

In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California (“Bond Counsel”), under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described herein, interest (and original issue discount) on the Tax-Exempt Bonds (as defined herein) is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals. In the opinion of Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, interest on the Taxable Bonds (as defined herein) is not excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended. In the further opinion of Bond Counsel, interest (and original issue discount) on the Bonds is exempt from State of California personal income tax. See “TAX MATTERS” herein with respect to tax consequences relating to the Bonds.

\$3,110,000
BRET HARTE UNION HIGH SCHOOL DISTRICT
(Calaveras County, California)
Election of 2008 General Obligation Bonds, Series D

\$2,100,000
BRET HARTE UNION HIGH SCHOOL DISTRICT
(Calaveras County, California)
2019 General Obligation Refunding Bonds
(Bank Qualified)

Dated: Date of Delivery

Due: February 1 and August 1, as shown on inside front cover pages

This cover page contains information for cursory 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 in this cover page and not otherwise defined shall have the meanings set forth herein.

The Bret Harte Union High School District Election of 2008 General Obligation Bonds, Series D, in the aggregate principal amount of \$3,110,000 (the “New Money Bonds”), were authorized at an election of the registered voters of the Bret Harte Union High School District (the “District”) held on November 4, 2008, at which the requisite 55% or more of the persons voting on the proposition voted to authorize the issuance and sale of \$18,000,000 principal amount of general obligation bonds of the District. The New Money Bonds are being issued to prepay or defease to maturity certain outstanding certificates of participation of the District and to pay the costs of issuing the New Money Bonds.

The Bret Harte Union High School District 2019 General Obligation Refunding Bonds (Bank Qualified), in the aggregate principal amount of \$2,100,000 (the “Refunding Bonds,” and together with the New Money Bonds, the “Bonds”), are being issued to currently refund certain of the District’s outstanding Election of 2008 General Obligation Bonds, Series A (Bank Qualified) and to pay the costs of issuing the Refunding Bonds.

The Bonds represent general obligations of the District, payable solely from *ad valorem* property taxes. The Board of Supervisors of Calaveras County is empowered and obligated to annually levy *ad valorem* property taxes for the payment of the principal of and interest on the Bonds upon all property subject to taxation by the District without limitation of rate or amount (except as to certain personal property which is taxable at limited rates). The Bonds will be issued in book-entry form only, and will be initially issued and registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York (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 issued as current interest bonds, such that interest on the Bonds accrues from the date of delivery (the “Date of Delivery”) and is payable semiannually on February 1 and August 1 of each year, commencing February 1, 2020. The Bonds are issuable in denominations of \$5,000 or any integral multiple thereof.

Payments of principal of and interest on the Bonds will be made by U.S. Bank National Association, as Paying Agent, to DTC for subsequent disbursement to DTC Participants (defined herein) who will remit such payments to the Beneficial Owners of the Bonds. See “THE BONDS – Book-Entry Only System” herein.

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

MATURITY SCHEDULES
(see inside front cover pages)

The Bonds are offered when, as and if issued, and received by the Underwriter subject to the approval as to their legality by Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California, Bond Counsel and Disclosure Counsel. Certain matters will be passed on for the Underwriter by Norton Rose Fulbright US 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 August 27, 2019.

RAYMOND JAMES

The date of this Official Statement is August 6, 2019.

MATURITY SCHEDULES

\$3,110,000
BRET HARTE UNION HIGH SCHOOL DISTRICT
(Calaveras County, California)
Election of 2008 General Obligation Bonds, Series D
Base CUSIP[†]: 107349

Tax-Exempt New Money Bonds

\$560,000 Serial Bonds

Maturity (August 1)	Principal Amount	Interest Rate	Yield	CUSIP[†] Suffix
2024	\$45,000	1.250%	1.090%	EB4
2025	50,000	1.250	1.150	EC2
2026	125,000	1.500	1.220	ED0
2027	165,000	1.500	1.320	EE8
2028	175,000	1.750	1.450	EF5

Taxable New Money Bonds

\$2,550,000 3.450% Term Bonds due August 1, 2036; Yield 3.300%⁽¹⁾; CUSIP[†] Suffix: EG3

⁽¹⁾ Yield to call at par on August 1, 2028.

[†] 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 Underwriter, 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.

\$2,100,000
BRET HARTE UNION HIGH SCHOOL DISTRICT
(Calaveras County, California)
2019 General Obligation Refunding Bonds
(Bank Qualified)

Base CUSIP†: 107349

\$2,100,000 Serial Refunding Bonds

<u>Maturity</u> <u>(August 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>CUSIP†</u> <u>Suffix</u>
2020	\$345,000	4.000%	0.940%	DR0
2025	145,000	4.000	1.050	DS8
2026	160,000	4.000	1.120	DT6
2027	170,000	4.000	1.220	DU3
2028	190,000	4.000	1.350	DV1
2029	210,000	4.000	1.500 ⁽¹⁾	DW9
2030	235,000	4.000	1.610 ⁽¹⁾	DX7
2031	265,000	4.000	1.720 ⁽¹⁾	DY5
2033	295,000	4.000	1.910 ⁽¹⁾	DZ2
2034 ⁽²⁾	85,000	4.000	2.010 ⁽¹⁾	EA6

⁽¹⁾ Yield to call at par on August 1, 2028.

⁽²⁾ Matures February 1.

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

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE 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 INSIDE COVER PAGES 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.

BRET HARTE UNION HIGH SCHOOL DISTRICT
(Calaveras County, California)

GOVERNING BOARD

Joan Lark, *President*
Jeff Rasmussen, *Clerk*
Gail Bunge, *Member*
Rodger Orman, M.D., *Member*
Tony Tyrrell, *Member*

DISTRICT ADMINISTRATION

Michael Chimento, *Superintendent*
Christine Fouts, *Chief Business Official*

PROFESSIONAL SERVICES

BOND AND DISCLOSURE COUNSEL

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

MUNICIPAL ADVISOR

California Financial Services
Santa Rosa, California

PAYING AGENT, REGISTRAR, TRANSFER AGENT, AND ESCROW AGENT

U.S. Bank National Association
Seattle, Washington

VERIFICATION AGENT

Causey Demgen & Moore P.C.
Denver, Colorado

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\$3,110,000
BRET HARTE UNION HIGH SCHOOL
DISTRICT
(Calaveras County, California)
Election of 2008 General Obligation Bonds, Series D

\$2,100,000
BRET HARTE UNION HIGH SCHOOL
DISTRICT
(Calaveras County, California)
2019 General Obligation Refunding Bonds
(Bank Qualified)

INTRODUCTION

This Official Statement, which includes the cover page, inside cover pages, and appendices hereto, provides information in connection with the sale of the Bret Harte Union High School District (Calaveras County, California) Election of 2008 General Obligation Bonds, Series D, in the principal amount of \$3,110,000 (the “New Money Bonds”) and the Bret Harte Union High School District (Calaveras County, California) 2019 General Obligation Refunding Bonds (Bank Qualified) in the principal amount of \$2,100,000 (the “Refunding Bonds,” and together with the New Money Bonds, the “Bonds”).

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

The District

The Bret Harte Union High School District (the “District”), a political subdivision of the State of California (the “State”), was established in 1905. The District is located in the Sierra Foothills in Calaveras County (the “County”) and provides public education within an approximately 432 square mile area, which includes the communities of Angels Camp, Altaville, Vallecito, Douglas Flat, Murphys, Arnold, Hathaway Pines, Copperopolis and adjacent unincorporated areas. Currently, the District operates one comprehensive high school, one continuation high school and an independent study program. The District is a “community funded” district. For fiscal year 2019-20, the District has budgeted an enrollment of 644 students and an average daily attendance (“ADA”) of 613. The fiscal year 2018-19 assessed valuation of the area served by the District was \$4,426,260,890. See “BRET HARTE UNION HIGH SCHOOL DISTRICT” and “TAX BASE FOR REPAYMENT OF BONDS” herein.

The District is governed by a five-member Governing Board (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 key personnel. Michael Chimente is currently the Superintendent of the District. See “BRET HARTE UNION HIGH SCHOOL DISTRICT” herein.

Purpose of Issue

New Money Bonds. The New Money Bonds are being issued to defease to maturity certain of the outstanding 2000 Certificates (as defined herein) and to prepay certain of the outstanding 2006 Certificates (as defined herein) and to pay the costs of issuing the New Money Bonds.

Refunding Bonds. The Refunding Bonds are being issued to currently refund certain of the District's outstanding Election of 2008 General Obligation Bonds, Series A (Bank Qualified) (the "2008 Series A Bonds," and, so refunded, the "Refunded Bonds") and to pay the costs of issuing the Refunding 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 State of California Government Code and other applicable law, and pursuant to resolutions adopted by the Board. See "THE BONDS – Authority for Issuance" herein.

Security and Sources of Payment for the Bonds

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

Description of the Bonds

Form and Registration. The Bonds will be issued in fully registered book-entry 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 ("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 interest 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 Resolutions described herein. See "THE BONDS – Discontinuation of Book-Entry Only System; Payment to Beneficial Owners" 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 B" 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 maturing on or after August 1, 2029 are subject to redemption prior to their respective stated maturity dates, at the option of the District, from any source of funds, on August 1, 2028 or on any date thereafter, as a whole or in part. The Bonds are further subject to mandatory sinking fund redemption as 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 February 1 and August 1, as shown on the inside cover pages hereof.

Payments of the principal of and interest on the Bonds will be made by U.S. Bank National Association, Seattle, Washington, 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

Tax-Exempt Bonds. In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California, Bond Counsel, based on existing statutes, regulations, rulings and judicial decisions and assuming the accuracy of certain representations and compliance with certain covenants and requirements described herein, interest (and original issue discount) on the New Money Bonds designated as Tax-Exempt New Money Bonds on the inside cover pages hereof and the Refunding Bonds (collectively, the “Tax-Exempt Bonds”) is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals. In the further opinion of Bond Counsel, interest on the Tax-Exempt Bonds is exempt from State personal income tax. See “TAX MATTERS – Tax-Exempt Bonds” herein.

Taxable Bonds. In the opinion of Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, interest on the New Money Bonds designated as Taxable New Money Bonds on the inside cover pages hereof (the “Taxable Bonds”) is not excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”). In the further opinion of Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, interest on the Taxable Bonds is exempt from State personal income tax. See “TAX MATTERS – Taxable Bonds” herein.

Offering and Delivery of the Bonds

The Bonds are offered when, as and if issued, subject to approval as to the validity by Bond Counsel. It is anticipated that the Bonds will be available for delivery through the facilities of DTC in New York, New York on or about August 27, 2019.

Continuing Disclosure

The District will covenant for the benefit of Owners and Beneficial Owners 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 compliance with Securities and Exchange Commission (“SEC”) Rule 15c2-12(b)(5) (the “Rule”). These covenants have been made in order to assist the Underwriter (defined herein) in complying with the Rule. The specific nature of the information to be made available and of the notices of listed events required to be provided are summarized in “LEGAL MATTERS – Continuing Disclosure” and in APPENDIX C attached hereto.

Bank Qualified

The District will designate the Tax-Exempt Bonds as “qualified tax-exempt obligations,” thereby allowing certain financial institutions that are holders of such qualified tax-exempt obligations to deduct a portion of such institution’s interest expense allocable to such qualified tax-exempt obligations, all as determined in accordance with Section 265(b)(3) of the Code.

Professionals Involved in the Offering

Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California, is acting as Bond Counsel and Disclosure Counsel to the District with respect to the Bonds. California Financial Services, Santa Rosa, California, is acting as municipal advisor to the District with respect to the issuance of the Bonds. Certain matters are being passed upon for the Underwriter by Norton Rose Fulbright US LLP, Los Angeles, California. U.S. Bank National Association, Seattle, Washington is acting as the Paying Agent and Escrow Agent with respect to the Bonds. Causey Demgen & Moore P.C., Denver, Colorado, will act as Verification Agent (as defined herein) for the Refunded Bonds.

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,” “budget,” “intend,” 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 Superintendent, Bret Harte Union High School District, 323 South Main Street, P.O. Box 7000, Angels Camp, California 95221, telephone: (209) 736-8340. 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 entirety by reference to each of 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 Resolutions (as defined herein).

THE BONDS

Authority for Issuance

New Money Bonds. The New Money 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 State Government Code, Article XIII A of the State Constitution and pursuant to a resolution adopted by the Board on June 26, 2019 (the “New Money Bonds Resolution”). The County has adopted a resolution pursuant to Section 15140(b) of the State Education Code that authorizes the District to issue the New Money Bonds on its own behalf.

The District received authorization at an election held on November 4, 2008 (the “2008 Authorization”), at which the requisite 55% or more of the persons voting on the proposition voted to authorize the issuance and sale of \$18,000,000 principal amount of general obligation bonds of the District. On June 17, 2009, the District issued the 2008 Series A Bonds in an aggregate principal amount of \$9,235,969.25. On March 3, 2015, the District issued its Election of 2008 General Obligation Bonds, Series B (Bank Qualified) in an aggregate principal amount of \$5,002,353.80 (the “2008 Series B Bonds”). On June 29, 2017, the District issued its Election of 2008 General Obligation Bonds, Series C (Bank Qualified) in an aggregate principal amount of \$647,102 (the “2008 Series C Bonds”). On June 29, 2017, the District issued its 2017 General Obligation Refunding Bonds (Bank Qualified) in an aggregate principal amount of \$5,382,979 (the “2017 Refunding Bonds”) to refund a portion of the then-outstanding 2008 Series A Bonds. The New Money Bonds represent the fourth series of bonds issued pursuant to the 2008 Authorization. Following the issuance of the New Money Bonds, \$4,574.95 of the 2008 Authorization will remain unissued.

Refunding Bonds. The Refunding Bonds are issued pursuant to the provisions of Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of the State Government Code and pursuant to a resolution adopted by the Board on June 26, 2019 (the “Refunding Bonds Resolution,” and together with the New Money Bonds Resolution, the “Resolutions”).

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 an allowance for an annual reserve, established for the purpose of avoiding fluctuating tax levies. The County, however, is not obligated to establish or maintain such a reserve, and the District can make no representation that such a 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 Funds (as defined herein), which are required to be segregated and maintained by the County and which are designated for the payment, when due, of the principal of and interest on the respective series of Bonds, and for no other purpose. Pursuant to the Resolutions, the District has pledged funds on deposit in each of the Debt Service Funds to the payment of the corresponding series of 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 Funds and the Building Fund (defined herein), none of the Bonds are a debt of the County.

The moneys in the respective Debt Service Funds, to the extent necessary to pay the principal of and interest on the Bonds as the same become due and payable, will be transferred 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 rate 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 rates to fluctuate. Economic and other factors beyond the District's control, such as general market decline in real property 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, 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 respective annual tax rates. 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 XIII A of the California Constitution" and "TAX BASE FOR REPAYMENT OF BONDS" herein.

Statutory Lien

Pursuant to State 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 State 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 of DTC. Beneficial Owners will not receive physical certificates representing their interests in the Bonds, but will instead 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 immediately preceding any Bond Payment Date to and including such Bond Payment Date, 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 February 1 and August 1, in the years and amounts set forth on the inside cover pages hereof.

Payment. The principal of the Bonds will be payable 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 15th day of the month immediately preceding any Bond Payment Date (a "Record Date"), whether or not such day is a business day, such interest to be paid by wire transfer on such Bond Payment Date to such bank and account number as the registered Owner may have filed with the Paying Agent for that purpose on or before the Record Date.

Annual Debt Service

New Money Bonds. The following table shows the debt service schedule with respect to the New Money Bonds (assuming no optional redemptions are made):

Period Ending (August 1)	Annual Principal Payment	Annual Interest Payment⁽¹⁾	Total Debt Service
2020	--	\$89,600.14	\$89,600.14
2021	--	96,575.00	96,575.00
2022	--	96,575.00	96,575.00
2023	--	96,575.00	96,575.00
2024	\$45,000.00	96,575.00	141,575.00
2025	50,000.00	96,012.50	146,012.50
2026	125,000.00	95,387.50	220,387.50
2027	165,000.00	93,512.50	258,512.50
2028	175,000.00	91,037.50	266,037.50
2029	190,000.00	87,975.00	277,975.00
2030	195,000.00	81,420.00	276,420.00
2031	200,000.00	74,692.50	274,692.50
2032	585,000.00	67,792.50	652,792.50
2033	305,000.00	47,610.00	352,610.00
2034	445,000.00	37,087.50	482,087.50
2035	315,000.00	21,735.00	336,735.00
2036	315,000.00	10,867.50	325,867.50
Totals	<u>\$3,110,000.00</u>	<u>\$1,281,030.14</u>	<u>\$4,391,030.14</u>

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

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

Period Ending (August 1)	Annual Principal Payment	Annual Interest Payment⁽¹⁾	Total Debt Service
2020	\$345,000.00	\$77,933.33	\$422,933.33
2021	--	70,200.00	70,200.00
2022	--	70,200.00	70,200.00
2023	--	70,200.00	70,200.00
2024	--	70,200.00	70,200.00
2025	145,000.00	70,200.00	215,200.00
2026	160,000.00	64,400.00	224,400.00
2027	170,000.00	58,000.00	228,000.00
2028	190,000.00	51,200.00	241,200.00
2029	210,000.00	43,600.00	253,600.00
2030	235,000.00	35,200.00	270,200.00
2031	265,000.00	25,800.00	290,800.00
2032	--	15,200.00	15,200.00
2033	295,000.00	15,200.00	310,200.00
2034	85,000.00	1,700.00	86,700.00
Totals	<u>\$2,100,000.00</u>	<u>\$739,233.33</u>	<u>\$2,839,233.33</u>

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

See “BRET HARTE UNION HIGH SCHOOL DISTRICT – District Debt Structure – General Obligation Bonds” herein for a schedule of the combined debt service requirements for all of the District’s outstanding general obligation bonds.

Application and Investment of Bond Proceeds

New Money Bonds. The New Money Bonds are being issued to defease to maturity certain of the outstanding 2000 Certificates and to prepay certain of the outstanding 2006 Certificates and to pay the costs of issuing the New Money Bonds.

Building Fund. The net proceeds of the sale of the New Money Bonds will be deposited in the Bret Harte Union High School District Election of 2008 General Obligation Bonds, Series D Building Fund (the “Building Fund”) and will be applied solely for the purposes approved by the voters of the District pursuant to the 2008 Authorization. Specifically, subsequent to the closing of the New Money Bonds, all or a portion of the net proceeds will be transferred to escrow funds in order to defease to maturity certain of the outstanding 2000 Certificates and to prepay certain of the outstanding 2006 Certificates. Any interest earnings on moneys held in the Building Fund will be retained in the Building Fund. Any excess proceeds of the New Money Bonds not needed for the authorized purposes for which the New Money Bonds are being issued will be transferred to the New Money Bonds Debt Service Fund (as defined herein) and applied to the payment of principal of and interest on the New Money Bonds.

New Money Bonds Debt Service Fund. Any premium or accrued interest received by the District on the sale of the New Money Bonds will be deposited in the fund held by the County and known as the “Bret Harte Union High School District Election of 2008 General Obligation Bonds, Series D Debt Service Fund” (the “New Money Bonds Debt Service Fund”). Any interest earnings on moneys held in the New Money Bonds Debt Service Fund will be retained in the New Money Bonds Debt Service Fund. If, after all of the New Money Bonds have been redeemed and cancelled or paid and cancelled, there are moneys remaining in the New Money Bonds Debt Service Fund or otherwise held in trust for the payment of the redemption price of the New Money Bonds, said moneys will be transferred to the general fund of the District as provided and permitted by law.

Refunding Bonds. The Refunding Bonds are being issued to currently refund the Refunded Bonds and to pay the costs of issuing the Refunding Bonds.

Escrow Fund. The net proceeds from the sale of the Refunding Bonds will be deposited with U.S. Bank National Association, acting as Escrow Agent, to the credit of the “Bret Harte Union High School District 2019 General Obligation Refunding Bonds Escrow Fund” (the “Escrow Fund”). Pursuant to an Escrow Agreement between the District and the Escrow Agent, amounts deposited in the Escrow Fund will be used to purchase certain non-callable direct and general obligations of the United States of America, or non-callable obligations the payment of which is unconditionally guaranteed by the United States of America (collectively, the “Federal Securities”), the principal of and interest on which will be sufficient, together with any monies deposited in the Escrow Fund and held as cash, to enable the Escrow Agent to pay the redemption price of the Refunded Bonds on the redemption date therefor.

The following table shows information on the specific maturities of the Refunded Bonds to be refunded with proceeds of the Refunding Bonds.

REFUNDED BONDS
Bret Harte Union High School District
Election of 2008 General Obligation Bonds, Series A
(Bank Qualified)

<u>Maturity Date</u>	<u>CUSIP</u>	<u>Principal Amount</u>	<u>Redemption Date</u>	<u>Redemption Price (% of Principal Amount)</u>
August 1, 2020	107349BW1	\$350,000	September 6, 2019	100%
August 1, 2026	107349DL3	335,000	September 6, 2019	100
August 1, 2028	107349DN9	255,000	September 6, 2019	100
August 1, 2028	107349DM1	145,000	September 6, 2019	100
August 1, 2031	107349DP4	795,000	September 6, 2019	100
February 1, 2034	107349DQ2	460,000	September 6, 2019	100

The sufficiency of the amounts on deposit in the Escrow Fund, together with realizable interest and earnings thereon, to pay the redemption price of the Refunded Bonds, each as described above, will be verified by Causey Demgen & Moore P.C. (the “Verification Agent”). See also “LEGAL MATTERS – Escrow Verification” herein.

Refunding Bonds Debt Service Fund. Any accrued interest and surplus moneys in the Escrow Fund following the redemption of the Refunded Bonds will be transferred to and accounted for in the fund established by the Refunding Bonds Resolution and designated as the “Bret Harte Union High School District 2019 General Obligation Refunding Bonds Debt Service Fund” (the “Refunding Bonds Debt Service Fund,” and together with the New Money Bonds Debt Service Fund, the “Debt Service Funds”), and used by the District only for payment of principal of and interest on the Refunding Bonds. Any excess proceeds of the Refunding Bonds not needed for the authorized purposes for which the Refunding Bonds are being issued will be transferred to the Refunding Bonds Debt Service Fund and applied to the payment of principal of and interest on the Refunding Bonds. If, after payment in full of the Refunding Bonds, there remain any such excess proceeds, such amounts will be transferred to the general fund of the District.

Expected Investment of Bond Proceeds. Moneys in the Building Fund and the Debt Service Funds are expected to be invested through the County Investment Pool. See “APPENDIX E - CALAVERAS COUNTY INVESTMENT POOL” attached hereto.

Redemption

Optional Redemption. The Bonds maturing on or before August 1, 2028 are not subject to redemption. The Bonds maturing on or after August 1, 2029 are subject to redemption prior to their respective stated maturity dates, at the option of the District, from any source of available funds, in whole or in part on any date, on or after August 1, 2028, 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 Redemption. The New Money Bonds maturing on August 1, 2036 (the “Term Bonds”), are subject to redemption prior to maturity from mandatory sinking fund payments on August 1 of each year, on and after August 1, 2029, at a redemption price equal to the principal amount thereof, together with accrued interest to the date fixed for redemption, without premium. The principal amount represented by such Term Bonds to be so redeemed, the dates therefor, and the final payment date are as indicated in the following table:

Redemption Date (August 1)	Principal Amount to be Redeemed
2029	\$190,000
2030	195,000
2031	200,000
2032	585,000
2033	305,000
2034	445,000
2035	315,000
2036 ⁽¹⁾	315,000
Total	<u>\$2,550,000</u>

⁽¹⁾ Maturity.

In the event that a portion of the Term Bonds shown above is optionally redeemed prior to maturity, the remaining mandatory sinking fund payments shall be reduced proportionately, 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 provision is made for the optional redemption of Bonds and less than all outstanding Bonds of a series are to be redeemed, the Paying Agent, upon written instruction from the District, will select Bonds for redemption as so directed and if not directed, in inverse order of maturity. Within a maturity of a series, the Paying Agent will select Bonds for redemption as directed by the District and, if not so directed, by lot. Redemption by lot will be in such manner as the Paying Agent will determine; provided, however, that, with respect to redemption by lot, the portion of any Bond to be redeemed in part will be in a principal amount of \$5,000, or any integral multiple thereof.

Redemption Notice. When redemption is authorized or required pursuant to the Resolutions, the Paying Agent, upon written instruction from the District, will give notice (a “Redemption Notice”) of the redemption of the Bonds (or portions thereof). Each Redemption Notice will specify (a) the Bonds or designated portions thereof (in the case of redemption of the Bonds in part but not in whole) which are to be redeemed, (b) the date of redemption, (c) the place or places where the redemption will be made, including the name and address of the Paying Agent, (d) the redemption price, (e) the CUSIP numbers (if any) assigned to the Bonds to be redeemed, (f) the Bond numbers of the Bonds to be redeemed in whole or in part and, in the case of any Bond to be redeemed in part only, the portion of the principal amount of such Bond to be redeemed, and (g) the original issue date, interest rate and stated maturity date of each Bond to be redeemed in whole or in part.

The Paying Agent will take the following actions with respect to each such Redemption Notice: (a) at least 20 but not more than 45 days prior to the redemption date, such Redemption Notice will be given to the respective Owners of Bonds designated for redemption by registered or certified mail, postage prepaid, at their addresses appearing on the bond register; (b) at least 20 but not more than 45 days prior to the redemption date, such Redemption Notice will be given by registered or certified mail, postage prepaid, telephonically confirmed facsimile transmission, or overnight delivery service, to the Securities Depository; (c) at least 20 but not more than 45 days prior to the redemption date, such

Redemption Notice will be given by registered or certified mail, postage prepaid, or overnight delivery service, to one of the Information Services; and (d) provide a Redemption Notice to such other persons as may be required pursuant to the Continuing Disclosure Certificate.

“Information Services” means the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access System; or, such other services providing information with respect to called municipal obligations as the District may specify in writing to the Paying Agent or as the Paying Agent may select.

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

A certificate of the Paying Agent to the effect that a Redemption Notice has been given as provided in the Resolutions will be conclusive as against all parties. Neither failure to receive any Redemption Notice nor any defect in any such Redemption Notice so given will affect the sufficiency of the proceedings for the redemption of the affected Bonds. Each check issued or other transfer of funds made by the Paying Agent for the purpose of redeeming Bonds will bear or include the CUSIP number identifying, by issue and maturity, the Bonds being redeemed with the proceeds of such check or other transfer.

Payment of Redeemed Bonds. When a Redemption Notice has been given substantially as described above, and, when the amount necessary for the redemption of the Bonds called for redemption (and premium, if any) is irrevocably set aside in trust for that purpose, as described in “– Defeasance” herein, the Bonds designated for redemption in such notice will become due and payable on the date fixed for redemption thereof and upon presentation and surrender of said Bonds at the place specified in the Redemption Notice, said Bonds will be redeemed and paid at the redemption price out of such funds. All unpaid interest payable at or prior to the redemption date will continue to be payable to the respective Owners, but without interest thereon.

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

Effect of Redemption Notice. If on the applicable designated redemption date, money for the redemption of the Bonds to be redeemed, together with interest accrued to such redemption date, is held in trust so as to be available therefor on such redemption date as described in the Resolutions and in “– Defeasance” herein, and if a Redemption Notice thereof will have been given substantially as described above, then from and after such redemption date, interest on the Bonds to be redeemed will cease to accrue and become payable. All money held for the redemption of Bonds will be held in trust for the account of the Owners of the Bonds so to be redeemed.

Conditional Redemption Notice. With respect to any Redemption Notice in connection with the optional redemption of Bonds (or portions thereof) as described above, unless upon the giving of such notice such Bonds or portions thereof shall be deemed to have been defeased as described in “– Defeasance” herein, such Redemption Notice will state that such redemption will be conditional upon the receipt by an independent escrow agent selected by the District, on or prior to the date fixed for such redemption, of the moneys necessary and sufficient to pay the principal of, and premium, if any, and interest on, such Bonds (or portions thereof) to be redeemed, and that if such moneys shall not have been

so received said Redemption Notice will be of no force and effect, no portion of the Bonds will be subject to redemption on such date and such Bonds will not be required to be redeemed on such date. In the event that such Redemption Notice contains such a condition and such moneys are not so received, the redemption will not be made and the Paying Agent will within a reasonable time thereafter (but in no event later than the date originally set for redemption) give notice to the persons to whom and in the manner in which the Redemption Notice was given that such moneys were not so received. In addition, the District will have the right to rescind any Redemption Notice, by written notice to the Paying Agent, on or prior to the date fixed for such redemption. The Paying Agent will distribute a notice of the rescission of such Redemption Notice in the same manner as such notice was originally provided.

Bonds No Longer Outstanding. When any Bonds (or portions thereof), which have been duly called for redemption prior to maturity as described in the Resolutions, 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 the accrued interest thereon to the date fixed for redemption, all as provided in the Resolutions, 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 the District, the Underwriter and the Municipal Advisor take no responsibility for the accuracy or completeness thereof. The District cannot and does not give any assurances that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Bonds, (b) 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, DTC Participants or DTC 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 "MMI Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.

The Depository Trust Company ("DTC"), New York, New York, 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 in the aggregate principal amount of such issue, 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 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company

for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has an S&P (as defined herein) rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org. However, the information presented on such website is not incorporated herein by any reference to such website.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in 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 Resolutions. 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, distributions, and dividend payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or Paying Agent, on the 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, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the District or 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.

Discontinuation of Book-Entry Only System; Payment to Beneficial Owners

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 such Bonds, which shall at all times be open to inspection by the District, and, upon presentation for such purpose, the Paying Agent shall, under such reasonable regulations as it may prescribe, register, exchange or transfer or cause to be registered, exchanged or transferred, on said books, Bonds as provided in the Resolutions.

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.

The principal of the Bonds and any premium upon the redemption thereof prior to the maturity will be payable in lawful money of the United States of America upon presentation and surrender of the Bonds at the principal office of the Paying Agent. Interest on the Bonds will be paid by the Paying Agent by wire to a bank and account number on file with the Paying Agent as of the Record Date.

Any Bond may be exchanged for Bonds of like series, tenor, maturity and principal amount upon presentation and surrender at the designated office of the Paying Agent, together with a request for exchange signed by the registered Owner or by a person legally empowered to do so in a form satisfactory to the Paying Agent. A Bond may be transferred only on the bond register only upon presentation and surrender of the Bond at the designated office of the Paying Agent together with an assignment executed by the registered owner or by a person legally empowered to do so in a form satisfactory to the Paying Agent. Upon exchange or transfer, the Paying Agent shall complete, authenticate and deliver a new Bond

or Bonds of like tenor and of any authorized denomination or denominations requested by the Owner equal to the principal amount of the Bond surrendered and bearing or accruing interest at the same rate and maturing on the same date.

If manual signatures on behalf of the District are required in connection with an exchange or transfer, the Paying Agent shall undertake the exchange or transfer of Bonds only after the new Bonds are signed by the authorized officers of the District. In all cases of exchanged or transferred Bonds, the District 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 Resolutions 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 may at any time deliver to the Paying Agent for cancellation any previously authenticated and delivered Bonds that the District 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 by the Paying Agent as requested by the District. The cancelled Bonds shall be retained for three years, then returned to the District or destroyed by the Paying Agent as directed by the District.

Neither the District nor the Paying Agent will be required to (a) issue or transfer any Bonds during a period beginning with the opening of business on the 16th day next preceding either 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 Redemption Notice is given or (b) 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 at any time prior to maturity in the following ways:

(a) Cash: by irrevocably depositing with an independent escrow agent selected by the District an amount of cash which together with amounts transferred from the applicable Debt Service Fund (if any) is sufficient to pay all such 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 an independent escrow agent selected by the District noncallable Government Obligations together with amounts transferred from the applicable Debt Service Fund (if any), and any other cash, if required, in such amount as will, together with the interest to accrue thereon, in the opinion of an independent certified public accountant, 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 shall cease and terminate, except only the obligation of the 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.

“Government Obligations” means direct and general obligations of the United States of America, obligations that are unconditionally guaranteed as to principal and interest by the United States of America (which may consist of obligations of the Resolution Funding Corporation that constitute interest strips), and obligations secured or otherwise guaranteed, directly or indirectly, as to principal and interest by a pledge of the full faith and credit of the United States of America. In the case of direct and general obligations of the United States of America, Government Obligations shall include evidences of direct ownership of proportionate interests in future interest or principal payments of such obligations. Investments in such proportionate interests must be limited to circumstances where (i) a bank or trust company acts as custodian and holds the underlying United States obligations; (ii) 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 United States obligations; and (iii) the underlying United States obligations 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 least as high as direct and general obligations of the United States of America by either S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC (“S&P”) or Moody’s Investors Service (“Moody’s”).

ESTIMATED SOURCES AND USES OF FUNDS

New Money Bonds. The estimated sources and uses of funds with respect to the New Money Bonds are expected to be as follows:

Sources of Funds

Principal Amount of the New Money Bonds	\$3,110,000.00
Original Issue Premium	<u>38,880.00</u>
Total Sources	<u>\$3,148,880.00</u>

Uses of Funds

Building Fund	\$3,062,950.00
New Money Bonds Debt Service Fund	7,780.00
Costs of Issuance ⁽¹⁾	47,050.00
Underwriting Discount	<u>31,100.00</u>
Total Uses	<u>\$3,148,880.00</u>

⁽¹⁾ Reflects certain costs of issuance of the New Money Bonds, including, but not limited to, legal fees, printing costs, rating agency fees, the costs and fees of the Paying Agent, and other costs of issuance of the New Money Bonds. Approximately \$30,000 of the costs of issuance of the New Money Bonds will be paid from the proceeds of the New Money Bonds deposited into the Building Fund.

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

Sources of Funds

Principal Amount of the Refunding Bonds	\$2,100,000.00
Original Issue Premium	<u>346,879.30</u>
Total Sources	<u>\$2,446,879.30</u>

Uses of Funds

Escrow Fund	\$2,351,451.95
Costs of Issuance ⁽¹⁾	74,427.35
Underwriting Discount	<u>21,000.00</u>
Total Uses	<u>\$2,446,879.30</u>

⁽¹⁾ Reflects all costs of issuance of the Refunding Bonds, including, but not limited to, the municipal advisory fees, legal fees, printing costs, rating agency fees, the costs and fees of the Paying Agent, Escrow Agent, and Verification Agent, and other costs of issuance of the Refunding Bonds.

TAX BASE FOR REPAYMENT 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 Bonds are payable solely from ad valorem property taxes 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 property taxes. Assessed valuations are the same for both the District and the 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. Unsecured property is assessed on the "unsecured roll." Unsecured property comprises all property not attached to land, such as personal property or business property. Boats and airplanes are examples of unsecured property. 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 equalized in August. Property taxes on the secured roll are payable in two installments, due November 1 and February 1. If unpaid, such taxes become delinquent after December 10 and April 10, respectively, and a 10% penalty attaches to any delinquent installment plus any additional amount determined by the tax collector of the County. 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 the 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 tax collector of the County.

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 XIII A 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 XIII A (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 had a total assessed valuation for fiscal year 2018-19 of \$4,426,260,890. The following table shows the assessed valuations for the District for fiscal years 2009-10 through 2018-19.

ASSESSED VALUATIONS Fiscal Years 2009-10 through 2018-19 Bret Harte Union High School District

	<u>Local Secured</u>	<u>Utility</u>	<u>Unsecured</u>	<u>Total</u>
2009-10	\$4,153,737,689	\$297,146	\$68,644,072	\$4,222,678,907
2010-11	3,748,159,023	297,146	61,508,878	3,809,965,047
2011-12	3,577,469,541	277,651	60,930,770	3,638,677,962
2012-13	3,452,126,528	277,651	59,405,231	3,511,809,410
2013-14	3,423,127,208	201,011	59,904,892	3,483,233,111
2014-15	3,612,209,610	201,011	57,616,291	3,670,026,912
2015-16	3,807,024,058	610,881	57,429,015	3,865,063,954
2016-17	3,872,938,390	610,881	52,486,127	3,926,035,398
2017-18	4,125,345,862	610,881	51,511,373	4,177,468,116
2018-19	4,374,171,239	610,881	51,478,770	4,426,260,890

Source: California Municipal Statistics, Inc.

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 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 XIII A. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS — Article XIII A 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 county assessors, will not significantly reduce the assessed valuation of property within the District.

Assembly Bill 102. On June 27, 2017, the Governor of the State (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.

Assessed Valuations and Parcels by Land Use

The following table shows the distribution of taxable property within the District by principal use, as measured by assessed valuation and parcels in fiscal year 2018-19.

ASSESSED VALUATION AND PARCELS BY LAND USE Fiscal Year 2018-19 Bret Harte Union High School District

	2018-19 <u>Assessed Valuation</u> ⁽¹⁾	% of <u>Total</u>	No. of <u>Parcels</u>	% of <u>Total</u>
<u>Non-Residential:</u>				
Agricultural/Timber	\$520,884,532	11.91%	4,035	15.72%
Commercial	178,803,104	4.09	379	1.48
Resort Timeshare Properties	10,328,980	0.24	1,589	6.19
Vacant Commercial	11,957,365	0.27	153	0.60
Industrial	23,709,696	0.54	36	0.14
Vacant Industrial	516,335	0.01	4	0.02
Recreational	11,603,192	0.27	32	0.12
Government/Social/Institutional	<u>3,614,582</u>	<u>0.08</u>	<u>158</u>	<u>0.62</u>
Subtotal Non-Residential	\$761,417,786	17.41%	6,386	24.88%
<u>Residential:</u>				
Single Family Residence	\$3,202,221,202	73.21%	12,422	48.39%
Condominium/Townhouse	42,922,780	0.98	217	0.85
Mobile Home	81,310,109	1.86	804	3.13
Mobile Home Park	10,318,118	0.24	7	0.03
2-4 Residential Units	53,508,366	1.22	215	0.84
5+ Residential Units/Apartments	13,897,734	0.32	19	0.07
Miscellaneous Residential	15,139,693	0.35	212	0.83
Vacant Residential	<u>193,314,278</u>	<u>4.42</u>	<u>5,323</u>	<u>20.74</u>
Subtotal Residential	\$3,612,632,280	82.59%	19,219	74.87%
Unknown Use	\$121,173	0.00%	65	0.25%
Total	\$4,374,171,239	100.00%	25,670	100.00%

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

Assessed Valuation of Single Family Homes

The following table shows the distribution of single family homes within the District among various fiscal year 2018-19 assessed valuation ranges, as well as the average and median assessed valuation of single family homes within the District.

ASSESSED VALUATION OF SINGLE FAMILY HOMES Fiscal Year 2018-19 Bret Harte Union High School District

	<u>No. of Parcels</u>	<u>2018-19 Assessed Valuation</u>	<u>Average Assessed Valuation</u>	<u>Median Assessed Valuation</u>
Single Family Residential	12,422	\$3,202,221,202	\$257,786	\$230,779

<u>2018-19 Assessed Valuation</u>	<u>No. of Parcels⁽¹⁾</u>	<u>% of Total</u>	<u>Cumulative % of Total</u>	<u>Total Valuation</u>	<u>% of Total</u>	<u>Cumulative % of Total</u>
\$0 - \$24,999	133	1.071%	1.071%	\$2,255,620	0.070%	0.070%
25,000 - 49,999	372	2.995	4.065	14,218,043	0.444	0.514
50,000 - 74,999	493	3.969	8.034	30,397,504	0.949	1.464
75,000 - 99,999	520	4.186	12.220	45,696,222	1.427	2.891
100,000 - 124,999	718	5.780	18.000	81,568,762	2.547	5.438
125,000 - 149,999	858	6.907	24.907	118,456,007	3.699	9.137
150,000 - 174,999	952	7.664	32.571	154,884,359	4.837	13.974
175,000 - 199,999	973	7.833	40.404	181,981,826	5.683	19.657
200,000 - 224,999	949	7.640	48.044	201,631,355	6.297	25.954
225,000 - 249,999	1,015	8.171	56.215	240,707,007	7.517	33.470
250,000 - 274,999	876	7.052	63.267	229,703,981	7.173	40.644
275,000 - 299,999	713	5.740	69.007	204,295,195	6.380	47.023
300,000 - 324,999	680	5.474	74.481	212,256,712	6.628	53.652
325,000 - 349,999	590	4.750	79.230	198,444,453	6.197	59.849
350,000 - 374,999	473	3.808	83.038	171,586,709	5.358	65.207
375,000 - 399,999	334	2.689	85.727	129,286,114	4.037	69.245
400,000 - 424,999	264	2.125	87.852	108,371,445	3.384	72.629
425,000 - 449,999	283	2.278	90.130	123,487,243	3.856	76.485
450,000 - 474,999	199	1.602	91.732	91,895,951	2.870	79.355
475,000 - 499,999	152	1.224	92.956	73,952,683	2.309	81.664
500,000 and greater	875	7.044	100.000	587,144,011	18.336	100.000
Total	12,422	100.000%		\$3,202,221,202	100.000%	

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

Assessed Valuation by Jurisdiction

The following table shows an analysis of the distribution of taxable property in the District by jurisdiction, in terms of its fiscal year 2018-19 assessed valuation.

ASSESSED VALUATION BY JURISDICTION

Fiscal Year 2018-19

Bret Harte Union High School District

<u>Jurisdiction:</u>	<u>Assessed Valuation in District</u>	<u>% of District</u>	<u>Assessed Valuation of Jurisdiction</u>	<u>% of Jurisdiction in District</u>
City of Angels Camp	\$522,770,277	11.81%	\$522,770,277	100.00%
Unincorporated Calaveras County	<u>3,903,490,613</u>	<u>88.19</u>	6,675,560,014	58.47
Total District	\$4,426,260,890	100.00%		
Calaveras County	\$4,426,260,890	100.00%	\$7,198,330,291	61.49%

Source: California Municipal Statistics, Inc.

Tax Levies, Collections and Delinquencies

The following table shows secured *ad valorem* property tax levies within the District for the District's general obligation bonds, and amounts delinquent as of June 30, for fiscal years 2016-17 through 2017-18. The data for prior years is unavailable.

SECURED TAX CHARGES AND DELINQUENCIES – BOND DEBT SERVICE LEVY

Fiscal Years 2016-17 through 2017-18

Bret Harte Union High School District

<u>Fiscal Year</u>	<u>Secured Tax Charge⁽¹⁾</u>	<u>Amount Delinquent June 30</u>	<u>Percent Delinquent June 30</u>
2016-17	\$768,787.29	\$10,935.09	1.42%
2017-18	790,304.43	10,495.45	1.33

⁽¹⁾ The District's general obligation bond debt service levy only.

Source: California Municipal Statistics, Inc.

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The following table shows secured *ad valorem* property tax levies within the County overall, and amounts delinquent as of June 30, for fiscal years 2008-09 through 2017-18.

SECURED TAX CHARGES AND DELINQUENCIES
Fiscal Years 2008-09 through 2017-18
Calaveras County

Fiscal Year	Secured Tax Charge⁽¹⁾	Amount Delinquent June 30	Percent Delinquent June 30
2008-09	\$85,790,148	\$4,258,831	4.96%
2009-10	84,021,705	3,418,976	4.07
2010-11	76,000,105	2,699,982	3.55
2011-12	73,276,928	2,288,000	3.12
2012-13	71,549,513	1,856,070	2.59
2013-14	71,783,324	1,744,113	2.43
2014-15	76,172,789	1,669,055	2.19
2015-16	80,025,288	1,940,784	2.43
2016-17	81,392,542	1,715,441	2.11
2017-18	86,961,142	1,940,328	2.23

⁽¹⁾ All property taxes collected by the County. Source: California State Controller's Office.
Source: *California Municipal Statistics, Inc.*

Alternative Method of Tax Apportionment - "Teeter Plan"

The Board of Supervisors of the County has implemented the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the "Teeter Plan"), as provided for in State Revenue and Taxation Code Section 4701 *et seq.* Under the Teeter Plan, the County apportions secured property taxes on an accrual basis when due (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 secured property 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 secured *ad valorem* property tax to be levied to pay the principal of and interest on the Bonds will be subject to the Teeter Plan, beginning in the first year of such levy. The District will receive 100% of the secured *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. A board of supervisors may, after holding a public hearing on the matter, discontinue the procedures under the Teeter Plan with respect to any tax levying agency in the county when delinquencies for taxes levied by that agency exceed 3%. 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 Rates

A representative tax rate area of the District located within the District, Tax Rate Area 79-18, had fiscal year 2018-19 assessed valuation of \$1,754,158,679, representing approximately 39.6% of the District's assessed valuation. The table below summarizes the total *ad valorem* tax rates, as a percentage of assessed valuation, levied by all taxing entities in this tax rate area during the five-year period from fiscal years 2014-15 through 2018-19.

SUMMARY OF *AD VALOREM* TAX RATES
Fiscal Years 2014-15 through 2018-19
Bret Harte Union High School District

Tax Rate Area 79-18 (2018-19 Assessed Valuation: \$1,754,158,679)

	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
General	1.000000%	1.000000%	1.000000%	1.000000%	1.000000%
Calaveras County	.028934	.027298	.027906	.020739	.021661
Vallecitos Union School District	.032003	.026920	.023034	.024068	.025974
Bret Hart Union High School District	.017365	.015941	.020340	.019317	.018688
Yosemite Community College District	<u>.021823</u>	<u>.032639</u>	<u>.034148</u>	<u>.023404</u>	<u>.030390</u>
Total Tax Rate	1.100125%	1.102798%	1.105428%	1.087528%	1.096713%

Source: California Municipal Statistics, Inc.

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Largest Property Owners

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 2018-19 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.

LARGEST LOCAL SECURED TAXPAYERS

Fiscal Year 2018-19

Bret Harte Union High School District

<u>Property Owner</u>	<u>Primary Land Use</u>	<u>2018-19 Assessed Valuation</u>	<u>% of Total⁽¹⁾</u>
1. Worldmark the Club	Resort/Timeshare	\$21,147,210	0.48%
2. Castle & Cooke Inc.	Residential Properties	21,078,541	0.48
3. John H. & Gail E. Kautz, Trustees	Commercial	12,992,745	0.30
4. Greenwich Foothill Village LLC	Commercial	9,283,372	0.21
5. Benites Distributing Co. Inc.	Industrial	6,945,993	0.16
6. ACTC LLC	Commercial	6,895,168	0.16
7. Bernice Jane Bottomley, Trustee	Residential Properties	6,604,474	0.15
8. Dennis K. and Vernagae Lee	Commercial	6,597,984	0.15
9. David M. Johnson	Commercial	6,172,750	0.14
10. Dennis J. Sanfilippo	Residential Properties	5,917,371	0.14
11. Golden State Equity Investors Inc.	Undeveloped	5,851,680	0.13
12. Calaveras County New Communities LLC	Residential Properties	5,298,712	0.12
13. Edward J. & Dolores M. Cardoza, Trustees	Commercial	5,282,531	0.12
14. William A. & Deloris J. Airola, Trustee	Residential Properties	5,242,780	0.12
15. Jackson Rancheria Development Corporation	Undeveloped	4,771,936	0.11
16. Murphy's Diggins LLC	Mobile Home Park	4,766,410	0.11
17. AJJ LLC	Commercial	4,397,138	0.10
18. Ernesto P. and Patricia J. Gutierrez Trust	Residential Properties	4,090,217	0.09
19. Brett D. and Gretchen Stroscher Thomson	Residential Properties	3,588,362	0.08
20. Big Horn Park Partners LLC	Mobile Home Park	<u>3,461,358</u>	<u>0.08</u>
		\$150,386,732	3.44%

⁽¹⁾ The fiscal year 2018-19 local secured assessed valuation of the District was \$4,374,171,239.

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. and effective as of June 1, 2019 for debt outstanding as of May 10, 2019. The Debt Report is included for general information purposes only. The District has not reviewed the Debt Report for completeness or accuracy and makes no representation in connection therewith.

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

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.

DIRECT AND OVERLAPPING DEBT STATEMENT Bret Harte Union High School District

2018-19 Assessed Valuation: \$4,426,260,890

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt 6/1/19</u>
Calaveras County	61.490%	\$19,845,898
Yosemite Community College District	6.571	17,753,127
Bret Harte Union High School District	100.000	13,903,900⁽¹⁾
Mark Twain Union School District	100.000	6,506,446
Vallecito Union School District	100.000	1,469,879
Calaveras County Community Facilities District No. 2	100.000	3,650,000
City of Angels Camp 1915 Act Bonds	100.000	2,195,000
Calaveras County Water District 1915 Act Bonds	100.000	2,815,000
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		\$68,139,250
<u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>		
Calaveras County Certificates of Participation	61.490%	\$4,150,575
Bret Harte Union High School District General Fund Obligations	100.000	2,554,310⁽²⁾
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT		\$6,704,885
COMBINED TOTAL DEBT		\$74,844,135⁽³⁾

Ratios to 2018-19 Assessed Valuation:

Direct Debt (\$13,903,900)	0.31%
Total Overlapping Tax and Assessment Debt	1.54%
Combined Direct Debt (\$16,458,210)	0.37%
Combined Total Debt	1.69%

⁽¹⁾ Excludes the Bonds and includes the Refunded Bonds expected to be refinanced with proceeds of the Refunding Bonds as described herein.

⁽²⁾ Includes the certificates of participation expected to be defeased or prepaid with proceeds of the New Money Bonds following closing.

⁽³⁾ 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 XIII A, XIII B, XIII C and XIII D 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 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 ad valorem property taxes for payment of the Bonds. The tax levied by the County for payment of the Bonds was approved by the District’s voters in compliance with Article XIII A, Article XIII C, and all applicable laws.

Article XIII A of the California Constitution

Article XIII A (“Article XIII A”) 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 XIII A 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 XIII A 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 REPAYMENT OF BONDS – Assessed Valuations” herein.

Article XIII A 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* property, sales or transaction tax on real property. Article XIII A 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) on 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 XIII A 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.

Legislation Implementing Article XIII A

Legislation has been enacted and amended a number of times since 1978 to implement Article XIII A. Under current law, local agencies are no longer permitted to levy directly any property tax (except to pay voter-approved indebtedness). The 1% property tax is automatically levied by the 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 XIII A.

Proposition 50 and Proposition 171

On June 3, 1986, the voters of the State approved Proposition 50. Proposition 50 amends Section 2 of Article XIII A 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% 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% of the Original Cash Value, then the Replacement Base Year Value is calculated by combining the Original Base Year Value with such excessive Replacement Cash Value; if the Replacement Cash Value does not exceed 120% 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 XIII A 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.

Inter-county transfers under Proposition 171 are more restrictive than intra-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% of the Original Cash Value when the replacement property is acquired or constructed within one year of the destruction, (2) 110% of the Original Cash Value when the replacement property is acquired or constructed within two years of the destruction, or (3) 115% 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 (“unitary property”). Under the State Constitution, such property is assessed by the SBE as part of a “going concern” rather than as individual pieces of real or personal property. Such State-assessed unitary and certain other 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.

The State electric utility industry has experienced changes in its structure and in the way in which components of the industry are regulated and owned. Sale of electric generation assets to largely unregulated, nonutility companies may affect how those assets are assessed, and which local agencies are to receive the property taxes. The District is unable to predict the impact of these changes on its utility property tax revenues, or whether legislation may be proposed or adopted in response to industry restructuring, or whether any future litigation may affect ownership of utility assets or the State’s methods of assessing utility property and the allocation of assessed value to local taxing agencies, including the District. So long as the District is a community funded 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 XIII B of the California Constitution

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

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

Appropriations subject to limitation do not include (a) refunds of taxes, (b) appropriations for debt service 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 XIII B includes a requirement that all revenues received by an entity of government other than the State in a fiscal year and in the fiscal year immediately following it in excess of the amount permitted to be appropriated during that fiscal year and the fiscal year immediately following it shall be returned by a revision of tax rates or fee schedules within the next two subsequent fiscal years.

Article XIII B also includes a requirement that 50% of all revenues received by the State in a fiscal year and in the fiscal year immediately following it in excess of the amount permitted to be appropriated during that fiscal year and the fiscal year immediately following it shall be transferred and allocated to the State School Fund pursuant to Section 8.5 of Article XVI of the State Constitution. See “- Propositions 98 and 111” herein.

Article XIII C and Article XIII D 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 XIII C and XIII D (respectively, “Article XIII C” and “Article XIII D”), which contain a number of provisions affecting the ability of local agencies, including school districts, to levy and collect both existing and future taxes, assessments, fees and charges.

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

accordance with Articles XIII and XIII A of the State Constitution and special taxes approved by a two-thirds vote under Article XIII A, Section 4. Article XIII D deals with assessments and property-related fees and charges, and explicitly provides that nothing in Article XIII C or XIII D 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 XIII A 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 XIII C 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 XIII D. Proposition 26 provides that the local government bears the burden of proving by a preponderance of the evidence that a levy, charge, or other exaction is not a tax, that the amount is no more than necessary to cover the reasonable costs of the governmental activity, and that the manner in which those costs are allocated to a payor bear a fair or reasonable relationship to the payor’s burdens on, or benefits received from, the governmental activity.

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, is transferred to K-14 school districts. Any such transfer to K-14 school districts is excluded from the appropriations limit for K-14 school districts and the K-14 school district appropriations limit for the next year is automatically increased by the amount of such transfer. These additional moneys 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 XIII B 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.

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 XIII B 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. Annual Adjustments to Spending Limit. The annual adjustments to the Article XIII B spending limit were liberalized to be more closely linked to the rate of economic growth. Instead of being tied to the Consumer Price Index, the "change in the cost of living" is now measured by the change in 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. Treatment of Excess Tax Revenues. "Excess" tax revenues with respect to Article XIII B are now determined based on a two-year cycle, so that the State can avoid having to return to taxpayers excess tax revenues in one year if its appropriations in the next fiscal year are under its limit. In addition, the Proposition 98 provision regarding excess tax revenues was modified. After any two-year period, if there are excess State tax revenues, 50% of the excess are to be transferred to K-14 school districts with the balance returned to taxpayers; under prior law, 100% of excess State tax revenues went to K-14 school districts, but only up to a maximum of 4% of the minimum funding level for such districts. Also, reversing prior law, any excess State tax revenues transferred to K-14 school districts are not built into K-14 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 XIII B 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 XIII B appropriations limit for each unit of government, including the State, is to be recalculated beginning in fiscal year 1990-91. It is based on the actual limit for fiscal year 1986-87, adjusted forward to 1990-91 as if Proposition 111 had been in effect.
- 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 XIII B by reference to per capita personal income) and enrollment ("Test 2"). Under Proposition 111, schools 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) changed 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 such as the District or an elementary school 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 XIII A 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 XIII A of the California Constitution” herein.

Jarvis v. 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 of California). 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 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 "DISTRICT FINANCIAL INFORMATION – State Dissolution of Redevelopment Agencies" herein.

Propositions 30 and 55

On November 6, 2012, voters of the State approved the Temporary Taxes to Fund Education, Guaranteed Local Public Safety Funding, Initiative Constitutional Amendment (also known as "Proposition 30"), which temporarily increased the State Sales and Use Tax and personal income tax rates on higher incomes. For personal income taxes imposed beginning in the taxable year commencing January 1, 2012 and ending December 31, 2018, Proposition 30 increases the marginal personal income tax rate by: (i) 1% for taxable income over \$250,000 but less than \$300,001 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 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 8, 2016. Proposition 55 extends the increases to personal income tax rates for high-income taxpayers that were approved as part of Proposition 30 through 2030. Proposition 55 did not extend the temporary State Sales and Use Tax rate increase enacted under Proposition 30, which expired as of January 1, 2017.

The revenues generated from the personal income tax increases will be included in the calculation of the Proposition 98 minimum funding guarantee for school districts and community college districts. See "– Propositions 98 and 111" herein. From an accounting perspective, the revenues generated from the temporary 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 XIII B 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 the same shall come 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 by the State 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 facilities (\$500 million) and technical education facilities (\$500 million). Generally, 50% of modernization and new construction project costs for charter school and technical education facilities must come from local revenues. However, school districts 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 representation or guarantees that it will either pursue or qualify for Proposition 51 State facilities funding.

Future Initiatives

Article XIII A, Article XIII B, Article XIII C and Article XIII D 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 and the District's general fund 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 or interest on the Bonds is payable from the general fund of the District. The Bonds are payable from the proceeds of ad valorem property taxes 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.

The following table reflects the District's historical ADA and the revenue limit rates per unit of ADA for fiscal years 2008-09 through 2012-13.

AVERAGE DAILY ATTENDANCE AND REVENUE LIMIT

Bret Harte Union High School District

Fiscal Years 2008-09 through 2012-13

<u>Fiscal Year</u>	<u>ADA⁽¹⁾</u>	<u>Base Revenue Limit per ADA</u>	<u>Deficit Revenue Limit Per ADA⁽²⁾</u>
2008-09	799	\$6,819.00	\$6,756.32
2009-10	786	7,631.40	6,230.66
2010-11	767	7,333.40	5,987.35
2011-12	737	7,633.00	6,166.37
2012-13	723	7,869.00	5,701.57

Note: All amounts are rounded to the nearest whole number.

⁽¹⁾ Reflects ADA as of the second principal reporting period ("P-2 ADA"), ending on or before the last attendance month prior to April 15 of each school year. An attendance month is equal to each four-week period of instruction beginning with the first day of school for any school district.

⁽²⁾ Deficit revenue limit funding, when provided for in State budgetary legislation, reduced the revenue limit allocations received by school districts by applying a deficit factor to the base revenue limit for the given fiscal year, and resulted from an insufficiency of appropriation funds in the State budget to provide for State aid owed to school districts. The State's practice of deficit revenue limit funding was most recently reinstated beginning in fiscal year 2008-09 and discontinued following the implementation of the LCFF (as defined herein) in fiscal year 2013-14. The District, however, is a community funded district. See "- Local Control Funding Formula" herein.

Source: Bret Harte Union High School District; FCMAT LCFF Calculator for ADA only.

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 now 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 has been 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 have had 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 fiscal year, the Base Grants have been 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. AB 97 also provides additional add-ons 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 that 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 herein separately). AB 97 authorizes a supplemental grant add-on (each, a “Supplemental Grant”) for school districts that serve EL/LI students, equal to 20% of the applicable Base Grant multiplied by such districts’ 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 P-2 ADA, enrollment, and the percentage of EL/LI student enrollment, for fiscal years 2013-14 through 2018-19 and budgeted amounts for fiscal year 2019-20.

ADA, ENROLLMENT AND EL/LI ENROLLMENT PERCENTAGE
Fiscal Years 2013-14 through 2019-20
Bret Harte Union High School District

Fiscal Year	ADA⁽¹⁾	Enrollment⁽²⁾	% of EL/LI Enrollment⁽³⁾
2013-14	679	724	1.24%
2014-15	680	723	1.38
2015-16	680	716	1.67
2016-17	660	696	2.01
2017-18	648	689	2.32
2018-19	629	651	2.60
2019-20 ⁽⁴⁾	613	644	2.57

⁽¹⁾ Reflects P-2 ADA.

⁽²⁾ Reflects certified enrollment as of the fall census day (the first Wednesday in October), which is reported to 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 State Department of Education.

⁽³⁾ For purposes of calculating Supplemental and Concentration Grants, a school district’s fiscal year 2013-14 percentage of unduplicated EL/LI students is expressed solely as a percentage of its fiscal year 2013-14 total enrollment. For fiscal year 2014-15, the percentage of unduplicated EL/LI enrollment is 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.

⁽⁴⁾ Budgeted

Source: Bret Harte Union High 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 COLAs 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 implementing period of the LCFF. 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.

Certain school districts, known as “community funded” districts (previously known as “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 only special categorical funding, which is deemed to satisfy the “basic aid” requirement of \$120 per student per year 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 has qualified as a community funded district since fiscal year 2003-04. The District has budgeted that local property tax receipts will exceed the District’s total LCFF allocation by approximately \$3,485,754 in fiscal year 2019-20.

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. LCAPs are required to be adopted every three years, beginning in fiscal year 2014-15, and updated annually thereafter. The State Board of Education has developed and adopted a template LCAP for use by school districts.

Support and Intervention. AB 97, as amended by SB 91, established 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 applicable 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 with 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. The State Board of Education has developed 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 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.

Other Revenue Sources

Federal and Local Sources. The federal government provides funding for several of the District's programs, including special education programs, programs under the Every Student Succeeds Act, and specialized programs such as Drug Free Schools, Innovative Strategies, and Vocational & Applied Technology. In addition, school districts may receive additional local revenues beyond local property tax collections, such as lease revenues, interest earnings, interagency services, parcel tax revenues, developer fees, pass-through revenues, and other local sources.

State Dissolution of Redevelopment Agencies

On December 30, 2011, the State Supreme Court issued its decision in the case of *California Redevelopment Association v. Matosantos* ("Matosantos"), finding ABx1 26, a trailer bill to the 2011-12 State budget, to be constitutional. As a result, all redevelopment agencies in the State ceased to exist as a matter of law on February 1, 2012.

ABx1 26 was modified by Assembly Bill No. 1484 (Chapter 26, Statutes of 2011-12) (“AB 1484”), which, together with ABx1 26, is referred to herein as the “Dissolution Act.” The Dissolution Act provides that all rights, powers, duties and obligations of a redevelopment agency under the California Community Redevelopment Law that have not been repealed, restricted or revised pursuant to ABx1 26 will be vested in a successor agency, generally the county or city that authorized the creation of the redevelopment agency (each, a “Successor Agency”). All property tax revenues that would have been allocated to a redevelopment agency, less the corresponding county auditor-controller’s cost to administer the allocation of property tax revenues, are now allocated to a corresponding Redevelopment Property Tax Trust Fund (“Trust Fund”), to be used for the payment of pass-through payments to local taxing entities, and thereafter to bonds of the former redevelopment agency and any “enforceable obligations” of the Successor Agency, as well as to pay certain administrative costs. The Dissolution Act defines “enforceable obligations” to include bonds, loans, legally required payments, judgments or settlements, legal binding and enforceable obligations, and certain other obligations.

Among the various types of enforceable obligations, the first priority for payment is tax allocation bonds issued by the former redevelopment agency; second is revenue bonds, which may have been issued by the host city, but only where the tax increment revenues were pledged for repayment and only where other pledged revenues are insufficient to make scheduled debt service payments; third is administrative costs of the Successor Agency, equal to at least \$250,000 in any year, unless the oversight board reduces such amount for any fiscal year or a lesser amount is agreed to by the Successor Agency; then, fourth is tax revenues in the Trust Fund in excess of such amounts, if any, will be allocated as residual distributions to local taxing entities in the same proportions as other tax revenues. Moreover, all unencumbered cash and other assets of former redevelopment agencies will also be allocated to local taxing entities in the same proportions as tax revenues. Notwithstanding the foregoing portion of this paragraph, the order of payment is subject to modification in the event a Successor Agency timely reports to the Controller and the Department of Finance that application of the foregoing will leave the Successor Agency with amounts insufficient to make scheduled payments on enforceable obligations. If the county auditor-controller verifies that the Successor Agency will have insufficient amounts to make scheduled payments on enforceable obligations, it shall report its findings to the Controller. If the Controller agrees there are insufficient funds to pay scheduled payments on enforceable obligations, the amount of such deficiency shall be deducted from the amount remaining to be distributed to taxing agencies, as described as the fourth distribution above, then from amounts available to the Successor Agency to defray administrative costs. In addition, if a taxing agency entered into an agreement pursuant to Health and Safety Code Section 33401 for payments from a redevelopment agency under which the payments were to be subordinated to certain obligations of the redevelopment agency, such subordination provisions shall continue to be given effect.

As noted above, the Dissolution Act expressly provides for continuation of pass-through payments to local taxing entities. Per statute, 100% of contractual and statutory two percent pass-throughs, and 56.7% of statutory pass-throughs authorized under the Community Redevelopment Law Reform Act of 1993 (AB 1290, Chapter 942, Statutes of 1993) (“AB 1290”), are restricted to educational facilities without offset against apportionments by the State. Only 43.3% of AB 1290 pass-throughs are offset against State aid so long as the District uses the moneys received for land acquisition, facility construction, reconstruction, or remodeling, or deferred maintenance as provided under Education Code Section 42238(h).

ABX1 26 states that in the future, pass-throughs shall be made in the amount “which would have been received had the redevelopment agency existed at that time,” and that the County Auditor-Controller shall “determine the amount of property taxes that would have been allocated to each redevelopment agency had the redevelopment agency not been dissolved pursuant to the operation of [ABX1 26] using

current assessed values and pursuant to statutory [pass-through] formulas and contractual agreements with other taxing agencies.”

Successor Agencies continue to operate until all enforceable obligations have been satisfied and all remaining assets of the Successor Agency have been disposed of. AB 1484 provides that once the debt of the Successor Agency is paid off and remaining assets have been disposed of, the Successor Agency shall terminate its existence and all pass-through payment obligations shall cease.

The District can make no representations as to the extent to which any apportionments from the State may be offset by the future receipt of residual distributions or from unencumbered cash and assets of former redevelopment agencies any other surplus property tax revenues pursuant to the Dissolution Act.

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 Public Instruction 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 Public Instruction 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 Reports. 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.

The District has never had an adopted budget disapproved by the county superintendent of schools and, within the past five years, the District has never received a "qualified" or "negative" certification of an Interim Financial Report pursuant to AB 1200.

General Fund Budgeting

The District's general fund adopted budgets compared with audited actual results for the fiscal years 2015-16 through 2017-18, the adopted budget compared with estimated actuals for fiscal year 2018-19, and the adopted budget for fiscal year 2019-20, are set forth on the following page.

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GENERAL FUND BUDGETS AND ACTUAL RESULTS⁽¹⁾
Fiscal Years 2015-16 through 2019-20
Bret Harte Union High School District

	2015-16		2016-17		2017-18		2018-19		2019-20
	Approved Budget⁽²⁾	Audited Actuals⁽²⁾	Approved Budget⁽²⁾	Audited Actuals⁽²⁾	Approved Budget⁽²⁾	Audited Actuals⁽²⁾	Approved Budget⁽³⁾	Estimated Actuals⁽⁴⁾	Approved Budget⁽⁴⁾
REVENUES									
Local Control Funding Formula	\$8,796,761	\$8,995,161	\$9,214,395	\$9,151,099	\$9,356,661	\$9,790,269	\$10,027,169	\$10,210,711	\$10,362,154
Federal Revenue	235,371	212,387	217,939	197,893	186,475	192,015	165,669	156,891	166,556
Other State Revenues	192,010	1,108,185	481,791	783,955	428,226	528,171	176,030	735,059	386,133
Other Local Revenues	<u>501,448</u>	<u>512,707</u>	<u>555,392</u>	<u>570,227</u>	<u>534,249</u>	<u>589,040</u>	<u>506,752</u>	<u>567,102</u>	<u>658,004</u>
Total Revenues	9,725,590	10,828,440	10,469,517	10,703,174	10,505,611	11,099,495	10,875,620	11,669,763	11,572,847
EXPENDITURES									
Certificated Salaries	4,060,434	4,151,048	4,052,058	3,620,955	3,931,169	3,772,120	4,073,337	4,132,724	4,006,745
Classified Salaries	1,899,340	2,001,048	1,959,592	2,097,364	2,093,682	2,129,884	2,121,873	2,243,887	2,261,197
Employee Benefits	1,902,639	2,084,709	2,619,382	2,267,762	2,345,082	2,597,574	2,227,841	2,639,300	2,646,300
Books and Supplies	570,513	568,472	479,177	758,335	661,199	731,482	646,125	1,073,531	815,138
Services and Other Operating Expenditures	986,285	1,366,077	1,045,087	1,311,173	1,182,539	1,296,130	1,339,676	1,546,834	1,432,557
Other Outgo	--	91,049	162,140	138,286	148,720	254,973	278,163	290,164	179,834
Capital Outlay	--	184,810	--	137,980	--	45,320	--	12,671	6,000
Debt Service – Principal	--	948	--	--	--	--	--	--	--
Debt Service – Interest	--	204	--	--	--	--	--	--	--
Total Expenditures	<u>9,419,211</u>	<u>10,448,365</u>	<u>10,317,436</u>	<u>10,331,855</u>	<u>10,362,391</u>	<u>10,827,483</u>	<u>10,687,015</u>	<u>11,939,111</u>	<u>11,347,772</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	306,379	380,075	152,081	371,319	143,220	272,012	188,605	(269,348)	225,075
Other Financing Sources (Uses)									
Transfers Out	<u>(216,279)</u>	<u>(200,000)</u>	<u>(152,081)</u>	<u>(178,504)</u>	<u>(143,220)</u>	<u>(181,159)</u>	<u>(162,090)</u>	<u>(212,668)</u>	<u>(193,315)</u>
Net Financing Sources (Uses)	<u>(216,279)</u>	<u>(200,000)</u>	<u>(152,081)</u>	<u>(178,504)</u>	<u>(143,220)</u>	<u>(181,159)</u>	<u>(162,090)</u>	<u>(212,668)</u>	<u>(193,315)</u>
NET CHANGE IN FUND BALANCE	90,100	180,075	--	192,815	--	90,853	26,515	(482,016)	31,760
Fund Balance - Beginning	<u>1,407,956</u>	<u>1,407,956</u>	<u>1,047,522⁽⁵⁾</u>	<u>1,047,522⁽⁵⁾</u>	<u>1,240,337</u>	<u>1,240,337</u>	<u>1,331,189</u>	<u>1,331,189</u>	<u>849,173</u>
Fund Balance - Ending	<u>\$1,498,056</u>	<u>\$1,588,031⁽⁵⁾</u>	<u>\$1,047,522</u>	<u>\$1,240,337</u>	<u>\$1,240,337</u>	<u>\$1,331,190</u>	<u>\$1,357,703</u>	<u>\$849,173</u>	<u>\$880,932</u>

(1) Reflects the restricted and the unrestricted general fund.

(2) From the District's comprehensive audited financial statements.

(3) From the District's Second Interim Report for fiscal year 2018-19, approved by the Board on March 4, 2019.

(4) From the District's Adopted Budget for fiscal year 2019-20, approved by the Board on June 26, 2019.

(5) Difference in fund balance due to inclusion of the Special Reserve Fund for Postemployment Benefits and the Deferred Maintenance Fund in fiscal year 2015-16, but not in fiscal years 2016-17 through 2019-20.

Source: Bret Harte Union High School District.

Accounting Practices

The accounting policies 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 State Education Code Section 41010, is to be followed by all State school districts. Revenues are recognized in the period in which they become both measurable and available to finance expenditures of the current fiscal period. Expenditures are recognized in the period in which the liability is incurred.

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 office of the Superintendent of the District, 323 South Main Street, P.O. Box 7000, Angels Camp, California 95221, telephone number (209) 736-8340.

The tables on the following pages reflect the District's revenues, expenditures and fund balances for fiscal years 2013-14 through 2017-18. Fiscal years 2013-14 through 2015-16 are shown separately from fiscal years 2016-17 through 2017-18 due to a change in the auditor's reporting format.

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**SUMMARY OF GENERAL FUND
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE⁽¹⁾
Fiscal Years 2013-14 through 2015-16
Bret Harte Union High School District**

	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>
Revenues:			
Local Control Funding Formula Sources	\$8,090,611	\$8,543,932	\$8,995,161
Federal Sources	120,285	243,973	212,387
Other State Sources	403,343	688,123	1,108,185
Other Local Sources	<u>698,345</u>	<u>713,768</u>	<u>512,707</u>
Total Revenues	9,312,584	10,189,796	10,828,440
Expenditures:			
Certificated Salaries	3,758,014	3,963,467	4,151,048
Classified Salaries	1,700,196	1,857,916	2,001,048
Employee Benefits	1,624,375	2,174,067	2,084,709
Books and Supplies	523,245	674,853	568,472
Services and Other Operating Expenditures	952,435	1,133,784	1,366,077
Capital Outlay	138,942	61,445	184,810
Debt Service:			
Principal Retirement	--	456	948
Interest and Fiscal Charges	--	120	204
Other Outgo	<u>99,072</u>	<u>96,976</u>	<u>91,049</u>
Total Expenditures	8,796,279	9,963,084	10,448,365
Excess of Revenues Over (Under) Expenditures	516,305	226,712	380,075
Other Financing Sources (Uses)			
Operating Transfers In	--	--	--
Operating Transfers Out	(236,576)	(304,000)	(200,000)
Other Sources	<u>--</u>	<u>5,106</u>	<u>--</u>
Total Other Financing Sources (Uses)	(236,576)	(298,894)	(200,000)
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	279,729	(72,182)	180,075
Fund Balance, July 1	<u>1,200,409</u>	<u>1,480,138</u>	<u>1,407,956</u>
Fund Balance, June 30	<u>\$1,480,138</u>	<u>\$1,407,956</u>	<u>\$1,588,031</u>

⁽¹⁾ Reflects the restricted and the unrestricted general fund.
Source: Bret Harte Union High School District.

**SUMMARY OF GENERAL FUND
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE⁽¹⁾
Fiscal Years 2016-17 through 2017-18
Bret Harte Union High School District**

	<u>2016-17</u>	<u>2017-18</u>
Revenue		
Local control funding formula	\$9,151,099	\$9,790,269
Federal sources	197,893	192,015
Other state sources	1,027,995	828,231
Other local sources	<u>574,404</u>	<u>756,888</u>
Total Revenues	10,951,391	11,567,403
Expenditures		
Current		
Instruction	5,689,836	5,985,904
Instruction related activities:		
Supervision of instruction	9,820	5,801
Instructional library, media and technology	286,223	310,317
School site administration	413,528	435,413
Pupil services:		
Home-to-school transportation	792,902	791,193
Food services	--	--
All other pupil services	668,381	757,086
General Administration:		
Data processing	33,693	25,563
All other general administration	823,892	811,220
Plant services	1,374,415	1,391,076
Ancillary services	203,762	204,656
Community services	69,196	87,825
Other outgo	138,286	254,973
Facility acquisition and construction	10,652	--
Capital Outlays	--	171,668
Debt service		
Principal	--	--
Interest and other	<u>64,117</u>	<u>85,490</u>
Total Expenditures	10,578,703	11,318,185
Excess (deficiency) of revenues over expenditures	372,688	249,218
Other Financing Sources (Uses):		
Transfers in	--	--
Transfers out	<u>(178,504)</u>	<u>(156,159)</u>
Net Financing Sources (Uses)	(178,504)	(156,159)
NET CHANGE IN FUND BALANCE	194,184	93,059
Fund Balance — Beginning	<u>1,588,031</u>	<u>1,782,215</u>
Fund Balance — Ending	<u><u>\$1,782,215</u></u>	<u><u>\$1,875,274</u></u>

⁽¹⁾ Reflects the restricted and the unrestricted general fund.
Source: Bret Harte Union High School District.

State Budget Measures

The following information concerning the State's budgets has been obtained from publicly available information which the District believes to be reliable; however, the District does not guarantee 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 ad valorem property taxes required to be levied by the County 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" herein.

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.
- *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 STRS (as defined herein) and PERS (as defined herein), 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, STRS 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. PERS employer contributions will be reduced from 20.7% to 19.7% in fiscal

year 2019-20, and 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 "BRET HARTE UNION HIGH 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 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* – The Kindergarten Through Community College Public Education Facilities Bond Act of 2016 (also known as Proposition 51) is a voter initiative approved at the November 8, 2016 election that authorizes the sale and issuance of \$9 billion in State general obligation bonds for the new construction and modernization of K-14 facilities. The 2019-20 Budget allocates \$1.5 billion of such 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.

BRET HARTE UNION HIGH SCHOOL DISTRICT

The information in this section concerning the operations of the District and the District's finances are provided as supplementary information only, and it should not be inferred from the inclusion of this information in this Official Statement that the principal of or interest on the Bonds is payable from the general fund of the District. The Bonds will be payable solely from the proceeds of ad valorem property taxes required to be levied by the County in an amount sufficient for the payment thereof. See "THE BONDS – Security and Sources of Payment" herein.

Introduction

The District, a political subdivision of the State, was established in 1905. The District is located in the Sierra Foothills in the County and provides public education within an approximately 432 square mile area, which includes the communities of Angels Camp, Altaville, Vallecito, Douglas Flat, Murphys, Arnold, Hathaway Pines, Copperopolis and adjacent unincorporated areas. Currently, the District operates one comprehensive high school, one continuation high school and an independent study program. The District is a "community funded" district. For fiscal year 2019-20, the District has budgeted an enrollment of 644 students and an ADA of 613. The fiscal year 2018-19 assessed valuation of the area served by the District was \$4,426,260,890.

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: Bret Harte Union High School District, 323 South Main Street, P.O. Box 7000, Angels Camp, California 95221, telephone: (209) 736-8340, Attention: Superintendent. The District may impose a charge for copying, mailing and handling.

Administration

The Board consists of five elected members. Members are elected to serve staggered four-year terms. Elections for positions to the Board are held every two years, alternating between two and three available positions. A president is elected by members of the Board each year. Current members of the Board, together with their offices and the dates their terms expire, are listed below:

Board Member	Office	Term Expires
Joan Lark	President	December 2022
Jeff Rasmussen	Clerk	December 2020
Gail Bunge	Member	December 2022
Rodger Orman, M.D.	Member	December 2020
Tony Tyrrell	Member	December 2020

The administrative staff of the District participating in the financing include Michael Chimente, Superintendent and Christine Fouts, Chief Business Official. Brief biographies of the Superintendent and Chief Business Official follow:

Michael Chimente, Superintendent. Mr. Chimente has served as the District’s Superintendent since March 27, 2006. Immediately prior thereto, he served as Superintendent of Vallecito Union School District for nine years. Mr. Chimente has also served as Principal of San Andreas Elementary School and Railroad Flat Elementary, and Principal and Interim Principal at Calaveras High School. Mr. Chimente received his Master’s degree in Education from California State University, Stanislaus.

Christine Fouts, Chief Business Official. Mrs. Fouts has served as the District’s Chief Business Official since October 15, 2018. Immediately prior thereto, she served as Chief Business Official of Columbia Union School District for two years. Mrs. Fouts served in the business department of San Joaquin County Office of Education for approximately 10 years, most recently as an account specialist. She worked in the business office for Lincoln Unified School District for five years as their account technician and was also employed at Calaveras County Office of Education for two years as an administrative assistant.

Recent Enrollment Trends

On average throughout the District, the regular education pupil-teacher ratio is approximately 17.48:1. The following table shows a 10-year enrollment history for the District.

ANNUAL ENROLLMENT⁽¹⁾
Fiscal Years 2010-11 through 2019-20
Bret Harte Union High School District

<u>Year</u>	<u>Enrollment</u>	<u>Annual Change</u>	<u>Annual % Change</u>
2010-11	823	--	--
2011-12	781	(42)	(5.10)
2012-13	754	(27)	(3.46)
2013-14	724	(30)	(3.98)
2014-15	723	(1)	(0.14)
2015-16	716	(7)	(0.97)
2016-17	696	(20)	(2.79)
2017-18	689	(7)	(1.01)
2018-19	651	(38)	(5.52)
2019-20 ⁽²⁾	644	(7)	(1.08)

⁽¹⁾ Enrollment for fiscal years 2010-11 through 2012-13 is reported as of the October report submitted to the California Basic Educational Data System (“CBEDS”). Fiscal years 2013-14 and later reflect certified enrollment as of the fall census day (the first Wednesday in October), which is reported to CALPADS in each school year and used to calculate each school district’s unduplicated EL/LI student enrollment. CALPADS figures exclude preschool and adult transitional students.

⁽²⁾ Budgeted.

Source: Bret Harte Union High School District.

Charter School

The State Legislature enacted the Charter Schools Act of 1992 (State Education Code Sections 47600-47663) to permit teachers, parents, students, and community members to establish schools that would be free from most state and district regulations. Revised in 1998, the State’s charter school law states that local boards are the primary charter-approving agency and that county boards of education can

approve a denied charter. State education standards apply, and charter schools are required to use the same student assessment instruments. Charter schools are exempt from state and local education rules and regulations, except as specified in the legislation.

The District has certain fiscal oversight and other responsibilities with respect to any independent and District-operated charter schools established within its boundaries. However, any independent charter schools would receive funding directly from the State, and such funding would not be reported in the District's audited financial statements. Any District-operated charter schools would receive funding through the District, and such funding would be reflected in the District's audited financial statements.

There is one independent charter school operating within the boundaries of the District (the "Charter School"). The following table shows a five-year ADA history of the grades 9 through 12 students within the District's attendance area who attend the Charter School, as well as the budgeted ADA for fiscal year 2019-20.

CHARTER SCHOOL ADA⁽¹⁾
Fiscal Years 2014-15 through 2019-20
Bret Harte Union High School District

<u>Year</u>	<u>ADA</u>
2014-15	20.78
2015-16	19.37
2016-17	16.87
2017-18	20.76
2018-19	23.56
2019-20 ⁽²⁾	24.00

⁽¹⁾ Reflects students in grades 9-12 within the District's attendance area who attend the Charter School.

⁽²⁾ Budgeted.

Source: Bret Harte Union High School District.

The District can make no representations regarding how many District students will transfer to charter schools, including the Charter School, in the future or back to the District from such charter schools, and the corresponding financial impact on the District.

Labor Relations

The District currently employs 38 full-time certificated employees and 26 classified employees. In addition, the District currently employs 26 part-time faculty and staff. District employees, except management and some part-time employees, are represented by the California Teachers' Association as noted below:

LABOR RELATIONS
Bret Harte Union High School District

<u>Labor Organization</u>	<u>Number of Employees In Bargaining Unit</u>	<u>Contract Expiration Date</u>
California Teachers' Association	37	June 30, 2021

Source: Bret Harte Union High School District.

District Retirement Systems

The information set forth below regarding the District's retirement 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 be construed as a representation by any of the District, the Municipal Advisor 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)

<u>Effective Date</u>	<u>STRS Members Hired Prior to January 1, 2013</u>	<u>STRS Members Hired After January 1, 2013</u>
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 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)**

<u>Effective Date</u>	<u>K-14 school districts</u>
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 "DISTRICT FINANCIAL INFORMATION – State Budget Measures" herein.

The District's contributions to STRS were \$345,842 in fiscal year 2014-15, \$428,837 in fiscal year 2015-16, \$453,054 in fiscal year 2016-17, \$565,920 in fiscal year 2017-18, and \$641,051 (estimated) in fiscal year 2018-19. The District has budgeted \$625,834 for its contribution to STRS in 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 million 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 "DISTRICT FINANCIAL INFORMATION – State Budget Measures" herein.

The District's contributions to PERS were \$205,554 in fiscal year 2014-15, \$209,115 in fiscal year 2015-16, \$279,156 in fiscal year 2016-17, \$311,733 in fiscal year 2017-18, and \$373,051 (estimated) in fiscal year 2018-19. The District has budgeted \$436,640 for its contribution to PERS in 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 table on the following page 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

<u>STRS</u>					
<u>Fiscal Year</u>	<u>Accrued Liability</u>	<u>Value of Trust Assets (MVA) ⁽²⁾</u>	<u>Unfunded Liability (MVA) ⁽²⁾</u>	<u>Value of Trust Assets (AVA) ⁽³⁾</u>	<u>Unfunded Liability (AVA) ⁽³⁾</u>
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

<u>PERS</u>					
<u>Fiscal Year</u>	<u>Accrued Liability</u>	<u>Value of Trust Assets (MVA) ⁽²⁾</u>	<u>Unfunded Liability (MVA) ⁽²⁾</u>	<u>Value of Trust Assets (AVA) ⁽³⁾</u>	<u>Unfunded Liability (AVA) ⁽³⁾</u>
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 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 30, 2018, the District reported its proportionate shares of the net pension liabilities for the STRS and PERS programs to be \$6,236,852 and \$3,885,633, respectively. For additional information, see “APPENDIX A – THE DISTRICT’S FISCAL YEAR 2017-18 AUDITED FINANCIAL STATEMENTS – Note 12” attached hereto.

Other Post-Employment Benefits

Plan Description. The postemployment benefit plan (the “Plan”) is a single-employer defined benefit healthcare plan administered by the District that provides medical and dental insurance benefits to eligible retirees and their spouses (the “Benefits”). As of June 30, 2019, membership of the Plan consisted of 7 retirees or beneficiaries currently receiving Benefits and 80 active Plan members. Eligibility requirements and benefit provisions are described below:

Classified. Classified employees hired July 1, 2002 and later who have attained age 58 and completed at least 15 years of service, have retired under PERS, and are earning a salary equivalent to at least step 14 on the Classified Salary Schedule are eligible to receive District-paid medical coverage (including dependents) up to an annual cap of \$12,144, prorated for part-time employment, until age 65. Employees who are less than 75% full-time are not eligible.

Classified employees hired prior to July 1, 2002 who have attained age 44 and completed at least 15 years of service and a retirement under PERS are eligible for the District-paid medical coverage.

Classified employees are also eligible to take cash-in-lieu equivalent to 50% of the District contribution.

Confidential/Classified Management. Confidential and Classified Management employees have the same Benefits as Classified employees, but with an annual cap of \$9,675.

Certificated. Certificated employees who have attained age 55 and completed at least 10 years of full-time service are eligible to receive District-paid medical coverage (including dependents) up to an annual cap of \$9,750, pro-rated for part-time employment, until age 65.

Certificated employees are also eligible to take cash-in-lieu equivalent to 50% of the District contribution.

Certificated employees are also eligible for an early retirement incentive in addition to the District-paid health benefits, paid until age 65. See “- Early Retirement Incentives” herein.

Certificated Management. Certificated management employees who have attained age 57, completed at least 10 years of full-time service, and have retired under STRS, are eligible to receive District-paid medical coverage (including dependents) up to an annual cap of \$7,425, until age 65. Certificated Management employees who have attained age 60, completed at least 6 years of full-time service, and have retired under STRS, are eligible to receive District-paid medical coverage (including dependents) up to 50% of the \$7,425 annual cap.

Funding Policy. The contribution requirements of the Plan members and the District are established and may be amended by the District, the District’s bargaining units and unrepresented groups. The required contribution is based on projected pay-as-you-go financing requirements. For fiscal year 2014-15, the District contributed \$166,411 to the Plan, all of which was used for current premiums. For fiscal year 2015-16, the District contributed \$90,992 to the Plan, all of which was used for current premiums. For fiscal year 2016-17, the District contributed \$148,087 to the Plan, all of which was used

for current premiums. For fiscal year 2017-18, the District contributed \$218,504 to the Plan, all of which was used for current premiums. For fiscal year 2018-19, the District contributed \$207,484 (estimated) to the Plan, all of which was used for current premiums. For fiscal year 2019-20, the District has budgeted a contribution of \$223,574 to the Plan.

The District has set aside approximately \$471,000 in an internal service fund to begin funding the District's liability in connection with the Benefits. However, such amounts have not been irrevocably pledged to the payment of such liability, and may be accessed for other purposes upon Board approval.

Accrued Liability. The District has implemented *GASB Statement #74, Financial Reporting for Postemployment Benefit Plans Other Than Pensions* ("GASB Statement No. 74") and *GASB 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 Benefits. GASB Statements No. 74 and No. 75 (discussed below) require biennial actuarial valuations for all plans. The most recent actuarial study for the Plan was dated February 21, 2019 (the "Study"), and had a valuation date of July 1, 2018. The Study concluded that, as of a July 1, 2018 measurement date, the Total OPEB Liability (the "TOL") with respect to such Benefits, was \$1,968,052. Because the District does not maintain a qualifying irrevocable trust, the District's Net OPEB Liability (the "NOL") is equal to the TOL. For more information regarding the District's other post-employment benefit liability, see "APPENDIX A – THE DISTRICT'S FISCAL YEAR 2017-18 AUDITED FINANCIAL STATEMENTS – Note 10" attached hereto.

GASB Statement Nos. 74 and 75. On June 2, 2015, the GASB approved 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 Net OPEB Liability (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 first recognized GASB Statement No. 74 and GASB Statement No. 75 in its financial statements for fiscal year 2017-18. See “APPENDIX A – THE DISTRICT’S FISCAL YEAR 2017-18 AUDITED FINANCIAL STATEMENTS – Note 10” attached hereto.

Early Retirement Incentives

The District previously offered early retirement incentives, under which seven retirees currently receive benefits. The projected cost for current participants for future years accrued as long-term debt are as shown below.

Year Ending	
<u>June 30</u>	<u>Principal</u>
2019	\$30,167
2020	9,750
2021	9,750
2022	9,750
Total	<u>\$59,417</u>

Source: Bret Harte Union High School District.

Risk Management

The District is exposed to various types of loss related to torts; theft of, damage to and destruction of assets; errors, omissions; injuries to employees and natural disasters. The District currently contracts with the Tuolumne Joint Powers Authority for property and liability insurance coverage and theft insurance coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

Joint Powers Agreements

The District is a member of three joint powers agreements (“JPA”s): Tuolumne JPA for property and liability insurance and workers’ compensation insurance; Calaveras County Office of Education for long-term financing; and Calaveras Public Power Association. The relationships between the District, MetroEd, and the CSAC Excess Insurance Authority are such that they are not component units of the District for financial reporting purposes. The District pays a premium commensurate with the level of coverage requested, and shares surpluses and deficits with other member districts proportionately to its participation in each JPA.

District Debt Structure

Short-Term Debt. On July 11, 2019, the District issued \$2,005,000 of its 2019-20 tax and revenue anticipation notes (the “2019-20 TRANs”) to fund seasonal cashflow deficits during fiscal year 2019-20. The 2019-20 TRANs bear interest at a rate of 2.000%, with a yield of 1.170%, and mature on June 30, 2020. The 2019-20 TRANs are a general obligation of the District, payable from taxes, income, revenue, cash receipts and other monies of the District provided for fiscal year 2019-20 and lawfully available therefor.

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

	Balance July 1, 2017	Additions	Deductions	Balance June 30, 2018
General obligation (GO) bonds	\$14,786,142	--	\$359,502	\$14,426,640
GO Accreted interest	764,516	\$281,260	--	1,045,776
GO bond premium	352,098	--	15,309	336,789
Certificates of Participation (COP)	2,929,309	--	185,000	2,744,309
COP Accreted interest	1,124,179	108,917	--	1,233,096
Early retirement incentives	118,842	--	63,175	55,667
Compensated absences	37,338	--	7,055	30,283
Capital Lease Obligations	2,876	--	1,035	1,841
Total	<u>\$20,115,300</u>	<u>\$390,177</u>	<u>\$631,076</u>	<u>\$19,874,401</u>

Source: Bret Harte Union High School District.

General Obligation Bonds.

2008 Authorization. Pursuant to the 2008 Authorization, the District received authorization at an election held on November 4, 2008, at which the requisite 55% or more of the persons voting on the proposition voted to authorize the issuance and sale of \$18,000,000 principal amount of general obligation bonds of the District. On June 17, 2009, the District issued the 2008 Series A Bonds in an aggregate principal amount of \$9,235,969.25. On March 3, 2015, the District issued the 2008 Series B Bonds in an aggregate principal amount of \$5,002,353.80. On June 29, 2017, the District issued by direct placement with Pinnacle Public Finance, Inc. the 2008 Series C Bonds in an aggregate principal amount of \$647,102. The New Money Bonds represent the fourth series of bonds issued pursuant to the 2008 Authorization. Following the issuance of the New Money Bonds, \$4,574.95 of the 2008 Authorization will remain unissued.

On June 29, 2017, the District issued by direct placement with Pinnacle Public Finance, Inc. the 2017 Refunding Bonds in an aggregate principal amount of \$5,382,979 to refund a portion of the then-outstanding 2008 Series A Bonds. The District expects to use the proceeds of the Refunding Bonds to refund a portion of the remaining outstanding 2008 Series A Bonds.

The table on the following page shows the annual debt service payments for the District's outstanding general obligation bonds, assuming no optional redemptions are made.

OUTSTANDING GENERAL OBLIGATION BONDS ANNUAL DEBT SERVICE
Bret Harte Union High School District

Year Ending August 1	2008 Series A Bonds⁽¹⁾	2008 Series B Bonds	2008 Series C Bonds	2017 Refunding Bonds	New Money Bonds	Refunding Bonds	Total Debt Service
2019	\$392,015.63	\$149,250.00	\$46,542.24	\$204,301.40	--	--	\$792,109.27
2020	--	174,050.00	46,540.88	204,302.02	\$89,600.14	\$422,933.33	937,426.37
2021	400,000.00	173,350.00	46,541.54	204,301.54	96,575.00	70,200.00	990,968.08
2022	425,000.00	187,650.00	46,541.36	204,301.72	96,575.00	70,200.00	1,030,268.08
2023	475,000.00	176,525.00	46,541.62	204,301.26	96,575.00	70,200.00	1,069,142.88
2024	500,000.00	185,625.00	46,541.44	204,301.86	141,575.00	70,200.00	1,148,243.30
2025	--	184,375.00	46,542.00	594,301.10	146,012.50	215,200.00	1,186,430.60
2026	--	133,000.00	46,542.42	609,313.66	220,387.50	224,400.00	1,233,643.58
2027	--	133,000.00	46,541.80	622,533.14	258,512.50	228,000.00	1,288,587.44
2028	--	133,000.00	46,541.26	654,532.86	266,037.50	241,200.00	1,341,311.62
2029	--	133,000.00	46,541.84	677,007.94	277,975.00	253,600.00	1,388,124.78
2030	--	133,000.00	46,541.54	717,344.86	276,420.00	270,200.00	1,443,506.40
2031	--	133,000.00	46,541.36	754,007.92	274,692.50	290,800.00	1,499,041.78
2032	--	833,000.00	27,249.28	31,287.22	652,792.50	15,200.00	1,559,529.00
2033	--	105,000.00	46,542.18	806,995.22	352,610.00	310,200.00	1,621,347.40
2034	--	705,000.00	46,541.02	281,858.35	482,087.50	86,700.00 ⁽²⁾	1,602,186.87
2035	--	1,095,000.00	--	--	336,735.00	--	1,431,735.00
2036	--	1,130,000.00	--	--	325,867.50	--	1,455,867.50
2037	--	1,180,000.00	--	--	--	--	1,180,000.00
2038	--	1,230,000.00	--	--	--	--	1,230,000.00
2039	--	1,280,000.00	--	--	--	--	1,280,000.00
2040	--	575,000.00	--	--	--	--	575,000.00
2041	--	640,325.00	--	--	--	--	640,325.00
2042	--	705,925.00	--	--	--	--	705,925.00
2043	--	146,537.50	--	--	--	--	146,537.50
2044	--	194,712.50	--	--	--	--	194,712.50
Total	<u>\$2,192,015.63</u>	<u>\$11,849,325.00</u>	<u>\$725,373.78</u>	<u>\$6,974,992.07</u>	<u>\$4,391,030.14</u>	<u>\$2,839,233.33</u>	<u>\$28,971,969.95</u>

⁽¹⁾ Excludes debt service on the Refunded Bonds to be refunded with proceeds of the Refunding Bonds as described herein.

⁽²⁾ Matures February 1, 2034.

Source: Bret Harte Union High School District.

Capital Leases. On March 3, 2015, the District entered into a 60-month lease for a copy machine. The agreement is reported as a capital lease obligation. The capital lease has minimum lease payments as follows:

Year Ending	Lease
<u>June 30</u>	<u>Payments</u>
2019	\$1,152
2020	<u>768</u>
Total	<u>1,920</u>
Less: Amount Representing Interest	<u>(79)</u>
Present Value of Minimum Lease Payments	<u>\$1,841</u>

Source: Bret Harte Union High School District.

Certificates of Participation. In 2000, the District caused the execution and delivery of its Certificates of Participation (2000 Capital Projects) (the “2000 Certificates”) in the aggregate principal amount of \$2,599,309.65. In 2006 the District caused the execution and delivery of its 2006 Refunding Certificates of Participation (the “2006 Certificates”) in the aggregate principal amount of \$5,950,000 to refinance the District’s then-outstanding Certificates of Participation (1995 Financing Program), refinance the District’s then-outstanding Certificates of Participation (1998 Capital Projects), and refinance a portion of the District’s then-outstanding 2000 Certificates. A portion of the proceeds of the 2008 Series A Bonds was used to prepay certain of the then-outstanding 2006 Certificates. Following the closing of the New Money Bonds, the District expects to use the net proceeds of the New Money Bonds to defease to maturity certain of the outstanding 2000 Certificates and to prepay certain of the outstanding 2006 Certificates. See “THE BONDS – Application and Investment of Bond Proceeds – New Money Bonds” herein.

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The annual lease payment requirements with respect to the 2000 Certificates and the 2006 Certificates, following the defeasance and prepayment of such certificates of participation with proceeds of the New Money Bonds as described herein, are as follows:

CERTIFICATES OF PARTICIPATION⁽¹⁾
Bret Harte Union High School District

Year Ending (September 1)	2000 Certificates	2006 Certificates	Total Payments
2019	--	\$191,943.75	\$191,943.75
2020	--	153,887.50	153,887.50
2021	--	154,000.00	154,000.00
2022	--	153,900.00	153,900.00
2023	--	153,587.50	153,587.50
2024	--	153,062.50	153,062.50
2025	--	152,325.00	152,325.00
2026	--	156,375.00	156,375.00
2027	\$150,000.00	--	150,000.00
2028	150,000.00	--	150,000.00
2029	150,000.00	--	150,000.00
2030	150,000.00	--	150,000.00
2031	150,000.00	--	150,000.00
2032	150,000.00	--	150,000.00
2033	150,000.00	--	150,000.00
2034	145,000.00	--	145,000.00
2035	<u>145,000.00</u>	<u>--</u>	<u>145,000.00</u>
Total	<u>\$1,340,000.00</u>	<u>\$1,269,081.25</u>	<u>\$2,609,081.25</u>

⁽¹⁾ Excludes debt service on the 2000 Certificates and 2006 Certificates expected to be defeased and prepaid with proceeds of the New Money Bonds on August 29, 2019.

Source: Bret Harte Union High School District.

TAX MATTERS

Tax-Exempt Bonds

In the opinion of Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described herein, interest on the Tax-Exempt Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals. In the further opinion of Bond Counsel, interest on the Tax-Exempt Bonds is exempt from State of California personal income tax.

The difference between the issue price of a Tax-Exempt Bond (the first price at which a substantial amount of the Tax-Exempt Bonds of the same series and maturity is to be sold to the public) and the stated redemption price at maturity with respect to such Tax-Exempt Bond to the extent the redemption price at maturity is greater than the issue price) constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a Tax-Exempt Bond Owner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by the Tax-Exempt Bond Owner will increase the Tax-Exempt Bond Owner's basis in the applicable Tax-Exempt Bond. In the opinion of Bond Counsel, the amount of original issue discount that accrues to the owner of the Tax-Exempt Bond is excluded from the gross

income of such owner for federal income tax purposes, is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals, and is exempt from State of California personal income tax.

Bond Counsel's opinion as to the exclusion from gross income of interest (and original issue discount) on the Tax-Exempt Bonds is based upon certain representations of fact and certifications made by the District and others and is subject to the condition that the District complies with all requirements of the Code, that must be satisfied subsequent to the issuance of the Tax-Exempt Bonds to assure that interest (and original issue discount) on the Tax-Exempt Bonds will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause the interest (and original issue discount) on the Tax-Exempt Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Tax-Exempt Bonds. The District has covenanted to comply with all such requirements.

The amount by which a Tax-Exempt Bond Owner's original basis for determining loss on sale or exchange in the applicable Tax-Exempt Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable Tax-Exempt Bond premium, which must be amortized under Section 171 of the Code; such amortizable Tax-Exempt Bond premium reduces the Tax-Exempt Bond Owner's basis in the applicable Tax-Exempt Bond (and the amount of tax-exempt interest received), and is not deductible for federal income tax purposes. The basis reduction as a result of the amortization of Tax-Exempt Bond premium may result in a Tax-Exempt Bond Owner realizing a taxable gain when a Tax-Exempt Bond is sold by the Owner for an amount equal to or less (under certain circumstances) than the original cost of the Tax-Exempt Bond to the Owner. Purchasers of the Tax-Exempt Bonds should consult their own tax advisors as to the treatment, computation and collateral consequences of amortizable Tax-Exempt Bond premium.

The Internal Revenue Service (the "IRS") has initiated an expanded program for the auditing of tax-exempt bond issues, including both random and targeted audits. It is possible that the Tax-Exempt Bonds will be selected for audit by the IRS. It is also possible that the market value of the Tax-Exempt Bonds might be affected as a result of such an audit of the Tax-Exempt Bonds (or by an audit of similar bonds). No assurance can be given that in the course of an audit, as a result of an audit, or otherwise, Congress or the IRS might not change the Code (or interpretation thereof) subsequent to the issuance of the Tax-Exempt Bonds to the extent that it adversely affects the exclusion from gross income of interest on the Tax-Exempt Bonds or their market value.

SUBSEQUENT TO THE ISSUANCE OF THE TAX-EXEMPT BONDS THERE MIGHT BE FEDERAL, STATE, OR LOCAL STATUTORY CHANGES (OR JUDICIAL OR REGULATORY CHANGES TO OR INTERPRETATIONS OF FEDERAL, STATE, OR LOCAL LAW) THAT AFFECT THE FEDERAL, STATE, OR LOCAL TAX TREATMENT OF THE TAX-EXEMPT BONDS INCLUDING THE IMPOSITION OF ADDITIONAL FEDERAL INCOME OR STATE TAXES BEING IMPOSED ON OWNERS OF TAX-EXEMPT STATE OR LOCAL OBLIGATIONS, SUCH AS THE TAX-EXEMPT BONDS. THESE CHANGES COULD ADVERSELY AFFECT THE MARKET VALUE OR LIQUIDITY OF THE TAX-EXEMPT BONDS. NO ASSURANCE CAN BE GIVEN THAT SUBSEQUENT TO THE ISSUANCE OF THE TAX-EXEMPT BONDS STATUTORY CHANGES WILL NOT BE INTRODUCED OR ENACTED OR JUDICIAL OR REGULATORY INTERPRETATIONS WILL NOT OCCUR HAVING THE EFFECTS DESCRIBED ABOVE. BEFORE PURCHASING ANY OF THE TAX-EXEMPT BONDS, ALL POTENTIAL PURCHASERS SHOULD CONSULT THEIR TAX ADVISORS REGARDING POSSIBLE STATUTORY CHANGES OR JUDICIAL OR REGULATORY CHANGES OR INTERPRETATIONS, AND THEIR COLLATERAL TAX CONSEQUENCES RELATING TO THE TAX-EXEMPT BONDS.

Bond Counsel's opinions may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. Bond Counsel has not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. The Tax-Exempt Bonds Resolution and the Tax Certificate relating to the Tax-Exempt Bonds permit certain actions to be taken or to be omitted if a favorable opinion of Bond Counsel is provided with respect thereto. Bond Counsel expresses no opinion as to the effect on the exclusion from gross income of interest (and original issue discount) on the Tax-Exempt Bonds for federal income tax purposes with respect to any Tax-Exempt Bond if any such action is taken or omitted based upon the advice of counsel other than Stradling Yocca Carlson & Rauth.

Although Bond Counsel has rendered an opinion that interest (and original issue discount) on the Tax-Exempt Bonds is excluded from gross income for federal income tax purposes provided that the District continues to comply with certain requirements of the Code, the ownership of the Tax-Exempt Bonds and the accrual or receipt of interest (and original issue discount) with respect to the Tax-Exempt Bonds may otherwise affect the tax liability of certain persons. Bond Counsel expresses no opinion regarding any such tax consequences. Accordingly, before purchasing any of the Tax-Exempt Bonds, all potential purchasers should consult their tax advisors with respect to collateral tax consequences relating to the Tax-Exempt Bonds.

Taxable Bonds

In the opinion of Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, interest on the Taxable Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Code but is exempt from State of California personal income tax.

Except for certain exceptions, the difference between the issue price of a Taxable Bond (the first price at which a substantial amount of the Taxable Bonds of the same maturity is to be sold to the public) and the stated redemption price at maturity with respect to such Taxable Bond (to the extent the redemption price at maturity is greater than the issue price) constitutes original issue discount. Original issue discount accrues under a constant yield method. The amount of original issue discount deemed received by the Owner of a Taxable Bond will increase the Owner's basis in the Taxable Bond. Owners of Taxable Bonds should consult their own tax advisor with respect to taking into account any original issue discount on the Taxable Bonds.

The amount by which a Taxable Bond Owner's original basis for determining gain or loss on sale or exchange of the applicable Taxable Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable bond premium, which the Owner of a Taxable Bond may elect to amortize under Section 171 of the Code. Such amortizable bond premium reduces the Taxable Bond Owner's basis in the applicable Taxable Bond (and the amount of taxable interest received) and is deductible for federal income tax purposes. The basis reduction as a result of the amortization of Taxable Bond premium may result in the Owner of a Taxable Bond realizing a taxable gain when a Taxable Bond is sold by the Owner for an amount equal to or less (under certain circumstances) than the original cost of the Taxable Bond to the Owner. The Owners of the Taxable Bonds that have a basis in the Taxable Bonds that is greater than the principal amount of the Taxable Bonds should consult their own tax advisors with respect to whether or not they should elect to amortize such premium under Section 171 of the Code.

The federal tax and State of California personal income tax discussion set forth above with respect to the Taxable Bonds is included for general information only and may not be applicable depending upon an Owner's particular situation. The ownership and disposal of the Taxable Bonds and the accrual or receipt of interest with respect to the Taxable Bonds may otherwise affect the tax liability of certain persons. Bond Counsel expresses no opinion regarding any such tax consequences.

Copies of the proposed forms of opinion of Bond Counsel for the Bonds are attached hereto as APPENDIX B.

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 by the State Superintendent, 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 a petition under Chapter 9. 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 District or the 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's pooled investment fund, as described in "THE BONDS – Application and Investment of Bond Proceeds" herein and "APPENDIX E – CALAVERAS 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 forms of the approving opinions of Bond Counsel attached hereto as APPENDIX B 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 State 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 State 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 Internal Revenue Code of 1986, as amended by TIPRA, interest paid on tax-exempt obligations is subject to information reporting in a manner similar to interest paid on taxable obligations. The effective date of 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.

Escrow Verification

Upon delivery of the Refunding Bonds, the Verification Agent will deliver a report on the mathematical accuracy of certain computations based upon certain information and assertions provided to them by the Underwriter relating to the adequacy of the maturing principal of and interest on the Federal

Securities in the Escrow Fund, together with any moneys held therein as cash, to pay the redemption price of and interest on the Refunded Bonds.

Continuing Disclosure

Current Undertaking. In connection with the issuance of the Bonds, the District has covenanted for the benefit of bondholders (including Beneficial Owners of the Bonds) to provide certain financial information and operating data relating to the District (the “Annual Reports”) by not later than 270 days 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 failed to file in a timely manner portions of the 2014-15 and 2017-18 annual reports required in connection with the District’s then-outstanding 2000 Certificates and 2006 Certificates. In addition, within the past five years, the District failed to properly associate each of the annual reports with certain of the then-outstanding 2006 Certificates.

Bank Qualified

The District will designate the Tax-Exempt Bonds as “qualified tax-exempt obligations,” thereby allowing certain financial institutions that are holders of such qualified tax-exempt obligations to deduct a portion of such institution’s interest expense allocable to such qualified tax-exempt obligations, all as determined in accordance with Section 265(b)(3) of the Code.

Absence of Material Litigation

No litigation is pending or threatened concerning the validity of the Bonds, and a certificate to that effect will be furnished to purchasers at the time of the original delivery of the Bonds. The District is not aware of any litigation pending or threatened questioning the political existence of the District or contesting the District’s ability to receive *ad valorem* property taxes or to collect other revenues or contesting the District’s ability to issue and retire the Bonds.

Financial Statements

The financial statements with 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 4, 2018 of Vavrinek, Trine, Day & Co., LLP (the “Auditor”), are included in this Official Statement as APPENDIX A. In connection with the inclusion of the financial statements and the report of the Auditor thereon in APPENDIX A to this Official Statement, 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 Opinions

The legal opinions of Bond Counsel, approving the validity of the Bonds will be supplied to the original purchasers of the Bonds without cost. Copies of the proposed forms of such legal opinions are attached to this Official Statement as APPENDIX B.

RATING

S&P has assigned the rating of “AA-” to the Bonds. Such rating reflects only the views of such organization and any desired explanation of the significance of such rating should be obtained from S&P, at the following address: Standard & Poor’s, 55 Water Street, New York, New York 10041.

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. There is no assurance that the rating will be retained for any given period of time or that the same will not be revised downward or withdrawn entirely by the rating agency if, in the judgment of the rating agency, circumstances so warrant. The District undertakes no responsibility to oppose any such revision or withdrawal. Any such downward revision or withdrawal of the rating obtained may have an adverse effect on the market price of the Bonds.

The District has covenanted in a Continuing Disclosure Certificate to file on The Electronic Municipal Market Access website operated by the Municipal Securities Rulemaking Board notices of any rating changes on the Bonds. See “LEGAL MATTERS – Continuing Disclosure” herein and “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 pursuant to the Rule. 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 Bonds are being purchased by Raymond James & Associates, Inc. (the “Underwriter”). The Underwriter has agreed, pursuant to purchase contracts by and between the District and the Underwriter (the “Purchase Contracts”), to purchase all of the (i) New Money Bonds for a purchase price of \$3,117,780.00 (which is equal to the principal amount of the New Money Bonds of \$3,110,000.00, plus original issue premium of \$38,880.00, and less an Underwriter’s discount of \$31,100.00) and (ii) Refunding Bonds for a purchase price of \$2,425,879.30 (which is equal to the principal amount of the Refunding Bonds of \$2,100,000.00, plus original issue premium of \$346,879.30, and less an Underwriter’s discount of \$21,000.00).

The Purchase Contracts for the Bonds provide that the Underwriter will purchase all of the respective series of Bonds if any are purchased, the obligation to make such purchase being subject to certain terms and conditions set forth in said agreements, the approval of certain legal matters by Bond 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 pages hereof. 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 Resolutions 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.

Some 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.

BRET HARTE UNION HIGH SCHOOL DISTRICT

By /s/ Christine Fouts
Chief Business Official

APPENDIX A

**THE DISTRICT'S FISCAL YEAR 2017-18 AUDITED
FINANCIAL STATEMENTS**

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**BRET HARTE UNION
HIGH SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED
JUNE 30, 2018**

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BRET HARTE UNION HIGH SCHOOL DISTRICT

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FINANCIAL SECTION

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VAVRINEK, TRINE, DAY & CO., LLP
Certified Public Accountants

VALUE THE *difference*

INDEPENDENT AUDITOR'S REPORT

Governing Board
Bret Harte Union High School District
Angels Camp, California

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the *2017-2018 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, issued by the California Education Audit Appeals Panel as regulations. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Bret Harte Union High School District, as of June 30, 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter - Change in Accounting Principles

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedule, schedule of changes in the District's total OPEB liability and related ratios, schedule of the District's proportionate share of the net pension, and the schedule of the District's pension contributions 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 Bret Harte Union High School District's basic financial statements. The accompanying supplementary information such as the combining and individual non-major fund financial statements and the other supplementary information as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2018, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Bret Harte Union High School District's internal control over financial reporting and compliance.


Palo Alto, California
December 4, 2018

BRET HARTE UNION HIGH SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2018

The discussion and analysis of Bret Harte Union High School District's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2018. The intent of this discussion and analysis is to look at the District's financial performance as a whole. To provide a complete understanding of the District's financial performance, please read it in conjunction with the Independent Auditor's Report on page 2, notes to the basic financial statements and the District's financial statements.

The Management's Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments issued June 1999. Certain comparative information is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS

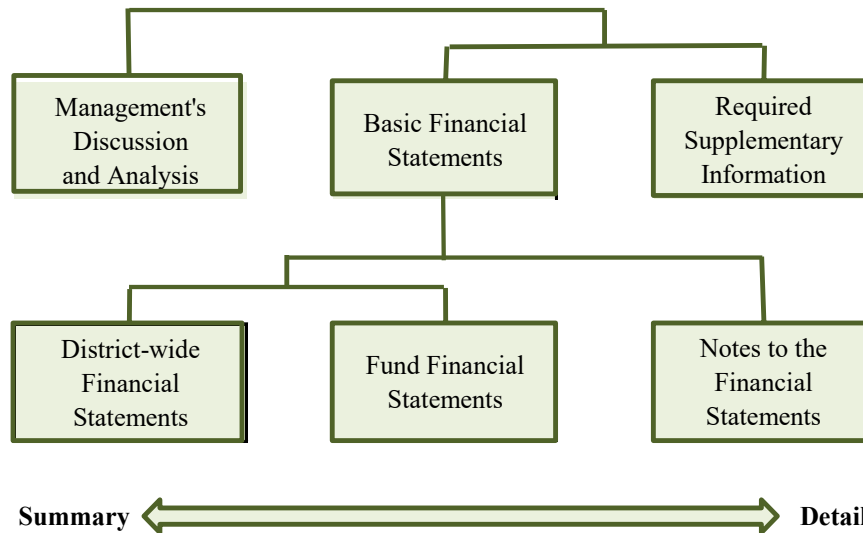
- General Fund revenues exceeded expenditures and other uses by \$93,059 ending the year with available reserves of \$640,746, higher than the State recommended reserve level of 4%.
- In complying with GASB 34, capital assets were valued at historical cost. The total of the District's capital assets, land, site, buildings, and equipment, valued on an acquisition cost basis was \$39.4 million. After depreciation, the June 30, 2018 book value for capital assets totaled \$24.8 million.
- In complying with GASB 68, the District recognized its portion of the unfunded California State Teachers' Retirement System (Cal STRS) and (Cal PERS) pension liabilities for the first time in 2014-2015. These liabilities are based on the most recent actuarial valuations. The District's portion of the unfunded Cal STRS and Cal PERS pension liability increased to \$10.1 million in 2017-2018 and is reported as long-term liabilities in the Statement of Net Position.
- In complying with GASB 75, the District recognized additional liability of \$1.26 million and restated its 2017-2018 beginning net position. See Note 15 for more details.

BRET HARTE UNION HIGH SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2018

OVERVIEW OF THE FINANCIAL STATEMENTS

Components of the Financial Section



The first two statements are district-wide financial statements, the Statement of Net Position and Statement of Activities. These statements provide information about the activities of the whole School 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. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's more significant funds with all other non-major funds presented in total in one column. A comparison of the District's general fund budget is included.

The financial statements also include notes that explain some of the information 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.

The Financial Statements

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

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

BRET HARTE UNION HIGH SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2018

The *Fund Financial Statements* include statements for each of the three categories of activities: governmental, proprietary, and fiduciary.

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

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

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

REPORTING THE DISTRICT AS A WHOLE

The Statement of Net Position and the Statement of Activities

These two statements provide information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the District's assets and liabilities using the accrual basis of accounting. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid. These statements report information on the district as a whole and its activities in a way that helps answer the question, "How did we do financially during 2017-2018?"

These two statements report the District's net position and changes in that position. This change in net position is important because it tells the reader that, for the District as a whole, the financial position of the District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Over time, the increases or decreases in the District's net position, as reported in the Statement of Activities, are one indicator of whether its financial health is improving or deteriorating. The relationship between revenues and expenses indicates the District's operating results. However, the District's goal is to provide services to our students, not to generate profits as commercial entities. One must consider many other non-financial factors, such as the quality of education provided and the safety of the schools to assess the overall health of the District.

- Increases or decreases in the net position of the District over time are indications of whether its financial position is improving or deteriorating, respectively.
- Additional non-financial factors such as condition of school buildings and other facilities, and changes to the property tax base of the District need to be considered in assessing the overall health of the District.

BRET HARTE UNION HIGH SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2018

Reporting the School District's Most Significant 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 to be established by State law. However, the District establishes other funds to control and manage money for specific purposes.

- **Governmental Funds**

Most of the School District's activities are reported in governmental funds. The major governmental funds of the District are the General Fund, County School Facilities Fund, Bond Interest and Redemption Fund, and the Authority Debt Service Fund. Governmental funds focus on how money flows into and out of the funds and the balances that remain at the end of the year. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's operations and services that help determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

- **Fiduciary Funds**

The District is the trustee, or fiduciary, for its student activity funds. All of the District's fiduciary activities are reported in a separate Statement of Fiduciary Net Position. We exclude these activities from the District's other financial statements because the District cannot use these assets to finance its operations. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

BRET HARTE UNION HIGH SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2018

FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS

The School District as a Whole

The District's net position was negative \$0.6 million at June 30, 2018. There is an unrestricted deficit of \$8.5 million. Net investment in capital assets, account for \$5.7 million of the total net position. A comparative analysis of government-wide data is presented in Table 1.

(Table 1)
Comparative Statement of Net Position

	Governmental Activities		Percentage Change
	2018	2017 as restated	2018-2017 as restated
Assets and deferred outflows			
Cash and investments	\$ 4,849,071	4,634,288	4.6%
Accounts receivable	74,657	313,501	-76.2%
Prepaid expenses	109,726	-	100.0%
Stores inventory	5,639	5,639	0.0%
Capital assets, net of accumulated depreciation	24,807,137	24,999,754	-0.8%
Deferred outflows of resources	3,593,410	2,122,705	69.3%
Total Assets and Deferred Outflows	<u>33,439,640</u>	<u>32,075,887</u>	4.3%
Liabilities and deferred inflows			
Accounts payable	414,385	26,694	1452.4%
Interest payable	219,480	119,604	83.5%
Unearned revenue	170,352	238,573	-28.6%
Long-term debt	31,838,237	29,589,067	7.6%
Deferred outflows of resources	1,397,999	2,128,132	-34.3%
Total Liabilities and Deferred Inflows	<u>34,040,453</u>	<u>32,102,070</u>	6.0%
Net Position			
Net investment in capital assets	5,668,528	6,123,088	-7.4%
Restricted	2,225,784	2,393,714	-7.0%
Unrestricted	(8,495,125)	(8,542,985)	-0.6%
Total Net Position	<u>\$ (600,813)</u>	<u>\$ (26,183)</u>	2194.7%

BRET HARTE UNION HIGH SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2018

Changes in Net Position

The District's net position decreased \$575 thousand this fiscal year (See Table 2). The District's expenses for instructional and pupil services represented 70% of total expenses. The purely administrative activities of the District accounted for 7% of total costs. The remaining 23% was spent on facilities, interest on long-term debt and other outgo. (See Figure 2).

(Table 2)
Comparative Statement of Change in Net Position

	Governmental Activities		Percentage
	2018	2017	Change 2018-2017
Revenues			
Program revenues:			
Charges for services	\$ 84,831	\$ 82,017	3.4%
Operating grants and contributions	903,395	999,045	-9.6%
General revenues:			
Property taxes	10,537,641	9,849,597	7.0%
Federal and State aid not restricted	338,085	483,270	-30.0%
Other general revenues	1,060,304	898,465	18.0%
Total Revenues	<u>12,924,256</u>	<u>12,312,394</u>	5.0%
Expenses			
Instruction-related	7,455,885	7,236,484	3.0%
Pupil services	1,980,256	1,950,917	1.5%
Administration	945,211	975,547	-3.1%
Plant services	1,442,185	1,245,606	15.8%
Other	1,675,349	1,381,514	21.3%
Total Expenses	<u>13,498,886</u>	<u>12,790,068</u>	5.5%
Change in Net Position	<u>\$ (574,630)</u>	<u>\$ (477,674)</u>	20.3%

BRET HARTE UNION HIGH SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2018

Governmental Activities

The cost of all of our governmental activities this year was \$12.9 million. However, the amount that our taxpayers ultimately financed for these activities through taxes was only \$10.5 million because the cost was paid by those who benefited from the programs (\$0.08 million) or by other governments and organizations who subsidized certain programs with grants and contributions (\$0.9 million). We paid for the remaining "public benefit" portion of our governmental activities with \$1.4 million in State funds, and with other revenues, like interest and general entitlements.

Figure 1

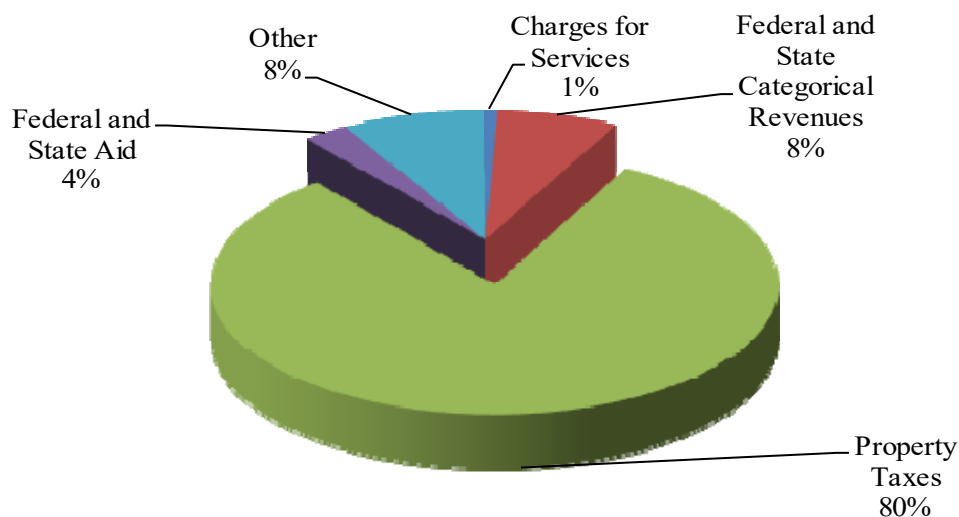
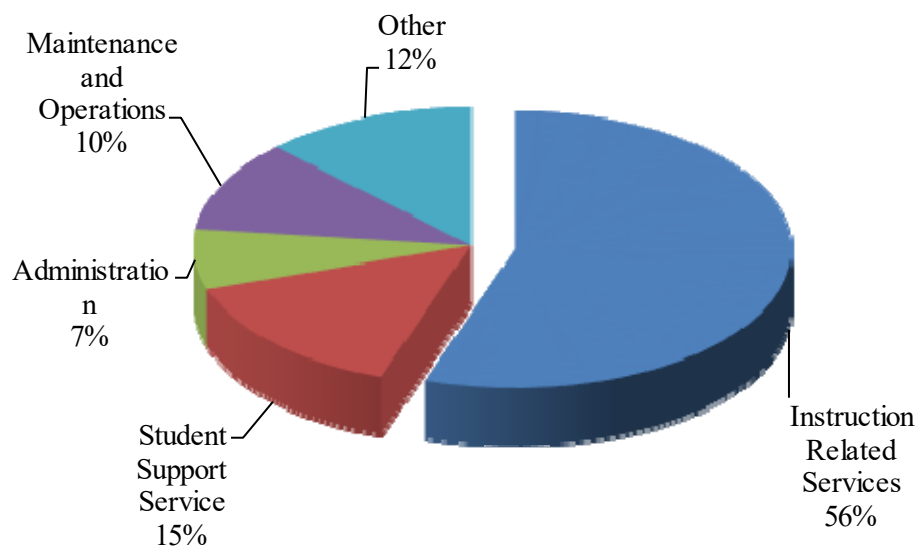


Figure 2



BRET HARTE UNION HIGH SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2018

FINANCIAL ANALYSIS OF THE FUND STATEMENTS

The fund financial statements focus on individual parts of the District's operations in more detail than the government-wide statements. The District's individual fund statements provide information on inflows and outflows and balances of spendable resources. The District's Governmental Funds reported a combined fund balance of \$4.5 million, a decrease of \$0.2 million from the previous fiscal year's combined ending balance of \$4.7 million. The General fund balance increased \$0.1 million.

General Fund Budgetary Highlights

Over the course of the year, the District revised the annual operating budget monthly. The significant budget adjustments fell into the following categories:

- Budget revisions to the adopted budget required after approval of the State budget.
- Budget revisions to update revenues to actual enrollment information and to update expenditures for staffing adjustments related to actual enrollments.
- Other budget revisions are routine in nature, including adjustments to categorical revenues and expenditures based on final awards, and adjustments between expenditure categories for school and department budgets.

The final revised budget for the General Fund reflected the net decrease to ending balance of \$0.5 million.

The State recommends an ending reserve for economic uncertainties of 4% of total expenditures. The District's ending reserve was 5.6%, meeting this requirement.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

By the end of the 2017-2018 fiscal year, the District had invested \$39.4 million in a broad range of capital assets, including school buildings, athletic facilities, administrative buildings, site improvements, vehicles, paging and wireless systems and maintenance, equipment, and a piano.

The capital assets net of depreciation were \$24.8 million at June 30, 2018, including current year depreciation expense of \$1 million.

BRET HARTE UNION HIGH SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2018

(Table 3)
Comparative Schedule of Capital Assets
(net of depreciation)
June 30, 2018 and 2017

	Governmental Activities		Percentage Change
	2018	2017	2018-2017
Land	\$ 1,627,351	\$ 1,627,351	0.0%
Site Improvements	2,908,331	3,336,011	-12.8%
Buildings	19,777,690	20,376,540	-2.9%
Machinery and equipment	493,765	296,958	66.3%
Work in progress	-	56,354	-100.0%
Total Capital Assets	<u>\$ 24,807,137</u>	<u>\$ 25,693,214</u>	-3.4%

Long-Term Obligation

At June 30, 2018, the District had \$31.8 million in long-term debt outstanding.

(Table 4)
Comparative Schedule of Outstanding Debt
June 30, 2018 and 2017

	Governmental Activities		Percentage Change
	2018	2017 as restated	2018-2017 as restated
General obligation bonds	\$ 14,763,429	\$ 13,148,240	12.3%
General obligation bonds accretion	1,045,776	764,516	36.8%
Certificates of participation	2,744,309	2,929,309	-6.3%
Certificates of participation accretion	1,233,096	1,124,179	9.7%
Capital lease obligations	1,841	2,876	-36.0%
Compensated absences	30,283	37,338	-18.9%
Other post-employment benefits	1,841,351	648,271	184.0%
Early retirement incentives	55,667	118,842	-53.2%
Net pension liability	10,122,485	9,553,867	6.0%
Total Long-Term Debt	<u>\$ 31,838,237</u>	<u>\$ 28,327,438</u>	12.4%

The District continues to maintain excellent credit ratings on all of its debt issues. The Standard and Poor's rating for the 2008 Series B General Obligation Bonds was "AA-".

BRET HARTE UNION HIGH SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2018

FACTORS BEARING ON THE DISTRICT'S FUTURE

The Local Control Funding Formula (LCFF) is aimed at correcting historical inequities while decreasing previous constraints on restricted program expenses. The formula is intended to make funding more transparent and simple. With the new flexibility also come new requirements for accountability. The Local Control Accountability Plan (LCAP) is mandated and must be aligned and adopted with the District's 2017-2018 budget. The LCAP is expected to describe how the District intends to meet annual goals for all pupils, with specific activities to address state and local priorities identified during the LCAP development process.

The new funding structure has no statutory cost of living allowance built into it and relies solely on the annual budget process at the legislative level.

However, even within the new funding formula, the District remains a community funded or “basic aid” district. The bulk of District funding comes from local property tax revenues and those revenues exceed the targeted funding level of the LCFF. In addition, the “fair share” reduction is held over from the previous revenue limit formula as cuts in state aid for Community Funded districts have not been restored.

As the state closes the gap between current funding levels and the target, the amount allocated to supplemental/concentration grants and the tax-in-lieu transfer to charter schools will increase with no guarantee of added income to offset those increases.

Planning for the “out years” will be much more difficult and volatile under the LCFF funding formula, thereby creating a need for a larger reserve than past years.

Future predictions and uncertainties with the changes to the State funding formula, enrollment and aging District facilities require management to plan carefully and prudently to provide the necessary resources to meet student’s needs and continue to keep pace with inflation increases over the next several years.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, parents, 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, please contact Bret Harte Union High School District, P.O. Box 7000, Angels Camp, CA 95221.

BRET HARTE UNION HIGH SCHOOL DISTRICT

STATEMENT OF NET POSITION JUNE 30, 2018

	Governmental Activities
ASSETS	
Deposits and investments	\$ 4,849,071
Receivables	74,657
Prepaid expenses	109,726
Stores inventories	5,639
Capital assets not being depreciated	1,627,351
Capital assets being depreciated	37,792,565
Less: Accumulated depreciation	(14,612,779)
Total Assets	<u>29,846,230</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows on refunding	459,458
Deferred outflows of resources related to pensions	3,133,952
Total Deferred Outflows of Resources	<u>3,593,410</u>
LIABILITIES	
Accounts payable	414,385
Interest payable	219,480
Unearned revenue	170,352
Long-term obligations other than pensions and OPEB:	
Current portion	634,571
Noncurrent portion	19,239,830
Total postemployment benefit (OPEB) liability	1,841,351
Aggregate net pension liability	10,122,485
Total Liabilities	<u>32,642,454</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources related to pensions	1,397,999
Total Deferred Inflows of Resources	<u>1,397,999</u>
NET POSITION	
Net investment in capital assets	5,668,528
Restricted for:	
Educational programs	56,566
Debt service	870,801
Capital projects	1,269,280
Food services	29,137
Unrestricted	(8,495,125)
Total Net Position	<u>\$ (600,813)</u>

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

BRET HARTE UNION HIGH SCHOOL DISTRICT

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2018

Functions/Programs	Expenses	Program Revenues		Net (Expenses)
		Charges for Services and Sales	Operating Grants and Contributions	Revenues Governmental Activities
Governmental Activities:				
Instruction	\$ 6,615,898	\$ -	\$ 713,288	\$ (5,902,610)
Instruction-related activities:				
Supervision of instruction	6,531	-	355	(6,176)
Instructional library, media, and technology	349,800	-	3,988	(345,812)
School site administration	483,656	-	12,724	(470,932)
Pupil services:				-
Home-to-school transportation	832,318	-	-	(832,318)
Food services	302,338	84,831	131,179	(86,328)
All other pupil services	845,600	-	29,341	(816,259)
Administration:				
Data processing	28,999	-	-	(28,999)
All other administration	916,212	-	-	(916,212)
Plant services	1,442,185	-	6,385	(1,435,800)
Facility acquisition and construction	-	-	6,135	6,135
Ancillary services	230,256	-	-	(230,256)
Community services	98,794	-	-	(98,794)
Interest on long-term obligations	1,091,326	-	-	(1,091,326)
Other outgo	254,973	-	-	(254,973)
Total Governmental Activities	<u>13,498,886</u>	<u>84,831</u>	<u>903,395</u>	<u>(12,510,660)</u>
General revenues:				
Property taxes, levied for general purposes				9,700,215
Property taxes, levied for debt service				837,426
Federal and State aid not restricted to specific purposes				338,085
Interest and investment earnings				110,264
Interagency revenues				173,137
Miscellaneous				776,903
Subtotal, General Revenues				<u>11,936,030</u>
Change in Net Position				<u>(574,630)</u>
Net Position - Beginning, as restated				<u>(26,183)</u>
Net Position - Ending				<u><u>\$ (600,813)</u></u>

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

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BRET HARTE UNION HIGH SCHOOL DISTRICT

GOVERNMENTAL FUNDS

BALANCE SHEET

JUNE 30, 2018

	General Fund	Building Fund	County School Facilities Fund
ASSETS			
Deposits and investments	\$ 2,224,608	\$ 391,465	\$ 1,011,073
Receivables	34,620	-	-
Due from other funds	25,000	-	-
Prepaid expenses	109,726	-	-
Stores inventories	-	-	-
Total assets	<u>\$ 2,393,954</u>	<u>\$ 391,465</u>	<u>\$ 1,011,073</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 212,169	201,081	\$ -
Due to other funds	136,159	-	-
Unearned revenue	170,352	-	-
Total liabilities	<u>518,680</u>	<u>201,081</u>	<u>-</u>
Fund Balances:			
Nonspendable	111,364	-	-
Restricted	56,566	190,384	1,011,073
Assigned	1,066,598	-	-
Unassigned	640,746	-	-
Total fund balances	<u>1,875,274</u>	<u>190,384</u>	<u>1,011,073</u>
Total Liabilities and Fund Balances	<u>\$ 2,393,954</u>	<u>\$ 391,465</u>	<u>\$ 1,011,073</u>

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

Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
\$ 651,502	\$ 570,423	\$ 4,849,071
-	40,037	74,657
-	111,159	136,159
-	-	109,726
-	5,639	5,639
<u>\$ 651,502</u>	<u>\$ 727,258</u>	<u>\$ 5,175,252</u>

\$ -	\$ 1,135	\$ 414,385
-	-	136,159
-	-	170,352
<u>-</u>	<u>1,135</u>	<u>720,896</u>
-	8,139	119,503
651,502	717,984	2,627,509
-	-	1,066,598
-	-	640,746
<u>651,502</u>	<u>726,123</u>	<u>4,454,356</u>
<u>\$ 651,502</u>	<u>\$ 727,258</u>	<u>\$ 5,175,252</u>

BRET HARTE UNION HIGH SCHOOL DISTRICT

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

Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:

Total Fund Balance - Governmental Funds	\$	4,454,356
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
The cost of capital assets is	\$ 39,419,916	
Accumulated depreciation is	<u>(14,612,779)</u>	
Total Capital Assets		24,807,137
Deferred outflows and inflows of resources related to pension activities are not recorded in the governmental funds because they are not current resources.		
		1,735,953
Deferred outflows related to refunding are expensed as paid in the governmental funds, but they are capitalized in the statement of net position and amortized to operations in the statement of activities over the life of the related debt.		
		459,458
In the governmental funds, interest on long-term debt is recognized in the period when it is paid. On the government-wide statements, interest on long-term debt is recognized as it accrues.		
		(219,480)
Certain liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. They are as follows:		
Bonds payable, accreted interest and premium	15,809,205	
Certificates of participation and premium	3,977,405	
Capital lease	1,841	
Compensated absences (vacations)	30,283	
OPEB liabilities	1,841,351	
Early retirement incentive	55,667	
Net pension liability	<u>10,122,485</u>	
Total Long-Term Liabilities		(31,838,237)
Total Net Position - Governmental Activities	\$	<u>(600,813)</u>

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

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BRET HARTE UNION HIGH SCHOOL DISTRICT

GOVERNMENTAL FUNDS

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

	General Fund	Building Fund	County School Facilities Fund
REVENUES			
Local control funding formula	\$ 9,790,269	\$ -	\$ -
Federal sources	192,015	-	-
Other state sources	828,231	-	-
Other local sources	756,888	3,370	10,960
Total Revenues	11,567,403	3,370	10,960
EXPENDITURES			
Current			
Instruction	5,985,904	-	-
Instruction related activities:			
Supervision of instruction	5,801	-	-
Instructional library, media and technology	310,317	-	-
School site administration	435,413	-	-
Pupil services:			
Home-to school transportation	791,193	-	-
Food services	-	-	-
All other pupil services	757,086	-	-
General administration:			
Data processing	25,563	-	-
All other general administration	811,220	-	-
Plant services	1,391,076	-	-
Ancillary services	204,656	-	-
Community services	87,825	-	-
Other outgo	254,973	-	-
Capital outlays	171,668	407,266	42,640
Debt service			
Principal	-	-	-
Interest and other	85,490	-	-
Total Expenditures	11,318,185	407,266	42,640
Excess (deficiency) of revenues over expenditures	249,218	(403,896)	(31,680)
Other Financing Sources (Uses):			
Transfers in	-	-	-
Transfers out	(156,159)	-	-
Net Financing Sources (Uses)	(156,159)	-	-
NET CHANGE IN FUND BALANCES	93,059	(403,896)	(31,680)
Fund Balance - Beginning	1,782,215	594,280	1,042,753
Fund Balance - Ending	\$ 1,875,274	\$ 190,384	\$ 1,011,073

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

Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 9,790,269
-	121,232	313,247
-	9,947	838,178
840,618	299,385	1,911,221
<u>840,618</u>	<u>430,564</u>	<u>12,852,915</u>
-	-	5,985,904
-	-	5,801
-	-	310,317
-	-	435,413
-	-	791,193
-	266,515	266,515
-	-	757,086
-	-	25,563
-	-	811,220
-	4,201	1,395,277
-	-	204,656
-	-	87,825
-	-	254,973
-	-	621,574
359,502	185,000	544,502
402,351	101,060	588,901
<u>761,853</u>	<u>556,776</u>	<u>13,086,720</u>
<u>78,765</u>	<u>(126,212)</u>	<u>(233,805)</u>
-	156,159	156,159
-	-	(156,159)
-	156,159	-
78,765	29,947	(233,805)
572,737	696,176	4,688,161
<u>\$ 651,502</u>	<u>\$ 726,123</u>	<u>\$ 4,454,356</u>

BRET HARTE UNION HIGH SCHOOL DISTRICT

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

**Amounts Reported for Governmental Activities in the Statement
of Activities are Different Because:**

Total Net Change in Fund Balances - Governmental Funds **\$ (233,805)**

Capital outlay to purchase or build capital assets are reported in governmental funds as expenditures, however, for governmental activities, those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities.

This is the amount by which depreciation exceeded capital outlay in the period.

Depreciation expense	\$ (951,327)	
Capital outlay	<u>758,710</u>	
Total		(192,617)

Amortization of deferred finance charge reduces expenses on the statement of activities but is not recorded on the governmental funds. (28,716)

Principal repayment of capital lease is an expenditure in the governmental funds, but it reduces long-term liabilities in the statement of net position and does not affect the statement of activities. 1,035

Principal repayment of bond and certificate of participation is an expenditure in the governmental funds, but it reduces long-term liabilities in the statement of net position and does not affect the statement of activities. 544,502

Amortization of bond premiums are revenue sources in the statement of activities, but are not recognized in the governmental funds. 15,309

Accretion of interest on debt is recorded as an expense in the government-wide statement of activities, but is not recorded in the governmental funds. (390,177)

Compensated absences are measured by amounts earned during the year in the statement of activities. In the governmental funds, these items are measured by the amounts actually paid. Vacation amounts used exceeded amounts earned during the year. 7,055

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

BRET HARTE UNION HIGH SCHOOL DISTRICT

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

In the governmental funds, pension costs are based on employer contributions made to pension plans during the year. However, in the statement of activities, pension expense is the net effect of all changes in the deferred outflows, deferred inflows and net pension liability during the year.

(329,064)

In the governmental funds, OPEB costs are based on employer contributions made to OPEB plans during the year. However, in the statement of activities, OPEB expense is the net effect of all changes in the deferred outflows, deferred inflows, and net OPEB liability during the year.

68,549

Payment of early incentive retiree benefits is recorded as an expenditure in the governmental funds. However, the difference between the excess of the additions, and the actual payments made, is recorded as an expense in the statement of activities.

63,175

Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the governmental funds when paid, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.

(99,876)

Change in Net Position of Governmental Activities

\$ (574,630)

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

BRET HARTE UNION HIGH SCHOOL DISTRICT

FIDUCIARY FUND STATEMENT OF NET POSITION JUNE 30, 2018

	Private-Purpose Scholarship Trust	Agency Fund
ASSETS		
Deposits and investments	\$ 41,758	\$ 279,700
Total assets	<u>41,758</u>	<u>279,700</u>
LIABILITIES		
Due to student groups	-	\$ 279,700
Total liabilities	<u>-</u>	<u>279,700</u>
NET POSITION		
Reserved for scholarships	41,758	
Total Net Assets	<u>\$ 41,758</u>	

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

BRET HARTE UNION HIGH SCHOOL DISTRICT

FIDUCIARY FUND

STATEMENT OF CHANGES IN FUND NET POSITION FOR THE YEAR ENDED JUNE 30, 2018

	Private-Purpose Scholarship Trust
ADDITIONS	
Private donations	\$ 14,650
Total Additions	<u>14,650</u>
DEDUCTIONS	
Scholarships awarded	<u>19,050</u>
Total Deductions	<u>19,050</u>
Change in Net Position	(4,400)
Net Position - Beginning	<u>46,158</u>
Net Position - Ending	<u><u>\$ 41,758</u></u>

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

BRET HARTE UNION HIGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

The Bret Harte Union High School District (the District) was organized in 1905 under the laws of the State of California. The District operates under a locally-elected five-member Board form of government and provides educational services to grades 9 - 12 as mandated by the State and Federal agencies. The District operates one high school, one continuation school and one independent study school.

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure the financial statements are not misleading. The primary government of the District consists of all funds, departments, boards and agencies that are not legally separate from the District. For Bret Harte Union High School District, this includes general operations, food service and student related activities of the District.

The Calaveras County School Financing Authority (Authority) has a financial and operational relationship with the Bret Harte Union High School District (the District), which meets the reporting entity definition criteria of GASB Statement No. 14 *The Financial Reporting Entity*, for inclusion of the District related financial activities of the Authority as a component unit of the District. Accordingly, the financial activities of the Authority, which specifically relate to the Bret Harte Union High School District, have been included in the financial statements of the District.

The Authority was formed under the "Joint Powers Law" pursuant to a Joint Powers Agreement, dated January 1, 1994, for purposes of assisting its members in financing capital improvements. The original members of the Authority were Calaveras Unified School District and the Calaveras County Office of Education. The Bret Harte Union High School District was accepted and became a member of the Authority on March 16, 1995.

Following are those aspects of the relationship between the District and the Authority, which satisfy GASB Statement No. 14 criteria.

Manifestations of Oversight The Commission of the Authority shall at all times consist of the current President and Vice-President of the County Board, and the current President and Clerk of each Member District's Governing Board. The Members of the Authority exercises significant influence over operations of the Authority, as is anticipated that the Members will be the sole lessees of all facilities owned by the Authority.

Accountability for Fiscal Matters It is anticipated that lease payments made by the Members of the Authority will be the sole revenue source of the Authority. Any deficits incurred by the Authority, on behalf of the District, will be reflected in the lease payments of the District. Any surpluses of the Authority, generated by the District, revert to the District at the end of the lease period. The District has assumed a "moral obligation" and potentially a legal obligation, for any debt incurred by the Authority.

Scope of Public Service The Authority was created for the sole purpose of financially assisting the members of the Authority.

Financial Presentation For financial presentation purposes, the financial activities of the Authority, which specifically relate to the financial activities of the District, have been blended, or combined, with the financial data of the District. The financial statements present the Authority's financial activity within the Authority Debt Service Fund. The liability for certificates of participation issued by the Authority, on behalf of the District, are included in the long-term liabilities section of the Statement of Net Position.

BRET HARTE UNION HIGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

Basis of Presentation - Fund Accounting

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

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

Major Governmental Funds

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

Two funds currently defined as special revenue funds in the California State Accounting Manual (CSAM) do not meet the GASB Statement No. 14 special revenue fund definition. Specifically, Fund 14, Deferred Maintenance Fund, and Fund 20, Postemployment Benefit Special Reserve Fund are not substantially composed of restricted or committee revenue sources. While these funds are authorized by statute and will remain open for internal reporting purposes, these funds function effectively as extensions of the General Fund, and accordingly have been combined with the General Fund for presentation in these audited financial statements.

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

County School Facilities Fund The County School Facilities Fund is established pursuant to *Education Code* Section 17070.43 to receive apportionments from the 1998 State School Facilities Fund (Proposition 1A), the 2002 State School Facilities Fund (Proposition 47), the 2004 State School Facilities Fund (Proposition 55), or the 2006 State Schools Facilities Fund (Proposition 1D) authorized by the State Allocation Board for new school facility construction, modernization projects, and facility hardship grants, as provided in the Leroy F. Greene School Facilities Act of 1998 (*Education Code* Section 17070 et seq.).

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

Non-Major Governmental Funds

Special Revenue Funds The Special Revenue funds are established to account for the proceeds from specific revenue sources (other than trusts, major capital projects, or debt service) that are restricted or committed to the financing of particular activities and that compose a substantial portion of the inflows of the fund. Additional resources that are restricted, committed, or assigned to the purpose of the fund may also be reported in the fund.

BRET HARTE UNION HIGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

Special Revenue Funds The Special Revenue funds are used to account for the proceeds from specific revenue sources (other than trusts, major capital projects, or debt service) that are restricted or committed to the financing of particular activities, that compose a substantial portion of the inflows of the fund, and that are reasonably expected to continue. Additional resources that are restricted, committed, or assigned to the purpose of the fund may also be reported in the fund.

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

Capital Project Funds The Capital Project funds are used to account for financial resources that are restricted, committed, or assigned to the acquisition or construction of major capital facilities and other capital assets (other than those financed by proprietary funds and trust funds).

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

Debt Service Funds The Debt Service funds are used to account for the accumulation of restricted, committed or assigned resources for the payment of principal and interest on general long-term obligations. Besides the Bond Interest and Redemption fund that is reported as a major fund, the District has also an Authority Debt Service Fund for Blended Component Units.

Authority Debt Service Fund The Debt Service Fund is used to account for the accumulation of resources for the payment of principal and interest relating to the Certificates of Participation issued by the Calaveras County School Financing Authority (the authority).

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

Private-Purpose Trust Fund Private-Purpose trust funds are used to account for assets held by the District as trustee for individuals, private organizations or other governments and are therefore not available to support the District's own programs. The District maintains one private purpose trust fund, the Scholarship Fund, which is used to provide financial assistance to students of the District.

Agency Fund Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Such funds have no equity accounts since all assets are due to individuals or entities at some future time. The District's agency fund accounts for student body activities (ASB).

BRET HARTE UNION HIGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

Basis of Accounting - Measurement Focus

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

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

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

Governmental Funds All governmental funds are accounted for using a flow of current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the Balance Sheet. The Statement of Revenues, Expenditures, and Changes in Fund Balances reports on the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide statements are prepared. Governmental fund financial statements therefore include reconciliations with brief explanations to better identify the relationship between the government-wide statements prepared on the accrual basis of accounting, using the economic resources measurement focus and the statements for the governmental funds prepared on a modified accrual basis of accounting using the current financial resources measurement focus. Under this basis, revenues are recognized in the accounting period in which they become measurable and available. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable.

Fiduciary Funds Fiduciary funds are accounted for using the flow of economic resources measurement focus and the accrual basis of accounting.

Revenues - Exchange and Non-Exchange Transactions Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year, or are expected to be collected soon enough thereafter, to be used to pay liabilities of the current fiscal year.

BRET HARTE UNION HIGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

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

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

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

Expenses/Expenditures On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred. Principal and interest on long-term obligations, which have 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 statements.

Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Cash equivalents also include cash with county treasury balances for purposes of the Statement of Cash Flows.

Investments

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

Prepaid Expenditures (Expenses)

Prepaid expenditures (expenses) represent amounts paid in advance of receiving goods or services. The District has the option of reporting expenditure in governmental funds for prepaid items either when purchased or during the benefiting period. The District has chosen to report the expenditures over the benefiting period.

BRET HARTE UNION HIGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

Stores Inventories

Inventories consist of expendable food and supplies held for consumption and unused donated commodities. Inventories are stated at cost, on the weighted average cost basis. The costs of inventory items are recorded as expenditures in the governmental type funds when used.

Capital Assets and Depreciation

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

When purchased, such assets are recorded as expenditures in the governmental funds. In the government-wide Statement of Net Position and Statement of Activities, such amounts are capitalized and their cost is amortized to operations over their useful lives by an annual depreciation expense charge. The valuation basis for capital assets is historical cost, or where historical cost is not available, estimated historical cost based on replacement cost.

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

Interfund Balances

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

Compensated Absences

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

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

BRET HARTE UNION HIGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

Accrued Liabilities and Long-Term Obligations

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

However, claims and judgments, compensated absences, special termination benefits, and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Long-term obligations are not recognized as liabilities in governmental funds but are disclosed in the notes to financial statements. Debt service expenditures, including principal and interest, from bonds, capital leases or other long-term loans, are recognized as expenditures in the governmental fund financial statements when paid.

Debt Issuance Costs, Premiums and Discounts

In the government-wide financial statements and in the proprietary fund type financial statements, long-term obligations are reported as liabilities in the applicable governmental activities, or proprietary fund statement of net position. Debt premiums and discounts, as well as issuance costs, related to prepaid insurance costs are amortized over the life of the bonds using the straight-line method.

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position also reports deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The District reports deferred outflows of resources for deferred charges on refunding of debt and for pension related items. The District reports deferred outflows of resources for the unamortized loss on the refunding of general obligation bonds, current year pension contributions, difference between expected and actual experience in the measurement of the total pension liability, and change of District's proportionate share of net pension liabilities.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The District reports deferred inflows of resources for pension related items. The District reports deferred inflows of resources for the difference between actual and expected rate of return on investments specific to the net pension liability, difference between expected and actual experience in the measurement of the total pension liability, change of assumptions and change of District's proportionate share of net pension liabilities.

BRET HARTE UNION HIGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

Pensions

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

Postemployment Benefits Other Than Pension (OPEB)

For purpose of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, of the District Plan, additions to/deductions from the District Plan have been determined on the same basis as they are reported by the District Plan. For this purpose, the District Plan recognizes benefit payments when due and payable in accordance with benefit terms.

Fund Balances - Governmental Funds

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

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

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

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

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

Unassigned - all other spendable amounts.

Spending Order Policy

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

BRET HARTE UNION HIGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

Net Position

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

Interfund Activity

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

Estimates

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

Property Tax

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

New Accounting Pronouncements Effective This Fiscal Year

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The primary objective of this Statement is to improve accounting and financial reporting by State and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). The District has implemented the provisions of this Statement as of June 30, 2018.

In March 2017, the GASB issued Statement No. 85, *Omnibus 2017*. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). The District has implemented the provisions of this Statement as of June 30, 2018.

BRET HARTE UNION HIGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

In May 2017, the GASB issued Statement No. 86, *Certain Debt Extinguishment Issues*. The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The District has implemented the provisions of this Statement as of June 30, 2018.

New Accounting Pronouncements Effective in Future Fiscal Years

In November 2016, the GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Early implementation is encouraged. The District has not determined the effect of the statement.

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Early implementation is encouraged. The District has not determined the effect of the statement.

In June 2017, the GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The requirements of this Statement are effective for the reporting periods beginning after December 15, 2019. Early implementation is encouraged. The District has not determined the effect of the statement.

In April 2018, the GASB issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Early implementation is encouraged. The District has not determined the effect of the statement.

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The requirements of this Statement should be applied prospectively. The District has not determined the effect of the statement.

BRET HARTE UNION HIGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

In August 2018, the GASB issued Statement No. 90, *Majority Equity Interests – An Amendment of GASB statements No. 14 and No. 61*. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged. The District has not determined the effect of the statement.

NOTE 2 - DEPOSITS AND INVESTMENTS

Summary of Deposits and Investments

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

Governmental funds	\$ 4,849,071
Fiduciary funds	321,458
Total Deposits and Investments	<u>\$ 5,170,529</u>

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

Investments	\$ 4,716,434
Cash with fiscal agent	438,779
Cash in revolving	7,500
Cash awaiting deposit	7,816
Total Deposits and Investments	<u>\$ 5,170,529</u>

Policies and Practices

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

Investment in County Treasury

The District is considered to be an involuntary participant in an external investment pool as the District is required to deposit all receipts and collections of monies with their County Treasurer (*Education Code* Section 41001). The fair value of the District's investment in the pool is reported in the accounting financial statements at amounts based upon the District's pro-rata share of the amortized cost which approximates fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis. The pool is not registered with Security Exchange Commission (SEC).

BRET HARTE UNION HIGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

General Authorizations

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

Authorized Investment Type	Maximum Remaining Maturity	Maximum Percentage of Portfolio
Local Agency Bonds	5 years	None
U.S. Treasury Obligations	5 years	None
State Obligations - CA And Others	5 years	None
CA Local Agency Obligations	5 years	None
U.S. Agency Obligations	5 years	None
Bankers' Acceptances	180 days	40%
Commercial Paper - Pooled Funds	270 days	40%
Commercial Paper - Non-Pooled Funds	270 days	25%
Negotiable Certificates of Deposit	5 years	30%
Non-negotiable Certificates of Deposit	5 years	None
Placement Service Deposits	5 years	30%
Placement Service Certificates of Deposit	5 years	30%
Repurchase Agreements	1 year	None
Reverse Repurchase Agreements and Securities Lending Agreements	92 days	20%
Medium-Term Notes	5 years	30%
Mutual Funds And Money Market Mutual Funds	N/A	20%
Collateralized Bank Deposits	5 years	None
Mortgage Pass - Through Securities	5 years	20%
County Pooled Investment Funds	N/A	None
Joint Powers Authority Pool	N/A	None
Local Agency Investment Fund (LAIF)	N/A	None
Voluntary Investment Program Fund	N/A	None
Supranational Obligations	5 years	30%

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates, but the District adheres to the California Government Code as summarized above. The District manages its exposure to interest rate risk by depositing substantially all of its funds in the County Treasury Pool and purchasing a combination of shorter term and longer term investments and by timing cash flows maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. The cost and fair value of the deposits with the County Treasurer at June 30, 2018 approximate cost, and the weighted average life of pool investments was 383 days.

BRET HARTE UNION HIGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investment in county pool is not required to be rated, nor has it been rated as of June 30, 2018.

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agency. As of June 30, 2018, all the District's deposits are within federal depository insurance coverage.

Fair Value Measurements

Generally accepted accounting principles provide guidance on how fair value should be determined when financial statement elements are required to be measured at fair value. Valuation techniques are ranked in three levels depending on the degree of objectivity of the inputs used with each level:

Level 1 inputs – quoted prices in active markets for identical assets.

Level 2 inputs – quoted prices in active or inactive for the same or similar assets.

Level 3 inputs – estimates using the best information available when there is little or no market.

Uncategorized – Investment in the County Treasury Investment Pool is not measured using the input levels above because the District's transactions are based on a stable net asset value per share. All contributions and redemptions are transacted at \$1.00 net asset value per share. As of June 30, 2018, all of the District's investment is in the Calaveras County Treasury.

NOTE 3 - RECEIVABLES

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

	General Fund	Non-Major Funds	Total
Federal Government - Categorical aid	\$ 22,356	\$ 12,982	\$ 35,338
Local Sources	12,264	27,055	39,319
Total	<u>\$ 34,620</u>	<u>\$ 40,037</u>	<u>\$ 74,657</u>

BRET HARTE UNION HIGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

NOTE 4 - CAPITAL ASSETS

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

	Balance July 1, 2017	Additions	Deductions	Balance June 30, 2018
Governmental Activities				
Capital Assets Not Being Depreciated:				
Land	\$ 1,627,351	\$ -	\$ -	\$ 1,627,351
Construction in Progress	978	-	978	-
Total Capital Assets Not Being Depreciated	1,628,329	-	978	1,627,351
Capital Assets Being Depreciated:				
Land Improvements	6,077,240	-	-	6,077,240
Buildings and Improvements	28,309,129	611,061	-	28,920,190
Furniture and Equipment	2,646,508	148,627	-	2,795,135
Total Capital Assets Being Depreciated	37,032,877	759,688	-	37,792,565
Total Capital Assets	38,661,206	759,688	978	39,419,916
Less Accumulated Depreciation:				
Land Improvements	2,901,429	267,480	-	3,168,909
Buildings and Improvements	8,527,480	615,020	-	9,142,500
Furniture and Equipment	2,232,543	68,827	-	2,301,370
Total Accumulated Depreciation	10,760,023	951,327	-	14,612,779
Governmental Activities Capital Assets, Net	\$ 27,901,183	\$ (191,639)	\$ 978	\$ 24,807,137

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

Governmental Activities	
Instruction	\$ 588,190
Supervision of instruction	570
School site administration	30,493
Instructional library, media, and technology	42,784
Pupil transportation	77,744
Food services	26,189
Other pupil services	74,393
Ancillary services	20,110
Community services	8,630
All other general administration	79,712
Data processing	2,512
Total Depreciation Expenses All Activities	\$ 951,327

BRET HARTE UNION HIGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

NOTE 5 - INTERFUND TRANSACTIONS

Interfund Receivables/Payables (Due To/Due From)

Interfund receivable and payable balances at June 30, 2018, between major and non-major governmental funds are as follows:

Due To	Due From		Total
	Deferred Maintenance	Non-Major Governmental	
General	\$ 25,000	\$ 111,159	\$ 136,159

Operating Transfers

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

General Fund transferred to Cafeteria Fund to support the food service program.	\$ 45,000
General Fund transferred to Capital Facilities Fund for payments of the certificates of participation.	111,159
Total	<u>\$ 156,159</u>

NOTE 6 - ACCOUNTS PAYABLE

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

	General Fund	Building Fund	Non-Major Governmental Funds	Total
Vendor payables	\$ 186,829	\$ 201,081	\$ 1,135	\$ 389,045
Due to grantor	25,340	-	-	25,340
Total	<u>\$ 212,169</u>	<u>\$ 201,081</u>	<u>\$ 1,135</u>	<u>\$ 414,385</u>

BRET HARTE UNION HIGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

NOTE 7 - UNEARNED REVENUE

Unearned revenue at June 30, 2018, consisted of \$170,352 State Categorical aid in General Fund.

NOTE 8 - LONG-TERM OBLIGATIONS

Summary

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

	Balance July 1, 2017	Additions	Deductions	Balance June 30, 2018	Due in One Year
General obligation (GO) bonds	\$ 14,786,142	\$ -	\$ 359,502	\$ 14,426,640	\$ 365,002
GO Accreted interest	764,516	281,260	-	1,045,776	-
GO bond premium	352,098	-	15,309	336,789	15,309
Certificates of participation (COP)	2,929,309	-	185,000	2,744,309	190,000
COP Accreted interest	1,124,179	108,917	-	1,233,096	-
Early retirement incentives	118,842	-	63,175	55,667	63,175
Compensated Absences	37,338	-	7,055	30,283	-
Capital Lease Obligations	2,876	-	1,035	1,841	1,085
Total	<u>\$ 20,115,300</u>	<u>\$ 390,177</u>	<u>\$ 631,076</u>	<u>\$ 19,874,401</u>	<u>\$ 634,571</u>

Payments on the General Obligation Bonds are made by the Bond Interest and Redemption Fund with local revenues. The accumulated vacation and pension liabilities will be paid by the fund for which the employee worked. Payments on the capital leases and early retirement incentives are made by the General Fund. COP Payments are paid by the Capital Facilities fund.

Bonded Debt

The outstanding general obligation bonded debt is as follows:

Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2017	Bonds Issued	Refunded / Redeemed	Bonds Outstanding June 30, 2018
2008	2034	3.00-5.00%	\$ 8,830,000	\$ 3,190,000	\$ -	\$ 250,000	\$ 2,940,000
2008	2039	11.21%	405,969	405,969	-	-	405,969
2015	2034	2.00-4.00%	2,985,000	2,985,000	-	-	2,985,000
2015		4.68-6.019%	2,175,092	2,175,092	-	-	2,175,092
2017		2.97%	5,382,979	5,382,979	-	64,632	5,318,347
2017		2.97%	647,102	647,102	-	44,870	602,232
Total Bond Principals				<u>\$ 14,786,142</u>	<u>\$ -</u>	<u>\$ 359,502</u>	<u>\$ 14,426,640</u>

BRET HARTE UNION HIGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

The accreted interest to date is as follows:

Issue Date	Maturity Date	Interest Rate	Accreted Interest at Maturity	July 1, 2017	Additions	Redeemed	June 30, 2018
2008	2034	11.21%	1,394,031	565,794	112,637	-	678,431
2015	2039	4.68-6.019%	3,814,908	198,722	168,623	-	367,345
Total Accreted Interest				<u>\$ 764,516</u>	<u>\$ 281,260</u>	<u>\$ -</u>	<u>\$ 1,045,776</u>

Debt Service Requirements to Maturity

The bonds mature through 2045 as follows:

Fiscal Year	Principal	Interest to Maturity	Total
2019	\$ 365,002	\$ 455,034	\$ 820,036
2020	412,230	437,074	849,304
2021	464,523	418,921	883,444
2022	223,481	702,015	925,496
2023	235,867	728,579	964,446
2024-2028	2,572,276	2,657,682	5,229,958
2029-2033	4,374,990	1,222,814	5,597,804
2034-2038	3,015,806	2,839,643	5,855,449
2039-2043	2,447,465	1,939,555	4,387,020
2044-2045	315,000	17,980	332,980
total	<u>\$ 14,426,640</u>	<u>\$ 11,419,297</u>	<u>\$ 25,845,937</u>

BRET HARTE UNION HIGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

Certificates of Participation

In September 2006, Bret Harte Union High School District issued certificates of participation in the amount of \$6,634,309 with interest rates ranging from 3.25 to 3.6 percent. As of June 30, 2018, the principal balance outstanding was \$2,744,309. The certificates of participation have also accreted interest in the amount of \$1,233,096 for the year ended June 30, 2018.

Issue Date	Maturity Date	Interest Rate	Original Issue	Certificates Outstanding July 1, 2017	Additions	Deductions	Certificates Outstanding June 30, 2018
Principal							
2006	2026	3.25%-3.6%	\$ 5,950,000	\$ 2,245,000	-	\$ 185,000	\$ 2,060,000
2006	2035	3.25%-3.6%	684,309	684,309	-	-	684,309
		Total		\$ 2,929,309	\$ -	\$ 185,000	\$ 2,744,309
Accreted Interest							
2006	2036	3.25%-3.6%	3,395,692	1,124,179	108,917	-	1,233,096
		Total		\$ 1,124,179	\$ 108,917	\$ -	\$ 1,233,096

Certificates of Participation

The certificates mature through 2036 as follows:

Year Ending June 30,	Principal	Interest	Total
2019	\$ 190,000	\$ 83,751	\$ 273,751
2020	200,000	75,226	275,226
2021	210,000	66,513	276,513
2022	220,000	57,375	277,375
2023	225,000	47,919	272,919
2024-2028	1,200,954	802,980	2,003,934
2029-2033	377,772	1,892,229	2,270,001
2034-2036	120,583	789,416	909,999
Total	\$ 2,744,309	\$ 3,815,409	\$ 6,559,718

BRET HARTE UNION HIGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

Early Retirement Incentives

Seven retirees are currently receiving benefits under various agreements for early retirement incentives. The projected costs for current participants for future years accrued as long-term debt are as follows:

Year Ending June 30,	Principal
2018	\$ 63,175
2019	30,167
2020	8,500
2021	8,500
2022	8,500
Total	<u>\$ 118,842</u>

Capital Leases

The District has entered into a sixty month lease on March 3, 2015 with Xerox for a copy machine. Such agreements are, in substance, purchases (capital leases) and are reported as capital lease obligations. The District's liability on lease agreements with options to purchase is summarized below:

	Capital Lease
Balance, July 1, 2017	\$ 2,876
Additions	-
Payments	1,035
Balance, June 30, 2018	<u>\$ 1,841</u>

The capital leases have minimum lease payments as follows:

Year Ending June 30,	Lease Payment
2019	\$ 1,152
2020	768
2021	-
Total	<u>1,920</u>
Less: Amount Representing Interest	(79)
Present Value of Minimum Lease Payments	<u>\$ 1,841</u>

Accumulated Unpaid Compensated Absences

The total accumulated unpaid compensated absences for the District at June 30, 2018, amounted to \$30,283.

BRET HARTE UNION HIGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

NOTE 9 - FUND BALANCES

Fund balances are composed of the following elements:

	General Fund	Building Funds	County School Facilities Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total
Nonspendable						
Revolving cash	\$ 5,000	\$ -	\$ -	\$ -	\$ 2,500	\$ 7,500
Stores inventories	-	-	-	-	5,639	5,639
Prepaid expenditures	106,364	-	-	-	-	106,364
Subtotal	111,364	-	-	-	8,139	119,503
Restricted						
Educational programs	56,566	-	-	-	-	56,566
Food services	-	-	-	-	20,998	20,998
Capital projects	-	190,384	1,011,073	-	258,207	1,459,664
Debt services	-	-	-	651,502	438,779	1,090,281
Subtotal	56,566	190,384	1,011,073	651,502	717,984	2,627,509
Assigned						
Summer Ag property	42,000	-	-	-	-	42,000
Summer technology	76,000	-	-	-	-	76,000
Ag incentive carryover	16,879	-	-	-	-	16,879
Auto shop donation	3,083	-	-	-	-	3,083
Summer grounds	57,000	-	-	-	-	57,000
Superintendent search	300,000	-	-	-	-	300,000
Technology reserve	27,552	-	-	-	-	27,552
Employment benefits	471,235	-	-	-	-	471,235
Deferred maintenance	72,849	-	-	-	-	72,849
Subtotal	1,066,598	-	-	-	-	1,066,598
Unassigned						
Reserve for economic uncertainty	600,000	-	-	-	-	600,000
Unassigned	40,746	-	-	-	-	40,746
Subtotal	640,746	-	-	-	-	640,746
Total	\$ 1,875,274	\$ 190,384	\$ 1,011,073	\$ 651,502	\$ 726,123	\$ 4,454,356

BRET HARTE UNION HIGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

NOTE 10 OTHER POST EMPLOYMENT BENEFIT (OPEB) LIABILITY

For the fiscal year ended June 30, 2018, the District reported total OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense as follows:

OPEB Plan	Net OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
District Plan	\$ 1,841,351	\$ -	\$ -	\$ 68,549

Plan Administration

The District's governing board administers the Postemployment Benefits Plan (the Plan). The Plan is a single-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB) for eligible retirees and their spouses.

Plan Membership

At June 30, 2018, the Plan membership consisted of the following:

	Plan Members
Inactive employees or beneficiaries currently receiving benefits payments	8
Active employees	74
Total	82

Benefits Provided

The Plan provides postemployment healthcare benefits, in accordance with the District employment contracts, to all employees who retire from the District on or after attaining age 55 with at least 15 years of service until the age of 65. Benefits are provided through a third-party insurer, and the full cost of benefits is covered by the Plan. The District's governing board has the authority to establish and amend the benefit terms as contained within the negotiated labor agreements.

Contributions

The contribution requirements of Plan members and the District are established and may be amended by the District, represented groups, and unrepresented groups. The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually through the agreements with the District, represented groups, and the unrepresented groups. For fiscal year 2017-2018, the District contributed \$218,504 to the Plan. All of which was used for current premiums.

BRET HARTE UNION HIGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

Actuarial Assumptions

The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount rate	3.62% percent
Salary increases	3% percent, average, including inflation
Investment rate of return	4% percent, net of OPEB plan investment expense, including inflation
Healthcare cost trend rates	7% percent for 2018

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

Mortality rates were based on the 2009 CalSTRS Mortality Table for certificated employees and the 2014 CalPERS Active Mortality for Miscellaneous Employees Table for classified employees. Mortality rates vary by age and sex. (Unisex mortality rates are not often used as individual OPEB benefits do not depend on the mortality table used.) If employees die prior to retirement, past contributions are available to fund benefits for employees who live to retirement. After retirement, death results in benefit termination or reduction. Although higher mortality rates reduce service costs, the mortality assumption is not likely to vary from employer to employer.

The actual assumptions used in the June 30, 2018 valuation were based on the results of an actual experience study for the period July 1, 2014 to June 30, 2016.

Changes in the total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2017	\$ 1,909,900
Service cost	84,736
Interest	65,219
Benefit payments	(218,504)
Net change in total OPEB liability	(68,549)
Balance at June 30, 2018	\$ 1,841,351

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

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

Discount Rate	Total OPEB Liability
1% decrease (2.62%)	\$ 1,915,322
Current discount rate (3.62%)	1,841,351
1% increase (4.62%)	1,767,584

BRET HARTE UNION HIGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

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

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

Healthcare Cost Trend Rates	Total OPEB Liability
1% decrease (4%)	\$ 1,819,045
Current healthcare cost trend rate (5%)	1,841,351
1% increase (6%)	1,866,695

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 \$68,549.

NOTE 11 - RISK MANAGEMENT

Workers' Compensation and Property and Liability

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year ending June 30, 2018, the District contracted with the Tuolumne Joint Powers Authority (JPA) for property and liability insurance coverage, and theft insurance coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

NOTE 12 - EMPLOYEE RETIREMENT SYSTEMS

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

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

Pension Plan	Proportionate Share of Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalSTRS	\$ 6,236,852	\$ 1,902,148	\$ 1,289,772	\$ 494,732
CalPERS	3,885,633	1,231,804	108,227	711,985
Total	<u>\$ 10,122,485</u>	<u>\$ 3,133,952</u>	<u>\$ 1,397,999</u>	<u>\$ 1,206,717</u>

BRET HARTE UNION HIGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

The details of each plan are as follows:

California State Teachers' Retirement System (CalSTRS)

Plan Description

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

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

Benefits Provided

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

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

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

BRET HARTE UNION HIGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

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

	STRP Defined Benefit Program	
	On or before December 31, 2012	On or after January 1, 2013
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 60	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	60	62
Monthly benefits as a percentage of eligible compensation	2.0% - 2.4%	2.0% - 2.4%
Required employee contribution rate	10.25%	9.21%
Required employer contribution rate	14.43%	14.43%
Required state contribution rate	9.328%	9.328%

Contributions

Required member, District and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1 percent of applicable member earnings phased over a seven year period. The contribution rates for each plan for the year ended June 30, 2018, are presented above and the District's total contributions were \$565,920.

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

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

Total net pension liability, including State share:

District's proportionate share of net pension liability	\$	6,236,852
State's proportionate share of the net pension liability associated with the District		3,689,669
Total	\$	9,926,521

The net pension liability was measured as of June 30, 2017. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. The District's proportionate share for the measurement period June 30, 2017 and June 30, 2016, respectively was 0.0067 percent and 0.0079 percent, resulting in a net decrease in the proportionate share of 0.0012 percent.

BRET HARTE UNION HIGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

For the year ended June 30, 2018, the District recognized pension expense of \$494,732. In addition, the District recognized pension expense and revenue of \$371,401 for support provided by the State. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 565,920	\$ -
Net change in proportionate share of net pension liability	157,714	(1,014,893)
Difference between projected and actual earnings on pension plan investments	-	(166,104)
Net change in assumptions	1,155,450	-
Differences between expected and actual experience in the measurement of the total pension liability	23,064	(108,775)
Total	<u>\$ 1,902,148</u>	<u>\$ (1,289,772)</u>

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. The deferred outflows (inflows) of resources related to the difference between projected and actual earnings on pension plan investments are amortized over a closed five-year period and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows (Inflows) of Resources
2019	\$ (138,110)
2020	104,505
2021	15,071
2022	(147,570)
Total	<u>\$ (166,104)</u>

BRET HARTE UNION HIGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

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

Year Ended June 30,	Deferred Outflows (Inflows) of Resources
2019	\$ 240,487
2020	240,487
2021	200,644
2022	(157,942)
2023	(184,724)
2024	(126,392)
Total	<u>\$ 212,560</u>

Actuarial Methods and Assumptions

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

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

CalSTRS uses custom mortality tables to best fit the patterns of mortality among its members. These custom tables are based on RP2000 series tables adjusted to fit CalSTRS experience.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant. Based on the model for CalSTRS consulting actuary' investment practice, a best estimate range was determined by assuming the portfolio is re-balanced annually and that the annual returns are lognormally distributed and independent from year to year to develop expected percentiles for the long-term distribution of annualized returns.

BRET HARTE UNION HIGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

The assumed asset allocation is based on Teachers' Retirement Board of the California State Teachers' Retirement System (board) policy for target asset allocation in effect on February 2, 2012, the date the current experience study was approved by the board. Best estimates of 10-year geometric real rates of return and the assumed asset allocation for each major asset class used as input to develop the actuarial investment rate of return are summarized in the following table:

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

Discount Rate

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

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

Discount Rate	Net Pension Liability
1% decrease (6.10%)	\$ 9,157,679
Current discount rate (7.10%)	6,236,852
1% increase (8.10%)	3,866,403

BRET HARTE UNION HIGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

California Public Employees Retirement System (CalPERS)

Plan Description

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

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

Benefits Provided

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

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

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

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process.

BRET HARTE UNION HIGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2018, are presented above and the total District contributions were \$311,733.

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

As of June 30, 2018, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling \$3,885,633. The net pension liability was measured as of June 30, 2017. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2017 and June 30, 2016, respectively was 0.0163 percent and 0.0159 percent, resulting in a net decrease in the proportionate share of 0.0004 percent.

For the year ended June 30, 2018, the District recognized pension expense of \$711,985. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 311,733	\$ -
Net change in proportionate share of net pension liability	78,890	(62,478)
Difference between projected and actual earnings on pension plan investments	134,417	-
Differences between expected and actual experience in the measurement of the total pension liability	139,206	-
Changes of assumptions	567,558	(45,749)
Total	<u>\$ 1,231,804</u>	<u>\$ (108,227)</u>

BRET HARTE UNION HIGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on pension plan investments are amortized over a closed five-year period and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows (Inflows) of Resources
2019	\$ (3,641)
2020	155,087
2021	56,578
2022	(73,607)
Total	<u>\$ 134,417</u>

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

Year Ended June 30,	Deferred Outflows(Inflows) of Resources
2018	\$ 245,111
2019	220,635
2020	211,681
Total	<u>\$ 677,427</u>

Actuarial Methods and Assumptions

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

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

BRET HARTE UNION HIGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

Mortality assumptions are based on mortality rates resulting from the most recent CalPERS experience study adopted by the CalPERS Board. For purposes of the post-retirement mortality rates, those revised rates include five years of projected ongoing mortality improvement using Scale AA published by the Society of Actuaries.

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

The mortality table used was developed based on CalPERS-specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB.

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

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

BRET HARTE UNION HIGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

Discount Rate

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

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

Discount Rate	Net Pension Liability
1% decrease (6.15%)	\$ 4,796,233
Current discount rate (7.15%)	\$ 3,885,633
1% increase (8.15%)	\$ 1,897,618

Social Security

As established by Federal law, all public sector employees who are not members of their employer's existing retirement system (CalSTRS or CalPERS) must be covered by Social Security or an alternative plan. The District has elected to use social security as its alternative plan. Contributions made by the District and an employee vest immediately. The District contributes 6.2 percent of an employee's gross earnings. An employee is required to contribute 6.2 percent of his or her gross earnings to the pension plan.

On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS in the amount of \$300,060 for fiscal year ending June 30, 2018, (9.328 percent of 2017-2018 annual payrolls). Contributions are no longer appropriated in the annual *Budget Act* for the legislatively mandated benefits to CalPERS. Therefore, there is no on-behalf contribution rate for CalPERS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded on the financial statements.

BRET HARTE UNION HIGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

NOTE 13 - COMMITMENTS AND CONTINGENCIES

Grants

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

Litigation

The district is involved in various litigations arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District at June 30, 2018.

NOTE 14 - PARTICIPATION IN PUBLIC JOINT POWER AUTHORITIES

The District is a member of three joint powers agreements (JPAs) with Tuolumne Joint Powers Authority (JPA) for property and liability insurance and workers' compensation insurance, Calaveras County Office of Education for long-term financing, and Calaveras Public Power Association. The relationship between the District and the JPA is such that the JPA is not a component unit of the District for financial reporting purposes.

The JPAs arrange for and / or provide coverage for their members. The JPAs are governed by boards consisting of a representative from each member district. The boards control the operations of their JPAs, including selection of management and approval of operating budgets independent of any influence by the member districts beyond their representation on the boards. Each member district pays a premium commensurate with the level of coverage requested and share surpluses and deficits proportionately to their participation in each JPA.

During the year ended June 30, 2018, the District made payments of \$198,966 to JPAs as referenced above.

NOTE 15 - RESTATEMENT OF PRIOR YEAR NET POSITION

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

Net Position - Beginning	\$ 1,235,446
Inclusion of total OPEB liability from the adoption of GASB Statement No. 75	(1,261,629)
Net Position - Beginning as Restated	<u>\$ (26,183)</u>

REQUIRED SUPPLEMENTARY INFORMATION

BRET HARTE UNION HIGH SCHOOL DISTRICT

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE FOR THE YEAR ENDED JUNE 30, 2018

	Budgeted Amounts		Actual	Variances - Positive (Negative)
	Original	Final		Final to Actual
REVENUES				
Local Control Funding Formula	\$ 9,356,661	\$ 9,782,926	\$ 9,790,269	\$ 7,343
Federal sources	186,475	186,475	192,015	5,540
Other state sources	428,226	731,470	528,171	(203,299)
Other local sources	534,249	518,921	589,040	70,119
Total Revenues	10,505,611	11,219,792	11,099,495	(120,297)
EXPENDITURES				
Current				
Certificated salaries	3,931,169	4,066,787	3,772,120	294,667
Classified salaries	2,093,682	2,162,254	2,129,884	32,370
Employee benefits	2,345,082	2,501,258	2,597,574	(96,316)
Books and supplies	661,199	1,054,661	731,482	323,179
Services and operating expenditures	1,182,539	1,491,511	1,296,130	195,381
Other outgo	148,720	166,831	254,973	(88,142)
Capital outlay	-	56,396	45,320	11,076
Total Expenditures	10,362,391	11,499,699	10,827,483	672,216
Excess (Deficiency) of Revenues Over Expenditures	143,220	(279,907)	272,012	551,919
Other Financing Sources (Uses):				
Transfers out	(143,220)	(202,081)	(181,159)	20,922
Net Financing Sources (Uses)	(143,220)	(202,081)	(181,159)	20,922
NET CHANGE IN FUND BALANCES	-	(481,988)	90,853	572,841
Fund Balance - Beginning	1,240,337	1,240,337	1,240,337	-
Fund Balance - Ending	\$ 1,240,337	\$ 758,349	1,331,190	\$ 572,841
Fund Balance - Special Reserve Non Capital			72,849	
Fund Balance - Special Reserve Post Employment			471,235	
Fund Balance - Ending			\$ 1,875,274	

BRET HARTE UNION HIGH SCHOOL DISTRICT

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

MEASUREMENT DATE, JUNE 30,	2018
Total OPEB Liability	
Service cost	\$ 84,736
Interest	65,219
Benefit payments	(218,504)
Net change in total OPEB liability	(68,549)
Total OPEB liability - beginning	1,909,900
Total OPEB liability - ending	<u>\$ 1,841,351</u>
 Covered payroll	 \$ 6,269,700
 District's total OPEB liability as a percentage of covered payroll	 <u>29.38%</u>

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

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BRET HARTE UNION HIGH SCHOOL DISTRICT

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

MEASUREMENT DATE, JUNE 30,	2017	2016	2015
CalSTRS			
District's proportion of the net pension liability	0.0067%	0.0079%	0.0084%
District's proportionate share of the pension liability	\$ 6,236,852	\$ 6,236,852	\$ 5,641,064
State's proportionate share of the net pension liability associated with the District	3,689,669	3,689,669	3,894,617
Total	<u>\$ 9,926,521</u>	<u>\$ 9,926,521</u>	<u>\$ 9,535,681</u>
District's covered payroll	<u>\$ 3,604,117</u>	<u>\$ 3,894,617</u>	<u>\$ 3,724,716</u>
District's proportionate share of the net pension liability as a percentage of its covered payroll	<u>173%</u>	<u>160%</u>	<u>151%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>69%</u>	<u>70%</u>	<u>74%</u>
CalPERS			
District's proportion of the net pension liability	0.0163%	0.0159%	0.0167%
District's proportionate share of the pension liability	<u>\$ 3,885,633</u>	<u>\$ 3,885,633</u>	<u>\$ 2,463,417</u>
District's covered payroll	<u>\$ 1,746,275</u>	<u>\$ 1,664,555</u>	<u>\$ 1,664,555</u>
District's proportionate share of the net pension liability as a percentage of its covered payroll	<u>223%</u>	<u>233%</u>	<u>148%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>72%</u>	<u>74%</u>	<u>79%</u>

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

2014

0.0080%

\$ 4,674,960

3,724,716

\$ 8,399,676

\$ 3,724,716

126%

77%

0.0280%

\$ 1,793,685

\$ 1,664,555

108%

83%

BRET HARTE UNION HIGH SCHOOL DISTRICT**SCHEDULE OF DISTRICT PENSION CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2018**

FISCAL YEAR	2018	2017	2016
CalSTRS			
Contractually required contribution	\$ 565,920	\$ 453,054	\$ 345,842
District's proportion of the net pension liability	565,920	453,054	345,842
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	<u>\$ 3,906,412</u>	<u>\$ 3,604,117</u>	<u>\$ 3,894,617</u>
Contributions as a percentage of covered - employee payroll	<u>14.49%</u>	<u>12.57%</u>	<u>8.88%</u>
CalPERS			
Contractually required contribution	\$ 311,733	\$ 279,156	\$ 205,554
Contributions in relation to the contractually required contribution	311,733	279,156	205,554
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	<u>\$ 2,042,125</u>	<u>\$ 1,746,275</u>	<u>\$ 1,664,555</u>
Contributions as a percentage of covered payroll	<u>15.27%</u>	<u>15.99%</u>	<u>12.35%</u>

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

2015

\$ 307,298

307,298

\$ -

\$ 3,724,716

8.25%

\$ 190,458

190,458

\$ -

\$ 1,664,555

11.44%

BRET HARTE UNION HIGH SCHOOL DISTRICT

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION JUNE 30, 2018

NOTE 1 - PURPOSE OF SCHEDULES

Budgetary Comparison Schedule

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

The budgetary process is prescribed by provisions of the California Education Code and requires the governing board to hold a public hearing and adopt an operating budget no later than July 1st of each year. The District governing board satisfied these requirements. The adopted budget is subject to amendment throughout the year to give consideration to unanticipated revenue and expenditures primarily resulting from events unknown at the time of budget adoption with the legal restriction that expenditures cannot exceed appropriations by major object account.

The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts after all budget amendments have been accounted for. For budget purposes, on-behalf payments have not been included as revenue and expenditures.

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

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

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

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

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

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

Changes in Assumptions – There were no changes in economic assumptions for either the CalSTRS or CalPERS plans from the previous valuations. CalPERS discount rate was changed from 7.50% to 7.65% in 2016. The CalSTRS plan rate of investment return assumption was changed from 7.60 percent to 7.10 percent since the previous valuation. The CalPERS plan rate of investment return assumption was changed from 7.65 percent to 7.15 percent since the previous valuation.

Schedule of District Pension Contributions

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

SUPPLEMENTARY INFORMATION

BRET HARTE UNION HIGH SCHOOL DISTRICT**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018**

Federal Grantor/Pass-Through Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	1986-1987 Expenditures
U.S. DEPARTMENT OF EDUCATION			
Passed through California Department of Education (CDE):			
Title I, Basic Grants	84.010	14329	\$ 147,671
Title II, Teacher Quality	84.367	14341	20,802
Career and Technical Education	84.048	15294	16,872
Total U.S. Department of Education			185,345
U.S. DEPARTMENT OF AGRICULTURE			
Passed through California Department of Education			
National School Lunch Program	10.555	13391	121,232
Forest Reserve Funds	10.665	10044	6,670
Total U.S. Department of Agriculture			127,902
Total			\$ 313,247

See accompanying note to supplementary information.

BRET HARTE UNION HIGH SCHOOL DISTRICT

LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE JUNE 30, 2018

ORGANIZATION

The Bret Harte Union High School District is located in Calaveras County, California. The District operates under a locally-elected five-member Board form of government and provides educational services to grades 9-12 as mandated by the State and Federal agencies. The District operates one comprehensive high school, a continuation high school and an independent study program.

GOVERNING BOARD

<u>MEMBER</u>	<u>OFFICE</u>	<u>TERM EXPIRES</u>
Joan Lark	President	2022
Gail Bunge	Clerk	2022
Dr. Rodger Orman	Member	2020
Tony Tyrrell	Member	2020
Jeff Rasmussen	Member	2020

ADMINISTRATION

Michael S. Chimente	Superintendent
Gloria Carrillo	Chief Business Official

See accompanying note to supplementary information.

BRET HARTE UNION HIGH SCHOOL DISTRICT**SCHEDULE OF AVERAGE DAILY ATTENDANCE
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Second Period Report</u>	<u>Annual Report</u>
Regular ADA		
Ninth through twelfth	625.70	618.36
Extended Year Special Education		
Ninth through twelfth	<u>3.58</u>	<u>3.53</u>
Total ADA	<u><u>629.28</u></u>	<u><u>621.89</u></u>

See accompanying note to supplementary information.

BRET HARTE UNION HIGH SCHOOL DISTRICT

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

Grade Level	1986-1987	2017-2018	Number of	Status
	Minutes Requirement	Actual Minutes	Days Traditional Calendar	
Grades 9	64,800	65,038	180	Complied
Grades 10	64,800	65,038	180	Complied
Grades 11	64,800	65,038	180	Complied
Grades 12	64,800	65,038	180	Complied

See accompanying note to supplementary information.

BRET HARTE UNION HIGH SCHOOL DISTRICT

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

Summarized below are the fund balance reconciliations between the Unaudited Actual Financial Report and the audited financial statements.

	General Fund	Deferred Maintenance Fund	Special Reserve Postemployment Fund
FUND BALANCE			
Balance, June 30, 2018, Unaudited Actuals	\$ 1,331,190	\$ 72,849	\$ 471,235
Decrease in:			
Cash	-	-	-
To conform with GASB 54, the District consolidated the Special Reserve Fund for Other Than Capital Outlay and the Special Reserve Fund for Postemployment Benefits into the General Fund.	544,084	(72,849)	(471,235)
Balance, June 30, 2018, Audited Financial Statements	<u>\$ 1,875,274</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying note to supplementary information.

BRET HARTE UNION HIGH SCHOOL DISTRICT

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

	(Budget) 2019 ¹	2018	2017 as restated	2016
GENERAL FUND				
Revenues	\$ 10,505,612	\$ 11,567,403	\$ 10,951,391	\$ 10,828,440
Expenditures	10,687,015	11,318,185	10,578,703	10,448,365
Other uses and transfers out	162,089	156,159	178,504	200,000
Total Expenditures and Transfers Out	10,849,104	11,474,344	10,757,207	10,648,365
Change in Fund Balance (Deficit)	\$ (343,492)	\$ 93,059	\$ 194,184	\$ 180,075
Ending Fund Balance	\$ 1,531,782	\$ 1,875,274	\$ 1,782,215	\$ 180,075
Available Reserves ²	\$ 713,432	\$ 640,744	\$ 663,432	\$ 633,676
Reserve for Economic Uncertainties	\$ 650,000	\$ 600,000	\$ 600,000	\$ 550,000
Unassigned Fund Balance	\$ 63,432	\$ 40,744	\$ 63,432	\$ 83,676
Available Reserves as a Percentage of Total Outgo	6.6%	5.6%	6.2%	6.0%
Long-Term Debt	\$ 31,214,216	\$ 31,838,237	\$ 28,327,438	\$ 27,777,410
Average Daily Attendance at P-2	653	629	654	641

The General Fund balance has increased by \$287,243 over the past two years. The fiscal year 2018-2019 budget projects a decrease by \$343,492 (18%).

The District has incurred operating surpluses in all of the past three years, but anticipates an operating deficit during the 2018-2019 fiscal year. Total long-term obligations all have increased by \$4,060,827 over the past two years.

Average daily attendance has decreased by 12 over the past two years. No change in ADA is anticipated during fiscal year 2018-2019.

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

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

See accompanying note to supplementary information.

BRET HARTE UNION HIGH SCHOOL DISTRICT**NON-MAJOR GOVERNMENTAL FUNDS****COMBINING BALANCE SHEET****JUNE 30, 2018**

	Cafeteria Fund	Capital Facilities Fund	Authority Debt Service Fund	Non-Major Governmental Funds
ASSETS				
Deposits and investments	\$ 6,425	\$ 125,219	\$ 438,779	\$ 570,423
Receivables	17,280	22,757	-	40,037
Due from other funds	-	111,159	-	111,159
Stores inventories	5,639	-	-	5,639
Total Assets	<u>\$ 29,344</u>	<u>\$ 259,135</u>	<u>\$ 438,779</u>	<u>\$ 727,258</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 207	928	\$ -	\$ 1,135
Fund Balances:				
Nonspendable	8,139	-	-	8,139
Restricted	20,998	258,207	438,779	717,984
Total fund balances	<u>29,137</u>	<u>258,207</u>	<u>438,779</u>	<u>726,123</u>
Total Liabilities and Fund Balances	<u>\$ 29,344</u>	<u>\$ 259,135</u>	<u>\$ 438,779</u>	<u>\$ 727,258</u>

See accompanying note to supplementary information.

BRET HARTE UNION HIGH SCHOOL DISTRICT
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2018

	Cafeteria Fund	Capital Facilities Fund	Authority Debt Service Fund	Non-Major Governmental Funds
REVENUES				
Federal sources	\$ 121,232	\$ -	\$ -	\$ 121,232
Other state sources	9,947	-	-	9,947
Other local sources	84,831	214,554	-	299,385
Total Revenues	<u>216,010</u>	<u>214,554</u>	<u>-</u>	<u>430,564</u>
EXPENDITURES				
Current				
Pupil services:				
Food services	266,515	-	-	266,515
Plant services	-	4,201	-	4,201
Debt service				
Principal	-	185,000	-	185,000
Interest and other	-	101,060	-	101,060
Total Expenditures	<u>266,515</u>	<u>290,261</u>	<u>-</u>	<u>556,776</u>
Excess (deficiency) of revenues over expenditures	(50,505)	(75,707)	-	(126,212)
Other Financing Sources (Uses):				
Transfers in	<u>45,000</u>	<u>111,159</u>	<u>-</u>	<u>156,159</u>
NET CHANGE IN FUND BALANCES	(5,505)	35,452	-	29,947
Fund Balance - Beginning	<u>34,642</u>	<u>222,755</u>	<u>438,779</u>	<u>696,176</u>
Fund Balance - Ending	<u><u>\$ 29,137</u></u>	<u><u>\$ 258,207</u></u>	<u><u>\$ 438,779</u></u>	<u><u>\$ 726,123</u></u>

See accompanying note to supplementary information.

BRET HARTE UNION HIGH SCHOOL DISTRICT

NOTE TO SUPPLEMENTARY INFORMATION JUNE 30, 2018

NOTE 1 - PURPOSE OF SCHEDULES

Schedule of Expenditures of Federal Awards

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

Local Education Agency Organization Structure

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

Schedule of Average Daily Attendance (ADA)

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

Schedule of Instructional Time

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

Districts must maintain their instructional minutes at the 1986-1987 requirement, as required by *Education Code* Section 46201.

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

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

Schedule of Financial Trends and Analysis

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

BRET HARTE UNION HIGH SCHOOL DISTRICT

NOTE TO SUPPLEMENTARY INFORMATION JUNE 30, 2018

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

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

INDEPENDENT AUDITOR'S REPORTS



VAVRINEK, TRINE, DAY & CO., LLP
Certified Public Accountants

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

Governing Board
Bret Harte Union High School District
Angels Camp, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Bret Harte Union High 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 Bret Harte Union High School District's basic financial statements, and have issued our report thereon dated December 4, 2018.

Emphasis of Matter - Change in Accounting Principles

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

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of This Report

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


Palo Alto, California
December 4, 2018



VAVRINEK, TRINE, DAY & CO., LLP
Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

Governing Board
Bret Harte Union High School District
Angels Camp, California

Report on State Compliance

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

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance of each of the Bret Harte Union High School District's State programs based on our audit of the types of compliance requirements referred to above. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *2017-2018 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. These standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a material effect on the applicable government programs noted below. An audit includes examining, on a test basis, evidence about Bret Harte Union High School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinions. Our audit does not provide a legal determination of Bret Harte Union High School District's compliance with those requirements.

Unmodified Opinion

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

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:

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

The District does not offer a Kindergarten Continuance Program, an Early Retirement Incentive Program, Juvenile Court Schools, Middle or Early College High School, K-3 Grade Span Adjustment, apprenticeship and Related Supplemental Instruction, a Before or After School Education and Safety Program, a Course based Independent Study program, and independent charter schools; therefore, we did not perform procedures related to these programs.


Palo Alto, California
December 4, 2018

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

BRET HARTE UNION HIGH SCHOOL DISTRICT

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

FINANCIAL STATEMENTS

Type of auditor's report issued:	<u>Unmodified</u>
Internal control over financial reporting:	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(ies) identified?	<u>None reported</u>
Noncompliance material to financial statements noted?	<u>No</u>

STATE AWARDS

Type of auditor's report issued on compliance for all programs:	<u>Unmodified</u>
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BRET HARTE UNION HIGH SCHOOL DISTRICT

**FINANCIAL STATEMENT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2018**

None reported.

BRET HARTE UNION HIGH SCHOOL DISTRICT

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

None reported.

BRET HARTE UNION HIGH SCHOOL DISTRICT

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

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

APPENDIX B

FORMS OF OPINION OF BOND COUNSEL

Upon issuance of the Tax-Exempt New Money Bonds, Stradling Yocca Carlson & Rauth, a Professional Corporation, Bond Counsel, proposes to render its final approving opinion with respect to the Tax-Exempt New Money Bonds in substantially the following form:

August 27, 2019

Governing Board
Bret Harte Union High School District

We have examined a certified copy of the record of the proceedings relative to the issuance and sale of \$3,110,000 Bret Harte Union High School District (Calaveras County, California) Election of 2008 General Obligation Bonds, Series D maturing on August 1, 2024 through and including August 1, 2028 (the “Bonds”). As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

Based on our examination as bond counsel of existing law, certified copies of such legal proceedings and such other proofs as we deem necessary to render this opinion, we are of the opinion, as of the date hereof and under existing law, that:

1. Such proceedings and proofs show lawful authority for the issuance and sale of the Bonds pursuant to Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, a greater than fifty-five percent vote of the qualified electors of the Bret Harte Union High School District (the “District”) voting at an election held on November 4, 2008, and a resolution of the Governing Board of the District adopted on June 26, 2019 (the “Resolution”).
2. The Bonds constitute valid and binding general obligations of the District, payable as to both principal and interest from the proceeds of a levy of *ad valorem* property taxes on all property subject to such taxes in the District, which taxes are unlimited as to rate or amount.
3. Under existing statutes, regulations, rulings and judicial decisions, interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals.
4. Interest on the Bonds is exempt from State of California personal income tax.
5. The excess of the stated redemption price at maturity of a Bond over the issue price of a Bond (the first price at which a substantial amount of the Bonds of a maturity is to be sold to the public) constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a Bondowner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by a Bondowner will increase the Bondowner’s basis in the applicable Bond. Original issue discount that accrues to the Bondowner is excluded from the gross income of such owner for federal income tax purposes, is not an item of tax preference for purposes of the federal

alternative minimum tax imposed on individuals, and is exempt from State of California personal income tax.

6. The amount by which a Bondowner's original basis for determining gain or loss on sale or exchange of the applicable Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable Bond premium, which must be amortized under Section 171 of the Internal Revenue Code of 1986, as amended (the "Code"); such amortizable Bond premium reduces the Bondowner's basis in the applicable Bond (and the amount of tax-exempt interest received), and is not deductible for federal income tax purposes. The basis reduction as a result of the amortization of Bond premium may result in a Bondowner realizing a taxable gain when a Bond is sold by the Bondowner for an amount equal to or less (under certain circumstances) than the original cost of the Bond to the Bondowner. Purchasers of the Bonds should consult their own tax advisors as to the treatment, computation and collateral consequences of amortizable Bond premium.

The opinions expressed herein may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. The Resolution and the Tax Certificate relating to the Bonds permit certain actions to be taken or to be omitted if a favorable opinion of Bond Counsel is provided with respect thereto. No opinion is expressed herein as to the effect on the exclusion from gross income of interest (and original issue discount) for federal income tax purposes with respect to any Bond if any such action is taken or omitted based upon the advice of counsel other than ourselves. Other than expressly stated herein, we express no opinion regarding tax consequences with respect to the Bonds.

The opinions expressed herein as to the exclusion from gross income of interest (and original issue discount) on the Bonds are based upon certain representations of fact and certifications made by the District and others and 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 to assure that such interest (and original issue discount) will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause interest (and original issue discount) on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The District has covenanted to comply with all such requirements.

It is possible that subsequent to the issuance of the Bonds there might be federal, state, or local statutory changes (or judicial or regulatory interpretations of federal, state, or local law) that affect the federal, state, or local tax treatment of the Bonds or the market value of the Bonds. No assurance can be given that subsequent to the issuance of the Bonds such changes or interpretations will not occur.

The rights of the owners of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and their enforcement may also be subject to the exercise of judicial discretion in appropriate cases and by the limitations on legal remedies against public agencies in the State of California.

Respectfully submitted,

Stradling Yocca Carlson & Rauth

Upon issuance of the Taxable New Money Bonds, Stradling Yocca Carlson & Rauth, a Professional Corporation, Bond Counsel, proposes to render its final approving opinion with respect to the Taxable New Money Bonds in substantially the following form:

August 27, 2019

Governing Board
Bret Harte Union High School District

We have examined a certified copy of the record of the proceedings relative to the issuance and sale of \$3,110,000 Bret Harte Union High School District (Calaveras County, California) Election of 2008 General Obligation Bonds, Series D maturing on August 1, 2036 (the "Bonds"). As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

Based on our examination as bond counsel of existing law, certified copies of such legal proceedings and such other proofs as we deem necessary to render this opinion, we are of the opinion, as of the date hereof and under existing law, that:

1. Such proceedings and proofs show lawful authority for the issuance and sale of the Bonds pursuant to Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, a greater than fifty-five percent vote of the qualified electors of the Bret Harte Union High School District (the "District") voting at an election held on November 4, 2008, and a resolution of the Governing Board of the District adopted on June 26, 2019 (the "Resolution").
2. The Bonds constitute valid and binding general obligations of the District, payable as to both principal and interest from the proceeds of a levy of *ad valorem* property taxes on all property subject to such taxes in the District, which taxes are unlimited as to rate or amount.
3. Under existing statutes, regulations, rulings and judicial decisions, interest (and original issue discount) on the Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code").
4. Interest on the Bonds is exempt from State of California personal income tax.
5. Except for certain exceptions, the difference between the issue price of a Bond (the first price at which a substantial amount of the Bonds of a maturity is to be sold to the public) and the stated payment price at maturity with respect to such Bond (to the extent the redemption price at maturity is greater than the issue price) constitutes original issue discount. Original issue discount accrues under a constant yield method. The amount of original issue discount deemed received by a Bond owner will increase the Bond owner's basis in the applicable Bond.
6. The amount by which a Bond owner's original basis for determining gain or loss on sale or exchange of the applicable Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable bond premium, which the owner of a Bond may elect to amortize under Section 171 of the Code. Such amortizable bond premium reduces the Bond owner's basis in the applicable Bond (and the amount of taxable interest received) for federal income tax purposes. The basis reduction as a result of the amortization of Bond premium may result in the owner of a Bond realizing a taxable gain when a Bond is sold by the owner for an amount equal to or less (under certain circumstances) than the

original cost of the Bond to the owner. The owners of the Bonds that have a basis in the Bonds that is greater than the principal amount of the Bonds should consult their own tax advisors with respect to whether or not they should elect to amortize such premium under Section 171 of the Code.

Except as expressly set forth in paragraphs (3), (4), (5) and (6), we express no opinion regarding any tax consequences with respect to the Bonds.

The opinions expressed herein are based upon our analysis and interpretation of existing statutes, regulations, rulings and judicial decisions and cover certain matters not directly addressed by such authorities. The opinions expressed herein may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. Our engagement as bond counsel to the District terminates upon the issuance of the Bonds.

The rights of the owners of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and their enforcement may also be subject to the exercise of judicial discretion in appropriate cases and by the limitations on legal remedies against public agencies in the State of California.

Respectfully submitted,

Stradling Yocca Carlson & Rauth

Upon issuance of the Refunding Bonds, Stradling Yocca Carlson & Rauth, a Professional Corporation, Bond Counsel, proposes to render its final approving opinion with respect to the Refunding Bonds in substantially the following form:

August 27, 2019

Governing Board
Bret Harte Union High School District

We have examined a certified copy of the record of the proceedings relative to the issuance and sale of \$2,100,000 Bret Harte Union High School District (Calaveras County, California) 2019 General Obligation Refunding Bonds (Bank Qualified) (the “Bonds”). As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

Based on our examination as bond counsel of existing law, certified copies of such legal proceedings and such other proofs as we deem necessary to render this opinion, we are of the opinion, as of the date hereof and under existing law, that:

1. Such proceedings and proofs show lawful authority for the issuance and sale of the Bonds pursuant to Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, and a resolution of the Governing Board of the Bret Harte Union High School District (the “District”) adopted on June 26, 2019 (the “Resolution”).

2. The Bonds constitute valid and binding general obligations of the District, payable as to both principal and interest from the proceeds of a levy of *ad valorem* property taxes on all property subject to such taxes in the District, which taxes are unlimited as to rate or amount.

3. Under existing statutes, regulations, rulings and judicial decisions, interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals.

4. Interest on the Bonds is exempt from State of California personal income tax.

5. The excess of the stated redemption price at maturity of a Bond over the issue price of a Bond (the first price at which a substantial amount of the Bonds of a maturity is to be sold to the public) constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a Bondowner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by a Bondowner will increase the Bondowner’s basis in the applicable Bond. Original issue discount that accrues to the Bondowner is excluded from the gross income of such owner for federal income tax purposes, is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals, and is exempt from State of California personal income tax.

6. The amount by which a Bondowner’s original basis for determining gain or loss on sale or exchange of the applicable Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable Bond premium, which must be amortized under Section 171 of the Internal Revenue Code of 1986, as amended (the

“Code”); such amortizable Bond premium reduces the Bondowner’s basis in the applicable Bond (and the amount of tax-exempt interest received), and is not deductible for federal income tax purposes. The basis reduction as a result of the amortization of Bond premium may result in a Bondowner realizing a taxable gain when a Bond is sold by the Bondowner for an amount equal to or less (under certain circumstances) than the original cost of the Bond to the Bondowner. Purchasers of the Bonds should consult their own tax advisors as to the treatment, computation and collateral consequences of amortizable Bond premium.

The opinions expressed herein may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. The Resolution and the Tax Certificate relating to the Bonds permit certain actions to be taken or to be omitted if a favorable opinion of Bond Counsel is provided with respect thereto. No opinion is expressed herein as to the effect on the exclusion from gross income of interest (and original issue discount) for federal income tax purposes with respect to any Bond if any such action is taken or omitted based upon the advice of counsel other than ourselves. Other than expressly stated herein, we express no opinion regarding tax consequences with respect to the Bonds.

The opinions expressed herein as to the exclusion from gross income of interest (and original issue discount) on the Bonds are based upon certain representations of fact and certifications made by the District and others and 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 to assure that such interest (and original issue discount) will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause interest (and original issue discount) on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The District has covenanted to comply with all such requirements.

It is possible that subsequent to the issuance of the Bonds there might be federal, state, or local statutory changes (or judicial or regulatory interpretations of federal, state, or local law) that affect the federal, state, or local tax treatment of the Bonds or the market value of the Bonds. No assurance can be given that subsequent to the issuance of the Bonds such changes or interpretations will not occur.

The rights of the owners of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors’ rights heretofore or hereafter enacted to the extent constitutionally applicable and their enforcement may also be subject to the exercise of judicial discretion in appropriate cases and by the limitations on legal remedies against public agencies in the State of California.

Respectfully submitted,

Stradling Yocca Carlson & Rauth

APPENDIX C

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the Bret Harte Union High School District (the “District”) in connection with the issuance of \$3,110,000 of the District’s Election of 2008 General Obligation Bonds, Series D and \$2,100,000 of the District’s 2019 General Obligation Refunding Bonds (Bank Qualified) (together, the “Bonds”). The Bonds are being issued pursuant to two Resolutions of the District adopted on June 26, 2019 (together, the “Resolution”). The District covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the District for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with 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 California Financial Services, 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 Municipal Securities Rulemaking Board consistent with the Rule.

“Holders” shall mean registered owners of the Bonds.

“Listed Events” shall mean any of the events listed in Sections 5(a) or 5(b) of this Disclosure Certificate.

“Participating Underwriter” shall mean Raymond James & Associates, Inc., or any of the original underwriters of the Bonds required to comply with the Rule in connection with 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 270 days 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(c).

(b) Not later than 30 days (nor more than 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 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 a 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 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. Material 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 current fiscal year; and
- (F) secured tax levy collections and delinquencies within the District for the last completed year, except to the extent that the Teeter Plan, if and as adopted by such County, applies to both the 1% general purpose *ad valorem* property tax levy and to the tax levy for general obligation bonds 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 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. 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)(9), 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.

10. default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the District, any of which reflect financial difficulties.

(b) 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. optional, contingent or unscheduled bond calls.
4. 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.
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, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation, 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 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(b), 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 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 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: August 27, 2019

BRET HARTE UNION HIGH SCHOOL DISTRICT

By _____
Christine Fouts
Chief Business Official

EXHIBIT A

NOTICE TO REPOSITORY OF FAILURE TO FILE ANNUAL REPORT

Name of District: BRET HARTE UNION HIGH SCHOOL DISTRICT

Name of Bond Issue: Election of 2008 General Obligation Bonds, Series D
2019 General Obligation Refunding Bonds (Bank Qualified)

Date of Issuance: August 27, 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: _____

BRET HARTE UNION HIGH SCHOOL DISTRICT

By _____ [form only; no signature required]

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APPENDIX D

GENERAL ECONOMIC AND DEMOGRAPHIC INFORMATION FOR THE CITY OF ANGELS CAMP AND CALAVERAS COUNTY

The following information regarding the City of Angels Camp (the “City”), and Calaveras County (the “County”) is included only for the purpose of supplying general information regarding the local community and economy. The Bonds are not a debt of the City or of the County. This material has been prepared by or excerpted from the sources as noted herein and has not been reviewed for accuracy by the District, Bond Counsel, the Underwriter or the Municipal Advisor.

General

The City of Angels Camp. The City is the only incorporated city in the County, and is a California Historical Landmark. With 3.6 square miles of land, the city is 1,400 feet above sea level and hosts a historic downtown, as well as a noted museum primarily related to the Gold Rush. Run by a five member city council that annually appoints the mayor and vice mayor from amongst its membership, the City economy is mostly dependent on tourism. The City holds an annual Jumping Frog Jubilee & County Fair in honor of the Mark Twain short story, “The Celebrated Jumping Frog of Calaveras.” It is said to be the oldest continuously operating county fair in the State of California (the “State”).

Calaveras. One of the original 27 counties in the State, the County is located in the foothills of the Sierra Nevada mountain range, 133 miles east of San Francisco and 135 miles west of Lake Tahoe. It is approximately 1,036 square miles and is a general law county. The County is governed by a five-member Board of Supervisors, each elected at-large to a 4 year-term. San Andreas is the county seat and the County territory ranges from ranch land to high Sierra Nevada, with an elevation variable of 300 to 8,170 feet. Tourism and recreation make up large portions of the local economy.

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Population

The following table shows historical population figures for the City, the County, and the State for the past 10 years.

POPULATION ESTIMATES
2010 through 2019
City of Angels Camp, Calaveras County, and State of California

<u>Year</u> ⁽¹⁾	<u>City of Angels Camp</u>	<u>Calaveras County</u>	<u>State of California</u>
2010 ⁽²⁾	3,836	45,578	37,253,956
2011	3,857	45,532	37,594,781
2012	3,835	45,488	37,971,427
2013	3,822	45,416	38,321,459
2014	3,696	45,350	38,622,301
2015	3,633	45,257	38,952,462
2016	3,840	45,236	39,214,803
2017	3,813	45,162	39,504,609
2018	3,826	45,147	39,740,508
2019	3,840	45,117	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 (2000 and 2010 Demographic Research Unit Benchmark): 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 statistics are currently available.

PER CAPITA PERSONAL INCOME
2008 through 2017
Calaveras County, State of California and the United States

<u>Year</u>	<u>Calaveras County</u>	<u>State of California</u>	<u>United States</u>
2008	\$36,423	\$43,895	\$40,904
2009	35,858	42,050	39,284
2010	36,729	43,609	40,545
2011	38,191	46,145	42,727
2012	38,036	48,751	44,582
2013	38,725	49,173	44,826
2014	41,332	52,237	47,025
2015	44,116	55,679	48,940
2016	45,558	57,497	49,831
2017	47,384	59,796	51,640

Note: Per capital personal income is the total personal income divided by the total mid-year population estimates of the U.S. Bureau of the Census. Estimates for 2010-2017 reflect county population estimates available as of March 2018. Last updated: Last updated: March 6, 2019 – revised statistics for 1969-2000.

All dollar estimates are in current dollars (not adjusted for inflation).

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

Principal Employers

The following tables list the principal employers located in the City and the County.

PRINCIPAL EMPLOYERS 2018 City of Angels Camp

<u>Employer Name</u>	<u>Industry</u>	<u>Number of Employees</u>
Bret Harte High School	Services: Educational Services	100 – 249
Foothill Village Senior Living	Services: Health Services	50 – 99
Mact Health Board Inc.	Services: Health Services	50 – 99
Sonora Regional Medical Center	Services: Health Services	50 – 99
UPS Customer Center	Transportation Services: Packing and Crating	50 – 99
Worldmark Angeles Camp	Services: Hotels	50 – 99

Source: California Labor Market Information Resources and Data; extracted from America's Labor Market Information System (ALMIS) Employer Database, 2019 2nd Edition.

PRINCIPAL EMPLOYERS 2017-2018 Calaveras County

<u>Employer Name</u>	<u>Industry</u>	<u>Number of Employees</u>
County of Calaveras	Public Administration	634
Calaveras Unified School District	Services: Educational Services	250 – 499
Mark Twain St. Joseph's Hospital	Services: Health Services	250 – 499
Bret Harte High School	Services: Educational Services	250 – 499
Rite of Passage	Services: Educational Services	250 – 499
Ironstone Vineyards	Agricultural Production Crops	250 – 499
Avalon Training Center	Services: Educational Services	250 – 499
Big Trees Market	Retail Trade: Food Stores	50 – 99
Calaveras County Water District	Public Administration	50 – 99

Source: County of Calaveras 'Comprehensive Annual Financial Report' for Fiscal Year Ended June 30, 2018.

Employment

The following table summarizes the labor force, employment and unemployment figures for the years 2014 through 2018 for the City, the County, the State, and the United States.

LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT ANNUAL AVERAGES 2014 through 2018⁽¹⁾ City of Angels Camp, Calaveras County, State of California and United States

<u>Year and Area</u>	<u>Labor Force</u>	<u>Employment</u> ⁽²⁾	<u>Unemployment</u>	<u>Unemployment Rate (%)</u> ⁽³⁾
<u>2014</u>				
City of Angels Camp	1,680	1,640	50	2.8
Calaveras	20,240	18,630	1,620	8.0
State of California	18,758,400	17,351,300	1,407,100	7.5
United States	155,922,000	146,305,000	9,617,000	6.2
<u>2015</u>				
City of Angels Camp	1,730	1,690	40	2.2
Calaveras	20,570	19,250	1,310	6.4
State of California	18,896,500	17,724,800	1,171,700	6.2
United States	157,130,000	148,834,000	8,296,000	5.3
<u>2016</u>				
City of Angels Camp	1,930	1,910	20	1.0
Calaveras	20,810	19,630	1,180	5.7
State of California	19,093,700	18,048,800	1,044,800	5.5
United States	159,187,000	151,436,000	7,751,000	4.9
<u>2017</u>				
City of Angels Camp	1,770	1,770	0	0.2
Calaveras	21,060	20,070	990	4.7
State of California	19,312,000	18,393,100	918,900	4.8
United States	160,320,000	153,337,000	6,982,000	4.4
<u>2018</u>				
City of Angels Camp	1,810	1,810	0	0.2
Calaveras	21,350	20,510	850	4.0
State of California ⁽⁴⁾	n/a	n/a	n/a	n/a
United States	162,075,000	155,761,000	6,314,000	3.9

Note: Data is not seasonally adjusted.

(1) Annual averages, unless otherwise specified.

(2) Includes persons involved in labor-management trade disputes.

(3) The unemployment rate is computed from unrounded data; therefore, it may differ from rates computed from rounded figures in this table.

(4) 2018 Annual State of California statistics not yet available.

Source: U.S. Department of Labor – Bureau of Labor Statistics, California Employment Development Department, March 2018 Benchmark.

Industry

The distribution of employment in the County is presented in the following table for the last 5 years.

INDUSTRY EMPLOYMENT & LABOR FORCE ANNUAL AVERAGES 2014 through 2018 Calaveras County

<u>Category</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Total Farm	100	90	80	250	320
Total Nonfarm	8,340	8,790	9,080	9,220	9,440
Total Private	5,850	6,200	6,490	6,590	6,730
Goods Producing	970	1,030	1,080	1,130	1,290
Mining, Logging and Construction	650	700	760	820	930
Manufacturing	330	330	320	320	350
Durable Goods	160	160	160	150	160
Nondurable Goods	170	160	160	170	190
Service Providing	7,360	7,760	8,010	8,090	8,160
Private Service Providing	4,880	5,180	5,410	5,460	5,450
Trade, Transportation and Utilities	1,440	1,550	1,700	1,650	1,630
Wholesale Trade	140	160	200	140	130
Retail Trade	1,040	1,130	1,210	1,250	1,220
Transportation, Warehousing and Utilities	260	270	290	270	270
Information	110	110	110	100	100
Financial Activities	200	210	220	220	220
Professional and Business Services	440	490	560	540	530
Educational and Health Services	1,040	1,080	1,130	1,180	1,170
Leisure and Hospitality	1,290	1,360	1,330	1,410	1,440
Other Services	350	380	370	360	370
Government	<u>2,480</u>	<u>2,580</u>	<u>2,600</u>	<u>2,630</u>	<u>2,710</u>
Total, All Industries	<u>8,430</u>	<u>8,880</u>	<u>9,170</u>	<u>9,470</u>	<u>9,760</u>

Note: The "Total, All Industries" data is not directly comparable to the employment data found herein.

Source: State of California, Employment Development Department, Labor Market Information Division, Annual Average Labor Force and Industry Employment. March 2018 Benchmark.

Commercial Activity

Summaries of annual taxable sales for the City and the County from 2013 through 2017 are shown in the following tables.

ANNUAL TAXABLE SALES 2013 through 2017 City of Angels Camp (Dollars in Thousands)

<u>Year</u>	<u>Retail Permits</u>	<u>Retail Stores Taxable Transactions</u>	<u>Total Permits</u>	<u>Total Taxable Transactions</u>
2013	128	\$58,710	175	\$62,864
2014	147	58,328	194	62,964
2015	--	59,475	--	65,745
2016	--	59,378	--	66,631
2017	--	61,669	--	69,542

Note: Beginning in 2015, the outlet counts in these reports show the number of outlets that were active during the reporting period. Retailers that operate part-time are now tabulated with store retailers. Industry-level data for 2015 on are not comparable to that of prior years.

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

ANNUAL TAXABLE SALES 2013 through 2017 Calaveras County (Dollars in Thousands)

<u>Year</u>	<u>Retail Permits</u>	<u>Retail Stores Taxable Transactions</u>	<u>Total Permits</u>	<u>Total Taxable Transactions</u>
2013	1,073	\$211,714	1,484	\$316,985
2014	1,098	217,624	1,519	326,046
2015	--	235,759	--	347,968
2016	--	259,382	--	379,491
2017	--	285,805	--	410,953

Note: Beginning in 2015, the outlet counts in these reports show the number of outlets that were active during the reporting period. Retailers that operate part-time are now tabulated with store retailers. Industry-level data for 2015 on are not comparable to that of prior years.

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

Construction Activity

The annual building permit valuations and number of permits for new dwelling units issued for the past five years for the City and the County are shown in the following tables.

BUILDING PERMITS AND VALUATIONS 2013 through 2017 City of Angels Camp (Dollars in Thousands)

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
<u>Valuation</u>					
Residential	\$1,146	\$847	\$1,897	\$3,056	\$5,523
Non-Residential	<u>915</u>	<u>452</u>	<u>399</u>	<u>494</u>	<u>1,236</u>
Total	\$2,061	\$1,299	\$2,296	\$3,550	\$6,759
<u>Units</u>					
Single Family	4	2	4	11	23
Multiple Family	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	4	2	4	11	23

Note: Totals may not add to sum due to rounding.

Source: Construction Industry Research Board.

BUILDING PERMITS AND VALUATIONS 2013 through 2017 Calaveras County (Dollars in Thousands)

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
<u>Valuation</u>					
Residential	\$18,467	\$28,166	\$35,056	\$53,688	\$45,286
Non-Residential	<u>7,759</u>	<u>9,672</u>	<u>12,792</u>	<u>16,879</u>	<u>16,792</u>
Total	\$26,226	\$37,838	\$47,848	\$70,567	\$62,078
<u>Units</u>					
Single Family	43	70	99	183	135
Multiple Family	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>	<u>0</u>
Total	43	70	99	185	135

Note: Totals may not add to sum due to rounding.

Source: Construction Industry Research Board.

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APPENDIX E

CALAVERAS COUNTY INVESTMENT POOL

The following information concerning the Calaveras County Investment Pool (the “Investment Pool”) has been provided by the Treasurer (the “Treasurer”) of Calaveras County (the “County”), and has not been confirmed or verified by the District, the Municipal Advisor or the Underwriter. The District, the Municipal Advisor and the Underwriter have not made an independent investigation of the investments in the Investment Pool and have made no assessment of the current County investment policy. The value of the various investments in the Investment 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 Investment Pool will not vary significantly from the values described herein. Finally, none of the District, the Municipal Advisor or the Underwriter 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 Investment Pool may be obtained from the Treasurer at <https://taxcollector.calaverasgov.us/>; however, the information presented on such website is not incorporated herein by any reference.

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OFFICE OF TREASURER-TAX COLLECTOR

CALAVERAS COUNTY

GOVERNMENT CENTER
891 MOUNTAIN RANCH ROAD
SAN ANDREAS, CA. 95249-9709
(209) 754-6350

BARBARA SULLIVAN, TREASURER-TAX COLLECTOR

July 18, 2019

TREASURER'S INVESTMENT REPORT

As of June 30, 2019

Honorable Board of Supervisors:

This Investment Report reflects the investment activity for the month ending June 30, 2019, of pooled funds on deposit with the Treasurer and is in compliance with California Government Code Sec. 27000 etc., 53600 etc., and the revised Treasurer's Investment Policy dated June 11, 2019.

INVESTMENT GOALS are and always have been as follows: **Safety** – and the preservation of capital; **Liquidity** – the continual maintenance of liquidity so that Calaveras County is able to convert sufficient securities to cash to cover the cash flow of the county and all of its investment agencies and to meet any contingency needs during the next 6 months; and, finally, **Yield** – or earning at a reasonable rate of return representative of current market conditions and the present phase of the market cycle while remaining in compliance with all State laws and the Treasurer's written investment policy.

The attached reports show portfolio composition, maturity date, etc. and other information designed to give a better understanding of the investment standing as of June 30, 2019. Any variance between reporting is due to accrued interest (Amortized Premium and Amortized Discounts) booked but not recorded in our GL.

Market prices are provided by International Data Corporation.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Barbara Sullivan", written over a horizontal line.

Barbara Sullivan
Calaveras County Treasurer-Tax Collector



Calaveras County Consolidated - Account #412

MONTHLY ACCOUNT STATEMENT

JUNE 1, 2019 THROUGH JUNE 30, 2019

Chandler Team:

For questions about your account, please call (800) 317-4747,
or contact operations@chandlerasset.com

Custodian

US Bank
Cathy Maier
(612) 303-4858

CHANDLER ASSET MANAGEMENT
chandlerasset.com

Information contained herein is confidential. We urge you to compare this statement to the one you receive from your qualified custodian. Please see Important Disclosures.

Portfolio Summary

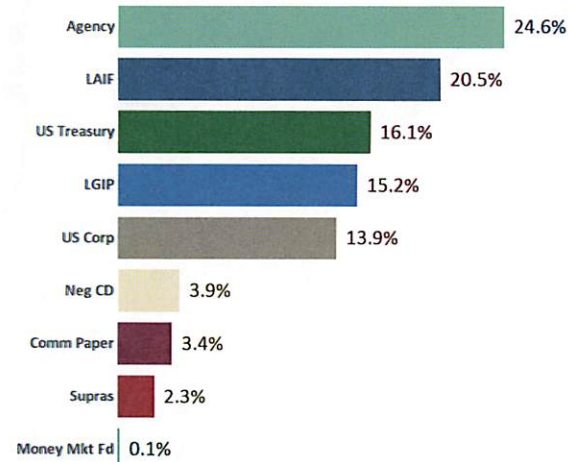
As of June 30, 2019



PORTFOLIO CHARACTERISTICS

Average Modified Duration	1.07
Average Coupon	2.23%
Average Purchase YTM	2.34%
Average Market YTM	2.21%
Average S&P/Moody Rating	AA+/Aa1
Average Final Maturity	1.12 yrs
Average Life	1.09 yrs

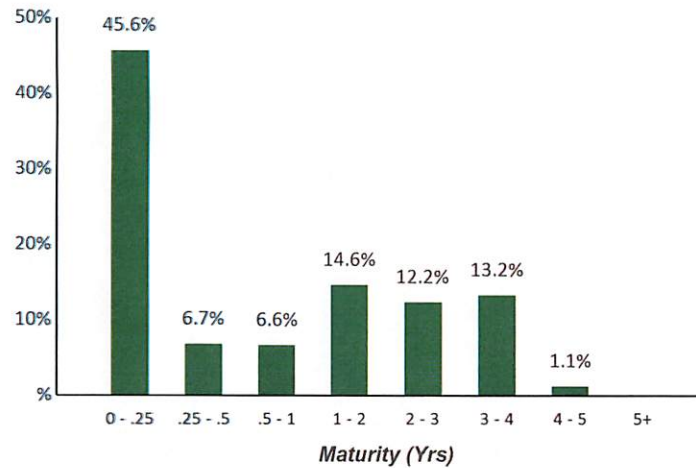
SECTOR ALLOCATION



ACCOUNT SUMMARY

	Beg. Values as of 5/31/19	End Values as of 6/30/19
Market Value	175,119,131	174,626,424
Accrued Interest	789,293	830,392
Total Market Value	175,908,424	175,456,816
Income Earned	354,400	343,151
Cont/WD		
Par	174,927,073	174,002,502
Book Value	174,446,478	173,587,021
Cost Value	174,257,093	173,346,185

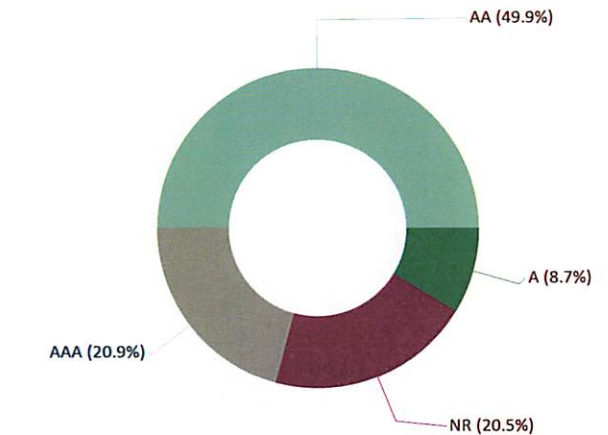
MATURITY DISTRIBUTION



TOP ISSUERS

Local Agency Investment Fund	20.5%
Government of United States	16.1%
CAMP	15.2%
Federal Home Loan Bank	12.2%
Federal Farm Credit Bank	5.5%
Federal National Mortgage Assoc	4.3%
Federal Home Loan Mortgage Corp	2.6%
Toronto Dominion Holdings	1.7%
Total	78.1%

CREDIT QUALITY (S&P)



Holdings Report

As of June 30, 2019



CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
AGENCY									
3133EFW52	FFCB Note 1.15% Due 7/1/2019	1,600,000.00	04/08/2016 1.00%	1,607,824.00 1,600,000.00	100.00 1.15%	1,600,000.00 9,200.00	0.92% 0.00	Aaa / AA+ AAA	0.00 0.00
3137EAEB1	FHLMC Note 0.875% Due 7/19/2019	1,500,000.00	09/20/2016 1.02%	1,494,030.00 1,499,895.77	99.92 2.40%	1,498,786.50 5,906.25	0.86% (1,109.27)	Aaa / AA+ AAA	0.05 0.05
313380FB8	FHLB Note 1.375% Due 9/13/2019	1,000,000.00	06/23/2016 1.05%	1,010,200.00 1,000,641.84	99.83 2.20%	998,311.00 4,125.00	0.57% (2,330.84)	Aaa / AA+ NR	0.21 0.20
3137EADM8	FHLMC Note 1.25% Due 10/2/2019	1,500,000.00	01/07/2016 1.52%	1,485,510.00 1,499,008.41	99.76 2.20%	1,496,362.50 4,635.42	0.86% (2,645.91)	Aaa / AA+ AAA	0.26 0.25
3135G0R39	FNMA Note 1% Due 10/24/2019	1,675,000.00	11/08/2016 1.12%	1,668,986.75 1,674,359.11	99.63 2.17%	1,668,817.58 3,117.36	0.95% (5,541.53)	Aaa / AA+ AAA	0.32 0.31
3130AA3R7	FHLB Note 1.375% Due 11/15/2019	1,250,000.00	11/30/2016 1.46%	1,247,087.50 1,249,630.20	99.73 2.11%	1,246,575.00 2,196.18	0.71% (3,055.20)	Aaa / AA+ AAA	0.38 0.37
313381C94	FHLB Note 1.25% Due 12/13/2019	1,600,000.00	07/15/2016 1.06%	1,610,096.00 1,601,340.18	99.58 2.18%	1,593,310.40 1,000.00	0.91% (8,029.78)	Aaa / AA+ AAA	0.45 0.45
3137EAEE5	FHLMC Note 1.5% Due 1/17/2020	1,470,000.00	01/12/2017 1.54%	1,468,412.40 1,469,710.03	99.65 2.15%	1,464,788.85 10,045.00	0.84% (4,921.18)	Aaa / AA+ AAA	0.55 0.54
3135G0T29	FNMA Note 1.5% Due 2/28/2020	505,000.00	02/24/2017 1.52%	504,676.80 504,928.57	99.62 2.09%	503,059.29 2,588.13	0.29% (1,869.28)	Aaa / AA+ AAA	0.67 0.65
313378J77	FHLB Note 1.875% Due 3/13/2020	700,000.00	03/10/2016 1.43%	712,061.00 702,110.47	99.84 2.10%	698,911.50 3,937.50	0.40% (3,198.97)	Aaa / AA+ NR	0.70 0.69
3133EHJA2	FFCB Note 1.55% Due 5/8/2020	1,200,000.00	05/09/2017 1.66%	1,196,112.00 1,198,886.08	99.63 1.98%	1,195,614.00 2,738.33	0.68% (3,272.08)	Aaa / AA+ AAA	0.86 0.84
313370US5	FHLB Note 2.875% Due 9/11/2020	1,000,000.00	10/19/2018 2.97%	998,200.00 998,857.39	101.10 1.94%	1,011,036.00 8,784.72	0.58% 12,178.61	Aaa / AA+ AAA	1.20 1.16
3133EHJ95	FFCB Note 1.75% Due 10/26/2020	1,300,000.00	10/30/2017 1.79%	1,298,661.00 1,299,407.21	99.80 1.91%	1,297,350.60 4,107.64	0.74% (2,056.61)	Aaa / AA+ AAA	1.33 1.30
3135G0U84	FNMA Note 2.875% Due 10/30/2020	2,000,000.00	10/30/2018 2.91%	1,998,760.00 1,999,171.63	101.27 1.90%	2,025,394.00 9,743.06	1.16% 26,222.37	Aaa / AA+ AAA	1.34 1.30
3133EHW58	FFCB Note 1.9% Due 11/27/2020	1,500,000.00	11/29/2017 1.96%	1,497,195.00 1,498,678.34	100.03 1.88%	1,500,375.00 2,691.67	0.86% 1,696.66	Aaa / AA+ AAA	1.41 1.38
3130A3UQ5	FHLB Note 1.875% Due 12/11/2020	1,000,000.00	01/27/2016 1.58%	1,013,570.00 1,004,044.24	99.96 1.90%	999,633.00 1,041.67	0.57% (4,411.24)	Aaa / AA+ NR	1.45 1.42

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AGENCY									
313371U79	FHLB Note 3.125% Due 12/11/2020	1,100,000.00	11/29/2018 2.88%	1,105,258.00 1,103,748.63	101.79 1.87%	1,119,682.30 1,909.72	0.64% 15,933.67	Aaa / AA+ AAA	1.45 1.41
3130AF5B9	FHLB Note 3% Due 10/12/2021	1,250,000.00	10/12/2018 3.02%	1,249,450.00 1,249,580.33	102.66 1.80%	1,283,295.00 8,229.17	0.74% 33,714.67	Aaa / AA+ NR	2.29 2.19
3130AAB49	FHLB Note 1.875% Due 12/10/2021	1,400,000.00	12/15/2017 2.16%	1,384,740.00 1,390,621.35	100.14 1.82%	1,401,971.20 1,531.25	0.80% 11,349.85	Aaa / AA+ AAA	2.45 2.38
3133EJ3B3	FFCB Note 2.8% Due 12/17/2021	2,000,000.00	12/26/2018 2.70%	2,005,560.00 2,004,607.73	102.25 1.86%	2,045,030.00 2,177.78	1.17% 40,422.27	Aaa / AA+ AAA	2.47 2.37
3135G0S38	FNMA Note 2% Due 1/5/2022	1,000,000.00	09/27/2017 1.90%	1,003,870.00 1,002,281.29	100.52 1.79%	1,005,246.00 9,777.78	0.58% 2,964.71	Aaa / AA+ AAA	2.52 2.42
3135G0U92	FNMA Note 2.625% Due 1/11/2022	2,250,000.00	02/13/2019 2.58%	2,252,610.00 2,252,273.31	102.08 1.78%	2,296,725.75 27,890.63	1.32% 44,452.44	Aaa / AA+ AAA	2.54 2.41
3133EKBV7	FFCB Note 2.55% Due 3/1/2022	1,000,000.00	03/01/2019 2.57%	999,390.00 999,456.41	101.92 1.81%	1,019,220.00 8,500.00	0.59% 19,763.59	Aaa / AA+ AAA	2.67 2.55
313378CR0	FHLB Note 2.25% Due 3/11/2022	1,300,000.00	09/15/2017 1.81%	1,324,271.00 1,314,616.07	101.23 1.78%	1,316,022.50 8,937.50	0.76% 1,406.43	Aaa / AA+ NR	2.70 2.59
3130AEBM1	FHLB Note 2.75% Due 6/10/2022	1,750,000.00	06/12/2018 2.84%	1,744,172.50 1,745,703.32	102.64 1.83%	1,796,142.25 2,807.29	1.03% 50,438.93	Aaa / AA+ NR	2.95 2.82
313383WD9	FHLB Note 3.125% Due 9/9/2022	1,500,000.00	09/20/2018 3.00%	1,507,005.00 1,505,636.87	104.00 1.83%	1,560,046.50 14,583.33	0.90% 54,409.63	Aaa / AA+ AAA	3.20 3.01
3130A3KM5	FHLB Note 2.5% Due 12/9/2022	1,500,000.00	08/27/2018 2.80%	1,482,000.00 1,485,533.25	102.42 1.77%	1,536,360.00 2,291.67	0.88% 50,826.75	Aaa / AA+ NR	3.45 3.29
3130ADRG9	FHLB Note 2.75% Due 3/10/2023	2,000,000.00	01/10/2019 2.69%	2,004,540.00 2,004,028.91	102.92 1.93%	2,058,354.00 16,958.33	1.18% 54,325.09	Aaa / AA+ NR	3.70 3.48
3133834G3	FHLB Note 2.125% Due 6/9/2023	1,700,000.00	Various 2.13%	1,699,659.00 1,699,762.92	101.20 1.81%	1,720,466.30 2,207.64	0.98% 20,703.38	Aaa / AA+ NR	3.95 3.76
3133EJUS6	FFCB Note 2.875% Due 7/17/2023	900,000.00	02/21/2019 2.60%	910,368.00 909,535.20	103.78 1.90%	934,053.30 11,787.50	0.54% 24,518.10	Aaa / AA+ AAA	4.05 3.77
3130A3DL5	FHLB Note 2.375% Due 9/8/2023	1,000,000.00	03/05/2019 2.63%	989,260.00 990,010.82	102.15 1.84%	1,021,544.00 7,454.86	0.59% 31,533.18	Aaa / AA+ NR	4.19 3.95
Total Agency		42,450,000.00	2.10%	42,473,535.95 42,458,065.88	1.91%	42,912,484.32 202,902.38	24.57% 454,418.44	Aaa / AA+ AAA	1.87 1.78

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COMMERCIAL PAPER									
62479MV7	MUFG Bank Ltd/NY Discount CP 2.58% Due 8/15/2019	2,000,000.00	04/18/2019 2.64%	1,982,943.33 1,993,585.53	99.68 2.64%	1,993,585.53 0.00	1.14% 0.00	P-1 / A-1 NR	0.13 0.12
46640QWB3	JP Morgan Discount CP 2.94% Due 9/11/2019	2,000,000.00	12/18/2018 3.03%	1,956,390.00 1,988,392.78	99.42 3.03%	1,988,392.78 0.00	1.13% 0.00	P-1 / A-1 F-1+	0.20 0.20
21687BWD9	Rabobank Nederland NV NY Discount CP 2.83% Due 9/13/2019	2,000,000.00	12/18/2018 2.92%	1,957,864.44 1,988,508.48	99.43 2.92%	1,988,508.48 0.00	1.13% 0.00	P-1 / A-1 NR	0.21 0.20
Total Commercial Paper		6,000,000.00	2.86%	5,897,197.77 5,970,486.79	2.86%	5,970,486.79 0.00	3.40% 0.00	Aaa / AA AAA	0.18 0.17
LAIF									
90LAIF\$00	Local Agency Investment Fund State Pool	35,736,033.31	Various 2.41%	35,736,033.31 35,736,033.31	1.00 2.41%	35,736,033.31 240,592.18	20.50% 0.00	NR / NR NR	0.00 0.00
Total LAIF		35,736,033.31	2.41%	35,736,033.31 35,736,033.31	2.41%	35,736,033.31 240,592.18	20.50% 0.00	NR / NR NR	0.00 0.00
LOCAL GOV INVESTMENT POOL									
90CAMP\$00	California Asset Mgmt Program CAMP	26,744,220.03	Various 2.45%	26,744,220.03 26,744,220.03	1.00 2.45%	26,744,220.03 0.00	15.24% 0.00	NR / AAA NR	0.00 0.00
Total Local Gov Investment Pool		26,744,220.03	2.45%	26,744,220.03 26,744,220.03	2.45%	26,744,220.03 0.00	15.24% 0.00	NR / AAA NR	0.00 0.00
MONEY MARKET FUND FI									
31846V203	First American Govt Obligation Fund Class Y	152,248.44	Various 1.99%	152,248.44 152,248.44	1.00 1.99%	152,248.44 0.00	0.09% 0.00	Aaa / AAA AAA	0.00 0.00
Total Money Market Fund FI		152,248.44	1.99%	152,248.44 152,248.44	1.99%	152,248.44 0.00	0.09% 0.00	Aaa / AAA AAA	0.00 0.00
NEGOTIABLE CD									
89114MQZ3	Toronto Dominion Bank Yankee CD 3% Due 9/19/2019	3,000,000.00	12/19/2018 3.00%	3,000,000.00 3,000,000.00	100.00 3.00%	3,000,000.00 48,500.00	1.74% 0.00	P-1 / A-1+ F-1+	0.22 0.22



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NEGOTIABLE CD									
06370RSB6	Bank of Montreal Chicago Yankee CD 2.9% Due 10/1/2019	2,000,000.00	12/19/2018 2.90%	2,000,000.00 2,000,000.00	100.00 2.90%	2,000,000.00 31,255.56	1.16% 0.00	P-1 / A-1 F-1+	0.25 0.25
78012UJZ9	Royal Bank of Canada Yankee CD 3.07% Due 11/27/2019	1,750,000.00	11/27/2018 3.07%	1,750,000.00 1,750,000.00	100.00 3.07%	1,750,000.00 32,235.00	1.02% 0.00	P-1 / A-1+ F-1+	0.41 0.40
Total Negotiable CD		6,750,000.00	2.99%	6,750,000.00 6,750,000.00	2.99%	6,750,000.00 111,990.56	3.91% 0.00	Aaa / AAA AAA	0.28 0.28
SUPRANATIONAL									
45950KCM0	International Finance Corp Note 2.25% Due 1/25/2021	1,000,000.00	Various 2.35%	997,097.20 998,478.89	100.53 1.91%	1,005,290.00 9,750.00	0.58% 6,811.11	Aaa / AAA NR	1.58 1.52
4581X0CS5	Inter-American Dev Bank Note 1.875% Due 3/15/2021	1,000,000.00	12/08/2017 2.12%	992,250.00 995,939.23	100.02 1.86%	1,000,230.00 5,520.83	0.57% 4,290.77	Aaa / AAA AAA	1.71 1.67
459058DY6	Intl. Bank Recon & Development Note 1.625% Due 2/10/2022	1,000,000.00	11/06/2017 2.06%	982,270.00 989,111.16	99.56 1.80%	995,626.00 6,364.58	0.57% 6,514.84	Aaa / AAA AAA	2.62 2.53
4581X0CN6	Inter-American Dev Bank Note 1.75% Due 4/14/2022	1,000,000.00	07/30/2018 2.95%	958,020.00 968,390.80	99.84 1.81%	998,387.00 3,743.06	0.57% 29,996.20	Aaa / AAA AAA	2.79 2.70
Total Supranational		4,000,000.00	2.37%	3,929,637.20 3,951,920.08	1.84%	3,999,533.00 25,378.47	2.29% 47,612.92	Aaa / AAA AAA	2.17 2.10
US CORPORATE									
594918BN3	Microsoft Note 1.1% Due 8/8/2019	860,000.00	08/01/2016 1.14%	859,114.20 859,969.26	99.88 2.22%	858,976.60 3,757.72	0.49% (992.66)	Aaa / AAA AA+	0.11 0.11
69371RN36	Paccar Financial Corp Note 1.2% Due 8/12/2019	660,000.00	08/04/2016 1.20%	660,000.00 660,000.00	99.86 2.37%	659,095.80 3,058.00	0.38% (904.20)	A1 / A+ NR	0.12 0.12
06406HCW7	Bank of New York Callable Note Cont 8/11/2019 2.3% Due 9/11/2019	1,000,000.00	04/26/2016 1.68%	1,019,880.00 1,000,679.80	100.00 2.27%	1,000,027.00 7,027.78	0.57% (652.80)	A1 / A AA-	0.20 0.11
437076BQ4	Home Depot Note 1.8% Due 6/5/2020	900,000.00	05/24/2017 1.82%	899,478.00 899,838.07	99.65 2.18%	896,875.20 1,170.00	0.51% (2,962.87)	A2 / A A	0.93 0.92
69353REU8	PNC Bank Callable Note Cont 10/6/2020 2.45% Due 11/5/2020	1,000,000.00	11/28/2017 2.26%	1,005,160.00 1,002,294.99	100.23 2.27%	1,002,260.00 3,811.11	0.57% (34.99)	A2 / A A+	1.35 1.24
92826CAB8	Visa Inc Note 2.2% Due 12/14/2020	900,000.00	05/09/2017 2.02%	905,607.00 902,273.57	100.16 2.09%	901,412.10 935.00	0.51% (861.47)	Aa3 / AA- NR	1.46 1.42

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US CORPORATE									
91159HHL7	US Bancorp Callable Note 1X 12/29/2020 2.35% Due 1/29/2021	1,000,000.00	04/18/2017 2.07%	1,009,914.00 1,004,022.97	100.30 2.15%	1,002,980.00 9,922.22	0.58% (1,042.97)	A1 / A+ AA-	1.59 1.45
459200JF9	IBM Corp Note 2.25% Due 2/19/2021	750,000.00	12/08/2017 2.27%	749,550.00 749,768.63	99.98 2.26%	749,872.50 6,187.50	0.43% 103.87	A1 / A A	1.64 1.59
24422ESL4	John Deere Capital Corp Note 2.8% Due 3/4/2021	1,000,000.00	03/12/2018 2.89%	997,390.00 998,529.17	100.89 2.26%	1,008,877.00 9,100.00	0.58% 10,347.83	A2 / A A	1.68 1.62
369550BE7	General Dynamics Corp Note 3% Due 5/11/2021	1,000,000.00	05/15/2018 3.25%	993,030.00 995,647.75	101.62 2.11%	1,016,192.00 4,166.67	0.58% 20,544.25	A2 / A+ NR	1.87 1.80
166764BG4	Chevron Corp Callable Note Cont 4/15/2021 2.1% Due 5/16/2021	1,000,000.00	12/13/2017 2.30%	993,420.00 996,388.38	100.09 2.05%	1,000,876.00 2,625.00	0.57% 4,487.62	Aa2 / AA NR	1.88 1.75
857477AV5	State Street Bank Note 1.95% Due 5/19/2021	850,000.00	12/15/2017 2.35%	838,933.16 843,894.16	99.74 2.09%	847,784.90 1,933.75	0.48% 3,890.74	A1 / A AA-	1.89 1.84
808513AW5	Charles Schwab Corp Callable Note Cont 4/21/2021 3.25% Due 5/21/2021	1,000,000.00	Various 3.06%	1,005,237.15 1,003,273.18	101.94 2.15%	1,019,364.00 3,611.11	0.58% 16,090.82	A2 / A A	1.89 1.75
69371RP42	Paccar Financial Corp Note 3.15% Due 8/9/2021	1,000,000.00	08/06/2018 3.16%	999,690.00 999,782.21	101.81 2.26%	1,018,137.00 12,425.00	0.59% 18,354.79	A1 / A+ NR	2.11 2.01
02665WBG5	American Honda Finance Note 1.7% Due 9/9/2021	1,000,000.00	07/18/2017 2.13%	983,140.00 991,062.30	98.85 2.24%	988,506.00 5,288.89	0.57% (2,556.30)	A2 / A NR	2.20 2.13
68389XBK0	Oracle Corp Callable Note Cont 8/01/21 1.9% Due 9/15/2021	1,000,000.00	10/12/2017 2.11%	992,290.00 995,648.97	99.49 2.14%	994,938.00 5,594.44	0.57% (710.97)	A1 / AA- A	2.21 2.14
89236TDP7	Toyota Motor Credit Corp Note 2.6% Due 1/11/2022	1,000,000.00	07/24/2018 3.26%	978,510.00 984,285.97	101.05 2.17%	1,010,463.00 12,277.78	0.58% 26,177.03	Aa3 / AA- A+	2.54 2.41
74005PBA1	Praxair Callable Note Cont 11/15/2021 2.45% Due 2/15/2022	600,000.00	03/06/2018 2.91%	589,692.00 593,128.00	100.83 2.09%	604,957.20 5,553.33	0.35% 11,829.20	A2 / A NR	2.63 2.28
09247XAJ0	Blackrock Inc Note 3.375% Due 6/1/2022	1,000,000.00	06/11/2018 3.18%	1,007,390.00 1,005,436.67	103.50 2.13%	1,034,956.00 2,812.50	0.59% 29,519.33	Aa3 / AA- NR	2.92 2.77
44932HAC7	IBM Credit Corp Note 2.2% Due 9/8/2022	250,000.00	06/11/2018 3.32%	239,042.50 241,753.56	99.75 2.28%	249,381.50 1,726.39	0.14% 7,627.94	A1 / A A	3.19 3.04
06051GEU9	Bank of America Corp Note 3.3% Due 1/11/2023	1,000,000.00	05/01/2019 2.93%	1,012,860.00 1,012,297.55	103.08 2.39%	1,030,777.00 15,583.33	0.60% 18,479.45	A2 / A- A+	3.54 3.28

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US CORPORATE									
06406RAE7	Bank of NY Mellon Corp Callable Note Cont 12/29/2022 2.95% Due 1/29/2023	1,000,000.00	09/07/2018 3.39%	982,280.00 985,522.95	102.09 2.32%	1,020,936.00 12,455.56	0.59% 35,413.05	A1 / A AA-	3.59 3.27
037833BU3	Apple Inc Callable Note Cont 12/23/2022 2.85% Due 2/23/2023	1,000,000.00	12/20/2018 3.32%	981,650.00 983,928.68	102.40 2.13%	1,023,987.00 10,133.33	0.59% 40,058.32	Aa1 / AA+ NR	3.65 3.27
084670BR8	Berkshire Hathaway Callable Note Cont 1/15/2023 2.75% Due 3/15/2023	1,000,000.00	12/20/2018 3.40%	974,780.00 977,871.17	101.62 2.27%	1,016,156.00 8,097.22	0.58% 38,284.83	Aa2 / AA A+	3.71 3.34
931142DH3	Wal-Mart Stores Callable Note Cont 1/11/2023 2.55% Due 4/11/2023	1,250,000.00	04/25/2019 2.68%	1,243,750.00 1,244,022.87	101.44 2.12%	1,268,030.00 7,083.33	0.73% 24,007.13	Aa2 / AA AA	3.78 3.35
69353RFL7	PNC Bank Callable Note Cont 5/9/2023 3.5% Due 6/8/2023	1,000,000.00	06/06/2019 2.40%	1,041,020.00 1,040,417.19	104.55 2.26%	1,045,503.00 2,236.11	0.60% 5,085.81	A2 / A NR	3.94 3.60
Total US Corporate		24,020,000.00	2.56%	23,962,808.01 23,971,738.02	2.20%	24,271,320.80 158,573.07	13.92% 299,582.78	A1 / A+ A+	2.22 2.06
US TREASURY									
912828TN0	US Treasury Note 1% Due 8/31/2019	1,500,000.00	01/07/2016 1.41%	1,478,208.15 1,498,998.26	99.79 2.26%	1,496,811.00 5,013.59	0.86% (2,187.26)	Aaa / AA+ AAA	0.17 0.17
912828U32	US Treasury Note 1% Due 11/15/2019	600,000.00	03/15/2019 2.54%	594,000.00 596,603.31	99.58 2.13%	597,468.60 766.30	0.34% 865.29	Aaa / AA+ AAA	0.38 0.37
912828UB4	US Treasury Note 1% Due 11/30/2019	1,350,000.00	10/29/2015 1.37%	1,330,387.34 1,348,001.93	99.54 2.12%	1,343,725.20 1,143.44	0.77% (4,276.73)	Aaa / AA+ AAA	0.42 0.41
912828UF5	US Treasury Note 1.125% Due 12/31/2019	1,500,000.00	04/25/2016 1.16%	1,498,071.43 1,499,737.40	99.52 2.10%	1,492,734.00 45.86	0.85% (7,003.40)	Aaa / AA+ AAA	0.50 0.49
912828UL2	US Treasury Note 1.375% Due 1/31/2020	1,500,000.00	01/07/2016 1.49%	1,493,090.96 1,499,000.99	99.59 2.08%	1,493,907.00 8,603.25	0.86% (5,093.99)	Aaa / AA+ AAA	0.59 0.58
912828J50	US Treasury Note 1.375% Due 2/29/2020	1,000,000.00	03/31/2017 1.51%	996,292.41 999,151.65	99.55 2.05%	995,547.00 4,595.79	0.57% (3,604.65)	Aaa / AA+ AAA	0.67 0.66
912828UV0	US Treasury Note 1.125% Due 3/31/2020	1,300,000.00	10/11/2016 1.13%	1,299,750.45 1,299,945.90	99.34 2.01%	1,291,469.40 3,676.23	0.74% (8,476.50)	Aaa / AA+ AAA	0.75 0.74
912828K58	US Treasury Note 1.375% Due 4/30/2020	1,500,000.00	12/13/2016 1.57%	1,490,337.06 1,497,617.57	99.47 2.01%	1,492,090.50 3,474.86	0.85% (5,527.07)	Aaa / AA+ AAA	0.84 0.82

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US TREASURY									
912828XH8	US Treasury Note 1.625% Due 6/30/2020	1,200,000.00	12/14/2016 1.74%	1,195,269.65 1,198,663.64	99.67 1.96%	1,196,062.80 52.99	0.68% (2,600.84)	Aaa / AA+ AAA	1.00 0.99
912828XM7	US Treasury Note 1.625% Due 7/31/2020	1,300,000.00	01/27/2017 1.65%	1,299,039.51 1,299,702.38	99.67 1.93%	1,295,684.00 8,811.81	0.74% (4,018.38)	Aaa / AA+ AAA	1.09 1.06
912828L32	US Treasury Note 1.375% Due 8/31/2020	1,500,000.00	Various 2.44%	1,469,630.58 1,481,868.21	99.38 1.91%	1,490,742.00 6,893.68	0.85% 8,873.79	Aaa / AA+ AAA	1.17 1.15
912828L65	US Treasury Note 1.375% Due 9/30/2020	1,500,000.00	10/09/2018 2.89%	1,456,757.81 1,472,591.29	99.36 1.89%	1,490,391.00 5,184.43	0.85% 17,799.71	Aaa / AA+ AAA	1.25 1.23
912828M98	US Treasury Note 1.625% Due 11/30/2020	1,500,000.00	03/06/2017 1.82%	1,489,458.15 1,495,996.57	99.68 1.85%	1,495,254.00 2,064.55	0.85% (742.57)	Aaa / AA+ AAA	1.42 1.39
912828XR6	US Treasury Note 1.75% Due 5/31/2022	1,500,000.00	03/06/2018 2.60%	1,449,375.00 1,465,125.73	100.07 1.73%	1,500,996.00 2,223.36	0.86% 35,870.27	Aaa / AA+ AAA	2.92 2.83
912828XW5	US Treasury Note 1.75% Due 6/30/2022	1,500,000.00	02/09/2018 2.50%	1,453,828.13 1,468,381.36	100.13 1.71%	1,501,875.00 71.33	0.86% 33,493.64	Aaa / AA+ AAA	3.00 2.91
9128282P4	US Treasury Note 1.875% Due 7/31/2022	2,000,000.00	12/28/2018 2.53%	1,955,234.38 1,961,463.24	100.45 1.72%	2,008,984.00 15,642.27	1.15% 47,520.76	Aaa / AA+ AAA	3.09 2.96
912828L24	US Treasury Note 1.875% Due 8/31/2022	1,200,000.00	09/25/2018 2.96%	1,151,953.13 1,161,261.16	100.45 1.73%	1,205,390.40 7,520.38	0.69% 44,129.24	Aaa / AA+ AAA	3.17 3.05
9128282W9	US Treasury Note 1.875% Due 9/30/2022	2,200,000.00	01/16/2019 2.54%	2,148,609.38 2,154,881.16	100.49 1.72%	2,210,828.40 10,368.85	1.27% 55,947.24	Aaa / AA+ AAA	3.25 3.13
912828R28	US Treasury Note 1.625% Due 4/30/2023	1,000,000.00	06/19/2019 1.87%	991,054.69 991,124.48	99.61 1.73%	996,055.00 2,737.77	0.57% 4,930.52	Aaa / AA+ AAA	3.84 3.69
912828R69	US Treasury Note 1.625% Due 5/31/2023	1,500,000.00	04/11/2019 2.30%	1,460,156.25 1,462,192.06	99.61 1.73%	1,494,082.50 2,064.55	0.85% 31,890.44	Aaa / AA+ AAA	3.92 3.77
Total US Treasury		28,150,000.00	2.02%	27,700,504.46 27,852,308.29	1.90%	28,090,097.80 90,955.29	16.06% 237,789.51	Aaa / AA+ AAA	1.77 1.71
TOTAL PORTFOLIO		174,002,501.78	2.33%	173,346,185.17 ✓ 173,587,020.84	2.21%	174,626,424.49 830,391.95	100.00% 1,039,403.65	Aa1 / AA+ AAA	1.12 1.07
TOTAL MARKET VALUE PLUS ACCRUED						175,456,816.44			



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Custody: Your qualified custodian bank maintains control of all assets reflected in this statement and we urge you to compare this statement to the one you receive from your qualified custodian. Chandler does not have any authority to withdraw or deposit funds from/to the custodian account.

Valuation: Prices are provided by IDC, an independent pricing source. In the event IDC does not provide a price or if the price provided is not reflective of fair market value, Chandler will obtain pricing from an alternative approved third party pricing source in accordance with our written valuation policy and procedures. Our valuation procedures are also disclosed in Item 5 of our Form ADV Part 2A.

Performance: Performance results are presented gross-of-advisory fees and represent the client's Total Return. The deduction of advisory fees lowers performance results. These results include the reinvestment of dividends and other earnings. Past performance may not be indicative of future results. Therefore, clients should not assume that future performance of any specific investment or investment strategy will be profitable or equal to past performance levels. All investment strategies have the potential for profit or loss. Economic factors, market conditions or changes in investment strategies, contributions or withdrawals may materially alter the performance and results of your portfolio.

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Ratings: Ratings information have been provided by Moody's, S&P and Fitch through data feeds we believe to be reliable as of the date of this statement, however we cannot guarantee its accuracy.

Security level ratings for U.S. Agency issued mortgage-backed securities ("MBS") reflect the issuer rating because the securities themselves are not rated. The issuing U.S. Agency guarantees the full and timely payment of both principal and interest and carries a AA+/Aaa/AAA by S&P, Moody's and Fitch respectively.

Calaveras County
 Portfolio Holdings
 Treasurer's Balance Sheet - Detail
 Report Format: By Transaction
 Group By: Asset Class
 Average By: Face Amount / Shares
 Portfolio / Report Group: All Portfolios
 As of 6/30/2019

Description	CUSIP/Ticker	Transaction ID	Settlement Date	Maturity Date	YTM @ Cost	Face Amount/Shares	Cost Value	Book Value	% of Portfolio	Amortized Premium	Amortized Discount
01. AIM / CAMP											
CAMP LGIP	CAMP3300		6/30/2014	N/A	?	26,744,220.03	26,744,220.03	26,744,220.03	15.37	0.00	0.00
Sub Total / Average 01. AIM / CAMP						?	26,744,220.03	26,744,220.03	15.37	0.00	0.00
02. LAIF											
Local Agency Investment Fund LGIP	LAIF5000		6/30/2014	N/A	?	35,736,033.31	35,736,033.31	35,736,033.31	20.54	0.00	0.00
Sub Total / Average 02. LAIF						?	35,736,033.31	35,736,033.31	20.54	0.00	0.00
03. Internally Managed - US Agency											
FHLB 1.375 9/13/2019	313380FB8	64678732	6/24/2016	9/13/2019	1.052	1,000,000.00	1,010,200.00	1,000,650.51	0.57	-9,549.49	0.00
Sub Total / Average 03. Internally Managed - US Agency						1.052	1,000,000.00	1,010,200.00	0.57	-9,549.49	0.00
04. Externally Managed - Agency Funds											
FAMC 1.25 10/2/2019	3137EADM8		1/12/2016	10/2/2019	1.518	1,500,000.00	1,485,510.00	1,498,997.75	0.86	0.00	13,487.75
FFCB 1.15 7/1/2019	3133EFW52	62494700	4/11/2016	7/1/2019	0.996	1,600,000.00	1,607,824.00	1,600,006.65	0.92	-7,817.35	0.00
FFCB 1.55 5/8/2020	3133EHJA2	74734567	5/15/2017	5/8/2020	1.661	1,200,000.00	1,196,112.00	1,198,882.51	0.69	0.00	2,770.51
FFCB 1.75 10/26/2020	3133EHJ95	3461	10/31/2017	10/26/2020	1.786	1,300,000.00	1,298,661.00	1,299,405.98	0.75	0.00	744.98
FFCB 1.9 11/27/2020	3133EHW58	4688	11/30/2017	11/27/2020	1.964	1,500,000.00	1,497,195.00	1,498,675.77	0.86	0.00	1,480.77
FFCB 2.55 3/1/2022	3133EKBV7	28891	3/4/2019	3/1/2022	2.571	1,000,000.00	999,390.00	999,455.86	0.57	0.00	65.86
FFCB 2.8 12/17/2021	3133EJ3B3	25423	12/27/2018	12/17/2021	2.701	2,000,000.00	2,005,560.00	2,004,612.85	1.15	-947.15	0.00
FFCB 2.875 7/17/2023	3133EJUS6	28289	2/22/2019	7/17/2023	2.596	900,000.00	910,368.00	909,541.66	0.52	-826.34	0.00
FHLB 1.25 12/13/2019	313381C94	65349154	7/18/2016	12/13/2019	1.061	1,600,000.00	1,610,096.00	1,601,348.30	0.92	-8,747.70	0.00
FHLB 1.375 11/15/2019	3130AA3R7	69693893	12/1/2016	11/15/2019	1.456	1,250,000.00	1,247,087.50	1,249,627.50	0.72	0.00	2,540.00
FHLB 1.875 12/10/2021	3130AAB49	5395	12/18/2017	12/10/2021	2.162	1,400,000.00	1,384,740.00	1,390,610.85	0.80	0.00	5,870.85
FHLB 1.875 12/11/2020	3130A3UQ5		2/1/2016	12/11/2020	1.583	1,000,000.00	1,013,570.00	1,004,051.89	0.57	-9,518.11	0.00
FHLB 1.875 3/13/2020	313378J77		3/11/2016	3/13/2020	1.431	700,000.00	712,061.00	702,118.71	0.40	-9,942.29	0.00
FHLB 2.125 6/9/2023	3133834G3	34253	5/21/2019	6/9/2023	2.270	1,000,000.00	994,430.00	994,580.54	0.57	0.00	150.54
FHLB 2.125 6/9/2023	3133834G3	35677	6/17/2019	6/9/2023	1.929	700,000.00	705,229.00	705,182.22	0.40	-46.78	0.00
FHLB 2.25 3/11/2022	313378CR0	78831980	9/19/2017	3/11/2022	1.814	1,300,000.00	1,324,271.00	1,314,630.93	0.75	-9,640.07	0.00
FHLB 2.375 9/8/2023	3130A3DL5	29085	3/8/2019	9/8/2023	2.630	1,000,000.00	989,260.00	990,004.29	0.57	0.00	744.29
FHLB 2.5 12/9/2022	3130A3KM5	19460	8/28/2018	12/9/2022	2.799	1,500,000.00	1,482,000.00	1,485,521.74	0.86	0.00	3,521.74
FHLB 2.75 3/10/2023	3130ADRG9	26100	1/11/2019	3/10/2023	2.691	2,000,000.00	2,004,540.00	2,004,031.90	1.15	-508.10	0.00
FHLB 2.75 6/10/2022	3130AEBM1	15107	6/13/2018	6/10/2022	2.838	1,750,000.00	1,744,172.50	1,745,699.32	1.01	0.00	1,526.82
FHLB 2.875 9/11/2020	313370US5	22507	10/22/2018	9/11/2020	2.973	1,000,000.00	998,200.00	998,854.78	0.57	0.00	654.78
FHLB 3 10/12/2021	3130AF5B9	21818	10/15/2018	10/12/2021	3.016	1,250,000.00	1,249,450.00	1,249,579.83	0.72	0.00	129.83
FHLB 3.125 12/11/2020	313371U79	24308	11/30/2018	12/11/2020	2.881	1,100,000.00	1,105,258.00	1,103,755.71	0.63	-1,502.29	0.00

Description	CUSIP/Ticker	Transaction ID	Settlement Date	Maturity Date	YTM @ Cost	Face Amount/Shares	Cost Value	Book Value	% of Portfolio	Amortized Premium	Amortized Discount
FHLB 3.125 9/9/2022	313383WD9	20762	9/21/2018	9/9/2022	2.999	1,500,000.00	1,507,005.00	1,505,641.71	0.86	-1,363.29	0.00
FHLMC 0.875 7/19/2019	3137EAEB1	67422196	9/21/2016	7/19/2019	1.018	1,500,000.00	1,494,030.00	1,499,889.98	0.86	0.00	5,859.98
FHLMC 1.5 1/17/2020	3137EAEE5	71080941	1/17/2017	1/17/2020	1.500	1,468,412.40	1,468,412.40	1,468,412.40	0.84	0.00	0.00
FNMA 1 10/24/2019	3135G0R39	68998411	11/9/2016	10/24/2019	1.124	1,675,000.00	1,668,986.75	1,674,353.53	0.96	0.00	5,366.78
FNMA 1.5 2/28/2020	3135G0T29	72412263	2/28/2017	2/28/2020	1.522	505,000.00	504,676.80	504,928.28	0.29	0.00	251.48
FNMA 2 1/5/2022	3135G0S38	2431	9/29/2017	1/5/2022	1.905	1,000,000.00	1,003,870.00	1,002,283.77	0.57	-1,586.23	0.00
FNMA 2.625 1/11/2022	3135G0U92	27875	2/14/2019	1/11/2022	2.583	2,250,000.00	2,252,610.00	2,252,275.76	1.29	-334.24	0.00
FNMA 2.875 10/30/2020	3135G0U84	22927	11/1/2018	10/30/2020	-9.525	2,000,000.00	1,998,760.00	1,999,169.93	1.15	0.00	409.93
Sub Total / Average 04. Externally Managed - Agency Funds					1.524	41,448,412.40	41,463,335.95	41,456,132.90	23.82	-52,779.94	45,576.89
05. Corporate Notes											
AMER HONDA FIN 1.7 9/9/2021	02665WBG5	76968068	7/21/2017	9/9/2021	2.128	1,000,000.00	983,140.00	991,051.14	0.57	0.00	7,911.14
APPLE INC 2.85 2/23/2023	037833BU3	25256	12/24/2018	2/23/2023	3.325	1,000,000.00	981,650.00	983,916.62	0.57	0.00	2,266.62
B OF A 3.3 1/11/2023	06051GEU9	33039	5/3/2019	1/11/2023	2.929	1,000,000.00	1,012,860.00	1,012,307.09	0.57	-552.91	0.00
BANK NY 2.3 9/11/2019	06406HCW7	62908589	4/29/2016	9/11/2019	1.690	1,000,000.00	1,019,880.00	1,001,179.87	0.57	-18,700.13	0.00
BANK OF NY MELLON 2.95 1/29/2023	06406RAE7	19964	9/11/2018	1/29/2023	3.388	1,000,000.00	982,280.00	985,511.88	0.57	0.00	3,231.88
BERKSHIRE HATH 2.75 3/15/2023	084670BR8	25243	12/24/2018	3/15/2023	3.395	1,000,000.00	974,780.00	977,854.81	0.57	0.00	3,074.81
BLACKROCK INC 3.375 6/1/2022	09247XAJO	15063	6/13/2018	6/1/2022	3.175	1,000,000.00	1,007,390.00	1,005,441.77	0.57	-1,948.23	0.00
CHARLES SCHWAB 3.25 5/21/2021	808513AW5	13637	5/22/2018	5/21/2021	3.251	255,000.00	254,992.35	254,995.17	0.15	0.00	2.82
CHARLES SCHWAB 3.25 5/21/2021	808513AW5	14212	5/31/2018	5/21/2021	3.000	745,000.00	750,244.80	748,337.16	0.43	-1,907.64	0.00
CHEVRON CORP 2.1 5/16/2021	166764BG4	5224	12/15/2017	5/16/2021	2.301	1,000,000.00	993,420.00	996,383.11	0.57	0.00	2,963.11
GENERAL DYN CORP 3 5/11/2021	369550BE7	13519	5/18/2018	5/11/2021	3.247	1,000,000.00	993,030.00	995,641.35	0.57	0.00	2,611.35
HOME DEPOT 1.8 6/5/2020	437076BQ4	75218381	6/5/2017	6/5/2020	1.820	900,000.00	899,478.00	899,837.59	0.52	0.00	359.59
IBM CORP 2.25 2/19/2021	459200JF9	5014	12/12/2017	2/19/2021	2.269	750,000.00	749,550.00	749,768.24	0.43	0.00	218.24
IBM CREDIT LLC 2.2 9/8/2022	44932HAC7	15031	6/13/2018	9/8/2022	3.317	250,000.00	239,042.50	241,746.48	0.14	0.00	2,703.98
JOHN DEERE CAP 2.8 3/4/2021	24422ESL4	9570	3/14/2018	3/4/2021	2.892	1,000,000.00	997,390.00	998,526.77	0.57	0.00	1,136.77
MICROSOFT 1.1 8/8/2019	594918BN3	65898355	8/8/2016	8/8/2019	1.135	860,000.00	859,114.20	859,988.45	0.49	0.00	854.25
ORACLE CORP 1.9 9/15/2021	68389XBK0	2998	10/16/2017	9/15/2021	2.106	1,000,000.00	992,290.00	995,643.58	0.57	0.00	3,353.58
PACCAR 1.2 8/12/2019	69371RN36	65998769	8/11/2016	8/12/2019	1.200	660,000.00	660,000.00	660,000.00	0.38	0.00	0.00
PACCAR FIN CORP 3.15 8/9/2021	69371RP42	18380	8/9/2018	8/9/2021	3.161	1,000,000.00	999,690.00	999,781.93	0.57	0.00	91.93
PNC BANK 2.45 11/5/2020	69353REU8	4638	11/30/2017	11/5/2020	2.267	1,000,000.00	1,005,160.00	1,002,380.06	0.57	-2,779.94	0.00
PNC BANK NA 3.5 6/8/2023	69353RFL7	35114	6/10/2019	6/8/2023	2.417	1,000,000.00	1,041,020.00	1,040,457.70	0.57	-562.30	0.00
PRAXAIR 2.45 2/15/2022	74005PBA1	9336	3/8/2018	2/15/2022	2.915	600,000.00	589,692.00	593,120.84	0.34	0.00	3,428.84
STATE STREET 1.95 5/19/2021	857477AV5	5375	12/19/2017	5/19/2021	2.356	212,000.00	209,188.88	210,446.78	0.12	0.00	1,257.90
STATE STREET 1.95 5/19/2021	857477AV5	5376	12/19/2017	5/19/2021	2.346	638,000.00	629,744.28	633,438.50	0.37	0.00	3,694.22
TOYOTA MOTO CR 2.6 1/11/2022	89236TPD7	17476	7/26/2018	1/11/2022	3.262	1,000,000.00	978,510.00	984,268.98	0.57	0.00	5,758.98
US BANKCORP 2.35 1/29/2021	91159HHL7	74049706	4/21/2017	1/29/2021	2.075	1,000,000.00	1,009,914.00	1,004,162.59	0.57	-5,751.41	0.00
VISA 2.2 12/14/2020	92826CAB8	74705689	5/12/2017	12/14/2020	2.019	900,000.00	905,607.00	902,277.84	0.52	-3,329.16	0.00
WALMART 2.55 4/11/2023	931142DH3	32498	4/29/2019	4/11/2023	2.684	1,250,000.00	1,243,750.00	1,244,018.54	0.72	0.00	268.54
Sub Total / Average 05. Corporate Notes					2.568	24,020,000.00	23,962,808.01	23,972,464.84	13.80	-35,531.72	45,188.55
06. Commercial Paper											
COOP RABO 0 9/13/2019	21687BWD9	25057	12/19/2018	9/13/2019	2.891	2,000,000.00	1,957,864.44	1,988,208.33	1.15	0.00	30,343.89
JP MORGAN SEC 0 9/11/2019	4664QWB3	25054	12/18/2018	9/11/2019	3.006	2,000,000.00	1,956,390.00	1,988,076.67	1.15	0.00	31,686.67
MUFG BANK 2.58 8/15/2019	62479MV7	31991	4/18/2019	8/15/2019	5.248	2,000,000.00	1,982,943.33	1,993,406.67	1.15	0.00	10,463.34

Description	CUSIP/Ticker	Transaction ID	Settlement Date	Maturity Date	YTM @ Cost	Face Amount/Shares	Cost Value	Book Value	% of Portfolio	Amortized Premium	Amortized Discount
Sub Total / Average 06. Commercial Paper					3.715	6,000,000.00	5,897,197.77	5,969,691.67	3.45	0.00	72,493.90
07. US Treasury											
T-Bond 1.625 4/30/2023	912828R28	36426	6/20/2019	4/30/2023	1.866	1,000,000.00	991,054.69	991,118.13	0.57	0.00	63.44
T-Note 1 11/15/2019	912828U32	29704	3/18/2019	11/15/2019	2.536	600,000.00	594,000.00	596,578.51	0.34	0.00	2,578.51
T-Note 1 11/30/2019	912828UB4		10/30/2015	11/30/2019	1.367	1,350,000.00	1,330,387.34	1,347,988.78	0.78	0.00	17,601.44
T-Note 1 8/31/2019	912828TN0		1/12/2016	8/31/2019	1.412	1,500,000.00	1,478,208.15	1,498,981.84	0.86	0.00	20,773.69
T-Note 1.125 12/31/2019	912828UF5	62908979	4/26/2016	12/31/2019	1.161	1,500,000.00	1,498,071.43	1,499,735.97	0.86	0.00	1,664.54
T-Note 1.125 3/31/2020	912828UV0	68123401	10/14/2016	3/31/2020	1.131	1,300,000.00	1,299,750.45	1,299,945.71	0.75	0.00	195.26
T-Note 1.375 1/31/2020	912828UL2		1/12/2016	1/31/2020	1.493	1,500,000.00	1,493,090.96	1,498,996.32	0.86	0.00	5,905.36
T-Note 1.375 2/29/2020	912828J50	73514340	4/3/2017	2/29/2020	1.506	1,000,000.00	996,292.41	999,148.16	0.57	0.00	2,855.75
T-Note 1.375 4/30/2020	912828K58	70096425	12/14/2016	4/30/2020	1.571	1,500,000.00	1,490,337.06	1,497,609.74	0.86	0.00	7,272.68
T-Note 1.375 8/31/2020	912828L32	71085829	1/13/2017	8/31/2020	1.619	500,000.00	495,724.33	498,619.92	0.29	0.00	2,895.59
T-Note 1.375 8/31/2020	912828L32	23115	11/5/2018	8/31/2020	2.858	1,000,000.00	973,906.25	983,205.83	0.57	0.00	9,299.58
T-Note 1.375 9/30/2020	912828L65	21610	10/10/2018	9/30/2020	2.889	1,500,000.00	1,456,757.81	1,472,531.31	0.86	0.00	15,773.50
T-Note 1.625 11/30/2020	912828M98	72708298	3/7/2017	11/30/2020	1.820	1,500,000.00	1,489,458.15	1,495,988.84	0.86	0.00	6,530.69
T-Note 1.625 5/31/2023	912828R69	31575	4/15/2019	5/31/2023	2.303	1,500,000.00	1,460,156.25	1,462,165.62	0.86	0.00	2,009.37
T-Note 1.625 6/30/2020	912828XH8	70143035	12/16/2016	6/30/2020	1.740	1,200,000.00	1,195,269.65	1,198,659.98	0.69	0.00	3,390.33
T-Note 1.625 7/31/2020	912828XM7	71553840	1/30/2017	7/31/2020	1.647	1,300,000.00	1,299,039.51	1,299,701.63	0.75	0.00	662.12
T-Note 1.75 5/31/2022	912828XR6	9337	3/7/2018	5/31/2022	2.597	1,500,000.00	1,449,375.00	1,465,092.98	0.86	0.00	15,717.98
T-Note 1.75 6/30/2022	912828XW5	7942	2/12/2018	6/30/2022	2.496	1,500,000.00	1,453,828.13	1,468,352.49	0.86	0.00	14,524.36
T-Note 1.875 7/31/2022	912828P4	25577	12/31/2018	7/31/2022	2.532	2,000,000.00	1,955,234.38	1,961,429.01	1.15	0.00	6,194.63
T-Note 1.875 8/31/2022	912828L24	20883	9/26/2018	8/31/2022	2.962	1,200,000.00	1,151,953.13	1,161,227.68	0.69	0.00	9,274.55
T-Note 1.875 9/30/2022	912828W9	26411	1/17/2019	9/30/2022	2.540	2,200,000.00	2,148,609.38	2,154,843.15	1.26	0.00	6,233.77
Sub Total / Average 07. US Treasury					2.022	28,150,000.00	27,700,504.46	27,851,921.60	16.18	0.00	151,417.14
10. Money Market											
FIRST AM MM	31846V203		8/8/2016	N/A	?	152,248.44	152,248.44	152,248.44	0.09	0.00	0.00
Sub Total / Average 10. Money Market					?	152,248.44	152,248.44	152,248.44	0.09	0.00	0.00
12. Supranational											
INTER-AMER DEV 1.75 4/14/2022	4581X0CN6	17984	8/1/2018	4/14/2022	2.955	1,000,000.00	958,020.00	968,359.75	0.57	0.00	10,339.75
INTER-AMERICAN 1.875 3/15/2021	4581X0CS5	5013	12/12/2017	3/15/2021	2.122	1,000,000.00	992,250.00	995,932.72	0.57	0.00	3,682.72
INTL BK RECON 1.625 2/10/2022	459058DY6	3660	11/8/2017	2/10/2022	2.062	1,000,000.00	982,270.00	989,099.76	0.57	0.00	6,829.76
INTL FIN CORP 2.25 1/25/2021	45950KCM0	6589	1/25/2018	1/25/2021	2.250	378,882.80	378,882.80	378,882.80	0.22	0.00	0.00
INTL FIN CORP 2.25 1/25/2021	45950KCM0	6873	1/26/2018	1/25/2021	2.350	620,000.00	618,214.40	619,062.36	0.36	0.00	847.96
Sub Total / Average 12. Supranational					2.363	3,998,882.80	3,929,637.20	3,951,337.39	2.30	0.00	21,700.19
13. CD											
MONTREAL CHI 2.9 10/1/2019	06370RSB6	25087	12/19/2018	10/1/2019	2.900	2,000,000.00	2,000,000.00	2,000,000.00	1.15	0.00	0.00
ROYAL BK OF CAN 3.07 11/27/2019	7801UJZ9	PUR FROM UAX3	11/27/2018	11/27/2019	3.070	1,750,000.00	1,750,000.00	1,750,000.00	1.01	0.00	0.00
TOR DOMINION 3 9/19/2019	89114MQZ3	25078	12/19/2018	9/19/2019	3.000	3,000,000.00	3,000,000.00	3,000,000.00	1.72	0.00	0.00
Sub Total / Average 13. CD					2.989	6,750,000.00	6,750,000.00	6,750,000.00	3.88	0.00	0.00
Total / Average					?	173,999,796.98	173,346,185.17	173,584,700.69	100	-97,861.15	336,376.67



CALIFORNIA STATE TREASURER FIONA MA, CPA



PMIA Performance Report

Date	Daily Yield*	Quarter to Date Yield	Average Maturity (in days)
06/17/19	2.42	2.45	170
06/18/19	2.42	2.45	168
06/19/19	2.42	2.45	169
06/20/19	2.42	2.45	169
06/21/19	2.41	2.45	168
06/22/19	2.41	2.44	168
06/23/19	2.41	2.44	168
06/24/19	2.41	2.44	166
06/25/19	2.40	2.44	167
06/26/19	2.41	2.44	168
06/27/19	2.41	2.44	169
06/28/19	2.40	2.44	174
06/29/19	2.40	2.44	174
06/30/19	2.39	2.44	173
07/01/19	2.40	2.40	180
07/02/19	2.40	2.40	180
07/03/19	2.39	2.40	182
07/04/19	2.39	2.40	182
07/05/19	2.39	2.40	182
07/06/19	2.39	2.40	182
07/07/19	2.39	2.39	182
07/08/19	2.39	2.39	179
07/09/19	2.39	2.39	179
07/10/19	2.39	2.39	178
07/11/19	2.38	2.39	179
07/12/19	2.38	2.39	179
07/13/19	2.38	2.39	179
07/14/19	2.38	2.39	179
07/15/19	2.38	2.39	176
07/16/19	2.38	2.39	178
07/17/19	2.38	2.39	179

*Daily yield does not reflect capital gains or losses

[View Prior Month Daily Rates](#)

LAIF Performance Report

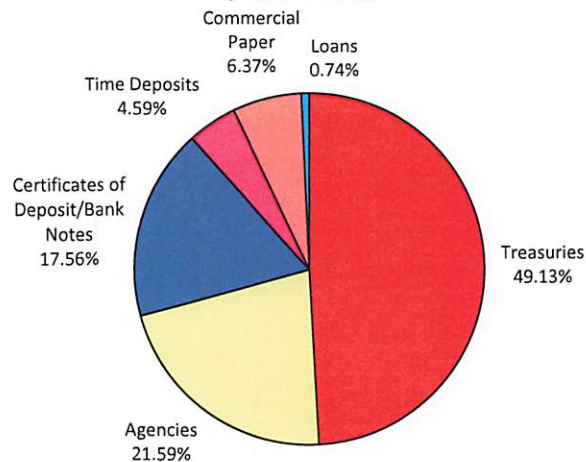
Quarter Ending 06/30/19

Apportionment Rate: 2.57
Earnings Ratio: .00007028813234525
Fair Value Factor: 1.001711790
Daily: 2.39%
Quarter to Date: 2.44%
Average Life: 173

PMIA Average Monthly Effective Yields

June 2019 2.428
May 2019 2.449
Apr 2019 2.445

Pooled Money Investment Account Portfolio Composition 06/30/19 \$105.7 billion



Percentages may not total 100% due to rounding

Notes: The apportionment rate includes interest earned on the CalPERS Supplemental Pension Payment pursuant to Government Code 20825 (c)(1)

Based on data available as of 07/17/2019