(970,745)	(1,156,138)
Total Deferred Inflows of Resources	$ (5,999,509)	$ (2,821,270)	$ (8,820,779)

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

	Governmental Activities				
	Deferred Outflows of Resources		Deferred Inflows of Resources		
Year Ended June 30,	CalSTRS	CalPERS	CalSTRS	CalPERS	Net Effect on Expenses
2019	$ 6,717,289	$ 2,730,574	$ (1,556,694)	$ (943,200)	$ 6,947,969
2020	2,671,373	1,552,619	(1,554,835)	(405,909)	2,263,248
2021	2,471,449	1,102,951	(1,551,944)	(250,709)	1,771,747
2022	2,469,816	575,154	(1,150,643)	(250,707)	1,643,620
Total	$ 14,329,927	$ 5,961,298	$ (5,814,116)	$ (1,850,525)	$ 12,626,584

	Business Type Activities				
	Deferred Outflows of Resources		Deferred Inflows of Resources		
Year Ended June 30,	CalSTRS	CalPERS	CalSTRS	CalPERS	Net Effect on Expenses
2019	$ 54,870	$ 781,435	$ (46,381)	$ (379,259)	$ 410,665
2020	21,625	496,539	(46,359)	(225,113)	246,692
2021	19,501	366,468	(46,328)	(183,187)	156,454
2022	16,225	152,170	(46,325)	(183,186)	(61,116)
Total	$ 112,221	$ 1,796,612	$ (185,393)	$ (970,745)	$ 752,695

c. Actuarial Assumptions

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

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

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

d. Discount Rate

The discount rate used to measure the total pension liability was 7.1000% for CalSTRS and 7.1500% for CalPERS. The projection of cash flows used to determine the discount rate assumed the contributions from plan members, employers, and state contributing agencies will be made at statutory contribution rates. To determine whether the District bond rate should be used in the calculation of a discount rate for each plan, CalSTRS and CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current discount rates are adequate and the use of the District bond rate calculation is not necessary for either plan. The stress test results are presented in a detailed report that can be obtained from CalPERS and CalSTRS websites.

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

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

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

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

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

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

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

CalSTRS

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

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

CalPERS

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

(1) An expected inflation of 2.5% used for this period
(2) An expected inflation of 3.0% used for this period

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

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

	CalSTRS		
	Governmental Activities	Business Type Activities	Total
1% Decrease	6.10%	6.10%	6.10%
Net Pension Liability	$ 71,404,004	$ 540,446	$ 71,944,450
Current Discount Rate	7.10%	7.10%	7.10%
Net Pension Liability	$ 48,629,813	$ 368,071	$ 48,997,884
1% Increase	8.10%	8.10%	8.10%
Net Pension Liability	$ 30,147,013	$ 228,178	$ 30,375,191

	CalPERS		
	Governmental Activities	Business Type Activities	Total
1% Decrease	6.15%	6.15%	6.15%
Net Pension Liability	$ 19,472,561	$ 5,158,004	$ 24,630,565
Current Discount Rate	7.15%	7.15%	7.15%
Net Pension Liability	$ 13,234,752	$ 3,505,697	$ 16,740,449
1% Increase	8.15%	8.15%	8.15%
Net Pension Liability	$ 8,059,967	$ 2,134,970	$ 10,194,937

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

CalSTRS - Governmental Activities

	Increase (Decrease)				
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)	State's Share of Net Pension Liability (c)	District's Share of Net Pension Liability (a) - (b) - (c)
Balance at June 30, 2017 (Previously Reported)	$ 214,640,938	$ 150,341,832	$ 64,299,106	$ 23,397,314	$ 40,901,792
Changes for the year:					
Change in proportionate share	11,644,312	8,156,074	3,488,238	1,859,459	1,628,779
Service cost	5,082,299	-	5,082,299	1,893,605	3,188,694
Interest	16,952,451	-	16,952,451	6,316,285	10,636,166
Differences between expected and actual experience	334,406	-	334,406	124,596	209,810
Change in assumptions	16,752,143	-	16,752,143	6,241,653	10,510,490
Contributions:					
Employer	-	3,497,630	(3,497,630)	(1,303,176)	(2,194,454)
Employee	-	2,883,838	(2,883,838)	(1,074,485)	(1,809,353)
State On Behalf	-	2,077,029	(2,077,029)	(773,877)	(1,303,152)
Net investment income	-	21,091,189	(21,091,189)	(7,858,331)	(13,232,858)
Other income	-	60,348	(60,348)	(22,485)	(37,863)
Benefit payments, including refunds of employee contributions	(11,651,861)	(11,651,861)	-	-	-
Administrative expenses	-	(152,844)	152,844	56,948	95,896
Borrowing costs	-	(48,575)	48,575	18,099	30,476
Other expenses	-	(8,591)	8,591	3,201	5,390
Net Changes	39,113,750	25,904,237	13,209,513	5,481,492	7,728,021
Balance at June 30, 2018	$ 253,754,688	$ 176,246,069	$ 77,508,619	$ 28,878,806	$ 48,629,813

CalSTRS - Business Type Activities

	Increase (Decrease)				
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)	State's Share of Net Pension Liability (c)	District's Share of Net Pension Liability (a) - (b) - (c)
Balance at June 30, 2017 (Previously Reported)	$ 2,677,090	$ 1,875,125	$ 801,965	$ 291,981	$ 509,984
Changes for the year:					
Change in proportionate share	(965,323)	(676,144)	(289,179)	(101,102)	(188,077)
Service cost	38,446	-	38,446	14,311	24,135
Interest	128,239	-	128,239	47,736	80,503
Differences between expected and actual experience	2,530	-	2,530	942	1,588
Change in assumptions	126,724	-	126,724	47,172	79,552
Contributions:					
Employer	-	26,458	(26,458)	(9,849)	(16,609)
Employee	-	21,815	(21,815)	(8,120)	(13,695)
State On Behalf	-	15,712	(15,712)	(5,849)	(9,863)
Net investment income	-	159,547	(159,547)	(59,390)	(100,157)
Other income	-	457	(457)	(170)	(287)
Benefit payments, including refunds of employee contributions	(88,142)	(88,142)	-	-	-
Administrative expenses	-	(1,156)	1,156	430	726
Borrowing costs	-	(367)	367	137	230
Other expenses	-	(65)	65	24	41
Net Changes	(757,526)	(541,885)	(215,641)	(73,728)	(141,913)
Balance at June 30, 2018	$ 1,919,564	$ 1,333,240	$ 586,324	$ 218,253	$ 368,071

CalPERS - Governmental Activities

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at June 30, 2017 (Previously Reported)	$ 41,933,809	$ 30,987,969	$ 10,945,840
Changes for the year:			
Adjustment for change in proportionate share	13,017	9,620	3,397
Service cost	1,126,472	-	1,126,472
Interest	3,171,019	-	3,171,019
Differences between expected and actual experience	294,859	-	294,859
Changes in assumptions	2,577,525	-	2,577,525
Contributions - Employer	-	988,886	(988,886)
Contributions - Employee	-	497,531	(497,531)
Net plan to plan resource movement	-	(75)	75
Net investment income	-	3,443,749	(3,443,749)
Benefit payments, including refunds of employee contributions	(2,065,053)	(2,065,053)	-
Administrative expenses	-	(45,731)	45,731
Net Changes	5,117,839	2,828,927	2,288,912
Balance at June 30, 2018	$ 47,051,648	$ 33,816,896	$ 13,234,752

CalPERS - Business Type Activities

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at June 30, 2017 (Previously Reported)	$ 13,348,007	$ 9,863,822	$ 3,484,185
Changes for the year:			
Adjustment for change in proportionate share	(2,236,891)	(1,653,002)	(583,889)
Service cost	298,386	-	298,386
Interest	839,958	-	839,958
Differences between expected and actual experience	78,104	-	78,104
Changes in assumptions	682,750	-	682,750
Contributions - Employer	-	261,942	(261,942)
Contributions - Employee	-	131,789	(131,789)
Net plan to plan resource movement	-	(20)	20
Net investment income	-	912,200	(912,200)
Benefit payments, including refunds of employee contributions	(547,003)	(547,003)	-
Administrative expenses	-	(12,114)	12,114
Net Changes	(884,696)	(906,208)	21,512
Balance at June 30, 2018	$ 12,463,311	$ 8,957,614	$ 3,505,697

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

O. Alternative Pension Plan

The District participates in one alternative pension plan through the Fringe Benefit Consortium (FBC) Deferred Compensation Program. The FBC was formed in October 1982 as part of a Joint Powers Agreement (JPA) of the San Diego County Office of Education**.** The FBC provides 401(a), 457(b), and 403(b) investment programs. Under these plans, eligible employees will contribute up to $17,500 per year of their salary before taxes. The catch-up contribution limit for those age 50 and over is $5,500. The District does not have any obligation with regards to this voluntary plan offered to employees.

P. Postemployment Benefits Other Than Pension Benefits

1. General Information about the OPEB Plan

Plan Description

The District's defined benefit OPEB plan (the Plan), provides OPEB for all permanent fulltime employees of the District. The Plan is a single-employer defined benefit OPEB plan administered by the District. Authority to establish and amend the benefit terms and financing requirements lies with the District's board of directors. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Benefits Provided

The District provides retiree medical (including prescription drug benefits), dental, and vision benefits to eligible retirees and their eligible dependents until the retiree turns age 65. The District’s financial obligation is to provide these benefits at the same cost as active employees. The District’s contribution is subject to an annual maximum ($10,000). The annual maximum is subject to periodic changes. Hourly and most part-time employees are not eligible for retiree health benefits.

Eligibility for retiree health coverage requires retirement from PERS or STRS on or after age 55 with age plus District years of service greater than or equal to 75. The District does not provide any retiree health benefits after a retiree turns 65. Dependent coverage ceases upon the death of the retiree or when the retiree turns age 65.

The District currently offers a Kaiser HMO Plan, three Anthem HMO Plans, an Anthem PPO Plan and an Anthem High Deductible Health Plan. The District also offers a self-insured Delta Dental Plan and a self-insured VSP Vision Plan through the San Diego FBC.

The premiums billed for retiree medical coverage under age 65 are the same as those for active medical coverage. Thus, the District is providing a “rate subsidy” to the retirees based on this blended rate. GASB 45 requires that when an employer provides benefits to both active employees and retirees through the same plan, the benefits to retirees should be segregated and measured independently. This requires valuing any “rate subsidy” as an additional financial obligation to the District.

The following table summarizes the current monthly funding rates for coverages that apply to active and retired employees. All premiums are monthly and are effective for the calendar year.

	Kaiser HMO	Anthem BC HMO Premier	Anthem BC HMO Select High RX	Anthem BC HMO Select Low RX
Employee Only	$ 565	$ 625	$ 569	$ 540
Employee Plus One	1,129	1,257	1,139	1,089
Employee Plus Family	1,467	1,635	1,480	1,416

	Anthem BC PPO	Anthem BC HDHP	Delta Dental	VSP Vision
Employee Only	$ 812	$ 591	$ N/A	$ N/A
Employee Plus One	1,587	1,183	N/A	N/A
Employee Plus Family	2,057	1,536	N/A	N/A
Composite	N/A	N/A	99	11

Employees Covered by Benefit Terms

At June 30, 2018, the following retirees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	5
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	376
Total number of participants	381

2. Total OPEB Liability

The District's total OPEB liability of $11,137,182 was measured as of June 30, 2017 , and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs

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

Inflation	2.75%
Salary Increases	3.00% per annum, in aggregate
Discount Rate	3.40%
Healthcare Cost Trend Rates	6.50% decreasing to 5.50%
Retiree's Share of Costs	None

The discount rate was based on an average, rounded to five basis points, of the range of 3-20 year municipal bond rate indicies: S&P Municipal Bond 20 Year High Grade Rate Index, Bond Buyer 20-Bond GO index, and Fidelity GO AA 20 Year Bond index.

Mortality rates are based on the most recent rates used by CalPERS and CalSTRS for pension valuations.

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

Changes in Total OPEB Liability

	Governmental Activities	Business Type Activities	Total
Balance at June 30, 2017	$ 9,487,847	$ 726,240	$ 10,214,087
Changes for the year:			
Service cost	652,041	49,910	701,951
Interest	342,427	26,211	368,638
Benefit payments	(137,007)	(10,487)	(147,494)
Net changes	857,461	65,634	923,095
Balance at June 30, 2018	$ 10,345,308	$ 791,874	$ 11,137,182

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

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

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.40%) or 1-percentage-point-higher (4.40%) than the current discount rate:

	1% Decrease 2.40%	Discount Rate 3.40%	1% Increase 4.40%
Total OPEB Liability - Governmental Activities	$ 11,379,839	$ 10,345,308	$ 9,414,230
Total OPEB Liability - Business Type Activities	893,092	791,874	679,131
Total OPEB Liability - District Wide	$ 12,272,931	$ 11,137,182	$ 10,093,361

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

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

	1% Decrease	Healthcare Cost Trend Rate	1% Increase
	5.50% decreasing to 4.00%	6.50% decreasing to 5.00%	7.50% decreasing to 6.00%
Total OPEB Liability - Governmental Activities	$ 9,000,418	$ 10,345,308	$ 11,897,104
Total OPEB Liability - Business Type Activities	699,920	791,874	933,774
Total OPEB Liability - District Wide	$ 9,700,338	$ 11,137,182	$ 12,830,878

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

For the year ended June 30, 2018 the District recognized OPEB expense of $1,070,589. At June 30, 2018 the District reported deferred outflows of resources related to the following sources:

	Governmental Activities	Business Type Activities	Total
Contributions made subsequent to measurement date	$ 50,964	$ 3,901	$ 54,865

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

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	Governmental Activities	Business Type Activities	Total
2019	$ 50,964	$ 3,901	$ 54,865

Q. Deferred Outflows of Resources

In 2012 the District issued refunding special tax bonds to repay the 2003 special tax bonds outstanding. The refunding resulted in an overall increase in long term liabilities of $303,423 and therefore is recorded as a refunding loss in deferred outflows of resources. The refunding loss will be amortized over the life of the refunding bonds using the straight line method.

In 2017 the District issued refunding special tax bonds to repay the 2007 special tax bonds outstanding. The refunding resulted in an overall increase in long term liabilities of $761,767 and therefore is recorded as a refunding loss in deferred outflows of resources. The refunding loss will be amortized over the life of the refunding bonds using the straight line method.

In accordance with GASB Statement No. 68 & 71, payments made subsequent to the net pension liability measurement date are recorded as deferred outflows of resources. Additionally, deferred outflows of resources pension related include differences between expected and actual experience, change in proportionate share of the total net pension liability, and the net difference between projected and actual earnings on plan investments.

In accordance with GASB Statement No. 75, payments made subsequent to the OPEB liability measurement date are recorded as deferred outflows of resources.

A summary of the deferred outflows of resources as of June 30, 2018, is as follows:

Description	Amortization Term	Balance July 1, 2017	Additions	Current Year Amortization	Balance June 30, 2018
Governmental					
2012 Refunding Loss	26 Years	$ 256,740	$ -	$ 11,670	245,070
2017 Refunding Loss	19 Years	-	761,767	-	761,767
OPEB Related	Varies	137,007	50,964	137,007	50,964
Pension Related	Varies	8,537,172	20,448,730	8,694,677	20,291,225
Total Governmental		8,930,919	21,261,461	8,843,354	21,349,026
Business Type					
OPEB Related	Varies	10,487	3,901	10,487	3,901
Pension Related	Varies	1,555,309	1,160,131	806,607	1,908,833
Total Business Type		1,565,796	1,164,032	817,094	1,912,734
Total Deferred Outflows of Resources		$ 10,496,715	$ 22,425,493	$ 9,660,448	$ 23,261,760

Future amortization of deferred outflows of resources is as follows:

	Governmental Activities			
Year Ending June 30	Refunding Losses	OPEB Related	Pension Related	Total
2019	$ 51,763	$ 50,964	$ 9,447,863	$ 9,550,590
2020	51,763	-	4,223,992	4,275,755
2021	51,763	-	3,574,400	3,626,163
2022	51,763	-	3,044,970	3,096,733
2023	51,763	-	-	51,763
Thereafter	748,022	-	-	748,022
Total	$ 1,006,837	$ 50,964	$ 20,291,225	$ 21,349,026

	Business Type Activities		
Year Ending June 30	OPEB Related	Pension Related	Total
2019	3,901	836,305	840,206
2020	-	518,164	518,164
2021	-	385,969	385,969
2022	-	168,395	168,395
Total	$ 3,901	$ 1,908,833	$ 1,912,734

R. Deferred Inflows of Resources

In accordance with GASB Statement No. 68 the District has recorded deferred inflows of resources for pension related items as prescribed by the statement in the amount of $8,820,779. The District does not have any other deferred inflows of resources recorded.

A summary of the deferred inflows of resources as of June 30, 2018, is as follows:

Description	Amortization Term	Balance July 1, 2017	Additions	Current Year Amortization	Balance June 30, 2018
Pension related - Governmental	Varies	$ 3,157,776	$ 7,006,758	$ 2,499,893	$ 7,664,641
Pension related - Business Type	Varies	434,223	1,147,555	425,640	1,156,138
Total Deferred Inflows of Resources		$ 3,591,999	$ 8,154,313	$ 2,925,533	$ 8,820,779

Future amortization of deferred inflows of resources is as follows:

Year Ending June 30	Governmental Activities Pension Related	Business Type Activities Pension Related	Total Primary Government
2019	$ 2,499,894	$ 425,640	$ 2,925,534
2020	1,960,744	271,472	2,232,216
2021	1,802,653	229,515	2,032,168
2022	1,401,350	229,511	1,630,861
Total	$ 7,664,641	$ 1,156,138	$ 8,820,779

S. Adjustment to Beginning Balance

During the fiscal year ended June 30, 2018, the District implemented GASB Statement No. 75 "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions". Implementation of GASB Statement No. 75 resulted in a change in calculations of total OPEB liability as well as deferred outflows and deferred inflows of resources associated with OPEB. In addition, the district corrected an error where prior year depreciation for business type activities was inadvertantly counted in both governmental and business type activities. The result of applying the change in accounting policy and correction to accumulated depreciation was an adjustment to beginning net position on the government wide financial statements and the enterprise fund.

A summary of adjustments to beginning balance are as follows:

	Government-Wide Financial Statements	
	Governmental Activities	Business Type Activities
Beginning Net Position - Originally Stated	$ 60,523,126	$ 583,216
Adjustments for Accounting Policy Change:		
Total OPEB Liability	(4,074,795)	(281,714)
Deferred Outflows of Resources	137,007	10,487
Adjustments for Correction of an Error:		
Accumulated Depreciation	83,885	-
Total Adjustments	(3,853,903)	(271,227)
Beginning Net Position - As Restated	$ 56,669,223	$ 311,989

	Enterprise Fund
	Childcare Program
Beginning Net Position - Originally Stated	$ 583,216
Adjustments for Accounting Policy Change:	
Total OPEB Liability	(281,714)
Deferred Outflows of Resources - OPEB related	10,487
Total Adjustments	(271,227)
Beginning Net Position - As Restated	$ 311,989

T. Commitments and Contingencies

Litigation

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

State and Federal Allowances, Awards, and Grants

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

U. Subsequent Events

Implementation of New Accounting Guidance

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

GASB 83 - Certain Asset Retirement Obligations

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

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

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

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

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

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

Required Supplementary Information

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

DEL MAR UNION SCHOOL DISTRICT

EXHIBIT B-1

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

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues:				
LCFF Sources:				
State Apportionment or State Aid	$ 1,170,350	$ 1,170,350	$ 1,160,438	$ (9,912)
Education Protection Account Funds	869,600	869,600	864,656	(4,944)
Local Sources	45,638,061	45,638,061	45,642,366	4,305
Federal Revenue	1,115,836	1,163,224	1,219,063	55,839
Other State Revenue	4,246,015	4,378,984	4,323,391	(55,593)
Other Local Revenue	3,411,232	3,633,737	4,278,903	645,166
Total Revenues	56,451,094	56,853,956	57,488,817	634,861
Expenditures:				
Current:				
Certificated Salaries	28,492,005	28,418,991	28,469,666	(50,675)
Classified Salaries	7,861,127	8,122,064	7,986,984	135,080
Employee Benefits	12,747,336	12,783,631	12,377,907	405,724
Books And Supplies	1,371,097	1,711,202	1,868,398	(157,196)
Services And Other Operating Expenditures	4,753,979	5,137,048	5,432,918	(295,870)
Other Outgo	109,000	41,319	42,081	(762)
Capital Outlay	70,000	70,000	209,734	(139,734)
Debt Service:				
Principal	246,266	246,266	244,934	1,332
Interest	5,506	5,506	6,765	(1,259)
Total Expenditures	55,656,316	56,536,027	56,639,387	(103,360)
Excess (Deficiency) of Revenues Over (Under) Expenditures	794,778	317,929	849,430	531,501
Other Financing Sources (Uses):				
Transfers In	70,000	70,000	70,000	-
Transfers Out	-	-	(16,220)	(16,220)
Total Other Financing Sources (Uses)	70,000	70,000	53,780	(16,220)
Net Change in Fund Balance	864,778	387,929	903,210	515,281
Fund Balance, July 1	11,186,133	11,186,133	11,186,133	-
Fund Balance, June 30	$ 12,050,911	$ 11,574,062	$ 12,089,343	$ 515,281

See Accompanying Notes to Required Supplementary Information

EXHIBIT B-2

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

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
District's proportion of the net pension liability (asset)	0.0530%	0.0512%	0.0542%	0.0522%	N/A	N/A	N/A	N/A	N/A	N/A
District's proportionate share of the net pension liability (asset)	$ 48,997,884	41,411,776	36,459,211	30,524,550	N/A	N/A	N/A	N/A	N/A	N/A
State's proportionate share of the net pension liability (asset) associated with the District	29,097,345	23,689,576	19,412,612	18,585,675	N/A	N/A	N/A	N/A	N/A	N/A
Total	78,095,229	65,101,352	55,871,823	49,110,225	N/A	N/A	N/A	N/A	N/A	N/A
District's covered-employee payroll	$ 28,013,816	25,438,351	25,025,983	23,145,758	N/A	N/A	N/A	N/A	N/A	N/A
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	174.91%	162.79%	145.69%	131.88%	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	69.46%	70.40%	74.02%	76.52%	N/A	N/A	N/A	N/A	N/A	N/A

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

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

See Accompanying Notes to the Required Supplementary Information.

DEL MAR UNION SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
CALIFORNIA STATE TEACHERS' RETIREMENT SYSTEM
LAST TEN FISCAL YEARS *

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Contractually required contribution	$ 4,079,157	$ 3,524,138	$ 2,729,535	$ 2,222,307	N/A	N/A	N/A	N/A	N/A	N/A
Contributions in relation to the contractually required contribution	(4,079,157)	(3,524,138)	(2,729,535)	(2,222,307)	N/A	N/A	N/A	N/A	N/A	N/A
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	N/A	N/A	N/A	N/A	N/A	N/A
District's covered-employee payroll	$ 28,268,587	$ 28,013,816	$ 25,438,351	$ 25,025,983	N/A	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered-employee payroll	14.43%	12.58%	10.73%	8.88%	N/A	N/A	N/A	N/A	N/A	N/A

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

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

See Accompanying Notes to the Required Supplementary Information.

EXHIBIT B-4

DEL MAR UNION SCHOOL DISTRICT

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

	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
District's proportion of the net pension liability (asset)	0.0701%	0.0731%	0.0697%	0.0567%	N/A	N/A	N/A	N/A	N/A	N/A
District's proportionate share of the net pension liability (asset)	$ 16,740,449	$ 14,430,024	$ 10,273,359	$ 8,049,024	N/A	N/A	N/A	N/A	N/A	N/A
District's covered-employee payroll	$ 9,006,445	$ 8,847,708	$ 7,750,726	$ 7,454,929	N/A	N/A	N/A	N/A	N/A	N/A
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	185.87%	163.09%	132.55%	107.97%	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	71.87%	73.90%	79.43%	83.38%	N/A	N/A	N/A	N/A	N/A	N/A

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

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

See Accompanying Notes to the Required Supplementary Information.

DEL MAR UNION SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
LAST TEN FISCAL YEARS *

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Contractually required contribution	$ 1,462,848	$ 1,250,815	$ 1,048,188	$ 912,338	N/A	N/A	N/A	N/A	N/A	N/A
Contributions in relation to the contractually required contribution	(1,462,848)	(1,250,815)	(1,048,188)	(912,338)	N/A	N/A	N/A	N/A	N/A	N/A
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	N/A	N/A	N/A	N/A	N/A	N/A
District's covered-employee payroll	$ 9,418,889	$ 9,006,445	$ 8,847,708	$ 7,750,726	N/A	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered-employee payroll	15.531%	13.888%	11.847%	11.771%	N/A	N/A	N/A	N/A	N/A	N/A

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

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

See Accompanying Notes to the Required Supplementary Information.

DEL MAR UNION SCHOOL DISTRICT

SCHEDULE OF CHANGES IN THE DISTRICT'S
TOTAL OPEB LIABILITY AND RELATED RATIOS
DMUSD RETIREE HEALTHCARE PLAN
LAST TEN FISCAL YEARS *

	Fiscal Year Ended									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Total OPEB liability:										
Service cost	$ 701,951	$ N/A	$ N/A	$ N/A	$ N/A	$ N/A	$ N/A	$ N/A	$ N/A	$ N/A
Interest	368,638	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Changes of benefit terms	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Differences between expected and actual experience	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Changes of assumptions or other inputs	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Benefit payments	(147,494)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net change in total OPEB liability	923,095	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total OPEB liability - beginning	10,214,087	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total OPEB liability - ending	$ 11,137,182	$ N/A	$ N/A	$ N/A	$ N/A	$ N/A	$ N/A	$ N/A	$ N/A	$ N/A
Covered-employee payroll	$ 31,724,000	$ N/A	$ N/A	$ N/A	$ N/A	$ N/A	$ N/A	$ N/A	$ N/A	$ N/A
Total OPEB liability as a percentage of covered-employee payroll	35.11%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

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

See Accompanying Notes to Required Supplementary Information

Excess of Expenditures Over Appropriations

As of June 30, 2018, expenditures exceeded appropriations in individual budgeted funds as follows:

Appropriations Category	Excess Expenditures	Reason for Excess Expenditures
General Fund:		
Certificated Salaries	$ 50,675	The District underestimated the increase from bargaining agreement increases.
Books and Supplies	157,196	The District underestimated the cost of books and supplies.
Services and Other	295,870	The District underestimated the cost of other services.
Other Outgo	762	The District underestimated the cost of tuition to the county office of education.
Debt Service Interest	1,259	The District misclassified interest expense as principal in the budget.

Amounts in excess of appropriations were not considered a violation of any laws, regulations, contracts or grant agreements and did not have a direct or material effect on the financial statements.

Schedule of District's Proportionate Share - California State Teachers' Retirement System

1) Benefit Changes: In 2015, 2016, 2017 & 2018 there were no changes to benefits

2) Changes in Assumptions: In 2015, 2016 & 2017 there were no changes in assumptions. In 2018 there was a change in discount rate from 7.60% to 7.10%.

Schedule of District's Contributions - California State Teachers' Retirement System

The total pension liability for California State Teachers Retirement System was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2013, 2014, 2015 & 2016 and rolling forward the total pension liabilities to the June 30, 2014, 2015, 2016 & 2017 (measurement dates). In determining the total pension liability, the financial reporting actuarial valuation used the following actuarial methods and assumptions:

Reporting Period	June 30, 2015	June 30, 2016	June 30, 2017
Measurement Date	06/30/14	06/30/15	06/30/16
Valuation Date	06/30/13	06/30/14	06/30/15
Experience Study	07/01/06 - 06/30/10	07/01/06 - 06/30/10	07/01/06 - 06/30/10
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal
Investment Rate of Return	7.60%	7.60%	7.60%
Consumer Price Inflation	3.00%	3.00%	3.00%
Wage Growth (Average)	3.75%	3.75%	3.75%
Post-retirement Benefit Increases	2.00% Simple	2.00% Simple	2.00% Simple

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

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

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

1) Benefit Changes: In 2015, 2016, 2017 & 2018 there were no changes to benefits

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

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

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

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

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

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

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

1) Benefit Changes: In 2018 there were no changes to benefits.

2) Changes in Assumptions: In 2018 there were no changes in assumptions.

3) No assets are accumulated in a trust that meets the criteria in GASB Statement No 75 Paragraph 4.

4) The following are the discount rates used for each period:

Year	Discount Rate
2018	3.40%

Combining Statements
as Supplementary Information

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

DEL MAR UNION SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2018

	Special Revenue Funds	Debt Service Fund Blended Component Unit	Capital Projects Fund Capital Facilities Fund	Total Nonmajor Governmental Funds (See Exhibit A-3)
ASSETS:				
Cash in County Treasury	$ 518,518	$ -	$ 523,626	$ 1,042,144
Accounts Receivable	36,007	-	9,508	45,515
Due from Other Funds	115,759	-	17,625	133,384
Total Assets	670,284	-	550,759	1,221,043
LIABILITIES AND FUND BALANCE:				
Liabilities:				
Accounts Payable	$ 53,285	$ -	$ 7,790	$ 61,075
Due to Other Funds	-	-	8,000	8,000
Unearned Revenue	40,480	-	-	40,480
Total Liabilities	93,765	-	15,790	109,555
Fund Balance:				
Restricted Fund Balances	-	-	534,969	534,969
Committed Fund Balances	576,519	-	-	576,519
Total Fund Balance	576,519	-	534,969	1,111,488
Total Liabilities and Fund Balances	$ 670,284	$ -	$ 550,759	$ 1,221,043

DEL MAR UNION SCHOOL DISTRICT

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

	Special Revenue Funds	Debt Service Fund Blended Component Unit	Capital Projects Fund Capital Facilities Fund	Total Nonmajor Governmental Funds (See Exhibit A-5)
Revenues:				
LCFF Sources:				
Local Sources	$ 228,247	$ -	$ -	$ 228,247
Federal Revenue	178,008	-	-	178,008
Other State Revenue	9,614	-	-	9,614
Other Local Revenue	832,961	-	136,337	969,298
Total Revenues	1,248,830	-	136,337	1,385,167
Expenditures:				
Current:				
Pupil Services	1,038,134	-	-	1,038,134
General Administration	-	-	50,990	50,990
Plant Services	4,062	-	-	4,062
Debt Service:				
Principal	-	1,395,850	-	1,395,850
Interest	-	833,996	-	833,996
Total Expenditures	1,042,196	2,229,846	50,990	3,323,032
Excess (Deficiency) of Revenues Over (Under) Expenditures	206,634	(2,229,846)	85,347	(1,937,865)
Other Financing Sources (Uses):				
Transfers In	16,220	2,229,846	-	2,246,066
Total Other Financing Sources (Uses)	16,220	2,229,846	-	2,246,066
Net Change in Fund Balance	222,854	-	85,347	308,201
Fund Balance, July 1	353,665	-	449,622	803,287
Fund Balance, June 30	$ 576,519	$ -	$ 534,969	$ 1,111,488

DEL MAR UNION SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2018

	Cafeteria Fund	Deferred Maintenance Fund	Total Nonmajor Special Revenue Funds (See Exhibit C-1)
ASSETS:			
Cash in County Treasury	$ 36,730	$ 481,788	$ 518,518
Accounts Receivable	34,397	1,610	36,007
Due from Other Funds	22,638	93,121	115,759
Total Assets	93,765	576,519	670,284
LIABILITIES AND FUND BALANCE:			
Liabilities:			
Accounts Payable	$ 53,285	$ -	$ 53,285
Unearned Revenue	40,480	-	40,480
Total Liabilities	93,765	-	93,765
Fund Balance:			
Committed Fund Balances	-	576,519	576,519
Total Fund Balance	-	576,519	576,519
Total Liabilities and Fund Balances	$ 93,765	$ 576,519	$ 670,284

DEL MAR UNION SCHOOL DISTRICT

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

	Cafeteria Fund	Deferred Maintenance Fund	Total Nonmajor Special Revenue Funds (See Exhibit C-2)
Revenues:			
LCFF Sources:			
Local Sources	$ -	$ 228,247	$ 228,247
Federal Revenue	178,008	-	178,008
Other State Revenue	9,614	-	9,614
Other Local Revenue	828,830	4,131	832,961
Total Revenues	1,016,452	232,378	1,248,830
Expenditures:			
Current:			
Pupil Services	1,038,134	-	1,038,134
Plant Services	-	4,062	4,062
Total Expenditures	1,038,134	4,062	1,042,196
Excess (Deficiency) of Revenues Over (Under) Expenditures	(21,682)	228,316	206,634
Other Financing Sources (Uses):			
Transfers In	16,220	-	16,220
Total Other Financing Sources (Uses)	16,220	-	16,220
Net Change in Fund Balance	(5,462)	228,316	222,854
Fund Balance, July 1	5,462	348,203	353,665
Fund Balance, June 30	$ -	$ 576,519	$ 576,519

Other Supplementary Information

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

Supplementary Information Section

DEL MAR UNION SCHOOL DISTRICT
LOCAL EDUCATION AGENCY
ORGANIZATION STRUCTURE
JUNE 30, 2018

The Del Mar Union School District was established in 1906 and became a Union District in 1949. There were no changes in the boundaries of the district during the current fiscal year. The district is currently operating eight elementary schools.

Governing Board

Name	Office	Term and Term Expiration
Kristen Gibson	President	Four year term Expires December 2018
Erica Halpern	Clerk	Four year term Expires December 2020
Stephen Cochrane, Ph.D.	Member	Four year term Expires December 2020
Doug Rafner, Esq.	Member	Four year term Expires December 2018
Scott Wooden, Ph.D.	Member	Four year term Expires December 2018

Administration

Holly McClurg, Ph.D.
Superintendent

Shelley Petersen
Assistant Superintendent
Curriculum & Instruction

Jason Romero
Assistant Superintendent
Human Resources

Catherine Birks
Assistant Superintendent
Business Services

DEL MAR UNION SCHOOL DISTRICT **TABLE D-1**

SCHEDULE OF AVERAGE DAILY ATTENDANCE
YEAR ENDED JUNE 30, 2018

	Second Period Report Certificate #66923E4E		Annual Report Certificate #C60E479B	
	Original	Revised	Original	Revised
TK/K-3:				
Regular ADA	2,248.21	N/A	2,254.11	N/A
Extended Year Special Education	6.29	N/A	6.29	N/A
Nonpublic, Nonsectarian Schools	1.41	N/A	1.57	N/A
Extended Year-Nonpublic	0.29	N/A	0.29	N/A
TK/K-3 Totals	2,256.20	N/A	2,262.26	N/A
Grades 4-6:				
Regular ADA	2,062.24	N/A	2,066.89	N/A
Extended Year Special Education	2.40	N/A	2.40	N/A
Nonpublic, Nonsectarian Schools	0.99	N/A	0.97	N/A
Grades 4-6 Totals	2,065.63	N/A	2,070.26	N/A
ADA totals	4,321.83	N/A	4,332.52	N/A

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

Average daily attendance is a measurement of the number of pupils attending classes of the district. 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.

DEL MAR UNION SCHOOL DISTRICT

TABLE D-2

SCHEDULE OF INSTRUCTIONAL TIME
YEAR ENDED JUNE 30, 2018

Grade Level	Ed. Code Minutes Requirement	2017-18 Actual Minutes	Number of Days Traditional Calendar	Number of Days Multitrack Calendar	Status
Transitional Kindergarten	36,000	54,845	180	-	Complied
Kindergarten	36,000	54,845	180	-	Complied
Grade 1	50,400	54,675	180	-	Complied
Grade 2	50,400	54,675	180	-	Complied
Grade 3	50,400	54,675	180	-	Complied
Grade 4	54,000	54,675	180	-	Complied
Grade 5	54,000	54,675	180	-	Complied
Grade 6	54,000	54,675	180	-	Complied

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

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

DEL MAR UNION SCHOOL DISTRICT

TABLE D-3

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

General Fund	Budget 2019 (Note 1)	2018	2017	2016
Revenues and other financial sources	$ 58,884,690	$ 57,558,817	$ 54,980,748	$ 52,905,341
Expenditures, other uses and transfers out	58,884,690	56,655,607	55,135,418	52,426,631
Change in fund balance (deficit)	-	903,210	(154,670)	478,710
Ending fund balance	$ 12,089,343	$ 12,089,343	$ 11,186,133	$ 11,340,803
Available reserves (Note 2)	$ 11,918,610	$ 11,918,611	$ 10,933,871	$ 11,178,673
Available reserves as a percentage of total outgo (Note 3)	20.2%	21.7%	20.4%	22.0%
Total long-term debt	$ 18,580,116	$ 19,126,724	$ 20,397,076	$ 22,877,729
Average daily attendance at P-2	4,338	4,322	4,304	4,216

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

The fund balance of the general fund has increased by $748,540 (6.6%) over the past two years. The fiscal year 2018-19 budget projects an increase in fund balance by $0. For a district of this size, the State recommends available reserves of at least 3% of total general fund expenditures, transfers out and other uses (total outgo).

Total long-term debt has decreased by $3,751,005 over the past two years.

Average daily attendance has increased by 106 over the past two years.

Notes:

1 Budget 2019 is included for analytical purposes only and has not been subjected to audit.

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

3 On behalf payments of $2,078,716, $2,124,489, and $1,649,341 have been excluded from the calculation of available reserves for the fiscal years ending June 30, 2018, 2017, and 2016.

DEL MAR UNION SCHOOL DISTRICT

TABLE D-4

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

	Enterprise Fund
June 30, 2018, annual financial and budget report fund balances	$ 961,092
Adjustments and reclassifications:	
Increasing (decreasing) the fund balance:	
To record depreciation expense for building	(84,304)
To record compensated absence activity	11,148
To record OPEB liability activity	(347,348)
To record deferred outflows of resources - OPEB related activity	3,901
To record net pension liability activity	120,401
To record deferred outflows of resources - pension related activity	353,524
To record deferred inflows of resources - pension related activity	(721,915)
Net adjustments and reclassifications	(664,593)
June 30, 2018, audited financial statement fund balances	$ 296,499

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

SCHEDULE OF CHARTER SCHOOLS
YEAR ENDED JUNE 30, 2018

No charter schools are chartered by Del Mar Union School District.

Charter Schools	Charter Number	Included In Audit?
None	N/A	N/A

DEL MAR UNION SCHOOL DISTRICT

TABLE D-6

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

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
CHILD NUTRITION CLUSTER:				
U. S. Department of Agriculture				
Passed Through State Department of Education:				
National School Lunch Program	10.555	13391	$ -	$ 178,008
Total U. S. Department of Agriculture			-	178,008
Total Child Nutrition Cluster			-	178,008
SPECIAL EDUCATION (IDEA) CLUSTER:				
U. S. Department of Education				
Passed Through State Department of Education:				
Special Education IDEA Private Schools	84.027	10115	22,690	22,690
Special Education: IDEA	84.027	13379	-	803,489
Special Education: Preschool Local	84.027	13682	-	118,200
Special Education: IDEA Mental Health	84.027	14468	-	49,788
Special Education: IDEA Preschool Staff Development	84.173	13430	-	405
Special Education: Preschool Grants	84.173	13430	-	38,233
Total Passed Through State Department of Education			22,690	1,032,805
Total U. S. Department of Education			22,690	1,032,805
Total Special Education (IDEA) Cluster			22,690	1,032,805
OTHER PROGRAMS:				
U. S. Department of Education				
Passed Through State Department of Education:				
Title III	84.365	14346	-	116,929
Title II Supporting Effective Education	84.367	14341	-	69,329
Total Passed Through State Department of Education			-	186,258
Total U. S. Department of Education			-	186,258
TOTAL EXPENDITURES OF FEDERAL AWARDS			$ 22,690	$ 1,397,071

The accompanying notes are an integral part of this schedule.

Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Del Mar Union School District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.* Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Indirect Cost Rate

Indirect costs were calculated in accordance with 2 CFR §200.412 Direct and Indirect Costs. The District used an indirect cost rate of 6.84% based on the rate approved by the California Department of Education for each program which did not have a pre-defined allowable indirect cost rate. The School did not elect to use the 10% de minimis cost rate as covered in 2 CFR §200.414 Indirect Costs. The following programs utilized a lower indirect cost rate based on program restrictions or other factors determined by the District:

Program	CFDA #	Indirect Cost Rate
Title III	84.365	2.00%

Summary of Significant Accounting Policies

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

Other Independent Auditor's Reports

P. Robert Wilkinson, CPA
Brian K. Hadley, CPA
Mark Bomediano, CPA

WILKINSON HADLEY KING & CO. LLP
CPAs AND ADVISORS

Aubrey W. Mann, CPA
Kevin A. Sproul, CPA

Independent Auditor's Report on Internal Control over Financial Reporting and On Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance With *Government Auditing Standards*

Board of Trustees
Del Mar Union School District
San Diego, California

Members of the Board of Trustees:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Del Mar Union School District, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Del Mar Union School District's basic financial statements and have issued our report thereon dated December 14, 2018.

Internal Control Over Financial Reporting

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

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

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

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Tel. (510) 679-6900 Fax (510) 679-6901

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Del Mar Union School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item(s) 2018-001.

Del Mar Union School District's Response to Findings

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

Purpose of this Report

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

Wilkinson Hadley King & Co. LLP

El Cajon, California
December 14, 2018

P. Robert Wilkinson, CPA
Brian K. Hadley, CPA
Mark Bomediano, CPA

WILKINSON HADLEY
KING & CO. LLP
CPAs AND ADVISORS

Aubrey W. Mann, CPA
Kevin A. Sproul, CPA

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

Board of Trustees
Del Mar Union School District
San Diego, California

Members of the Board of Trustees:

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

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Report on Internal Control Over Compliance

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

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

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

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

Wilkinson Hadley King & Co. LLP

El Cajon, California
December 14, 2018

P. Robert Wilkinson, CPA
Brian K. Hadley, CPA
Mark Bomediano, CPA

WILKINSON HADLEY KING & CO. LLP
CPAs AND ADVISORS

Aubrey W. Mann, CPA
Kevin A. Sproul, CPA

Independent Auditor's Report on State Compliance

Board of Trustees
Del Mar Union School District
San Diego, California

Members of the Board of Trustees:

Report on State Compliance

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

Management's Responsibility for State Compliance

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

Auditor's Responsibility

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

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

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

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

Opinion on State Compliance

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

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance with the statutory requirements for programs noted above, which are required to be reported in accordance with the State's audit guide, *2017-18 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* prescribed in Title 5, *California Code of Regulations,* Section 19810 and which is described in the accompanying Schedule of Findings and Questioned Costs as item 2018-001.

Del Mar Union School District's Response to Findings

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

Purpose of This Report

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

Wilkinson Hadley King & Co. LLP

El Cajon, California
December 14, 2018

Findings and Recommendations Section

DEL MAR UNION SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018

A. Summary of Auditor's Results

1. Financial Statements

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

2. Federal Awards

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

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
84.027, 84.173	Special Education Cluster

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

3. State Awards

Any audit findings disclosed that are required to be reported in accordance with the state's Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting?	X	Yes		No
Type of auditor's report issued on compliance for state programs:	Unmodified			

B. Financial Statement Findings

None

C. Federal Award Findings and Questioned Costs

None

D. State Award Findings and Questioned Costs

Finding Number:	2018-001
Repeat Finding:	No
Program Name:	Attendance Reporting
Questioned Costs:	None
Type of Finding:	State Compliance - Attendance (10000)

Criteria or Specific Requirement
Determine that class attendance rosters are being signed, dated, and retained in a timely manner as proper verification of pupil attendance based on the guidelines and provisions under Education Code Sections 46000 and 46303.

Condition
In review of the class rosters at Ocean Air Elementary School, teacher verification rosters were not verified by teachers timely (within a week of the attendance being taken).

The District has established procedures that the teachers enter attendance on a daily basis and although the verification of class rosters was not completed within state guidelines, the attendance was entered timely by individuals with first hand knowledge. Based upon our review, we determined there are no questioned costs or loss of attendance to be identified or justified as all class rosters had a valid teacher signature and were subsequently approved prior to the end of the fiscal year.

Cause
School site personnel were not consistently following District established procedures. Sites did not fully understand the requirements.

Effect
One school site was out of compliance with approved attendance procedures, which require that attendance reports be printed and verified by teachers within one week of the attendance week.

Context
We tested attendance at two out of eight schools sites, noting the condition at one school site.

Recommendation
Implement procedures to ensure class rosters are printed timely and are being signed, dated, and verified by the teachers within one week after the end of each attendance period. Retain all original rosters printed and verified by the teachers even if changes or corrections have been made as proper support that weekly attendance is being validated on a timely basis. Provide training to all school sites to District established policies and procedures surrounding documentation of attendance. Implement monitoring procedures at school sites to ensure procedures are being followed.

Views of Responsible Officials
See Corrective Action Plan

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Del Mar
union school district
Igniting Genius, Empowering Students

December 14, 2018

To Whom It May Concern:

The accompanying Corrective Action Plan has been prepared as required by the 2017-18 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting published by the Education Audit Appeals Panel. The name of the contact person responsible for corrective action, the planned corrective action, and the anticipated completion date for each finding included in the current year's Schedule of Findings and Questioned Costs have been provided.

In addition, we have also prepared the accompanying Summary Schedule of Prior Audit Findings which includes the status of audit findings reported in the prior year's audit.

Sincerely,

Catherine Birks

Catherine Birks
Assistant Superintendent, Business Services

DEL MAR UNION SCHOOL DISTRICT
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED JUNE 30, 2018

Findings and Questioned Costs Related to State Awards

Finding Number:	2018-001
Program Name:	Attendance Reporting
Contact Person:	Catherine Birks, Assistant Superintendent Business Services
Anticipated Completion Date:	January - June 2019
Planned Corrective Action:	Attendance policies and procedures have been reviewed and updated. Staff will provide support to staff responsible for attendance regarding best practices and procedures. Internal audits will be performed to ensure that class rosters are printed timely and are being signed, dated, and verified by teachers within one week after the end of each attendance period. All original rosters printed and verified by the teachers will be retained even if changes or corrections have been made as proper support that weekly attendance is being validated on a timely basis.

DEL MAR UNION SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2018

Finding/Recommendation	Current Status	Management's Explanation If Not Implemented

There were no findings reported in the prior year audit report.

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APPENDIX C

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Del Mar Union School District (the "District") in connection with the issuance of $55,285,000 of the District's General Obligation Bonds, 2018 Election, Series 2019 A (the "Bonds"). The Bonds are being issued pursuant to a resolution adopted by the Board of Trustees of the District on August 28, 2019. The District covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the District for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5).

SECTION 2. Definitions. In addition to the definitions set forth in the Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the District pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Beneficial Owner" shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

"Dissemination Agent" shall mean initially the District, or any successor Dissemination Agent designated in writing by the District (which may be the District) and which has filed with the District a written acceptance of such designation.

"Financial Obligation" shall mean (a) a debt obligation; (b) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of (a) or (b). The term "Financial Obligation" does not include municipal securities as to which a final official statement has been provided to the Repository consistent with the Rule.

"Holders" shall mean registered owners of the Bonds.

"Listed Events" shall mean any of the events listed in Section 5(a) or Section 5(b) of this Disclosure Certificate.

"Official Statement" shall mean that certain official statement, dated October 1, 2019, relating to the offering and sale of the Bonds.

"Participating Underwriter" shall mean Stifel, Nicolaus & Company, Incorporated, as the original Underwriter of the Bonds required to comply with the Rule in connection with the offering of the Bonds.

"Repository" shall mean, the Municipal Securities Rulemaking Board, which can be found at http://emma.msrb.org/, or any other repository of disclosure information that may be designated by the Securities and Exchange Commission as such for purposes of the Rule in the future.

"Rule" shall mean 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.

"State" shall mean the State of California.

SECTION 3. Provision of Annual Reports.

(a) The District shall, or shall cause the Dissemination Agent to, not later than nine months after the end of the District's fiscal year (presently ending June 30), commencing with the report for the 2018-19 fiscal year, provide to the Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; *provided* that the audited financial statements of the District may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are 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(d).

(b) Not later than thirty (30) days (nor more than sixty (60) days) prior to said date the Dissemination Agent shall give notice to the District that the Annual Report shall be required to be filed in accordance with the terms of this Disclosure Certificate. Not later than fifteen (15) Business Days prior to said date, the District shall provide the Annual Report in a format suitable for reporting to the Repository to the Dissemination Agent (if other than the District). If the District is unable to provide to the Repository an Annual Report by the date required in subsection (a), the District shall send notice in a timely manner to the Repository in substantially the form attached as Exhibit A with a copy to the Dissemination Agent. The Dissemination Agent (if other than the District) shall not be required to file a Notice to Repository of Failure to File an Annual Report.

(c) The Dissemination Agent shall file a report with the District stating it has filed the Annual Report in accordance with its obligations hereunder, stating the date it was provided to the Repository.

SECTION 4. Content and Form of Annual Reports. (a) The District's Annual Report shall contain or include by reference the following:

1. The audited financial statements of the District for the prior fiscal year, 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 time the Annual Report is required to be filed pursuant to Section 3(a), 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.

2. Financial information and operating data with respect to the District of the type included in the Official Statement in the following categories (to the extent not included in the District's audited financial statements):

(a) State funding received by the District for the last completed fiscal year;

(b) average daily attendance of the District for the last completed fiscal year;

(c) outstanding District indebtedness;

(d) summary financial information on revenues, expenditures and fund balances for the District's general fund reflecting adopted budget for the current fiscal year;

(e) assessed valuation of taxable property within the District for the then current fiscal year;

(f) Top twenty property owners in the District for the then-current fiscal year, as measured by secured assessed valuation, the amount of their respective taxable assessed value, and their percentage of total secured assessed value, if material; and

(f) secured *ad valorem* property tax levies and delinquencies for taxable property within the District for the last completed fiscal year, to the extent San Diego County no longer implements to the Teeter Plan (as such term is defined in the Official Statement) as to secured *ad valorem* property tax levies for general obligation bonded debt of the District.

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 have been submitted to the Repository or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The District shall clearly identify each such other document so included by reference.

(b) The Annual Report shall be filed in an electronic format, and accompanied by identifying information, prescribed by the Municipal Securities Rulemaking Board.

SECTION 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5(a), the District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds in a timely manner not in excess of 10 business days after the occurrence of the event:

1. principal and interest payment delinquencies.

2. tender offers.

3. defeasances.

4. rating changes.

5. adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, or Notices of Proposed Issue (IRS Form 5701-TEB).

6. unscheduled draws on the debt service reserves reflecting financial difficulties.

7. unscheduled draws on credit enhancement reflecting financial difficulties.

8. substitution of the credit or liquidity providers or their failure to perform.

9. default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the obligated person, any of which reflect financial difficulties.

10. bankruptcy, insolvency, receivership or similar event (within the meaning of the Rule) of the District. For the purposes of the event identified in this Section 5(a)(10), the event 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 U.S. 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 governmental 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.

(b) Pursuant to the provisions of this Section 5(b), the District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material:

1. non-payment related defaults.

2. modifications to rights of Bondholders.

3. unless described under Section 5(a)(5) above, material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds.

4. bond calls.

5. release, substitution or sale of property securing repayment of the Bonds.

6. 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.

7. appointment of a successor or additional trustee or paying agent with respect to the Bonds or the change of name of such a trustee or paying agent.

8. incurrence of a Financial Obligation of the obligated person, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the obligated person, any of which affect Bondowners.

(c) Whenever the District obtains knowledge of the occurrence of a Listed Event under Section 5(b) hereof, the District shall as soon as possible determine if such event would be material under applicable federal securities laws.

(d) If the District determines that knowledge of the occurrence of a Listed Event under Section 5(b) hereof would be material under applicable federal securities laws, the District shall (i) file a notice of such occurrence with the Repository in a timely manner not in excess of 10 business days after the occurrence of the event or (ii) provide notice of such reportable event to the Dissemination Agent in format suitable for filing with the Repository in a timely manner not in excess of 10 business days after the occurrence of the event. The Dissemination Agent shall have no duty to independently prepare or file any report of Listed Events. The Dissemination Agent may conclusively rely on the District's determination of materiality pursuant to Section 5(c).

SECTION 6. 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(a) or Section 5(b), as applicable.

SECTION 7. Dissemination Agent. The District may, from time to time, appoint or engage a Dissemination Agent (or substitute Dissemination Agent) to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent may resign upon fifteen (15) days written notice to the District. Upon such resignation, the District shall act as its own Dissemination Agent until it appoints a successor. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the District pursuant to this Disclosure Certificate and shall not be responsible to verify the accuracy, completeness or materiality of any continuing disclosure information provided by the District. The District shall compensate the Dissemination Agent for its fees and expenses hereunder as agreed by the parties. Any entity succeeding to all or substantially all of the Dissemination Agent's corporate trust business shall be the successor Dissemination Agent without the execution or filing of any paper or further act.

SECTION 8. 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, 5(a) or 5(b), 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 the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances;

(c) The amendment or waiver does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds; and

(d) No duties of the Dissemination Agent hereunder shall be amended without its written consent thereto.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the District shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the District. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(a), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 9. 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 10. Default. In the event of a failure of the District to comply with any provision of this Disclosure Certificate any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default under the Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate. The Dissemination Agent acts hereunder solely for the benefit of the District; this Disclosure Certificate shall confer no duties on the Dissemination Agent to the Participating Underwriter, the Holders and the Beneficial Owners. The District agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorney's fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's gross negligence or willful misconduct. The obligations of the District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds. The Dissemination Agent shall have no liability for the failure to report any event or any financial information as to which the District has not provided an information report in format suitable for filing with the Repository. The Dissemination Agent shall not be required to monitor or enforce the District's duty to comply with its continuing disclosure requirements hereunder.

SECTION 12. 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.

Dated: October 16, 2019

DEL MAR UNION SCHOOL DISTRICT

By: ____
Authorized Officer

EXHIBIT A

NOTICE TO REPOSITORY OF FAILURE TO FILE ANNUAL REPORT

Name of District: DEL MAR UNION SCHOOL DISTRICT

Name of Bond Issue: General Obligation Bonds, 2018 Election, Series 2019 A

Date of Issuance: October 16, 2019

NOTICE IS HEREBY GIVEN that the District has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Certificate relating to the Bonds. The District anticipates that the Annual Report will be filed by _____________.

Dated:_______________________

DEL MAR UNION SCHOOL DISTRICT

By ____[form only; no signature required]_____

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APPENDIX D

GENERAL ECONOMIC AND DEMOGRAPHIC INFORMATION FOR THE CITY OF DEL MAR AND SAN DIEGO COUNTY

The following information regarding economic activity within San Diego County (the "County") and the City of Del Mar ("Del Mar"), in which the District is located is provided as background information only, to describe the general economic health of the region.

Introduction

City of Del Mar. The City of Del Mar (the "City") is a coastal charter city incorporated in 1959. Its charter permits it to collect admission taxes on events but it is a general law city in every other respect. It borders the Torrey Pines State Beach on the south and the City of Solana Beach on the north. The City is governed by a five-member City Council under the Council/Manager form of government. The City Council is elected at large with staggered four-year terms and the position of Mayor is rotated amongst Council members annually.

Del Mar is a small community, with a total area of 1.8 square miles and noted for its beautiful beaches, bordered to the south by Los Peñasquitos Lagoon, San Dieguito Lagoon to the north and the Pacific Ocean to the West. The City of San Diego lies to the east. The City is primarily a residential community with substantial tourist appeal. The City is predominantly built-out; however, redevelopment and revitalization opportunities exist in its commercial areas, and replacement of existing houses with larger and more elaborate dwellings is commonplace in its residential areas. The 22nd District Agricultural Association (DAA), which manages and operates the Del Mar Fairgrounds and is home to the Del Mar Thoroughbred Club, has a significant presence in the City, encompassing approximately one-fifth of the City's area. The 22nd DAA is a State of California agency and is managed by a board of directors appointed by the Governor.

San Diego County. The County is the southernmost major metropolitan area in the State of California. The County covers 4,255 square miles, extending 70 miles along the Pacific Coast from the border with Mexico to Orange County, and inland 75 miles to Imperial County. The County was incorporated on February 18, 1850 and functions under a charter adopted in 1933, and is amended from time to time. The County is governed by a five-member Board of Supervisors elected to four-year terms in district nonpartisan elections. The Board of Supervisors appoints the Chief Administrative Officer and the County Counsel. Elected officials include the Assessor/County Clerk/Recorder, District Attorney, Sheriff and Treasurer/Tax Collector.

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Population

The table below shows historical population figures for the City, the County and the State for the last 10 years.

POPULATION ESTIMATES
2010 through 2019
City of Del Mar, San Diego County and State of California

Year[1]	City of Del Mar	San Diego County	State of California
2010[2]	4,161	3,095,313	37,253,956
2011	4,194	3,125,264	37,594,781
2012	4,189	3,161,750	37,971,427
2013	4,219	3,201,417	38,321,459
2014	4,294	3,235,142	38,622,301
2015	4,339	3,267,992	38,952,462
2016	4,343	3,287,279	39,214,803
2017	4,385	3,309,626	39,504,609
2018	4,442	3,333,128	39,740,508
2019	4,451	3,351,786	39,927,315

(1) As of January 1.
(2) As of April 1.
Source: 2010: U.S. Department of Commerce, Bureau of the Census, for April 1. 2011-19 California Department of Finance for January 1.

Income

The following table summarizes per capita personal income for the County, the State and the United States for the past 10 years that data is currently available.

PER CAPITA PERSONAL INCOME
2008 through 2017
San Diego County, the State of California, and the United States

Year	San Diego County	State of California	United States
2008	$45,136	$43,895	$40,904
2009	43,086	42,050	39,284
2010	44,113	43,609	40,545
2011	46,505	46,145	42,727
2012	48,256	48,751	44,582
2013	49,460	49,173	44,826
2014	52,166	52,237	47,025
2015	54,742	55,679	48,940
2016	56,116	57,497	49,831
2017	57,913	59,796	51,640

Note: All dollar estimates are in current dollars (not adjusted for inflation).
Source: U.S. Department of Commerce, Bureau of Economic Analysis.

Commercial Activity

The following tables show summaries of annual taxable sales for the City and the County from 2015 through 2018.

TAXABLE SALES
2015 through 2018[1]
City of Del Mar
(Dollars in Thousands)

Year	Retail Permits	Retail Stores Taxable Transactions	Total Permits	Total Taxable Transactions
2015	1,208	$147,715	1,601	$186,961
2016	1,172	152,595	1,547	193,342
2017	1,175	151,805	1,542	189,789
2018[2]	1,133	156,656	1,520	191,203

(1) Data for 2014 is not available for the City.
(2) Preliminary, subject to change.
Source: Taxable Sales in California, California Department of Tax and Fee Administration ("CDTFA") for 2015-18. Some previously reported data has been revised by the CDTFA.

TAXABLE SALES
2014 through 2018
San Diego County
(Dollars in Thousands)

Year	Retail Permits	Retail Stores Taxable Transactions	Total Permits	Total Taxable Transactions
2014	59,705	$37,257,495	86,671	$52,711,639
2015	58,740	38,521,521	95,480	54,717,543
2016	58,391	39,089,506	95,326	55,921,010
2017	59,798	40,371,715	97,412	57,551,360
2018[1]	59,836	41,886,825	100,674	59,041,042

(1) Preliminary, subject to change.
Source: Taxable Sales in California, California State Board of Equalization for 2014.
Taxable Sales in California, California Department of Tax and Fee Administration ("CDTFA") for 2015-18. Some previously reported data has been revised by the CDTFA.

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Employment

The following table summarizes civilian labor force, employment and unemployment statistics for the City, County and State from 2014 through 2018.

CIVILIAN LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT
2014 through 2018
City of Del Mar, San Diego County and State of California

Year	Area	Labor Force	Employment	Unemployment	Unemployment Rate
2014	City of Del Mar	2,500	2,500	0	0.7%
	San Diego County	1,540,700	1,441,700	99,000	6.4
	State of California	18,714,700	17,310,900	1,403,800	7.5
2015	City of Del Mar	2,600	2,600	0	0.5
	San Diego County	1,550,100	1,469,500	80,600	5.2
	State of California	18,851,100	17,681,800	1,169,200	6.2
2016	City of Del Mar	2,400	2,300	100	3.2
	San Diego County	1,564,300	1,490,500	73,900	4.7
	State of California	19,044,500	18,002,800	1,041,700	5.5
2017	City of Del Mar	2,400	2,400	100	2.2
	San Diego County	1,574,600	1,511,400	63,200	4.0
	State of California	19,205,300	18,285,500	919,800	4.8
2018	City of Del Mar	2,500	2,400	0	1.8
	San Diego County	1,592,200	1,539,500	52,700	3.3
	State of California	19,398,200	18,582,800	815,400	4.2

Note: Data is based on annual averages, unless otherwise specified, and is not seasonally adjusted.
Source: U.S. Department of Labor – Bureau of Labor Statistics, California Employment Development Department. March 2018.

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Industry

The County is included in the San Diego-Del Mar Metropolitan Statistical Area (the "MSA"). The distribution of employment is presented in the following table for the past five years. These figures may be multi county-wide statistics and may not necessarily accurately reflect employment trends in the County.

INDUSTRY EMPLOYMENT & LABOR FORCE ANNUAL AVERAGES
2014 through 2018
San Diego-Del Mar Metropolitan Statistical Area

	2014	2015	2016	2017	2018
Total Farm	9,400	9,100	8,900	8,700	9,100
Mining and Logging	400	300	300	300	300
Construction	63,900	69,900	76,300	79,500	84,200
Manufacturing	102,400	106,600	108,400	109,400	112,700
Wholesale Trade	44,900	44,100	43,700	43,800	43,700
Retail Trade	144,300	146,800	147,500	149,000	148,200
Transportation, Warehousing & Utilities	27,000	28,400	29,700	32,000	33,500
Information	24,500	23,800	23,700	24,000	24,000
Financial Activities	69,600	71,400	73,000	74,600	75,900
Professional and Business Services	222,400	229,300	234,500	238,800	248,800
Education and Health Services	186,100	192,700	198,700	204,300	210,500
Leisure and Hospitality	175,500	182,400	190,400	195,600	199,900
Other Services	52,000	53,200	54,400	55,000	55,400
Government	231,900	236,200	242,200	246,300	247,600
Total All Industries	1,354,300	1,394,100	1,431,800	1,461,300	1,493,800

Note: May not add to total due to independent rounding.
Source: California Employment Development Department, Labor Market Information Division. March 2018 Benchmark.

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Largest Employers

The following tables summarize the largest employers in the City and the County in 2018.

LARGEST EMPLOYERS
2018
City of Del Mar

Rank	Employer	Employees
1.	L'Auberge Del Mar Resort Spa	250
2.	Del Mar Thoroughbred Club	115
3.	Jake's Del Mar	110
4.	Brigantine Seafood Restaurant	100
5.	Il Fornaio	100
6.	Weichert Realtors	99
7.	Pacifica Del Mar	65
8.	Clubxcite	51
9.	Poseidon Restaurant	50
10.	Sbica An America Bistro	50

Source: City of Del Mar 'Comprehensive Annual Financial Report' for the year ending June 30, 2018.

LARGEST EMPLOYERS
2018
San Diego County

Rank	Employer	Employees
1.	University of California, San Diego	34,448
2.	Naval Base San Diego	34,185
3.	Sharp Healthcare	18,364
4.	County of San Diego	17,413
5.	Scripps Health	14,941
6.	San Diego Unified School District	13,815
7.	Qualcomm Inc.	11,800
8.	City of San Diego	11,462
9.	Kaiser Permanente	9,606
10.	UC San Diego Health	8,932

Source: San Diego County 'Comprehensive Annual Financial Report' for the year ending June 30, 2018.

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Building Activity

The following tables show the annual building permit valuations and number of permits for new dwelling units issued from 2014 through 2018 for the City and the County.

BUILDING PERMIT VALUATIONS
City of Del Mar
2014 through 2018
(Dollars in Thousands)

Valuation ($000's)	2014	2015	2016	2017	2018
Residential	$14,666	$12,448	$6,280	$12,942	$12,310
Non-residential	1,071	681	14,421	363	1,627
Total	$15,737	$13,129	$20,701	$13,305	$13,937
New Housing Units					
Single Units	13	9	5	9	7
Multiple Units	0	2	0	2	0
Total	13	11	5	11	7

Note: Totals may not add to sum because of rounding.
Source: Construction Industry Research Board.

BUILDING PERMIT VALUATIONS
County of San Diego
2014 through 2018
(Dollars in Thousands)

Valuation ($000's)	2014	2015	2016	2017	2018
Residential	$1,818,853	$2,447,042	$2,472,237	$2,632,826	$2,673,873
Non-residential	1,920,627	1,862,502	1,782,421	2,371,303	1,901,844
Total	$3,739,480	$4,309,544	$4,254,658	$5,004,129	$4,575,717
New Housing Units					
Single Units	2,276	3,136	2,420	3,960	3,438
Multiple Units	4,327	6,869	7,680	6,056	6,132
Total	6,603	10,005	10,100	10,016	9,570

Note: Totals may not add to sum because of rounding.
Source: Construction Industry Research Board.

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APPENDIX E

SAN DIEGO COUNTY INVESTMENT POOL

The following information concerning the San Diego County Treasury Pool (the "Treasury Pool") has been provided by the Treasurer-Tax Collector (the "Treasurer") of San Diego County (the "County"), and has not been confirmed or verified by the District, the Municipal Advisor or the Underwriter. The District and the Municipal Advisor have not made an independent investigation of the investments in the Treasury Pool and have made no assessment of the current County investment policy. The value of the various investments in the Treasury Pool will fluctuate on a daily basis as a result of a multitude of factors, including generally prevailing interest rates and other economic conditions. Additionally, the Treasurer, with the consent of the County Board of Supervisors, may change the County investment policy at any time. Therefore, there can be no assurance that the values of the various investments in the Treasury Pool will not vary significantly from the values described herein. Finally, neither the District nor the Municipal Advisor make any representation as to the accuracy or adequacy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof, or that the information contained or incorporated hereby by reference is correct as of any time subsequent to its date. Additional information regarding the Treasury Pool may be obtained from the Treasurer at http://www.sdtreastax.com*; however, the information presented on such website is not incorporated herein by any reference.*

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COUNTY OF SAN DIEGO INVESTMENT POOL

TREASURY INVESTMENT RESULTS

AUG 2019

County of San Diego Treasurer-Tax Collector | 1600 Pacific Hwy, San Diego, CA 92101 | www.sdttc.com

TABLE OF CONTENTS

Note: The Information provided, including all charts, tables, graphs and numerical representations, are provided to readers solely as a general overview of the economic and market conditions which the Treasurer utilizes in making investment decisions.

SUMMARY PORTFOLIO STATISTICS

County of San Diego Pooled Money Fund

As of August 31, 2019

Investment Type	Par Value	Book Value	Market Value	% of Portfolio	Market Price	WAM	YTM	Accrued Interest	Unrealized Gain/Loss
Asset Backed Securities	802,436,035	802,312,760	809,948,880	9.30	100.936	1171	2.46	1,075,389	7,636,120
Commercial Paper Disc	1,321,000,000	1,318,481,856	1,318,585,320	15.28	99.817	29	2.41	-	103,465
Federal Agency	2,890,746,000	2,893,341,749	2,906,394,254	33.54	100.541	918	1.98	14,191,668	13,052,505
Medium-Term Notes	780,154,000	781,520,878	788,928,286	9.06	101.128	769	2.54	3,552,623	7,407,408
Negotiable CDs	1,212,000,000	1,212,000,680	1,214,564,360	14.05	100.212	125	2.67	15,209,101	2,563,680
Supranationals	1,058,250,000	1,059,562,523	1,076,027,900	12.28	101.680	964	2.15	6,390,640	16,465,377
Treasury Coupon Securities	443,000,000	442,311,033	445,912,050	5.13	100.667	804	1.71	1,639,020	3,601,017
Money Market Accounts	102,400,000	102,400,000	102,400,000	1.19	100.000	1	2.03	226,678	-
Bank Deposit	8,578,293	8,578,293	8,578,293	0.10	100.000	1	2.00	8,493	-
Sweep Fund	7,299,067	7,299,067	7,299,067	0.08	100.000	1	1.57	8,790	-
Totals for August 2019	8,625,863,395	8,627,808,837	8,678,638,410	100.00	100.616	668	2.25	42,302,401	50,829,572
Totals for July 2019	9,359,145,813	9,357,451,826	9,373,134,575	100.00	100.152	615	2.31	45,586,333	15,682,749
Change from Prior Month	(733,282,418)	(729,642,989)	(694,496,165)		0.464	53	-0.06	(3,283,931)	35,146,823

Portfolio Effective Duration 1.15 years

Return Information	Monthly Return	Annualized	Fiscal Year To Date Return	Annualized	Calendar Year To Date Return	Annualized
Book Value	0.190%	2.240%	0.388%	2.281%	1.597%	2.398%

Notes

Yield to maturity (YTM) is the estimated rate of return on a bond given its purchase price, assuming all coupon payments are made on a timely basis and reinvested at this same rate of return to the maturity date.

Weighted Average Maturity (WAM) is average time it takes for securities in a portfolio to mature, weighted in proportion to the dollar amount that is invested in the portfolio.

Yields for the portfolio are aggregated based on the book value of each security.

Monthly Investment Returns are reported gross of fees. Administration fees since fiscal year 17-18 have averaged approximately 7 basis points per annum.

**All Investments held during the month of August 2019 were in compliance with the Investment Policy dated January 1, 2019.

PROJECTED LIQUIDITY

County of San Diego Pooled Money Fund

As of August 31, 2019

($000)

	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20
Beginning Pool Book Balance	8,627,809	8,274,786	8,528,876	8,470,517	9,792,205	8,857,432
CASH FLOW ITEMS						
INFLOWS:						
Investment Inflows	1,090,835	587,629	352,263	390,000	244,170	214,238
Projected Credits/Deposits	829,177	1,399,390	1,204,907	2,974,450	742,494	1,003,081
	1,920,012	**1,987,019**	**1,557,170**	**3,364,450**	**986,664**	**1,217,319**
Outflows						
Investment Purchases	105,157	-	-	-	-	-
Projected Debits	1,182,200	1,145,300	1,263,266	1,652,762	1,677,267	1,217,758
	1,287,357	**1,145,300**	**1,263,266**	**1,652,762**	**1,677,267**	**1,217,758**
Net Cash Flows	(353,023)	254,090	(58,359)	1,321,688	(934,773)	(214,677)
MONTH END POOL BALANCE	8,274,786	8,528,876	8,470,517	9,792,205	8,857,432	8,642,755
PROJECTED MONTH END LIQUIDITY	**$ 937,451**	**$ 1,779,170**	**$ 2,073,074**	**$ 3,784,762**	**$ 3,094,159**	**$ 3,093,720**

Note: The above is not meant to be a complete Cash Flow Statement. The data represents a subset of the main cash flow items and does not include accrued interest or other adjustment items.

The projected cash flows indicate sufficient liquidity to meet all scheduled expenditures for the next 6 months.

PARTICIPANT CASH BALANCES

County of San Diego Pooled Money Fund

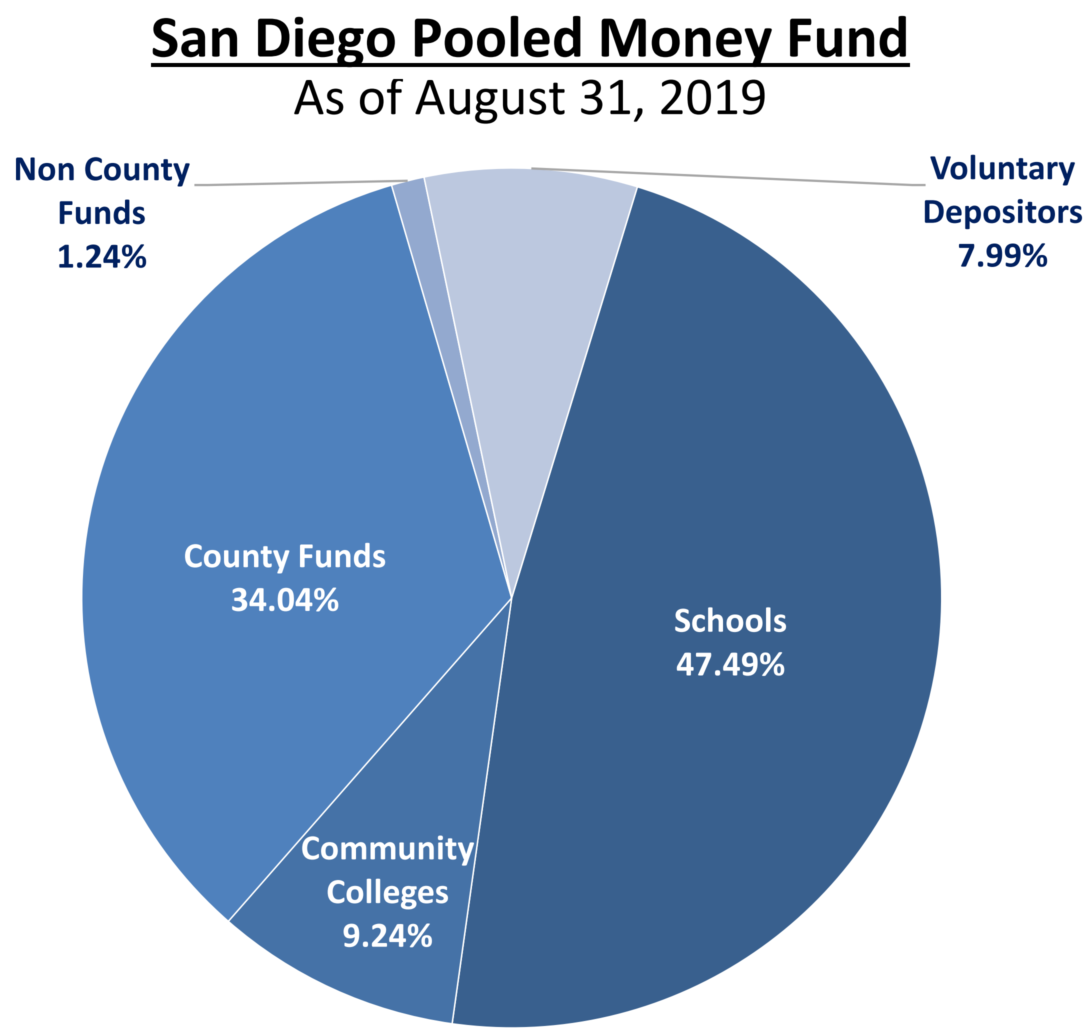
As of August 31, 2019

($000)

PARTICIPANT	FMV 06/30/19	FMV 07/31/19	FMV 08/31/19	% of Total
COUNTY	$ 694,831	$ 708,611	$ 745,793	**8.59%**
COUNTY - SPECIAL TRUST FUNDS	3,117,876	2,400,961	2,208,281	**25.45%**
NON-COUNTY INVESTMENT FUNDS	115,495	109,881	107,992	**1.24%**
SCHOOLS - (K THRU 12)	4,511,537	4,504,594	4,121,379	**47.49%**
COMMUNITY COLLEGES				
San Diego	201,921	195,342	139,204	1.60%
Grossmont-Cuyamaca	202,278	193,178	161,442	1.86%
MiraCosta	140,061	134,231	109,711	1.26%
Palomar	267,106	255,924	236,072	2.72%
Southwestern	197,427	196,043	155,056	1.79%
Total Community Colleges	**1,008,794**	**974,718**	**801,487**	**9.24%**
FIRST 5 COMMISSION	31,881	37,122	29,144	
SANCAL	784	15,427	15,461	
SDCERA	5,564	604	604	
CITIES				
Chula Vista	57,704	56,898	57,026	
Coronado	30,673	42,098	37,171	
Del Mar	2,668	2,693	2,699	
El Cajon	5,000	5,039	5,050	
Encinitas	4,045	4,084	4,093	
National City	8,354	8,433	40,590	
Oceanside	9,992	10,031	10,054	
INDEPENDENT AGENCIES				
Alpine FPD	2,491	1,890	1,624	
Bonita-Sunnyside FPD	6,042	5,569	5,175	
Borrego Springs FPD	1,296	1,167	1,052	
Canebrake County Water District	53	53	53	
Deer Springs FPD	11,175	11,257	11,391	
Fallbrook Public Utility District	15	15	15	
Grossmont Healthcare District	2	2	2	
Julian-Cuyamaca FPD	172	177	181	

PARTICIPANT	FMV 06/30/19	FMV 07/31/19	FMV 08/31/19	% of Total
Lake Cuyamaca Rec & Park District	202	196	217	
Lakeside FPD	10,890	8,785	7,618	
Leucadia Wastewater District	4,815	4,860	4,871	
Lower Sweetwater FPD	712	721	727	
Metropolitan Transit System	32,660	39,390	36,773	
Mission Resource Conservation District	229	209	186	
North County Cemetery District	5,486	5,526	5,798	
North County Dispatch	3,319	3,235	2,993	
North County FPD	4,148	3,341	2,833	
Otay Water District	281	283	284	
Pomerado Cemetery District	1,988	1,948	1,927	
Public Agencies Self-Insurance System	3,492	3,525	3,533	
Ramona Cemetery District	1,024	992	962	
Rancho Santa Fe FPD	16,022	14,074	13,015	
Rincon del Diablo Municipal Water District	4,646	4,684	4,695	
SANDAG	98,659	100,521	103,463	
SD County Regional Airport Authority	241,032	201,568	207,213	
San Diego Housing Commission	21,319	21,521	21,569	
San Diego Geographic Information Source	379	501	423	
San Diego Law Library	3,813	3,866	3,693	
San Diego Local Agency Formation Comm	844	1,878	1,935	
San Diego Regional Training Center	745	518	470	
San Dieguito River Park	1,179	1,494	1,846	
San Marcos FPD	1	1	1	
San Miguel Consolidated FPD	11,798	10,650	8,593	
Santa Fe Irrigation District	4,340	4,381	4,391	
Serra Cooperative Library System	1	2	2	
Upper San Luis Rey Resource Conserv Dist	60	60	60	
Vallecitos Water District	5,331	5,382	5,394	
Valley Center FPD	2,356	2,041	1,832	
Valley Center Cemetery District	432	440	441	
Valley Center Water District	24,283	22,141	21,481	
Vista FPD	3,015	3,074	3,081	
Total Voluntary Participants	**687,413**	**674,370**	**693,706**	**7.99%**
Pooled Money Fund Total	**$ 10,135,946**	**$ 9,373,134**	**$ 8,678,638**	**100.00%**

INVESTMENT FUND PARTICIPANTS

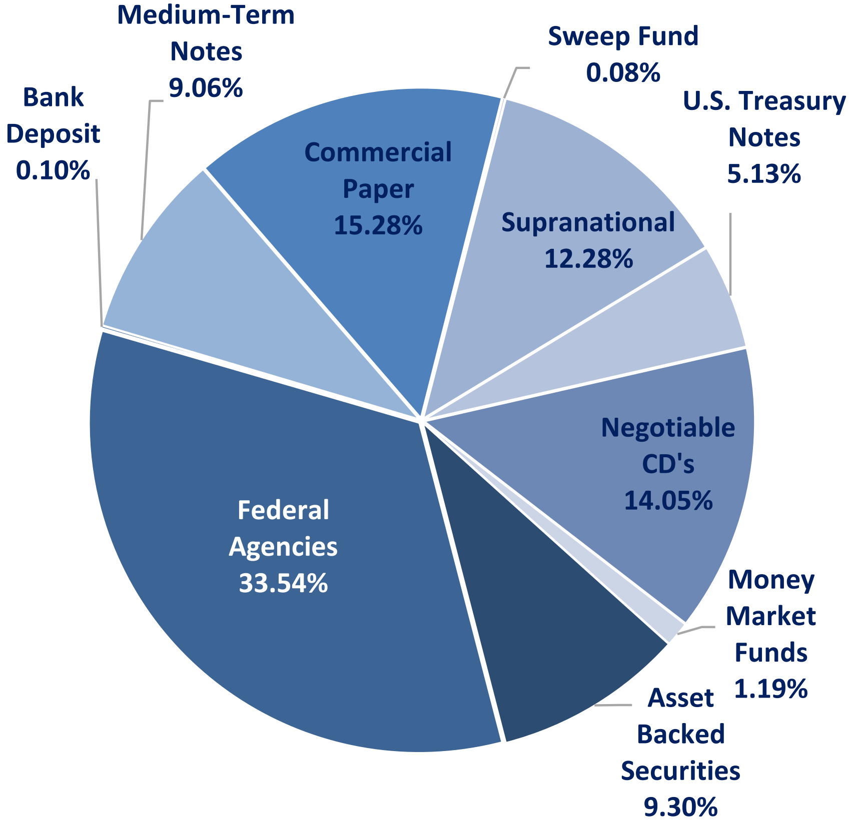


*Totals may not add to 100% due to rounding

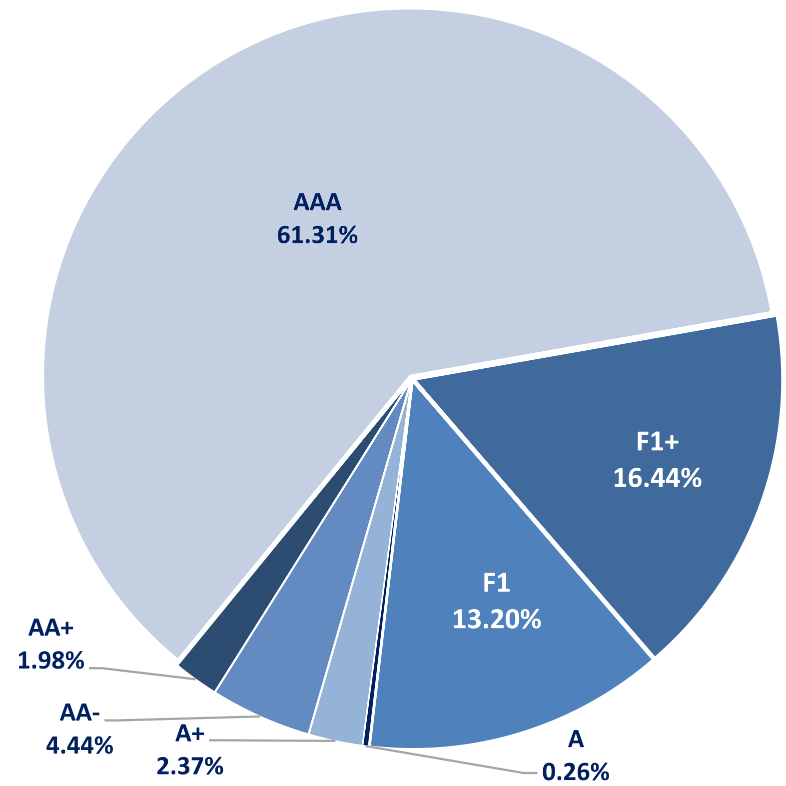
INVESTMENT FUND OVERVIEW

As of August 31, 2019

Asset Allocation



Credit Quality



*Totals may not add to 100% due to rounding

APPENDIX

INVESTMENT POLICY COMPLIANCE REPORT

County of San Diego Pooled Money Fund
As of August 31, 2019

Category	Standard	Comment
Treasury Issues	No Limit	Complies - 5.1%
Agency Issues	35% per issuer	Complies
Local Agency Obligations	SP-1/"A" by S&P or MIG1/"A" by Moody's or F-1/"A" by Fitch minimum rating by 1 of 3 NRSROs; (ST ratings for 1 year or less; LT ratings for over 1 year) ; 30% maximum; 10% per issuer	Complies
Banker's Acceptance	A-1 by S&P or P-1 by Moody's or F-1 by Fitch minimum rating by 1 of 3 NRSROs; 40% maximum; 5% per issuer; 180 days max maturity	Complies
Commercial Paper	A-1/"A" by S&P or P-1/"A" by Moody's or F-1/"A" by Fitch minimum rating by 1 of 3 NRSROs; 40% maximum; 10% per issuer; 270 days max maturity	Complies - 15.3%
Medium Term Notes	A-1/"A" by S&P or P-1/"A" by Moody's or F-1/"A" by Fitch minimum rating by 1 of 3 NRSROs; (ST ratings for 1 year or less; LT ratings for over 1 year); 30% maximum; 5% per issuer	Complies - 9.1%
Negotiable Certificates of Deposit	A-1/"A" by S&P or P-1/"A" by Moody's or F-1/"A" by Fitch minimum rating by 1 of 3 NRSROs; (ST ratings for 1 year or less; LT ratings for over 1 year); 30% maximum; 10% per issuer; 5 years maximum maturity for NCDs; 13 months max maturity for FDIC insured	Complies - 14.0%
Repurchase Agreements	40% maximum; 10% per issuer if avg weighted maturity >5 days; 15% per issuer if avg weighted maturity <5 days; 1-year maximum maturity;	Complies
Reverse Repurchase Agreements	20% maximum combined with Securities Lending; 10% per issuer; 92-day maximum maturity	N/A
Collateralized Certificates of Deposit	A-1 by S&P or P-1 by Moody's, or F-1 by Fitch minimum rating; 5%maximum; 5% per issuer; 13 months maximum maturity; 110% collateral required	Complies
FDIC & NCUA Insured Deposit	5% maximum; 5% per issuer; 13 months maximum maturity; No minimum credit requirement for FDIC or NCUA insured deposit accounts	Complies - 0.1%
Covered Call Option/ Put Option	10% maximum; 90-day maximum maturity	N/A
Money Market Mutual Funds	AAAm by S&P, or Aaa-mf by Moody's, or AAAmmf by Fitch minimum rating by 1 of 3 NRSROs; 20% maximum; 10% per fund	Complies - 1.3%
Investment Trust of California - CalTRUST	2.5% maximum	Complies
Supranationals	A-1/"AA" by S&P or P-1/"Aa" by Moody's, or F-1/"AA" by Fitch minimum rating by 1 of 3 NRSROs; 30% maximum; 10% per issuer; USD denominated senior unsecured unsubordinated obligations issued by IBRD, IFC, and IADB	Complies - 12.3%
Pass-Through Securities	Non-mortgaged backed; "A" minimum rated issuer by 1 of 3 NRSROs; "AA" minimum rated by 1 of 3 NRSROs; 20% maximum; 5% per issuer	Complies - 9.3%
Maximum Maturity	5 years	Complies
Illiquidity Limitations	10% maximum for combined categories for Collateralized CDs and FDIC Insured Deposit Accounts	Complies
Maximum Issuer Exposure	10% per any single CP and CD issuer, and 5% per any single issuer for the other categories listed above (does not include US Government, repurchase agreements, supranationals, money market fund)	Complies
Maturity Policy - Portfolio Structure	Minimum 25% ≤ 90 days; and minimum 50% ≤1 year; maximum effective duration for portfolio 1.5 years	Complies
Prohibited Securities	Inverse floaters; Ranges notes, Interest-only strips from mortgaged backed securities; Zero interest accrual securities	Complies
Credit Rating Policy - monitoring ratings	Overall credit rating of AAAf/S1, by Fitch; Investments rated below A-1 (short term) or below the "A" category (long term), at the time of purchase, are prohibited in this policy	Complies
Securities Lending	92-day maximum maturity; 10% per counterparty; 20% maximum combined with Reverse Repurchase Agreements	N/A

*Complied at time of purchase

INVESTMENT INVENTORY - MARKET VALUE

County of San Diego Pooled Money Fund

As of August 31, 2019

Issuer	Purchase Date	Par Value	Book Value	Market Value	Coupon	YTM	Maturity Date	Accrued Interest	Unrealized Gain/Loss
Asset Backed Securities									
John Deere Owner Trust	03/13/2019	7,766,487.64	7,766,487.64	7,767,950.85	2.63	2.65	03/16/2020	4,867.73	1,463.21
Honda Auto Rec Owner Trust	04/10/2019	7,316,022.20	7,316,022.20	7,316,001.72	2.60	2.62	04/15/2020	6,283.55	(20.48)
Ford Credit Auto Owner Trust	06/21/2019	6,962,711.21	6,962,711.21	6,963,694.34	2.39	2.40	07/15/2020	6,777.73	983.13
Harley-Davidson Motorcycle Tru	06/26/2019	4,482,528.30	4,482,528.30	4,483,639.07	2.39	2.40	07/15/2020	4,371.36	1,110.77
Toyota Auto Receivables	01/31/2018	4,546,437.32	4,545,972.67	4,545,992.68	2.10	2.12	10/15/2020	4,243.30	20.01
Honda Auto Rec Owner Trust	10/25/2016	2,756,761.58	2,756,582.67	2,749,299.03	1.21	1.22	12/18/2020	1,204.58	(7,283.64)
Honda Auto Rec Owner Trust	05/30/2018	10,245,284.61	10,245,269.24	10,258,182.40	2.60	2.61	12/18/2020	(6,479.38)	12,913.16
Honda Auto Rec Owner Trust	08/28/2018	18,561,451.86	18,561,130.75	18,588,351.12	2.67	2.69	12/22/2020	13,766.43	27,220.37
Honda Auto Rec Owner Trust	01/16/2019	979,116.58	977,663.20	980,535.52	2.67	2.65	12/22/2020	726.18	2,872.32
Toyota Auto Receivables	03/12/2019	4,743,649.47	4,715,298.71	4,737,935.74	1.76	2.66	07/15/2021	7,491.63	22,637.03
Toyota Auto Receivables	11/07/2018	17,242,584.54	17,241,075.81	17,302,128.36	2.98	3.01	08/15/2021	23,293.40	61,052.55
Honda Auto Rec Owner Trust	02/27/2019	16,000,000.00	15,998,969.60	16,087,656.00	3.10	3.12	09/20/2021	44,452.31	88,686.40
Toyota Auto Receivables	02/13/2019	9,000,000.00	8,999,182.80	9,039,388.50	2.83	2.85	10/15/2021	11,320.00	40,205.70
Citibank Credit Card Issuance	02/12/2019	25,000,000.00	24,853,051.34	24,977,360.00	1.75	2.72	11/19/2021	123,958.33	124,308.66
Citibank Credit Card Issuance	03/07/2019	4,738,000.00	4,712,169.05	4,733,709.27	1.75	2.00	11/19/2021	23,492.58	21,540.22
John Deere Owner Trust	03/13/2019	13,250,000.00	13,249,395.80	13,318,350.13	2.85	2.87	12/15/2021	16,783.34	68,954.33
Toyota Auto Receivables	11/30/2018	5,500,000.00	5,408,046.88	5,496,664.25	1.93	2.97	01/18/2022	4,717.78	88,617.37
Ford Credit Auto Owner Trust	06/21/2019	12,150,000.00	12,149,618.49	12,163,940.91	2.35	2.36	02/15/2022	12,690.00	14,322.42
Honda Auto Rec Owner Trust	08/27/2019	22,000,000.00	21,998,460.00	22,006,083.00	1.90	1.91	04/15/2022	4,644.44	7,623.00
Toyota Auto Receivables	08/14/2019	10,000,000.00	9,999,535.00	9,999,604.00	2.00	2.01	04/15/2022	9,444.44	69.00
Harley-Davidson Motorcycle Tru	06/26/2019	7,000,000.00	6,999,912.50	7,009,205.70	2.37	2.38	05/15/2022	7,373.33	9,293.20
John Deere Owner Trust	07/24/2019	11,250,000.00	11,249,957.25	11,288,000.25	2.28	2.29	05/16/2022	21,944.07	38,043.00
Bank of America Corp	02/15/2019	15,000,000.00	14,868,750.00	14,991,895.50	1.95	2.47	08/15/2022	13,000.00	123,145.50
GM Financial Securitized Term	07/24/2019	17,000,000.00	16,999,345.50	17,024,131.50	2.23	2.24	08/16/2022	15,795.74	24,786.00
Honda Auto Rec Owner Trust	05/03/2019	19,923,000.00	20,064,640.08	20,215,513.47	2.95	2.48	08/22/2022	16,325.83	150,873.39
American Express Credit Accoun	04/16/2018	7,478,000.00	7,370,503.75	7,472,493.95	1.93	2.62	09/15/2022	6,414.60	101,990.20
American Express Credit Accoun	07/25/2018	5,765,000.00	5,681,452.54	5,760,755.23	1.93	2.65	09/15/2022	4,945.09	79,302.69
American Express Credit Accoun	08/03/2018	2,100,000.00	2,068,910.15	2,098,453.77	1.93	2.64	09/15/2022	1,801.33	29,543.62
American Express Credit Accoun	01/11/2019	15,000,000.00	14,839,453.13	14,988,955.50	1.93	2.46	09/15/2022	12,866.69	149,502.37
American Express Credit Accoun	01/23/2019	7,325,000.00	7,249,174.82	7,319,606.60	1.93	2.51	09/15/2022	6,283.22	70,431.78
American Express Credit Accoun	04/02/2019	5,925,000.00	5,889,125.98	5,920,637.42	1.93	2.65	09/15/2022	5,082.37	31,511.44
American Express Credit Accoun	03/21/2018	23,000,000.00	22,997,329.70	23,072,330.40	2.67	2.69	10/17/2022	27,293.33	75,000.70
American Express Credit Accoun	04/20/2018	20,000,000.00	19,971,093.75	20,062,896.00	2.67	2.73	10/17/2022	23,733.33	91,802.25
Toyota Auto Receivables	05/03/2019	19,940,000.00	20,138,621.08	20,316,939.78	3.02	2.50	12/15/2022	26,763.87	178,318.70
Toyota Auto Receivables	08/01/2019	24,540,000.00	24,907,141.41	25,003,896.80	3.02	2.05	12/15/2022	32,938.13	96,755.39
Bank of America Corp	12/11/2018	63,738,000.00	62,450,791.17	63,681,649.23	1.84	1.67	01/17/2023	52,123.70	1,230,858.06
Citibank Credit Card Issuance	04/16/2019	28,310,000.00	28,259,224.33	28,589,232.85	2.49	2.55	01/20/2023	80,282.44	330,008.52
Toyota Auto Receivables	11/07/2018	15,000,000.00	14,996,755.50	15,321,955.50	3.18	3.21	03/15/2023	21,199.99	325,200.00
Honda Auto Rec Owner Trust	02/27/2019	9,750,000.00	9,749,738.70	9,957,792.00	3.11	3.13	03/20/2023	24,599.81	208,053.30
American Express Credit Accoun	04/02/2019	11,738,000.00	11,656,842.76	11,760,470.05	2.04	1.23	05/15/2023	10,642.45	103,627.29
Citibank Credit Card Issuance	03/18/2019	7,000,000.00	6,992,677.10	7,114,110.50	2.68	2.71	06/07/2023	43,773.33	121,433.40

INVESTMENT INVENTORY - MARKET VALUE

County of San Diego Pooled Money Fund

As of August 31, 2019

Issuer	Purchase Date	Par Value	Book Value	Market Value	Coupon	YTM	Maturity Date	Accrued Interest	Unrealized Gain/Loss
Honda Auto Rec Owner Trust	05/29/2019	28,500,000.00	28,498,936.95	28,929,232.80	2.52	2.54	06/21/2023	19,950.00	430,295.85
Bank of America Corp	03/20/2019	22,790,000.00	22,772,195.31	23,071,900.91	2.70	2.73	07/17/2023	27,348.00	299,705.60
Toyota Auto Receivables	02/13/2019	20,000,000.00	19,996,356.00	20,426,764.00	2.91	2.94	07/17/2023	25,866.66	430,408.00
Honda Auto Rec Owner Trust	08/27/2019	24,000,000.00	23,999,800.80	24,021,348.00	1.78	1.79	08/15/2023	4,746.67	21,547.20
Nissan Auto Receivables Owner	05/28/2019	28,000,000.00	27,993,669.20	28,409,110.80	2.50	2.52	11/15/2023	33,362.56	415,441.60
American Express Credit Accoun	12/17/2018	38,000,000.00	37,881,250.00	38,789,077.60	2.99	3.14	12/15/2023	50,497.62	907,827.60
Discover Card Execution Note T	03/27/2019	30,000,000.00	30,460,546.88	30,757,269.00	3.11	2.43	01/16/2024	41,466.62	296,722.12
American Express Credit Accoun	03/27/2019	40,253,000.00	40,825,347.34	41,254,365.83	3.06	2.42	02/15/2024	54,744.08	429,018.49
Discover Card Execution Note T	07/11/2019	8,750,000.00	8,959,179.69	9,038,237.25	3.32	2.20	03/15/2024	12,911.09	79,057.56
American Express Credit Accoun	06/13/2019	22,120,000.00	22,584,865.63	22,764,185.28	3.18	2.23	04/15/2024	31,262.93	179,319.65
Asset Backed Securities Subtotal:		**802,436,035.31**	**802,312,760.36**	**809,948,880.36**	**2.53**	**2.46**		**1,075,388.61**	**7,636,120.00**
Bank Deposit									
Wells Fargo Bank NA	07/01/2017	8,578,292.51	8,578,292.51	8,578,292.51	2.00	2.00		8,493.36	0.00
Bank Deposit Subtotal:		**8,578,292.51**	**8,578,292.51**	**8,578,292.51**	**2.00**	**2.00**		**8,493.36**	**0.00**
Commercial Paper									
JP Morgan	12/11/2018	130,000,000.00	129,978,622.22	129,968,800.00	2.96	3.05	09/03/2019	0.00	(9,822.22)
Natixis US Finance Co.	08/30/2019	215,000,000.00	214,975,036.11	214,948,400.00	2.09	2.09	09/03/2019	0.00	(26,636.11)
BNP Paribas NY	04/22/2019	25,000,000.00	24,994,708.33	24,992,500.00	2.54	2.56	09/04/2019	0.00	(2,208.33)
Natixis US Finance Co.	08/28/2019	20,000,000.00	19,995,288.89	19,993,000.00	2.12	2.12	09/05/2019	0.00	(2,288.89)
Natixis US Finance Co.	08/28/2019	20,000,000.00	19,994,111.11	19,991,800.00	2.12	2.12	09/06/2019	0.00	(2,311.11)
MUFG Bank NY	07/24/2019	25,000,000.00	24,985,750.00	24,984,250.00	2.28	2.29	09/10/2019	0.00	(1,500.00)
Natixis US Finance Co.	08/28/2019	15,000,000.00	14,992,050.00	14,990,250.00	2.12	2.12	09/10/2019	0.00	(1,800.00)
Natixis US Finance Co.	08/28/2019	15,000,000.00	14,991,166.66	14,989,500.00	2.12	2.12	09/11/2019	0.00	(1,666.66)
Natixis US Finance Co.	08/28/2019	15,000,000.00	14,990,283.33	14,988,600.00	2.12	2.12	09/12/2019	0.00	(1,683.33)
Canadian Imperial Holding	12/20/2018	25,000,000.00	24,969,791.67	24,974,500.00	2.90	2.99	09/16/2019	0.00	4,708.33
Natixis US Finance Co.	03/21/2019	50,000,000.00	49,931,388.89	49,938,500.00	2.60	2.69	09/20/2019	0.00	7,111.11
MUFG Bank NY	06/25/2019	30,000,000.00	29,953,800.00	29,954,400.00	2.31	2.32	09/25/2019	0.00	600.00
MUFG Bank NY	07/02/2019	75,000,000.00	74,879,687.50	74,881,500.00	2.31	2.32	09/26/2019	0.00	1,812.50
MUFG Bank NY	07/03/2019	46,000,000.00	45,926,208.33	45,927,320.00	2.31	2.32	09/26/2019	0.00	1,111.67
Natixis US Finance Co.	03/27/2019	80,000,000.00	79,833,733.33	79,854,400.00	2.58	2.67	09/30/2019	0.00	20,666.67
MUFG Bank NY	07/24/2019	25,000,000.00	24,952,708.33	24,953,000.00	2.27	2.28	10/01/2019	0.00	291.67
MUFG Bank NY	08/07/2019	35,000,000.00	34,931,555.55	34,930,350.00	2.20	2.21	10/03/2019	0.00	(1,205.55)
MUFG Bank NY	08/07/2019	25,000,000.00	24,949,583.33	24,948,750.00	2.20	2.21	10/04/2019	0.00	(833.33)
BNP Paribas NY	04/24/2019	25,000,000.00	24,934,736.11	24,942,750.00	2.54	2.57	10/08/2019	0.00	8,013.89
MUFG Bank NY	08/07/2019	25,000,000.00	24,940,145.83	24,939,750.00	2.21	2.22	10/10/2019	0.00	(395.83)
BNP Paribas NY	04/22/2019	25,000,000.00	24,922,388.89	24,932,750.00	2.54	2.57	10/15/2019	0.00	10,361.11
BNP Paribas NY	05/06/2019	50,000,000.00	49,790,833.33	49,818,500.00	2.51	2.54	10/31/2019	0.00	27,666.67
MUFG Bank NY	07/26/2019	25,000,000.00	24,905,416.67	24,908,750.00	2.27	2.28	10/31/2019	0.00	3,333.33
MUFG Bank NY	07/29/2019	75,000,000.00	74,716,250.00	74,726,250.00	2.27	2.28	10/31/2019	0.00	10,000.00
MUFG Bank NY	08/02/2019	25,000,000.00	24,908,333.33	24,908,750.00	2.20	2.21	10/31/2019	0.00	416.67

INVESTMENT INVENTORY - MARKET VALUE

County of San Diego Pooled Money Fund

As of August 31, 2019

Issuer	Purchase Date	Par Value	Book Value	Market Value	Coupon	YTM	Maturity Date	Accrued Interest	Unrealized Gain/Loss
BNP Paribas NY	05/06/2019	50,000,000.00	49,787,347.22	49,815,500.00	2.51	2.54	11/01/2019	0.00	28,152.78
MUFG Bank NY	07/29/2019	50,000,000.00	49,807,680.55	49,815,000.00	2.27	2.28	11/01/2019	0.00	7,319.45
MUFG Bank NY	08/02/2019	25,000,000.00	24,906,805.55	24,907,500.00	2.20	2.21	11/01/2019	0.00	694.45
MUFG Bank NY	08/07/2019	25,000,000.00	24,900,694.44	24,901,500.00	2.20	2.21	11/05/2019	0.00	805.56
MUFG Bank NY	08/07/2019	25,000,000.00	24,896,111.11	24,897,250.00	2.20	2.21	11/08/2019	0.00	1,138.89
Canadian Imperial Holding	04/24/2019	25,000,000.00	24,839,638.89	24,861,250.00	2.51	2.59	12/02/2019	0.00	21,611.11
Commercial Paper Subtotal:		**1,321,000,000.00**	**1,318,481,855.50**	**1,318,585,320.00**	**2.38**	**2.41**		**0.00**	**103,464.50**
Medium-Term Notes									
US Bank NA Cincinnati	11/16/2018	25,000,000.00	24,962,500.00	24,996,250.00	2.13	3.09	10/28/2019	181,510.42	33,750.00
JP Morgan	03/06/2019	6,850,000.00	6,834,933.89	6,852,329.00	2.25	2.82	01/23/2020	16,268.75	17,395.11
JP Morgan	03/06/2019	7,320,000.00	7,303,900.16	7,322,488.80	2.25	2.82	01/23/2020	17,385.00	18,588.64
JP Morgan	03/13/2019	10,000,000.00	9,979,066.45	10,003,400.00	2.25	2.75	01/23/2020	23,750.00	24,333.55
JP Morgan	04/09/2019	8,569,000.00	8,572,286.23	8,609,188.61	2.75	2.70	06/23/2020	44,511.19	36,902.38
JP Morgan	07/25/2019	14,485,000.00	14,533,872.74	14,552,934.65	2.75	2.29	06/23/2020	39,833.75	19,061.91
JP Morgan	06/27/2019	24,306,000.00	24,773,728.25	24,814,724.58	4.40	2.20	07/22/2020	115,858.60	40,996.33
JP Morgan	07/25/2019	7,779,000.00	7,924,976.53	7,941,814.47	4.40	2.26	07/22/2020	34,227.60	16,837.94
JP Morgan	08/01/2019	54,451,000.00	55,492,256.70	55,590,659.43	4.40	2.22	07/22/2020	199,653.67	98,402.73
American Honda Finance	03/04/2019	8,710,000.00	8,743,985.27	8,840,127.40	3.15	2.85	01/08/2021	40,392.63	96,142.13
Toyota Motor Credit Corp	01/08/2019	20,000,000.00	19,991,883.33	20,320,400.00	3.05	3.08	01/08/2021	89,805.56	328,516.67
US Bank NA Cincinnati	04/01/2019	12,000,000.00	12,072,144.98	12,162,960.00	3.00	2.54	02/04/2021	27,000.00	90,815.02
Apple Inc	05/06/2019	10,000,000.00	9,956,091.50	10,055,800.00	2.25	2.55	02/23/2021	5,000.00	99,708.50
Apple Inc	05/03/2019	8,137,000.00	8,185,003.24	8,275,166.26	2.85	2.49	05/06/2021	74,080.60	90,163.02
American Honda Finance	04/05/2019	14,338,000.00	14,076,224.80	14,269,751.12	1.65	2.67	07/12/2021	32,200.76	193,526.32
JP Morgan	03/07/2019	14,780,000.00	14,574,741.82	14,817,393.40	2.30	3.77	08/15/2021	15,075.60	242,651.58
JP Morgan	04/05/2019	8,816,000.00	8,736,995.36	8,838,304.48	2.30	3.47	08/15/2021	8,992.32	101,309.12
Procter & Gamble	07/02/2019	5,000,000.00	4,970,802.85	4,989,250.00	1.70	1.98	11/03/2021	13,930.55	18,447.15
US BANKCORP	04/04/2019	25,000,000.00	24,997,863.86	25,414,250.00	2.63	2.63	01/24/2022	67,447.92	416,386.14
US BANKCORP	04/05/2019	5,000,000.00	4,998,845.34	5,082,850.00	2.63	2.63	01/24/2022	13,489.58	84,004.66
Microsoft Corp	04/05/2019	50,000,000.00	49,890,903.53	50,859,000.00	2.40	2.49	02/06/2022	83,333.33	968,096.47
Procter & Gamble	07/02/2019	16,857,000.00	16,991,707.10	17,097,380.82	2.30	1.96	02/06/2022	26,924.38	105,673.72
Apple Inc	04/12/2019	25,000,000.00	24,968,057.03	25,423,500.00	2.50	2.55	02/09/2022	38,194.44	455,442.97
Apple Inc	04/22/2019	20,000,000.00	19,780,979.54	20,173,600.00	2.15	2.62	02/09/2022	26,277.78	392,620.46
Apple Inc	04/25/2019	8,355,000.00	8,345,939.98	8,496,533.70	2.50	2.55	02/09/2022	12,764.58	150,593.72
Apple Inc	04/29/2019	4,950,000.00	4,944,697.76	5,033,853.00	2.50	2.55	02/09/2022	7,562.50	89,155.24
Apple Inc	06/07/2019	15,100,000.00	15,210,665.42	15,355,794.00	2.50	2.18	02/09/2022	23,069.44	145,128.58
Apple Inc	06/13/2019	13,876,000.00	13,955,011.92	14,111,059.44	2.50	2.25	02/09/2022	21,199.44	156,047.52
Toyota Motor Credit Corp	03/18/2019	50,000,000.00	50,000,000.00	50,571,000.00	2.85	2.85	02/18/2022	645,208.33	571,000.00
Toyota Motor Credit Corp	04/12/2019	25,000,000.00	24,986,277.08	25,488,500.00	2.65	2.67	04/12/2022	255,798.61	502,222.92
Toyota Motor Credit Corp	04/29/2019	50,000,000.00	50,000,000.00	49,629,500.00	2.70	2.70	04/29/2022	457,500.00	(370,500.00)
JP Morgan	04/30/2019	50,000,000.00	50,000,000.00	50,523,500.00	2.75	2.75	04/30/2022	462,152.78	523,500.00
US Bank NA OH	05/23/2019	35,000,000.00	34,966,266.48	35,675,500.00	2.65	2.69	05/23/2022	252,486.11	709,233.52

INVESTMENT INVENTORY - MARKET VALUE

County of San Diego Pooled Money Fund

As of August 31, 2019

Issuer	Purchase Date	Par Value	Book Value	Market Value	Coupon	YTM	Maturity Date	Accrued Interest	Unrealized Gain/Loss
Toyota Motor Credit Corp	02/27/2019	25,000,000.00	24,924,891.45	25,703,750.00	2.80	2.52	07/13/2022	93,333.33	778,858.55
Procter & Gamble	07/16/2019	20,000,000.00	20,032,231.67	20,240,000.00	2.15	2.09	08/11/2022	23,888.89	207,768.33
Procter & Gamble	08/21/2019	10,000,000.00	10,122,048.60	10,120,000.00	2.15	1.72	08/11/2022	5,972.22	(2,048.60)
Procter & Gamble	08/21/2019	20,000,000.00	20,244,097.20	20,240,000.00	2.15	1.72	08/11/2022	11,944.45	(4,097.20)
Exxon Mobil	08/16/2019	5,000,000.00	5,000,000.00	5,031,800.00	1.90	1.90	08/16/2022	3,962.50	31,800.00
Bank of America Corp	08/26/2019	10,000,000.00	10,000,000.00	9,953,100.00	2.20	2.20	08/26/2022	3,055.56	(46,900.00)
Bank of America Corp	08/26/2019	25,000,000.00	25,000,000.00	24,882,750.00	2.20	2.20	08/26/2022	7,638.89	(117,250.00)
Apple Inc	07/12/2019	10,475,000.00	10,475,000.00	10,568,122.75	2.10	2.10	09/12/2022	29,941.04	93,122.75
Medium-Term Notes Subtotal:		**780,154,000.00**	**781,520,878.06**	**788,928,285.91**	**2.72**	**2.54**		**3,552,623.10**	**7,407,407.85**
Federal Agency									
Federal Farm Credit Bank	12/06/2016	25,000,000.00	25,000,000.00	24,999,000.00	1.48	1.63	09/06/2019	179,861.11	(1,000.00)
Federal National Mtg Assn	09/30/2016	35,000,000.00	34,999,834.75	34,994,400.00	1.13	1.15	09/09/2019	188,125.00	(5,434.75)
Federal National Mtg Assn	09/13/2016	50,000,000.00	50,000,000.00	49,987,500.00	1.15	1.15	09/13/2019	268,333.33	(12,500.00)
Federal Home Loan Mtg Corp	03/30/2016	25,000,000.00	25,000,000.00	24,987,000.00	1.40	1.40	09/30/2019	146,805.56	(13,000.00)
Federal Home Loan Mtg Corp	11/21/2014	25,000,000.00	24,989,004.77	24,983,000.00	1.25	1.79	10/02/2019	129,340.28	(6,004.77)
Federal National Mtg Assn	10/04/2016	25,000,000.00	25,000,000.00	24,982,000.00	1.20	1.20	10/04/2019	122,500.00	(18,000.00)
Federal National Mtg Assn	10/28/2016	25,000,000.00	25,000,000.00	24,970,750.00	1.30	1.30	10/28/2019	111,041.67	(29,250.00)
Federal Home Loan Bank	05/03/2017	15,000,000.00	14,997,827.47	14,980,350.00	1.38	1.45	11/15/2019	60,729.17	(17,477.47)
Federal Home Loan Bank	01/09/2015	20,000,000.00	20,041,784.35	20,021,800.00	2.38	1.61	12/13/2019	102,916.67	(19,984.35)
Federal Home Loan Bank	05/03/2017	20,000,000.00	20,050,088.51	20,021,800.00	2.38	1.47	12/13/2019	102,916.67	(28,288.51)
Federal Farm Credit Bank	12/27/2016	25,000,000.00	25,000,000.00	24,988,000.00	1.70	1.70	12/27/2019	75,555.56	(12,000.00)
Federal National Mtg Assn	03/30/2016	25,000,000.00	25,000,000.00	24,952,000.00	1.38	1.38	12/30/2019	58,246.53	(48,000.00)
Federal Home Loan Mtg Corp	07/28/2016	50,000,000.00	50,000,000.00	49,832,000.00	1.10	1.10	01/28/2020	50,416.67	(168,000.00)
Federal Farm Credit Bank	02/27/2017	21,870,000.00	21,870,000.00	21,809,638.80	1.71	1.71	02/27/2020	4,155.30	(60,361.20)
Federal Home Loan Mtg Corp	04/13/2017	25,000,000.00	25,000,000.00	24,981,000.00	1.80	1.80	04/13/2020	172,500.00	(19,000.00)
Federal Home Loan Mtg Corp	04/13/2017	25,000,000.00	25,000,000.00	24,981,000.00	1.80	1.80	04/13/2020	172,500.00	(19,000.00)
Federal Home Loan Mtg Corp	05/19/2015	25,000,000.00	24,965,185.19	24,918,750.00	1.38	1.59	05/01/2020	114,583.33	(46,435.19)
Federal Farm Credit Bank	11/01/2017	47,000,000.00	47,000,000.00	46,989,190.00	1.83	1.83	06/01/2020	215,025.00	(10,810.00)
Federal Farm Credit Bank	06/29/2016	25,000,000.00	25,000,000.00	24,861,250.00	1.42	1.42	06/29/2020	61,138.89	(138,750.00)
Federal Home Loan Mtg Corp	07/05/2017	25,000,000.00	25,000,000.00	24,963,250.00	1.75	1.75	06/29/2020	75,347.22	(36,750.00)
Federal Home Loan Mtg Corp	07/13/2017	20,000,000.00	20,000,000.00	19,989,800.00	1.85	1.85	07/13/2020	49,333.33	(10,200.00)
Federal Home Loan Mtg Corp	07/13/2017	5,000,000.00	5,000,000.00	4,997,450.00	1.85	1.85	07/13/2020	12,333.33	(2,550.00)
Federal Farm Credit Bank	07/25/2018	20,000,000.00	19,789,843.68	20,000,000.00	1.77	2.78	09/28/2020	150,450.00	210,156.32
Federal Home Loan Mtg Corp	09/29/2017	25,000,000.00	24,993,712.96	25,000,250.00	1.80	1.82	09/29/2020	190,000.00	6,537.04
Federal National Mtg Assn	11/03/2017	25,000,000.00	25,000,000.00	25,015,750.00	1.85	1.85	10/30/2020	155,451.39	15,750.00
Federal Home Loan Mtg Corp	11/03/2017	10,000,000.00	10,000,000.00	9,999,400.00	1.96	1.96	11/03/2020	64,244.44	(600.00)
Federal Home Loan Mtg Corp	11/03/2017	15,000,000.00	15,000,000.00	14,999,100.00	1.96	1.96	11/03/2020	96,366.67	(900.00)
Federal Farm Credit Bank	11/09/2016	25,000,000.00	25,000,000.00	24,922,250.00	1.36	1.36	11/09/2020	105,777.78	(77,750.00)
Federal National Mtg Assn	11/29/2017	25,000,000.00	24,993,943.40	25,008,250.00	1.95	1.97	11/09/2020	151,666.67	14,306.60
Federal Home Loan Bank	11/30/2017	35,000,000.00	35,000,000.00	35,025,200.00	2.00	2.00	11/25/2020	186,666.67	25,200.00
Federal Home Loan Mtg Corp	11/27/2017	15,000,000.00	15,000,000.00	15,042,900.00	1.88	1.88	11/27/2020	73,437.50	42,900.00

INVESTMENT INVENTORY - MARKET VALUE

County of San Diego Pooled Money Fund

As of August 31, 2019

Issuer	Purchase Date	Par Value	Book Value	Market Value	Coupon	YTM	Maturity Date	Accrued Interest	Unrealized Gain/Loss
Federal Home Loan Mtg Corp	11/27/2017	25,000,000.00	25,000,000.00	25,071,500.00	1.88	1.88	11/27/2020	122,395.83	71,500.00
Federal Home Loan Bank	11/27/2018	25,000,000.00	25,000,000.00	25,059,250.00	3.00	3.00	11/27/2020	195,833.33	59,250.00
Federal Home Loan Mtg Corp	12/18/2017	15,000,000.00	15,000,000.00	15,071,250.00	2.00	2.00	12/18/2020	60,833.33	71,250.00
Federal Home Loan Mtg Corp	04/20/2018	6,045,000.00	6,001,415.91	6,049,291.95	2.15	2.69	01/26/2021	12,635.73	47,876.04
Federal National Mtg Assn	04/20/2018	4,910,000.00	4,874,599.20	4,913,437.00	2.15	2.69	01/26/2021	10,263.26	38,837.80
Federal Home Loan Bank	09/21/2016	25,000,000.00	25,040,072.92	24,934,500.00	1.38	1.26	02/18/2021	12,413.19	(105,572.92)
Federal Home Loan Bank	02/14/2017	25,000,000.00	24,856,845.05	24,934,500.00	1.38	1.78	02/18/2021	12,413.19	77,654.95
Federal Home Loan Bank	02/17/2017	25,000,000.00	25,000,000.00	25,096,250.00	1.82	1.82	03/17/2021	207,277.78	96,250.00
Federal Home Loan Bank	10/30/2017	25,000,000.00	25,000,000.00	25,009,500.00	2.00	2.00	04/30/2021	168,055.56	9,500.00
Federal National Mtg Assn	06/17/2016	15,000,000.00	15,003,250.28	14,927,250.00	1.25	1.24	05/06/2021	59,895.83	(76,000.28)
Federal National Mtg Assn	09/21/2016	25,000,000.00	24,974,746.25	24,878,750.00	1.25	1.31	05/06/2021	99,826.39	(95,996.25)
Federal Home Loan Mtg Corp	06/28/2017	7,900,000.00	7,900,000.00	7,906,241.00	2.00	2.00	05/28/2021	40,816.67	6,241.00
Federal Home Loan Bank	07/14/2016	15,000,000.00	15,171,643.54	15,077,550.00	1.88	1.21	06/11/2021	62,500.00	(94,093.54)
Federal Home Loan Bank	08/04/2016	35,000,000.00	34,944,156.12	34,739,250.00	1.13	1.21	07/14/2021	51,406.25	(204,906.12)
Federal Home Loan Mtg Corp	07/20/2016	25,000,000.00	25,000,000.00	24,963,250.00	1.50	1.35	07/20/2021	42,708.33	(36,750.00)
Federal National Mtg Assn	07/20/2016	14,500,000.00	14,500,000.00	14,480,715.00	1.50	1.61	07/20/2021	24,770.83	(19,285.00)
Federal Home Loan Mtg Corp	07/27/2016	25,000,000.00	25,000,000.00	24,959,500.00	1.75	1.61	07/27/2021	41,319.44	(40,500.00)
Federal National Mtg Assn	07/27/2016	14,445,000.00	14,445,000.00	14,408,309.70	1.50	1.48	07/27/2021	20,463.75	(36,690.30)
Federal Home Loan Mtg Corp	10/05/2016	20,000,000.00	19,906,506.58	19,855,400.00	1.13	1.37	08/12/2021	11,875.00	(51,106.58)
Federal National Mtg Assn	09/21/2016	35,000,000.00	34,929,200.11	34,795,250.00	1.25	1.36	08/17/2021	17,013.89	(133,950.11)
Federal Home Loan Mtg Corp	09/07/2016	25,000,000.00	25,000,000.00	25,000,000.00	1.63	1.85	09/07/2021	196,354.17	0.00
Federal Home Loan Bank	09/27/2017	25,000,000.00	25,000,000.00	25,002,250.00	2.00	2.00	09/27/2021	213,888.89	2,250.00
Federal Home Loan Mtg Corp	09/30/2016	20,000,000.00	20,000,000.00	19,997,800.00	1.50	1.80	09/30/2021	125,833.33	(2,200.00)
Federal Home Loan Mtg Corp	09/30/2016	12,000,000.00	12,000,000.00	11,998,080.00	1.50	1.68	09/30/2021	75,500.00	(1,920.00)
Federal Farm Credit Bank	10/05/2017	20,000,000.00	20,000,000.00	20,000,000.00	2.00	2.00	10/05/2021	162,222.22	0.00
Federal National Mtg Assn	11/08/2016	35,000,000.00	34,951,088.64	34,871,900.00	1.38	1.44	10/07/2021	192,500.00	(79,188.64)
Federal Home Loan Mtg Corp	10/07/2016	25,000,000.00	25,000,000.00	25,008,250.00	2.00	1.98	10/07/2021	200,000.00	8,250.00
Federal Home Loan Mtg Corp	10/28/2016	50,000,000.00	50,000,000.00	49,985,500.00	1.50	1.98	10/28/2021	256,250.00	(14,500.00)
Federal Farm Credit Bank	12/10/2018	10,000,000.00	10,000,000.00	10,033,900.00	3.11	3.11	12/10/2021	69,975.00	33,900.00
Federal Farm Credit Bank	12/10/2018	10,000,000.00	10,000,000.00	10,033,900.00	3.11	3.11	12/10/2021	69,975.00	33,900.00
Federal Home Loan Bank	03/27/2017	25,000,000.00	25,136,448.99	25,462,500.00	2.25	2.02	03/11/2022	265,625.00	326,051.01
Federal Home Loan Bank	04/05/2019	18,290,000.00	18,359,034.36	18,745,603.90	2.50	2.34	03/11/2022	185,440.28	386,569.54
Federal National Mtg Assn	04/12/2019	50,000,000.00	49,857,107.41	51,011,000.00	2.25	2.36	04/12/2022	434,375.00	1,153,892.59
Federal National Mtg Assn	09/26/2017	14,475,000.00	14,474,161.84	14,483,250.75	2.25	2.25	04/27/2022	112,181.25	9,088.91
Federal Farm Credit Bank	07/25/2017	20,000,000.00	20,019,651.97	20,000,000.00	2.07	2.03	05/09/2022	128,800.00	(19,651.97)
Federal Farm Credit Bank	03/19/2019	23,650,000.00	23,639,830.70	23,651,655.50	2.70	2.72	06/06/2022	150,768.75	11,824.80
Federal Home Loan Bank	04/08/2019	10,000,000.00	10,008,660.33	10,235,600.00	2.38	2.34	06/10/2022	53,437.50	226,939.67
Federal Home Loan Mtg Corp	06/17/2019	25,000,000.00	25,000,000.00	25,003,750.00	2.50	2.50	06/17/2022	128,472.22	3,750.00
Federal Home Loan Mtg Corp	06/29/2017	15,000,000.00	14,997,879.17	15,005,850.00	2.13	2.13	06/29/2022	54,895.83	7,970.83
Federal Home Loan Mtg Corp	07/12/2017	40,000,000.00	39,961,051.11	40,021,600.00	2.00	2.28	07/12/2022	108,888.89	60,548.89
Federal Home Loan Mtg Corp	07/27/2017	6,132,000.00	6,132,000.00	6,135,433.92	2.05	2.22	07/27/2022	11,872.23	3,433.92
Federal Farm Credit Bank	08/22/2017	18,250,000.00	18,248,919.92	18,250,182.50	2.05	2.05	08/08/2022	23,902.43	1,262.58

INVESTMENT INVENTORY - MARKET VALUE

County of San Diego Pooled Money Fund

As of August 31, 2019

Issuer	Purchase Date	Par Value	Book Value	Market Value	Coupon	YTM	Maturity Date	Accrued Interest	Unrealized Gain/Loss
Federal Home Loan Bank	08/10/2017	25,000,000.00	25,000,000.00	25,017,500.00	2.00	2.29	08/10/2022	29,166.67	17,500.00
Federal Farm Credit Bank	08/29/2017	30,000,000.00	29,996,414.72	30,000,600.00	2.05	2.05	08/23/2022	13,666.67	4,185.28
Federal Farm Credit Bank	09/12/2017	25,000,000.00	25,000,000.00	25,000,250.00	2.00	2.00	09/12/2022	234,722.22	250.00
Federal Home Loan Bank	04/03/2019	25,000,000.00	24,756,159.22	25,004,250.00	2.15	2.48	09/26/2022	220,972.22	248,090.78
Federal Farm Credit Bank	10/11/2017	24,000,000.00	24,000,000.00	24,000,240.00	2.16	2.16	10/11/2022	201,600.00	240.00
Federal Farm Credit Bank	10/17/2017	25,000,000.00	25,000,000.00	25,000,250.00	2.28	2.28	10/17/2022	212,166.67	250.00
Federal Home Loan Bank	11/29/2017	25,000,000.00	24,960,657.19	25,013,000.00	2.28	2.33	10/26/2022	197,916.67	52,342.81
Federal Home Loan Mtg Corp	10/30/2017	25,000,000.00	25,000,000.00	25,021,000.00	2.28	2.28	10/26/2022	197,916.67	21,000.00
Federal Home Loan Mtg Corp	12/28/2017	10,000,000.00	10,000,000.00	9,999,700.00	2.45	2.45	12/28/2022	42,875.00	(300.00)
Federal Farm Credit Bank	07/01/2019	50,000,000.00	49,997,139.53	50,638,000.00	1.85	1.85	02/01/2023	77,083.33	640,860.47
Federal Farm Credit Bank	07/03/2019	20,000,000.00	20,017,953.42	20,255,200.00	1.85	1.82	02/01/2023	30,833.33	237,246.58
Federal Home Loan Bank	04/04/2019	29,195,000.00	29,604,469.15	30,446,881.60	2.75	2.33	03/10/2023	327,835.52	842,412.45
Federal Home Loan Bank	04/04/2019	10,000,000.00	10,140,253.18	10,428,800.00	2.75	2.33	03/10/2023	112,291.67	288,546.82
Federal Farm Credit Bank	04/17/2019	25,000,000.00	25,000,000.00	25,145,250.00	2.67	2.67	04/17/2023	248,458.33	145,250.00
Federal Farm Credit Bank	05/08/2019	30,000,000.00	29,951,619.79	30,030,600.00	2.66	2.71	05/08/2023	250,483.33	78,980.21
Federal Home Loan Bank	06/28/2019	48,500,000.00	49,025,142.71	49,644,600.00	2.13	1.83	06/09/2023	180,359.37	619,457.29
Federal Farm Credit Bank	07/03/2019	11,008,000.00	11,288,764.07	11,429,166.08	2.52	1.82	06/15/2023	44,692.48	140,402.01
Federal Farm Credit Bank	06/26/2019	32,250,000.00	32,194,262.37	32,624,745.00	1.77	1.82	06/26/2023	103,065.63	430,482.63
Federal Farm Credit Bank	07/03/2019	3,425,000.00	3,417,244.16	3,464,798.50	1.77	1.83	06/26/2023	9,766.96	47,554.34
Federal Home Loan Mtg Corp	04/26/2019	25,000,000.00	25,000,000.00	25,349,000.00	2.49	2.49	07/26/2023	216,145.83	349,000.00
Federal Home Loan Mtg Corp	08/07/2019	25,000,000.00	25,000,000.00	25,098,250.00	2.19	2.19	08/07/2023	36,500.00	98,250.00
Federal Home Loan Mtg Corp	08/07/2019	25,000,000.00	25,000,000.00	25,040,000.00	2.30	2.30	08/07/2023	38,333.33	40,000.00
Federal National Mtg Assn	04/18/2019	10,000,000.00	10,164,428.35	10,553,300.00	2.88	2.44	09/12/2023	106,215.28	388,871.65
Federal National Mtg Assn	06/27/2019	25,000,000.00	26,008,277.39	26,383,250.00	2.88	1.83	09/12/2023	127,777.77	374,972.61
Federal Home Loan Mtg Corp	03/27/2019	5,070,000.00	5,069,311.79	5,098,239.90	2.75	2.75	09/27/2023	59,642.92	28,928.11
Federal Farm Credit Bank	07/03/2019	50,000,000.00	50,006,258.02	50,846,000.00	1.88	1.88	11/01/2023	151,444.44	839,741.98
Federal Home Loan Mtg Corp	03/29/2019	25,000,000.00	25,000,000.00	25,267,500.00	2.73	2.73	01/09/2024	269,208.33	267,500.00
Federal Home Loan Bank	01/29/2019	8,745,000.00	8,745,000.00	8,783,303.10	3.10	3.10	01/29/2024	24,097.33	38,303.10
Federal National Mtg Assn	02/07/2019	25,000,000.00	25,000,000.00	25,121,500.00	3.10	3.10	02/07/2024	51,666.67	121,500.00
Federal Home Loan Bank	02/15/2019	15,000,000.00	14,952,688.43	15,686,850.00	2.50	2.58	02/13/2024	18,750.00	734,161.57
Federal Home Loan Bank	02/22/2019	23,175,000.00	23,175,000.00	23,517,758.25	2.80	2.80	02/22/2024	16,222.50	342,758.25
Federal Farm Credit Bank	07/08/2019	50,000,000.00	50,609,461.86	51,632,500.00	2.23	1.94	02/23/2024	24,777.78	1,023,038.14
Federal Home Loan Mtg Corp	02/28/2019	20,000,000.00	20,000,000.00	20,094,000.00	2.88	2.88	02/28/2024	4,791.67	94,000.00
Federal Home Loan Mtg Corp	03/21/2019	15,200,000.00	15,232,238.46	15,211,096.00	3.20	2.73	03/20/2024	216,177.78	(21,142.46)
Federal Home Loan Mtg Corp	03/22/2019	20,000,000.00	20,000,000.00	20,293,000.00	2.75	2.75	03/22/2024	242,916.67	293,000.00
Federal Home Loan Bank	03/27/2019	6,400,000.00	6,400,000.00	6,404,352.00	2.87	2.87	03/27/2024	78,574.22	4,352.00
Federal Home Loan Mtg Corp	03/27/2019	2,915,000.00	2,915,000.00	2,930,507.80	2.70	2.70	03/27/2024	33,668.25	15,507.80
Federal Home Loan Bank	04/24/2019	8,225,000.00	8,225,000.00	8,273,856.50	2.75	2.75	04/24/2024	79,793.92	48,856.50
Federal Home Loan Mtg Corp	04/30/2019	25,000,000.00	24,983,676.39	25,133,500.00	2.70	2.72	04/30/2024	226,875.00	149,823.61
Federal Home Loan Mtg Corp	06/05/2019	30,000,000.00	30,000,000.00	30,152,700.00	2.65	2.65	06/05/2024	189,916.67	152,700.00
Federal Home Loan Mtg Corp	06/05/2019	25,000,000.00	25,000,000.00	25,001,000.00	2.80	2.80	06/05/2024	167,222.22	1,000.00
Federal Farm Credit Bank	06/13/2019	15,000,000.00	14,948,627.00	15,308,400.00	1.95	2.03	06/13/2024	63,375.00	359,773.00

INVESTMENT INVENTORY - MARKET VALUE

County of San Diego Pooled Money Fund

As of August 31, 2019

Issuer	Purchase Date	Par Value	Book Value	Market Value	Coupon	YTM	Maturity Date	Accrued Interest	Unrealized Gain/Loss
Federal Farm Credit Bank	06/26/2019	105,350,000.00	105,712,926.92	107,515,996.00	1.95	1.87	06/13/2024	370,919.79	1,803,069.08
Federal Home Loan Mtg Corp	06/24/2019	60,000,000.00	60,000,000.00	60,014,400.00	2.60	2.60	06/24/2024	290,333.33	14,400.00
Federal Home Loan Mtg Corp	07/17/2019	8,821,000.00	8,819,278.95	8,836,613.17	2.40	2.40	07/16/2024	25,874.93	17,334.22
Federal Farm Credit Bank	07/23/2019	54,000,000.00	54,000,000.00	54,395,820.00	2.04	2.04	07/19/2024	116,280.00	395,820.00
Federal Farm Credit Bank	07/23/2019	25,000,000.00	25,000,000.00	25,013,750.00	2.45	2.45	07/23/2024	64,652.78	13,750.00
Federal Agency Subtotal:		**2,890,746,000.00**	**2,893,341,748.55**	**2,906,394,253.92**	**1.99**	**1.98**		**14,191,668.46**	**13,052,505.37**
Money Market Accounts									
BlackRock FedFund	07/06/2018	1,000,000.00	1,000,000.00	1,000,000.00	2.02	2.02		3,710.93	0.00
BlackRock FedFund	02/07/2019	35,000,000.00	35,000,000.00	35,000,000.00	2.02	2.02		60,649.05	0.00
Fidelity Government Fund	07/01/2017	65,400,000.00	65,400,000.00	65,400,000.00	2.04	2.04		181,588.68	0.00
Federated Government Fund	07/01/2017	0.00	0.00	0.00	2.03	2.03		(19,737.94)	0.00
Morgan Stanley Govnt Fund	07/01/2017	1,000,000.00	1,000,000.00	1,000,000.00	1.99	1.99		467.37	0.00
Money Market Accounts Subtotal:		**102,400,000.00**	**102,400,000.00**	**102,400,000.00**	**2.03**	**2.03**		**226,678.09**	**0.00**
Negotiable CDs									
Toronto Dominion NY	08/05/2019	50,000,000.00	50,000,000.00	50,001,000.00	2.20	2.20	09/10/2019	82,500.00	1,000.00
Toronto Dominion NY	09/27/2018	25,000,000.00	25,000,000.00	25,012,750.00	2.85	2.85	09/27/2019	670,937.50	12,750.00
Bank of Nova Scotia	09/26/2018	50,000,000.00	50,000,000.00	50,027,500.00	2.86	2.86	09/30/2019	1,350,555.56	27,500.00
Toronto Dominion NY	12/14/2018	30,000,000.00	30,000,000.00	30,021,600.00	3.02	3.02	09/30/2019	656,850.00	21,600.00
Westpac Bank NY	12/14/2018	30,000,000.00	30,000,000.00	30,018,300.00	2.97	2.97	09/30/2019	645,975.00	18,300.00
JP Morgan	03/27/2019	100,000,000.00	100,000,000.00	100,000,000.00	2.22	2.47	09/30/2019	12,494.37	0.00
Bank of Montreal	08/05/2019	25,000,000.00	25,000,000.00	25,002,250.00	2.20	2.20	10/07/2019	41,250.00	2,250.00
Nordea Bank Finland	04/04/2019	21,000,000.00	21,000,000.00	21,010,500.00	2.56	2.56	10/08/2019	224,000.00	10,500.00
Canadian Imp Bk Comm NY	10/19/2018	10,000,000.00	10,000,000.00	10,012,900.00	3.03	3.03	10/18/2019	266,808.34	12,900.00
Royal Bk of Canada/Dain Rausch	04/10/2019	25,000,000.00	25,000,000.00	25,017,250.00	2.55	2.55	10/31/2019	255,000.00	17,250.00
Royal Bk of Canada/Dain Rausch	04/10/2019	25,000,000.00	25,000,000.00	25,020,500.00	2.56	2.56	11/08/2019	256,000.00	20,500.00
Toronto Dominion NY	04/24/2019	35,000,000.00	35,000,000.00	35,044,100.00	2.58	2.58	11/29/2019	326,083.33	44,100.00
Canadian Imp Bk Comm NY	12/20/2018	50,000,000.00	50,000,000.00	50,142,500.00	3.03	3.03	12/11/2019	1,073,125.00	142,500.00
Toronto Dominion NY	12/12/2018	50,000,000.00	50,000,680.22	50,139,000.00	3.08	3.07	12/11/2019	1,123,229.16	138,319.78
Westpac Bank NY	12/17/2018	60,000,000.00	60,000,000.00	60,141,000.00	3.02	3.02	12/11/2019	1,298,600.00	141,000.00
Bank of Montreal	12/06/2018	100,000,000.00	100,000,000.00	100,281,000.00	3.06	3.06	12/13/2019	2,286,500.00	281,000.00
Royal Bk of Canada/Dain Rausch	12/11/2018	50,000,000.00	50,000,000.00	50,185,500.00	3.05	3.05	01/09/2020	1,118,333.33	185,500.00
Toronto Dominion NY	01/07/2019	30,000,000.00	30,000,000.00	30,096,900.00	2.91	2.91	01/15/2020	574,725.00	96,900.00
Toronto Dominion NY	07/29/2019	70,000,000.00	70,000,000.00	70,046,200.00	2.18	2.18	01/24/2020	144,122.22	46,200.00
UBS AG Stamford	02/15/2019	20,000,000.00	20,000,000.00	20,065,400.00	2.75	2.75	02/18/2020	302,500.00	65,400.00
Bank of Montreal	03/15/2019	40,000,000.00	40,000,000.00	40,148,800.00	2.67	2.67	02/21/2020	504,333.33	148,800.00
Royal Bk of Canada/Dain Rausch	08/29/2018	50,000,000.00	50,000,000.00	50,265,500.00	2.92	2.92	02/28/2020	12,166.61	265,500.00
Royal Bk of Canada/Dain Rausch	07/23/2019	50,000,000.00	50,000,000.00	50,047,500.00	2.14	2.14	03/09/2020	118,888.89	47,500.00
Bank of Montreal	03/13/2019	1,000,000.00	1,000,000.00	1,004,360.00	2.69	2.69	03/13/2020	12,852.22	4,360.00
Bank of Montreal	03/19/2019	25,000,000.00	25,000,000.00	25,114,750.00	2.70	2.70	03/20/2020	311,250.00	114,750.00
Bank of Nova Scotia	04/05/2019	50,000,000.00	50,000,000.00	50,207,500.00	2.63	2.63	05/06/2020	544,263.89	207,500.00

INVESTMENT INVENTORY - MARKET VALUE

County of San Diego Pooled Money Fund

As of August 31, 2019

Issuer	Purchase Date	Par Value	Book Value	Market Value	Coupon	YTM	Maturity Date	Accrued Interest	Unrealized Gain/Loss
UBS AG Stamford	05/24/2019	25,000,000.00	25,000,000.00	25,101,250.00	2.55	2.55	05/29/2020	177,083.33	101,250.00
UBS AG Stamford	06/04/2019	25,000,000.00	25,000,000.00	25,083,250.00	2.44	2.44	06/03/2020	150,805.56	83,250.00
Toronto Dominion NY	07/23/2019	50,000,000.00	50,000,000.00	50,086,000.00	2.12	2.12	06/30/2020	117,777.78	86,000.00
Royal Bk of Canada/Dain Rausch	07/08/2019	25,000,000.00	25,000,000.00	25,045,750.00	2.11	2.11	07/01/2020	80,590.28	45,750.00
Bank of Montreal	09/06/2018	15,000,000.00	15,000,000.00	15,173,550.00	3.13	3.16	09/08/2020	469,500.00	173,550.00
Negotiable CDs Subtotal:		**1,212,000,000.00**	**1,212,000,680.22**	**1,214,564,360.00**	**2.65**	**2.67**		**15,209,100.70**	**2,563,679.78**
Supranationals									
Intl Bank For Recon and Dev	09/30/2016	25,000,000.00	25,000,000.00	24,984,750.00	1.20	1.20	09/30/2019	125,833.33	(15,250.00)
Intl Bank For Recon and Dev	09/30/2016	25,000,000.00	25,000,000.00	24,984,750.00	1.20	1.20	09/30/2019	125,833.33	(15,250.00)
Intl Bank For Recon and Dev	11/10/2016	25,000,000.00	25,000,000.00	24,973,250.00	1.30	1.30	10/25/2019	113,750.00	(26,750.00)
Intl Bank For Recon and Dev	05/12/2017	35,000,000.00	34,980,522.08	34,962,550.00	1.30	1.68	10/25/2019	159,250.00	(17,972.08)
Intl Bank For Recon and Dev	12/23/2016	25,000,000.00	24,965,648.96	24,947,500.00	1.13	1.72	11/27/2019	72,812.50	(18,148.96)
Intl Bank For Recon and Dev	01/04/2017	25,000,000.00	24,969,162.03	24,947,500.00	1.13	1.66	11/27/2019	72,812.50	(21,662.03)
Intl Bank For Recon and Dev	04/06/2017	25,000,000.00	25,034,700.07	24,991,500.00	1.88	1.97	04/21/2020	168,833.33	(43,200.07)
Intl Bank For Recon and Dev	04/20/2017	25,000,000.00	25,050,425.53	24,991,500.00	1.88	1.86	04/21/2020	168,833.33	(58,925.53)
Inter-American Development Bk	04/12/2017	50,000,000.00	49,973,204.05	49,892,500.00	1.63	1.70	05/12/2020	245,965.27	(80,704.05)
Intl Bank For Recon and Dev	08/29/2017	15,000,000.00	14,998,946.13	14,973,150.00	1.63	1.63	09/04/2020	119,704.17	(25,796.13)
Intl Bank For Recon and Dev	08/29/2017	35,000,000.00	34,997,540.97	34,937,350.00	1.63	1.63	09/04/2020	279,309.73	(60,190.97)
Intl Bank For Recon and Dev	09/21/2017	25,000,000.00	24,987,962.61	24,955,250.00	1.63	1.67	09/04/2020	199,506.94	(32,712.61)
Intl Bank For Recon and Dev	10/30/2015	25,000,000.00	25,000,000.00	25,001,250.00	2.00	1.35	10/15/2020	188,972.22	1,250.00
Inter-American Development Bk	04/19/2018	100,000,000.00	99,880,222.22	101,583,000.00	2.63	2.70	04/19/2021	962,500.00	1,702,777.78
International Finance Corp	07/20/2016	25,000,000.00	24,952,564.31	24,793,000.00	1.13	1.23	07/20/2021	30,702.50	(159,564.31)
International Finance Corp	10/07/2016	12,500,000.00	12,446,503.63	12,396,500.00	1.13	1.36	07/20/2021	16,219.38	(50,003.63)
Intl Bank For Recon and Dev	11/23/2016	10,000,000.00	10,000,000.00	10,032,600.00	1.75	1.75	11/23/2021	10,694.43	32,600.00
Intl Bank For Recon and Dev	09/29/2017	25,000,000.00	25,000,000.00	25,005,000.00	1.98	1.98	09/29/2022	209,000.00	5,000.00
Inter-American Development Bk	04/04/2019	15,000,000.00	15,082,308.10	15,490,800.00	2.50	2.33	01/18/2023	44,791.67	408,491.90
Inter-American Development Bk	04/04/2019	10,000,000.00	10,055,675.07	10,327,200.00	2.50	2.33	01/18/2023	29,861.11	271,524.93
Intl Bank For Recon and Dev	03/06/2019	25,000,000.00	25,000,000.00	25,183,250.00	2.90	2.90	03/06/2023	352,430.56	183,250.00
Inter-American Development Bk	04/16/2019	50,000,000.00	50,000,000.00	50,886,000.00	2.53	2.53	07/06/2023	203,916.67	886,000.00
Inter-American Development Bk	04/16/2019	25,000,000.00	25,000,000.00	25,443,000.00	2.53	2.53	07/06/2023	101,958.33	443,000.00
Intl Bank For Recon and Dev	04/22/2019	10,000,000.00	10,207,813.54	10,586,600.00	3.00	2.46	09/27/2023	107,500.00	378,786.46
Intl Bank For Recon and Dev	04/25/2019	6,000,000.00	6,132,161.01	6,351,960.00	3.00	2.43	09/27/2023	63,000.00	219,798.99
Inter-American Development Bk	03/21/2019	25,000,000.00	25,432,969.99	26,474,250.00	3.00	2.55	10/04/2023	306,250.00	1,041,280.01
Inter-American Development Bk	04/25/2019	25,000,000.00	25,185,416.67	26,221,000.00	2.63	2.44	01/16/2024	82,031.25	1,035,583.33
Inter-American Development Bk	04/29/2019	25,000,000.00	25,230,866.97	26,221,000.00	2.63	2.40	01/16/2024	82,031.25	990,133.03
Inter-American Development Bk	05/06/2019	34,750,000.00	35,034,991.12	36,447,190.00	2.63	2.45	01/16/2024	114,023.44	1,412,198.88
Inter-American Development Bk	04/02/2019	50,000,000.00	50,000,000.00	51,596,500.00	2.29	2.29	01/31/2024	98,583.33	1,596,500.00
Inter-American Development Bk	04/08/2019	50,000,000.00	50,000,000.00	51,612,000.00	2.33	2.33	02/29/2024	3,742.94	1,612,000.00
Intl Bank For Recon and Dev	03/11/2019	25,000,000.00	25,000,000.00	25,539,000.00	2.89	2.89	03/11/2024	340,590.28	539,000.00
Intl Bank For Recon and Dev	03/19/2019	25,000,000.00	24,962,917.50	26,130,250.00	2.50	2.53	03/19/2024	281,250.00	1,167,332.50
Intl Bank For Recon and Dev	03/26/2019	25,000,000.00	25,000,000.00	26,445,000.00	2.77	2.77	03/26/2024	298,159.72	1,445,000.00

INVESTMENT INVENTORY - MARKET VALUE

County of San Diego Pooled Money Fund

As of August 31, 2019

Issuer	Purchase Date	Par Value	Book Value	Market Value	Coupon	YTM	Maturity Date	Accrued Interest	Unrealized Gain/Loss
Intl Bank For Recon and Dev	05/07/2019	25,000,000.00	25,000,000.00	26,453,750.00	2.75	2.75	05/07/2024	217,708.33	1,453,750.00
Intl Bank For Recon and Dev	05/15/2019	25,000,000.00	25,000,000.00	25,082,750.00	2.88	2.88	05/15/2024	212,000.00	82,750.00
Intl Bank For Recon and Dev	07/02/2019	50,000,000.00	50,000,000.00	50,183,500.00	2.20	2.20	07/01/2024	180,277.78	183,500.00
Supranationals Subtotal:		**1,058,250,000.00**	**1,059,562,522.56**	**1,076,027,900.00**	**2.14**	**2.15**		**6,390,639.62**	**16,465,377.44**
Sweep Fund									
JP Morgan	12/11/2018	7,299,066.81	7,299,066.81	7,299,066.81	1.57	1.57		8,789.62	0.00
Sweep Fund Subtotal:		**7,299,066.81**	**7,299,066.81**	**7,299,066.81**	**1.57**	**1.57**		**8,789.62**	**0.00**
Treasury Coupon Securities									
U.S. Treasury	10/24/2014	15,000,000.00	15,002,847.75	14,996,400.00	1.75	1.50	09/30/2019	110,450.82	(6,447.75)
U.S. Treasury	12/08/2014	15,000,000.00	14,993,473.47	14,980,050.00	1.50	1.68	11/30/2019	57,172.13	(13,423.47)
U.S. Treasury	01/09/2015	15,000,000.00	15,005,852.93	14,983,050.00	1.63	1.50	12/31/2019	41,728.94	(22,802.93)
U.S. Treasury	02/12/2016	20,000,000.00	20,026,962.56	19,953,200.00	1.38	1.04	01/31/2020	23,913.04	(73,762.56)
U.S. Treasury	04/09/2015	10,000,000.00	9,995,331.30	9,968,400.00	1.25	1.35	02/29/2020	62,843.41	(26,931.30)
U.S. Treasury	02/12/2016	20,000,000.00	20,030,041.65	19,947,600.00	1.38	1.06	02/29/2020	138,255.49	(82,441.65)
U.S. Treasury	04/09/2015	10,000,000.00	9,986,972.29	9,956,300.00	1.13	1.36	03/31/2020	47,336.07	(30,672.29)
U.S. Treasury	01/06/2017	20,000,000.00	19,982,876.08	19,940,600.00	1.38	1.53	03/31/2020	115,710.38	(42,276.08)
U.S. Treasury	06/05/2015	15,000,000.00	14,984,811.61	14,961,900.00	1.50	1.64	05/31/2020	57,172.13	(22,911.61)
U.S. Treasury	07/06/2018	20,000,000.00	19,993,469.83	20,110,200.00	2.50	2.54	06/30/2020	85,597.83	116,730.17
U.S. Treasury	01/06/2017	20,000,000.00	19,897,602.62	19,918,000.00	1.38	1.75	01/31/2021	23,913.04	20,397.38
U.S. Treasury	02/01/2019	13,000,000.00	13,002,522.39	13,148,850.00	2.50	2.49	01/31/2021	28,260.87	146,327.61
U.S. Treasury	06/17/2016	35,000,000.00	35,173,585.20	34,874,350.00	1.38	1.08	05/31/2021	122,284.84	(299,235.20)
U.S. Treasury	09/07/2016	5,000,000.00	4,998,811.90	4,960,150.00	1.13	1.14	06/30/2021	9,629.76	(38,661.90)
U.S. Treasury	09/07/2016	5,000,000.00	5,101,781.73	5,065,800.00	2.25	1.15	07/31/2021	9,782.61	(35,981.73)
U.S. Treasury	10/06/2016	25,000,000.00	24,935,568.34	24,797,750.00	1.13	1.25	09/30/2021	118,340.16	(137,818.34)
U.S. Treasury	12/09/2016	15,000,000.00	14,974,848.55	15,084,450.00	1.75	1.83	11/30/2021	66,700.82	109,601.45
U.S. Treasury	04/30/2019	50,000,000.00	49,156,113.32	50,531,500.00	1.75	2.27	01/31/2023	76,086.96	1,375,386.68
U.S. Treasury	05/31/2019	40,000,000.00	39,103,952.03	39,934,400.00	1.38	1.96	08/31/2023	139,010.99	830,447.97
U.S. Treasury	02/01/2019	10,000,000.00	10,014,500.43	10,459,400.00	2.50	2.46	01/31/2024	21,739.13	444,899.57
U.S. Treasury	04/02/2019	15,000,000.00	14,920,503.85	15,467,550.00	2.13	2.25	03/31/2024	132,377.05	547,046.15
U.S. Treasury	06/11/2019	15,000,000.00	15,398,182.29	15,737,100.00	2.50	1.91	05/15/2024	83,559.78	338,917.71
U.S. Treasury	07/15/2019	25,000,000.00	25,159,716.47	25,678,750.00	2.00	1.86	06/30/2024	65,217.40	519,033.53
U.S. Treasury	08/29/2019	10,000,000.00	10,470,704.21	10,456,300.00	2.38	1.39	08/15/2024	1,936.14	(14,404.21)
Treasury Coupon Securities Subtotal:		**443,000,000.00**	**442,311,032.80**	**445,912,050.00**	**1.68**	**1.71**		**1,639,019.79**	**3,601,017.20**
Grand Total		**8,625,863,394.63**	**8,627,808,837.37**	**8,678,638,409.51**	**2.26**	**2.25**		**42,302,401.35**	**50,829,572.14**

TRANSACTION ACTIVITY REPORT

Investment #	Instrument Type	Issuer	Coupon	Transaction Type	Total Cash	Transaction Date
3608	Money Market Funds	Fidelity Government	2.22	Purchase	-380,000,000.00	08/01/19
3619	Federal Agencies	Federal Home Loan Mt	1.25	Redemption	25,000,000.00	08/01/19
4393	Bank Deposit	Wells Fargo Bank NA	2.00	Redemption	265,988.82	08/01/19
5136	Commercial Paper	JP Morgan	3.00	Redemption	50,000,000.00	08/01/19
5138	Commercial Paper	JP Morgan	3.00	Redemption	20,000,000.00	08/01/19
5140	Commercial Paper	JP Morgan	3.00	Redemption	60,000,000.00	08/01/19
5144	Negotiable CD	Toronto Dominion NY	3.10	Redemption	30,000,000.00	08/01/19
5153	Commercial Paper	ING (US) Funding LLC	2.91	Redemption	50,000,000.00	08/01/19
5188	Negotiable CD	Toronto Dominion NY	2.97	Redemption	50,000,000.00	08/01/19
5198	Negotiable CD	Royal Bk of Canada/D	2.97	Redemption	75,000,000.00	08/01/19
5309	Sweep Fund	JP Morgan	1.63	Purchase	-3,837,122.92	08/01/19
5560	Negotiable CD	Toronto Dominion NY	2.57	Redemption	65,000,000.00	08/01/19
5581	Commercial Paper	Canadian Imperial Ho	2.50	Redemption	50,000,000.00	08/01/19
5894	Commercial Paper	Prudential Funding L	2.35	Redemption	50,000,000.00	08/01/19
5897	Commercial Paper	Natixis US Finance C	2.35	Redemption	300,000,000.00	08/01/19
5898	Asset Backed Securities	Toyota Auto Receivab	3.20	Purchase	-24,973,017.67	08/01/19
5899	Corporate Notes	JP Morgan	4.40	Purchase	-55,649,466.51	08/01/19
3608	Money Market Funds	Fidelity Government	2.18	Redemption	13,000,000.00	08/02/19
4393	Bank Deposit	Wells Fargo Bank NA	2.00	Redemption	244,413.74	08/02/19
5309	Sweep Fund	JP Morgan	1.66	Purchase	-931,454.20	08/02/19
5591	Commercial Paper	BNP Paribas NY	2.50	Redemption	50,000,000.00	08/02/19
5900	Commercial Paper	MUFG Bank NY	2.20	Purchase	-24,862,500.00	08/02/19
5901	Commercial Paper	MUFG Bank NY	2.20	Purchase	-24,860,972.22	08/02/19
3608	Money Market Funds	Fidelity Government	2.12	Redemption	330,000,000.00	08/05/19
3698	Federal Agencies	Federal Home Loan Mt	1.00	Redemption	25,000,000.00	08/05/19
4393	Bank Deposit	Wells Fargo Bank NA	2.00	Redemption	1,585,602.92	08/05/19
5309	Sweep Fund	JP Morgan	1.64	Redemption	4,439,674.92	08/05/19
5589	Commercial Paper	Canadian Imperial Ho	2.50	Redemption	50,000,000.00	08/05/19
5902	Commercial Paper	Natixis US Finance C	2.10	Purchase	-314,981,625.00	08/05/19
5903	Negotiable CD	Toronto Dominion NY	2.20	Purchase	-50,000,000.00	08/05/19
5904	Negotiable CD	Bank of Montreal	2.20	Purchase	-25,000,000.00	08/05/19
3630	Money Market Funds	Federated Government	2.08	Redemption	28,700,000.00	08/06/19
4393	Bank Deposit	Wells Fargo Bank NA	2.00	Purchase	-2,075,342.50	08/06/19
5309	Sweep Fund	JP Morgan	1.62	Purchase	-776,916.06	08/06/19

TRANSACTION ACTIVITY REPORT

Investment #	Instrument Type	Issuer	Coupon	Transaction Type	Total Cash	Transaction Date
5902	Commercial Paper	Natixis US Finance C	2.10	Redemption	315,000,000.00	08/06/19
5905	Commercial Paper	Natixis US Finance C	2.10	Purchase	-324,981,041.67	08/06/19
4393	Bank Deposit	Wells Fargo Bank NA	2.00	Redemption	363,186.03	08/07/19
5309	Sweep Fund	JP Morgan	1.60	Purchase	-5,139,071.86	08/07/19
5893	Commercial Paper	MUFG Bank NY	2.21	Redemption	20,000,000.00	08/07/19
5905	Commercial Paper	Natixis US Finance C	2.10	Redemption	325,000,000.00	08/07/19
5906	Commercial Paper	MUFG Bank NY	2.20	Purchase	-34,878,083.33	08/07/19
5907	Commercial Paper	MUFG Bank NY	2.21	Purchase	-24,901,777.78	08/07/19
5908	Commercial Paper	MUFG Bank NY	2.20	Purchase	-24,911,388.89	08/07/19
5909	Commercial Paper	MUFG Bank NY	2.20	Purchase	-24,857,916.67	08/07/19
5910	Commercial Paper	MUFG Bank NY	2.20	Purchase	-24,862,500.00	08/07/19
5911	Commercial Paper	Natixis US Finance C	2.10	Purchase	-199,988,333.33	08/07/19
5912	Federal Agencies	Federal Home Loan Mt	2.19	Purchase	-25,000,000.00	08/07/19
5913	Federal Agencies	Federal Home Loan Mt	2.30	Purchase	-25,000,000.00	08/07/19
4393	Bank Deposit	Wells Fargo Bank NA	2.00	Redemption	902,967.15	08/08/19
5309	Sweep Fund	JP Morgan	1.58	Redemption	3,042,818.51	08/08/19
5583	Commercial Paper	BNP Paribas NY	2.53	Redemption	50,000,000.00	08/08/19
5911	Commercial Paper	Natixis US Finance C	2.10	Redemption	200,000,000.00	08/08/19
5914	Commercial Paper	Natixis US Finance C	2.10	Purchase	-199,988,333.33	08/08/19
3608	Money Market Funds	Fidelity Government	2.11	Purchase	-20,000,000.00	08/09/19
4393	Bank Deposit	Wells Fargo Bank NA	2.00	Redemption	2,516,456.78	08/09/19
5280	Commercial Paper	Bank of Montreal	2.84	Redemption	75,000,000.00	08/09/19
5309	Sweep Fund	JP Morgan	1.60	Purchase	-242,536.68	08/09/19
5892	Commercial Paper	MUFG Bank NY	2.21	Redemption	10,000,000.00	08/09/19
5914	Commercial Paper	Natixis US Finance C	2.10	Redemption	200,000,000.00	08/09/19
5915	Commercial Paper	Natixis US Finance C	2.10	Purchase	-224,960,625.00	08/09/19
3608	Money Market Funds	Fidelity Government	2.08	Purchase	-3,500,000.00	08/12/19
4393	Bank Deposit	Wells Fargo Bank NA	2.00	Purchase	-2,490,903.40	08/12/19
5309	Sweep Fund	JP Morgan	1.60	Redemption	1,881,057.86	08/12/19
5592	Commercial Paper	BNP Paribas NY	2.53	Redemption	30,000,000.00	08/12/19
5915	Commercial Paper	Natixis US Finance C	2.10	Redemption	225,000,000.00	08/12/19
5916	Commercial Paper	Natixis US Finance C	2.90	Purchase	-219,987,227.78	08/12/19
3608	Money Market Funds	Fidelity Government	2.08	Redemption	18,000,000.00	08/13/19
4393	Bank Deposit	Wells Fargo Bank NA	2.00	Redemption	451,494.05	08/13/19

TRANSACTION ACTIVITY REPORT

Investment #	Instrument Type	Issuer	Coupon	Transaction Type	Total Cash	Transaction Date
5203	Commercial Paper	Credit Agricole CIB	2.90	Redemption	25,000,000.00	08/13/19
5309	Sweep Fund	JP Morgan	1.61	Redemption	201,984.02	08/13/19
5582	Commercial Paper	BNP Paribas NY	2.53	Redemption	50,000,000.00	08/13/19
5891	Commercial Paper	Canadian Imperial Ho	2.25	Redemption	25,000,000.00	08/13/19
5916	Commercial Paper	Natixis US Finance C	2.90	Redemption	220,000,000.00	08/13/19
5917	Commercial Paper	Natixis US Finance C	2.12	Purchase	-49,979,388.89	08/13/19
5918	Commercial Paper	Natixis US Finance C	2.90	Purchase	-269,984,325.00	08/13/19
3608	Money Market Funds	Fidelity Government	2.09	Purchase	-16,000,000.00	08/14/19
3608	Money Market Funds	Fidelity Government	2.09	Redemption	16,000,000.00	08/14/19
4393	Bank Deposit	Wells Fargo Bank NA	2.00	Redemption	172,445.46	08/14/19
4695	Negotiable CD	Canadian Imp Bk Comm	2.45	Redemption	50,000,000.00	08/14/19
5309	Sweep Fund	JP Morgan	1.60	Purchase	-10,698,298.55	08/14/19
5918	Commercial Paper	Natixis US Finance C	2.90	Redemption	270,000,000.00	08/14/19
5919	Commercial Paper	Natixis US Finance C	2.90	Purchase	-249,985,486.11	08/14/19
5920	Asset Backed Securities	Toyota Auto Receivab	2.00	Purchase	-9,999,535.00	08/14/19
3608	Money Market Funds	Fidelity Government	2.08	Redemption	21,500,000.00	08/15/19
4393	Bank Deposit	Wells Fargo Bank NA	2.00	Redemption	2,164,253.89	08/15/19
4674	Asset Backed Securities	Toyota Auto Receivab	2.10	Redemption	1,642,238.18	08/15/19
5143	Asset Backed Securities	Toyota Auto Receivab	2.98	Redemption	1,593,879.06	08/15/19
5309	Sweep Fund	JP Morgan	1.62	Redemption	10,989,168.25	08/15/19
5449	Asset Backed Securities	Toyota Auto Receivab	1.76	Redemption	496,426.65	08/15/19
5468	Asset Backed Securities	John Deere Owner Tru	2.63	Redemption	3,149,005.33	08/15/19
5600	Asset Backed Securities	Honda Auto Rec Owner	2.65	Redemption	2,584,830.90	08/15/19
5703	Corporate Notes	American Honda Finan	2.25	Redemption	8,044,000.00	08/15/19
5741	Asset Backed Securities	Chase Issuance Trust	1.58	Redemption	8,000,000.00	08/15/19
5759	Asset Backed Securities	Ford Credit Auto Own	2.39	Redemption	2,205,157.21	08/15/19
5768	Asset Backed Securities	Harley-Davidson Moto	2.39	Redemption	1,276,954.76	08/15/19
5919	Commercial Paper	Natixis US Finance C	2.90	Redemption	250,000,000.00	08/15/19
5922	Commercial Paper	Natixis US Finance C	2.90	Purchase	-259,984,905.56	08/15/19
3608	Money Market Funds	Fidelity Government	2.09	Purchase	-23,000,000.00	08/16/19
4393	Bank Deposit	Wells Fargo Bank NA	2.00	Purchase	-2,799,703.03	08/16/19
5016	Negotiable CD	BNP Paribas SF	2.74	Redemption	10,000,000.00	08/16/19
5309	Sweep Fund	JP Morgan	1.59	Purchase	-120,785.27	08/16/19
5922	Commercial Paper	Natixis US Finance C	2.90	Redemption	260,000,000.00	08/16/19

TRANSACTION ACTIVITY REPORT

Investment #	Instrument Type	Issuer	Coupon	Transaction Type	Total Cash	Transaction Date
5923	Commercial Paper	Natixis US Finance C	2.90	Purchase	-259,954,716.67	08/16/19
5924	Corporate Notes	Exxon Mobil	1.92	Purchase	-5,000,000.00	08/16/19
3608	Money Market Funds	Fidelity Government	2.08	Redemption	8,000,000.00	08/19/19
3825	Asset Backed Securities	Honda Auto Rec Owner	1.21	Redemption	526,371.59	08/19/19
3906	Asset Backed Securities	Honda Auto Rec Owner	1.16	Redemption	88,991.79	08/19/19
4393	Bank Deposit	Wells Fargo Bank NA	2.00	Purchase	-1,363,902.42	08/19/19
4886	Asset Backed Securities	Honda Auto Rec Owner	2.60	Redemption	1,792,143.55	08/19/19
5309	Sweep Fund	JP Morgan	1.59	Redemption	517,538.22	08/19/19
5923	Commercial Paper	Natixis US Finance C	2.90	Redemption	260,000,000.00	08/19/19
5925	Commercial Paper	Natixis US Finance C	2.90	Purchase	-269,984,325.00	08/19/19
4393	Bank Deposit	Wells Fargo Bank NA	2.00	Redemption	414,644.16	08/20/19
5309	Sweep Fund	JP Morgan	1.57	Redemption	2,277,752.24	08/20/19
5917	Commercial Paper	Natixis US Finance C	2.12	Redemption	50,000,000.00	08/20/19
5925	Commercial Paper	Natixis US Finance C	2.90	Redemption	270,000,000.00	08/20/19
5926	Commercial Paper	Natixis US Finance C	2.12	Purchase	-29,987,633.33	08/20/19
5927	Commercial Paper	Natixis US Finance C	2.09	Purchase	-269,984,325.00	08/20/19
4393	Bank Deposit	Wells Fargo Bank NA	2.00	Purchase	-1,006,374.81	08/21/19
5030	Asset Backed Securities	Honda Auto Rec Owner	2.67	Redemption	2,987,619.52	08/21/19
5309	Sweep Fund	JP Morgan	1.55	Redemption	669,289.25	08/21/19
5315	Asset Backed Securities	Honda Auto Rec Owner	2.67	Redemption	157,596.93	08/21/19
5927	Commercial Paper	Natixis US Finance C	2.09	Redemption	270,000,000.00	08/21/19
5928	Corporate Notes	Procter & Gamble	2.15	Purchase	-10,129,172.22	08/21/19
5929	Corporate Notes	Procter & Gamble	2.15	Purchase	-20,258,344.44	08/21/19
5930	Commercial Paper	Natixis US Finance C	2.11	Purchase	-224,986,812.50	08/21/19
3608	Money Market Funds	Fidelity Government	2.05	Purchase	-7,000,000.00	08/22/19
4393	Bank Deposit	Wells Fargo Bank NA	2.00	Purchase	-3,035,037.09	08/22/19
5309	Sweep Fund	JP Morgan	1.54	Purchase	-4,379,554.89	08/22/19
5930	Commercial Paper	Natixis US Finance C	2.11	Redemption	225,000,000.00	08/22/19
5932	Commercial Paper	Natixis US Finance C	2.90	Purchase	-209,987,808.33	08/22/19
3727	Federal Agencies	Federal Home Loan Mt	1.15	Redemption	25,000,000.00	08/23/19
4393	Bank Deposit	Wells Fargo Bank NA	2.00	Redemption	7,481,221.20	08/23/19
5309	Sweep Fund	JP Morgan	1.54	Redemption	4,029,507.09	08/23/19
5932	Commercial Paper	Natixis US Finance C	2.90	Redemption	210,000,000.00	08/23/19
5933	Commercial Paper	Natixis US Finance C	2.90	Purchase	-209,963,425.00	08/23/19

TRANSACTION ACTIVITY REPORT

Investment #	Instrument Type	Issuer	Coupon	Transaction Type	Total Cash	Transaction Date
3734	Federal Agencies	Federal Farm Credit	1.00	Redemption	50,000,000.00	08/26/19
4393	Bank Deposit	Wells Fargo Bank NA	2.00	Purchase	-3,303,640.37	08/26/19
5309	Sweep Fund	JP Morgan	1.54	Purchase	-3,625,584.38	08/26/19
5933	Commercial Paper	Natixis US Finance C	2.90	Redemption	210,000,000.00	08/26/19
5934	Commercial Paper	Natixis US Finance C	2.90	Purchase	-199,988,388.89	08/26/19
5935	Corporate Notes	Bank of America Corp	2.20	Purchase	-10,000,000.00	08/26/19
5936	Corporate Notes	Bank of America Corp	2.20	Purchase	-25,000,000.00	08/26/19
4393	Bank Deposit	Wells Fargo Bank NA	2.00	Purchase	-1,605,421.16	08/27/19
5309	Sweep Fund	JP Morgan	1.58	Redemption	1,615,819.38	08/27/19
5926	Commercial Paper	Natixis US Finance C	2.12	Redemption	30,000,000.00	08/27/19
5934	Commercial Paper	Natixis US Finance C	2.90	Redemption	200,000,000.00	08/27/19
5937	Commercial Paper	Natixis US Finance C	2.90	Purchase	-209,987,808.33	08/27/19
5938	Asset Backed Securities	Honda Auto Rec Owner	1.78	Purchase	-23,999,800.80	08/27/19
5939	Asset Backed Securities	Honda Auto Rec Owner	1.90	Purchase	-21,998,460.00	08/27/19
3608	Money Market Funds	Fidelity Government	2.05	Purchase	-14,000,000.00	08/28/19
4393	Bank Deposit	Wells Fargo Bank NA	2.00	Redemption	5,784,866.06	08/28/19
5309	Sweep Fund	JP Morgan	1.57	Purchase	-923,287.77	08/28/19
5937	Commercial Paper	Natixis US Finance C	2.90	Redemption	210,000,000.00	08/28/19
5940	Commercial Paper	Natixis US Finance C	2.90	Purchase	-239,986,066.67	08/28/19
5941	Commercial Paper	Natixis US Finance C	2.12	Purchase	-14,988,516.67	08/28/19
5942	Commercial Paper	Natixis US Finance C	2.12	Purchase	-14,986,750.00	08/28/19
5943	Commercial Paper	Natixis US Finance C	2.12	Purchase	-14,987,633.33	08/28/19
5944	Commercial Paper	Natixis US Finance C	2.12	Purchase	-19,989,400.00	08/28/19
5945	Commercial Paper	Natixis US Finance C	2.12	Purchase	-19,990,577.78	08/28/19
5946	Commercial Paper	Prudential Funding L	2.90	Purchase	-49,997,097.22	08/28/19
3608	Money Market Funds	Fidelity Government	2.05	Redemption	16,000,000.00	08/29/19
3630	Money Market Funds	Federated Government	2.08	Redemption	1,000,000.00	08/29/19
4393	Bank Deposit	Wells Fargo Bank NA	2.00	Redemption	105,418.69	08/29/19
5309	Sweep Fund	JP Morgan	1.57	Redemption	2,368,353.38	08/29/19
5940	Commercial Paper	Natixis US Finance C	2.90	Redemption	240,000,000.00	08/29/19
5946	Commercial Paper	Prudential Funding L	2.90	Redemption	50,000,000.00	08/29/19
5947	U.S. Treasury Notes	U.S. Treasury	2.38	Purchase	-10,480,519.71	08/29/19
5948	Commercial Paper	Natixis US Finance C	2.90	Purchase	-299,982,583.33	08/29/19
4393	Bank Deposit	Wells Fargo Bank NA	2.00	Purchase	-7,010,836.64	08/30/19

TRANSACTION ACTIVITY REPORT

Investment #	Instrument Type	Issuer	Coupon	Transaction Type	Total Cash	Transaction Date
5221	Negotiable CD	Toronto Dominion NY	2.99	Redemption	100,000,000.00	08/30/19
5309	Sweep Fund	JP Morgan	1.57	Purchase	-4,091,945.22	08/30/19
5414	Negotiable CD	UBS AG Stamford	2.62	Redemption	60,000,000.00	08/30/19
5948	Commercial Paper	Natixis US Finance C	2.90	Redemption	300,000,000.00	08/30/19
5949	Commercial Paper	Natixis US Finance C	2.90	Purchase	-214,950,072.22	08/30/19
4401	U.S. Treasury Notes	U.S. Treasury	1.25	Redemption	10,000,000.00	08/31/19
Grand Total					**732,144,731.14**	

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