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

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

$3,859,994.05
COLUMBIA ELEMENTARY SCHOOL DISTRICT
(Shasta County, California)
General Obligation Bonds
Election of 2014, Series C
(Bank Qualified)

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

Authority and Purpose. The above-captioned General Obligation Bonds Election of 2014, Series C (the "Bonds"), are being issued by the Columbia Elementary School District (the "District") pursuant to certain provisions of the California Government Code and a resolution of the Board of Trustees of the District adopted on November 14, 2019. The Bonds were authorized at an election of the registered voters of the District held on November 4, 2014, (the "2014 Authorization") which authorized the issuance of $8,600,000 principal amount of general obligation bonds for the purpose of financing the renovation, construction and improvement of school facilities. The Bonds are the third and final series of bonds to be issued under the 2014 Authorization. See "THE BONDS – Authority for Issuance" and "- Purpose of Issue" herein.

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

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

Payments. The Bonds are dated the date of delivery and are being issued as Current Interest Bonds and Capital Appreciation Bonds (each as defined herein). The Current Interest Bonds accrue interest at the rates set forth on the inside cover page hereof, payable semiannually on each February 1 and August 1 until maturity or earlier redemption, commencing February 1, 2020. The Capital Appreciation Bonds accrete interest at the accretion rates set forth on the inside cover page hereof, compounded semiannually on February 1 and August 1 of each year, commencing on February 1, 2020 until payment of the accreted value thereof at maturity or upon earlier redemption. Payments of principal and accreted value of and interest on the Bonds will be paid by MUFG Union Bank, N.A., as the designated paying agent, registrar and transfer agent (the "Paying Agent"), to DTC for subsequent disbursement to DTC Participants who will remit such payments to the beneficial owners of the Bonds.

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

MATURITY SCHEDULE
(See inside cover)

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

The Bonds will be offered when, as and if issued and accepted by the Underwriter, subject to the approval as to legality by Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel to the District, and subject to certain other conditions. Jones Hall is also serving as Disclosure Counsel to the District. Kronick, Moskovitz, Tiedemann & Girard, a Professional Corporation, Sacramento, California is serving as counsel to the Underwriter. It is anticipated that the Bonds, in book-entry form, will be available for delivery through the facilities of DTC, on or about December 18, 2019.

RAYMOND JAMES®

The date of this Official Statement is December 3, 2019.

MATURITY SCHEDULE

COLUMBIA ELEMENTARY SCHOOL DISTRICT
(Shasta County, California)
General Obligation Bonds
Election of 2014, Series C
(Bank Qualified)

Base CUSIP†: 197315

$1,940,000 Current Interest Bonds

$1,940,000 – 4.000% Term Bonds maturing August 1, 2047; Yield: 2.580% C; Price: 110.909; CUSIP†: CB8

$1,919,994.05 Denominational Amount
($3,395,000 Maturity Value)
Capital Appreciation Bonds

Maturity Date (August 1)	Denominational Amount	Accretion Rate	Yield to Maturity	Maturity Value	CUSIP†
2026	$50,386.00	5.029%	1.930%	$70,000	BG8
2027	54,793.60	5.029	2.090	80,000	BH6
2028	58,655.70	5.029	2.270	90,000	BJ2
2029	75,518.35	2.400	2.400	95,000	BK9
2030	72,892.55	2.510	2.510	95,000	BL7
2031	77,684.25	2.610	2.610	105,000	BM5
2032	78,611.50	2.680	2.680	110,000	BN3
2033	82,390.80	2.780	2.780	120,000	BP8
2034	82,410.00	2.870	2.870	125,000	BQ6
2035	88,608.80	2.950	2.950	140,000	BR4
2036	87,820.70	3.040	3.040	145,000	BS2
2037	87,538.50	3.080	3.080	150,000	BT0
2038	92,881.80	3.110	3.110	165,000	BU7
2039	94,965.50	3.140	3.140	175,000	BV5
2040	162,074.20	3.170	3.170	310,000	BW3
2041	165,772.20	3.210	3.210	330,000	BX1
2042	166,755.75	3.240	3.240	345,000	BY9
2043	169,655.65	3.270	3.270	365,000	BZ6
2044	170,578.20	3.280	3.280	380,000	CA0

C Yield to first optional call date of August 1, 2028 at par.

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

COLUMBIA ELEMENTARY SCHOOL DISTRICT

BOARD OF TRUSTEES

DISTRICT ADMINISTRATION

Clay Ross, *Superintendent*
Cathleen Serna, *Director of Business Services*

PROFESSIONAL SERVICES

FINANCIAL ADVISOR

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

BOND AND DISCLOSURE COUNSEL

Jones Hall, A Professional Law Corporation
San Francisco, California

BOND REGISTRAR, TRANSFER AGENT AND PAYING AGENT

MUFG Union Bank, N.A.
San Francisco, California

GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

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

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

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

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

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

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

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

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

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

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

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

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$3,859,994.05
COLUMBIA ELEMENTARY SCHOOL DISTRICT
(Shasta County, California)
General Obligation Bonds
Election of 2014, Series C
(Bank Qualified)

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

INTRODUCTION

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

The District. The District, located in Shasta County (the "**County**"), encompasses about 20 square miles and provides educational services to residents of the City of Redding (the "**City**") and adjacent unincorporated areas. The District currently operates an elementary school and a middle school, serving approximately 763 students for the 2019-20 school year.

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

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

Authority for Issuance of the Bonds. Issuance of the Bonds was approved by more than the requisite 55% of the voters of the District voting at the Bond Election to authorize $8.6 million of general obligation bonds. The Bonds will be issued pursuant to certain provisions of the Government Code of the State and a resolution adopted by the Board of Trustees of the District on November 14, 2019 (the "**Bond Resolution**"). See "THE BONDS - Authority for Issuance" herein.

Description of the Bonds. The Bonds are being issued as current interest bonds (the "**Current Interest Bonds**") and capital appreciation bonds (the "**Capital Appreciation Bonds**"). The Bonds mature in the years and in the amounts as set forth on the inside cover page hereof. The Bonds will be dated their date of delivery (the "**Dated Date**") and will be issued as fully registered bonds, without coupons, in the denominations of $5,000 or any integral multiple thereof. The Current Interest Bonds accrue interest at the rates set forth on the inside cover page hereof, payable semiannually on each February 1 and August 1 until maturity or earlier redemption, commencing February 1, 2020. The Capital Appreciation Bonds accrete interest at the accretion rates set forth on the inside cover page hereof, compounded semiannually on February 1 and August 1 of each year, commencing on February 1, 2020 until payment of the accreted value thereof at maturity or upon earlier redemption. See "THE BONDS – Description of the Bonds" herein.

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

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

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

Following the issuance of the Bonds, there will be no unused authorization remaining under the 2014 Authorization. See "DISTRICT FINANCIAL INFORMATION - Existing Debt Obligations" in APPENDIX A.

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

Legal Matters. Issuance of the Bonds is subject to the approving opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, to be delivered in substantially the form attached hereto as APPENDIX D. Jones Hall, A Professional Law Corporation, San Francisco, California, will serve as Disclosure Counsel to the District. Kronick, Moskovitz, Tiedemann & Girard, a Professional Corporation, Sacramento, California is serving as counsel to the Underwriter. Payment of the fees of Bond Counsel, Disclosure Counsel, and counsel to the Underwriter is contingent upon issuance of the Bonds.

Tax Matters; Bank Qualified. Assuming compliance with certain covenants and provisions of the Internal Revenue Code of 1986, in the opinion of Bond Counsel, interest on the Bonds will not be includable in gross income for federal income tax purposes although it may be includable in the calculation for certain taxes. Also, in the opinion of Bond Counsel, interest on the Bonds will be exempt from State of California (the **"State"**) personal income taxes. The District has designated the Bonds as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Internal Revenue Code of 1986. Such section provides an exception to the prohibition against the ability of a "financial institution" (as defined in the Internal Revenue Code of 1986) to deduct its interest expense allocable to tax-exempt interest. See "TAX MATTERS" and APPENDIX D hereto for the form of Bond Counsel's opinion to be delivered concurrently with the Bonds.

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

Other Information. This Official Statement speaks only as of its date, and the information contained in this Official Statement is subject to change. Copies of documents referred to in this Official Statement, and information concerning the Bonds, are available from the District at 10140 Old Oregon Trail, Redding, California 96003; telephone (530) 223-1915. The District may impose a charge for copying, mailing and handling.

END OF INTRODUCTION

THE BONDS

Authority for Issuance

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

The District received authorization by more than the requisite 55% of District voters at the Bond Election to issue general obligation bonds in a principal amount of $8,600,000 (the "**2014 Authorization**").

On July 9, 2015, the District issued its $3,000,000 General Obligation Bonds Election of 2014, Series A (the "**Series A Bonds**") pursuant to the 2014 Authorization. On December 13, 2017, the District issued its $1,740,000 General Obligation Bonds Election of 2014, Series B (the "**Series B Bonds**") pursuant to the 2014 Authorization. The Bonds are the third and final series of bonds to be issued pursuant to the 2014 Authorization. Following the issuance of the Bonds, there will be no unused authorization remaining under the 2014 Authorization.

Purpose of Issue

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

> *"To improve the quality of education; upgrade outdated electrical, plumbing, and HVAC systems; make safety and security improvements; increase student access to computers and modern technology; replace 20-year-old or older portable classrooms with permanent classrooms; and improve P.E. fields and facilities for school and community use; shall Columbia Elementary School District issue $8,600,000 of bonds at legal interest rates, have an independent citizens' oversight committee and have NO money taken by the state or used for administrative salaries?"*

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

Description of the Bonds

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

Current Interest Bonds

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

Capital Appreciation Bonds

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

"<u>Accreted Value</u>" means, with respect to any Capital Appreciation Bond, the total amount of principal thereof and interest payable thereon as of any Compounding Date determined solely by reference to the Table of Accreted Values set forth on such Capital Appreciation Bond, which is attached to this Official Statement as Appendix H. The Accreted Value of any Capital Appreciation Bond as of any date other than a Compounding Date will be the sum of (a) the Accreted Value as of the Compounding Date immediately preceding the date as of which the calculation is being made plus (b) interest on the Accreted Value determined under the preceding clause (a), computed to the date as of which the calculation is being made at the Accretion Rate set forth on such Capital Appreciation Bond (computed on the basis of a 360-day year of twelve 30-day months).

"<u>Accretion Rate</u>" means the rate which, when applied to the principal amount of any Capital Appreciation Bond and compounded semiannually on each Compounding Date, produces the Maturity Value of such Capital Appreciation Bond on the maturity date thereof.

"<u>Capital Appreciation Bonds</u>" means bonds the interest on which is compounded semiannually on each Compounding Date and is payable in full at maturity as shown in the table of Accreted Value for the Capital Appreciation Bonds and attached to this Official Statement as Appendix H.

"<u>Closing Date</u>" means the date upon which there is a delivery of the Bonds in exchange for the amount representing the purchase price of the Bonds by the Underwriter (as defined herein).

"<u>Compounding Date</u>" means, with respect to any Capital Appreciation Bond, each February 1 and August 1, commencing February 1, 2020, to and including the date of maturity or redemption of such Capital Appreciation Bond.

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

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

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

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

Interest on the Capital Appreciation Bonds is compounded on February 1 and August 1 of each year, commencing February 1, 2020. Each Capital Appreciation Bond accretes in value daily over the term to its maturity, from its Denominational Amount on the Closing Date to its Accreted Value on its maturity date. The Accreted Value payable on any date shall be determined solely by reference to the Table of Accreted Values attached to such Capital Appreciation Bond. See "APPENDIX H – Table of Accreted Values."

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

Book-Entry Only System

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

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

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

Redemption

Optional Redemption. The Bonds maturing on or before August 1, 2028 are not subject to redemption prior to maturity. The Bonds maturing on or after August 1, 2029 are subject to redemption prior to maturity, at the option of the District, in whole or in part among maturities on such basis as shall be designated by the District and by lot within a maturity, from any available source of funds, on August 1, 2028, or on any date thereafter, at a price equal to 100% of the principal amount or, in the case of the Capital Appreciation Bonds, accreted value thereof, without premium, together with accrued interest thereon to the redemption date.

Whenever less than all of the outstanding Bonds of any one maturity are designated for redemption, the Paying Agent will select the outstanding Bonds of such maturity to be redeemed by lot in any manner deemed fair by the Paying Agent. For the purpose of selection for optional redemption, Bonds will be deemed to consist of $5,000 portions (principal amount), and any such portion may be separately redeemed. The Bonds may all be separately redeemed.

Mandatory Sinking Fund Redemption. The Bonds maturing on August 1, 2047, (the **"Term Bonds"**) are subject to mandatory sinking fund redemption on August 1 of each year in accordance with the schedule set forth below. The Term Bonds so called for mandatory sinking fund redemption shall be redeemed in the sinking fund payments in the amounts and on the dates set forth below, without premium.

$1,940,000 Term Bonds Maturing August 1, 2047

Redemption Date (August 1)	Sinking Fund Redemption
2045	$690,000
2046	750,000
2047 (maturity)	500,000

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

Notice of Redemption

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

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

Partial Redemption of Bonds

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

Effect of Redemption

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

Right to Rescind Notice of Redemption

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

Registration, Transfer and Exchange of Bonds

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

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

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

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

Defeasance and Discharge of Bonds

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

(a) by paying or causing to be paid the principal or redemption price of and interest on such Bonds (or the Maturity Value or Accreted Value thereof, in the case of Capital Appreciation Bonds), as and when the same become due and payable;

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

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

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

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

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

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

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

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DEBT SERVICE SCHEDULES

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

Columbia Elementary School District
General Obligation Bonds
Election of 2014, Series C
Debt Service Schedule

	Current Interest Bonds		Capital Appreciation Bonds		
Date (August 1)	**Principal**	**Interest**	**Denominational Amount**	**Accreted Interest**	**Total**
2020	--	$48,068.89	--	--	$48,068.89
2021	--	77,600.00	--	--	77,600.00
2022	--	77,600.00	--	--	77,600.00
2023	--	77,600.00	--	--	77,600.00
2024	--	77,600.00	--	--	77,600.00
2025	--	77,600.00	--	--	77,600.00
2026	--	77,600.00	$50,386.00	$19,614.00	147,600.00
2027	--	77,600.00	54,793.60	25,206.40	157,600.00
2028	--	77,600.00	58,655.70	31,344.30	167,600.00
2029	--	77,600.00	75,518.35	19,481.65	172,600.00
2030	--	77,600.00	72,892.55	22,107.45	172,600.00
2031	--	77,600.00	77,684.25	27,315.75	182,600.00
2032	--	77,600.00	78,611.50	31,388.50	187,600.00
2033	--	77,600.00	82,390.80	37,609.20	197,600.00
2034	--	77,600.00	82,410.00	42,590.00	202,600.00
2035	--	77,600.00	88,608.80	51,391.20	217,600.00
2036	--	77,600.00	87,820.70	57,179.30	222,600.00
2037	--	77,600.00	87,538.50	62,461.50	227,600.00
2038	--	77,600.00	92,881.80	72,118.20	242,600.00
2039	--	77,600.00	94,965.50	80,034.50	252,600.00
2040	--	77,600.00	162,074.20	147,925.80	387,600.00
2041	--	77,600.00	165,772.20	164,227.80	407,600.00
2042	--	77,600.00	166,755.75	178,244.25	422,600.00
2043	--	77,600.00	169,655.65	195,344.35	442,600.00
2044	--	77,600.00	170,578.20	209,421.80	457,600.00
2045	$690,000.00	77,600.00	--	--	767,600.00
2046	750,000.00	50,000.00	--	--	800,000.00
2047	500,000.00	20,000.00	--	--	520,000.00
Total	$1,940,000.00	$2,058,068.89	$1,919,994.05	$1,475,005.95	$7,393,068.89

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

Period Ending August 1	2003 Refunding Bonds	2008 Refunding Bonds	Series A Bonds	Series B Bonds	The Bonds	Aggregate Debt Service
2020	$256,025.00	$109,000.00	$212,637.50	$78,300.00	$48,068.89	$704,031.39
2021	--	220,600.00	218,037.50	78,300.00	77,600.00	$594,537.50
2022	--	227,600.00	228,037.50	78,300.00	77,600.00	$611,537.50
2023	--	104,000.00	187,437.50	78,300.00	77,600.00	$447,337.50
2024	--	--	193,237.50	78,300.00	77,600.00	$349,137.50
2025	--	--	203,637.50	78,300.00	77,600.00	$359,537.50
2026	--	--	138,437.50	88,300.00	147,600.00	$374,337.50
2027	--	--	140,987.50	92,850.00	157,600.00	$391,437.50
2028	--	--	148,362.50	92,175.00	167,600.00	$408,137.50
2029	--	--	150,387.50	96,500.00	172,600.00	$419,487.50
2030	--	--	157,237.50	105,600.00	172,600.00	$435,437.50
2031	--	--	158,737.50	109,250.00	182,600.00	$450,587.50
2032	--	--	164,800.00	112,675.00	187,600.00	$465,075.00
2033	--	--	170,487.50	115,875.00	197,600.00	$483,962.50
2034	--	--	180,800.00	118,850.00	202,600.00	$502,250.00
2035	--	--	185,200.00	121,600.00	217,600.00	$524,400.00
2036	--	--	189,200.00	129,125.00	222,600.00	$540,925.00
2037	--	--	197,800.00	136,200.00	227,600.00	$561,600.00
2038	--	--	205,800.00	137,825.00	242,600.00	$586,225.00
2039	--	--	213,200.00	139,225.00	252,600.00	$605,025.00
2040	--	--	--	240,400.00	387,600.00	$628,000.00
2041	--	--	--	246,850.00	407,600.00	$654,450.00
2042	--	--	--	257,625.00	422,600.00	$680,225.00
2043	--	--	--	262,500.00	442,600.00	$705,100.00
2044	--	--	--	271,700.00	457,600.00	$729,300.00
2045	--	--	--	--	767,600.00	$767,600.00
2046	--	--	--	--	800,000.00	$800,000.00
2047	--	--	--	--	520,000.00	$520,000.00
TOTAL	$256,025.00	$661,200.00	$3,644,462.50	$3,344,925.00	$7,393,068.89	$15,299,681.39

SOURCES AND USES OF FUNDS

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

Sources of Funds	
Principal Amount of Bonds	$3,859,994.05
Net Original Issue Premium	251,807.60
Total Sources	$4,111,801.65
Uses of Funds	
Building Fund	$3,709,994.05
Debt Service Fund	193,907.69
Costs of Issuance (1)	207,899.91
Total Uses	$4,111,801.65

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

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SECURITY FOR THE BONDS

Ad Valorem Taxes

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

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

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

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

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

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

Natural Disasters. Economic and other factors beyond the District's control, such as economic recession, deflation of property values, a relocation out of the District or financial difficulty or bankruptcy by one or more major property taxpayers, or the complete or partial destruction of taxable property caused by, among other eventualities, earthquake, flood, fire or other natural disaster, could cause a reduction in the assessed value within the District and necessitate a corresponding increase in the annual tax rate.

In summer of 2018, the Carr Fire, in the County and Trinity County, destroyed more than a thousand structures. The Carr Fire burned over 230,000 acres. In the summer of 2019, the Mountain Fire, in the County, destroyed 14 structures and burned over 600 acres. See "PROPERTY TAXATION - Assessed Valuation - *Recent Fires.*"

Building Fund

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

Debt Service Fund

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

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

Not a County Obligation

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

PROPERTY TAXATION

Property Tax Collection Procedures

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

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

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

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

Taxation of State-Assessed Utility Property

The State Constitution provides that most classes of property owned or used by regulated utilities be assessed by the State Board of Equalization ("**SBE**") and taxed locally. Property valued by the SBE as an operating unit in a primary function of the utility taxpayer is known as "unitary property", a concept designed to permit assessment of the utility as a going concern rather than assessment of each individual element of real and personal property owned by the utility taxpayer. State-assessed unitary and "operating nonunitary" property (which excludes nonunitary property of regulated railways) is allocated to the counties based on the situs of the various components of the unitary property. Except for certain other excepted property, all unitary and operating nonunitary property is taxed at special county-wide rates and tax proceeds are distributed to taxing jurisdictions according to statutory formulae generally based on the distribution of taxes in the prior year.

Assessed Valuation

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

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

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

COLUMBIA ELEMENTARY SCHOOL DISTRICT
Assessed Valuation
Fiscal Years 2005-06 through 2019-20

Fiscal Year	Local Secured	Utility	Unsecured	Total	% Change
2005-06	$673,265,445	$0	$29,209,565	$702,475,010	--%
2006-07	772,710,269	0	17,805,687	790,515,956	12.5
2007-08	833,885,878	0	19,003,714	852,889,592	7.9
2008-09	858,742,661	0	20,518,964	879,261,625	3.1
2009-10	824,252,667	0	20,363,797	844,616,464	(3.9)
2010-11	790,546,680	0	19,232,552	809,779,232	(4.1)
2011-12	773,852,479	0	17,192,018	791,044,497	(2.3)
2012-13	754,759,603	0	16,534,336	771,293,939	(2.5)
2013-14	784,666,889	0	15,382,885	800,049,774	3.7
2014-15	815,035,446	0	14,723,910	829,759,356	3.7
2015-16	861,685,098	0	14,796,488	876,481,586	5.6
2016-17	892,488,863	0	16,240,594	908,729,457	3.7
2017-18	930,796,350	0	15,820,518	946,616,868	4.2
2018-19	974,887,939	0	18,037,873	992,925,812	4.9
2019-20	1,022,488,735	0	19,215,493	1,041,704,228	4.9

Source: California Municipal Statistics, Inc.

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

Notable natural disasters in recent years include drought conditions throughout the State, which ended in 2017 due to record-level precipitation in late 2016 and early 2017, with the exception of Fresno, Kings, Tulare and Tuolumne counties, where emergency drinking water projects are currently in place to address diminished groundwater supplies. In addition, wildfires have occurred in recent years in different regions of the State, which damaged and threatened thousands of homes.

Recent Fires. In the summer of 2018, the Carr Fire, in the County and Trinity County, destroyed more than 1,600 buildings and nearly 230,000 acres. In the summer of 2019, the Mountain Fire, in the County, destroyed 14 structures and burned over 600 acres. No property in the boundaries of the District was damaged or destroyed as a result of the Carr Fire.

In its 2018-19 budget, the State of California budgeted for $32.9 million to backfill property tax revenue losses incurred in fiscal years 2017-18 and 2018-19 from wildfires, mudslides and other natural disasters, and a hold harmless provision allowing local education agencies, such as the District, to recoup revenue lost due to declines in average daily attendance that are directly associated with such disasters. See “STATE FUNDING OF EDUCATION; RECENT STATE BUDGETS – State Funding of Education – 2018-19 State Budget” in APPENDIX A.

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

Assessed Valuation by Jurisdiction. The following table shows the assessed valuation by jurisdiction in the District.

COLUMBIA ELEMENTARY SCHOOL DISTRICT
2019-20 Assessed Valuation by Jurisdiction

Jurisdiction:	Assessed Valuation in School District	% of School District	Assessed Valuation of Jurisdiction	% of Jurisdiction in School District
City of Redding	$ 771,096,994	74.02%	$9,477,069,049	8.14%
Unincorporated Shasta County	270,607,234	25.98	$7,478,710,170	3.62%
Total District	$1,041,704,228	100.00%		
Shasta County	$1,041,704,228	100.00%	$18,531,993,728	5.62%

Source: California Municipal Statistics, Inc.

Assessed Valuation by Land Use. The following table shows the land use of property in the District, as measured by assessed valuation and the number of parcels for fiscal year 2019-20.

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

Non-Residential:	2019-20 Assessed Valuation (1)	% of Total	No. of Parcels	% of Total
Agricultural/Rural	$ 5,120,369	0.50%	137	3.12%
Commercial/Office	79,630,102	7.79	118	2.69
Vacant Commercial	7,479,699	0.73	43	0.98
Industrial	8,125,204	0.79	7	0.16
Vacant Industrial	431,674	0.04	3	0.07
Government/Social/Institutional	211,763	0.02	430	9.79
Subtotal Non-Residential	$100,998,811	9.88%	738	16.81%
Residential:				
Single Family Residence	$861,631,751	84.27%	3,097	70.55%
Mobile Home	23,211,971	2.27	295	6.72
Mobile Home Park	1,185,504	0.12	1	0.02
2-4 Residential Units	19,715,452	1.93	66	1.50
5+ Residential Units/Apartments	5,679,682	0.56	10	0.23
Vacant Residential	10,065,564	0.98	183	4.17
Subtotal Residential	$921,489,924	90.12%	3,652	83.19%
Total	$1,022,488,735	100.00%	4,390	100.00%

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

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

COLUMBIA ELEMENTARY SCHOOL DISTRICT
Per Parcel Assessed Valuation of Single Family Homes
Fiscal Year 2019-20

	No. of Parcels	2019-20 Assessed Valuation	Average Assessed Valuation	Median Assessed Valuation
Single Family Residential	3,097	$861,631,751	$278,215	$265,194

2019-20 Assessed Valuation	No. of Parcels (1)	% of Total	Cumulative % of Total	Total Valuation	% of Total	Cumulative % of Total
$0 - $24,999	17	0.549%	0.549%	$ 251,617	0.029%	0.029%
$25,000 - $49,999	31	1.001	1.550	1,200,238	0.139	0.169
$50,000 - $74,999	35	1.130	2.680	2,123,523	0.246	0.415
$75,000 - $99,999	32	1.033	3.713	2,732,749	0.317	0.732
$100,000 - $124,999	52	1.679	5.392	5,870,024	0.681	1.413
$125,000 - $149,999	115	3.713	9.106	15,979,958	1.855	3.268
$150,000 - $174,999	239	7.717	16.823	38,893,844	4.514	7.782
$175,000 - $199,999	257	8.298	25.121	48,271,433	5.602	13.384
$200,000 - $224,999	287	9.267	34.388	60,689,576	7.044	20.428
$225,000 - $249,999	292	9.428	43.817	69,345,810	8.048	28.476
$250,000 - $274,999	314	10.139	53.955	82,180,633	9.538	38.014
$275,000 - $299,999	300	9.687	63.642	85,955,523	9.976	47.990
$300,000 - $324,999	203	6.555	70.197	63,124,951	7.326	55.316
$325,000 - $349,999	151	4.876	75.073	51,024,491	5.922	61.238
$350,000 - $374,999	148	4.779	79.851	53,452,857	6.204	67.441
$375,000 - $399,999	188	6.070	85.922	72,733,854	8.441	75.883
$400,000 - $424,999	149	4.811	90.733	61,384,240	7.124	83.007
$425,000 - $449,999	82	2.648	93.381	35,824,768	4.158	87.165
$450,000 - $474,999	60	1.937	95.318	27,609,129	3.204	90.369
$475,000 - $499,999	43	1.388	96.706	20,941,798	2.430	92.800
$500,000 and greater	102	3.294	100.000	62,040,735	7.200	100.000
Total	3,097	100.000%		$861,631,751	100.000%	

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

Reassessments and Appeals of Assessed Value

There are general means by which assessed values can be reassessed or appealed that could adversely impact property tax revenues within the District.

Appeals may be based on Proposition 8 of November 1978, which requires that for each January 1 lien date, the taxable value of real property must be the lesser of its base year value, annually adjusted by the inflation factor pursuant to Article XIIIA of the State Constitution, or its full cash value, taking into account reductions in value due to damage, destruction, depreciation, obsolescence, removal of property or other factors causing a decline in value. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Article XIIIA of the California Constitution" in APPENDIX A.

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

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

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

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

Tax Levies and Delinquencies

The District's total secured tax collections and delinquencies are apportioned on a County-wide basis, according to the District's designated tax rate amount. Therefore, the total secured tax levies, as well as collections and delinquencies reported, do not represent the actual secured tax levies, collections and delinquencies of tax payers within the tax areas of the District. In addition, the District's total secured tax levy does not include special assessments, supplemental taxes or other charges which have been assessed on property within the District or other tax rate areas of the County.

The County has adopted the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the **"Teeter Plan"**) as provided for in the State Revenue and Taxation Code, which requires the County to pay 100% of secured property taxes due to local agencies in the fiscal year such taxes are due. Under these provisions, each county operating under the Teeter Plan establishes a delinquency reserve and assumes responsibility for all secured delinquencies, assuming that certain conditions are met.

Because of this method of tax collection, the K-12 districts located in counties operating under the Teeter Plan and participating in the Teeter Plan are assured of 100% collection of their secured tax levies if the conditions established under the applicable county's Teeter Plan are met. However, such districts are no longer entitled to share in any penalties due on delinquent payments or in the interest which accrues on delinquent payments.

The Teeter Plan is to remain in effect unless the Board of Supervisors 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 has received a petition for its discontinuance joined in by resolutions adopted by two thirds of the participating revenue districts in the County, in which event the Board of Supervisors is required to order discontinuance of the Teeter Plan effective at the commencement of the subsequent fiscal year. The District is not aware of any plan for the discontinuation of the Teeter Plan in the County.

The Board of Supervisors may, by resolution adopted not later than July 15 of the fiscal year for which it is to apply after holding a public hearing on the matter, discontinue the procedures under the Teeter Plan with respect to any tax levying agency or assessment levying agency in the County if the rate of secured tax delinquency in that agency in any year exceeds 3% of the total of all taxes and assessments levied on the secured rolls for that agency. In the event that the Teeter Plan was terminated, the amount of the levy of *ad valorem* taxes in the District would depend upon the collections of the *ad valorem* property taxes and delinquency rates experienced with respect to the parcels within the District.

So long as the Teeter Plan remains in effect with respect to the District, the District's receipt of revenues with respect to the levy of *ad valorem* property taxes on the secured roll will not be dependent upon actual collections of the *ad valorem* property taxes by the County.

Notwithstanding that the County is on the Teeter Plan, below is information regarding historical secured tax charges and delinquencies with respect to the levy for debt service on the District's outstanding bonds.

COLUMBIA ELEMENTARY SCHOOL DISTRICT
Fiscal Years 2009-10 through 2018-19
Secured Tax Charges and Delinquency Rates

Fiscal Year	Secured Tax Charge[1]	Amount Delinquent June 30	Percent Delinquent June 30
2009-10	$ 183,886.46	$ 7,940.10	4.32%
2010-11	275,960.58	5,616.47	2.04
2011-12	301,829.82	6,634.65	2.20
2012-13	227,555.58	3,701.14	1.63
2013-14	242,938.56	2,405.74	0.99
2014-15	322,182.15	3,609.43	1.12
2015-16	460,758.83	4,452.88	0.97
2016-17	490,854.16	4,548.47	0.93
2017-18	632,672.25	6,175.77	0.98
2018-19	395,627.84	4,511.19	1.14

(1) District's general obligation bonds.
Source: California Municipal Statistics, Inc.

Tax Rates

Below are historical typical tax rates in a typical tax rate area (Tax Rate Area 1-110) within the District for fiscal years 2015-16 through 2019-20.

COLUMBIA ELEMENTARY SCHOOL DISTRICT
Typical Total Tax Rates per $100 of Assessed Valuation (TRA 1-110) (1)
Fiscal Years 2015-16 through 2019-20

	2015-16	2016-17	2017-18	2018-19	2019-20
General Tax Rate	$1.0000	$1.0000	$1.0000	$1.0000	$1.0000
Shasta Union High School District	.0213	.0202	.0397	.0475	.0229
Shasta-Tehama-Trinity CCD	.0051	.0057	.0267	.0097	.0237
Columbia School District	.0549	.0560	.0804	.0413	.0215
Total Tax Rate	$1.0813	$1.0819	$1.1468	$1.0985	$1.0681

(1) 2019-20 assessed valuation of TRA 1-110 is $146,081,694which is 14.02% of the District's total assessed valuation.
Source: California Municipal Statistics, Inc.

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Top 20 Property Owners

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

COLUMBIA ELEMENTARY SCHOOL DISTRICT
Top 20 Secured Property Taxpayers
Fiscal Year 2019-20

	Property Owner	Primary Land Use	2019-20 Assessed Valuation	% of Total (1)
1.	McConnell Foundation	Office Building	$ 78,752,877	7.70%
2.	Lassen Canyon Nursery Inc.	Nursery	5,116,762	0.50
3.	Stillwater Properties	Residential Properties	4,424,361	0.43
4.	Mygrant Properties LP	Residential Properties	4,076,799	0.40
5.	Jubilee Management Company LLC	Rural/Undeveloped	4,020,350	0.39
6.	Munk 1993 Trust	Commercial	3,708,298	0.36
7.	Redding Auto Center Inc.	Commercial	3,693,150	0.36
8.	Northern California Properties	Apartments	3,019,367	0.30
9.	Chicoine & Lewallen Enterprises Inc.	Public Storage	2,987,387	0.29
10.	Wittig Investments Inc.	Commercial	2,893,913	0.28
11.	Michael L. Ingersoll	Commercial	2,827,859	0.28
12.	Parkwest LP	Public Storage	2,810,650	0.27
13.	Tetens Family Trust	Commercial	2,423,579	0.24
14.	A & S Ventures II LP	Commercial	2,300,000	0.22
15.	Dignity Health	Commercial	2,133,397	0.21
16.	Epick Homes –Bella Vista 6 LP	Residential Properties	2,106,494	0.21
17.	Sinthya Penn Revocable Trust	Industrial	2,094,158	0.20
18.	Mark A. & Bobbie L. Irvin	Public Storage	1,698,765	0.17
19.	Billy B. & Brenda S. Johnson	Residential Properties	1,675,000	0.16
20.	Le Roux Trust 2017	Residential Properties	1,673,910	0.16
			$134,437,076	13.15%

(1) 2018-19 local secured assessed valuation: $1,022,488,735.
Source: California Municipal Statistics, Inc.

Direct and Overlapping Debt

Set forth below is a direct and overlapping debt report (the "**Debt Report**") prepared by California Municipal Statistics, Inc. for debt issued as of November 1, 2019. The Debt Report is included for general information purposes only. The District has not reviewed the Debt Report for completeness or accuracy and makes no representation in connection therewith.

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

COLUMBIA ELEMENTARY SCHOOL DISTRICT
Statement of Direct and Overlapping Bonded Debt
(Debt Issued as of November 1, 2019)

2019-20 Assessed Valuation: $1,041,704,228

DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:	**% Applicable**	**Debt 11/1/19**
Shasta-Tehama-Trinity Community College District	3.962%(1)	$ 4,112,952
Shasta Union High School District	9.566	6,191,308
Columbia School District	**100.000**	**5,100,000**(2)
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		$15,404,260
DIRECT AND OVERLAPPING GENERAL FUND DEBT:		
Shasta County General Fund Obligations	5.621%	$1,398,505
Shasta Regional Transportation Agency General Fund Obligations	5.621	39,237
Shasta-Tehama-Trinity Community College District Certificates of Participation	3.962(1)	259,313
Shasta Union High School District Certificates of Participation	9.566	93,269
City of Redding General Fund Obligations	8.136	2,704,813
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT		$4,495,137
OVERLAPPING TAX INCREMENT DEBT (Successor Agency):	17.785%	$1,934,119
COMBINED TOTAL DEBT		$21,833,516(3)

Ratios to 2019-20 Assessed Valuation:
Direct Debt ($5,100,000)..0.49%
Direct and Overlapping Tax and Assessment Debt...........1.48%
Combined Debt..2.10%

Ratios to Redevelopment Successor Agency Valuation ($53,961,293):
Total Overlapping Tax Increment Debt.............................3.58%

(1) 2018-19 Ratio.
(2) Excludes the Bonds offered for sale hereunder.
(3) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.
Source: California Municipal Statistics, Inc.

TAX MATTERS

Tax Exemption

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

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

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

Under the Tax Code, original issue discount is treated as interest excluded from federal gross income and exempt from State of California personal income taxes to the extent properly allocable to each owner thereof subject to the limitations described in the first paragraph of this section. The original issue discount accrues over the term to maturity of the Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). The amount of original issue discount accruing during each period is added to the adjusted basis of such Bonds to determine taxable gain upon disposition (including sale, redemption, or payment on maturity) of such Bond. The Tax Code contains certain provisions relating to the accrual of original issue discount in the case of purchasers of the Bonds who purchase the Bonds after the initial offering of a substantial amount of such maturity. Owners of such Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Bonds with original issue discount, including the treatment of purchasers who do not purchase in the original offering to the public at the first price at which a substantial amount of such Bonds is sold to the public.

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

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

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

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

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

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

CERTAIN LEGAL MATTERS

Legality for Investment

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

Absence of Litigation

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

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

Compensation of Certain Professionals

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

CONTINUING DISCLOSURE

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

The District has made undertakings pursuant to the Rule in connection with its outstanding indebtedness. In the previous five years, the District has complied with its undertakings in all material respects.

In order to ensure ongoing compliance with its undertakings, the District has engaged Isom Advisors, A Division of Urban Futures, to serve as the District's dissemination agent in connection with its prior undertakings and the Bonds.

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

RATING

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

UNDERWRITING

The Bonds are being purchased by Raymond James & Associates, Inc. (the "**Underwriter**"). The Underwriter has agreed to purchase the Bonds at a price of $4,053,901.74 which is equal to the initial principal amount of the Bonds of $3,859,994.05, plus net original issue premium of $251,807.60, less an Underwriter's discount of $57,899.91.

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

ADDITIONAL INFORMATION

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

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

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

EXECUTION

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

COLUMBIA ELEMENTARY SCHOOL DISTRICT

By: *_/s/ Clay Ross_*
Superintendent

APPENDIX A

GENERAL AND FINANCIAL INFORMATION ABOUT THE DISTRICT

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

General Information

The Columbia Elementary School District was established in 1885 and is located in the southern portion of Shasta County (the "**County**"). The District encompasses about 20 square miles and provides educational services (K-8) to residents in the City of Redding (the "**City**") and adjacent unincorporated areas. The District currently operates two campuses: the Columbia Elementary School (which is also the site of the Lions Cubs Pre-School) and the Mountain View Middle School (which is also the site of the East Valley Community Day School), serving approximately 763 students for the 2019-20 school year.

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

Administration

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

Name	Office	Term Expires
Matthew Riley	President	November 2022
Charles Van Hoosen	Clerk	November 2020
Devon Hastings	Member	November 2020
James Luna	Member	November 2022
Melissa Reyes	Member	November 2022

Administrative Personnel. The Superintendent of the District, appointed by the Board, is responsible for management of the day-to-day operations and supervises the work of other District administrators. Clay Ross is currently the Superintendent of the District and Cathleen Serna is the Director of Business Services.

Recent Enrollment Trends

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

ANNUAL ENROLLMENT
Fiscal Years 2006-07 through 2019-20
Columbia Elementary School District

Fiscal Year	Student Enrollment	% Change
2006-07	1,007	--%
2007-08	1,058	5.1
2008-09	1,024	(3.2)
2009-10	1,002	(2.1)
2010-11	927	(7.5)
2011-12	964	4.0
2012-13	880	(8.7)
2013-14	840	(4.5)
2014-15	820	(2.4)
2015-16	755	(7.9)
2016-17	795	5.3
2017-18	770	(3.1)
2018-19	769	(0.1)
2019-20(1)	763	(0.8)

(1) Budgeted.
Source: California Department of Education for 2006-07 through 2018-19; Columbia Elementary School District for 2019-20.

Employee Relations

The District has 45.7 certificated full-time equivalent ("**FTE**") employees, 50.5 classified FTE employees, and 10.0 management/supervisor/confidential FTE employees.

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

BARGAINING UNITS
Columbia Elementary School District

Employee Group	Representation	Contract Expiration Date
Certificated	Columbia Teachers' Association	June 30, 2021
Classified	Teamsters Local No. 137	June 30, 2021

Source: Columbia Elementary School District.

DISTRICT FINANCIAL INFORMATION

Education Funding Generally

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

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

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

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

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

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

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

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

Funding levels used in the LCFF target entitlement calculations, not including any supplemental or concentration grant funding entitlements, for fiscal year 2019-20 are set forth in the following table. Full implementation occurred in fiscal year 2018-19 in connection with adoption of the State Budget for said fiscal year.

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

Grade Span	2019-20 Base Grant Per ADA	2018-19 COLA (3.26%)	Grade Span Adjustments (K-3: 10.4%; 9-12: 2.6%)	2019-20 Base Grant/Adjusted Base Grant Per ADA
K-3	$7,459	$243	$801	$8,503
4-6	7,571	247	n/a	7,818
7-8	7,796	254	n/a	8,050
9-12	9,034	295	243	9,572

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

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

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

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

District Accounting Practices

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

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

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

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

Financial Statements

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

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

GENERAL FUND REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
Fiscal Years 2013-14 through 2017-18 (Audited)
Columbia Elementary School District (1)

REVENUES	Audited 2013-14	Audited 2014-15	Audited 2015-16	Audited 2016-17	Audited 2017-18
Property taxes	$1,847,698	$1,915,173	$2,246,407	$2,358,579	$2,499,952
LCFF	3,685,628	3,822,822	3,863,809	3,810,149	3,792,311
Other State revenues	397,449	390,956	884,402	613,223	665,850
Federal Revenues	302,515	384,838	341,799	323,228	313,148
Other local revenues	1,347,872	1,334,642	1,379,925	1,440,029	1,683,466
Total Revenues	7,581,162	7,848,431	8,716,342	8,545,208	8,954,727
EXPENDITURES					
Instruction	4,609,897	4,838,072	4,995,224	5,250,099	5,482,398
Instruction-related services	933,244	746,289	883,060	773,379	746,831
Pupil services	499,454	533,505	547,978	549,248	545,716
Ancillary services	41,109	56,394	40,987	44,766	41,879
Community services	146,404	174,254	189,683	197,063	230,952
General administration	535,876	595,036	627,700	936,087	923,597
Plant services	437,687	578,373	475,538	467,901	595,655
Transfers between agencies	81,112	27,793	29,570	23,839	14,798
Debt service: Principal	246,506	267,736	233,076	907,980	156,230
Debt service: Interest and other charges	91,038	75,160	56,962	42,642	18,226
Capital outlay	--	--	31,940	117,578	98,700
Total Expenditures	7,559,307	7,892,612	8,111,718	9,310,582	8,854,982
Excess (Deficiency) of Revenues Over Expenditures	21,855	(44,181)	604,624	(765,374)	99,745
OTHER FINANCING SOURCES (USES)					
Proceeds from capital leases	--	--	--	570,000	--
Operating transfers in	--	--	--	--	--
Operating transfers out	(50,000)	(3,837)	(1,218,246)	(3,747)	(3,946)
Total Other Financing Sources (Uses)	(50,000)	(3,837)	(1,218,246)	566,253	(3,946)
Net change in fund balance	(28,145)	(48,018)	(613,622)	(199,121)	95,799
Fund Balance, beginning of year (July 1)	4,066,851	4,038,706	3,990,688	3,377,066	3,177,945
Fund Balance, end of year (June 30)	$4,038,706	$3,990,688	$3,377,066	$3,177,945	$3,273,744

(1) Totals may not foot due to rounding.
Source: Audited financial statements of the District

District Budget and Interim Financial Reporting

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

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

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

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

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

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

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

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

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

Revenues	**Unaudited Actuals 2018-19**	**Adopted Budget 2019-20**
Total LCFF Sources	$6,502,455	$6,633,904
Federal Revenues	335,641	318,604
Other state revenues	1,080,575	503,286
Other local revenues	2,050,963	1,708,755
Total Revenues	9,969,634	9,164,549
Expenditures		
Certificated Salaries	3,645,587	3,863,419
Classified Salaries	1,920,075	1,885,767
Employee Benefits	2,484,340	2,308,673
Books and Supplies	446,885	421,039
Contract Services & Operating Exp.	1,421,852	1,052,669
Capital Outlay	103,827	89,040
Other Outgo (excluding indirect costs)	186,830	205,116
Other Outgo – Transfers of Indirect Costs	(16,260)	--
Total Expenditures	10,193,135	9,825,723
Excess of Revenues Over/(Under) Expenditures	(223,502)	(661,174)
Other Financing Sources (Uses)		
Operating transfers in	--	--
Operating transfers out	(27,883)	(14,434)
Total Other Financing Sources (Uses)	(27,883)	(14,434)
Net change in fund balance	(251,384)	(675,608)
Fund Balance, July 1	3,195,132	2,943,748
Fund Balance, June 30	$2,943,748	$2,268,140

Source: Columbia Elementary School District.

District Reserves. The District's ending fund balance is the accumulation of surpluses from prior years. This fund balance is used to meet the State's minimum required reserve of 4% of expenditures, plus any other allocation or reserve which might be approved as an expenditure by the District in the future. The District has a board-adopted policy to maintain reserves of at least 6% of expenditures in an unrestricted reserve fund.

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

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

Attendance - Revenue Limit and LCFF Funding

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

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

Fiscal Year	ADA	LCFF Funding Per ADA
2013-14	807	$6,808
2014-15	784	7,320
2015-16	731	8,356
2016-17	762	8,091
2017-18	746	8,437
2018-19 (1)	746	8,716
2019-20 (2)	736	9,013

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

District's Unduplicated Student Count. Under LCFF, school districts are entitled to supplemental funding based on the unduplicated count of targeted students. The District's percentage of unduplicated students is approximately 37% for purposes of calculating supplemental and concentration grant funding under LCFF.

Revenue Sources

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

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

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

The principal component of local revenues is the school district's property tax revenues, i.e., the district's share of the local 1% property tax, received pursuant to Sections 75 and following and Sections 95 and following of the California Revenue and Taxation Code. Education Code Section 42238.03(c) itemizes the local revenues that are subtracted from the base entitlement to determine the amount of the State apportionment of funding.

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

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

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

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

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

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

District Retirement Systems

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

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

STRS Contributions
Columbia Elementary School District
Fiscal Years 2013-14 through 2019-20

Fiscal Year	Amount
2013-14	$261,918
2014-15	282,088
2015-16	350,702
2016-17	418,236
2017-18	487,157
2018-19 (1)	579,701
2019-20 (2)	645,161

(1) Unaudited actuals.
(2) Budgeted.
Source: Columbia Elementary School District.

Historically, employee, employer and State contribution rates did not vary annually to account for funding shortfalls or surpluses in the STRS plan. In recent years, the combination of investment earnings and statutory contributions were not sufficient to pay actuarially required amounts. As a result, the STRS defined benefit program showed an estimated unfunded actuarial liability of approximately $107.2 billion as of June 30, 2018 (the date of the last actuarial valuation). In connection with the State's adoption of its fiscal year 2014-15 Budget, the Governor signed into law Assembly Bill 1469 (**"AB 1469"**), which represents a legislative effort to address the unfunded liabilities of the STRS pension plan. AB 1469 addressed the funding gap by increasing contributions by employees, employers and the State. In particular, employer contribution rates are scheduled to increase through at least fiscal year 2020-21, from a contribution rate of 8.88%

in fiscal year 2013-14 to 19.1% in fiscal year 2020-21. Thereafter, employer contribution rates will be determined by the STRS board to reflect the contribution required to eliminate unfunded liabilities by June 30, 2046.

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

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

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

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

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

PERS Contributions
Columbia Elementary School District
Fiscal Years 2013-14 through 2017-18

Fiscal Year	Amount
2013-14	$159,987
2014-15	172,544
2015-16	180,823
2016-17	230,942
2017-18	267,615
2018-19 (1)	334,675
2019-20 (2)	392,089

(1) Unaudited actuals.
(2) Budgeted.
Source: Columbia Elementary School District.

Like the STRS program, the PERS program has experienced an unfunded liability in recent years. The PERS unfunded liability, on a market value of assets basis, was approximately $27.2 billion as of June 30, 2018 (the date of the last actuarial valuation). To address this issue, the PERS board has taken a number of actions. In April 2013, for example, the PERS board approved changes to the PERS amortization and smoothing policy intended to reduce volatility in employer contribution rates. In addition, in April 2014, PERS set new contribution rates, reflecting new demographic assumptions and other changes in actuarial assumptions. In November 2015, PERS adopted a funding risk mitigation policy intended to incrementally lower its discount rate (its assumed rate of investment return) in years of good investment returns, help pay down the pension fund's unfunded liability, and provide greater predictability and less volatility in contribution rates for employers. In December 2016, PERS voted to lower its discount rate from the current 7.5% to 7.0% over the next three years according to the following schedule.

PERS Discount Rate
Fiscal Years 2018-19 through 2020-21

Fiscal Year	Amount
2018-19	7.375%
2019-20	7.250
2020-21	7.000

Source: PERS.

The new rates and underlying assumptions, which are aimed at eliminating the unfunded liability of PERS in approximately 30 years, will be implemented for school districts beginning in fiscal year 2016-17, with the costs spread over 20 years and the increases phased in over the first five years.

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

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

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

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

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

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

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

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

Additional Information. Additional information regarding the District's retirement programs is available in Note 17 to the District's audited financial statements attached to the Official Statement as APPENDIX B. In addition, both STRS and PERS issue separate comprehensive financial reports that include financial statements and required supplemental information. Copies of such reports may be obtained from STRS and PERS, respectively, as follows: (i) STRS, P.O. Box 15275, Sacramento, California 95851-0275; and (ii) PERS, 400 Q Street, Sacramento, California 95811. More information regarding STRS and PERS can also be obtained at their websites, www.calstrs.com and www.calpers.ca.gov, respectively. *The references to these Internet websites are shown for reference and convenience only and the information contained on such websites is not incorporated by reference into this Official Statement. The information contained on these websites may not be current and has not been reviewed by the District or the Underwriter for accuracy or completeness.*

Other Post-Employment Retirement Benefits

Plan Description. The District provides a post-employment healthcare benefits plan (the "**Plan**") to qualifying employees through a single-employer defined benefit healthcare plan administered by the District. The Plan is provided to all certificated employees and their dependents who retire from the District on or after attaining the age of 55 with at least 15 years of service. The District provides these benefits for 5 years but not beyond the age of 65. The District contributes up to $7,500, depending on length of service, toward the purchase of medical benefits per year.

At June 30, 2018, the plan had 6 retirees receiving benefits and 47 active plan members for a total of 53 plan members.

Contributions. The District's agreement with employees is for monthly contributions for members who meet the eligibility criteria of their collective bargaining agreement and who retire during the term of the contract. The contribution requirements of plan members and the District are established and may be amended by the District's Board of Trustees through the collective bargaining process. The members receiving benefit contributions vary depending on the level of coverage selected. For fiscal year ended June 30, 2018, the District contributed $31,629 representing premium payments on behalf of retired employees.

Actuarial Assumptions. The District's total other post-employment retirement benefits ("**OPEB**") liability of $446,698 was measured as of June 30, 2018 and was determined by an actuarial valuation as of June 30, 2017, rolled forward to June 30, 2018, using standard update procedures. The total OPEB liability was determined by an actuarial valuation as of June 30, 2017, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified: consumer price inflation 2.25%, salary increases 3.00%, discount rate 3.90%, net of investment expenses, but gross of administrative expenses, and a healthcare cost trend 8.00% for fiscal year 2017-18, decreasing 1.00% annually to an ultimate rate of 5.00% in fiscal year 2020-21. The discount rate was based on the Bond Buyer 20-bond General Obligation Index. Mortality rates were based on the RP-2014 Employee and Healthy Annuitant Mortality Tables for Males or Females, as appropriate, projected using a generational projection based on 100% of scale MP-2016 for years 2014 through 2029, 50% of MP-2016 for years 2030 through 2049, and 20% of MP-2016 for 2050 and thereafter.

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

CHANGES IN TOTAL OPEB LIABILITY
Columbia Elementary School District

Year Ended June 30, 2018	
Service Cost	$19,750
Interest	16,362
Difference between expected and actual experience	(4,022)
Changes of assumptions	(6,339)
Benefit payments	(31,629)
Net changes in total OPEB Liability	5,878
Total OPEB Liability-beginning	$452,576
Total OPEB liability-ending	$446,698
Covered-employee payroll	$3,336,593
District's total OPEB liability as a percentage of covered-employee payroll	13.39%

Source: *Columbia Elementary School District.*

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB. For the year ended June 30, 2018, the District recognized OPEB expense of $34,631.

For more information regarding the District's OPEB, see Note 19 of APPENDIX B to the Official Statement.

Insurance – Joint Powers Agreement

The District participates in five joint ventures under joint powers agreements (the "**JPAs**") with:

- Northern California Regional Excess Liability Fund
- Northern California Schools Insurance Group
- Schools Excess Liability Fund
- Shasta-Trinity Schools Insurance Group
- Teamsters NCGT Security Fund

The JPAs arrange for and provide property, liability, workers' compensation, health care and excess liability coverage for their members. The relationships between the District and the JPAs are such that none of the JPAs are component units of the District for financial reporting purposes. The JPAs provide insurance and services as noted for member school districts, with each JPA being governed by a board consisting of a representative from each member district. The District's share of year-end assets, liabilities, or fund equity is not calculated by the JPAs. Separately issued financial statements can be requested from each JPA.

Existing Debt Obligations

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

2014 Authorization. The District received authorization at an election held on November 4, 2014, by a requisite 55% affirmative vote of the qualified electors to issue general obligation bonds in a principal amount not to exceed $8,600,000 (the "**2014 Authorization**"). Following the issuance of the Bonds, there will be no unused authorization remaining under the 2014 Authorization.

Columbia Elementary School District
SUMMARY OF OUTSTANDING GENERAL OBLIGATION BOND INDEBTEDNESS

Issue Date	Issue Name	Amount of Original Principal	Outstanding 11/01/2019
06/05/2003	2003 GO Refunding Bonds	$2,690,000.00	$245,000
06/10/2008	2008 GO Refunding Bonds	1,975,000.00	600,000
07/09/2015	GO Bonds, Election of 2014, Series A	3,000,000.00	2,515,000
12/13/2016	GO Bonds, Election of 2014, Series B	1,740,000.00	1,740,000
Total		$9,405,000.00	$5,100,000

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

Investment of District Funds

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

Effect of State Budget on Revenues

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

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

STATE FUNDING OF EDUCATION; RECENT STATE BUDGETS

State Funding of Education

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

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

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

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

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

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

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

Recent State Budgets

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

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

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

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

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

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

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

2019-20 State Budget

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

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

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

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

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

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

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

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

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

- $460 million one-time general funding to increase the quality and availability of child care, including $263 million for child care and preschool facilities expansion and $195 million for childcare and preschool workforce development;

- one-time funding of $750 million to support local governments in increasing and accelerating housing production; and
- one-time funding of $650 million to support local governments in addressing homelessness, to be used for emergency shelters and navigation centers, rapid rehousing, permanent supportive housing, job programs and hotel/motel conversions.

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

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

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

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

Legal Challenges to State Funding of Education

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

CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS

Principal of and interest on the Bonds are payable from the proceeds of an *ad valorem* tax levied by the County for the payment thereof. Articles XIIIA, XIIIB, XIIIC, and XIIID of the State Constitution, Propositions 62, 98, 111 and 218, and certain other provisions of law discussed below, are included in this section to describe the potential effect of these Constitutional and statutory measures on the ability of the District to levy taxes and spend tax proceeds for operating and other purposes, and it should not be inferred from the inclusion of such materials that these laws impose any limitation on the ability of the District to levy taxes for payment of the Bonds. The tax levied by the County for payment of the Bonds was approved by the District's voters in compliance with Article XIIIA and all applicable laws.

Constitutionally Required Funding of Education

The State Constitution requires that from all State revenues, there shall be first set apart the moneys to be applied by the State for the support of the public school system and public institutions of higher education. School districts receive a significant portion of their funding from State appropriations. As a result, decreases and increases in State revenues can significantly affect appropriations made by the State Legislature to school districts.

Article XIIIA of the California Constitution

Basic Property Tax Levy. On June 6, 1978, California voters approved Proposition 13 ("**Proposition 13**"), which added Article XIIIA to the State Constitution ("**Article XIIIA**"). Article XIIIA limits the amount of any *ad valorem* tax on real property to 1% of the full cash value thereof, except that additional *ad valorem* taxes may be levied to pay debt service on (i) indebtedness approved by the voters prior to July 1, 1978, (ii) (as a result of an amendment to Article XIIIA approved by State voters on June 3, 1986) bonded indebtedness for the acquisition or improvement of real property which has been approved on or after July 1, 1978 by two-thirds of the voters on such indebtedness (which provided the authority for the issuance of the Refunded Bonds), and (iii) (as a result of an amendment to Article XIIIA approved by State voters on November 7, 2000) bonded indebtedness incurred by a school district or community college district for the construction, reconstruction, rehabilitation or replacement of school facilities or the acquisition or lease of real property for school facilities, approved by 55% of the voters of the district, but only if certain accountability measures are included in the proposition. The tax for the payment of the Bonds falls within the exception described in (iii) of the immediately preceding sentence. Article XIIIA defines full cash value to mean "the county assessor's valuation of real property as shown on the 1975-76 tax bill under full cash value, or thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership have occurred after the 1975 assessment". This full cash value may be increased at a rate not to exceed 2% per year to account for inflation.

Article XIIIA has subsequently been amended to permit reduction of the "full cash value" base in the event of declining property values caused by damage, destruction or other factors, to provide that there would be no increase in the "full cash value" base in the event of reconstruction of property damaged or destroyed in a disaster and in other minor or technical ways.

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

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

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

Inflationary Adjustment of Assessed Valuation. As described above, the assessed value of a property may be increased at a rate not to exceed 2% per year to account for inflation. On December 27, 2001, the Orange County Superior Court, in *County of Orange v. Orange County Assessment Appeals Board No. 3*, held that where a home's taxable value did not increase for two years, due to a flat real estate market, the Orange County assessor violated the 2% inflation adjustment provision of Article XIIIA, when the assessor tried to "recapture" the tax value of the property by increasing its assessed value by 4% in a single year. The assessors in most California counties, including the Counties, use a similar methodology in raising the taxable values of property beyond 2% in a single year. The SBE has approved this methodology for increasing assessed values. On appeal, the Appellate Court held that the trial court erred in ruling that assessments are always limited to no more than 2% of the previous year's assessment. On May 10, 2004 a petition for review was filed with the California Supreme Court. The petition has been denied by the California Supreme Court. As a result of this litigation, the "recapture" provision described above may continue to be employed in determining the full cash value of property for property tax purposes.

Article XIIIB of the California Constitution

Article XIIIB ("**Article XIIIB**") of the State Constitution, as subsequently amended by Propositions 98 and 111, respectively, limits the annual appropriations of the State and of any city, county, school district, authority or other political subdivision of the State to the level of appropriations of the particular governmental entity for the prior fiscal year, as adjusted for changes in the cost of living and in population and for transfers in the financial responsibility for providing services and for certain declared emergencies. For fiscal years beginning on or after July 1, 1990, the appropriations limit of each entity of government shall be the appropriations limit for the 1986-87 fiscal year adjusted for the changes made from that fiscal year under the provisions of Article XIIIB, as amended.

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

Appropriations subject to limitation do not include (a) refunds of taxes, (b) appropriations for debt service, (c) appropriations required to comply with certain mandates of the courts or the federal government, (d) appropriations of certain special districts, (e) appropriations for all qualified capital outlay projects as defined by the legislature, (f) appropriations derived from certain fuel and vehicle taxes and (g) appropriations derived from certain taxes on tobacco products.

Article XIIIB includes a requirement that all revenues received by an entity of government other than the State in a fiscal year and in the fiscal year immediately following it in excess of the amount permitted to be appropriated during that fiscal year and the fiscal year immediately following it shall be returned by a revision of tax rates or fee schedules within the next two subsequent fiscal years. However, in the event that a school district's revenues exceed its spending limit, the district may in any fiscal year increase its appropriations limit to equal its spending by borrowing appropriations limit from the State.

Article XIIIB also includes a requirement that 50% of all revenues received by the State in a fiscal year and in the fiscal year immediately following it in excess of the amount permitted to be appropriated during that fiscal year and the fiscal year immediately following it shall be transferred and allocated to the State School Fund under Section 8.5 of Article XVI of the State Constitution.

Unitary Property

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

Articles XIIIC and XIIID of the California Constitution

On November 5, 1996, the voters of the State of California approved Proposition 218, popularly known as the "Right to Vote on Taxes Act." Proposition 218 added to the California Constitution Articles XIIIC and XIIID (respectively, "**Article XIIIC**" and "**Article XIIID**"), which contain a number of provisions affecting the ability of local agencies, including school districts, to levy and collect both existing and future taxes, assessments, fees and charges.

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

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

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

While the provisions of Proposition 218 may have an indirect effect on the District, such as by limiting or reducing the revenues otherwise available to other local governments whose boundaries encompass property located within the District (thereby causing such local governments to reduce service levels and possibly adversely affecting the value of property within the District), the District does not believe that Proposition 218 will directly impact the revenues available to pay debt service on the Bonds.

Proposition 98

On November 8, 1988, California voters approved Proposition 98, a combined initiative constitutional amendment and statute called the "Classroom Instructional Improvement and Accountability Act" (the "**Accountability Act**"). Certain provisions of the Accountability Act have, however, been modified by Proposition 111, discussed below, the provisions of which became effective on July 1, 1990. The Accountability Act changes State funding of public education below the university level and the operation of the State's appropriations limit. The Accountability Act guarantees State funding for K-12 school districts and community college districts (hereinafter referred to collectively as "K-14 school districts") at a level equal to the greater of (a) the same percentage of general fund revenues as the percentage appropriated to such districts in 1986-87, and (b) the amount actually appropriated to such districts from the general fund in the previous fiscal year, adjusted for increases in enrollment and changes in the cost of living. The Accountability Act permits the Legislature to suspend this formula for a one-year period.

The Accountability Act also changes how tax revenues in excess of the State appropriations limit are distributed. Any excess State tax revenues up to a specified amount would, instead of being returned to taxpayers, be transferred to K-14 school districts. Any such transfer to K-14 school districts would be excluded from the appropriations limit for K-14 school districts and the K-14 school district appropriations limit for the next year would automatically be increased by the amount of such transfer. These additional moneys would enter the base funding calculation for K-14 school districts for subsequent years, creating further pressure on other portions of the State budget, particularly if revenues decline in a year following an Article XIIIB surplus. The maximum amount of excess tax revenues which could be transferred to K-14 school districts is 4% of the minimum State spending for education mandated by the Accountability Act.

Proposition 111

On June 5, 1990, the voters approved Proposition 111 (Senate Constitutional Amendment No. 1) called the "Traffic Congestion Relief and Spending Limit Act of 1990" ("**Proposition 111**") which further modified Article XIIIB and Sections 8 and 8.5 of Article XVI of the State Constitution with respect to appropriations limitations and school funding priority and allocation.

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

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

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

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

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

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

Proposition 39

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

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

Proposition 1A and Proposition 22

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

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

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

Proposition 30 and Proposition 55

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

(i) 1% for taxable income over $250,000 but less than $300,000 for single filers (over $500,000 but less than $600,000 for joint filers), (ii) 2% for taxable income over $300,000 but less than $500,000 for single filers (over $600,000 but less than $1,000,000 for joint filers), and (iii) 3% for taxable income over $500,000 for single filers (over $1,000,000 for joint filers). Proposition 55 (described below) extended said increases to personal income rates through the end of 2030.

The revenues generated from the temporary tax increases will be included in the calculation of the Proposition 98 minimum funding guarantee for school districts and community college districts. See "Proposition 98" and "Proposition 111" above. From an accounting perspective, the revenues generated from the temporary tax increases will be deposited into the State account created pursuant to Proposition 30 called the Education Protection Account (the **"EPA"**). Pursuant to Proposition 30, funds in the EPA will be allocated quarterly, with 89% of such funds provided to 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 Board of Trustees 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 Board of Trustees is required to make these spending determinations in open session at a public meeting and such local Board of Trustees are prohibited from using any funds from the EPA for salaries or benefits of administrators or any other administrative costs.

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

California Senate Bill 222

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

Future Initiatives

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

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APPENDIX B

COLUMBIA ELEMENTARY SCHOOL DISTRICT
AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR 2017-18

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Columbia Elementary School District

County of Shasta
Redding, California

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION
WITH INDEPENDENT AUDITORS' REPORTS

June 30, 2018

K·COE ISOM

K·COE ISOM

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
Columbia Elementary School District
Redding, 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 Columbia Elementary 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

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

INDEPENDENT AUDITORS' REPORT
(Continued)

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 District as of June 30, 2018, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

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

Other Information Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information on pages 68 to 73 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements, or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information on pages 70 to 73 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

INDEPENDENT AUDITORS' REPORT
(Continued)

The local educational agency organization structure and the schedule of charter schools have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 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 to describe the scope of our testing of internal control over financial reporting and compliance, and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

KCoe Isom, LLP

December 3, 2018
Redding, California

FINANCIAL SECTION

Required Supplementary Information

An overview of the Columbia Elementary School District's (the District) financial activities for the fiscal year ended June 30, 2018, is provided in this discussion and analysis of the District's financial performance.

As discussed in note 1 to the basic financial statements, the District implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB)*, as amended by GASB Statement No. 85, *Omnibus 2017*, for the fiscal year ended June 30, 2018. The summarized comparative information presented in this management's discussion and analysis for the year ended June 30, 2017, has not been restated to reflect OPEB expense accounting as required by GASB Statement No. 75, as amended by GASB Statement No. 85. Information was not available for such restatement. Therefore, certain accounts fluctuate significantly between fiscal years 2016-17 and 2017-18 due to information for the two years not being comparable.

FINANCIAL HIGHLIGHTS

Overall revenues were $9,977,822. Overall expenses were $9,933,725. Revenues exceeded expenses by $44,097.

Total net position in governmental funds was $6,331,303. The General Fund reported a total fund balance of $3,273,744.

Enrollment, based on CBEDS, in the District decreased by 3.25%.

USING THIS ANNUAL REPORT

This annual report consists of three parts – management's discussion and analysis (this section), the basic financial statements, and required supplementary information. Combined, these three parts provide a comprehensive overview of the District. The basic financial statements include two kinds of financial statements that present different views of the District:

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

- The remaining financial statements are *fund financial statements* that focus on individual parts of the District, reporting the District's operations in more detail than the government-wide financial statements. The District maintains governmental funds and fiduciary funds as follows:

  - *Governmental Fund*: Financial statements provide information on how basic services, like regular and special education, were financed in the short-term as well as what remains for future spending.

  - *Fiduciary Fund*: Financial statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others to whom the resources belong.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

The financial statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year.

OVERVIEW OF THE FINANCIAL STATEMENTS

Government-Wide Financial Statements

The government-wide financial 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, deferred outflows of resources, liabilities, and deferred inflows of resources. The statement of activities includes all of the current year's revenues and expenses regardless of when cash is received or paid. The two financial statements report the District's net position and how it has changed.

Net position – the difference between the District's assets and deferred outflows of resources less liabilities and deferred inflows of resources – is one way to measure the District's financial health. Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively. To assess the overall health of the District, you need to consider additional nonfinancial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

The statement of net position and the statement of activities divide the District into two kinds of activities:

Governmental Activities: Represent the basic services provided by the District, such as regular and special education, administration, and transportation.

Business-Type Activities: Represent services for which the District charges fees to help cover the cost of certain services beyond the scope of normal district operations. The District does not have any of these types of activities at this time.

Fund Financial Statements

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

- Some funds are required by bond covenants and by state law.
- Other funds are established by the District to control and manage money for particular purposes (such as repaying its long-term debts). Other funds may also show proper usage of certain revenues (such as federal grants).

The District has two types of funds:

Governmental Funds Most of the District's basic services are included in governmental funds, which generally focus on:

- How cash and other financial assets can readily be converted to cash flow (in and out).
- The balances left at year end that are available for spending.

A detailed short-term view is provided by the governmental fund financial statements. These help determine whether there are more or fewer financial resources that can be spent in the near future for financing the District's programs. Because this information does not encompass the additional long-term focus of the government-wide financial statements, additional information is provided following the governmental fund financial statements that explains the differences (or relationships) between them.

Fiduciary Funds For assets that belong to others, such as the student activities funds, the District acts as the trustee, or fiduciary. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. A separate statement of fiduciary net position reports the District's fiduciary activities. These activities are excluded from the government-wide financial statements as the assets cannot be used by the District to finance its operations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position

As shown in the following table, the District's net position as of June 30, 2018, was $6,331,303. Of this amount, a negative $4,494,103 was unrestricted. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limits the Board of Trustees' ability to use the net position for day-to-day operations. All District net position is the result of governmental activities.

June 30	Governmental Activities 2017		Governmental Activities 2018	Percentage Change 2017-18
ASSETS				
Current and other assets	$ 5,747,689		$ 4,703,690	-18.16%
Capital assets - net of accumulated depreciation	15,612,135		16,011,850	2.56%
TOTAL ASSETS	21,359,824		20,715,540	-3.02%
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows of resources for pensions	1,532,058		2,528,430	65.03%
Deferred loss on refunding	45,083		35,422	-21.43%
TOTAL DEFERRED OUTFLOWS OF RESOURCES	1,577,141		2,563,852	62.56%
LIABILITIES				
Current liabilities	689,637		371,798	-46.09%
Long-term debt	15,065,130	*	15,715,098	4.31%
TOTAL LIABILITIES	15,754,767	*	16,086,896	2.11%
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources for OPEB	-		8,880	N/A
Deferred inflows of resources for pensions	894,992		852,313	-4.77%
TOTAL DEFERRED INFLOWS OF RESOURCES	894,992		861,193	-3.78%
NET POSITION				
Net investment in capital assets	8,439,092		9,488,489	12.43%
Restricted	1,303,246		1,336,917	2.58%
Unrestricted	(3,455,132)	*	(4,494,103)	-30.07%
TOTAL NET POSITION	$ 6,287,206	*	$ 6,331,303	0.70%

** As restated for implementation of GASB Statement No. 75, as amended by GASB Statement No. 85.*

Change in Net Position

The District's total revenues were $9,977,822. Property taxes and state aid accounted for most of the District's revenue, contributing about 74.3%; another 12.2% came from state and federal aid for specific programs; and 13.5% came from miscellaneous sources.

The following table summarizes the changes in net position for the District.

Year Ended June 30	Governmental Activities 2017	Governmental Activities 2018	Percentage Change 2017-18
REVENUES			
Program Revenues			
Charges for services	$ 104,355	$ 90,102	-13.66%
Federal and state categorical programs	992,426	1,220,365	22.97%
General Revenues			
Property taxes	3,082,748	3,344,381	8.49%
Federal and state aid unrestricted	4,118,088	4,065,153	-1.29%
Other	1,098,242	1,257,821	14.53%
TOTAL REVENUES	9,395,859	9,977,822	6.19%
EXPENSES			
Instruction-related services	6,164,548	6,583,575	6.80%
Student support services	855,801	867,664	1.39%
Maintenance and operations	646,652	898,935	39.01%
Administration	1,009,332	1,005,738	-0.36%
Other	687,849	577,813	-16.00%
TOTAL EXPENSES	9,364,182	9,933,725	6.08%
Change in Net Position	$ 31,677	$ 44,097	39.21%

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Governmental Funds

The District's governmental funds reported a combined fund balance of $4,437,220, a decrease of $734,660 from the previous year. Following is a summary of the District's fund balances.

June 30	Fund Balance 2017	Fund Balance 2018	Increase (Decrease)
General	$ 3,177,945	$ 3,273,744	$ 95,799
Cafeteria Special Revenue	57,715	59,171	1,456
Building	-	1	1
Capital Facilities	129,376	44,632	(84,744)
Special Reserve Capital Projects	919,250	100,716	(818,534)
Bond Interest and Redemption	887,594	958,956	71,362
Totals	$ 5,171,880	$ 4,437,220	$ (734,660)

The General Fund increase was due to Special Education Extra Ordinary Costs reimbursement received, Proposition 39, CA Clean Energy Jobs Act project savings, local grants received, savings in classified staff vacancies, Workers' Compensation coordination and unpaid leave.

The Cafeteria Special Revenue Fund increase was due to reserving excess funds for future replacement equipment and program needs.

The Capital Facilities Fund decrease was due to Columbia Elementary and Mountain View Middle School parking lot improvements.

The Special Reserve Capital Projects Fund decrease was due to Columbia Elementary parking lot improvements, Columbia Elementary outdoor classroom project, Mountain View Middle School lighting upgrades, and Columbia Elementary classroom facilities project.

The Bond Interest and Redemption Fund increase was due to property tax collections in excess of current debt service payments.

General Fund Budgetary Highlights

During the course of the year, the District revises its budget as information is available that results in changes in revenues and expenditures. A schedule showing the District's original and final budget amounts, compared with the amounts actually paid and received for the General Fund, is provided in the budgetary comparison schedule for the General Fund.

The District revises its budget during the year to reflect new information as it becomes available. Budgeted revenues increased by approximately $503,227 and budgeted expenditures increased by approximately $256,089. The significant budget amendments fell into the following categories:

- Budget revisions to reflect funding levels approved in the state budget.
- Budget revisions to update revenues and expenditures for fluctuations in enrollment and average daily attendance (ADA) data.
- Adjustments to program revenues and expenditures related to unexpended balances carried forward from the prior year.
- Other budget revisions including new grants and entitlements, negotiated salary increases, and board-approved purchases of capital assets.

The District budgeted expenditures and other financing uses to exceed revenues and other financing sources by $186,535. However, actual results for the year reflected a reduction of only $95,799.

- Revenue increased by a net of $64,013, primarily due to other local income.

CAPITAL ASSETS AND LONG-TERM DEBT ADMINISTRATION

Capital Assets

The District has invested $25,246,726 in capital assets including land, construction in progress, buildings, site improvements, equipment, and vehicles. Construction in progress consists of costs related to the construction of classroom buildings and parking lot expansion. The District also installed a bell and paging system and various other improvement projects.

	Governmental Activities		Increase
June 30	**2017**	**2018**	**(Decrease)**
Land	$ 752,003	$ 752,003	0.00%
Construction in progress	4,907,248	-	-100.00%
Buildings and improvements	17,214,581	23,118,653	34.30%
Equipment and vehicles	1,333,239	1,376,070	3.21%
Totals	$ 24,207,071	$ 25,246,726	4.29%

Long-Term Debt

At year end, the District had $15,715,098 in outstanding long-term debt. The change in long-term debt is due primarily to changes in the District's proportional share of the net pension liability. Additionally, the District made regularly scheduled payments on the general obligation bonds and capital leases. The District has no plans to incur additional debt during 2018-19.

	Governmental Activities		Increase
June 30	2017	2018	(Decrease)
General obligation bonds	$ 6,575,000	$ 6,090,000	$ (485,000)
Capital leases	517,390	361,160	(156,230)
Bond issuance premium	125,736	107,624	(18,112)
Compensated absences	33,310	40,662	7,352
Total OPEB liability	452,576 *	446,698	(5,878)
Net pension liability	7,361,118	8,668,954	1,307,836
Totals	$ 15,065,130 *	$ 15,715,098	$ 649,968

** As restated for implementation of GASB Statement No. 75, as amended by GASB Statement No. 85.*

FACTORS BEARING ON THE DISTRICT'S FUTURE

The uncertainty of the state economy and potential for enrollment fluctuations could pose a risk to the District's finances. The Board of Trustees has consistently demonstrated in the past that it is prepared to take the steps necessary to ensure the District's solvency. Reserves have been maintained to help alleviate some of the unfunded state revenues.

The District has contracts with its bargaining groups through June 30, 2018, for certificated and classified staff. The contracts allow for renegotiation of compensation issues each year.

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. For questions regarding this report or additional financial information, please contact:

Michelle Glover, Chief Business Official
Columbia Elementary School District
10140 Old Oregon Trail
Redding, CA 96003

Basic Financial Statements

Columbia Elementary School District

STATEMENT OF NET POSITION

June 30, 2018		Governmental Activities
ASSETS		
Cash and investments	$	4,021,150
Accounts receivable		306,878
Due from other governments		371,926
Inventories		3,736
Nondepreciated capital assets		752,003
Depreciated capital assets		24,494,723
Accumulated depreciation		(9,234,876)
TOTAL ASSETS		20,715,540
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows of resources for pensions		2,528,430
Deferred loss on refunding		35,422
TOTAL DEFERRED OUTFLOWS OF RESOURCES		2,563,852
LIABILITIES		
Accounts payable and other current liabilities		217,849
Due to other governments		126,614
Advances from grantors		27,335
Long-term obligations:		
Due within one year		683,037
Due beyond one year		15,032,061
TOTAL LIABILITIES		16,086,896
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows of resources for pensions		852,313
Deferred inflows of resources for OPEB		8,880
TOTAL DEFERRED OUTFLOWS OF RESOURCES		861,193
NET POSITION		
Net investment in capital assets		9,488,489
Restricted for capital projects		44,633
Restricted for debt service		958,956
Restricted for educational programs		277,893
Restricted for other purposes		55,435
Unrestricted		(4,494,103)
TOTAL NET POSITION	$	6,331,303

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

Columbia Elementary School District

STATEMENT OF ACTIVITIES

Year Ended June 30, 2018	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position - Governmental Activities
FUNCTIONS/PROGRAMS				
Primary Government				
Governmental activities:				
Instruction	$ 5,803,202	$ 90,102	$ 867,960	$ (4,845,140)
Instruction-related services	780,373	-	-	(780,373)
Pupil services	867,664	-	203,381	(664,283)
Ancillary services	41,587	-	88	(41,499)
Community services	253,535	-	-	(253,535)
General administration	1,005,738	-	25,583	(980,155)
Plant services	898,935	-	123,353	(775,582)
Other outgo	14,798	-	-	(14,798)
Interest on long-term debt	267,893	-	-	(267,893)
Total Governmental Activities	$ 9,933,725	$ 90,102	$ 1,220,365	(8,623,258)
GENERAL REVENUES				
Property taxes - levied for general purposes				2,499,952
Property taxes - levied for debt service				821,394
Property taxes - levied for other specific purposes				23,035
Federal and state aid not restricted to specific purposes				4,065,153
Unrestricted investment earnings				24,239
Interagency revenues				526,868
Miscellaneous				706,714
TOTAL GENERAL REVENUES AND TRANSFERS				8,667,355
Change in Net Position				44,097
Net Position - as Previously Reported				6,649,862
Cumulative effect of change in accounting principles				(362,656)
Net Position - as Restated				6,287,206
Net Position - End of Year				$ 6,331,303

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

Columbia Elementary School District

BALANCE SHEET – GOVERNMENTAL FUNDS

June 30, 2018	General Fund	Bond Interest and Redemption Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and investments	$ 2,886,744	$ 958,956	$ 175,450	$ 4,021,150
Accounts receivable	302,524	-	4,193	306,717
Due from other governments	346,585	-	25,341	371,926
Due from other funds	15,680	-	11,658	27,338
Inventories	-	-	3,736	3,736
TOTAL ASSETS	$ 3,551,533	$ 958,956	$ 220,378	$ 4,730,867
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable and other current liabilities	$ 112,182	$ -	$ 339	$ 112,521
Due to other governments	126,614	-	-	126,614
Due to other funds	11,658	-	15,519	27,177
Advances from grantors	27,335	-	-	27,335
Total Liabilities	277,789	-	15,858	293,647
Fund Balances				
Nonspendable	1,500	-	3,736	5,236
Restricted	277,893	958,956	100,068	1,336,917
Assigned	2,401,439	-	100,716	2,502,155
Unassigned	592,912	-	-	592,912
Total Fund Balances	3,273,744	958,956	204,520	4,437,220
TOTAL LIABILITIES AND FUND BALANCES	$ 3,551,533	$ 958,956	$ 220,378	$ 4,730,867

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

Columbia Elementary School District
RECONCILIATION OF GOVERNMENTAL FUND BALANCES TO GOVERNMENT-WIDE NET POSITION

June 30, 2018

Total Fund Balances - Governmental Funds		$ 4,437,220
Amounts reported for assets, deferred outflows of resources, liabilities, and deferred inflows of resources for governmental activities in the statement of net position are different from amounts reported in governmental funds because:		
Capital assets: In governmental funds, only current assets are reported. In the statement of net position, all assets are reported, including capital assets and accumulated depreciation.		
Capital assets at historical cost	$ 25,246,726	
Accumulated depreciation	(9,234,876)	
Total Capital Assets - Net		16,011,850
Unmatured interest on long-term debt: In governmental funds, interest on long-term debt is not recognized until the period in which it matures and is paid. In the government-wide statement of activities, it is recognized in the period that it is incurred. The additional liability for unmatured interest owed at the end of the period was:		(105,328)
Long-term liabilities: In governmental funds, only current liabilities are reported. In the statement of net position, all liabilities, including long-term liabilities, are reported. Long-term liabilities relating to governmental activities consist of:		
General obligation bonds	6,197,624	
Net pension liability	8,668,954	
Total OPEB liability	446,698	
Compensated absences	40,662	
Capital leases	361,160	
Deferred loss on debt refunding	(35,422)	
Total Long-Term Liabilities		(15,679,676)
Balance Forward		$ 4,664,066

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

Columbia Elementary School District

RECONCILIATION OF GOVERNMENTAL FUND BALANCES TO GOVERNMENT-WIDE NET POSITION (Continued)

June 30, 2018

Balance Brought Forward	$	4,664,066
Deferred outflows and inflows of resources relating to pensions: In governmental funds, deferred outflows and inflows of resources relating to pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions are reported:		
Deferred outflows of resources relating to pensions		2,528,430
Deferred inflows of resources relating to pensions		(852,313)
Deferred outflows and inflows of resources relating to other postemployment benefits (OPEB): In governmental funds, deferred outflows and inflows of resources relating to OPEB are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to OPEB are reported:		
Deferred inflows of resources relating to OPEB		(8,880)
Total Net Position - Governmental Activities	$	6,331,303

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

Columbia Elementary School District

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS

Year Ended June 30, 2018	General Fund	Bond Interest and Redemption Fund	Other Governmental Funds	Total Governmental Funds
Revenues				
Property taxes	$ 2,499,952	$ 821,394	$ -	$ 3,321,346
Local control funding formula sources	3,792,311	-	-	3,792,311
Other state revenue	665,850	-	12,257	678,107
Federal revenue	313,148	-	191,645	504,793
Other local revenue	1,683,466	1,586	178,367	1,863,419
Total Revenues	8,954,727	822,980	382,269	10,159,976
Expenditures				
Current:				
Instruction	5,482,398	-	-	5,482,398
Instruction-related services	746,831	-	-	746,831
Pupil services	545,716	-	282,142	827,858
Ancillary services	41,879	-	-	41,879
Community services	230,952	-	-	230,952
General administration	923,597	-	21,648	945,245
Plant services	595,655	-	86,121	681,776
Transfers between agencies	14,798	-	-	14,798
Debt service:				
Principal	156,230	485,000	-	641,230
Interest and other charges	18,226	266,618	-	284,844
Capital outlay	98,700	-	898,125	996,825
Total Expenditures	8,854,982	751,618	1,288,036	10,894,636
Excess (Deficiency) of Revenues Over Expenditures	99,745	71,362	(905,767)	(734,660)
Other Financing Sources (Uses)				
Interfund transfers in	-	-	3,946	3,946
Interfund transfers out	(3,946)	-	-	(3,946)
Total Other Financing Sources (Uses)	(3,946)	-	3,946	-
Net Change in Fund Balances	95,799	71,362	(901,821)	(734,660)
Fund Balances - Beginning of Year	3,177,945	887,594	1,106,341	5,171,880
Fund Balances - End of Year	$ 3,273,744	$ 958,956	$ 204,520	$ 4,437,220

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

Columbia Elementary School District

RECONCILIATION OF NET CHANGE IN FUND BALANCES TO CHANGE IN NET POSITION

Year Ended June 30, 2018				
Total Net Change in Fund Balances - Governmental Funds			$	(734,660)
Amounts reported for governmental activities in the statement of activities are different from amounts reported in governmental funds because:				
Capital outlay: In governmental funds, the costs of capital assets are reported as expenditures in the period when the assets are acquired. In the statement of activities, costs of capital assets are allocated over their estimated useful lives as depreciation expense. The difference between capital outlay expenditures and depreciation expense for the period is:				
Expenditures for capital outlay	$	1,039,655		
Depreciation expense		(639,940)		
Net Capital Outlay				399,715
Debt service: In governmental funds, repayments of long-term debt are reported as expenditures. In the government-wide statements, repayments of long-term debt are reported as reductions of liabilities. Expenditures for repayment of the principal portion of long-term debt were:				641,230
Unmatured interest on long-term debt: In governmental funds, interest on long-term debt is recognized in the period that it becomes due. In the government-wide statement of activities, it is recognized in the period that it is incurred. Unmatured interest owed at the end of the period, less matured interest paid during the period but owed from the prior period, was:				8,500
Compensated absences: In governmental funds, compensated absences are measured by the amounts paid during the period. In the statement of activities, compensated absences are measured by the amounts earned. The difference between compensated absences paid and compensated absences earned was:				(7,352)
Balance Forward			$	307,433

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

Columbia Elementary School District

RECONCILIATION OF NET CHANGE IN FUND BALANCES TO CHANGE IN NET POSITION (Continued)

Year Ended June 30, 2018		
Balance Brought Forward	$	307,433
Pensions: In government funds, pension costs are recognized when employer contributions are made. In the statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual basis pension costs and actual employer contributions was:		(268,785)
Other postemployment benefits (OPEB): In governmental funds, OPEB expenses are recognized when employer OPEB contributions are made. In the statement of activities, OPEB expenses are recognized on the accrual basis. This year, the difference between OPEB expenses and actual employer OPEB contributions was:		(3,002)
Amortization of debt issue premium or discount or deferred gain or loss from debt refunding: In governmental funds, if debt is issued at a premium or at a discount, the premium or discount is recognized as an other financing source or an other financing use in the period it is incurred. In the government-wide statements, the premium or discount, plus any deferred gain or loss from debt refunding, is amortized as interest over the life of the debt. Amortization of premium or discount, or deferred gain or loss from debt refunding, for the period is:		8,451
Change in Net Position of Governmental Activities	$	44,097

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

Columbia Elementary School District

STATEMENT OF FIDUCIARY NET POSITION – FIDUCIARY FUNDS

June 30, 2018		**Agency**
ASSETS		
Cash and investments	$	19,373
LIABILITIES		
Accounts payable and other current liabilities	$	941
Due to other funds		161
Due to student groups		18,271
TOTAL LIABILITIES	$	19,373

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

1. SIGNIFICANT ACCOUNTING POLICIES

The District is governed by an elected five-member board. The District operates one elementary school, one junior high school, and one community day school in Redding, California. The District is the sponsoring local educational agency for one charter school.

The District accounts for its financial transactions in accordance with the policies and procedures of the Department of Education's, *California School Accounting Manual*. The District's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies established in GAAP, and used by the District, are discussed below.

Implementation of New Accounting Standards

Governmental Accounting Standards Board, Statement No. 75 The District adopted the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB)*, for the fiscal year ended June 30, 2018. This statement improves accounting and financial reporting by state and local governments for postemployment benefits other than pensions. It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. GASB Statement No. 75 replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. This statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed.

Governmental Accounting Standards Board, Statement No. 85 The District adopted the provisions of GASB Statement No. 85, *Omnibus 2017*, for the fiscal year ended June 30, 2018. This statement addresses practice issues that have been identified during implementation and application of certain GASB statements, including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits. It addresses the timing of the measurement of pension or OPEB liabilities and expenditures recognized, recognizing on-behalf payments for pensions or OPEB, presenting payroll-related measures in required supplementary information for purposes of reporting by OPEB plans and employers that provide OPEB, and accounting and financial reporting for OPEB provided through certain multiple-employer defined benefit OPEB plans.

As a result of the adoption of GASB Statement No. 75 and 85, net position as of July 1, 2017, has been restated as follows for the implementation of GASB Statement No. 75 and 85:

Net Position - as Previously Reported	$ 6,649,862
Cumulative Effect of Change in Accounting Principles	
Total OPEB liability	(362,656)
Deferred Inflows	
Difference between expected and actual experience	-
Difference between projected and actual earnings on OPEB plan investments	-
Deferred Outflows	
Change in assumptions	-
District contributions subsequent to the measurement date	-
Cumulative Effect of Change in Accounting Principles	(362,656)
Net Position - as Restated	$ 6,287,206

Basis of Presentation

Government-Wide Financial Statements The statement of net position and statement of activities display information about the reporting entity as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed, in whole or in part, by fees charged to external parties for goods or services.

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

Fund Financial Statements Fund financial statements are organized by funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the District or meets the following criteria:

Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 10% of the corresponding total for all funds of that category or type; and

Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5% of the corresponding total for all governmental and enterprise funds combined.

The funds of the District are described below.

Governmental Funds

General Fund The general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds Funds that are established to account for the proceeds from specific resources that are restricted to the financing of particular activities.

1. Cafeteria Special Revenue Fund is used to account separately for federal, state, and local resources received to operate the District's food service program (*California Education Code*, Sections 38091 and 38100).

Capital Projects Funds Funds that are established to account for financial resources to be used for the acquisition or construction of major capital facilities.

1. Building Fund exists primarily to account separately for proceeds from the sale of bonds (*California Education Code,* Section 15146).

2. Capital Facilities Fund is used primarily to account for funds received from fees levied on developers or others as a condition for approving development (*California Education Code,* Sections 17620-17626).

3. Special Reserve Fund is used to account for resources designated for capital outlay projects (*California Education Code,* Section 42840).

Debt Service Funds Funds that are established to account for the accumulation of resources for the payment of the principal and interest on long-term debt.

1. Bond Interest and Redemption Fund is used to account for the repayment of bonds (*California Education Code,* Sections 15125-15262).

Fiduciary Funds

Agency Funds Funds that are used to account for assets of others for whom the District acts as an agent.

1. Warrant/Pass-Through Fund is used to account for amounts collected from employees for federal taxes, state taxes, credit unions, and other contributions.

2. Student Body Fund is used to account for the transactions of the associated student body in raising and expending money to promote the general welfare, morale, and educational experiences of the student body (*California Education Code,* Sections 48930-48938).

Major and Nonmajor Funds

The funds are further classified as major or nonmajor as follows:

Major Governmental Funds:
General Fund
Bond Interest and Redemption Fund

Nonmajor Governmental Funds:
Cafeteria Special Revenue Fund
Building Fund
Capital Facilities Fund
Special Reserve Capital Projects Fund

Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Measurement Focus On the government-wide statement of net position and the statement of activities, both governmental and business-like activities are presented using the "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Fund equity is classified as net position.

In the fund financial statements, governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

Agency funds are not involved in the measurement of results of operations; therefore, measurement focus is not applicable to them.

Basis of Accounting In the government-wide statement of net position and statement of activities, both governmental and business-like activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds and agency funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when "measurable and available." Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within one year. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due.

Budgets and Budgetary Accounting

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

These budgets are revised by the District's Governing Board and District Superintendent during the year to give consideration to unanticipated income and expenditures. The original and final revised budgets are presented for the General Fund as required supplementary information.

Formal budgetary integration was employed as a management control device during the year for all budgeted funds. The District employs budget control by minor object and by individual appropriation accounts. Expenditures legally cannot exceed appropriations by major object account.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash, Cash Equivalents, and Investments

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturity of three months or less from the date of acquisition. Cash and cash equivalents are combined with investments and displayed as cash and investments.

Highly liquid market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value. Market value is used as fair value for those securities for which market quotations are readily available.

In accordance with *California Education Code,* Section 41001, the District maintains substantially all of its cash in the Shasta County Treasury (the County) as part of the common investment pool. The County is restricted by *California Government Code,* Section 53635 pursuant to Section 53601, to invest in time deposits, U.S. government securities, state registered warrants, notes or bonds, State Treasurer's investment pool, bankers' acceptances, commercial paper, negotiable certificates of deposit, and repurchase or reverse repurchase agreements. Investments in the County pool are valued using the amortized cost method (which approximates fair value) and include accrued interest. The pool has deposits and investments with a weighted-average maturity of less than one year. As of June 30, 2018, the fair value of the County pool is 99.44% of the carrying value and is deemed to represent a material difference. Information regarding the amount of dollars invested in derivatives with the County was not available. The County investment pool is subject to regulatory oversight by the Treasury Oversight Committee, as required by *California Government Code,* Section 27130. The District is considered to be an involuntary participant in the external investment pool.

The calculation of realized gains is independent of the calculation of the net decrease in the fair value of investments. Realized gains and losses on investments that had been held in more than one fiscal year and sold in the current year may have been recognized as an increase or decrease in the fair value of investments reported in the prior year. The net decrease in the fair value of investments during the year ended June 30, 2018, was $13,933. This amount takes into account all changes in fair value (including purchases and sales) that occurred during the year. The unrealized loss on investments held at June 30, 2018, was $22,318.

Accounts Receivable and Due From Other Governments

Accounts receivable represent amounts due from private persons, firms, or corporations based on contractual agreements or amounts billed, but not received, as of June 30, 2018. Amounts due from other governments include entitlements and grants from federal, state, and local governments that the District has earned or been allocated, but has not received, as of June 30, 2018. At June 30, 2018, no allowance for doubtful accounts was deemed necessary.

Balances Due To/From Other Funds

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Balances due to/from other funds between funds within governmental activities are eliminated in the statement of net position.

Inventories

Inventories consist of supplies and materials. Expenses are recorded as the supplies and materials are consumed. Inventories are valued on the average cost method for purchased supplies and materials. Donated commodities inventory is valued at its fair value at the time of donation.

Bond Premiums

On the government-wide financial statements, bond premiums are deferred and amortized over the term of the bond using the effective-interest method. Bond premiums are presented as an increase of the face amount of the bonds payable. In the governmental funds, these costs are reported as an other financing source when the related liability is incurred.

Fixed Assets

The accounting treatment over property, plant, and equipment (fixed assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

Government-Wide Statements

In the government-wide financial statements, fixed assets are accounted for as capital assets. Capital assets are defined by the District as assets with an initial, individual cost of $5,000 or more and an estimated useful life in excess of one year, except for buildings and improvements for which a higher capitalization threshold of $15,000 or more is used. All fixed assets are valued at historical cost, or estimated historical cost if the actual is unavailable, except for donated fixed assets, which are recorded at their estimated fair value at the date of donation. Estimated historical cost was used to value the majority of the assets acquired prior to June 30, 2001.

Depreciation of all exhaustible fixed assets is recorded as an allocated expense in the statement of activities with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives in years by type of asset is as follows:

School buildings	50
Portable classrooms	25
Site improvements	10-25
Equipment	5-20
Vehicles	8

Fund Financial Statements

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

Advances From Grantors

Cash received for federal and state special projects and programs is recognized as revenue to the extent that qualified expenditures have been incurred. Advances from grantors are recorded to the extent that cash received on specific projects and programs exceeds qualified expenditures.

Long-Term Debt

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources is reported as liabilities in the government-wide statements.

Long-term debt for governmental funds is not reported as a liability in the fund financial statements. The debt proceeds are reported as other financing sources, and payments of principal and interest are reported as expenditures.

Compensated Absences

The liability for earned but unused vacation leave is recorded as long-term debt for compensated absences in the government-wide statements. The current portion of this debt is estimated based on historical trends. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position includes a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s), which will only be recognized as an outflow of resources (expense/expenditures) in the future. District contributions subsequent to the measurement date related to pension plans, are reported as deferred outflows of resources in the government-wide statement of net position. District contributions subsequent to the measurement date will be amortized during the next fiscal year.

In addition to liabilities, the statement of net position includes a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and would only be recognized as an inflow of resources (revenue) at that time.

Changes in proportion and differences between the District's contributions and proportionate share of pension contributions, the District's proportionate share of the net difference between projected and actual earnings on pension plan investments, changes in assumptions, and the differences between the District's expected and actual experience, are reported as deferred inflows of resources or deferred outflows of resources in the government-wide statement of net position. These amounts are amortized over the estimated service lives of the pension plan participants.

Differences between projected and actual earnings on OPEB plan investments, changes in assumptions, and the differences between the District's expected and actual experience, are reported as deferred inflows of resources or deferred outflows of resources in the government-wide statement of net position. These amounts are amortized over closed period equal to the average of the expected remaining service lives of all employees that are provided OPEB through the OPEB plan.

The District also has a deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

Equity Classifications

Government-Wide Statements Equity is classified as net position and displayed in three components:

Net Investment in Capital Assets: Consists of capital assets including restricted capital assets, net of accumulated depreciation, reduced by the outstanding balances of any bonds, leases, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted Net Position: Consists of net position with constraints placed on the use either by external groups such as creditors, grantors, contributors, laws or regulations of other governments, or laws through constitutional provisions or enabling legislation.

Unrestricted Net Position: Consists of any other net position that does not meet the definition of "restricted" or "net investment in capital assets."

Fund Statements Governmental fund equity is classified as fund balance. Fund balance is further classified and displayed in five components:

Nonspendable Fund Balance: Consists of 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 Fund Balance: Consists of amounts that can be spent only for specific purposes because of constraints that are externally imposed by groups such as creditors, grantors, contributors, laws or regulations of other governments, or because of laws through constitutional provisions or enabling legislation.

Committed Fund Balance: Consists of amounts that can be used only for specific purposes determined by a formal action of the District's Board of Trustees. The District's Board of Trustees is the highest level of decision-making authority for the District. Commitments may be established, modified, or rescinded only through resolutions or budget adoption approved by the District's Board of Trustees.

Assigned Fund Balance: Consists of amounts that the District intends to use for specific purposes. Assignments may be established either by the District's Board of Trustees or a designee of the District's Board of Trustees.

Unassigned Fund Balance: Consists of the residual balance in the General Fund that has not been assigned to other funds and that is not restricted, committed, or assigned to specific purposes.

The District is committed to maintaining a prudent level of financial resources to protect against the need to reduce service levels because of temporary revenue shortfalls or unpredicted expenditures. The District's minimum fund balance policy requires a reserve for economic uncertainties, consisting of unassigned amounts, equal to no less than 6% of General Fund expenditures and other financing uses.

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

Local Control Funding Formula Grant and Property Tax

The District's local control funding formula (LCFF) grant is received from a combination of local property taxes and state apportionments.

Shasta County is responsible for assessing, collecting, and apportioning property taxes. Taxes are levied for each fiscal year on taxable real and personal property in the County. Secured property taxes attach as an enforceable lien on property as of January 1. Property taxes on the secured roll are due on November 1 and February 1 and become delinquent after December 10 and April 10, respectively.

Secured property taxes are recorded as revenue when apportioned in the fiscal year of the levy. The County apportions secured property tax revenue in accordance with the alternate method of distribution prescribed by Section 4705 of the *California Revenue and Taxation Code*. This alternate method provides for crediting each applicable fund with its total secured taxes upon completion of the secured tax roll - approximately October 1 of each year.

Property taxes are recorded as LCFF sources by the District. The California Department of Education reduces the District's entitlement by the District's local property tax revenue. The balance is paid from the state's General Fund and is referred to as the state apportionment. The District's LCFF provides a base grant per average daily attendance (ADA), which varies by grade span, plus supplemental and concentration grants that reflect student demographic factors and categorical programs.

Revenue – Nonexchange Transactions

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, and entitlements. Revenue from grants and entitlements is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

Expenditures and Expenses

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities.

In the fund financial statements, expenditures are classified as follows:

Governmental funds – by character:
- Current (further classified by function)
- Debt service
- Capital outlay

In the fund financial statements, governmental funds report expenditures of financial resources.

Pensions

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

Interfund Transfers

Permanent reallocation of resources between funds of the reporting entity are classified as interfund transfers. For purposes of the statement of activities, all interfund transfers between individual governmental funds have been eliminated.

2. CASH AND INVESTMENTS

The following is a summary of cash and investments:

June 30, 2018	Maturities		Fair Value
Deposits (1)		$	19,545
Investments That Are Not Securities (2)			
County treasurer's investment pool	11.6 months average		4,020,978
Total Cash and Investments			4,040,523
Less: Agency fund cash and investments			19,373
Total Cash and Investments Per Government-Wide Statement of Net Position		$	4,021,150

(1) ***Deposits*** The carrying amount of deposits includes checking accounts, savings accounts, nonnegotiable certificates of deposit, and money market accounts at financial institutions, if any.

(2) ***Investments That Are Not Securities*** A “security” is a transferable financial instrument that evidences ownership or creditorship, whether in physical or book-entry form. Investments that are not securities do not have custodial credit risk because they do not involve a transferable financial instrument. Thus, they are not categorized into custodial credit risk categories.

Credit Risk – Investments

California Government Code, Section 53601, limits investments in commercial paper to “prime” quality of the highest ranking or of the highest letter and numerical rating as provided by nationally recognized statistical rating organizations (NRSRO), and limits investments in medium-term notes to a rating of A or better. The District has no investment policy that would further limit its investment choices. The District’s investment in the County investment pool is unrated.

Fair Value Measurements

The District categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; level 2 inputs are significant other observable inputs; and level 3 inputs are significant unobservable inputs.

The District has the following recurring fair value measurements as of June 30, 2018:

- County treasurer's investment pool of $4,020,978 is valued using quoted prices for similar instruments in active markets and quoted prices for identical or similar instruments in markets that are not active (level 2 inputs).

Concentration of Credit Risk – Investments

California Government Code, Section 53635, places the following concentration limits on the County investment pool:

> No more than 40% may be invested in eligible commercial paper; no more than 10% may be invested in the outstanding commercial paper of any single issuer; and no more than 10% of the outstanding commercial paper of any single issuer may be purchased.

California Government Code, Section 53601, places the following concentration limits on the District's investments:

> No more than 5% may be invested in the securities of any one issuer, except the obligations of the U.S. government, U.S. government agencies, and U.S. government-sponsored enterprises; no more than 10% may be invested in any one mutual fund; no more than 25% may be invested in commercial paper; no more than 10% of the outstanding commercial paper of any single issuer may be purchased; no more than 30% may be invested in bankers' acceptances of any one commercial bank; no more than 30% may be invested in negotiable certificates of deposit; no more than 20% may be invested in reverse repurchase agreements; and no more than 30% may be invested in medium-term notes.

3. ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following:

June 30, 2018	General Fund	Other Governmental Funds
Interest	$ 548	$ -
Other	301,976	4,193
Total	$ 302,524	$ 4,193

4. DUE FROM OTHER GOVERNMENTS

Amounts due from other governments consisted of the following:

June 30, 2018	General Fund	Other Governmental Funds
Due From		
Federal government	$ 191,257	$ 23,650
State government	97,832	1,691
Local governments	57,496	-
Total	$ 346,585	$ 25,341

5. INTERFUND TRANSFERS AND BALANCES

Balances Due To/From Other Funds

Balances due to/from other funds in the fund financial statements are as follows:

Due From Other Funds	Due to Other Funds		
General	Cafeteria Special Revenue	$	15,519
Cafeteria Special Revenue	General		11,658
General	Warrant/Pass-Through		161
Total		$	27,338

The specific purposes of the balances due to/from other funds are as follows:

General Fund interfund receivable from the Cafeteria Special Revenue Fund to reimburse the General Fund for indirect costs;

Cafeteria Special Revenue Fund interfund receivable from the General Fund to transfer food costs between funds; and

General Fund interfund receivable from the Warrant/Pass-Through Fund to reimburse health and welfare costs.

Interfund Transfers

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

Interfund transfers are as follows:

Interfund Transfer Out	Interfund Transfer In		
General	Cafeteria Special Revenue	$	3,946

Transfers are used for the following:

To move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them; and

To use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

There were no transfers that were not routine or inconsistent with the activities of the funds making the transfer.

6. CAPITAL ASSETS

Capital assets activity is as follows:

Year Ended June 30, 2018	Beginning Balance	Additions	Deductions	Ending Balance
GOVERNMENTAL ACTIVITIES				
Nondepreciated Capital Assets				
Land	$ 752,003	$ -	$ -	$ 752,003
Construction in progress	4,907,248	830,743	5,737,991	-
Total Nondepreciated Capital Assets	5,659,251	830,743	5,737,991	752,003
Depreciated Capital Assets				
Buildings	13,466,788	5,496,356	-	18,963,144
Site improvements	3,747,793	407,716	-	4,155,509
Equipment and vehicles	1,333,239	42,831	-	1,376,070
Total Depreciated Capital Assets	18,547,820	5,946,903	-	24,494,723
Totals at Historical Cost	24,207,071	6,777,646	5,737,991	25,246,726
Less: Accumulated Depreciation				
Buildings	5,794,768	415,204	-	6,209,972
Site improvements	1,557,162	197,024	-	1,754,186
Equipment and vehicles	1,243,006	27,712	-	1,270,718
Total Accumulated Depreciation	8,594,936	639,940	-	9,234,876
Total Depreciated Capital Assets - Net	9,952,884	5,306,963	-	15,259,847
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS - NET	$ 15,612,135	$ 6,137,706	$ 5,737,991	$ 16,011,850

Depreciation expense was charged to governmental activities as follows:

Year Ended June 30, 2018	
Governmental Activities	
Instruction	$ 377,002
Instruction-related services	43,384
Pupil services	21,865
Community services	1,756
General administration	3,375
Plant services	192,558
Total Depreciation Expense - Governmental Activities	$ 639,940

7. ACCOUNTS PAYABLE

Accounts payable consisted of the following:

June 30, 2018	General Fund	Other Governmental Funds
Vendors	$ 77,833	$ 218
Salaries and benefits	31,301	24
Other	3,048	97
Total	$ 112,182	$ 339

8. DUE TO OTHER GOVERNMENTS

Amounts due to other governments consisted of the following:

June 30, 2018	General Fund
Due To	
Local governments	$ 126,614

9. BONDED DEBT

The outstanding general obligation bonded debt is as follows:

Issue Date	Interest Rate	Maturity Date	Amount of Original Issue	Outstanding July 1, 2017	Redeemed Current Year	Outstanding June 30, 2018
2003	2.00-4.50%	2021	$ 2,690,000	$ 890,000	$ 200,000	$ 690,000
2008	2.00-4.00%	2024	1,975,000	1,030,000	145,000	885,000
2015	3.50-4.00%	2040	3,000,000	2,915,000	140,000	2,775,000
2016	4.50%	2044	1,740,000	1,740,000	-	1,740,000
Total			$ 9,405,000	$ 6,575,000	$ 485,000	$ 6,090,000

The amount of interest cost incurred during the year ended June 30, 2018, was $254,487, all of which was charged to expenses.

The annual requirements to amortize the general obligation bonds payable are as follows:

Year Ending June 30	Principal	Interest	Total
2019	$ 505,000	$ 242,151	$ 747,151
2020	485,000	221,237	706,237
2021	445,000	201,451	646,451
2022	325,000	185,438	510,438
2023	355,000	171,838	526,838
2024-2028	620,000	751,688	1,371,688
2029-2033	635,000	648,637	1,283,637
2034-2038	1,040,000	483,769	1,523,769
2039-2043	1,180,000	235,362	1,415,362
2044-2045	500,000	22,950	522,950
Total	$ 6,090,000	$ 3,164,521	$ 9,254,521

10. CAPITAL LEASE

The District leases two solar power systems under an agreement which provides for title to pass upon expiration of the lease period. The cost of the solar power systems is included on the statement of net position as depreciated capital assets and was $2,173,344 at June 30, 2018. Accumulated depreciation of the leased solar power systems at June 30, 2018, was $752,553. Depreciation of the assets under capital leases is included in depreciation expense and amounted to $108,683 for the year ended June 30, 2018. The amount of interest cost incurred during the year ended June 30, 2018, was $18,226, all of which was charged to expenses. Future minimum lease payments are as follows:

Year Ending June 30	Lease Payments
2019	$ 174,456
2020	174,456
2021	29,076
Total	377,988
Less: Amount representing interest	16,828
Present Value of Net Minimum Lease Payments	$ 361,160

The District will receive no sublease rental revenues nor pay for any contingent rentals for these solar power systems.

11. OPERATING LEASE

The District has entered into an operating lease for equipment with a lease term in excess of one year. The agreement does not contain a purchase option. The agreement contains a termination clause providing for cancellation after a specified number of days' written notice to the lessor, but it is unlikely that the District will cancel the agreement prior to the expiration date. Future minimum lease payments are as follows:

Year Ending June 30		**Lease Payments**
2019	$	43,267
2020		43,267
2021		43,267
2022		43,267
2023		7,211
Total	$	180,279

The District will receive no sublease rental revenues nor pay for any contingent rentals for this equipment. Rent expenditures were $42,560 for the year ended June 30, 2018.

12. CHANGES IN LONG-TERM DEBT

The following is a summary of changes in long-term debt:

Year Ended June 30, 2018	Beginning Balance - as Previously Reported	Cumulative Effect of Change in Accounting Principles	Beginning Balance - as Restated	Additions	Deductions	Ending Balance	Amounts Due Within One Year
Governmental Activities							
Compensated absences	$ 33,310	$ -	$ 33,310	$ 7,352	$ -	$ 40,662	$ -
General obligation bonds	6,575,000	-	6,575,000	-	485,000	6,090,000	505,000
Bond issuance premium	125,736	-	125,736	-	18,112	107,624	15,307
Capital leases	517,390	-	517,390	-	156,230	361,160	162,730
Total OPEB liability	89,920	362,656	452,576	-	5,878	446,698	-
Net pension liability	7,361,118	-	7,361,118	1,307,836	-	8,668,954	-
Total	$ 14,702,474	$ 362,656	$ 15,065,130	$ 1,315,188	$ 665,220	$ 15,715,098	$ 683,037

13. FUND BALANCES COMPONENTS

Fund balances are composed of the following:

June 30, 2018	General Fund	Bond Interest and Redemption Fund	Other Governmental Funds
Nonspendable			
Reserved for:			
Revolving cash	$ 1,500	$ -	$ -
Inventories	-	-	3,736
Total Nonspendable	$ 1,500	$ -	$ 3,736
Restricted			
Restricted for:			
Capital projects	$ -	$ -	$ 44,633
Debt service	-	958,956	-
Federal and state categoricals	277,893	-	55,435
Total Restricted	$ 277,893	$ 958,956	$ 100,068
Assigned			
Assigned for:			
Facilities	$ 150,000	$ -	$ -
Property easement	36,200	-	-
MAA reserves	131,217	-	-
Textbooks	164,000	-	-
Future programs	900,000	-	-
Technology replacement	175,000	-	-
Teamsters	21,853	-	-
Site and classroom accounts	60,132	-	-
Deferred maintenance	175,055	-	-
Solar debt service	174,456	-	-
Bus replacement	40,000	-	-
One-time funds	99,796	-	-
Redevelopment agency funds	74,905	-	-
Postemployment benefits	78,557	-	-
GATE	6,272	-	-
Other assignments	113,996	-	-
Capital projects	-	-	100,716
Total Assigned	$ 2,401,439	$ -	$ 100,716
Unassigned			
Designated for economic uncertainties	$ 531,662	$ -	$ -
Unassigned	61,250	-	-
Total Unassigned	$ 592,912	$ -	$ -

14. JOINT POWERS AUTHORITIES

The District participates in joint ventures under joint powers agreements with the following joint powers authorities (JPAs): Northern California Schools Insurance Group (NCSIG), Northern California Regional Excess Liability Fund (ReLiEF), Schools Excess Liability Fund (SELF), Teamsters (NCGT Security Fund), and Shasta-Trinity Schools Insurance Group (STSIG). The relationship between the District and the JPAs is such that the JPAs are not component units of the District for financial reporting purposes.

The JPAs arrange for and provide property, liability, workers' compensation, health care, and excess liability coverage for their members. Each JPA is governed by a board consisting of representatives from the members. The boards control the operations of the JPAs, including selection of management and approval of operating budgets, independent of any influence by the members beyond their representation on the boards. Each member pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionate to its participation in the JPA. The District's share of year-end assets, liabilities, or fund equity is not calculated by the JPAs. Separately issued financial statements can be requested from each JPA.

15. COMMITMENTS AND CONTINGENCIES

Federal and State Allowances, Awards, and Grants

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

16. RISK MANAGEMENT

The District is exposed to various risks, including loss or damage to property, general liability, and injuries to employees. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three years. No significant reductions in insurance coverage from the prior year have been made. As described above, the District participates in risk pools under joint powers agreements for property, liability, workers' compensation, health care, and excess liability coverage.

17. EMPLOYEE RETIREMENT SYSTEMS

Qualified employees are covered under cost-sharing multiple-employer defined benefit pension plans maintained by agencies of the state of California. Certificated employees are members of CalSTRS, and classified employees are members of CalPERS.

Summary

Net pension liability, deferred outflows or resources, deferred inflows of resources, and pension expense are reported as follows:

June 30, 2018		Net Pension Liability		Deferred Outflows of Resources		Deferred Inflows of Resources		Pension Expense
CalSTRS State Teachers' Retirement Plan	$	5,548,800	$	1,534,124	$	772,716	$	472,062
CalPERS School Employer Pool		3,120,154		994,306		79,597		549,988
Total	$	8,668,954	$	2,528,430	$	852,313	$	1,022,050

Net pension liability, deferred outflows of resources, and deferred inflows of resources are reported in the accompanying statement of net position; pension expense is reported in the accompanying statement of activities.

California State Teachers' Retirement System

Plan Description Certificated employees of the District participate in STRP, a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalSTRS. Benefit provisions are established by state statute, as legislatively amended, within the State Teachers' Retirement Law. CalSTRS issues publicly available financial reports that can be obtained at www.calstrs.com.

Benefits Provided STRP provides retirement, disability, and survivor benefits to beneficiaries. The defined benefit program provides retirement benefits based on members' final compensation, age, and years of service credit. In addition, the retirement program provides benefits to members upon disability and to survivors/beneficiaries upon the death of eligible members. The program has two benefit formulas:

- ***CalSTRS 2% at 60*** CalSTRS 2% at 60 members are eligible for normal retirement at age 60, with a minimum of five years of credited service. The normal retirement benefit is equal to 2.0% of final compensation for each year of credited service. Early retirement options are available at age 55 with five years of credited service or as early as age 50 with 30 years of credited service. The age factor for retirement after age 60 increases with each quarter year of age to 2.4% at age 63 or older. Members who have 30 years or more of credited service receive an additional increase of up to 0.2% to the age factor, known as the career factor. The maximum benefit with the career factor is 2.4% of final compensation.

- ***CalSTRS 2% at 62*** CalSTRS 2% at 62 members are eligible for normal retirement at age 62, with a minimum of five years of credited service. The normal retirement benefit is equal to 2.0% of final compensation for each year of credited service. An early retirement option is available at age 55. The age factor for retirement after age 62 increases with each quarter year of age to 2.4% at age 65 or older.

Contributions Required member, employer, and state contribution rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. Active plan members of the CalSTRS 2% at 60 formula are required to contribute 10.25% of their salary. Active plan members of the CalSTRS 2% at 62 formula are required to contribute 9.205% of their salary. The required employer contribution rate for fiscal year 2017-18 was 14.43% of annual payroll. State Teachers' Retirement Law also requires the state to contribute 9.328% of the members' creditable earnings from the fiscal year ending in the prior calendar year. The District's contributions to CalSTRS for the fiscal year ended June 30, 2018, were $485,650.

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 net pension 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:

June 30, 2018		
District's proportionate share of the net pension liability	$	5,548,800
State's proportionate share of the net pension liability associated with the District		2,062,489
Total	$	7,611,289

The District's net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015, rolled forward to June 30, 2017, using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers and the state, actuarially determined. At June 30, 2018, the District's proportion was .006%.

For the year ended June 30, 2018, the District recognized pension expense of $59,279 and revenue of $59,279 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**
Difference between expected and actual experience	$	20,520	$	96,800
Net difference between projected and actual earnings on pension plan investments		-		147,794
Change in assumptions		1,027,954		-
Changes in proportion and differences between District contributions and proportionate share of contributions		-		528,122
District contributions subsequent to the measurement date		485,650		-
Total	$	1,534,124	$	772,716

The $485,650 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30		
2019	$	(75,354)
2020		140,466
2021		60,921
2022		(83,780)
2023		58,760
Thereafter		174,745
Total	$	275,758

Actuarial Assumptions The total pension liability in the June 30, 2015, actuarial valuation for CalSTRS was determined using the following actuarial assumptions and applied to all periods included in the measurement:

Valuation date	June 30, 2016
Measurement date	June 30, 2017
Actuarial cost method	Entry age normal
Actuarial assumptions:	
Investment rate of return	7.10%
Interest on accounts	4.50%
Wage growth	3.50%
Consumer price inflation	2.75%
Post-retirement benefit increases	2.00% simple

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

The actuarial assumptions used in the June 30, 2016, valuation were based on the results of an actuarial experience study for the period July 1, 2010, through June 30, 2015.

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

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global equity	47%	6.30%
Fixed income	12%	0.30%
Real estate	13%	5.20%
Private equity	13%	9.30%
Absolute return/risk mitigating strategies	9%	2.90%
Inflation sensitive	4%	3.80%
Cash/liquidity	2%	-1.00%
Total	100%	

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

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.10%, as well as the District's proportionate share of the net pension liability if it was calculated using a discount rate that is one percentage point lower (6.10%) or one percentage point higher (8.10%) than the current rate:

June 30, 2018	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
District's proportionate share of the net pension liability	$ 8,147,400	$ 5,548,800	$ 3,439,860

Pension Plan Fiduciary Net Position Detailed information about the pension plan's fiduciary net position is available in CalSTRS' separately issued *Comprehensive Annual Financial Report* (CAFR).

Payables to the Pension Plan At June 30, 2018, the District reported a payable of $331 for the outstanding amount of contributions to CalSTRS required for the year ended June 30, 2018.

California Public Employees' Retirement System

Plan Description Classified employees of the District participate in the School Employer Pool (the Plan) under CalPERS, a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. Benefit provisions are established by state statute, as legislatively amended, within the Public Employees' Retirement Law. CalPERS issues a publicly available financial report that can be obtained at www.calpers.ca.gov.

Benefits Provided The plan provides retirement, disability, and death benefits to plan members and beneficiaries. The benefits are based on members' years of service, age, final compensation, and benefit formula. Members become fully vested in their retirement benefits earned to date after five years of credited service.

Contributions Member contribution rates are defined by law. Employer contribution rates are determined by periodic actuarial valuations. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. Active plan members that met the definition of a new member under the Public Employees' Pension Reform Act are required to contribute 6.50% of their salary. Classic employees are required to contribute 7.00% of their salary. The required employer contribution rate for the 2017-18 fiscal year was 15.531%. The District's contributions to CalPERS for the fiscal year ended June 30, 2018, were $267,615.

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 net pension liability of $3,120,154 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016, rolled forward to June 30, 2017, using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2018, the District's proportion was .01307%.

For the year ended June 30, 2018, the District recognized pension expense of $549,988. 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
Difference between expected and actual experience	$ 111,782	$ -
Net difference between projected and actual earnings on pension plan investments	102,708	-
Change in assumptions	455,748	36,736
Changes in proportion and differences between District contributions and proportionate share of contributions	56,453	42,861
District contributions subsequent to the measurement date	267,615	-
Total	$ 994,306	$ 79,597

The $267,615 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	
2019	$ 170,497
2020	304,774
2021	232,236
2022	(60,413)
Total	$ 647,094

Actuarial Assumptions The total pension liability in the June 30, 2015, actuarial valuation for CalPERS was determined using the following actuarial assumptions applied to all periods included in the measurement:

Valuation date	June 30, 2016
Measurement date	June 30, 2017
Actuarial cost method	Entry age normal
Actuarial assumptions:	
Discount rate	7.15%
Inflation	2.75%
Salary increases	Varies by entry age and service
Investment rate of return	7.50%

CalPERS uses custom mortality tables to best fit the patterns of mortality among its members. 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.

The actuarial assumptions used in the June 30, 2016, valuation were based on the results of an actuarial experience study for the period July 1, 1997, through June 30, 2011.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. In determining the long-term expected rate of return, 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 of the funds' asset classes, expected compound (geometric) returns were calculated over the short term (first 10 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 single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The tables below reflect long-term expected real rates of return by asset class. The rates of return were calculated using the capital market assumptions applied to determine the discount rate.

	Assumed Asset	**Real Rate of Return**	
	Allocation	**Years 1 - 10**	**Years 11+**
Asset Class			
Global equity	47%	4.90%	5.38%
Fixed income	19%	0.80%	2.27%
Inflation assets	6%	0.60%	1.39%
Private equity	12%	6.60%	6.63%
Real estate	11%	2.80%	5.21%
Infrastructure and forestland	3%	3.90%	5.36%
Liquidity	2%	-0.40%	-0.90%
Total	100%		

Discount Rate The discount rate used to measure the total pension liability was 7.15%. To determine whether the municipal bond rate should be used in the calculation of a discount rate, the amortization and smoothing periods recently adopted by the CalPERS Board in 2013 were used. Projections of expected benefit payments and contributions were performed to determine if the assets would run out. The test revealed the assets would not run out. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.15%, as well as the District's proportionate share of the net pension liability if it was calculated using a discount rate that is one percentage point lower (6.15%) or one percentage point higher (8.15%) than the current rate:

June 30, 2018	**1% Decrease (6.15%)**	**Discount Rate (7.15%)**	**1% Increase (8.15%)**
District's proportionate share of the net pension liability	$ 4,590,746	$ 3,120,154	$ 1,900,174

Pension Plan Fiduciary Net Position Detailed information about the pension plan's fiduciary net position is available in CalPERS' separately issued CAFR.

Payables to the Pension Plan At June 30, 2018, the District reported a payable of $2,161 for the outstanding amount of contributions to CalPERS required for the year ended June 30, 2018.

18. EARLY RETIREMENT INCENTIVE PROGRAM

The District did not enter into any early retirement incentive agreements during 2017-18, pursuant to *California Education Code,* Sections 22714 and 44929, whereby the service credit to eligible employees is increased by two years.

19. POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

Plan Description and Benefits

The District provides postemployment health care benefits to qualifying employees through a single-employer defined benefit health care plan administered by the District. The District provides postemployment health care benefits to all certificated employees and their dependents who retire from the District on or after attaining the age of 55 with at least 15 years of service. The District provides these benefits for 5 years but not beyond the age of 65. The District contributes up to $7,500, depending on length of service, toward the purchase of medical benefits per year.

Employees Covered

Employees covered by the benefit terms of the Plan consisted of:

June 30, 2018	
Inactive Plan members or beneficiaries currently receiving benefit payments	6
Active Plan members	47
Total	53

Contributions

The District's agreement with employees is for monthly contributions for members who meet the eligibility criteria of their collective bargaining agreement and who retire during the term of the contract. The contribution requirements of plan members and the District are established and may be amended by the District's board of trustees through the collective bargaining process. The members receiving benefits contributions vary depending on the level of coverage selected. For the fiscal year ended June 30, 2018, the District contributed $31,629 representing premium payments on behalf of retired employees.

Total OPEB Liability

The District's total OPEB liability was measured as of June 30, 2018, using an annual actuarial valuation as of July 1, 2017, rolled forward to June 30, 2018, using standard update procedures. The June 30, 2018, total OPEB liability was based on the actuarial methods and assumptions as shown below.

Actuarial Assumptions

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

Valuation date	June 30, 2017
Actuarial cost method	Entry age normal
Actuarial assumptions:	
Salary increases	3.00%
Discount rate	3.90% (1)
Consumer price inflation	2.25%
Healthcare cost trend rate	8.00% (3)

(1) Net of investment expenses, but gross of administrative expenses.

(2) For fiscal year 2017-18, decreasing 1.00 percent annually to an ultimate rate of 5.00% in fiscal year 2020-21.

Mortality rates were based on the RP-2014 Employee and Healthy Annuitant Mortality Tables for Males or Females, as appropriate, projected using a generational projection based on 100% of scale MP-2016 for years 2014 through 2029, 50% of MP-2016 for years 2030 through 2049, and 20% of MP-2016 for 2050 and thereafter.

Discount Rate

The discount rate used to measure the total OPEB liability was 3.90%. The discount rate was based on the Bond Buyer 20-bond General Obligation Index.

Changes in the Total OPEB Liability

The changes in the total OPEB liability for the Plan are as follows:

Year Ended June 30, 2018		
Total OPEB Liability		
Service cost	$	19,750
Interest		16,362
Difference between expected and actual experience		(4,022)
Changes of assumptions		(6,339)
Benefit payments - including refunds of employee contributions		(31,629)
Net Change in Total OPEB Liability		(5,878)
Total OPEB Liability - Beginning of Year		452,576
Total OPEB Liability - End of Year (a)	$	446,698
Covered-employee payroll	$	3,336,593
District's total OPEB liability as a percentage of covered-employee payroll		13.39%

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

The following presents the District's total OPEB liability calculated using the discount rate of 3.90%, as well as the District's total OPEB liability if it was calculated using a discount rate that is one percentage point lower (2.90%) or one percentage point higher (4.90%) than the current rate:

June 30, 2018	**1% Decrease (2.90%)**	**Current Discount Rate (3.90%)**	**1% Increase (4.90%)**
Total OPEB liability	$ 468,047	$ 446,698	$ 426,036

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

The following presents the District's total OPEB liability calculated using the healthcare cost trend rate of 8.00%, as well as the District's total OPEB liability if it was calculated using a healthcare trend rate that is one percentage point lower (7.00%) or one percentage point higher (9.00%) than the current rate:

June 30, 2018	**1% Decrease (7.00%)**	**Health Cost Trend Rates (8.00%)**	**1% Increase (9.00%)**
Total OPEB liability	$ 446,698	$ 446,698	$ 446,698

There is no change in the total OPEB liability due to changes in the healthcare cost trend rate as the District's contribution is a frozen dollar cap that is always exceeded.

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the year ended June 30, 2018, the District recognized OPEB expense of $34,631. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ -	$ 3,447
Change in assumptions	-	5,433
Total	$ -	$ 8,880

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

Year Ending June 30	
2019	$ 1,481
2020	1,481
2021	1,481
2022	1,481
2023	1,481
Thereafter	1,475
Total	$ 8,880

20. FUTURE GASB IMPLEMENTATION

In June 2017, GASB issued Statement No. 87, *Leases*. This statement improves accounting and financial reporting for leases by governments. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and as inflows of resources or outflows of resources recognized based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The District's management has not yet determined the impact that the implementation of this standard, which is required on July 1, 2020, will have on the District's financial statements, if any.

In March 2018, GASB issued Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings, and Direct Placements*. This statement improves the information disclosed in the notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. The District's management has not yet determined the impact that the implementation of this standard, which is required on July 1, 2018, will have on the District's financial statements, if any.

Required Supplementary Information

Columbia Elementary School District
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND

Year Ended June 30, 2018	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts GAAP Basis	Variance With Final Budget - Positive (Negative)
Revenues				
Property taxes	$ 2,474,389	$ 2,582,807	$ 2,499,952	$ (82,855)
Local control funding formula sources	3,811,299	3,688,901	3,792,311	103,410
Other state revenue	603,237	678,760	665,850	(12,910)
Federal revenue	299,945	334,812	313,148	(21,664)
Other local revenue	1,198,617	1,605,434	1,683,466	78,032
Total Revenues	8,387,487	8,890,714	8,954,727	64,013
Expenditures				
Certificated salaries	3,498,830	3,404,624	3,404,476	148
Classified salaries	1,689,568	1,849,808	1,824,918	24,890
Employee benefits	1,928,772	1,928,016	1,883,282	44,734
Books and supplies	410,987	425,435	349,038	76,397
Services and other operating	843,287	1,093,010	1,077,407	15,603
Capital outlay	266,545	197,243	141,531	55,712
Other outgo	3,715	(343)	(126)	(217)
Debt service:				
Principal	156,230	156,230	156,230	-
Interest and other charges	18,226	18,226	18,226	-
Total Expenditures	8,816,160	9,072,249	8,854,982	217,267
Excess (Deficiency) of Revenues Over Expenditures	(428,673)	(181,535)	99,745	281,280
Other Financing Sources (Uses)				
Interfund transfers out	(5,000)	(5,000)	(3,946)	1,054
Net Change in Fund Balances	(433,673)	(186,535)	95,799	282,334
Fund Balances - Beginning of Year	3,177,945	3,177,945	3,177,945	-
Fund Balances - End of Year	$ 2,744,272	$ 2,991,410	$ 3,273,744	$ 282,334

See the accompanying notes to this budgetary comparison schedule.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The District's Governing Board annually adopts a budget for the General Fund of the District. The budget is presented on the modified accrual basis of accounting. Accordingly, the accompanying budgetary comparison schedule of the General Fund presents actual expenditures in accordance with the accounting principles generally accepted in the United States of America on a basis consistent with the legally adopted budget, as amended. Unexpended appropriations on the annual budget lapse at the end of each fiscal year.

2. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

Expenditures exceeded appropriations by the following amounts:

June 30, 2018	**General Fund**
Other outgo	$ 217

These excess expenditures were offset by unexpended appropriations in other categories.

Columbia Elementary School District

SCHEDULE OF CHANGES IN DISTRICT'S TOTAL OPEB LIABILITY AND RELATED RATIOS

Year Ended June 30, 2018		
Total OPEB Liability		
Service cost	$	19,750
Interest		16,362
Difference between expected and actual experience		(4,022)
Changes of assumptions		(6,339)
Benefit payments - including refunds of employee contributions		(31,629)
Net Change In Total OPEB Liability		(5,878)
Total OPEB Liability - Beginning of Year		452,576
Total OPEB Liability - End of Year (a)	$	446,698
Covered-employee payroll	$	3,336,593
District's total OPEB liability as a percentage of covered-employee payroll		13.39%

See the accompanying notes to the required supplementary information.

Columbia Elementary School District

SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY –
CALIFORNIA STATE TEACHERS' RETIREMENT SYSTEM

Years Ended June 30	2018	2017	2016	2015
District's proportion of the net pension liability (asset)	0.006%	0.006%	0.007%	0.007%
District's proportionate share of the net pension liability (asset)	$ 5,548,800	$ 4,852,860	$ 4,712,680	$ 4,090,590
State's proportionate share of the net pension liability (asset) associated with the District	2,062,489	1,760,618	1,630,257	1,540,107
Total	$ 7,611,289	$ 6,613,478	$ 6,342,937	$ 5,630,697
District's covered-employee payroll	$ 3,324,610	$ 3,268,425	$ 3,176,667	$ 3,174,749
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	166.90%	148.48%	148.35%	128.85%
Plan fiduciary net position as a percentage of the total pension liability	69.00%	70.00%	74.00%	77.00%

See the accompanying notes to the required supplementary information.

Columbia Elementary School District

SCHEDULE OF DISTRICT'S CONTRIBUTIONS – CALIFORNIA STATE TEACHERS' RETIREMENT SYSTEM

Years Ended June 30	2018	2017	2016	2015
Contractually required contribution	$ 485,650	$ 418,236	$ 350,702	$ 282,088
Contributions in relation to the contractually required contribution	(485,650)	(418,236)	(350,702)	(282,088)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 3,324,610	$ 3,268,425	$ 3,176,667	$ 3,174,749
Contributions as a percentage of covered-employee payroll	14.61%	12.80%	11.04%	8.89%

See the accompanying notes to the required supplementary information.

Columbia Elementary School District

SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY –
CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Years Ended June 30	**2018**	**2017**	**2016**	**2015**
District's proportion of the net pension liability (asset)	0.01307%	0.01270%	0.01320%	0.01330%
District's proportionate share of the net pension liability (asset)	$ 3,120,154	$ 2,508,258	$ 1,945,693	$ 1,509,874
District's covered-employee payroll	$ 1,662,889	$ 1,526,319	$ 1,465,840	$ 1,398,245
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	187.63%	164.33%	132.74%	107.98%
Plan fiduciary net position as a percentage of the total pension liability	71.90%	73.90%	79.40%	83.50%

See the accompanying notes to the required supplementary information.

Columbia Elementary School District

SCHEDULE OF DISTRICT'S CONTRIBUTIONS – CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Years Ended June 30	2018	2017	2016	2015
Contractually required contribution	$ 267,615	$ 230,942	$ 180,823	$ 172,544
Contributions in relation to the contractually required contribution	(267,615)	(230,942)	(180,823)	(172,544)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 1,662,889	$ 1,526,319	$ 1,465,840	$ 1,398,245
Contributions as a percentage of covered-employee payroll	16.09%	15.13%	12.34%	12.34%

See the accompanying notes to the required supplementary information.

1. SCHEDULE OF CHANGES IN DISTRICT'S TOTAL OPEB LIABILITY AND RELATED RATIOS

Changes in Benefit Terms

There were no significant changes in benefit terms during the measurement period ended June 30, 2018.

Changes in Assumptions

There were no changes in major assumptions during the measurement period ended June 30, 2018.

2. CHANGES OF BENEFIT TERMS

California State Teachers' Retirement System

There were no significant changes of benefit terms during the measurement period ended June 30, 2017.

California Public Employees' Retirement System

There were no significant changes of benefit terms during the measurement period ended June 30, 2017.

3. CHANGES OF ASSUMPTIONS

California State Teachers' Retirement System

During fiscal year 2016-17, California State Teachers' Retirement System (CalSTRS) completed an experience study for the period starting July 1, 2010, and ending June 30, 2015. The experience study was adopted by the board in February 2017. As a result of the study, certain assumptions used in determining the net pension liability (NPL) of the State Teachers' Retirement Plan changed, including the price inflation, wage growth, discount rate, and the mortality tables used in the actuarial valuation of the NPL. The change in assumptions were as follows:

June 30	**2017**	**2016**
Assumption		
Consumer price index	2.75%	3.00%
Investment rate of return	7.10%	7.60%
Wage growth	3.50%	3.75%

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

California Public Employees' Retirement System

During fiscal year 2016-17, the financial reporting discount rate for the Schools Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (PERF B) was lowered from 7.65% to 7.15%.

OTHER SUPPLEMENTARY INFORMATION SECTION

The Columbia Elementary School District was established in 1885 and is located in Shasta County. There were no changes in the boundaries of the District during the current year. The District is currently operating one elementary school, one junior high school, and one community day school. The District is the sponsoring local educational agency for one charter school.

GOVERNING BOARD

Name	Office	Term Expires
James Luna	President	2018
Matthew Riley	Clerk	2018
Walter Albert	Member	2018
Devon Hastings	Member	2020
Charles Van Hoosen	Member	2020

ADMINISTRATION

Clayton M. Ross
Superintendent

Michelle Glover
Chief Business Official

Charter schools sponsored by the District that are excluded from the audit of the District:

	Charter Number
Redding School of the Arts	1793

See the accompanying note to the other supplementary information.

Columbia Elementary School District
SCHEDULE OF AVERAGE DAILY ATTENDANCE
June 30, 2018

	Originally Reported		Final	
	Second Period Report	Annual Report	Second Period Report	Annual Report
ELEMENTARY				
Regular ADA*				
Transitional kindergarten/ kindergarten through grade 3	345	346	345	346
Grades 4 through 6	243	243	243	243
Grades 7 through 8	150	149	150	149
SPECIAL EDUCATION - NONPUBLIC, NONSECTARIAN SCHOOLS				
Transitional kindergarten/ kindergarten through grade 3	1	1	1	1
Grades 4 through 6	1	1	1	1
Grades 7 through 8	1	1	1	1
Community Day School				
Grades 4 through 6	2	2	2	2
Grades 7 through 8	3	3	3	3
ADA Totals	746	746	746	746

** Includes opportunity classes, home and hospital, and special day classes.*

See the accompanying note to the other supplementary information.

Columbia Elementary School District

SCHEDULE OF INSTRUCTIONAL TIME

Year Ended June 30, 2018

	Minutes Requirement	2017-18 Actual Minutes	Traditional Calendar Days	Multitrack Calendar Days	Status
Kindergarten	36,000	54,600	180	N/A	Complied
Grade 1	50,400	50,590	180	N/A	Complied
Grade 2	50,400	50,590	180	N/A	Complied
Grade 3	50,400	51,900	180	N/A	Complied
Grade 4	54,000	55,500	180	N/A	Complied
Grade 5	54,000	57,516	180	N/A	Complied
Grade 6	54,000	59,299	180	N/A	Complied
Grade 7	54,000	59,299	180	N/A	Complied
Grade 8	54,000	59,299	180	N/A	Complied

See the accompanying note to the other supplementary information.

Columbia Elementary School District

SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS

Years Ended June 30	(Budget) 2019	2018	2017	2016
General Fund				
Revenues and other financial sources	$ 9,298,921	$ 8,954,727	$ 9,115,208	$ 8,716,342
Expenditures	9,685,716	8,854,982	9,310,582	8,111,718
Other uses and transfers out	4,286	3,946	3,747	1,218,246
Total Outgo	9,690,002	8,858,928	9,314,329	9,329,964
Change in Fund Balance	(391,081)	95,799	(199,121)	(613,622)
Ending Fund Balance	$ 2,882,663	$ 3,273,744	$ 3,177,945	$ 3,377,066
Available reserves	$ 821,826	$ 592,912	$ 523,369	$ 554,293
Designated for economic uncertainties	$ 581,738	$ 531,662	$ 523,369	$ 486,056
Undesignated fund balance	$ 240,088	$ 61,250	$ -	$ 68,237
Available reserves as a percentage of total outgo	8%	7%	6%	6%
Total long-term debt	$ 15,032,061	$ 15,715,098	$ 15,065,130 *	$ 12,946,993
Average daily attendance at P-2	743	746	764	731

** As restated for implementation of GASB Statement No. 75, as amended by GASB Statement No. 85.*

The General Fund balance has decreased by $103,322 over the past two years. The fiscal year 2018-19 budget projects a decrease of $391,081 (11.9%). For a district this size, the state recommends available reserves of at least 4% of total General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred an operating deficit in two of the past three years, and anticipates an operating deficit during the 2018-19 fiscal year. Total long-term debt has increased by $2,768,105 over the past two years.

Average daily attendance (ADA) has increased by 15 over the past two years. The District anticipates ADA to decline by three during fiscal year 2018-19.

See the accompanying note to the other supplementary information.

The fund balances for all funds, as reported in the annual financial and budget report, equal the corresponding balances in the audited financial statements.

See the accompanying note to the other supplementary information.

PURPOSE OF SCHEDULES

Schedule of Charter Schools

This schedule lists all charter schools sponsored by the District and indicates whether or not the charter school is included in the audit of the District.

Schedule of Average Daily Attendance

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

Schedule of Instructional Time

The District received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day. The District did not meet or exceed its local control funding formula target. This schedule presents information on the amount of instructional time offered by the District and whether the District complied with the provisions of *California Education Code*, Sections 46201 through 46208.

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.

Reconciliation of Annual Financial and Budget Report With Audited Financial Statements

This schedule provides the information necessary to reconcile the fund balance of each fund, as reported in the annual financial and budget report, to the audited financial statements.

OTHER REPORTS SECTION

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

To the Board of Trustees
Columbia Elementary School District
Redding, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States of America, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Columbia Elementary 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; and have issued our report thereon dated December 3, 2018.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions to prevent, or detect, and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of 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.

KCoe Isom, LLP

December 3, 2018
Redding, California

INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

To the Board of Trustees
Columbia Elementary School District
Redding, California

Compliance

We have audited the Columbia Elementary School District's (the District) compliance with the types of state compliance requirements described in the *2017-18 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel, for the year ended June 30, 2018. The applicable state compliance requirements are identified in the table below.

Management's Responsibility

Compliance with the requirements referred to above is the responsibility of the District's management.

Auditors' Responsibility

Our responsibility is to express an opinion on the District's compliance with the state laws and regulations based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *2017-18 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel. Those standards and the *2017-18 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, 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 compliance with the state laws and regulations described in the schedule below occurred. An audit includes examining, on a test basis, evidence supporting the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the District's compliance with those requirements.

INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE
(Continued)

June 30, 2018	Procedures Performed
Attendance	Yes
Teacher certification and misassignments	Yes
Kindergarten continuance	Yes
Independent study	No
Continuation education	No
Instructional time	Yes
Instructional materials	Yes
Ratios of administrative employees to teachers	Yes
Classroom teacher salaries	Yes
Early retirement incentive	No
Gann limit calculation	Yes
School accountability report card	Yes
Juvenile court schools	Not applicable
Middle or early college high schools	Not applicable
K-3 grade span adjustment	Yes
Transportation maintenance of effort	Yes
Apprenticeship: Related and supplemental instruction	No
Educator effectiveness	Yes
California Clean Energy Jobs Act	Yes
After/Before school education and safety program:	
After school	No
Before school	No
General requirements	No
Proper expenditure of education protection account funds	Yes
Unduplicated local control funding formula pupil counts	Yes
Local control and accountability plan	Yes
Independent study-course based	No
Charter schools:	
Attendance	No
Mode of instruction	No
Nonclassroom-based instruction/independent study for charter schools	No
Determination of funding for nonclassroom-based instruction	No
Annual instructional minutes - classroom based	No
Charter school facility grant program	No

INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE
(Continued)

Since the District did not participate in the following programs during 2017-18, all steps related to them were not performed:

Independent study
Continuation education
Early retirement incentive
Apprenticeship: Related and supplemental instruction
After/Before school education and safety program
Independent study-course based

Since the District did not sponsor any charter schools during 2017-18, all steps related to the following were not performed:

Attendance
Mode of instruction
Nonclassroom-based instruction/independent study for charter schools
Determination of funding for nonclassroom-based instruction
Annual instructional minutes - classroom based
Charter school facility grant program

Opinion on State Compliance

In our opinion, the District complied, in all material respects, with the state compliance requirements referred to above that are applicable to the District for the year ended June 30, 2018.

KCoe Isom, LLP

December 3, 2018
Redding, California

FINDINGS AND QUESTIONED COSTS SECTION

SECTION I
SUMMARY OF AUDITORS' RESULTS

FINANCIAL STATEMENTS

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Are any material weaknesses identified?	No
Are any significant deficiencies identified?	None reported
Is any noncompliance material to financial statements noted?	No

STATE AWARDS

Compliance over state programs:	
Are any material weaknesses identified?	No
Are any significant deficiencies identified?	None reported
Type of auditors' report issued on compliance for state programs:	Unmodified

SECTION II FINDINGS
FINANCIAL STATEMENTS AUDIT

None.

SECTION III FINDINGS
FEDERAL AWARDS AUDIT

None.

SECTION IV FINDINGS
STATE AWARDS AUDIT

None.

Not applicable: there are no current-year findings related to federal awards.

None.

APPENDIX C

ECONOMIC AND DEMOGRAPHIC INFORMATION FOR THE CITY OF REDDING AND SHASTA COUNTY

The following information in this section of the Official Statement concerning the City of Redding and surrounding areas is included only for the purpose of supplying general information regarding the community. The taxing power of the City of Redding, Shasta County, the State of California, and any political subdivision thereof is not pledged to the payment of the Bonds. The Bonds are not a debt of the City of Redding, Shasta County, the State of California, or any of its political subdivisions, and neither the City, the County, the State nor any of its political subdivisions is liable therefor.

General

City of Redding. The City occupies approximately 60 square miles and is located at the northern end of the Sacramento Valley, approximately 150 miles north of Sacramento and 230 miles northeast of San Francisco. It is the county seat of the County and the major trade, recreational and commerce center for the northern central and northeastern portion of the State. The County is located in the northern portion of the State, occupying the northern reaches of the Sacramento Valley, with portions extending into the southern reaches of the Cascade Range.

The City was incorporated on October 4, 1887 and operates as a general law city with the council-manager form of government. The City Council consists of five members elected "at large" for four-year staggered terms. Council members must be residents of the City and registered voters both at the time nomination papers are taken out and assuming office. The Mayor is selected by the City Council from among its members.

County of Shasta. The County is located in the northern portion of the State of California. The County occupies the northern reaches of the Sacramento Valley, with portions extending into the southern reaches of the Cascade Range. The County seat and largest city in the County is Redding.

Population

The following table summarizes the City, County and the State's estimated populations as of January 1 of each year from calendar year 2015 to 2019.

SHASTA COUNTY AND STATE OF CALIFORNIA
Population Estimates
(As of January 1)

	2015	2016	2017	2018	2019
Anderson	10,371	10,255	10,271	10,327	10,431
Redding	**91,386**	**91,277**	**91,544**	**91,958**	**92,839**
Shasta Lake	10,120	10,048	10,072	10,121	10,275
Unincorporated	67,502	66,623	66,414	66,520	65,228
County Total	**179,379**	**178,203**	**178,301**	**178,926**	**178,773**
State of California	**38,952,462**	**39,214,803**	**39,504,609**	**39,740,508**	**39,927,315**

Source: California Department of Finance.

Employment and Industry

The unemployment rate in Shasta County was 3.5% in September 2019, down from a revised 4.4% in August 2019, and below the year-ago estimate of 4.3%. This compares with an unadjusted unemployment rate of 3.5% for California and 3.3% for the nation during the same period.

The table below list employment by industry group for the County for the years 2014 to 2018.

REDDING METROPOLITAN STATISTICAL AREA
(Shasta County)
Annual Average Civilian Labor Force, Employment and Unemployment
(March 2018 Benchmark)

	2014	2015	2016	2017	2018
Civilian Labor Force (1)	74,900	74,200	74,300	74,100	74,200
Employment	67,700	68,400	69,100	69,800	70,500
Unemployment	7,200	5,800	5,200	4,300	3,700
Unemployment Rate	9.6%	7.8%	7.0%	5.8%	4.9%
Wage and Salary Employment: (2)					
Agriculture	900	900	900	900	1,000
Mining, Logging, and Construction	2,800	3,000	3,100	3,300	3,400
Manufacturing	2,300	2,400	2,500	2,600	2,700
Wholesale Trade	1,700	1,800	1,800	1,800	1,800
Retail Trade	8,800	9,100	9,300	9,300	9,200
Trans., Warehousing, Utilities	1,800	1,800	1,800	1,800	1,800
Information	700	700	700	700	600
Financial and Insurance	2,600	2,600	2,600	2,700	2,700
Professional and Business Services	6,000	6,300	6,800	7,000	7,500
Educational and Health Services	14,100	14,400	14,800	15,000	15,100
Leisure and Hospitality	6,600	6,700	6,700	6,800	6,700
Other Services	2,400	2,300	2,300	2,300	2,400
Federal Government	1,300	1,300	1,300	1,300	1,300
State Government	1,800	1,900	1,900	1,900	2,000
Local Government	9,500	9,500	9,700	9,900	10,000
Total All Industries (3)	63,200	64,500	66,000	67,100	68,100

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

Principal Employers

The following table shows the principal employers in the City, as shown in the City's Comprehensive Annual Financial Report for fiscal year ending June 30, 2018.

CITY OF REDDING
Principal Employers

Employer	Number of Employees	Percent of Total Employment
Shasta County	2,020	2.85%
Mercy Medical Center	1,505	2.12
Shasta Regional Medical Center	818	1.15
City of Redding	777	1.10
Shasta Community College	612	0.86
Redding Rancheria	565	0.80
CA Transportation Department	514	0.72
Shasta Union High School District	398	0.56
Shasta Community Health	384	0.54
Blue Shield of California	330	0.47

Source: City of Redding, Comprehensive Annual Financial Report for the Fiscal Year ended June 30, 2018.

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Major Employers

The following table lists, in alphabetical order, without regard to the number of employees, the major employers within the County.

COUNTY OF SHASTA
Major Employers
(As of October 2019)

Employer	Location	Industry
Rati	Redding	Churches
Blue Shield-California	Redding	Insurance
Bridge Bay At Shasta Lake	Redding	Resorts
County of Shasta	Redding	Government Offices-County
Fall River School District	Burney	School Districts
Forest Service	Redding	Fire Departments
Home Depot	Redding	Home Centers
J F Shea Construction Inc	Redding	Building Contractors
Macy's	Redding	Department Stores
Mayers Memorial Hosp-Burney	Burney	Clinics
Mercy Medical Ctr Redding	Redding	Hospitals
North State Grocery Inc	Cottonwood	Grocers-Retail
Redding Lumber Transport Inc	Redding	Trucking
Shascade Community Svc	Redding	Social Service & Welfare Organizations
Shasta College	Redding	Schools-Universities & Colleges Academic
Shasta Comnunity Health Ctr	Redding	Clinics
Shasta County Admin Office	Redding	Government Offices-County
Shasta Regional Medical Ctr	Redding	Hospitals
State Compensation Ins Fund	Redding	Government Offices-State
Transportation Department	Redding	Government Offices-State
Veterans Home of California	Redding	Veterans' & Military Organizations
Vibra Hospital of Northern CA	Redding	Hospitals
Victor Treatment Ctr	Redding	Residential Care Homes
Walmart Supercenter	Redding	Department Stores
Win-River Casino	Redding	Casinos

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

Median Effective Buying Income

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

The following table summarizes the total effective buying income and the median household effective buying income for the City of Redding, County of Shasta, the State and the United States for the period 2015 through 2019.

CITY OF REDDING, COUNTY OF SHASTA, STATE OF CALIFORNIA AND UNITED STATES
Median Household Effective Buying Income
As of January 1, 2015 through 2019

	2015	2016	2017	2018	2019
City of Redding	$41,323	$38,523	$41,924	$43,893	$44,822
County of Shasta	41,252	38,531	42,055	44,314	45,235
California	50,072	53,589	55,681	59,646	62,637
United States	45,448	46,738	48,043	50,735	52,841

Source: The Nielsen Company (US), Inc. for years 2015 through 2018; Claritas, LLC for 2019.

Construction Activity

Provided below are the building permits and valuations for the City and the County for calendar years 2014 through 2018.

CITY OF REDDING
Total Building Permit Valuations
Calendar Years 2014 through 2018
(valuations in thousands)

	2014	2015	2016	2017	2018
Permit Valuation					
New Single-family	$22,876.0	$41,962.5	$28,853.0	$33,509.9	$27,765.6
New Multi-family	1,188.8	4,462.7	348.4	273.2	8,850.7
Res. Alterations/Additions	3,554.7	3,690.5	3,262.9	4,940.2	4,539.2
Total Residential	$27,619.5	$50,115.7	$32,464.3	$38,723.3	$41,155.5
New Commercial	$11,829.2	$11,611.7	$5,971.4	$11,634.8	$9,509.8
New Industrial	3,552.9	275.0	0.0	0.0	0.0
New Other	5,873.5	4,117.1	18,240.6	3,401.3	5,231.5
Com. Alterations/Additions	14,818.3	9,712.1	12,908.5	10,351.5	17,356.5
Total Nonresidential	$36,073.9	$25,715.9	$37,120.5	$25,387.6	$32,097.8
New Dwelling Units					
Single Family	108	191	131	146	113
Multiple Family	3	54	3	2	92
TOTAL	111	245	134	148	205

Source: Construction Industry Research Board, Building Permit Summary.

COUNTY OF SHASTA
Total Building Permit Valuations
Calendar Years 2014 through 2018
(valuations in thousands)

	2014	2015	2016	2017	2018
Permit Valuation					
New Single-family	$48,528.9	$66,657.1	$61,436.0	$90,758.5	$71,605.2
New Multi-family	1,641.8	5,830.1	7,811.1	597.2	9,069.6
Res. Alterations/Additions	10,297.0	14,672.9	12,286.0	11,302.1	20,169.3
Total Residential	$60,467.7	$87,160.1	$81,533.2	$102,657.8	$100,844.1
New Commercial	$14,019.0	$21,970.1	$10,758.3	$22,746.2	$17,531.0
New Industrial	4,212.9	363.7	1,350.7	2,208.5	51.0
New Other	11,368.0	11,556.1	24,618.1	14,854.0	11,983.3
Com. Alterations/Additions	16,915.8	12,948.4	15,666.2	13,063.8	23,322.4
Total Nonresidential	$46,515.7	$46,838.3	$52,393.3	$52,872.5	$52,887.7
New Dwelling Units					
Single Family	235	309	261	377	300
Multiple Family	5	59	54	6	94
TOTAL	240	368	315	383	394

Source: Construction Industry Research Board, Building Permit Summary.

Commercial Activity

Summaries of historic taxable sales within the City and the County during the past five years in which data is available are shown in the following tables. Figures for calendar year 2018 are not yet available.

Total taxable sales during the first quarter of calendar year 2018 in the City were reported to be $491,065,599, a 5.23% increase over the total taxable sales of $466,653,228 reported during the first quarter of calendar year 2017.

CITY OF REDDING
Taxable Retail Sales
Number of Permits and Valuation of Taxable Transactions
(Dollars in Thousands)

	Retail Stores		**Total All Outlets**	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2013	2,335	$1,540,379	3,401	$1,924,796
2014	2,483	1,543,265	3,558	1,940,312
2015(1)	2,718	1,553,429	4,137	1,968,391
2016	2,765	1,614,547	4,215	2,019,956
2017	2,860	1,656,744	4,356	2,084,573

(1) Permit figures for calendar year 2015 are not comparable to that of prior years due to outlet counts in these reports including the number of outlets that were active during the reporting period. Retailers that operate part-time are now tabulated with store retailers.
Source: State Board of Equalization. Taxable Sales in California (Sales & Use Tax) for years 2013-2016. State Department of Tax and Fee Administration for year 2017.

Total taxable sales during the first quarter of calendar year 2018 in the County were reported to be $699,637,107, a 2.80% increase over the total taxable sales of $680,609,215 reported during the first quarter of calendar year 2017.

COUNTY OF SHASTA
Taxable Retail Sales
Number of Permits and Valuation of Taxable Transactions
(Dollars in Thousands)

	Retail Stores		**Total All Outlets**	
	Number of Permits	**Taxable Transactions**	**Number of Permits**	**Taxable Transactions**
2013	4,653	$2,007,897	6,569	$2,804,362
2014	4,945	2,025,336	6,904	2,816,992
2015(1)	2,588	2,041,727	8,021	2,867,516
2016	5,708	2,135,594	8,385	2,958,057
2017	5,671	2,219,330	8,405	3,073,469

(1) Permit figures for calendar year 2015 are not comparable to that of prior years due to outlet counts in these reports including the number of outlets that were active during the reporting period. Retailers that operate part-time are now tabulated with store retailers.
Source: State Board of Equalization. Taxable Sales in California (Sales & Use Tax) for years 2013-2016. State Department of Tax and Fee Administration for year 2017.

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APPENDIX D

PROPOSED FORM OF OPINION OF BOND COUNSEL

[LETTERHEAD OF JONES HALL]

December 18, 2019

Board of Trustees
Columbia Elementary School District
10140 Old Oregon Trail
Redding, CA 96003-7995

OPINION: $3,859,994.05 Columbia Elementary School District (Shasta County, California) General Obligation Bonds, Election of 2014, Series C

Members of the Board of Trustees:

We have acted as bond counsel to the Columbia Elementary School District (the "District") in connection with the issuance by the District of $3,859,994.05 principal amount of Columbia Elementary School District (Shasta County, California) General Obligation Bonds, Election of 2014, Series C, dated the date hereof (together, the "Bonds"), under the provisions of Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, and a resolution of the Board of Trustees adopted on November 14, 2019 (the "Resolution"). We have examined the law and such certified proceedings and other papers as we deemed necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon representations of the Board contained in the Resolution and in the certified proceedings and other certifications furnished to us, without undertaking to verify such facts by independent investigation.

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

1. The District is duly created and validly existing as a school district with the power to issue the Bonds and to perform its obligations under the Bond Resolution and the Bonds.

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

3. The Bonds have been duly issued and sold by the District and are valid and binding general obligations of the District, and the County of Shasta is obligated to levy *ad valorem* taxes for the payment of the Bonds and the interest thereon upon all property within the District subject to taxation by the District, without limitation as to rate or amount, except for certain personal property that is taxable at limited rated.

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

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

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

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

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

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

Respectfully submitted,

Jones Hall,
A Professional Law Corporation

APPENDIX E

FORM OF CONTINUING DISCLOSURE CERTIFICATE

$3,859,994.05
COLUMBIA ELEMENTARY SCHOOL DISTRICT
(Shasta County, California)
General Obligation Bonds
Election of 2014, Series C
(Bank Qualified)

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (this "**Disclosure Certificate**") is executed and delivered by the Columbia Elementary School District (the "**District**") in connection with the execution and delivery of the captioned bonds (the "**Bonds**"). The Bonds are being executed and delivered pursuant to a resolution adopted by the Board of Trustees of the District on November 14, 2019 (the "**Resolution**"). MUFG Union Bank, N.A. is initially acting as paying agent for the Bonds (the "**Paying Agent**").

The District hereby covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the District for the benefit of the holders and beneficial owners of the Bonds and in order to assist the Participating Underwriter in complying with S.E.C. Rule 15c2-12(b)(5).

Section 2. Definitions. In addition to the definitions set forth above and in the Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section 2, the following capitalized terms shall have the following meanings:

"*Annual Report*" means any Annual Report provided by the District pursuant to, and as described in, Sections 3 and 4.

"*Annual Report Date*" means the date not later than nine months after the end of each fiscal year of the District (currently being March 31 based on a fiscal year ending June 30).

"*Dissemination Agent*" means, initially, Isom Advisors, a Division of Urban Futures, Inc. or any successor Dissemination Agent designated in writing by the District and which has filed with the District and the Paying Agent a written acceptance of such designation.

"*Listed Events*" means any of the events listed in Section 5(a).

"*MSRB*" means the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information for purposes of the Rule.

"*Official Statement*" means the final official statement executed by the District in connection with the issuance of the Bonds.

"*Paying Agent*" means MUFG Union Bank, N.A., or any successor thereto.

"*Participating Underwriter*" means Raymond James & Associates, Inc., the original Underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"*Rule*" means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

Section 3. <u>Provision of Annual Reports</u>.

(a) The District shall, or shall cause the Dissemination Agent to, not later than the Annual Report Date, commencing March 31, 2020 with the report for the 2018-19 fiscal year, provide to the MSRB in an electronic format as prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than 15 Business Days prior to the Annual Report Date, the District shall provide the Annual Report to the Dissemination Agent (if other than the District). If by 15 Business Days prior to the Annual Report Date the Dissemination Agent (if other than the District) has not received a copy of the Annual Report, the Dissemination Agent shall contact the District to determine if the District is in compliance with the previous sentence. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4; provided that the audited financial statements of the District may be submitted separately from the balance of the Annual Report, and later than the Annual Report Date, if not available by that date. If the District's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c). The District shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by the District hereunder.

(b) If the District does not provide (or cause the Dissemination Agent to provide) an Annual Report by the Annual Report Date, the District shall provide (or cause the Dissemination Agent to provide) to the MSRB in a timely manner, in an electronic format, as prescribed by the MSRB.

(c) With respect to each Annual Report, the Dissemination Agent shall:

(i) determine each year prior to the Annual Report Date the then-applicable rules and electronic format prescribed by the MSRB for the filing of annual continuing disclosure reports; and

(ii) if the Dissemination Agent is other than the District, file a report with the District certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, and stating the date it was provided.

Section 4. Content of Annual Reports. The District's Annual Report shall contain or incorporate by reference the following:

(a) Audited financial statements prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the District's audited financial statements are not available by the Annual Report Date, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) Unless otherwise provided in the audited financial statements filed on or before the Annual Report Date, the following financial information and operating data with respect to the District:

(i) Assessed value of taxable property in the jurisdiction of the District as shown on the most recent equalized assessment roll, including the assessed value of the District's top twenty secured property taxpayers;

(ii) Property tax collection delinquencies for the District for the most recently completed fiscal year, if available from the County at the time of filing the Annual Report, and only if the District's *ad valorem* taxes securing general obligation bonds are no longer included on Shasta County's Teeter Plan at the time of filing the Annual Report;

(iii) The District's most recently adopted Budget or interim report, showing budgeted figures, available at the time of filing the Annual Report.

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

Section 5. Reporting of Significant Events.

(a) The District shall give, or cause to be given, notice of the occurrence of any of the following Listed Events with respect to the Bonds:

(1) Principal and interest payment delinquencies.

(2) Non-payment related defaults, if material.

(3) Unscheduled draws on debt service reserves reflecting financial difficulties.

(4) Unscheduled draws on credit enhancements reflecting financial difficulties.

(5) Substitution of credit or liquidity providers, or their failure to perform.

(6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security.

(7) Modifications to rights of security holders, if material.

(8) Bond calls, if material, and tender offers.

(9) Defeasances.

(10) Release, substitution, or sale of property securing repayment of the securities, if material.

(11) Rating changes.

(12) Bankruptcy, insolvency, receivership or similar event of the District.

(13) The consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.

(14) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

(15) Incurrence of a financial obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material.

(16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties.

(b) Whenever the District obtains knowledge of the occurrence of a Listed Event, the District shall, or shall cause the Dissemination Agent (if not the District) to, file a notice of such occurrence with the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of 10 business days after the occurrence of the Listed Event.

(c) The District acknowledges that the events described in subparagraphs (a)(2), (a)(7), (a)(8) (if the event is a bond call), (a)(10), (a)(13), (a)(14), and (a)(15) of this Section 5 contain the qualifier "if material" and that subparagraph (a)(6) also contains the qualifier "material" with respect to certain notices, determinations or other events affecting the tax status of the Bonds. The District shall cause a notice to be filed as set forth in paragraph (b) above with respect to any such event only to the extent that it determines the event's occurrence is material for purposes of U.S. federal securities law. Whenever the District obtains knowledge of the occurrence of any of these Listed Events, the District will as soon as possible determine if such event would be material under applicable federal securities law. If such event is determined to be material, the District will cause a notice to be filed as set forth in paragraph (b) above.

(d) For purposes of this Disclosure Certificate, any event described in paragraph (a)(12) above is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the District in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District.

(e) For purposes of Section 5(a)(15) and (16), "financial obligation" means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term financial obligation shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule.

Section 6. Identifying Information for Filings with the MSRB. All documents provided to the MSRB under the Disclosure Certificate shall be accompanied by identifying information as prescribed by the MSRB.

Section 7. Termination of Reporting Obligation. The District's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the District shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

Section 8. Dissemination Agent. The District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any Dissemination Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be Isom Advisors, a Division of Urban Futures, Inc. Any Dissemination Agent may resign by providing 30 days' written notice to the District and the Paying Agent.

Section 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the District may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

> (a) if the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the Bonds, or type of business conducted;
>
> (b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and
>
> (c) the proposed amendment or waiver either (i) is approved by holders of the Bonds in the manner provided in the Resolution for amendments to the Resolution with the consent of holders, or (ii) does not, in the opinion of nationally

recognized bond counsel, materially impair the interests of the holders or beneficial owners of the Bonds.

If the annual financial information or operating data to be provided in the Annual Report is amended pursuant to the provisions hereof, the first annual financial information filed pursuant hereto containing the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

If an amendment is made to the undertaking specifying the accounting principles to be followed in preparing financial statements, the annual financial information for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the District to meet its obligations. To the extent reasonably feasible, the comparison shall be quantitative. A notice of the change in the accounting principles shall be filed in the same manner as for a Listed Event under Section 5(c).

Section 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the District chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the District shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 11. Default. If the District fails to comply with any provision of this Disclosure Certificate, the Participating Underwriter or any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance.

Section 12. Duties, Immunities and Liabilities of Dissemination Agent.

(a) The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the District agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent will have no duty or obligation to review any information provided to it by the District hereunder, and shall not be deemed to be acting in any fiduciary capacity for the District, the Bondholders or any other party. The obligations of the District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

(b) The Dissemination Agent shall be paid compensation by the District for its services provided hereunder in accordance with its schedule of fees as amended from time to time, and shall be reimbursed for all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder.

Section 13. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the District, the Dissemination Agent, the Participating Underwriter and holders and beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Date: December 18, 2019

COLUMBIA ELEMENTARY SCHOOL DISTRICT

By: ______________________________
Name:_____________________________
Title:______________________________

ACCEPTANCE OF DUTIES
AS DISSEMINATION AGENT

ISOM ADVISORS,
A DIVISION OF URBAN FUTURES, INC.

By: ________________________________
Name:_______________________________
Title:________________________________

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APPENDIX F

DTC AND THE BOOK-ENTRY ONLY SYSTEM

The following description of the Depository Trust Company ("DTC"), the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal, interest and other payments on the Bonds to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interest in the Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC. Accordingly, no representations can be made concerning these matters and neither the DTC Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters, but should instead confirm the same with DTC or the DTC Participants, as the case may be.

Neither the District nor the Paying Agent take any responsibility for the information contained in this Section.

No assurances can be given that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Bonds, (b) Bonds representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the securities (in this Appendix, the "Bonds"). The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond will be issued for each maturity of the Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC. If, however, the aggregate principal amount of any maturity exceeds $500 million, one certificate will be issued with respect to each $500 million of principal amount and an additional certificate will be issued with respect to any remaining principal amount of such issue.

2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned

subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com. *The information contained on this Internet site is not incorporated herein by reference.*

3. Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive Bonds representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

4. To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

6. Redemption notices will be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting

rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from District or Paying Agent on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, Paying Agent, or District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of District or Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

10. The District may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

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

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APPENDIX G

SHASTA COUNTY INVESTMENT POLICY AND INVESTMENT REPORT

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Investment Policy Statement

of the Shasta County Treasurer

2013-14

INVESTMENT POLICY STATEMENT

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TABLE OF CONTENTS

INVESTMENT POLICY STATEMENT

of the

SHASTA COUNTY TREASURER

APPLICATION AND SCOPE

The principles, parameters and/or restrictions contained in this policy apply to all activities of the treasurer relating to the management, investment and/or deposit of investable funds in the possession or under the control of the treasurer.

As used in this policy, "treasurer" includes the person elected to the office of Shasta County Treasurer-Tax Collector-Public Administrator, the Chief Deputy Treasurer-Public Administrator, Treasury Cashiers, and all other persons acting in their capacity as deputies or agents of the treasurer. The term "department head" means the person elected to the office of Shasta County Treasurer-Tax Collector-Public Administrator. The term "Investment Officer" means the person elected to office of the Shasta County Treasurer-Tax Collector-Public Administrator and/or the Chief Deputy Treasurer-Public Administrator.

Funds resulting from various statutorily authorized forms of financing may be subject to unique requirements imposed by statute or as incorporated in the debt instruments or documents authorizing the issuance thereof as approved by the authorizing legislative body. In the event of a conflict between any provision of this policy and any provision relating to the financing, the provision specific to the financing will prevail.

TERM

This policy is effective July 1, 2013, and shall remain in effect until it is amended or replaced by the Shasta County Treasurer-Tax Collector-Public Administrator and the new or amended policy has been submitted to and approved by the Shasta County Board of Supervisors and the Shasta County Treasury Oversight Committee.

ELIGIBILITY AND CONTINUING EDUCATION

The Board of Supervisors enacted Ordinance SCC97-1 relating to eligibility and continuing education requirements for the office of Treasurer-Tax Collector. Said requirements are hereby applied to the position of Chief Deputy Treasurer-Public Administrator except that any certifications required to be filed by the Treasurer-Tax Collector with the State Controller shall in the case of the Chief Deputy Treasurer-Public Administrator be filed with the Treasurer-Tax Collector-Public Administrator.

PRUDENT INVESTOR

Government Code 53600.3. Except as provided in subdivision (a) of Section 27000.3, all governing bodies of local agencies or persons authorized to make investment decisions on behalf of those local agencies investing public funds pursuant to this chapter are trustees and therefore fiduciaries subject to the prudent investor standard. When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of alike character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency. Within the limitations of this section and considering individual investments as part of an overall strategy, investments may be acquired as authorized by law.

OVERVIEW

Unless otherwise stated, all references to statutes contained herein are to provisions of the Government Code of the State of California.

The Shasta County Treasurer-Tax Collector-Public Administrator is responsible for the operation of a cash management and investment program pursuant to the provisions of Section 53635 et seq. of the Government Code. If the Shasta County Board of Supervisors enacts an ordinance pursuant to the provisions of Section 27000.1 delegating the Board's authority to invest or re-invest the funds of the County and the funds of other depositors in the County treasury, pursuant to Chapter 4 (commencing with Section 53600) of Part 1 of Division 2 of Title 5, the treasurer shall thereafter assume full responsibility for those transactions until the Board of Supervisors, by ordinance, revokes its delegation of authority. During the term of any such delegation, should that occur, the provisions of this policy shall apply to any investments made under such delegated authority.

The cash management and investment program is conducted on a "pooled" basis. The "pool" consists of "investable" funds belonging to the County of Shasta and a multitude of other local agencies, primarily school districts and special districts. Investable funds exist when the treasury balance exceeds the daily cash flow requirements of the treasury. The legislature has found and declared that by pooling deposits from local agencies and other participants, county treasuries operate in the public interest when they consolidate banking and investment activities, reduce duplication, achieve economies of scale, and carry out coherent and consolidated investment strategies.

When investing, reinvesting, purchasing, acquiring, exchanging, selling and managing public funds, the primary objective of the County Treasurer shall be to safeguard the principal of the funds under his or her control. The secondary objective shall be to meet the liquidity needs of the depositor. The third objective shall be to achieve a return on the funds under his or her control. This policy is constructed to meet those objectives.

AUTHORIZED INVESTMENT INSTRUMENTS

By statute (Section 53635), the following instruments are eligible for inclusion in the investment portfolio. For purposes of this policy, the term "investment portfolio" means all investments which produce earnings that are apportioned to pool participants based on the participants average daily balances in the treasury during the apportionment period. Where this section specifies a percentage limitation for a particular category of investment, that percentage is applicable only at the date of purchase. Investments in these instruments are subject to the limitations, restrictions or parameters contained in the policy language following each description:

A. Bonds issued by the local agency, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled or operated by the local agency or by a department, board, agency or authority of the local agency.

Policy: *For purposes of this policy, the term "local agency" means the County of Shasta. Shall not exceed two years remaining to maturity and the total invested in instruments of this type shall not exceed 5% of the portfolio. Each investment of this type shall have specific written authorization of the department head.*

B. United States Treasury notes, bills, bonds or certificates of indebtedness or those for which the faith and credit of the United States are pledged for the payment of principal and interest.

Policy: *Except for treasury bills, which may be acquired without limit, investments of this type shall not exceed five years remaining to maturity.*

C. Registered state warrants or treasury notes or bonds of this state, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled or operated by the state or by a department, board, agency or authority of the state.

Policy: *Shall not exceed two years remaining to maturity, and the total invested in instruments of this type shall not exceed 10% of the portfolio. Each investment of this type shall have specific written authorization of the department head. Any such written authorization relating to registered warrants shall contain a statement that the department head expects, based on circumstances then present, that the warrants will be redeemed within one year.*

D. Bonds, notes, warrants or other evidences of indebtedness of any local agency within this state, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled or operated by the local agency or by a department, board, agency or authority of the local agency.

Policy: *For purposes of this policy, the term "any local agency within this state" means local agencies other than the County of Shasta whose funds are deposited in the Shasta County Treasury. Shall not exceed one year remaining to maturity, and the total invested in instruments of this type shall not exceed 10% of the portfolio. Each investment of this type shall have specific written authorization of the department head.*

E. Obligations issued by federal home loan banks, the Federal Home Loan Bank, the Tennessee Valley Authority, or in obligations, participations, or other instruments of, or issued by, or fully guaranteed as to principal and interest by, the Federal National Mortgage Association; or in guaranteed portions of Small Business Administration notes; or in obligations, participations, or other instruments of, or issued by, a federal agency or a United States government-sponsored enterprise.

Policy: *Shall not exceed five years remaining to maturity and the total invested in instruments of this type shall not exceed 80% of the portfolio and no single issuer shall exceed 20% of the portfolio. No investment shall be made in Small Business Administration notes.*

F. Bills of exchange or time drafts drawn on and accepted by a commercial bank, otherwise known as bankers' acceptances. Purchases of banker's acceptances may not exceed 180 days maturity or 40 percent of the agency's surplus funds, which may be invested pursuant to this section. However, no more than 30 percent of the agency's surplus funds may be invested in the banker's acceptances of any one commercial bank pursuant to this section.

Policy: *The total invested in instruments of this type shall not exceed 35% of the portfolio, and no single issuer shall exceed 10% of the portfolio. The issuer must have a minimum long-term credit rating of A from Standard & Poor's Corporation and A2 from Moody's Investor Service, Inc. If the issuer is a branch of a foreign bank, the investment must meet the credit standard and have the specific written authorization of the department head.*

G. Commercial paper of "prime" quality of the highest ranking or of the highest letter and numerical rating as provided for by a nationally recognized statistical rating organization (NRSRO). Eligible paper is further limited to issuing corporations that are organized and operating within the United States and having total assets in excess of five hundred million dollars ($500,000,000) and having an "A-1" or higher rating by an NRSRO. Purchase of eligible commercial paper may not exceed 270 days maturity nor represent more than 10 percent of the outstanding paper of an issuing corporation. Purchases of commercial paper may not exceed 40 percent of the agency's surplus money which may be invested pursuant to this section.

Policy: *Shall not exceed 270 days remaining to maturity and shall not exceed 20% of the portfolio. No single issuer shall exceed 4% of the portfolio.*

H. Negotiable certificates of deposit issued by a nationally or state-chartered bank, a savings association or a federal association, a state or federal credit union, federally chartered branch of foreign banks (yankee banks), or by a federally licensed or state-licensed branch of a foreign bank. Purchases of negotiable certificates of deposit shall not exceed 30 percent of the agency's surplus money, that may be invested pursuant to this section. For purposes of this section, negotiable certificates of deposit do not come within Article 2 (commencing with Section 53630), except that the amount so invested shall be subject to the limitations of Section 53638. For purposes of this section, the legislative body of a local agency and the treasurer or other official of the local agency having legal custody of the moneys are prohibited from depositing or investing local agency funds, or funds in the custody of the local agency, in negotiable certificates of deposit issued by a state or federal credit union if a member of the legislative body of the local agency, or an employee of the Administrative Officer, Manager's Office, budget office, Auditor-Controller's Office or Treasurer's Office of the local agency also serves on the board of directors, or any committee appointed by the board of directors or the credit committee or supervisory committee of the state or federal credit union issuing the negotiable certificates of deposit.

Policy: *Shall not exceed one year remaining to maturity and shall not exceed 20% of the portfolio, provided, however, that the 20% limit may be exceeded if the transaction exceeding the 20% limit is of a duration of 30 days or less. No single issuer shall exceed 5% of the portfolio.*

I. (1) Investments in repurchase agreements or reverse repurchase agreements of any securities authorized by this section, so long as the agreements are subject to this subdivision, including the delivery requirements specified in this section.

(2) Investments in repurchase agreements may be made, on any investment authorized in this section, when the term of the agreement does not exceed one year. The market value of securities that underlie a repurchase agreement shall be valued at 102 percent or greater of the funds borrowed against those securities and the value shall be adjusted no less than quarterly. Since the market value of the underlying securities is subject to daily market fluctuations, the investments in repurchase agreements shall be in compliance if the value of the underlying securities is brought back up to 102% no later than the next business day.

(3) Reverse repurchase agreements may be utilized only when all of the following conditions are met:

(a) The security to be sold on reverse repurchase agreement has been owned and fully paid for by the local agency for a minimum of 30 days prior to sale, the total of all reverse repurchase agreements on investments owned by the local agency does not exceed 20 percent of the base value of the portfolio, and the agreement does not exceed a term of 92 days, unless the agreement includes a written codicil guaranteeing a minimum earning or spread for the entire period between the sale of a security using a reverse repurchase agreement and the final maturity date of the same security

(4) Funds obtained or funds within the pool of an equivalent amount to that obtained from selling a security to a counter party by way of a reverse repurchase agreement shall not be used to purchase another security with a maturity longer than 92 days from the initial settlement date of the reverse repurchase agreement, unless the reverse repurchase agreement includes a written codicil guaranteeing a minimum earning or spread for the entire period

between the sale of a security using a reverse repurchase agreement and the final maturity date of the same security. Reverse repurchase agreements specified in subparagraph (B) of paragraph (3) may not be entered into unless the percentage restrictions specified in that subparagraph are met.

(5) Investments in reverse repurchase agreements or similar investments in which the local agency sells securities prior to purchase with a simultaneous agreement to repurchase the security, may only be made upon prior approval of the governing body of the local agency, and shall only be made with primary dealers of the Federal Reserve Bank of New York or with a nationally or state-chartered bank that has or has had a significant banking relationship with a local agency.

(6) (a) "Repurchase agreement" means a purchase of securities by the local agency pursuant to an agreement by which the counterparty seller will repurchase the securities on or before a specified date and for a specified amount and the counterparty will deliver the underlying securities to the local agency by book entry, physical delivery, or by third party custodial agreement. The transfer of underlying securities to the counterparty bank's customer book-entry account may be used for book-entry delivery.

(b) "Securities", for purpose of repurchase under this subdivision, means securities of the same issuer, description, issue date and maturity.

(c) "Reverse repurchase agreement" means a sale of securities by the local agency pursuant to an agreement by which the local agency will repurchase the securities on or before a specified date, and includes other comparable agreements.

(d) For purposes of this section, the base value of the local agency's pool portfolio shall be that dollar amount obtained by totaling all cash balances placed in the pool by all pool participants, excluding any amounts obtained through selling securities by way of reverse repurchase agreements or other similar borrowing methods.

(e) For purposes of this section, the spread is the difference between the cost of funds obtained using the reverse repurchase agreement and the earnings obtained on the reinvestment of the funds.

Policy: *Reverse repurchase agreements or similar investments are prohibited. Repurchase agreements shall not exceed 10% of the portfolio, and the term of the agreement shall not exceed 5 days. The 10% limit may be exceeded if the total invested in the repurchase agreement does not exceed 20% of the portfolio and the term of the agreement does not extend beyond the next county business day.*

J. Medium-term notes defined as all corporate and depository institution debt securities with a maximum of five years' maturity issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States. Notes eligible for investment under this subdivision shall be rated in a rating category of "A" or better by an NRSRO. Purchases of medium-term notes may not exceed 30 percent of the agency's surplus money which may be invested pursuant to this section.

Policy: *The total invested in instruments of this type shall not exceed 20% of the portfolio and no single issuer shall exceed 3% of the portfolio. Each investment of this type shall have the specific written approval of the department head.*

K. Shares of beneficial interest issued by diversified management companies investing in the securities and obligations as authorized by subdivisions (a) to (K), inclusive, of this section and which comply with the investment restrictions of this article (Article 2) and Article 1 (commencing with Section 53600). To be eligible for investment pursuant to this subdivision, these companies shall either: (1) attain the highest ranking or the highest letter and numerical rating provided by not less than two of the three largest nationally recognized rating services, or (2) have an investment adviser registered with the Securities and Exchange Commission with not less than five years' experience investing in the securities and obligations as authorized by subdivisions (a) to (m), inclusive, of this section and with assets under management in excess of five hundred million dollars ($500,000,000). The purchase price of shares of beneficial interest purchased pursuant to this subdivision shall not include any commission that the companies may charge and shall not exceed 20 % of the agency's surplus money, which may be invested pursuant to this section. No more than 10% of the agency's funds may be invested in shares of beneficial interest of any one mutual fund (money market, LIR).

Policy: *The total investment in instruments of this type shall not exceed 5% of the portfolio.*

L. Notes, bonds or other obligations which are at all times secured by a valid first priority security interest in securities of the types listed by Section 53651 as eligible securities for the purpose of securing local agency deposits having a market value at least equal to that required by Section 53652 for the purpose of securing local agency deposits. The securities serving as collateral shall be placed by delivery or book entry into the custody of a trust company or the trust department of a bank which is not affiliated with the issuer of the secured obligation, and the security interest shall be perfected in accordance with the requirements of the Uniform Commercial Code or federal regulations applicable to the types of securities in which the security interest is granted.

Policy: *Investments of this type are prohibited.*

M. Any mortgage pass-through security, collateralized mortgage obligation, mortgage-backed or other pay-through bond, equipment lease-backed certificate, consumer receivable pass-through certificate or consumer receivable-backed bond of a maximum of five years maturity. Securities eligible for investment under this subdivision shall be issued by an issuer having an "A" or higher rating for the issuer's debt as provided by an NRSRO and rated in a rating category of "AA" or its equivalent or better by an NRSRO. Purchase of securities authorized by this subdivision may not exceed 20 percent of the agency's surplus money that may be invested pursuant to this section.

Policy: *Investments of this type are prohibited.*

N. Inactive deposits made in accordance with the provisions of Article 2 (commencing with Section 53630) of Chapter 4 of Part 1 of Division 2 of Title 5

Policy: *No such deposits will be made in any institution that is not rated A or higher. The amount deposited in any single institution shall not exceed 7.5% of the portfolio.*

O. Deposits to the Local Agency Investment Fund of the State of California pursuant to Resolution No. 77-98 of the Shasta County Board of Supervisors dated April 18, 1977.

Policy: *Notwithstanding any other provision of this policy, deposits to L.A.I.F. may be made, subject only to the limitations thereon imposed by the State Treasurer.*

P. Shares of beneficial interest issued by a joint powers authority organized pursuant to Section 6509.7 that invests in the securities and obligations authorized in subdivisions (a) to (o), inclusive. Each share shall represent an equal proportional interest in the underlying pool of securities owned by the joint powers authority. To be eligible under this section, the joint powers authority issuing the shares shall have retained an investment adviser that meets all the following criteria:

(1) The adviser is registered or exempt from registration with the Securities and Exchange Commission.

(2) The adviser has not less than five years of experience investing in the securities and obligations authorized in subdivisions (a) to (o), inclusive.

(3) The adviser has assets under management in excess of five hundred million dollars ($500,000,000).

SELECTION CRITERIA

Brokers/Dealers and Depositories

The treasury shall maintain a list of qualified institutions with which the treasury will execute investment transactions. Only dealers that are licensed to do business in California and the investment departments of major California banks rated "AA" or higher and total assets in excess of $5,000,000,000 will be considered for inclusion on the list of qualified institutions. The department head will decide whether or not an institution should be placed on the list based on the length of time it has been in existence, its demonstrated ability to successfully maintain relationships with other municipal investors and its reputation for a commitment to maintaining a high level of professionalism and to meeting industry standards of ethical behavior. The foregoing criteria is intended to result in a list of well known institutions of the highest quality.

No broker, brokerage, dealer or securities firm shall be placed on or remain on the list if it has, within any consecutive 48 month period made a political contribution in an amount exceeding the limitations contained in Rule G-37 of the Municipal Securities Rulemaking Board, to the Shasta County Treasurer, any member of the Shasta County Board of Supervisors, any candidate for those offices, or any member of the Shasta County Treasury Oversight Committee.

The department head will periodically review each institution on the list and make a determination whether or not, in the opinion of the department head, it is in the best interests of the pool participants that the institution remain on the list.

The Investment Officer may remove an institution from the list at any time, and the fact that an institution is on the list does not create an obligation to execute investment transactions with a listed institution. The Investment Officer will furnish a copy of the current Statement of Investment Policy to each listed institution, who will then sign and return a receipt showing receipt and compliance to the policy.

Representatives of Qualified Institutions

Individuals who represent qualified institutions in securities transactions with the treasury must be registered with the National Association of Securities Dealers, Inc., as having passed the General Securities Representative Examination (Series 7) and the Uniform Securities Agent State Law Examination (Series 63). Each representative:

- Shall have expertise and significant experience in institutional sales.
- Shall supply references consisting of the names of individuals at three California public agencies with whom they have executed investment transactions.

The Investment Officer shall maintain a list of authorized representatives of qualified institutions with whom the treasury may execute investment transactions.

INVESTMENTS

Investments will be made by selection of instruments from the list of authorized investments only and the selection is further limited by the following in order to assure adequate liquidity while minimizing credit and market risks.

Prohibited Investment Types and Restrictions Applicable to All Investments

Pursuant to Section 53631.5, any investment in inverse floaters, range notes or interest-only strips that are derived from a pool of mortgages, or any security that could result in zero interest accrual if held to maturity is prohibited.

Further, no investment shall be made in any security that, absent default on the part of the issuer, contains any provision, index or structure that would introduce any element of uncertainty in regard to the amount or rate of earnings if held to maturity or the amount of principal returned if held to maturity.

No investment shall be made in any security that has a maturity in excess of 5 years from the date of purchase.

Except for Repurchase Agreements, Sweep Account and Treasury Bills, the amount invested in a single issue shall not exceed 4% of the portfolio.

Notwithstanding the provisions of Section 53601.1 of the Government Code, no investments in financial futures or financial option contracts are allowed under this policy.

Maturity Scheduling

Market risks and cash flow problems will be reduced by a "hold to maturity" policy. This policy requires that the maturity of the instrument selected conform to anticipated cash flow requirements. In other words, no investment will be made knowing that the instrument will have to be sold prior to maturity. Securities may be liquidated prior to maturity if the sale is to meet unanticipated cash flow requirements or market conditions so warrant and the sale has department head approval. No securities may be exchanged or traded for other securities. No securities will be purchased that have a maturity in excess of three years from the date of purchase without department head approval. The dollar-weighted average days to maturity of the portfolio shall not exceed 1095 days.

CREDIT ASSESSMENT

In determining the creditworthiness of an issuer, counter party or depository, the Investment Officer shall utilize the ratings of Standard and Poor's Corporation, Moody's Investor Services, Inc., Fitch, GFI Bank Rating Services, or nationally recognized statistical rating organization (NRSRO)

DIVERSIFICATION

Both market risk and credit risk can be reduced by constructing an investment portfolio that contains a broad mix of types of investments and issuers. The policy or statutory limitations that are contained in the section of this policy which sets forth permissible investments are to be measured against the portfolio at the time of the transaction subject to the limitation occurs.

YIELD

Investments meeting all other requirements of this policy shall be chosen based on yield. A minimum of three quotes for investment options meeting the maturity scheduling requirements shall be obtained for each transaction having a term in excess of five days and a written record of the quotes shall be retained by the Investment Officer until after the next subsequent compliance audit conducted pursuant to the provisions of Section 27134. Yield shall always be the last consideration, and if the quotes obtained are not for the same instrument, issues of safety, liquidity and diversity shall be given greater consideration than yield.

SAFEKEEPING

Securities purchased from brokers and/or dealers shall be held in third party safekeeping by the trust department of the County's bank or other designated third party trust, in the County's name or control. All investment transactions subject to "delivery vs. payment" shall be conducted on that basis.

CALCULATING AND APPORTIONING THE COSTS

The manner of calculating and apportioning the costs of investing, depositing, banking, auditing, reporting or otherwise handling or managing funds is as follows:

A. Total earnings for all funds will be accounted for and accumulated. All costs incurred as described in Government Code Sections 27013, 17133 and 27135 will be accounted for and paid out of earnings.

B. All costs will be spread at the same time and as part of the process of apportioning earnings so that each participant's share is in proportion to its earnings.

CRITERIA FOR CONSIDERING REQUESTS TO WITHDRAW FOR INVESTMENT PURPOSES

The County Treasurer shall provide a form to agencies requesting withdrawal of funds for investment purposes.

Assessment of the effect of a proposed withdrawal on the stability and predictability of the investments in the county treasury will be based on the following criteria:

1. Size of withdrawal.

2. Size of remaining balances of:
    (a) Pool
    (b) Agency
3. Current market condition.
4. Duration of withdrawal.
5. Effect on predicted cash flows.
6. A determination if there will be sufficient balances remaining to cover costs.
7. Adequate information, including the statutory authority that allows the funds to be invested outside the treasury pool, has been supplied to the County Treasurer in order to make a proper finding that other pool participants will not be adversely affected.

Requests for withdrawals for the purpose of investing or depositing funds outside the pool shall be made at least ten (10) business days in advance of the proposed withdrawal date. Notice in writing of at least five (5) business days shall be required for withdrawals in excess of $250,000.00 for loan repayments, capital expenditures and any expenditure not in the ordinary course of operations.

TERMS AND CONDITIONS FOR NON-STATUTORY COMBINED POOL PARTICIPANTS

All entities qualifying under Government Code Section 27133(g), may deposit funds for investment purposes providing all of the following have been accomplished:

1. The agency's administrative body has requested the privilege, has agreed to terms and conditions of an investment agreement as prescribed by the County Treasurer, and has by resolution identified the authorized officer acting on behalf of the agency.
2. The County Board of Supervisors approves the investment agreement.
3. The County Auditor-Controller has prescribed the appropriate accounting procedures.

LIMITS ON RECEIPT OF HONORARIA, GIFTS AND GRATUITIES

No member of the staff of the Treasurer's Office or member of the Shasta County Treasury Oversight Committee may accept any honoraria, gift or gratuity from advisors, brokers, dealers, bankers or other persons with whom the county treasury conducts business. Excepted from the foregoing are ordinary desk-top promotional items of advertising, such as calendars, planners, etc., which are clearly identifiable as such. This prohibition is in addition to any other limit or prohibition set by the County of Shasta, the members' own agency, or by the Fair Political Practices Commission.

REPORTING

The County Treasurer will submit a copy of the Report of Investments required by Section 53646(b)(1) to the Shasta County Treasury Oversight Committee at the same time said report is submitted to the Board of Supervisors. The report shall be submitted within 30 days of the quarter, or month at the option of the Board of Supervisors, following the end of the period covered by the report.

DATE:______________________ ___________________________________

LORI J. SCOTT
Treasurer-Tax Collector-Public Administrator

GLOSSARY

Banker's Acceptances

Banker's acceptances (BAs) are another form of money market instruments issued by banks. BAs arise from transactions involving the import, export, transit, or storage of goods. The underlying transaction that gives rise to a BA is almost completely irrelevant to the credit quality or the liquidity of the instrument; the actual BA is created at a late stage in the underlying transaction when a back accepts its obligation to pay the holder of the unconditional obligation of the accepting bank.

From an investor's point of view, a BA is a bank obligation that has at least the same credit strength as any CD issued by the same bank. BAs are typically stronger that CDs because in addition to the credit strength of the accepting bank, they are backed by the credit strength of a drawer; an endorsing bank, if one is involved in the transaction; and usually by the pledge of documents representing ownership of the trade goods and insurance on the goods. BAs do not carry federal deposit insurance.

The term of a BA may be for an even 90, 180, or 270 days when it is created but is often for an odd number of days by the time an investor purchases it.

BAs meeting certain Federal Reserve regulations are called eligible BAs. Eligible BAs cannot exceed 180 days and are not subject to reserve requirements.
Like Treasury bills, BAs do not pay interest. Instead, they are bought and sold on a discount basis. For larger BAs created by creditworthy banks, there is an active secondary market.

Broker

A middleman who brings buyers and sellers together and handles their orders, generally charging a commission for his services. The broker does not own or take a position in the security.

Commercial Paper

Commercial paper is an unsecured, short-term promissory note issued by corporations for specific amounts and with specific maturity dates. Typical issuers are firms that need large amounts of short-term working capital or firms with fluctuating requirements for short-term funds.

Commercial paper is relatively safe but not the same quality as U.S. Treasury or agency obligations. Major credit rating agencies provide published credit ratings for commercial paper issues. Issuers without strong credit ratings, as well as smaller and less well known companies, often can only find buyers for their commercial paper if it is backed by a letter of credit from a commercial bank or guaranteed by the issuer's parent company.

Commercial paper can be sold at a discount or can be interest bearing; however, most commercial paper is issued at a discount. Terms can be as short as 1 day and usually do not exceed 270 days. Minimum sizes are determined by each issuer. They are often $100,000 but may be smaller.

CUSIP Number

A nine-digit letter and number combination established by the Committee on Uniform Securities Identification Procedures that is used to identify publicly traded securities. Each publicly traded security receives a unique CUSIP number when the security is issued.

Discount

The amount by which the price for a security is less than its par.

Federal Farm Credit Bank Securities

The Federal Farm Credit Banks (FFCBs) issue two types of short-term securities. Debentures are issued for terms of 3, 6 and 12 months. Interest on the debentures is paid at maturity.

The FFCBs also sell discount notes. Like Treasury bills, FFCB discount notes pay interest at maturity since they are sold at a discount, but redeemed at par. The discount notes are issued with original maturities ranging from 5 to 365 days.

Minimum size for both debentures and discount notes is $5,000. Obligations of the FFCBs are not guaranteed by the U.S. government, but are considered to have implied backing.

Federal Home Loan Bank Notes

The Federal Home Loan Bank (FHLB) issues discount notes. Like Treasury bills, these pay interest at maturity since they are sold at a discount but redeemed at par. The discount notes are issued with original maturities ranging from 5 to 365 days. These discount notes can be called before maturity. The minimum size is $5,000.

Obligations of the FHLB are not guaranteed by the U.S. government but are considered to have implied backing.

Federal Home Loan Mortgage Corporation Discount Notes

The Federal Home Loan Mortgage Corporation (FHLMC or Freddie Mac) also issues discount notes. The discount notes are issued with original maturities ranging from 1 to 360 days. Minimum size is $25,000. These discount notes are not guaranteed by the U.S. government but are considered to have implied backing.

Federal National Mortgage Association Residential

The Federal National Mortgage Association (FNMA or Fannie Mae) issues unsecured obligations called residential financing securities or REFs. REFs are issued with original maturities of six months, one year, and two years. Interest on the one-and-two year notes is paid semiannually. Minimum size is $10,000. REFs are not guaranteed by the U.S. government but are considered to have implied backing.

Maturity

The date on which the principal or last principal payment on a debt is due and payable.

Par

The value of a security as expressed on its face without consideration to any premium or discount.

Repurchase Agreement

Repurchase agreements (repos) involve selling a security subject to an agreement for the seller to buy it back (repurchase it) from the buyer. A repo is a type of short-term secured loan. The security that is sold is usually a U.S. Treasury obligation; however, agency securities are also used. Typical maturities may be as short as overnight or as long as six months.

Treasury Notes and Bonds

Treasury notes and bonds, the long-term debt obligations of the U.S. government, bear coupons and thus resemble municipal bonds. Interest is payable every six months at a rate of one-half the annual coupon.

Treasury coupon securities trading are conducted by the same securities dealers who trade T-bills. Notes are issued for original maturities of one to 10 years and carry that label only because of federal statutory language. Bonds are issued with original maturities of more than 10 years.

U.S. Treasury Bills

U.S. Treasury bills are the shortest term obligations issued by the U.S. Treasury. Bills are issued for maturities of one year or less. Usually, the Treasury issues bills in three maturities: 13 weeks, 26 weeks, and 52 weeks. Occasionally, the Treasury sells bills with different maturities, usually to match expected tax receipts. Those bills are referred to as cash management bills.

Bills are sold by the Treasury at weekly auctions. New 13-week and 26-week bills are issued each week. The auctions for 13-week and 26-week bills are held on Mondays. Bills purchased at an auction settle on the following Thursday, and they mature on Thursdays. If a Thursday is a bank holiday, the Friday is used. The Treasury usually issues 52-week bills only once each month. Bill transactions tend to be large. Even though the minimum size is only $10,000, a round Lot is considered to be $1 million. Buyer of bills in amounts less than a round Lot receive slightly higher prices (i.e., lower yields) than buyers of round Lots.

The owner of a Treasury bill earns a return because the bills are sold at a discount and redeemed at par.

Example. A one-year bill may be sold at a price of 94 and redeemed at the end of the year at par, or 100. In the example, the owner of a $100,000 bill would pay $94,000 and receive $100,000 a year later. The difference of $6,000 is the amount of the discount. The discount rate in the example is 6 percent.

Investors need to be aware that the yield they receive from Treasury bills is not the same as the discount rate.

Yield

The rate of annual income return on an investment, expressed as a percentage.

Shasta County Treasurer
Disaster/Business Continuity Plan
Banking and Investment Functions

Scope

The Shasta County Treasurer's banking and investment functions are mission critical and as such, the office must have a Disaster/Business Continuity Plan in place. In the event we are unable to operate from our office, the plan shall be activated. Periodically, the plan shall be tested.

The plan's goal is to protect and account for all funds on deposit with the county treasurer and to be able to continue our banking and investment functions for all participants in the event of occurrence (earthquake, fire, pandemic, or other event) which disrupts normal operations.

Chain of Command

The chain of command shall be in order of:
- Treasurer,
- Chief Deputy Treasurer
- Chief Deputy Tax Collector

Continuity Procedure

In the event we are unable to conduct normal business operations, the authorized persons shall interact with one another by home phone, email or cellular phone to decide on the alternate location. If unable to contact one another, the authorized persons shall through the county's office of emergency services establish contact with one another.

Functions & Tasks to be Performed

Recognizing we may be operating in less than optimal conditions, the primary functions are to protect and continue to account for all funds on deposit with the county treasurer. While normal processes may be modified, the investment policy shall be strictly followed.

Tasks to be performed include:

- Daily cash work up
- Investment of maturing securities and any daily deposits after making an allowance for checks/wires expected to clear
- Daily cash and bank reconciliation
- For deposits, the treasurer's office will notify county departments, special districts and schools of any changes to their deposit location. Deposits to any account other than those established by the treasurer is prohibited.
- Disbursement activity will be coordinated with the county Auditor-Controller.

Equipment and Emergency Packets

The "authorized persons" in the treasurer's office including support staff upon an occurrence are official disaster workers and are assigned to support our Disaster/Business Recover Plan. Each shall have on their possession their County of Shasta Identification Card.

The level of disruption and assigned work location will be determined by the Treasurer, Chief Deputy Treasurer or Chief Deputy Tax Collector. All related costs shall be absorbed by the Treasurer's office and reimbursed pursuant to Government Code section 27013.

In all cases, the safety of treasury personnel is paramount. In no event should our alternate location or alternate procedure be employed if doing such will endanger any one.

Offsite Locations

Failing the ability to operate from our office, our operations will relocate in the following order of priority:

- Location determined by the County Office of Emergency Services or County Administrator
- Treasurer's home
- Chief Deputy Treasurer's home
- One of our banks operations centers which may be outside Shasta County in a worst case scenario

SHASTA COUNTY POOLED INVESTMENT 09/30/19

September 30, 2019

PURCHASE DATE	SECURITY TYPE	PAR AMOUNT	COST AMOUNT	% OF TOTAL	DISC	PREM	ACCRUED INTEREST		MATURITY	CUSIP	MOODY'S RATING	INT/DISC RATE	YIELD	BROKER	DAYS TO MAT	DAYS*COST	MARKET VALUE	UNREALIZED GAIN/LOSS
	Local Agency Investment Fund (max 65,000)	35,000,000.00	35,000,000.00	**7.43%**					10/01/19		not rated	2.45	2.45	LAIF	1	35,000,000.00	35,203,734.95	N/A
	Repo Agreement (20% limit)	48,500,000.00	48,500,000.00	**10.30%**					10/01/19			1.85	1.85	UBS	1	48,500,000.00	48,500,000.00	N/A
	LIR Treasury Fund - Mutual Fund (5.00%max)			**0.00%**										UBS		0.00		N/A
*****	**Total Inactive Public Deposits (7.5% limit)**	**0.00**	**0.00**	**0.00%**													**0.00**	
01/22/18	US Treasury Note	5,000,000.00	4,923,046.88		(76,953.12)		0.00	4,923,046.88	01/31/20	912828H52	NA/NA	1.25	2.03	Union Banc	123	605,534,766.24	4,988,850.00	65,803.12
12/07/18	US Treasury Note	5,000,000.00	4,921,679.69		(78,320.31)		0.00	4,921,679.69	02/15/20	912828W22	AA+/NA	1.38	2.72	UBS	138	679,191,797.22	4,989,250.00	67,570.31
12/12/18	US Treasury Note	5,000,000.00	4,919,484.90		(80,515.10)		0.00	4,919,484.90	02/29/20	912828J50	AA+/NA	1.38	2.73	UBS	152	747,761,704.80	4,989,050.00	69,565.10
01/03/19	US Treasury Note	5,000,000.00	4,981,700.00		(18,300.00)		0.00	4,981,700.00	03/31/20	9128284C1	NA/NA	2.25	2.55	UBS	183	911,651,100.00	5,008,800.00	27,100.00
12/18/18	US Treasury Note	5,000,000.00	4,920,950.00		(79,050.00)		0.00	4,920,950.00	05/15/20	912828X96	NA/NA	1.50	2.65	UBS	228	1,121,976,600.00	4,988,650.00	67,700.00
04/15/19	US Treasury Note	5,000,000.00	4,950,000.00		(50,000.00)		0.00	4,950,000.00	05/31/20	912828XE5	NA/NA	1.50	2.40	UBS	244	1,207,800,000.00	4,987,700.00	37,700.00
11/28/18	US Treasury Note	5,000,000.00	4,896,250.00		(103,750.00)		0.00	4,896,250.00	07/15/20	9128282J8	NA/NA	1.50	2.81	UBS	289	1,415,016,250.00	4,985,950.00	89,700.00
07/02/19	US Treasury Note	5,000,000.00	4,984,375.00		(15,625.00)		0.00	4,984,375.00	07/31/20	912828XM7	NA/Aaa	1.63	1.92	UBS	305	1,520,234,375.00	4,990,450.00	6,075.00
03/07/19	US Treasury Note	5,000,000.00	4,927,343.75		(72,656.25)		0.00	4,927,343.75	08/15/20	9128282Q2	NA/NA	1.50	2.53	Wedbush	320	1,576,750,000.00	4,985,150.00	57,806.25
03/29/19	US Treasury Note	5,000,000.00	4,986,523.44		(13,476.56)		0.00	4,986,523.44	08/15/21	912828RC6	NA/Aaa	2.13	2.24	Wedbush	685	3,415,768,556.40	5,040,450.00	53,926.56
*****	**Total Treasury Bill (50% limit)**	**50,000,000.00**	**49,411,353.66**	**10.50%**									**2.46**				**49,954,300.00**	**542,946.34**
*****	**Total Negotiable Cert of Deposit (20% limit)**	**0.00**	**0.00**	**0.00%**													**0.00**	**0.00**
04/17/17	Toyota Motor Credit Medium Term Note	5,000,000.00	5,000,000.00			0.00		5,000,000.00	04/17/20	89236TDU6	AA-/Aa3	1.95	1.80	Union Banc	200	1,000,000,000.00	5,000,400.00	400.00
12/13/18	Apple Inc Medium Term Note-Callable	5,000,000.00	4,942,400.00		(57,600.00)		0.00	4,942,400.00	05/06/20	037833BD1	AA+/Aa1	2.00	2.85	Union Banc	219	1,082,385,600.00	5,002,600.00	60,200.00
01/04/19	JP Morgan Chase Med Term Note-Callable	5,000,000.00	4,977,150.00		(22,850.00)		0.00	4,977,150.00	06/23/20	46625HLW8	A-/A2	2.75	3.07	UBS	267	1,328,899,050.00	5,022,150.00	45,000.00
03/26/19	Toyota Motor Credit Medium Term Note	5,000,000.00	5,010,391.67			0.00	10,391.67	5,010,391.67	01/08/21	89236TFQ3	Aa3/AA-	3.05	2.43	UBS	466	2,334,842,518.22	5,075,100.00	64,708.33
04/03/19	Apple Inc Medium Term Note-Callable	5,000,000.00	4,898,375.00		(101,625.00)		0.00	4,898,375.00	08/04/21	037833CC2	AA+/Aa1	1.55	2.45	Wedbush	674	3,301,504,750.00	4,975,400.00	77,025.00
08/02/18	Bank of NY Med Term Note-Callable	5,000,000.00	5,000,000.00			0.00	0.00	5,000,000.00	09/23/21	06406HBY4	A/A1	3.55	3.18	UBS	724	3,620,000,000.00	5,150,900.00	150,900.00
*****	**Total Medium Term Notes (20% limit/ 3% ea)**	**30,000,000.00**	**29,828,316.67**	**6.34%**									**2.63**				**30,226,550.00**	**398,233.33**
03/15/19	JP Morgan CP	5,000,000.00	4,925,688.89		(74,311.11)			4,925,688.89	10/10/19	4664OQXA4	A-1/P-1	2.56	2.60	UBS	10	49,256,888.90	4,997,600.00	71,911.11
03/06/19	Natxny CP	5,000,000.00	4,912,250.00		(87,750.00)			4,912,250.00	11/04/19	63873KY43	A-1/P-1	2.60	2.65	UBS	35	171,928,750.00	4,990,650.00	78,400.00
04/04/19	Toyota Motor Credit Corp. CP	5,000,000.00	4,907,291.67		(92,708.33)			4,907,291.67	12/27/19	89233HZT4	A-1+/P-1	2.50	2.57	UBS	88	431,841,666.96	4,975,850.00	68,558.33
04/09/19	MUFG Bank CP	5,000,000.00	4,904,729.17		(95,270.83)			4,904,729.17	01/03/20	62479LA39	A-1/P-1	2.55	2.60	UBS	95	465,949,271.15	4,904,729.17	0.00
08/23/19	MUFG Bank kCP	5,000,000.00	4,956,916.67		(43,083.33)			4,956,916.67	02/04/20	62478XB41	A-1/P-1	1.88	1.93	Union Banc	127	629,528,417.09	4,964,850.00	7,933.33
07/02/19	MUFG Bank LTD/NY CP	5,000,000.00	4,925,466.67		(74,533.33)			4,925,466.67	03/16/20	62479LCG8	A-1/P-1	2.08	2.11	Union Banc	168	827,478,400.56	4,953,150.00	27,683.33
08/23/19	Natxny CP	5,000,000.00	4,930,625.00		(69,375.00)			4,930,625.00	05/19/20	63873JEK2	A-1/P-1	1.85	1.87	UBS	232	1,143,905,000.00	4,936,150.00	5,525.00
09/05/19	Natxny CP	5,000,000.00	4,929,875.00		(70,125.00)			4,929,875.00	06/01/20	63873JF13	A-1/P-1	1.87	1.90	UBS	245	1,207,819,375.00	4,932,550.00	2,675.00
*****	**Total Comm Paper (20% limit)**	**40,000,000.00**	**39,392,843.07**	**8.37%**									**2.28**				**39,655,529.17**	**262,686.10**
01/02/18	Federal Farm Credit Bond	5,000,000.00	4,975,250.00		(24,750.00)		0.00	4,975,250.00	11/15/19	3133EHS87	AA+/Aaa	1.65	1.92	UBS	46	228,861,500.00	4,998,850.00	23,600.00
03/02/16	Federal Farm Credit Bond (Callable)	5,000,000.00	5,000,000.00					5,000,000.00	03/02/20	3133EFH59	AA+/Aaa	1.38	1.38	UBS	154	770,000,000.00	4,990,900.00	(9,100.00)
10/26/16	Federal Farm Credit Bank (Callable)	5,000,000.00	4,995,000.00		(5,000.00)			4,995,000.00	04/06/20	3133EGXNO	AA+/Aaa	1.24	1.27	UBS	189	944,055,000.00	4,985,000.00	(10,000.00)
01/03/19	Federal Farm Credit Bank	5,000,000.00	4,939,200.00		(60,800.00)		0.00	4,939,200.00	06/17/20	3133EEPX2	AA+/AAA	1.68	2.54	Union Banc	261	1,289,131,200.00	4,995,150.00	55,950.00
08/03/16	Federal Farm Credit Bank (Callable)	5,000,000.00	5,000,000.00					5,000,000.00	08/03/20	3133EGPP4	AA+/Aaa	1.36	1.36	UBS	308	1,540,000,000.00	4,981,350.00	(18,650.00)
10/23/18	Federal Farm Credit Bank (Callable)	5,000,000.00	5,000,000.00					5,000,000.00	10/23/20	3133EJK32	AA+/Aaa	2.96	2.96	Wells Fargo	389	1,945,000,000.00	5,003,150.00	3,150.00
11/03/16	Federal Farm Credit Bond (Callable)	5,000,000.00	5,000,000.00				0.00	5,000,000.00	11/02/20	3133EGC29	AA+/Aaa	1.35	1.35	UBS	399	1,995,000,000.00	4,964,350.00	(35,650.00)
02/27/17	Federal Farm Credit Bank (Callable)	5,000,000.00	4,998,500.00		(1,500.00)		0.00	4,998,500.00	11/16/20	3133EG7E9	AA+/Aaa	1.87	1.87	UBS	413	2,064,380,500.00	5,000,050.00	1,550.00
12/14/16	Federal Farm Credit Bank (Callable)	5,000,000.00	5,000,000.00					5,000,000.00	12/14/20	3133EGU37	AA+/Aaa	1.83	1.83	UBS	441	2,205,000,000.00	5,000,000.00	0.00
01/09/18	Federal Farm Credit Bank	5,000,000.00	4,994,350.00		(5,650.00)		0.00	4,994,350.00	01/04/21	3133EH5G4	AA+/Aaa	2.07	2.11	Union Banc	462	2,307,389,700.00	5,014,600.00	20,250.00
03/20/19	Federal Farm Credit Bank	5,000,000.00	5,000,000.00					5,000,000.00	02/11/21	3133EKAJ5	AA+/Aaa	2.50	2.49	Wells Fargo	500	2,500,000,000.00	5,045,300.00	45,300.00
11/26/18	Federal Farm Credit Bank	5,000,000.00	4,999,500.00		(500.00)			4,999,500.00	05/26/21	3133EJW70	Aaa/AA+	2.88	2.88	Union Banc	604	3,019,698,000.00	5,087,850.00	88,350.00
12/14/18	Federal Farm Credit Bank	5,000,000.00	4,994,280.00		(5,720.00)			4,994,280.00	06/14/21	3133EJ2T5	Aaa/AA+	2.80	2.85	Wells Fargo	623	3,111,436,440.00	5,084,650.00	90,370.00
11/15/18	Federal Farm Credit Bank	5,000,000.00	4,998,400.00		(1,600.00)			4,998,400.00	11/15/21	3133EJT74	AA+/Aaa	3.05	3.06	UBS	777	3,883,756,800.00	5,143,600.00	145,200.00
09/03/19	Federal Farm Credit Bank (Callable)	5,000,000.00	5,000,000.00					5,000,000.00	09/03/24	3133EKH41	NA/NA	2.00	2.00	UBS	1800	9,000,000,000.00	4,993,700.00	(6,300.00)
*****	**Total Federal Farm Credits (20% limit)**	**75,000,000.00**	**74,894,480.00**	**15.91%**									**2.12**				**75,288,500.00**	**394,020.00**

12/12/18	Federal Home Loan Bank	5,000,000.00	4,890,916.67		(109,083.33)			4,890,916.67	10/16/19	313384NA3	AA+/Aaa	2.55	2.61	UBS	16	78,254,666.72	4,996,100.00	105,183.33
10/02/18	Federal Home Loan Bank	5,000,000.00	4,959,260.00		(40,740.00)		0.00	4,959,260.00	02/11/20	313OADN32	AA+/Aaa	2.13	2.74	Wedbush	134	664,540,840.00	5,003,600.00	44,340.00
06/03/16	Federal Home Loan Bank Bond(Callable)	5,000,000.00	5,000,000.00					5,000,000.00	03/03/20	3130A87M9	AA+/Aaa	1.47	1.47	UBS	155	775,000,000.00	4,987,400.00	(12,600.00)
11/02/18	Federal Home Loann Bank	5,000,000.00	4,956,400.00		(43,600.00)		0.00	4,956,400.00	03/13/20	313OA12B3	AA+/Aaa	2.13	2.78	UBS	165	817,806,000.00	5,004,650.00	48,250.00
04/20/16	Federal Home Loan Bank Bond(Callable)	5,000,000.00	5,000,000.00					5,000,000.00	04/20/20	313OA7RP2	AA+/Aaa	1.38	1.38	UBS	203	1,015,000,000.00	4,985,150.00	(14,850.00)
06/08/18	Federal Home Loan Bank	5,000,000.00	5,000,000.00					5,000,000.00	05/28/20	313OAECJ7	AA+/Aaa	2.63	2.55	Wedbush	241	1,205,000,000.00	5,024,350.00	24,350.00
11/02/17	Federal Home Loan Bank	5,000,000.00	5,000,000.00					5,000,000.00	06/12/20	313383HU8	AA+/Aaa	1.75	1.70	UBS	256	1,280,000,000.00	4,996,450.00	(3,550.00)
01/19/18	Federal Home Loan Bank	5,000,000.00	4,931,555.00		(68,445.00)		0.00	4,931,555.00	09/11/20	313OA66T9	AA+/Aaa	1.63	2.17	Wedbush	347	1,711,249,585.00	4,989,100.00	57,545.00
05/03/18	Federal Home Loan Bank	5,000,000.00	4,861,370.00		(138,630.00)		0.00	4,861,370.00	09/28/20	313OACE26	AA+/Aaa	1.38	2.57	Wedbush	364	1,769,538,680.00	4,977,200.00	115,830.00
04/02/19	Federal Home Loan Bank (Callable)	5,000,000.00	4,987,500.00		(12,500.00)		0.00	4,987,500.00	01/29/21	313OADFV9	AA+/Aaa	2.25	2.39	Union Banc	487	2,428,912,500.00	5,000,400.00	12,900.00
03/26/19	Federal Home Loan Bank	5,000,000.00	5,000,000.00			0.00	0.00	5,000,000.00	03/12/21	313OAFV61	AA+/Aaa	2.50	2.31	Wedbush	529	2,645,000,000.00	5,051,750.00	51,750.00
06/22/18	Federal Home Loan Bank	5,000,000.00	5,000,000.00			0.00	0.00	5,000,000.00	06/11/21	313373ZY1	AA+/Aaa	3.63	2.70	Wedbush	620	3,100,000,000.00	5,158,800.00	158,800.00
01/02/18	Federal Home Loan Bank	5,000,000.00	4,834,810.00		(165,190.00)		0.00	4,834,810.00	07/14/21	3130A8QS5	AA+/Aaa	1.13	2.09	Wedbush	653	3,157,130,930.00	4,951,550.00	116,740.00
09/05/19	Federal Home Loan Bank	5,000,000.00	5,087,810.69			87,810.69	0.00	5,087,810.69	09/10/21	313378JP7	AA+/Aaa	2.38	1.47	Wedbush	711	3,617,433,400.59	5,067,850.00	(19,960.69)
12/06/16	Federal Home Loan Bank Bond (Callable)	5,000,000.00	5,000,000.00					5,000,000.00	12/06/21	313OAACM8	AA+/Aaa	2.05	2.05	UBS	798	3,990,000,000.00	5,000,050.00	50.00
04/17/19	Federal Home Loan Bank	5,000,000.00	5,000,000.00					5,000,000.00	03/11/22	313378WG2	AA+/Aaa	2.50	2.42	Union Banc	893	4,465,000,000.00	5,103,000.00	103,000.00
*****	**Total Federal Home Loans (20% limit)**	**80,000,000.00**	**79,509,622.36**	**16.89%**									**2.21**				**80,297,400.00**	**787,777.64**
02/26/16	Federal National Mtge Note-Callable	5,000,000.00	5,000,000.00					5,000,000.00	11/26/19	3136G2YA9	AA+ / Aaa	1.40	1.40	UBS	57	285,000,000.00	4,996,100.00	(3,900.00)
12/09/16	Federal National Mtge Note-Callable	5,000,000.00	5,000,000.00				0.00	5,000,000.00	11/26/19	3136G4JE4	AA+/Aaa	1.50	1.49	Union Banc	57	285,000,000.00	4,996,800.00	(3,200.00)
04/14/16	Federal National Mtge Note-Callable	5,000,000.00	5,000,000.00					5,000,000.00	01/14/20	3136G3JJ5	AA+ / Aaa	1.36	1.36	Wedbush	106	530,000,000.00	4,991,700.00	(8,300.00)
11/21/18	Federal National Mtge Note	5,000,000.00	4,938,615.00		(61,385.00)		0.00	4,938,615.00	01/21/20	3135GOA78	AA+/Aaa	1.63	2.70	Wedbush	113	558,063,495.00	4,995,650.00	57,035.00
04/06/17	Federal National Mtge Note	5,000,000.00	5,000,000.00				0.00	5,000,000.00	02/28/20	3135GOT29	AA+/Aaa	1.50	1.50	Union Banc	151	755,000,000.00	4,991,500.00	(8,500.00)
04/19/17	Federal National Mtge	5,000,000.00	5,000,000.00			0.00	0.00	5,000,000.00	06/22/20	3135GOD75	AA+/Aaa	1.50	1.42	Wedbush	266	1,330,000,000.00	4,986,050.00	(13,950.00)
10/31/16	Federal National Mtge Note-Callable	5,000,000.00	5,000,000.00					5,000,000.00	07/28/20	3136G4GK3	AA+/Aaa	1.35	1.35	UBS	302	1,510,000,000.00	4,985,100.00	(14,900.00)
11/08/18	Federal National Mtge Note	5,000,000.00	4,988,350.00		(11,650.00)		0.00	4,988,350.00	10/30/20	3135GOU84	AA+/ Aaa	2.88	2.99	Union Banc	396	1,975,386,600.00	4,994,850.00	6,500.00
11/27/18	Federal National Mtge Note	5,000,000.00	5,000,000.00			0.00	0.00	5,000,000.00	10/30/20	3135GOU84	AA+/Aaa	2.88	2.86	UBS	396	1,980,000,000.00	4,994,850.00	(5,150.00)
12/19/18	Federal National Mtge Note	5,000,000.00	5,000,000.00			0.00	0.00	5,000,000.00	06/22/21	3135GOU35	AA+/Aaa	2.75	2.65	Wedbush	631	3,155,000,000.00	5,088,650.00	88,650.00
04/09/19	Federal National Mtge Note	5,000,000.00	4,956,650.00		(43,350.00)		0.00	4,956,650.00	01/05/22	3135GOS38	AA+/Aaa	2.00	2.33	Wells Fargo	828	4,104,106,200.00	5,035,800.00	79,150.00
10/16/18	Federal National Mtge Note	5,000,000.00	4,812,355.00		(187,645.00)		0.00	4,812,355.00	10/05/22	3135GOT78	AA+/Aaa	2.00	3.01	Wedbush	1101	5,298,402,855.00	5,050,800.00	238,445.00
*****	**Total Federal National Mtge. (20% limit)**	**60,000,000.00**	**59,695,970.00**	**12.68%**									**2.09**				**60,107,850.00**	**411,880.00**
04/17/17	Federal Home Loan Mtge	5,000,000.00	4,991,550.00		(8,450.00)		0.00	4,991,550.00	10/02/19	3137EADM8	AA+/Aaa	1.25	1.32	UBS	2	9,983,100.00	4,999,850.00	8,300.00
10/26/17	Federal Home Loan Mtge	5,000,000.00	4,998,375.69		(1,624.31)			4,998,375.69	10/25/19	3134GBHT2	AA+/Aaa	1.63	1.64	Union Banc	25	124,959,392.25	4,999,100.00	724.31
12/14/17	Federal Home Loan Mtge	5,000,000.00	4,961,180.00		(38,820.00)		0.00	4,961,180.00	01/17/20	3137EAEE5	AA+/Aaa	1.50	1.88	Wedbush	109	540,768,620.00	4,993,900.00	32,720.00
04/06/17	Federal Home Loan Mtge CP	4,976,830.00	4,976,830.00				0.00	4,976,830.00	05/01/20	3137EADR7	AA+/Aaa	1.38	1.53	Wedbush	214	1,065,041,620.00	4,985,300.00	8,470.00
11/21/18	Federal Home Loan Mtge	5,000,000.00	4,897,300.00		(102,700.00)		0.00	4,897,300.00	07/30/20	3134G33Z1	AA+/Aaa	1.55	2.80	UBS	304	1,488,779,200.00	4,986,200.00	88,900.00
04/07/16	Federal Home Loan Mtge CP-Callable	4,800,000.00	4,800,000.00					4,800,000.00	10/07/20	3134G8YQ6	AA+/Aaa	1.53	1.53	Union Banc	373	1,790,400,000.00	4,785,072.00	(14,928.00)
12/06/18	Federal Home Loan Mtge	5,000,000.00	4,949,720.00		(50,280.00)		0.00	4,949,720.00	02/16/21	3137EAEL9	AA+/Aaa	2.38	2.85	Wedbush	505	2,499,608,600.00	5,040,450.00	90,730.00
12/13/17	Federal Home Loan Mtge - Callable	5,000,000.00	4,998,750.00		(1,250.00)		0.00	4,998,750.00	02/26/21	3134GB3B6	AA+/Aaa	2.00	2.01	UBS	515	2,574,356,250.00	5,000,750.00	2,000.00
04/20/17	Federal Home Loan Mtge(Callable)	5,000,000.00	5,000,000.00					5,000,000.00	10/20/21	3134GBJB9	AA+/Aaa	2.00	2.00	UBS	751	3,755,000,000.00	5,000,500.00	500.00
04/24/19	Federal Home Loan Mtge (Callable)	5,000,000.00	5,000,000.00					5,000,000.00	07/24/23	3134GTFW8	AA+/Aaa	2.56	2.56	UBS	1393	6,965,000,000.00	5,028,650.00	28,650.00
04/30/19	Federal Home Loan Mtge (Callable)	5,000,000.00	5,000,000.00					5,000,000.00	04/30/24	3134GTCQ4	AA+/Aaa	2.70	2.70	UBS	1674	8,370,000,000.00	5,019,000.00	19,000.00
*****	**Total Fed HM LN Mtge. Corp Disc Note (20%)**	**54,776,830.00**	**54,573,705.69**	**11.59%**									**2.07**				**54,838,772.00**	**246,066.31**
	TOTAL	**473,276,830.00**	**470,806,291.45**	**100.00%**	**(2,568,740.91)**	**87,810.69**	**10,391.67**										**474,072,636.12**	
Cost of Investments		**470,806,291.45**	**436,127,278.40**	**UBOC**														
Cash in Treasury		**25,465.88**	**35,000,000.00**	**LAIF**		**98,202.36**				**TOTAL DAYS*COST**						**151,353,956,512.10**		
Cash in US Bank		**474,808.14**		**REPO**						**TOTAL COST AMOUNT**						**470,806,291.45**		
Return Checks				**LIR**						**WEIGHTED AVERAGE MATURITY**					**DAYS**	**321.48**		
Shasta Lake LAIF		**266,217.90**								**WEIGHTED AVERAGE MATURITY**					**YEARS**	**0.89**		
Active Deposits		**8,542,433.70**			**(320,986.95)**													
Adjustments			**471,127,278.40**															
Balance in Treasury		**480,115,217.07**																

I certify that this report accurately reflects the County Treasurers investments, and is in conformance with the adopted County Investment Policy Statement.

Furthermore, I certify to the best of my knowledge, sufficient investment liquidity, and anticipated revenues are available to meet the County's budgeted expenditure requirements for the next six months.

PAR + DISC + PREM + ACC INT = COST

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APPENDIX H

TABLE OF ACCRETED VALUES

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Columbia Elementary SD

General Obligation Bonds, Election of 2014 Series C

Capital Appreciation Bonds

Table of Accreted Values

	2026 Serial	**2027 Serial**	**2028 Serial**	**2029 Serial**	**2030 Serial**	**2031 Serial**	**2032 Serial**	**2033 Serial**	**2034 Serial**	**2035 Serial**
Bond Type	P-CAB	P-CAB	P-CAB	CAB	CAB	CAB	CAB	CAB	CAB	CAB
Delivery Date	12/18/2019	12/18/2019	12/18/2019	12/18/2019	12/18/2019	12/18/2019	12/18/2019	12/18/2019	12/18/2019	12/18/2019
Final Maturity	8/1/2026	8/1/2027	8/1/2028	8/1/2029	8/1/2030	8/1/2031	8/1/2032	8/1/2033	8/1/2034	8/1/2035
Maturity Value	70,000	80,000	90,000	95,000	95,000	105,000	110,000	120,000	125,000	140,000
Accretion Rate	5.029%	5.029%	5.029%	2.400%	2.510%	2.610%	2.680%	2.780%	2.870%	2.950%
Price	71.980%	68.492%	65.173%	79.493%	76.729%	73.985%	71.465%	68.659%	65.928%	63.2920%

Date	Per 5,000	Per 5,000	Per 5,000	Per 5,000	Per 5,000	Per 5,000	Per 5,000	Per 5,000	Per 5,000	Per 5,000
12/18/2019	3,599.00	3,424.60	3,258.65	3,974.65	3,836.45	3,699.25	3,573.25	3,432.95	3,296.40	3,164.60
2/1/2020	3,620.40	3,445.00	3,278.05	3,986.00	3,847.90	3,710.70	3,584.65	3,444.30	3,307.65	3,175.65
8/1/2020	3,711.45	3,531.60	3,360.50	4,033.85	3,896.15	3,759.15	3,632.65	3,492.15	3,355.10	3,222.50
2/1/2021	3,804.75	3,620.40	3,445.00	4,082.25	3,945.05	3,808.20	3,681.35	3,540.70	3,403.25	3,270.05
8/1/2021	3,900.45	3,711.45	3,531.60	4,131.25	3,994.60	3,857.90	3,730.65	3,589.90	3,452.10	3,318.30
2/1/2022	3,998.50	3,804.75	3,620.40	4,180.80	4,044.70	3,908.25	3,780.65	3,639.80	3,501.65	3,367.25
8/1/2022	4,099.05	3,900.45	3,711.45	4,230.95	4,095.45	3,959.25	3,831.35	3,690.40	3,551.90	3,416.90
2/1/2023	4,202.15	3,998.50	3,804.75	4,281.75	4,146.85	4,010.90	3,882.65	3,741.70	3,602.85	3,467.30
8/1/2023	4,307.80	4,099.05	3,900.45	4,333.15	4,198.90	4,063.25	3,934.70	3,793.70	3,654.55	3,518.45
2/1/2024	4,416.10	4,202.15	3,998.50	4,385.10	4,251.60	4,116.25	3,987.40	3,846.45	3,707.00	3,570.35
8/1/2024	4,527.15	4,307.80	4,099.05	4,437.75	4,304.95	4,170.00	4,040.85	3,899.90	3,760.20	3,623.00
2/1/2025	4,641.00	4,416.10	4,202.15	4,491.00	4,359.00	4,224.40	4,095.00	3,954.10	3,814.15	3,676.45
8/1/2025	4,757.70	4,527.15	4,307.80	4,544.90	4,413.70	4,279.55	4,149.85	4,009.10	3,868.90	3,730.65
2/1/2026	4,877.35	4,641.00	4,416.10	4,599.45	4,469.10	4,335.40	4,205.50	4,064.80	3,924.40	3,785.70
8/1/2026	5,000.00	4,757.70	4,527.15	4,654.60	4,525.20	4,391.95	4,261.85	4,121.30	3,980.70	3,841.55
2/1/2027		4,877.35	4,641.00	4,710.50	4,581.95	4,449.30	4,318.95	4,178.60	4,037.85	3,898.20
8/1/2027		5,000.00	4,757.70	4,767.00	4,639.45	4,507.35	4,376.80	4,236.70	4,095.80	3,955.70
2/1/2028			4,877.35	4,824.20	4,697.70	4,566.15	4,435.45	4,295.55	4,154.55	4,014.05
8/1/2028			5,000.00	4,882.10	4,756.65	4,625.75	4,494.90	4,355.30	4,214.20	4,073.25
2/1/2029				4,940.70	4,816.35	4,686.10	4,555.15	4,415.80	4,274.65	4,133.35
8/1/2029				5,000.00	4,876.80	4,747.25	4,616.15	4,477.20	4,336.00	4,194.30
2/1/2030					4,938.00	4,809.25	4,678.05	4,539.45	4,398.20	4,256.15
8/1/2030					5,000.00	4,872.00	4,740.70	4,602.55	4,461.35	4,318.95
2/1/2031						4,935.55	4,804.25	4,666.50	4,525.35	4,382.65
8/1/2031						5,000.00	4,868.60	4,731.35	4,590.30	4,447.30
2/1/2032							4,933.85	4,797.15	4,656.15	4,512.90
8/1/2032							5,000.00	4,863.80	4,723.00	4,579.45
2/1/2033								4,931.45	4,790.75	4,647.00
8/1/2033								5,000.00	4,859.50	4,715.55
2/1/2034									4,929.25	4,785.10
8/1/2034									5,000.00	4,855.70
2/1/2035										4,927.30
8/1/2035										5,000.00
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8/1/2044										

Columbia Elementary SD

General Obligation Bonds, Election of 2014 Series C

Capital Appreciation Bonds

Table of Accreted Values

	2036 Serial	2037 Serial	2038 Serial	2039 Serial	2040 Serial	2041 Serial	2042 Serial	2043 Serial	2044 Serial
Bond Type	CAB	CAB	CAB	CAB	CAB	CAB	CAB	CAB	CAB
Delivery Date	12/18/2019	12/18/2019	12/18/2019	12/18/2019	12/18/2019	12/18/2019	12/18/2019	12/18/2019	12/18/2019
Final Maturity	8/1/2036	8/1/2037	8/1/2038	8/1/2039	8/1/2040	8/1/2041	8/1/2042	8/1/2043	8/1/2044
Maturity Value	145,000	150,000	165,000	175,000	310,000	330,000	345,000	365,000	380,000
Accretion Rate	3.040%	3.080%	3.110%	3.140%	3.170%	3.210%	3.240%	3.270%	3.280%
Price	60.566%	58.359%	56.292%	54.266%	52.282%	50.234%	48.335%	46.481%	44.889%

Date	Per 5,000	Per 5,000	Per 5,000	Per 5,000	Per 5,000	Per 5,000	Per 5,000	Per 5,000	Per 5,000
12/18/2019	3,028.30	2,917.95	2,814.60	2,713.30	2,614.10	2,511.70	2,416.75	2,324.05	2,244.45
2/1/2020	3,039.25	2,928.65	2,825.00	2,723.40	2,623.95	2,521.25	2,426.05	2,333.10	2,253.20
8/1/2020	3,085.45	2,973.75	2,868.90	2,766.15	2,665.50	2,561.70	2,465.35	2,371.25	2,290.15
2/1/2021	3,132.30	3,019.55	2,913.55	2,809.60	2,707.75	2,602.85	2,505.30	2,410.00	2,327.70
8/1/2021	3,179.95	3,066.05	2,958.85	2,853.70	2,750.70	2,644.60	2,545.90	2,449.40	2,365.85
2/1/2022	3,228.25	3,113.25	3,004.85	2,898.50	2,794.30	2,687.05	2,587.15	2,489.45	2,404.65
8/1/2022	3,277.35	3,161.20	3,051.60	2,944.00	2,838.60	2,730.20	2,629.05	2,530.15	2,444.10
2/1/2023	3,327.15	3,209.90	3,099.05	2,990.25	2,883.55	2,774.00	2,671.65	2,571.55	2,484.20
8/1/2023	3,377.75	3,259.30	3,147.20	3,037.20	2,929.30	2,818.55	2,714.90	2,613.55	2,524.95
2/1/2024	3,429.05	3,309.50	3,196.15	3,084.85	2,975.70	2,863.75	2,758.90	2,656.30	2,566.35
8/1/2024	3,481.20	3,360.45	3,245.85	3,133.30	3,022.85	2,909.75	2,803.60	2,699.75	2,608.45
2/1/2025	3,534.10	3,412.25	3,296.35	3,182.50	3,070.80	2,956.45	2,849.00	2,743.85	2,651.20
8/1/2025	3,587.85	3,464.80	3,347.60	3,232.45	3,119.45	3,003.90	2,895.15	2,788.75	2,694.70
2/1/2026	3,642.35	3,518.15	3,399.65	3,283.20	3,168.90	3,052.10	2,942.05	2,834.35	2,738.90
8/1/2026	3,697.75	3,572.30	3,452.50	3,334.75	3,219.15	3,101.10	2,989.75	2,880.70	2,783.80
2/1/2027	3,753.95	3,627.35	3,506.20	3,387.10	3,270.15	3,150.85	3,038.15	2,927.75	2,829.45
8/1/2027	3,811.00	3,683.20	3,560.70	3,440.30	3,322.00	3,201.45	3,087.40	2,975.65	2,875.85
2/1/2028	3,868.90	3,739.90	3,616.10	3,494.30	3,374.65	3,252.80	3,137.40	3,024.30	2,923.05
8/1/2028	3,927.75	3,797.50	3,672.30	3,549.15	3,428.15	3,305.00	3,188.25	3,073.75	2,970.95
2/1/2029	3,987.45	3,856.00	3,729.45	3,604.90	3,482.45	3,358.05	3,239.90	3,124.00	3,019.70
8/1/2029	4,048.05	3,915.35	3,787.40	3,661.50	3,537.65	3,411.95	3,292.35	3,175.10	3,069.20
2/1/2030	4,109.55	3,975.65	3,846.30	3,719.00	3,593.75	3,466.75	3,345.70	3,227.00	3,119.55
8/1/2030	4,172.05	4,036.90	3,906.15	3,777.35	3,650.70	3,522.35	3,399.90	3,279.75	3,170.70
2/1/2031	4,235.45	4,099.05	3,966.85	3,836.65	3,708.55	3,578.90	3,455.00	3,333.40	3,222.70
8/1/2031	4,299.85	4,162.20	4,028.55	3,896.90	3,767.35	3,636.35	3,510.95	3,387.90	3,275.55
2/1/2032	4,365.20	4,226.30	4,091.20	3,958.10	3,827.05	3,694.70	3,567.85	3,443.25	3,329.30
8/1/2032	4,431.55	4,291.35	4,154.80	4,020.25	3,887.70	3,754.00	3,625.65	3,499.55	3,383.90
2/1/2033	4,498.90	4,357.45	4,219.40	4,083.35	3,949.35	3,814.25	3,684.35	3,556.80	3,439.40
8/1/2033	4,567.30	4,424.55	4,285.05	4,147.45	4,011.95	3,875.50	3,744.05	3,614.95	3,495.80
2/1/2034	4,636.70	4,492.70	4,351.65	4,212.55	4,075.50	3,937.70	3,804.70	3,674.05	3,553.10
8/1/2034	4,707.20	4,561.90	4,419.35	4,278.70	4,140.10	4,000.90	3,866.35	3,734.10	3,611.40
2/1/2035	4,778.75	4,632.15	4,488.05	4,345.90	4,205.75	4,065.10	3,929.00	3,795.15	3,670.60
8/1/2035	4,851.35	4,703.50	4,557.85	4,414.10	4,272.40	4,130.35	3,992.65	3,857.20	3,730.80
2/1/2036	4,925.10	4,775.90	4,628.70	4,483.40	4,340.10	4,196.65	4,057.30	3,920.30	3,792.00
8/1/2036	5,000.00	4,849.45	4,700.70	4,553.80	4,408.90	4,264.00	4,123.05	3,984.40	3,854.20
2/1/2037		4,924.15	4,773.80	4,625.30	4,478.80	4,332.45	4,189.85	4,049.55	3,917.40
8/1/2037		5,000.00	4,848.05	4,697.90	4,549.80	4,401.95	4,257.70	4,115.75	3,981.65
2/1/2038			4,923.40	4,771.70	4,621.90	4,472.60	4,326.70	4,183.05	4,046.95
8/1/2038			5,000.00	4,846.60	4,695.15	4,544.40	4,396.75	4,251.45	4,113.30
2/1/2039				4,922.70	4,769.55	4,617.35	4,468.00	4,320.95	4,180.75
8/1/2039				5,000.00	4,845.15	4,691.45	4,540.40	4,391.60	4,249.35
2/1/2040					4,921.95	4,766.75	4,613.95	4,463.40	4,319.00
8/1/2040					5,000.00	4,843.25	4,688.70	4,536.35	4,389.85
2/1/2041						4,921.00	4,764.65	4,610.55	4,461.85
8/1/2041						5,000.00	4,841.85	4,685.90	4,535.00
2/1/2042							4,920.25	4,762.55	4,609.40
8/1/2042							5,000.00	4,840.40	4,685.00
2/1/2043								4,919.55	4,761.85
8/1/2043								5,000.00	4,839.90
2/1/2044									4,919.30
8/1/2044									5,000.00