

In the opinion of Lozano Smith, LLP, Sacramento, California, Bond Counsel to the District, 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. In the further opinion of Bond Counsel, interest on the Bonds is exempt from California personal income taxes. Bond Counsel expresses no other opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual, or receipt of interest on, the Bonds. See “TAX MATTERS” herein.



\$10,000,000
ENTERPRISE ELEMENTARY SCHOOL DISTRICT
(SHASTA COUNTY, CALIFORNIA)
GENERAL OBLIGATION BONDS, ELECTION OF 2018, SERIES B

Dated: Date of Delivery**Due: August 1, as shown herein**

The \$10,000,000 Enterprise Elementary School District General Obligation Bonds, Election of 2018, Series B (the “Bonds”) are being issued by Enterprise Elementary School District (the “District”), located in Shasta County (the “County”), California, to (i) provide funds to finance the acquisition, construction and equipping of District sites and facilities, (ii) fund capitalized interest on the Bonds, and (iii) pay costs of issuance of the Bonds. The Bonds were authorized at a bond election conducted in the District on November 6, 2018, at which 62.38% of the voters in the District voting on the measure voted to approve the issuance by the District of \$26,000,000 in aggregate principal amount of bonds (the “2018 Authorization”). The Bonds represent the second series of bonds issued under the 2018 Authorization.

The Bonds are being issued pursuant to certain provisions of the Government Code and Education Code of the State of California (the “State”) and the Resolution of the Board of Education of the District adopted on March 4, 2020 (the “Resolution”). See “THE BONDS – Authority for Issuance” herein.

The Bonds are general obligations of the District, payable solely from *ad valorem* taxes to be levied within the District pursuant to the California Constitution and other State law. The Board of Supervisors of the County is empowered and obligated to levy *ad valorem* property taxes upon all property subject to taxation by the District, without limitation as to rate or amount (except as to certain personal property which is taxable at limited rates), for the payment of principal of and interest on the Bonds, all as more fully described herein. See “SECURITY AND SOURCE OF PAYMENT FOR THE BONDS” herein.

The Bonds are dated the date of delivery and are being issued as current interest bonds including serial bonds and term bonds. The Bonds shall be issued in denominations of \$5,000 principal amount, and integral multiples thereof as shown on the inside cover page of this Official Statement. Interest on the Bonds shall be payable on February 1 and August 1 of each year, commencing on August 1, 2020.

The Bonds will be issued in book-entry form only and will be initially issued and registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York (“DTC”). DTC will act as securities depository for the Bonds. Individual purchases of Bonds will be made in book-entry form only. Purchasers will not receive physical delivery of the Bonds purchased by them. Payments of the principal of and interest on the Bonds will be made by U.S. Bank National Association, as Paying Agent (the “Paying Agent”), to DTC for subsequent disbursement through DTC Participants to the beneficial owners of the Bonds.

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

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Bonds by **ASSURED GUARANTY MUNICIPAL CORP.**



This cover page contains information for general reference only. It is not a summary of all the provisions of the Bonds. Investors must read the entire official statement to obtain information essential in making an informed investment decision.

MATURITY SCHEDULE
(See Inside Front Cover)

The Bonds will be offered when, as and if issued by the District and received by the Underwriter, subject to the approval of legality by Lozano Smith, LLP, Sacramento, California, Bond Counsel to the District, and certain other conditions. Certain legal matters will be passed upon for the District by Lozano Smith, LLP, as counsel to the District, Lozano Smith, LLP, as Disclosure Counsel to the District, and for the Underwriter by Kutak Rock LLP, Denver, Colorado. It is anticipated that the Bonds, in definitive form, will be available for delivery through the facilities of DTC in New York, New York, on or about April 15, 2020.



MATURITY SCHEDULE

\$10,000,000

ENTERPRISE ELEMENTARY SCHOOL DISTRICT

(Shasta County, California)

GENERAL OBLIGATION BONDS, ELECTION OF 2018, SERIES B

BASE CUSIP[†]: 29368P

\$345,000 Serial Bonds

Maturity Date (August 1)	Principal Amount	Interest Rate	Yield	CUSIP[†]
2023	\$280,000	4.000%	1.670%	DU0
2024	15,000	4.000	1.670	DV8
2025	50,000	4.000	1.700	DW6

\$9,655,000 Term Bonds

\$525,000, 5.000% Term Bond due August 1, 2030 — Yield 1.880%^c; CUSIP DX4[†]
\$9,130,000, 5.000% Term Bonds due August 1, 2049 — Yield 2.330%^c; CUSIP EA3[†]

^c Yield to par call on August 1, 2026.

[†] Copyright 2020, CUSIP Global Services. CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by S&P Capital IQ on behalf of The American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. Neither the District nor the Underwriter is responsible for the selection or correctness of the CUSIP numbers set forth herein.

**ENTERPRISE ELEMENTARY SCHOOL DISTRICT
COUNTY OF SHASTA
STATE OF CALIFORNIA**

DISTRICT BOARD OF EDUCATION

Mr. Arthur Cuellar, *President*
Mr. Troy Wright, *Clerk*
Ms. Bonnie Hyatt, *Member*
Mr. Scott Swendiman, *Member*
Ms. Gloria Valles, *Member*

DISTRICT ADMINISTRATION

Brian Winstead, Ed.D., *Superintendent*
Deborah Williams, *Interim Chief Business Official*

PROFESSIONAL SERVICES

**BOND COUNSEL, DISCLOSURE COUNSEL,
AND DISTRICT COUNSEL**

Lozano Smith, LLP
Sacramento, California

FINANCIAL ADVISOR

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

PAYING AGENT

U.S. Bank National Association
San Francisco, California

UNDERWRITER'S COUNSEL

Kutak Rock LLP
Denver, Colorado

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 in accordance with, and as a part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

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

Stabilization of and Changes to Offering Prices. The Underwriter may over allot 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 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 at www.eesd.net. 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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\$10,000,000
ENTERPRISE ELEMENTARY SCHOOL DISTRICT
(Shasta County, California)
GENERAL OBLIGATION BONDS, ELECTION OF 2018, SERIES B

INTRODUCTION

General

This Official Statement, which includes the cover page, the inside cover page and appendices hereto, is provided to furnish information in connection with the sale of \$10,000,000 aggregate principal amount of Enterprise Elementary School District General Obligation Bonds, Election of 2018, Series B (the "Bonds"), consisting of current interest serial bonds and/or term bonds, as indicated on the inside front cover page hereof, and to be offered by the Enterprise Elementary School District (the "District").

This Official Statement speaks only as of its date, and the information contained herein is subject to change. The District has no obligation to update the information in this Official Statement, except as required by the Continuing Disclosure Certificate to be executed by the District. See "OTHER LEGAL MATTERS – Continuing Disclosure."

The purpose of this Official Statement is to supply information to prospective buyers of the Bonds. Quotations from and summaries and explanations of the Bonds, the resolution of the Board of Education of the District providing for the issuance and payment of the Bonds, and the constitutional provisions, statutes and other documents described herein, do not purport to be complete, and reference is hereby made to said documents, constitutional provisions and statutes for the complete provisions thereof.

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.

Copies of documents referred to herein and information concerning the Bonds is available from the District by contacting: Enterprise Elementary School District, 1155 Mistletoe Lane, Redding, California 96002, Attention: Chief Business Official. The District may impose a charge for copying, handling, and mailing such requested documents.

The District

The District was formed in 1868 and is located in the City of Redding, in the county of Shasta (the "County"), State of California (the "State"). The District serves the east side of the City of Redding, offers open enrollment to students from all surrounding school districts, and has a population of about 32,600 residents. The District is currently the second-largest school district of any type, and the largest elementary school district, in the County, with nine schools in operation and a current student enrollment of approximately 3,572 students. The District includes one preschool, four elementary schools, one middle school, two Kindergarten-eighth grade schools, and the District operates two dependent charter schools which serve grades Kindergarten through 12. District students, after completing eighth grade, attend the Shasta Union High School District. Property in the District had a total assessed value of \$3,284,226,588 in fiscal year 2019-20.

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

District, see APPENDIX A – “INFORMATION RELATING TO THE DISTRICT’S OPERATIONS AND BUDGET” and APPENDIX C – “AUDIT REPORT OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2019.”

THE BONDS

Authority for Issuance

The Bonds are issued under the provisions of Article 4.5 (commencing with Section 53506) of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, certain provisions of the California Education Code, and other applicable provisions of law (the “Bond Law”), and a resolution adopted by the District Board on March 4, 2020 (the “Resolution”) providing for the issuance of the Bonds. The Bonds were authorized at an election of the registered voters of the District held on November 6, 2018 (the “Election”), at which Election 62.38% of the voters voting on the proposition authorized the issuance of up to \$26,000,000 aggregate principal amount of general obligation bonds (the “2018 Authorization”) for the purpose of financing the construction, renovation, modernization, and equipping of the District’s school facilities. The Bonds will be the second series of bonds issued under the 2018 Authorization. After the issuance of the Bonds, \$5,500,000 will remain to be issued under the 2018 Authorization.

Purpose of Issue

The net proceeds from the Bonds will be used to (i) provide funds to finance the acquisition, construction and equipping of District sites and facilities, (ii) fund capitalized interest on the Bonds, and (iii) pay costs of issuance of the Bonds. See “– Estimated Sources and Uses of Funds” herein.

Description of the Bonds

The Bonds will be dated their date of delivery (the “Delivery Date”) and will be issued as fully registered bonds in denominations of \$5,000 or any integral multiple thereof, dated as of the Delivery Date, and will be registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York (“DTC”), and will be available under the book-entry system maintained by DTC, only through brokers and dealers who are or act through DTC Participants as described herein. Beneficial Owners will not be entitled to receive physical delivery of the Bonds. See “APPENDIX G—Book-Entry Only System.”

Payment of Principal and Interest

The Bonds will be issued as current interest serial and/or term bonds as set forth on the inside front cover page hereof.

Interest. The Bonds will be dated as of their Delivery Date, and bear interest at the rates set forth on the inside front cover page of this Official Statement, payable on February 1 and August 1 of each year, commencing on August 1, 2020 (each, an “Interest Payment Date”), computed on the basis of a 360-day year of twelve 30-day months. Each Bond shall bear interest from the Interest Payment Date next preceding the date of authentication thereof, unless it is authenticated after the close of business on the 15th day of the calendar month immediately preceding an Interest Payment Date (the “Record Date”) and on or prior to the succeeding Interest Payment Date, in which event it shall bear interest from such Interest Payment Date, or unless it is authenticated on or before the Record Date preceding the first Interest Payment Date, in which event it shall bear interest from its dated date; provided, however, that if, at the time of authentication of any Bond, interest is in default on any outstanding Bonds, such Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment on the outstanding Bonds.

Payment of Bonds. The principal of the Bonds is payable in lawful money of the United States of America upon the surrender thereof at the principal corporate trust office of U.S. Bank National Association, as paying agent (the “Paying Agent”) at the maturity thereof or upon redemption prior to maturity.

Interest on the Bonds is payable in lawful money of the United States of America by check mailed on each Interest Payment Date (if a business day, or on the next business day if the Interest Payment Date does not fall on a business day) to the registered owner thereof (the "Owner") at such Owner's address as it appears on the bond registration books kept by the Paying Agent or at such address as the Owner may have filed with the Paying Agent for that purpose, except that the payment shall be made by wire transfer of immediately available funds to any Owner of at least \$1,000,000 of outstanding Bonds who shall have requested in writing such method of payment of interest prior to the close of business on a Record Date immediately preceding any Interest Payment Date. So long as the Bonds are held by Cede & Co., as nominee of DTC, payment shall be made by wire transfer. See APPENDIX G – "BOOK-ENTRY ONLY SYSTEM."

Redemption

Optional Redemption of Bonds. The Bonds maturing on or prior to August 1, 2025, are not subject to optional redemption prior to maturity. The Bonds maturing on or after August 1, 2030, 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, 2026, or on any date thereafter, at a price equal to 100% of the principal amount thereof, without premium, together with interest accrued thereon to the date of redemption.

Mandatory Sinking Fund Redemption of Bonds. The Bonds maturing on August 1 in the years 2030 and 2049, which are designated as term bonds (the "Term Bonds") shall also be subject to redemption prior to their stated maturity dates, without a redemption premium, in part by lot, from mandatory sinking fund payments in accordance with the below tables. The principal amount of each mandatory sinking fund payment of any maturity shall be reduced proportionately by the amount of any Bonds of that maturity optionally redeemed in accordance with the provisions hereof prior to the mandatory sinking fund payment date.

Term Bonds Maturing August 1, 2030

Mandatory Sinking Fund Redemption Date (August 1)	Principal Amount to be Redeemed
2026	\$ 85,000
2027	120,000
2028	160,000
2029	70,000
2030 [†]	90,000

[†] Maturity.

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Term Bonds Maturing August 1, 2049

Mandatory Sinking Fund Redemption Date (August 1)	Principal Amount to be Redeemed
2031	\$ 115,000
2032	140,000
2033	170,000
2034	200,000
2035	230,000
2036	265,000
2037	300,000
2038	340,000
2039	385,000
2040	430,000
2041	480,000
2042	530,000
2043	590,000
2044	645,000
2045	710,000
2046	775,000
2047	850,000
2048	930,000
2049 [†]	1,045,000

[†] Maturity.

Selection of Bonds for Redemption. If less than all of the Bonds are called for redemption, the Bonds will be redeemed as directed by the District, and if not so directed, then in inverse order of maturity. Whenever less than all of the outstanding Bonds of any one maturity are designated for redemption, the Paying Agent shall select the outstanding Bonds of such maturity to be redeemed by lot or in any manner determined by the District. For purposes of such selection, each Bond will be deemed to consist of individual Bonds of denominations of \$5,000 principal amount, which may be separately redeemed.

Notice of Redemption. Notice of redemption of any Bond will be mailed by the Paying Agent, postage prepaid, (i) not less than 20 nor more than 60 days prior to the redemption date by first class mail to the County and the respective Owners thereof at the addresses appearing on the bond registration books, and (ii) as may be further required in accordance with the Continuing Disclosure Certificate. See APPENDIX E – “FORM OF CONTINUING DISCLOSURE CERTIFICATE.”

Each notice of redemption will contain the following information: (i) the date of such notice; (ii) the name of the Bonds and the date of issue of such Bonds; (iii) the redemption date; (iv) the redemption price; (v) the dates of maturity or maturities of the Bonds to be redeemed; (vi) if less than all of the Bonds of any maturity are to be redeemed, the distinctive numbers of the Bonds of each maturity to be redeemed; (vii) in the case of Bonds redeemed in part only, the respective portions of the principal amount of the Bonds of each maturity to be redeemed; (viii) the CUSIP number, if any, of each maturity of Bonds to be redeemed; (ix) a statement that such Bonds must be surrendered by the Owners at the principal corporate trust office of the Paying Agent, or at such other place or places designated by the Paying Agent; (x) notice that further interest on such Bonds will not accrue after the designated redemption date; and (xi) in the case of a conditional notice, that such notice is conditioned upon certain circumstances and the manner of rescinding such conditional notice. Neither the failure of the Owners of any Bonds or by any securities depository or infor-

mation service to receive notice of redemption, nor any defect in such notice will affect the sufficiency of the proceedings for the redemption of such Bonds or the cessation of interest on the date fixed for redemption.

Upon the payment of the redemption price of Bonds being redeemed, each check or other transfer of funds issued for such purpose shall bear the CUSIP number identifying, by issue and maturity, the Bonds being redeemed with the proceeds of such check or other transfer.

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

Effect of Notice of Redemption. When notice of redemption has been given substantially as described above and when the redemption price of the Bonds called for redemption is set aside, the Bonds designated for redemption shall become due and payable on the specified redemption date and interest shall cease to accrue thereon as of the redemption date, and upon presentation and surrender of such Bonds at the place specified in the notice of redemption, such Bonds shall be redeemed and paid at the redemption price thereof out of the money provided therefor. The Owners of such Bonds so called for redemption after such redemption date shall look for the payment of such Bonds and the redemption premium thereon, if any, only to moneys on deposit for that purpose in the interest and sinking fund of the District within the Shasta County treasury (the "Interest and Sinking Fund") or a trust fund established for such purpose. All Bonds redeemed shall be cancelled forthwith by the Paying Agent and shall not be reissued.

Right to Rescind Notice. The District may rescind any optional redemption and notice thereof for any reason on any date prior to the date fixed for redemption by causing written notice of the rescission to be given to the owners of the Bonds so called for redemption. Any optional redemption and notice thereof shall be rescinded if for any reason on the date fixed for redemption moneys are not available in the Interest and Sinking Fund of the District or otherwise held in trust for such purpose in an amount sufficient to pay in full on said date the principal of, interest, and any premium due on the Bonds called for redemption. Notice of rescission of redemption shall be given in the same manner in which notice of redemption was originally given. The actual receipt by the owner of any Bond of notice of such rescission will not be a condition precedent to rescission, and failure to receive such notice or any defect in such notice will not affect the validity of the rescission.

Transfer and Exchange

Any Bond may be exchanged for Bonds of the same series, maturity, and interest rate upon presentation and surrender at the principal office of the Paying Agent, together with a request for exchange signed by the Owner or by a person legally empowered to do so in a form satisfactory to the Paying Agent. A Bond may be transferred on the Bond Register only upon presentation and surrender of such Bond at the principal office of the Paying Agent together with an assignment executed by the Owner or a person legally empowered to do so in a form satisfactory to the Paying Agent. Upon exchange or transfer, the Paying Agent shall complete, authenticate and deliver a new Bond or Bonds of like tenor and of any authorized denomination or denominations requested by the Owner equal to the principal amount of the Bond surrendered and bearing interest at the same rate and maturing on the same date.

Defeasance of Bonds

The District may pay and discharge any or all of the Bonds by depositing in trust with the Paying Agent or an escrow agent at or before maturity, money or Federal Securities (defined below), in an amount which will, together with the interest to accrue thereon and available moneys then on deposit in the Interest and Sinking Fund of the District, be fully sufficient to pay and discharge the indebtedness on such Bonds (including all principal, interest and redemption premiums) at or before their respective maturity dates. Pursuant to the Resolution, "Federal Securities" means United

States Treasury notes, bonds, bills, or certificates of indebtedness (including zero interest bearing State and Local Government Series) or obligations issued by any agency or department of the United States, which are secured, directly or indirectly, by the full faith and credit of the United States (including obligations issued or held in book-entry form on the books of the Department of the Treasury of the United States of America), and which are not callable by the issuer thereof prior to maturity.

Unclaimed Moneys

Any money held in any fund or by the Paying Agent in trust for the payment of the principal of, redemption premium for, if any, or interest on any of the Bonds and remaining unclaimed for one year after the principal of all of such Bonds has become due and payable (whether by maturity or upon prior redemption) will be transferred to the Interest and Sinking Fund of the District for payment of any outstanding Bonds of the District payable from said fund; or, if no such Bonds of the District are at such time outstanding, said moneys shall be transferred to the general fund of the District as provided and permitted by law.

Security for the Bonds

The Bonds are payable from *ad valorem* taxes to be levied within the District pursuant to the California Constitution and other State law. The Board of Supervisors of the County is empowered and obligated to levy *ad valorem* taxes upon all property subject to taxation by the District, without limitation as to rate or amount (except as to certain personal property which is taxable at limited rates), for the payment of principal of and interest on the Bonds. The proceeds of the levy shall be deposited to the credit of the Interest and Sinking Fund and shall be applied for the payment of principal of and interest on the Bonds. Moneys in the Interest and Sinking Fund will be invested on behalf of the District in any one or more investments generally permitted to school districts authorized pursuant to Section 53601 *et seq.* or Section 53635 *et seq.* of the California Government Code, and consistent with the investment policy of the County. See "APPENDIX F – SHASTA COUNTY INVESTMENT POLICY STATEMENT AND QUARTERLY REPORT." The proceeds on deposit in the Interest and Sinking Fund are pledged to the repayment of the principal and redemption price of and interest on the Bonds.

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Debt Service Schedule

Debt service on the Bonds, assuming no early optional redemptions, is as shown in the following table.

TABLE 1
ENTERPRISE ELEMENTARY SCHOOL DISTRICT
(Shasta County, California)
GENERAL OBLIGATION BONDS, ELECTION OF 2018, SERIES B

Annual Debt Service

Period Ending (August 1)	Principal	Interest	Annual Debt Service
2020	--	\$ 146,206.39	\$ 146,206.39
2021	--	496,550.00	496,550.00
2022	--	496,550.00	496,550.00
2023	\$ 280,000.00	496,550.00	776,550.00
2024	15,000.00	485,350.00	500,350.00
2025	50,000.00	484,750.00	534,750.00
2026	85,000.00	482,750.00	567,750.00
2027	120,000.00	478,500.00	598,500.00
2028	160,000.00	472,500.00	632,500.00
2029	70,000.00	464,500.00	534,500.00
2030	90,000.00	461,000.00	551,000.00
2031	115,000.00	456,500.00	571,500.00
2032	140,000.00	450,750.00	590,750.00
2033	170,000.00	443,750.00	613,750.00
2034	200,000.00	435,250.00	635,250.00
2035	230,000.00	425,250.00	655,250.00
2036	265,000.00	413,750.00	678,750.00
2037	300,000.00	400,500.00	700,500.00
2038	340,000.00	385,500.00	725,500.00
2039	385,000.00	368,500.00	753,500.00
2040	430,000.00	349,250.00	779,250.00
2041	480,000.00	327,750.00	807,750.00
2042	530,000.00	303,750.00	833,750.00
2043	590,000.00	277,250.00	867,250.00
2044	645,000.00	247,750.00	892,750.00
2045	710,000.00	215,500.00	925,500.00
2046	775,000.00	180,000.00	955,000.00
2047	850,000.00	141,250.00	991,250.00
2048	930,000.00	98,750.00	1,028,750.00
2049	1,045,000.00	52,250.00	1,097,250.00
Totals	\$10,000,000.00	\$10,938,456.39	\$20,938,456.39

Outstanding Bonds

In addition to the Bonds, the District has other outstanding series of bonds which are secured by *ad valorem* taxes levied upon all property subject to taxation by the District:

2008 Series A Bonds. The District received authorization at an election held on February 5, 2008, to issue bonds of the District in an aggregate principal amount not to exceed \$34,000,000 (the “2008 Authorization”). On May 15, 2008, the District issued the first series of bonds under the 2008 Authorization, in the aggregate principal amount of \$7,999,828.50 (the “2008 Series A Bonds”). The callable portion (\$5,345,000) of the 2008 Series A Bonds was refunded by the 2016 Refunding Bonds (defined below) on June 15, 2016. The final maturity of the remaining portion of the 2008 Series A Bonds was August 1, 2018, and the 2008 Series A Bonds are no longer outstanding.

2008 Series B Bonds. On November 10, 2010, the District issued its second series of bonds under the 2008 Authorization, in the aggregate initial principal amount of \$8,999,687.05 (the “2008 Series B Bonds”). The 2008 Series B Bonds are outstanding in the aggregate initial principal amount of \$7,468,938.05 as of January 1, 2020.

2012 Refunding Bonds. On June 20, 2012, the District issued \$11,025,000 aggregate principal amount of its 2012 General Obligation Refunding Bonds (the “2012 Refunding Bonds”) to currently refund all of its then-outstanding 2004 General Obligation Refunding Bonds issued on June 3, 2004 (the “2004 Refunding Bonds”). The 2004 Refunding Bonds refunded certain of the District’s 1997 General Obligation Bonds, Series A. The final maturity of the 2012 Refunding Bonds was September 1, 2019, and the 2012 Refunding Bonds are no longer outstanding.

2016 Refunding Bonds. On June 15, 2016, the District issued \$5,130,000 aggregate principal amount of its 2016 General Obligation Refunding Bonds (the “2016 Refunding Bonds”) in order to refund the callable portion of the 2008 Series A Bonds. The 2016 Refunding Bonds remain outstanding in the amount of \$4,980,000 as of January 1, 2020.

2008 Series C Bonds. On June 15, 2016, the District issued the third series of bonds under the 2008 Authorization in the aggregate principal amount of \$2,000,000 (the “2008 Series C Bonds”). The 2008 Series C Bonds remain outstanding in the principal amount of \$2,000,000 as of January 1, 2020. The 2008 Series C Bonds were the third series issued under the 2008 Authorization and, following their issuance, the District has remaining authority of \$15,000,484.45 to be issued under the 2008 Authorization.

2018 Series A Bonds. On February 28, 2019, the District issued its first series of bonds under the 2018 Authorization (see “THE BONDS – Authority for Issuance” herein), in the principal amount of \$10,500,000 (the “2018 Series A Bonds”). The 2018 Series A Bonds are outstanding in the principal amount of \$10,500,000 as of January 1, 2020.

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Aggregate Debt Service Schedule

Debt service on all of the District's outstanding general obligation bonds, including the Bonds, assuming no early optional redemptions, is as shown in the following table.

TABLE 2
ENTERPRISE ELEMENTARY SCHOOL DISTRICT
(Shasta County, California)

General Obligation Bonds – Aggregate Debt Service

Period Ending August 1,	2008 Series B Bonds	2008 Series C Bonds	2016 Refunding Bonds	2018 Series A Bonds	The Bonds	Aggregate Debt Service
2020	\$ 565,000	\$ 64,375	\$ 303,850	\$ 647,325	\$ 146,206	\$ 1,726,756
2021	575,000	64,375	331,650	1,203,325	496,550	2,670,900
2022	588,410	64,375	362,450	381,725	496,550	1,893,510
2023	598,410	79,375	397,200	381,725	776,550	2,233,260
2024	613,410	84,075	423,600	381,725	500,350	2,003,160
2025	628,410	83,675	458,600	381,725	534,750	2,087,160
2026	646,053	93,275	491,800	381,725	567,750	2,180,603
2027	662,905	97,375	528,200	381,725	598,500	2,268,705
2028	684,984	101,325	562,600	381,725	632,500	2,363,134
2029	699,048	105,125	605,000	516,725	534,500	2,460,398
2030	723,410	108,775	640,000	536,325	551,000	2,559,510
2031	748,410	112,275	677,800	554,925	571,500	2,664,910
2032	776,440	115,625	718,200	572,525	590,750	2,773,540
2033	1,281,060	118,525	280,500	592,025	613,750	2,885,860
2034	1,662,510	126,250	--	612,425	635,250	3,036,435
2035	1,736,370	128,625	--	636,625	655,250	3,156,870
2036	1,814,881	140,825	--	659,425	678,750	3,293,881
2037	1,895,886	142,500	--	680,825	700,500	3,419,711
2038	1,983,986	149,000	--	705,825	725,500	3,564,311
2039	2,070,637	155,150	--	729,225	753,500	3,708,512
2040	2,165,000	165,950	--	756,025	779,250	3,866,225
2041	2,262,787	171,225	--	781,025	807,750	4,022,787
2042	2,364,261	176,150	--	809,225	833,750	4,183,386
2043	2,472,866	186,500	--	835,425	867,250	4,362,041
2044	2,581,173	191,400	--	869,625	892,750	4,534,948
2045	2,697,033	206,000	--	896,425	925,500	4,724,958
2046	2,821,316	--	--	928,875	955,000	4,705,191
2047	725,000	--	--	959,150	991,250	2,675,400
2048	--	--	--	992,250	1,028,750	2,021,000
2049	--	--	--	--	1,097,250	1,097,250
Totals ⁽¹⁾	\$39,044,656	\$3,232,125	\$6,781,450	\$19,147,625	\$20,938,456	\$89,144,312

⁽¹⁾ Columns may not sum to totals due to rounding.

Estimated Sources and Uses of Funds

The proceeds of the Bonds are expected to be applied as follows:

TABLE 3
ENTERPRISE ELEMENTARY SCHOOL DISTRICT
(Shasta County, California)
GENERAL OBLIGATION BONDS, ELECTION OF 2018, SERIES B

Estimated Sources and Uses of Funds

Sources of Funds:

Par Amount	\$10,000,000.00
Original Issue Premium	1,544,017.10
Total Sources of Funds	\$11,544,017.10

Uses of Funds:

Building Fund Deposit	\$ 9,833,000.00
Interest and Sinking Fund Deposit	1,441,140.19
Costs of Issuance ⁽¹⁾	208,876.91
Underwriter's Discount	61,000.00
Total Uses of Funds	\$11,544,017.10

⁽¹⁾ Includes bond counsel fees, disclosure counsel fees, rating agency fees, financial advisory fees, paying agent fees, bond insurance premium, printing fees, and other miscellaneous expenses.

BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the Bonds, Assured Guaranty Municipal Corp. ("AGM") will issue its Municipal Bond Insurance Policy for the Bonds (the "Policy"). The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as an appendix to this Official Statement.

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

Assured Guaranty Municipal Corp.

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

AGM's financial strength is rated "AA" (stable outlook) by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"), "AA+" (stable outlook) by Kroll Bond Rating Agency, Inc. ("KBRA") and "A2" (stable outlook) by Moody's Investors Service, Inc. ("Moody's"). Each rating of AGM should be evaluated independently. An

explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AGM in its sole discretion. In addition, the rating agencies may at any time change AGM's long-term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any security guaranteed by AGM. AGM only guarantees scheduled principal and scheduled interest payments payable by the issuer of bonds insured by AGM on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the relevant insurance policy), and does not guarantee the market price or liquidity of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

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

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

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

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

Capitalization of AGM. At December 31, 2019:

- The policyholders' surplus of AGM was approximately \$2,691 million.
- The contingency reserves of AGM and its indirect subsidiary Municipal Assurance Corp. ("MAC") (as described below) were approximately \$986 million. Such amount includes 100% of AGM's contingency reserve and 60.7% of MAC's contingency reserve.
- The net unearned premium reserves and net deferred ceding commission income of AGM and its subsidiaries (as described below) were approximately \$2,027 million. Such amount includes (i) 100% of the net unearned premium reserve and deferred ceding commission income of AGM, (ii) the net unearned premium reserves and net deferred ceding commissions of AGM's wholly owned subsidiary Assured Guaranty (Europe) plc ("AGE"), and (iii) 60.7% of the net unearned premium reserve of MAC.

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

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

All consolidated financial statements of AGM and all other information relating to AGM included in, or as exhibits to, documents filed by AGL with the SEC pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as

amended, excluding Current Reports or portions thereof “furnished” under Item 2.02 or Item 7.01 of Form 8-K, after the filing of the last document referred to above and before the termination of the offering of the Bonds shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC’s website at <http://www.sec.gov>, at AGL’s website at <http://www.assuredguaranty.com>, or will be provided upon request to Assured Guaranty Municipal Corp.: 1633 Broadway, New York, New York 10019, Attention: Communications Department (telephone (212) 974-0100). Except for the information referred to above, no information available on or through AGL’s website shall be deemed to be part of or incorporated in this Official Statement.

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

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

SECURITY AND SOURCE OF PAYMENT FOR THE BONDS

General

In order to provide sufficient funds for repayment of principal of and interest on the Bonds when due, the Board of Supervisors of the County is empowered and is obligated to levy *ad valorem* taxes upon all property subject to taxation by the District, without limitation as to rate or amount (except as to certain personal property which is taxable at limited rates). Such taxes are in addition to other taxes levied upon property within the District. When collected, the tax revenues will be deposited by the County in the Interest and Sinking Fund of the District, which is required to be maintained by the County and to be used solely for the payment of Bonds of the District. The Bonds are payable from *ad valorem* property taxes to be levied within the District pursuant to the California Constitution and other State law, and are not a debt or obligation of the County. No funds of the County are pledged or obligated to repayment of the Bonds.

Property Taxation System

Property tax revenues result from the application of the appropriate tax rate to the total assessed value of taxable property in the District. School districts receive property taxes for payment of voter-approved bonds as well as for general operating purposes.

Local property taxation is the responsibility of various county officers. For each school district located in a county, the county assessor computes the value of locally assessed taxable property. Based on the assessed value of property and the scheduled debt service on outstanding bonds in each year, the county auditor-controller computes the rate of tax necessary to pay such debt service, and presents the tax rolls (including rates of tax for all taxing jurisdictions in the county) to the county board of supervisors for approval. The county treasurer-tax collector prepares and mails tax bills to taxpayers and collects the taxes. In addition, the treasurer-tax collector, as *ex officio* treasurer of each school district located in the county, holds school district funds, including taxes collected for payment of school bonds, and is charged with payment of principal and interest on the bonds when due.

Pledge of Tax Revenues and Statutory Lien

Under State law, school districts may levy *ad valorem* property taxes to pay principal and interest on general obligation bond debt that, like the Bonds, are approved at an election to finance specified projects or are bonds issued to refund such voter-approved general obligation bonds. Moreover, State law provides that the *ad valorem* property taxes may be levied to pay the principal and interest on bonds and for no other purpose. Consequently, under State law, the District is not authorized to divert revenue from *ad valorem* property taxes levied to pay the Bonds to a purpose other than payment of the Bonds.

Pursuant to the Resolution, the District has pledged revenues from the *ad valorem* property taxes collected from the levy by the Board of Supervisors to the payment of the Bonds, and amounts on deposit in the Interest and Sinking Fund of the District to the payment of the principal of or redemption price of and interest on the Bonds (the "Pledge"). This Pledge is valid and binding from the date of adoption of the Resolution for the benefit of the owners of the Bonds and successors thereto. The Pledge provides security for the Bonds in addition to the statutory lien described below. The Bonds, secured by the Pledge, are being issued to provide funds for projects specified in the District's 2018 Authorization. The amounts held in the Interest and Sinking Fund of the District are immediately subject to this Pledge, and the Pledge constitutes a lien and security interest, pursuant to Section 5451 of the California Government Code, which immediately attaches to the property taxes and amounts held in the Interest and Sinking Fund of the District to secure the payment of the Bonds and is effective, binding, and enforceable against the District, its successors, creditors and all others irrespective of whether those parties have notice of the Pledge and without the need of any physical delivery, recordation, filing, or further act.

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

The Bonds are general obligations of the District and do not constitute an obligation of the County except as provided in the Resolution. No part of any fund or account of the County is pledged or obligated to the payment of the Bonds or the interest thereon. Other than the Pledge, no funds or accounts of the District are pledged to payment of the Bonds.

Assessed Valuation of Property within the District

Taxable property located in the District has a 2019-20 assessed value of \$3,284,226,588. All property (real, personal, and intangible) is taxable unless an exemption is granted by the California Constitution or United States law. Under the State Constitution, exempt classes of property include household and personal effects, intangible personal property (such as bank accounts, stocks and bonds), business inventories, and property used for religious, hospital, scientific and charitable purposes. The State Legislature may create additional exemptions for personal property, but not for real property. Most taxable property is assessed by the assessor of the county in which the property is located. Some special classes of property are assessed by the State Board of Equalization. See "*State-Assessed Property*" below.

Taxes are levied for each fiscal year on taxable real and personal property assessed as of the preceding January 1, at which time the lien attaches. The assessed value is required to be adjusted during the course of the year when property changes ownership or new construction is completed. State law also affords an appeal procedure to taxpayers who disagree with the assessed value of any property. When necessitated by changes in assessed value during the course of

a year, a supplemental assessment is prepared so that taxes can be levied on the new assessed value before the next regular assessment roll is completed. See “*–Appeals and Adjustments of Assessed Valuation*” below.

State-Assessed Property. Under the State Constitution, the State Board of Equalization assesses property of State-regulated transportation and communications utilities, including railways, telephone and telegraph companies, and companies transmitting or selling gas or electricity. The Board of Equalization also is required to assess pipelines, flumes, canals, and aqueducts lying within two or more counties. The value of property assessed by the Board of Equalization is allocated by a formula to local jurisdictions in the county, including school districts, and taxed by the local county tax officials in the same manner as for locally assessed property. Taxes on privately owned railway cars, however, are levied and collected directly by the Board of Equalization. Property used in the generation of electricity by a company that does not also transmit or sell that electricity is taxed locally instead of by the Board of Equalization. Thus, the reorganization of regulated utilities and the transfer of electricity-generating property to non-utility companies, as often occurred under electric power deregulation in California, affects how those assets are assessed, and which local agencies benefit from the property taxes derived. In general, the transfer of State-assessed property located in the District to non-utility companies will increase the assessed value of property in the District, since the property’s value will no longer be divided among all taxing jurisdictions in the County. The transfer of property located and taxed in the District to a State-assessed utility will have the opposite effect: generally reducing the assessed value in the District, as the value is shared among the other jurisdictions in the County. The District is unable to predict future transfers of State-assessed property in the District and the County, the impact of such transfers on its utility property tax revenues, or whether future legislation or litigation may affect ownership of utility assets, the State’s methods of assessing utility property, or the method by which tax revenues of utility property is allocated to local taxing agencies, including the District.

Assembly Bill 102. In 2017, the Legislature passed Assembly Bill 102 (“AB 102”). AB 102 restructured the State Board of Equalization and shifted certain of its duties to two new agencies: the California Department of Tax and Fee Administration (“CDTFA”), and the Office of Tax Appeals. The CDTFA took over certain programs previously handled by the State Board of Equalization, including the Tax Area Services Section, which is responsible for maintaining tax-rate area maps and special district boundary maps. The Office of Tax Appeals took over certain types of appeals on tax and fee matters, such as sales and use tax and other special taxes and fees; however, appeals related to programs under the State Board of Administration’s authority pursuant to the State Constitution will remain with the State Board of Equalization. Pursuant to the State Constitution, and unaffected by AB 102, the State Board of Equalization remains responsible for the review, equalization, or adjustment of property tax assessment, and the measurement of county assessment levels and adjustment of secured local assessment rolls.

Classification of Locally Taxed Property. Locally taxed property is classified either as “secured” or “unsecured,” and is listed accordingly on separate parts of the assessment roll. The “secured roll” is that part of the assessment roll containing State-assessed property and property (real or personal) for which there is a lien on real property sufficient, in the opinion of the county assessor, to secure payment of the taxes. All other property is “unsecured,” and is assessed on the “unsecured roll.” Secured property assessed by the State Board of Equalization is commonly identified for taxation purposes as “utility” property.

Under California law, a city or county could, and did, prior to recent California legislation dissolving redevelopment agencies, create a redevelopment agency in territory within one or more school districts. Upon formation of a “project area” of a redevelopment agency, most property tax revenues attributable to the growth in assessed value of taxable property within the project area (known as “tax increment”) belong to the redevelopment agency, causing a loss of general fund tax revenues (relating to the 1% countywide general fund levy) to other local taxing agencies, including school districts, from that time forward. However, special *ad valorem* property taxes (in excess of the 1% general fund levy) collected for payment of debt service on school bonds are based on assessed valuation before reduction for redevelopment increment and such special *ad valorem* property taxes are not affected or diverted by the operation of a redevelopment agency project area. The application of such revenues diverted by redevelopment agencies is now substantially limited to meeting existing debt service of the redevelopment agencies.

Assessed Valuation of Property within the District. For fiscal year 2019-20, property within the District had a local secured taxable assessed valuation of \$3,147,458,600 and a total taxable assessed valuation of \$3,284,226,588. The following table shows a historical summary of assessed valuations for the District.

TABLE 4
ENTERPRISE ELEMENTARY SCHOOL DISTRICT
Assessed Valuation Summary
Fiscal Year 2006-07 through Fiscal Year 2019-20

Fiscal Year	Local Secured	Unsecured	Total	Annual % Change
2006-07	\$2,277,673,700	\$122,810,956	\$2,400,484,656	--
2007-08	2,532,910,790	133,461,668	2,666,372,458	11.08%
2008-09	2,652,693,155	148,470,922	2,801,164,077	5.06%
2009-10	2,590,854,013	149,232,851	2,740,086,864	(2.18%)
2010-11	2,415,834,343	138,742,863	2,554,577,206	(6.77%)
2011-12	2,277,002,500	135,505,949	2,412,508,449	(5.56%)
2012-13	2,215,581,059	131,293,787	2,346,874,846	(2.72%)
2013-14	2,289,708,177	127,659,659	2,417,367,836	3.00%
2014-15	2,415,744,235	127,086,134	2,542,830,369	5.19%
2015-16	2,556,969,667	127,278,731	2,684,248,398	5.56%
2016-17	2,683,913,306	130,818,944	2,814,732,250	4.86%
2017-18	2,849,239,318	132,657,804	2,981,897,122	5.94%
2018-19	2,989,981,007	134,849,290	3,124,830,297	4.79%
2019-20	3,147,458,600	136,767,988	3,284,226,588	5.10%

Source: California Municipal Statistics, Inc.

Assessments may be adjusted during the course of the year when real property changes ownership or new construction is completed. Assessments may also be appealed by taxpayers seeking a reduction as a result of economic and other factors beyond the District’s control, such as a general market decline in property values, reclassification of property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by State and local agencies and property used for qualified educational, hospital, charitable or religious purposes), or the complete or partial destruction of taxable property caused by natural or manmade disaster, such as earthquake, flood, fire, toxic dumping, etc. When necessitated by changes in assessed value in the course of a year, taxes are pro-rated for each portion of the tax year. See also “*–Appeals and Adjustments of Assessed Valuation*” below.

Appeals and Adjustments of Assessed Valuation. There are two basic types of property tax assessment appeals provided for under State law. The first type of appeal, commonly referred to as a base year assessment appeal, involves a dispute on the valuation assigned by the assessor immediately subsequent to an instance of a change in ownership or completion of new construction. If the base year value assigned by the assessor is reduced, the valuation of the property cannot increase in subsequent years more than 2% annually unless and until another change in ownership and/or additional new construction activity occurs.

The second type of appeal, commonly referred to as a Proposition 8 appeal (which Proposition 8 was approved by the voters in 1978), can result if factors occur causing a decline in the market value of the property to a level below the property’s then-current taxable value (escalated base year value). Pursuant to State law, a property owner may apply for a Proposition 8 reduction of the property tax assessment for such owner’s property by filing a written application, in the form prescribed by the State Board of Equalization, with the appropriate county board of equalization or assessment appeals board. A property owner desiring a Proposition 8 reduction of the assessed value of such owner’s

property in any one year must submit an application to the county assessment appeals board (the “Appeals Board”). Following a review of the application by the county assessor’s office (the “Assessor”), the Assessor may offer to the property owner the opportunity to stipulate to a reduced assessment, or may confirm the assessment. If no stipulation is agreed to, and the applicant elects to pursue the appeal, the matter is brought before the Appeals Board (or, in some cases, a hearing examiner) for a hearing and decision. The Appeals Board generally is required to determine the outcome of appeals within two years of each appeal’s filing date. Any reduction in the assessment ultimately granted applies only to the year for which application is made and during which the written application is filed. The assessed value increases to its pre-reduction level (escalated to the inflation rate of no more than 2%) following the year for which the reduction application is filed. However, the Assessor has the power to grant a reduction not only for the year for which application was originally made, but also for the then-current year and any intervening years as well. In practice, such a reduced assessment may and often does remain in effect beyond the year in which it is granted.

In addition, Article XIII A of the State Constitution provides that the full cash value base of real property used in determining taxable value may be adjusted from year to year to reflect the inflationary rate, not to exceed a 2% increase for any given year, or may be reduced to reflect a reduction in the consumer price index or comparable local data. This measurement is computed on a calendar year basis. According to the Website of the Shasta County Assessors’ office, the County has in the past, pursuant to Article XIII A of the State Constitution and Proposition 8, ordered blanket reductions of assessed property values and corresponding property tax bills on single family residential properties when the value of the property has declined below the current assessed value as calculated by the County.

No assurance can be given that property tax appeals and/or blanket reductions of assessed property values will not significantly reduce the assessed valuation of property within the District in the future.

Split Roll Property Tax Ballot Measure. A proposed ballot initiative has qualified for the November 2020 Statewide ballot (the “Split Roll Measure”). If approved by a majority of voters casting a ballot at the November election, the Split Roll Measure would amend Article XIII A of the California Constitution such that the “full cash value” of commercial and industrial property that is not zoned for commercial agricultural production, for each lien date, would be equal to the fair market value of that property. If passed, the Split Roll Measure would not affect the “full cash value” of residential property or real property used for commercial agricultural production, which would continue to be subject to annual increases not to exceed two percent. After compensating the State General Fund for resulting reductions in State personal income tax and corporate tax revenues, and compensating cities, counties, and special districts for the cost of implementing the Split Roll Measure, approximately 40% of the remaining additional tax revenues generated as a result of the Split Roll Measure would be deposited into a fund to be known as the Local School and Community College Property Tax Fund, to be used to supplement, and not supplant, existing funding school districts and community college districts receive under the State’s constitutional minimum funding requirement. The District cannot predict whether the Split Roll Measure will be approved by the voters. If approved, the District cannot make any assurance as to what effect the implementation of the Split Roll Measure will have on District revenues or assessed valuation of real property in the District.

See APPENDIX A – “INFORMATION RELATING TO THE DISTRICT’S OPERATIONS AND BUDGET – CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Limitations on Revenues” for a discussion of other limitations on the valuation of real property with respect to *ad valorem* taxes.

Risk of Impact to Assessed Value Due to Disaster. As indicated in the previous tables, assessed valuation of property in the District is subject to change in each year. Increases or decreases in assessed value result from a variety of factors including but not limited to general economic conditions, supply and demand for real property in the area, government regulations such as zoning, property reclassifications, and man-made or natural disasters such as earthquakes, fires, floods and droughts. In recent years, notable disasters in the State included drought conditions statewide, ending in 2017 due to record-level precipitation, numerous wildfires in different regions of the State, and related flooding and mudslides. In July and August of 2018, a wildfire known as the “Carr Fire” burned approximately 230,000 acres

in Shasta and Trinity Counties, and destroyed or damaged approximately 1,880 structures, all according to California Department of Forestry and Fire Protection (“CalFire”), including structures in Redding. The Carr Fire was, at the time, the sixth most destructive fire in California history. Later that year, in November of 2018, the most destructive wildfire in California history to date, known as the “Camp Fire,” occurred in nearby Butte County in 2018, which damaged or destroyed approximately 18,800 structures, as reported by the California Department of Insurance. Neither the Carr Fire nor the Camp Fire damaged property within the boundaries of the District.

Taxable property in the District is located in a Local Responsibility Area, as defined by CalFire. Within the Local Responsibility Area, the area comprising the District is designated Non-Very High Fire Hazard Severity by CalFire. However, Very High Fire Hazard Severity Zones are located nearby. The District cannot predict future disasters or make any representations regarding the effects that any disasters and related conditions may have on the value of taxable property within the District, the District’s ability to pay debt service on the Bonds, or to what extent the effects of said disasters might have on economic activity in the District or throughout the State.

Coronavirus. The recent outbreak of the novel strain of coronavirus called COVID-19, which has been designated a global pandemic by the World Health Organization, is impacting local and global economies, as governments, businesses, and citizens react to, plan for, and try to prevent or slow further transmission of the virus. Financial markets, including the stock market in the United States and globally, have seen significant recent volatility and decline that have been attributed to coronavirus concerns. The California Department of Public Health and the United States Centers for Disease Control and Prevention have been providing regular updates and guidelines to the public and to State and local governments. On March 4, 2020, as part of the State’s response to address the outbreak, the Governor declared a state of emergency. On March 13, President Donald Trump declared a national emergency, freeing up funding for federal assistance to state and local governments. Many school districts across the state have temporarily closed some or all school campuses in response to local and state directives or guidance. On March 16, 2020, the Governor remarked that residents of the State should prepare for most schools to be closed for the remainder of the 2019-20 school year.

The District cannot predict the extent or duration of the outbreak, or what impact the outbreak and any resulting economic situation might have on the District’s financial condition or operations, including potential impacts on the assessed values of property within the District. See “SECURITY AND SOURCE OF PAYMENT OF THE BONDS – Assessed Valuation of Property within the District.” Although the Bonds are payable solely from *ad valorem* property taxes and not payable from the general fund of the District, the District cannot predict what future impacts the outbreak may have on its operations and budget.

For a discussion regarding other impacts the District may face in connection with the coronavirus pandemic, see “APPENDIX A – INFORMATION RELATING TO THE DISTRICT’S OPERATIONS AND BUDGET – Impact to District Operations and Budget Due to Coronavirus Pandemic.”

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Assessed Valuation by Jurisdiction. The following table shows the District’s fiscal year 2019-20 assessed valuation of property by amount and percentage within the City of Redding and within the unincorporated areas of Shasta County.

**TABLE 5
ENTERPRISE 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	\$3,245,831,799	98.83%	\$9,477,069,049	34.25%
Unincorporated Shasta County	38,394,789	1.17	\$7,478,710,170	0.51%
Total District	\$3,284,226,588	100.00%		
Total Shasta County	\$3,284,226,588	100.00%	\$18,531,993,728	17.72%

Source: California Municipal Statistics, Inc.

Bonding Capacity. As an elementary school district, the District may issue bonds in an amount up to 1.25% of the assessed valuation of taxable property within its boundaries. The District’s fiscal year 2019-20 gross bonding capacity (also commonly referred to as the “bonding limit” or “debt limit”) is approximately \$41,052,832, and its net bonding capacity is approximately \$16,103,894 (taking into account current outstanding debt of \$24,948,938 before issuance of the Bonds, and the 2019-20 assessed valuation of taxable property within the District of \$3,284,226,588.

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Assessed Valuation by Land Use. The following table gives a distribution of taxable property located in the District for the fiscal year 2019-20 tax roll by principal purpose for which the land is used, as measured by assessed valuation and number of parcels.

TABLE 6
ENTERPRISE ELEMENTARY SCHOOL DISTRICT
2019-20 Secured Assessed Valuation and Parcels by Land Use

	2019-20	% of	No. of	% of
<u>Non-Residential:</u>	<u>Assessed Valuation</u> ⁽¹⁾	<u>Total</u>	<u>Parcels</u>	<u>Total</u>
Commercial	\$1,076,709,086	34.21%	1,020	8.47%
Vacant Commercial	33,993,806	1.08	245	2.03
Industrial	8,881,401	0.28	19	0.16
Vacant Industrial	748,111	0.02	5	0.04
Government/Social/Institutional	159,105	0.01	939	7.79
Miscellaneous	<u>8,993,212</u>	<u>0.29</u>	<u>211</u>	<u>1.75</u>
Subtotal Non-Residential	\$1,129,484,721	35.89%	2,439	20.24%
<u>Residential:</u>				
Single Family Residence	\$1,592,156,321	50.59%	7,855	65.20%
Condominium	38,170,367	1.21	237	1.97
Mobile Home	15,490,024	0.49	377	3.13
Mobile Home Park	10,663,610	0.34	7	0.06
2-4 Residential Units	153,736,420	4.88	541	4.49
5+ Residential Units/Apartments	188,236,249	5.98	186	1.54
Vacant Residential	<u>19,520,888</u>	<u>0.62</u>	<u>406</u>	<u>3.37</u>
Subtotal Residential	\$2,017,973,879	64.11%	9,609	79.76%
<u>Total</u>	<u>\$3,147,458,600</u>	<u>100.00%</u>	<u>12,048</u>	<u>100.00%</u>

⁽¹⁾ Local secured assessed valuation, excluding tax-exempt property.

Source: California Municipal Statistics, Inc.

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Assessed Valuation of Single-Family Homes. The following table shows the distribution of assessed valuation of single-family homes in the District among various categories of value for fiscal year 2019-20, including mean and median value per parcel.

TABLE 7
ENTERPRISE ELEMENTARY SCHOOL DISTRICT
Per Parcel Assessed Valuation of Single Family Homes
Fiscal Year 2019-20

	<u>No. of Parcels</u>	<u>2019-20 Assessed Valuation</u>	<u>Average Assessed Valuation</u>	<u>Median Assessed Valuation</u>
Single Family Residential	7,855	\$1,592,156,321	\$202,693	\$189,558

<u>2019-20 Assessed Valuation</u>	<u>No. of Parcels (1)</u>	<u>% of Total</u>	<u>Cumulative % of Total</u>	<u>Total Valuation</u>	<u>% of Total</u>	<u>Cumulative % of Total</u>
\$0 - \$24,999	17	0.216%	0.216%	\$ 291,734	0.018%	0.018%
\$25,000 - \$49,999	113	1.439	1.655	4,730,831	0.297	0.315
\$50,000 - \$74,999	292	3.717	5.372	18,537,935	1.164	1.480
\$75,000 - \$99,999	431	5.487	10.859	38,513,314	2.419	3.899
\$100,000 - \$124,999	684	8.708	19.567	77,183,778	4.848	8.746
\$125,000 - \$149,999	844	10.745	30.312	116,352,286	7.308	16.054
\$150,000 - \$174,999	997	12.693	43.004	161,631,940	10.152	26.206
\$175,000 - \$199,999	916	11.661	54.666	170,966,585	10.738	36.944
\$200,000 - \$224,999	882	11.229	65.894	187,125,702	11.753	48.697
\$225,000 - \$249,999	902	11.483	77.377	213,441,009	13.406	62.103
\$250,000 - \$274,999	489	6.225	83.603	127,877,631	8.032	70.135
\$275,000 - \$299,999	319	4.061	87.664	91,110,635	5.722	75.857
\$300,000 - \$324,999	245	3.119	90.783	76,168,222	4.784	80.641
\$325,000 - \$349,999	139	1.770	92.553	46,755,964	2.937	83.578
\$350,000 - \$374,999	128	1.630	94.182	46,374,533	2.913	86.490
\$375,000 - \$399,999	88	1.120	95.302	33,938,458	2.132	88.622
\$400,000 - \$424,999	98	1.248	96.550	40,272,349	2.529	91.151
\$425,000 - \$449,999	71	0.904	97.454	30,948,997	1.944	93.095
\$450,000 - \$474,999	55	0.700	98.154	25,298,609	1.589	94.684
\$475,000 - \$499,999	41	0.522	98.676	19,936,777	1.252	95.936
\$500,000 and greater	<u>104</u>	<u>1.324</u>	100.000	<u>64,699,032</u>	<u>4.064</u>	100.000
Total	7,855	100.000%		\$1,592,156,321	100.000%	

⁽¹⁾ Improved single family residential parcels. Excludes condominiums and parcels with multiple family units.

Source: California Municipal Statistics, Inc.

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Largest Taxpayers in District. The more property (by assessed value) which is owned by a single taxpayer within the District, the greater amount of tax collections that are exposed to weaknesses, in that a taxpayer’s financial situation and ability or willingness to pay property taxes may have a larger impact on the property tax collections within the District. The twenty taxpayers with the greatest combined ownership of taxable property in the District on the fiscal year 2019-20 tax roll, and the assessed valuation of all property owned by those taxpayers in all taxing jurisdictions within the District, are shown below.

The District cannot make any representation as to whether individual persons, corporations or other organizations are liable for tax payments with respect to multiple properties held in various names that in aggregate may be larger than is suggested by the table below.

**TABLE 8
ENTERPRISE ELEMENTARY SCHOOL DISTRICT
Largest Secured Taxpayers
Fiscal Year 2019-20**

<u>Property Owner</u>	<u>Primary Land Use</u>	<u>2019-20 Assessed Valuation</u>	<u>% of Total ⁽¹⁾</u>
1. RPI Shasta Mall LP	Shopping Center	\$ 52,438,734	1.67%
2. Shasta Station LLC	Shopping Center	22,876,925	0.73
3. Wal-Mart Real Estate Business Trust	Commercial Store	21,000,000	0.67
4. River Commons 2016 LP	Assisted Living Facility	18,840,020	0.60
5. Fazio Mountain LLC	Apartments	18,301,138	0.58
6. Oakmont of Redding LLC	Assisted Living Facility	17,450,302	0.55
7. Winco Foods LLC	Supermarket	15,987,862	0.51
8. Hilltop Center I & II LLC	Commercial Store	15,162,589	0.48
9. Nationwide Health Properties Inc.	Assisted Living Facility	14,750,000	0.47
10. Perryman Family Trust	Apartments	14,488,983	0.46
11. Parker Place Group LLC	Commercial Store	14,216,085	0.45
12. Lowes HIW Inc.	Commercial Store	14,000,000	0.44
13. Marx Family 2012 Trust	Apartments	13,718,251	0.44
14. California Physicians Service	Office Building	13,249,290	0.42
15. Kovalik & Family LLC	Commercial Store	13,057,020	0.41
16. Kohls Department Stores Inc.	Commercial Store	12,923,325	0.41
17. Macys West Inc.	Commercial Store	12,671,569	0.40
18. Lithia Real Estate Inc.	Auto Dealership	12,404,711	0.39
19. HD Development of Maryland Inc.	Commercial Store	12,400,000	0.39
20. Costco Wholesale Corp.	Commercial Store	<u>12,267,510</u>	<u>0.39</u>
		\$342,204,314	10.87%

⁽¹⁾ 2019-20 local secured assessed valuation: \$3,147,458,600

Tax Rates

The State Constitution permits the levy of an *ad valorem* tax on taxable property not to exceed 1% of the full cash value of the property, and State law requires the full 1% tax to be levied. The levy of special *ad valorem* property taxes in excess of the 1% levy is permitted as necessary to provide for debt service payments on school bonds and other voter-approved indebtedness.

The rate of tax necessary to pay fixed debt service on the Bonds in a given year depends on the assessed value of taxable property in that year. The rate of tax imposed on unsecured property for repayment of the Bonds is based on the prior year’s secured property tax rate. Economic and other factors beyond the District’s control, such as a general mar-

ket decline in property values, reclassification of property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by State and local agencies and property used for qualified educational, hospital, charitable or religious purposes), or the complete or partial destruction of taxable property caused by natural or manmade disaster, such as earthquake, flood, drought, outbreak of disease, fire, toxic dumping, etc., could cause a reduction in the assessed value of taxable property within the District and necessitate a corresponding increase in the annual tax rate to be levied to pay the principal of and interest on the Bonds. Issuance of additional authorized bonds in the future might also cause the tax rate to increase.

The following table shows *ad valorem* property tax rates in a typical Tax Rate Area in the City of Redding portion of the District (TRA 001-002) over the period from 2015-16 through 2019-20.

TABLE 9
ENTERPRISE ELEMENTARY SCHOOL DISTRICT
Typical Total Tax Rates per \$100 of Assessed Valuation (TRA 001-002)
Fiscal Years 2015-16 through 2019-20

	2015-16	2016-17	2017-18	2018-19	2019-20
General	\$1.0000	\$1.0000	\$1.0000	\$1.0000	\$1.0000
Enterprise Elementary School District	0.0747	0.0676	0.0804	0.0469	0.0482
Shasta Union High School District	0.0213	0.0202	0.0397	0.0475	0.0229
Shasta-Tehama-Trinity Community College District	0.0051	0.0057	0.0267	0.0097	0.0237
Total	\$1.1011	\$1.0935	\$1.1468	\$1.1041	\$1.0948

Source: California Municipal Statistics, Inc.

Teeter Plan

The Board of Supervisors of the County has implemented an alternative method for the distribution of secured property taxes to local agencies, known as the “Teeter Plan.” The Teeter Plan provisions are set forth in Sections 4701 to 4717 of the California Revenue and Taxation Code. Upon adoption and implementation of this method by a county board of supervisors, local agencies for which a county acts as “bank,” and certain other public agencies and taxing areas located in a county receive annually the full amount of their share of property taxes on the secured roll, including delinquent property taxes which have yet to be collected. While a county benefits from the penalties associated with these delinquent taxes when they are paid, the Teeter Plan provides participating local agencies with stable cash flow and the elimination of collection risk, which in turn makes it more certain that sufficient funds will be available for the District’s repayment of the Bonds.

To implement a Teeter Plan, the board of supervisors of a county generally must elect to do so by July 15 of the fiscal year in which it is to apply. As a separate election, a county may elect to have the Teeter Plan procedures also apply to assessments on the secured roll.

Upon making a Teeter Plan election, a county must initially provide a participating local agency with 95% of the estimated amount of the then-accumulated tax delinquencies (excluding penalties) for that agency. In the case of the initial year distribution of assessments (if a county has elected to include assessments), 100% of the assessment delinquencies (excluding penalties) are to be apportioned to the participating local agency which levied the assessment. After the initial distribution, each participating local agency receives annually 100% of the secured property tax levies to which it is otherwise entitled, regardless of whether the county has actually collected the levies.

If any tax or assessment which was distributed to a Teeter Plan participant is subsequently changed by correction, cancellation or refund, a pro rata adjustment for the amount of the change is made on the records of the treasurer and

auditor of the county. Such adjustment for a decrease in the tax or assessment is treated by the county as an interest-free offset against future advances of tax levies under the Teeter Plan.

Once adopted, a county's Teeter Plan will remain in effect in perpetuity unless the board of supervisors orders its discontinuance or unless prior to the commencement of a fiscal year a petition for discontinuance is received and joined in by resolutions of the governing bodies of not less than two-thirds of the participating districts in the county. An electing county may, however, opt to discontinue the Teeter Plan with respect to any levying agency in the county if the board of supervisors, by action taken not later than July 15 of a fiscal year, elects to discontinue the procedure with respect to such levying agency and the rate of secured tax delinquencies in that agency in any year exceeds 3% of the total of all taxes and assessments levied on the secured roll by that agency.

The Teeter Plan applies to the 1% general purpose tax levy on secured property. Whether or not the Teeter Plan also is applied to other tax levies for local agencies, such as the tax levy for general obligation bonds of local agencies, varies by county. Shasta County includes the District's general obligation bond levy under the Teeter Plan. Therefore, the District's receipt of secured property taxes with respect to the District's general obligation bonds, including the Bonds, are not subject to delinquencies. If the Teeter Plan for Shasta County was terminated, the amount of the levy of *ad valorem* secured property taxes in the District would depend upon the collections of the *ad valorem* secured property taxes and delinquency rates experienced with respect to the parcels within the District.

If the Teeter Plan for the County was terminated, the amount of the levy of *ad valorem* secured property taxes in the District would depend upon the collections of the *ad valorem* secured property taxes and delinquency rates experienced with respect to the parcels within the District.

Tax Charges and Delinquencies

A school district's share of the 1% countywide tax is based on the actual allocation of property tax revenues to each taxing jurisdiction in the county in fiscal year 1978-79, as adjusted according to State statutes enacted since that time. Revenues derived from special *ad valorem* taxes for voter-approved indebtedness, including the Bonds, are reserved to the taxing jurisdiction that approved and issued the debt, and may only be used to repay that debt.

County treasurers prepare the property tax bills. Property taxes on the regular secured assessment roll are due in two equal installments: the first installment is due on November 1, and becomes delinquent after December 10. The second installment is due on February 1 and becomes delinquent after April 10. If taxes are not paid by the delinquent date, a 10% penalty attaches and a \$10 cost is added to unpaid second installments. If taxes remain unpaid by June 30, the tax is deemed to be in default, and a \$15 state redemption fee applies. Interest then begins to accrue at the rate of 1.5% per month. The property owner has the right to redeem the property by paying the taxes, accrued penalties, and costs within five years of the date the property went into default. If the property is not redeemed within five years, it is subject to sale at a public auction by the county treasurers.

Property taxes on the unsecured roll are due in one payment on the lien date, January 1, and become delinquent after August 31. A 10% penalty attaches to delinquent taxes on property on the unsecured roll, and an additional penalty of 1.5% per month begins to accrue on November 1. To collect unpaid taxes, the county tax collector may obtain a judgment lien upon and cause the sale of all property owned by the taxpayer in the county, and may seize and sell personal property, improvements, and possessory interests of the taxpayer. The county tax collector may also bring a civil suit against the taxpayer for payment. The date on which taxes on supplemental assessments are due depends on when the supplemental tax bill is mailed.

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The table below shows the secured tax charge and delinquency rate for the District's *ad valorem* taxes levied by the County for the payment of the District's outstanding general obligation bonds for fiscal years 2011-12 through 2018-19. Tax charges and delinquency data are not yet available for fiscal year 2019-20.

TABLE 10
ENTERPRISE ELEMENTARY SCHOOL DISTRICT
Secured Tax Charges and Delinquencies
Fiscal Years 2011-12 through 2018-19

Fiscal Year	Secured Tax Charge ⁽¹⁾	Amount Delinquent June 30	Percent Delinquent June 30
2011-12	\$2,247,423.10	\$59,281.13	2.64%
2012-13	1,070,383.88	22,374.78	2.09
2013-14	1,487,896.74	23,267.46	1.56
2014-15	1,926,049.73	27,469.97	1.43
2015-16	1,884,733.54	19,560.32	1.04
2016-17	1,790,157.62	13,822.54	0.77
2017-18	2,256,654.10	20,123.07	0.89
2018-19	1,389,137.27	9,462.42	0.68

⁽¹⁾ Bond debt service levy only.

Source: California Municipal Statistics, Inc.

Direct and Overlapping Debt

Set forth below is a schedule of direct and overlapping debt prepared by California Municipal Statistics, Inc., dated as of March 1, 2020. The table is included for general information purposes only. The District has not reviewed this table for completeness or accuracy and makes no representations in connection therewith. The first column in the table names each public agency which has outstanding debt as of the date of the schedule and whose territory overlaps the District in whole or in part. Column two shows the percentage of each overlapping agency's assessed value located within the boundaries of the District. This percentage, multiplied by the total outstanding debt of each overlapping agency (which is not shown in the table) produces the amount shown in column three, which is the apportionment of each overlapping agency's outstanding debt to taxable property in the District.

The schedule generally includes long-term obligations sold in the public credit markets by public agencies whose boundaries overlap the boundaries of the District. 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.

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**TABLE 11
ENTERPRISE ELEMENTARY SCHOOL DISTRICT
Statement of Direct and Overlapping Bonded Debt**

2019-20 Assessed Valuation: \$3,284,226,588

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt 3/1/20</u>
Shasta-Tehama-Trinity Community College District	12.518%	\$12,994,936
Shasta Union High School. District	30.158	19,518,865
Enterprise School District	100.000	<u>24,948,938</u> ⁽¹⁾
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		\$57,462,739
 <u>OVERLAPPING GENERAL FUND DEBT:</u>		
Shasta County Certificates of Participation	17.722%	\$ 4,409,234
Shasta Regional Transportation Agency General Fund Obligations	17.722	123,707
Shasta-Tehama-Trinity Community College District Certificates of Participation	12.518	819,303
Shasta Union High School District Certificates of Participation	30.158	294,041
City of Redding General Fund Obligations	34.249	<u>11,386,080</u>
TOTAL OVERLAPPING GENERAL FUND DEBT		\$17,032,365
 <u>OVERLAPPING TAX INCREMENT (Successor Agencies):</u>		 \$8,915,395
 COMBINED TOTAL DEBT		 \$83,410,499 ⁽²⁾

⁽¹⁾ Excludes the Bonds described herein.

⁽²⁾ Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Ratios to 2019-20 Assessed Valuation:

Direct Debt (\$24,948,938)	0.76%
Total Direct and Overlapping Tax and Assessment Debt	1.75%
Combined Total Debt	2.54%

Ratio to Redevelopment Successor Agency Incremental Valuation (\$1,198,737,614):

Total Overlapping Tax Increment Debt	0.74%
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Source: California Municipal Statistics, Inc.

THE COUNTY OF SHASTA INVESTMENT POOL

The following information concerning the County of Shasta Investment Pool (the "Investment Pool" or "Pool") has been obtained from the Shasta County Website (<https://www.co.shasta.ca.us/docs/libraries/treasurer-docs/docs/InvestmentPolicy.pdf?sfvrsn=0>) and has not been independently confirmed or verified by the District. The Website is not incorporated herein by reference. No representation is made herein as to the accuracy or adequacy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof or that the information contained or incorporated hereby by reference is correct as of any time subsequent to its date.

Funds held by the County in the Investment Pool are invested in accordance with the County's Investment Policy Statement, effective since July 1, 2013 (the "Investment Policy"), prepared by the County Treasurer (the "Treasurer")

as authorized by Section 53600.3 and 53635 *et seq.* of the Government Code of California. See APPENDIX F – “SHASTA COUNTY INVESTMENT POLICY STATEMENT AND QUARTERLY REPORT.”

The Treasurer has authority to implement and oversee the investment of funds on deposit in the Investment Pool. The Investment Pool is maintained by the Treasurer for the investment of liquid funds of the County and certain governmental entities located in the County, including school districts, community college districts and special districts. Interest earned is deposited quarterly into participating funds. Any investment losses are shared proportionately by all funds in the pool.

District funds in the Investment Pool are invested pursuant to the Government Code and the Investment Policy. The Investment Policy will, under its terms, remain in effect until it is amended or replaced by the Treasurer and such amendment or replacement is approved by the Shasta County Board of Supervisors and the Shasta County Treasury Oversight Committee. The Investment Policy acknowledges that the Treasurer’s cash management and investment program is coordinated on a “pooled” basis with the “pool” consisting of “investable” funds belonging to the County and to local agencies, primarily school districts and special districts. The Investment Policy lists the instruments eligible for inclusion in the investment portfolio, which list generally includes the list of instruments specified in the Government Code as permitted investments for California public agencies. The Investment Policy also establishes certain selection criteria to assure adequate liquidity and yield while minimizing market and credit risks.

The list of eligible instruments in the Investment Policy includes repurchase agreements. Under the selection criteria, however, repurchase agreements shall not exceed 10% of the portfolio and the securities purchased (collateral) shall be of a type and maturity that would be eligible for purchase under the other provisions of the Investment Policy. The 10% limit may be exceeded if the transactions exceeding the 10% limit do not extend past the next County business day and the total of repurchase agreements during the seven days or less period does not exceed 20% of the portfolio. The County uses repurchase agreements of one week maturity or less, generally overnight, to manage its cash flow as required, pending other investment of the cash. The Investment Policy provides that reverse repurchase agreements or similar investments are prohibited.

A quarterly report of the Treasurer of securities held by the Investment Pool as of December 31, 2019, is included in APPENDIX F hereto.

None of the District, the Financial Advisor, or the Underwriter has made an independent investigation of the investments in the Pool nor have they made any assessment of the current County Investment Policy. The value of the various investments in the Pool will fluctuate on a daily basis as a result of a multitude of factors, including generally prevailing interest rates and other economic conditions. Additionally, the Treasurer of the County, with the consent of the Treasury Oversight Committee and the County Board of Supervisors, may change the County Investment Policy at any time. Therefore, there can be no assurance that the values of the various investments in the Pool will not vary significantly from the values described herein.

TAX MATTERS

In the opinion of Lozano Smith, LLP, Sacramento, California, bond counsel to the District (“Bond Counsel”), based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the “Code”) and is exempt from State of California personal income taxes. Bond Counsel is of the further opinion that interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes.

A complete copy of the proposed form of opinion of Bond Counsel is set forth in APPENDIX D hereto.

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

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

The Code imposes various restrictions, conditions, and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Bonds. The District has made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Bonds. The opinion of Bond Counsel assumes the accuracy of these representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Bond Counsel's attention after the date of issuance of the Bonds may adversely affect the value of, or the tax status of interest on, the Bonds. Accordingly, the opinion of Bond Counsel is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

Although Bond Counsel is of the opinion that interest on the Bonds is excluded from gross income for federal income tax purposes and is exempt from State of California personal income taxes, the ownership or disposition of, or the accrual or receipt of interest on, the Bonds may otherwise affect a Beneficial Owner's federal, state, or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the Beneficial Owner or the Beneficial Owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Bonds to be subject, directly or indirectly, in whole or in part, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals or clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding the potential impact of any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel is expected to express no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service ("IRS") or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the District or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof, or the enforcement thereof by the IRS. The District has covenanted, however, to comply with the requirements of the Code.

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

OTHER LEGAL MATTERS

Legal Opinions

The validity of the Bonds and certain other legal matters are subject to the approving opinion of Lozano Smith, LLP, Sacramento, California, Bond Counsel to the District. Bond Counsel expects to deliver an opinion with respect to the Bonds at the time of issuance substantially in the form set forth in APPENDIX D hereto. Bond Counsel, as such, undertakes no responsibility for the accuracy, completeness, or fairness of this Official Statement. Certain legal matters will be passed upon for the District by Lozano Smith, LLP, Sacramento, California, as Disclosure Counsel to the District, and for the Underwriter by Kutak Rock LLP, Denver, Colorado.

Legality for Investment in California

Under the 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 securities for deposit of public moneys in the State.

Continuing Disclosure

The District has covenanted for the benefit of the holders and Beneficial Owners of the Bonds to provide, or to cause to be provided, to the Municipal Securities Rulemaking Board (the "MSRB") through its Electronic Municipal Market Access system or such other electronic system designated by the MSRB (the "EMMA System") certain annual financial information and operating data relating to the District (the "Annual Report") by not later than each March 31 following the District's fiscal year end of June 30, commencing with the report for the 2019-20 fiscal year (which is due no later than March 31, 2021), and notice of the occurrence of certain enumerated events ("Listed Events") within ten (10) business days after the occurrence of such a Listed Event. The specific nature of the information to be contained in the Annual Report and the notices of Listed Events is set forth in APPENDIX E - "FORM OF CONTINUING DISCLOSURE CERTIFICATE." These covenants have been made in order to assist the Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5) (the "Rule") promulgated by the Securities and Exchange Commission.

The District has existing disclosure obligations pursuant to the Rule, in connection with the prior issuance of general obligation bonds and refunding general obligation bonds.

During the five years preceding the date of this Official Statement, the District timely and completely filed each Annual Report and timely filed all event notices, with respect to its continuing disclosure undertakings, except in connection with the District's 2008 Series A Bonds. The District failed to associate its Annual Report to its 2008 Series A Bonds when it posted its Annual Report for fiscal years 2013-14 through 2016-17 to the EMMA System. The 2008 Series A Bonds are no longer outstanding. As of the date of this Official Statement, the District has filed with the EMMA System all required reports and notices of Listed Events and, for such years, is current on all filings required under its outstanding continuing disclosure obligations. The District has developed appropriate written policies and procedures and established periodic training regarding continuing disclosure obligations pursuant to the Rule.

No Material Litigation

No litigation is pending or threatened concerning or contesting the validity of the Bonds or the District's ability to receive *ad valorem* taxes and to collect other revenues, or contesting the District's ability to issue and retire the Bonds. The District is not aware of any litigation pending or threatened questioning the political existence of the District or contesting the title to their offices of District officers who will execute the Bonds or District officials who will sign certifications relating to the Bonds, or the powers of those offices. A certificate (or certificates) to that effect will be furnished to the Underwriter at the time of the original delivery of the Bonds.

The District is occasionally 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.

Possible Limitations on Remedies

State law contains a number of safeguards to protect the financial solvency of school districts. If the safeguards are not successful in preventing a school district from becoming insolvent, the county superintendent of schools, operating through an administrator appointed by the county superintendent of schools with concurrence from the State Superintendent of Public Instruction (the "State Superintendent") and the President of the State Board of Education, may be authorized under State law to file a petition for relief under Chapter 9 of the United States Bankruptcy Code (the "Bankruptcy Code") on behalf of a school district for the adjustment of its debts. School districts are not themselves authorized to file a bankruptcy proceeding, and they are not subject to involuntary bankruptcy.

If the District were to become the debtor in a proceeding under Chapter 9 of the Bankruptcy Code, then the application of *ad valorem* property taxes to pay the Bonds could be stayed during the proceeding (unless they are determined to be "special revenues" within the meaning of the Bankruptcy Code and not derived from District projects), and it is possible that the terms of the Bonds and Resolution (including amount, rate, security, and tax-related covenants) could be altered by a plan of adjustment, if the bankruptcy court determines that the alterations are fair and equitable and otherwise comply with the requirements of the Bankruptcy Code. Bankruptcy courts are courts of equity with broad discretionary powers, and their decisions can be heavily influenced by the facts in a case, including whether commingled *ad valorem* property tax revenues can be identified, and the overall goal of the Bankruptcy Code to facilitate an adjustment of debts. A bankruptcy proceeding, if initiated on behalf of the District, could have an adverse effect on the liquidity and value of the Bonds.

The County, on behalf of the District, is expected to be in possession of the annual *ad valorem* property taxes and certain funds to repay the Bonds and may invest these funds in the County Investment Pool, as described in "THE COUNTY OF SHASTA INVESTMENT POOL" herein and APPENDIX F – "SHASTA COUNTY INVESTMENT POLICY STATEMENT AND QUARTERLY REPORT" attached hereto. If the County goes into bankruptcy and has possession of tax revenues (whether collected before or after commencement of the bankruptcy), and if the County does not

voluntarily pay such tax revenues to the owners of the Bonds, it is not entirely clear what procedures the owners of the Bonds would have to follow to attempt to obtain possession of such tax revenues, how much time it would take for such procedures to be completed, or whether such procedures would ultimately be successful. Further, should those investments suffer any losses, there may be delays or reductions in payments on the Bonds.

MISCELLANEOUS

Ratings

S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P") is expected to assign a municipal bond rating of "AA" (stable outlook) to the Bonds, with the understanding that a municipal bond insurance policy insuring the payment, when due, of principal of and interest on the Bonds will be issued by Assured Guaranty Municipal Corp. at the time of delivery of the Bonds. In addition, Moody's Investors Service ("Moody's") has assigned an underlying rating of "Aa3" to the Bonds. Such ratings, which appear on the front cover of this Official Statement, reflect only the views of S&P and Moody's, respectively, and an explanation of the significance of such ratings may be obtained only from S&P or Moody's. Such ratings are not a recommendation to buy, sell, or hold any of the Bonds. There is no assurance that such ratings will continue for any given period of time or will not be revised downward or withdrawn entirely by S&P or Moody's if in their judgment circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Bonds. Neither the Underwriter nor the District has undertaken any responsibility after the offering of the Bonds to assure the maintenance of the ratings or to oppose any such revision or withdrawal.

Professionals Involved in the Offering

Lozano Smith, LLP is acting as Bond Counsel and Disclosure Counsel with respect to the Bonds, and will receive compensation contingent upon the sale and delivery of the Bonds.

Isom Advisors, a Division of Urban Futures, Inc., Walnut Creek, California, (the "Financial Advisor"), has been employed by the District to perform financial services in relation to the sale and delivery of the Bonds. The Financial Advisor will not participate in the underwriting of the Bonds. The Financial Advisor is not contractually obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement. Fees charged by the Financial Advisor are contingent upon the sale of the Bonds.

Kutak Rock LLP, Denver, Colorado, is acting as Underwriter's Counsel with respect to the Bonds.

Underwriting

The Bonds are being purchased for reoffering to the public by the Underwriter pursuant to the terms of a bond purchase agreement for the Bonds, by and between the Underwriter and the District (the "Bond Purchase Agreement").

The Underwriter has agreed to purchase the Bonds at a price of \$11,483,017.10 (being equal to the aggregate principal amount of the Bonds (\$10,000,000.00), plus original issue premium for the Bonds (\$1,544,017.10), less an underwriter's discount of \$61,000.00).

The Bond Purchase Agreement provides that the Underwriter will purchase all of the Bonds (if any are purchased), subject to certain terms and conditions set forth in the Bond Purchase Agreement, including the approval of certain legal matters by counsel.

The Underwriter may offer and sell Bonds to certain dealers and others at prices lower than the offering prices stated on the inside cover page hereof. The offering prices may be changed by the Underwriter.

ADDITIONAL INFORMATION

The purpose of this Official Statement is to supply information to purchasers of the Bonds. Quotations from and summaries and explanations of the Bonds and of the statutes and documents contained herein do not purport to be complete, and reference is made to such documents and statutes for full and complete statements of their provisions. Additional information concerning the District and copies of the most recent and subsequent audited financial statements of the District and the Resolution may be obtained by contacting: Enterprise Elementary School District, 1155 Mistletoe Lane, Redding, California 96002, Attention: Chief Business Official or the District's Financial Advisor: Isom Advisors, a Division of Urban Futures, Inc., 1470 Maria Lane, Suite 315, Walnut Creek, CA 94596.

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.

The District has duly authorized the delivery of this Official Statement.

ENTERPRISE ELEMENTARY SCHOOL DISTRICT

By: /s/ Brian N. Winstead, Ed.D.,
Superintendent

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APPENDIX A

INFORMATION RELATING TO THE DISTRICT'S OPERATIONS AND BUDGET

The information in this appendix concerning the operations of the Enterprise Elementary School District (the "District"), the District's finances, and State of California (the "State") funding of education, is provided as supplementary information only, and it should not be inferred from the inclusion of this information in this Official Statement that the principal of or interest on the Bonds is payable from the general fund of the District or from State revenues. The Bonds are payable solely from the proceeds of an ad valorem property tax that is pledged to repayment of the Bonds and is required to be levied by the County of Shasta (the "County") on all taxable property within the District in an amount sufficient for the timely payment of principal of and interest on the Bonds. See "SECURITY AND SOURCE OF PAYMENT FOR THE BONDS" in the front portion of this Official Statement.

THE DISTRICT

Introduction

The District was formed in 1868 and is located in the City of Redding, in Shasta County, in north-central California. The District serves the east side of the City of Redding, offers open enrollment to students from all surrounding school districts, and has a population of about 32,600 residents. The District is currently the second largest school district of any type, and the largest elementary school district in the County, with nine schools in operation and a current student enrollment of approximately 3,572 students. The District includes one preschool, four elementary schools, one middle school, two Kindergarten-eighth grade schools, and the District also operates two dependent charter schools which serve grades Kindergarten through 12. District students, after completing eighth grade, attend the Shasta Union High School District. Property in the District had a total assessed value of \$3,284,226,588 in fiscal year 2019-20.

Administration

The District is governed by a five-member Board of Education (the "District Board"), each member of which is elected to a four-year term. Members are elected from the District at large (as opposed to trustee area elections). Elections for positions to the District Board are held every two years, alternating between two and three available positions. The management and policies of the District are administered by a District Superintendent appointed by the District Board who is responsible for day-to-day District operations as well as the supervision of the District's other key personnel. Dr. Brian N. Winstead is the District Superintendent. See "THE DISTRICT – Superintendent and Administrative Personnel." Current members of the District Board, together with their office and the date their term expires, are listed below:

TABLE A-1
ENTERPRISE ELEMENTARY SCHOOL DISTRICT
Board of Education Members

<u>Name</u>	<u>Office</u>	<u>Term Expires</u>
Mr. Arthur Cuellar	President	December 2022
Mr. Troy Wright	Clerk	December 2020
Ms. Bonnie Hyatt	Member	December 2022
Mr. Scott Swendiman	Member	December 2022
Ms. Gloria Valles	Member	December 2020

Superintendent and Administrative Personnel

The Superintendent of the District, appointed by the District Board, is responsible for management of the day-to-day operations and supervises the work of other District administrators.

Dr. Brian N. Winstead, Superintendent. Dr. Winstead joined the District as an administrator in 1995 and was appointed Superintendent in July 2006. He received his bachelor's degree from California State University Chico, his master's degree from Simpson College and his doctorate in Education Administration from the University of Southern California.

Deborah Williams, Interim Chief Business Official. Ms. Williams has worked for the District for over 13 years, initially as the Director of Business Services, and for the last year as the Interim Chief Business Official. Before that she worked in public accounting for nine years, auditing local school districts. The District has commenced a search for candidates to permanently fill the office of the Chief Business Official, and interviews of candidates are on-going.

Impact to District Operations and Budget Due to Coronavirus Pandemic

The recent outbreak of the novel strain of coronavirus called COVID-19 has and continues to impact the operations of federal, state, and local governments, as these entities join in the widespread effort to slow the transmission of the virus. Health officials and experts are recommending, and some governments and officials are mandating, a variety of responses ranging from travel bans and social distancing practices, to complete shut-downs of certain services and facilities. On March 4, the Governor proclaimed a State of Emergency to make additional resources available, formalize emergency actions already underway, and help the State prepare for broader spread of COVID-19.

This situation, and the guidance from federal, State, and local officials in response to the outbreak, is rapidly developing, and although the Bonds are payable solely from *ad valorem* property taxes and not payable from the general fund of the District, the District cannot predict what future impacts the outbreak may have on its operations and budget. The District cannot predict costs associated with a potential infectious disease outbreak such as operational costs to clean, sanitize and maintain its facilities either before or after an outbreak of an infectious disease, or costs to hire substitute certificated or classified employees. The District also cannot predict what impact the coronavirus outbreak, or responses by federal, State or local governments thereto, might have on the District's ADA, which is chief among the factors that determine the amount of funding the District receives from the State for operational costs. Under existing law, in the event the District experiences ADA loss, the District may apply for a State waiver, known as a J-13A waiver, to minimize the fiscal impact of ADA loss due to emergency, however no representation can be made that such an application would be granted.

Notwithstanding the impacts the coronavirus may have on the global and national economy, the economy in the State and the District, or on the District's revenues, the Bonds described herein are voter-approved general obligations of the District payable solely from the levy and collection of *ad valorem* property taxes, unlimited as to rate or amount, and are not payable from the general fund of the District. See "SECURITY AND SOURCE OF PAYMENT FOR THE BONDS" in the front part of this Official Statement.

On March 13, the Governor issued Executive Order N-26-20, providing that school districts that initiate a school closure to address COVID-19 shall continue to receive state funding to support all of the following during the period of closure: (1) continued delivery of high-quality educational opportunities to students through, among other options, distance learning and/or independent study; (2) the provision of school meals in noncongregate settings; (3) arrangement for supervision for students during ordinary school hours; and (4) continued payment of school district employees. Executive Order N-26-20 also provides that statutory mandated maintenance of schools for a minimum of 175 days is waived for school districts that initiate a school closure to address COVID-19.

On March 16, 2020, and at the request of the Governor, the California Legislature presented two bills to the Governor for his signature addressing economic impacts to public school districts resulting from the outbreak, including school

closures implemented by school districts in order to slow the spread of the outbreak. On March 17, 2020, both bills, Senate Bill 89 (“SB 89”) and Senate Bill 117 (“SB 117”) were signed by the Governor. Each bill takes effect immediately.

SB 89 amends the Budget Act of 2019 by appropriating \$500,000,000 from the State General Fund for any purpose related to the Governor’s March 4 Emergency Proclamation. The second bill, SB 117, addresses economic impacts to school districts directly. Among other things, SB 117 provides that, for all school districts that comply with Executive Order N-26-20, attendance during only full school months from July 1, 2019, to February 29, 2020, inclusive, will be reported for apportionment purposes. SB 117 will also hold harmless school districts not meeting minimum instructional day and minute requirements, in order to prevent a loss of funding related to school closures due to the outbreak. SB 117 will also hold harmless grantees operating After School Education and Safety Programs that are prevented from operating such programs due to COVID-19, and credit such Program grantees with the ADA that the grantee would have received had it been able to operate but for COVID-19.

In its own response to COVID-19, and out of concern for the health and safety of its students, staff, and community, the District’s Board made the decision to close all District schools beginning March 17, 2020. Such closures are currently expected to continue through at least May 1, 2020. The District’s regularly-scheduled spring break takes place from April 6 to April 10. The District has implemented a distance-learning plan involving both online instruction and workbooks. The District has made Chromebooks available to any student who needs them to access the online instruction.

On March 16, 2020, the Governor remarked that residents of the State should prepare for most schools to be closed for the remainder of the 2019-20 school year. On March 19, 2020, the Governor issued Executive Order N-33-20, a mandatory statewide shelter-in-place order applicable to all non-essential services. On April 1, the Governor reiterated and confirmed that California schools are expected to remain closed for the remainder of the school year.

Labor Relations

As of March 1, 2020, the District employed 197 full-time equivalent certificated employees and 199 full-time equivalent classified employees, not including charter school employees. There are two formal bargaining units in the District. The Enterprise Elementary Teachers Association (the “Teachers Association”) represents non-administrator certificated employees and California Schools Employees Association, Chapter 384 (the “CSEA”) represents non-confidential classified employees. Administrative and Confidential employees are not represented by a bargaining unit. The District’s current contract with the Teachers Association expires June 30, 2022. The District’s current contract with the CSEA expires on June 30, 2022. By law, each contract is in effect until a new contract is approved.

Retirement Benefits

The District participates in retirement plans with the State Teachers’ Retirement System (“CalSTRS”), which covers all full-time certificated District employees, and the State Public Employees’ Retirement System (“CalPERS”), which covers classified employees. Classified school personnel who are employed four or more hours per day may participate in CalPERS. For more information regarding the District’s retirement benefits obligations, see “APPENDIX C – “AUDIT REPORT OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2019, Note 15 – EMPLOYEE RETIREMENT SYSTEMS.”

The information set forth below regarding the CalSTRS and CalPERS 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.

CalSTRS. The District contributes to CalSTRS, a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalSTRS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and survivor benefits to beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the State Teachers’ Retirement Law.

Prior to fiscal year 2014-15, neither the employee, the employer, nor the State contribution rate to the CalSTRS Defined Benefit Program varied annually to make up funding shortfalls or assess credits for actuarial surpluses. In recent years, however, the combined employer, employee and State contributions to the CalSTRS Defined Benefit Program have not been sufficient to pay actuarially required amounts. As a result, and due to significant investment losses, the unfunded actuarial liability of the CalSTRS Defined Benefit Program has increased significantly in recent fiscal years. In September 2013, CalSTRS projected that the CalSTRS Defined Benefit Program would be depleted in 31 years assuming existing contribution rates continued, and other significant actuarial assumptions were realized. In an effort to reduce the unfunded actuarial liability of the CalSTRS Defined Benefit Program, the State passed legislation described below to increase contribution rates.

Prior to July 1, 2014, school districts and community college districts (“K-14 school districts”) were required by such statutes to contribute 8.25% of eligible salary expenditures, while participants contributed 8% of their respective salaries. As part of the 2014-15 State Budget, the Governor signed Assembly Bill 1469 which implemented a new funding strategy for CalSTRS and increased the employer contribution rate in fiscal year 2014-15 from 8.25% to 8.88% of covered payroll. Such rate increased by 1.85% beginning in fiscal year 2015-16 until the employer contribution rate is 19.10% of covered payroll as further described below. AB 1469 increased member contributions, which were previously set at 8.00% of pay, to 10.25% of pay for members hired on or before December 31, 2012 and 9.205% of pay for members hired on or after January 1, 2013 effective July 1, 2016. However, on July 1, 2018, for members hired on or after January 1, 2013, the rate increased from 9.205% of pay to 10.250% of pay. The State’s total contribution also increased from approximately 3% in fiscal year 2013-14 to 6.828% of payroll in fiscal year 2017-18, plus the continued payment of 2.5% of payroll annual for a supplemental inflation protection program for a total of 9.328%.

In addition, AB 1469 provides the State Teachers Retirement Board (the “CalSTRS Board”) with authority to modify the percentages paid by employers and employees for fiscal year 2021-22 and each fiscal year thereafter to eliminate the CalSTRS unfunded liability by June 30, 2046. The CalSTRS Board would also have authority to reduce employer and State contributions if they are no longer necessary.

On February 1, 2017, the CalSTRS Board voted to adopt revised actuarial assumptions reflecting members’ increasing life expectancies and current economic trends. The revised assumptions include a decrease from 7.50% to a 7.25% investment rate of return for the June 30, 2016 actuarial valuation, a decrease from 7.25% to a 7.00% investment rate of return for the June 30, 2017 actuarial valuation, a decrease from 3.75% to a 3.50% projected wage growth, and a decrease from 3.00% to a 2.75% price inflation factor.

As of June 30, 2018, an actuarial valuation (the “2018 CalSTRS Actuarial Valuation”) for the entire CalSTRS defined benefit program showed an estimated unfunded actuarial liability of \$107.2 billion, a decrease of approximately \$0.1 billion from the June 30, 2017 valuation. The funded ratios of the actuarial value of valuation assets over the actuarial accrued liabilities as of June 30, 2018, June 30, 2017, June 30, 2016 and June 30, 2015, based on the actuarial assumptions, were approximately 64.0%, 62.6%, 63.7% and 68.5%, respectively. Future estimates of the actuarial unfunded liability may change due to market performance, legislative actions and other experience that may differ from the actuarial assumptions used for the CalSTRS valuation. The following are certain of the actuarial assumptions set forth in the 2018 CalSTRS Actuarial Valuation: measurement of accruing costs by the “Entry Age Normal Actuarial Cost Method,” an assumed 7.00% investment rate of return for measurements subsequent to June 30, 2016, 3.00% interest on member accounts, 3.50% projected wage growth, and 2.75% projected inflation and demographic assumptions relating to mortality rates, length of service, rates of disability, rates of withdrawal, probability of refund, and merit salary increases.

The 2018 CalSTRS Actuarial Valuation also assumes that all members hired on or after January 1, 2013 are subject to the provisions of PEPRA (as defined herein). See *California Public Employees’ Pension Reform Act of 2013* below for a discussion of the pension reform measure signed by the Governor in August 2012 expected to help reduce future pension obligations of public employers with respect to employees hired on or after January 1, 2013. Future estimates of the actuarial unfunded liability may change due to market performance, legislative actions, changes in actuarial assumptions and other experiences that may differ from the actuarial assumptions.

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

Pursuant to Assembly Bill 1469, school district’s contribution rates will increase in accordance with the following schedule:

Table A-2
School District Contribution Rates
CalSTRS (Defined Benefit Program)

Effective Date	Projected Employer Contribution Rate ⁽¹⁾
July 1, 2014	8.88%
July 1, 2015	10.73
July 1, 2016	12.58
July 1, 2017	14.43
July 1, 2018	16.28
July 1, 2019	17.10 ⁽²⁾
July 1, 2020	18.40 ⁽²⁾

⁽¹⁾ Expressed as a percentage of covered payroll.

⁽²⁾ The 2019-20 State Budget provided supplemental payments to CalSTRS to reduce the unfunded actuarial obligation of the system and reduce contribution rates for employers and the State. Based on the additional amounts paid to CalSTRS, the employer contribution rate has been adjusted from 18.13% to 17.10% for fiscal year 2019-20 and from 19.10% to 18.40% for fiscal year 2020-21.

Source: AB 1469, and the 2019-20 State Budget.

The actuarial methods and assumptions used for determining the member and employer contribution rates are those adopted by CalSTRS Board. The contribution requirements of the plan members and employers are established by State statute. (See discussion of rates in *California Public Employees’ Pension Reform Act of 2013* below.) The following table sets forth the District’s employer contributions to CalSTRS as well as the State’s required On-Behalf contributions for fiscal years 2015-16 through 2018-19 and the projected contributions for fiscal year 2019-20.

Table A-3
ENTERPRISE ELEMENTARY SCHOOL DISTRICT
Contributions to CalSTRS for Fiscal Years 2015-16 through 2019-20

Fiscal Year	District Contribution	State On-Behalf Contribution
2015-16	\$1,567,751	\$ 884,430
2016-17	1,990,992	1,180,118
2017-18	2,412,270	1,354,896
2018-19	2,817,832	1,537,790
2019-20 ⁽¹⁾	2,977,144	1,620,298

⁽¹⁾ Projected.

Source: The District.

District's contributions to CalSTRS for the fiscal years ending June 30, 2016, 2017, 2018, and 2019, were equal 100% of the required contributions for each year. Increases to District contributions are attributable, in addition to statutory increases, to increases to the number of District employees, and employee salary adjustments. The District is unable to predict all factors or changes in law that could affect its required contributions to CalSTRS in future years.

CalPERS. The District contributes to the School Employer Pool, a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS (the "Schools Pool"). The Schools Pool provides retirement and disability benefits, annual cost-of-living adjustments, and survivor benefits to plan members and beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Laws.

Active plan members hired before January 1, 2013, are required to contribute 7.0 % of their salary, members hired after January 1, 2013, contribute at an actuarially determined rate, which was 6% of their respective salaries in Fiscal Years 2015-16 and 2016-17, 6.50% in Fiscal Year 2017-18 and 7.00% in Fiscal Years 2018-19 and 2019-20. (See discussion of rates in *California Public Employees' Pension Reform Act of 2013* below.) The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration (the "CalPERS Board").

School districts are required to contribute to CalPERS at an actuarially determined rate, which was 13.888%, 15.531%, and 18.062% of eligible salary expenditures for Fiscal Years 2016-17, 2017-18, and 2018-19 respectively, and 19.721% of eligible salary expenditures for Fiscal Year 2019-20.

On April 17, 2013, the CalPERS Board approved new actuarial policies aimed at returning CalPERS to fully-funded status within 30 years. The policies include a rate smoothing method with a 30-year amortization period for gains and losses and a five-year ramp-up of rates at the start and a five year ramp-down of rates at the end. The CalPERS Board delayed the implementation of the new policies until Fiscal Year 2015-16 for the State, schools and all other public agencies. In December 2016, the CalPERS Board voted to lower the discount rate from 7.5% to 7.375% for Fiscal Year 2018-19, 7.25% for Fiscal Year 2019-20, and 7.00% beginning in Fiscal Year 2020-21. The new discount rate for the State went into effect beginning July 1, 2017, and the new discount rate for school districts went into effect July 1, 2018. With regard to districts that contract with CalPERS to administer their pension plans, the change in the assumed rate of return is expected to result in increases in such districts' normal costs and unfunded actuarial liabilities.

Also, on February 20, 2014, the CalPERS Board approved new demographic assumptions reflecting (i) expected longer life spans of public agency employees and related increases in costs for the CalPERS system and (ii) trends of higher rates of retirement for certain public agency employee classes, including police officers and firefighters. The cost of the revised assumptions shall be amortized over a 20 year period and related increases in public agency contribution rates shall be affected over a three year period, beginning in Fiscal Year 2014-15. The new demographic assumptions affect the State, school districts and all other public agencies.

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

On February 14, 2018, the CalPERS Board approved modifying the CalPERS amortization policy for investment gains/losses from 30 years to 20 years, requiring that the amortization payments for all unfunded accrued liability bases established after the effective date be computed to remain a level dollar amount throughout the amortization period, and eliminating the 5-year ramp-up/ramp-down policy for all gains/losses except for the ramp-up policy for investment gains/losses. Such policy changes will be reflected in actuarial valuations beginning June 30, 2019, and will be implemented starting with Fiscal Year 2021-22 contributions. Such policy applies only to prospective accumulation of amortization and will not affect current accrued unfunded liabilities, with the excep-

tion that, with regards to the CalPERS Schools Pool Actuarial Valuation, the impact of the discount rate change from 7.25% to 7.00% in the June 30, 2019 valuation will be amortized under the old policy. Shortening the amortization period will increase employer contributions and help pay down the pension fund’s unfunded liability faster, which may result in interest cost savings.

On April 17, 2019, the CalPERS Board established the employer contribution rate for fiscal year 2019-20 at 20.733%, which is reduced by 1.012 percent, to a fiscal year 2019-20 contribution rate of 19.721%, due to Government Code section 20825.2(a), added by SB 90 in 2019. Pursuant to SB 90, the Legislature appropriated \$144 million for fiscal year 2019-20 and \$100 million for fiscal year 2020-21 to be transferred to CalPERS to pay in advance a portion of the required K-14 school districts’ employer contributions for such fiscal years, and additionally appropriated \$600 million for payments related to, among others, employee contributions and unfunded liabilities.

Also on April 17, 2019, the CalPERS Board released certain information from the CalPERS Schools Pool Actuarial Valuation as of June 30, 2019, ahead of its summer 2019 release date. Based on the changes in the discount rate, inflation rate, payroll growth rate and demographic assumptions, along with expected reductions in normal cost due to the continuing transition of active members from those employees hired prior to the Implementation Date (defined below), to those hired after such date, the projected employer contribution for fiscal year 2020-21 is projected to be 23.6%, with annual increases thereafter, resulting in a projected 26.5% employer contribution rate for fiscal year 2025-26.

The following table sets forth the District’s total employer contributions to CalPERS for fiscal years 2015-16 through 2018-19 and the projected contribution for fiscal year 2019-20.

Table A-4
ENTERPRISE ELEMENTARY SCHOOL DISTRICT
Contributions to CalPERS for Fiscal Years 2015-16 through 2019-20

Fiscal Year	District Contribution
2015-16	\$ 744,325
2016-17	936,675
2017-18	1,121,610
2018-19	1,424,990
2019-20 ⁽¹⁾	1,588,319

⁽¹⁾ *Projected.*

Source: The District.

The District's contributions to CalPERS for fiscal years 2015-16 through 2018-19 equaled 100% of the required contributions for each year. With the change in actuarial assumptions described above, the District anticipates that its contributions to CalPERS will increase in future fiscal years as the increased costs are phased in. The District cannot predict the impact these changes will have on its contributions to CalPERS in future years.

California Public Employees’ Pension Reform Act of 2013. The Governor signed the California Public Employees’ Pension Reform Act of 2013 (“PEPRA”) into law on September 12, 2012. PEPRA affects both CalSTRS and CalPERS, most substantially as they relate to new employees hired after January 1, 2013 (the “Implementation Date”). As it pertains to CalSTRS participants hired after the Implementation Date, PEPRA changes the normal retirement age, increasing the eligibility for the 2% “age factor” (the percent of final compensation to which an employee is entitled to for each year of service) from age 60 to 62 and increasing the eligibility of the maximum age factor of 2.4% from age 63 to 65. For non-safety CalPERS participants hired after the Implementation Date, PEPRA changes the normal retirement age by increasing the eligibility for the 2% age factor from age 55 to 62 and also increases the eligibility requirement for the maximum age factor of 2.5% to age 67.

PEPRA also implements certain other changes to CalPERS and CalSTRS including the following: (a) all new participants enrolled in CalPERS and CalSTRS after the Implementation Date are required to contribute at least 50% of the total annual normal cost of their pension benefit each year as determined by an actuary, (b) CalSTRS and CalPERS are both required to determine the final compensation amount for employees based upon the highest annual compensation earnable averaged over a consecutive 36-month period as the basis for calculating retirement benefits for new participants enrolled after the Implementation Date (currently 12 months for CalSTRS members who retire with 25 years of service), and (c) "pensionable compensation" is capped for new participants enrolled after the Implementation Date at 100% of the federal Social Security contribution and benefit base for members participating in Social Security or 120% for CalSTRS and CalPERS members not participating in Social Security, while excluding previously allowed forms of compensation under the formula such as payments for unused vacation, annual leave, personal leave, sick leave, or compensatory time off.

GASB 67 and 68. In June 2012, the Government Accounting Standards Board ("GASB") approved a pair of related statements, Statement Number 67, Financial Reporting for Pension Plans ("Statement Number 67"), which addresses financial reporting for pension plans, and Statement Number 68, Accounting and Financial Reporting for Pensions ("Statement Number 68"), which establishes new accounting and financial reporting requirements for governments that provide their employees with pensions. The guidance contained in these statements changed how governments calculate and report the costs and obligations associated with pensions. Statement Number 67 replaced the requirements of Statement Number 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans, for most public employee pension plans, and Statement Number 27 replaced the requirements of Statement Number 27, Accounting for Pensions by State and Local Governmental Employers, for most government employers. The new statements also replaced the requirements of Statement Number 50, Pension Disclosures, for those governments and pension plans. Certain of the major changes include: (i) the inclusion of unfunded pension liabilities on the government's balance sheet (such unfunded liabilities are currently typically included as notes to the government's financial statements); (ii) full pension costs are now shown as expenses regardless of actual contribution levels; (iii) lower actuarial discount rates are now required to be used for most plans for certain purposes of the financial statements, resulting in increased liabilities and pension expenses; and (iv) shorter amortization periods for unfunded liabilities are now required to be used for certain purposes of the financial statements, which generally increased pension expenses. Statement Number 67 took effect in fiscal years beginning after June 15, 2013, and Statement Number 68 took effect in fiscal years beginning after June 15, 2014.

As of June 30, 2019, the District's proportionate share of net CalSTRS pension liability was \$29,410,240, and the District's proportionate share of net CalPERS pension liability was \$14,430,896. The District's proportionate share of net pension liability for each plan is based on a projection of the District's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. For further information regarding the District's net pension liability, see also "APPENDIX C - AUDIT REPORT OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2019, Note 15 – EMPLOYEE RETIREMENT SYSTEMS."

Other Post-Employment Benefits

Plan Description. In addition to the retirement plan benefits with CalSTRS and CalPERS discussed above, the District provides certain other post-employment benefits ("OPEB"), in accordance with District employment contracts. The District's OPEB plan (the "Plan") is provided through the California Employers' Retiree Benefit Trust (the "Trust"), which is administered by CalPERS. The Plan provides medical and dental insurance benefits to eligible retirees and their spouses. Membership of the Plan consists of approximately 20 retirees and beneficiaries currently receiving benefits and approximately 329 active plan members.

Beginning in fiscal year 2017-18, the District was required to implement GASB Statement Number 75, which replaced GASB Statement Number 45 as the accounting standard for OPEB plans. On June 25, 2018, Pacific Crest Actuaries, LLC, completed an evaluation of the District's obligations as of July 1, 2017, in accordance with GASB Statement Number 75.

Funding Policy. The contribution requirements of plan members and the District are established and may be amended by the District and the employee labor groups. Currently, for certificated retirees retiring prior to July 1, 2017, the District contributes up to \$5,351 per year for health, dental, vision, and life insurance benefits, until the retiree becomes eligible for either Medicare or Medi-Cal, or when the retiree reaches age 65, whichever comes first. The District contributes up to \$5,021 per year for health, dental, vision, and life insurance benefits for classified employees retiring prior to July 1, 2017, until the retiree becomes eligible for Medicare, or a maximum of ten years, whichever comes first. For confidential/classified management retirees retiring prior to July 1, 2017, the District contributes up to \$5,247 per year for health, dental, vision and life insurance benefits until age 65. Finally, for administrative retirees retiring prior to July 1, 2017, the District contributes up to \$5,051 per year for health, dental, vision, and life insurance benefits until age 65. For all eligible employees retiring after July 1, 2017, the District contributes up to \$8,518 per year for health, dental, vision, and life insurance benefits, until the retiree becomes eligible for either Medicare or Medi-Cal, or when the retiree reaches age 65, whichever comes first.

The actual amount contributed to the Plan annually is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually through the labor agreements. For fiscal year 2018-19, the District contributed \$332,825 to the Plan, consisting of premium payments on behalf of retired employees in the amount of \$199,378 and an additional funding payment to the Trust of \$133,447. The District's fiduciary net position in the Trust as of June 30, 2019 was \$1,412,755.

Net OPEB Liability. The District net OPEB liability for the Plan is measured as the total OPEB liability, less the Plan's fiduciary net position. The total OPEB liability of the Plan is measured as of June 30, 2019, using an actuarial valuation as of July 1, 2017, rolled forward to June 30, 2019, using standard update procedures. The following table illustrates the District's OPEB liability and related ratios, as shown in the District's Audit Report for fiscal year 2018-19.

**TABLE A-5
ENTERPRISE ELEMENTARY SCHOOL DISTRICT**

Changes in the Total and Net OPEB Liability

Total OPEB Liability as of July 1, 2018	\$ 2,453,783
Service Cost	81,797
Interest	180,402
Difference between expected and actual experience	20,762
Benefit Payments	(135,830)
Changes in assumptions	(47,057)
Net Changes in Total OPEB Liability	100,074
Total OPEB Liability as of June 30, 2019	\$ 2,553,857
Plan Fiduciary Net Position as of July 1, 2018	\$ 1,142,208
District Contributions	332,825
Net Investment Income	74,527
Benefit Payments	(135,830)
Administrative Expenses	(975)
Net Change in Plan Fiduciary Net Position	270,547
Plan Fiduciary Net Position as of June 30, 2019	\$ 1,412,755
Plan Net OPEB Liability	\$ 1,141,102

Source: District Audit Report for fiscal year 2018-19.

Actuarial Assumptions. The total OPEB liability was determined by the actuarial valuation as of July 1, 2017, brought forward to the measurement date of June 30, 2019, using the following actuarial assumptions, using the entry age, percent level of pay method, applied to all periods included in the measurement, unless otherwise specified:

Salary Increases:	3.00%
Discount Rate:	7.59%
Consumer Price Inflation:	2.75%
Healthcare Cost Trend Rate:	8.00%

The discount rate was based on a blend of the long-term expected rate of return on assets for benefits covered by Plan assets and yield or index for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or better for benefits not covered by Plan assets.

Further information about the Trust, including financial statements and supplementary information, may be obtained by writing to CalPERS, CERBT (OPEB), P.O. Box 942709, Sacramento, CA 94229-2709 or by calling (888) 225-7377.

For further information regarding the District's Post-Employment Benefits, see also "APPENDIX C - AUDIT REPORT OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2019, Note 17 –POST-EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS."

Public Entity Risk Pools and Joint Power Authorities

The District participates in joint ventures under joint powers agreements with the following joint powers authorities (JPAs): California's Valued Trust ("CVT"), Northern California Schools Insurance Groups ("NCSIG"), Northern California Regional Excess Liability Fund ("ReLiEF"), Shasta-Trinity Schools Insurance Group ("STSIG"), and Schools Excess Liability Fund ("SELF"). 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, health care, workers' compensation and excess liability coverage for their members. Each JPA is governed by a board consisting of representatives from their 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. In at least the past three years, no claim settled under the Districts JPA agreements has exceeded the coverage amounts.

For more information regarding the JPAs, see APPENDIX C— "ANNUAL FINANCIAL REPORT OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2019."

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DISTRICT FINANCIAL INFORMATION

The following selected financial information provides a brief overview of the District’s finances. This financial information has been extracted from the District’s audited financial statements and, in some cases, from unaudited information provided by the District’s Finance Department. The District’s most recent audited financial statements of the District, including an unqualified auditor’s opinion, are included as APPENDIX C hereto. See “APPENDIX C – AUDIT REPORT OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2019.”

State Funding of Education

The following information concerning the State’s funding of education has been compiled from publicly-available information provided by the State. Neither the District, the Financial Advisor, nor the Underwriter 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.

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

The following tables show historical ADA and enrollment for the District for fiscal years 2010-11, 2011-12 and 2012-13, prior to implementation of the LCFF (defined below).

Table A-6
ENTERPRISE ELEMENTARY SCHOOL DISTRICT
Aggregated Enrollment, Average Daily Attendance
and Base Revenue Limit
Fiscal Years 2010-11 to 2012-13

Fiscal Year	Enrollment	Annual % Change	Average Daily Attendance	Annual % Change	Base Revenue Limit Per ADA
2010-11	3,515	--	3,256	--	6,228
2011-12	3,565	1.4%	3,331	2.3%	6,369
2012-13	3,677	3.0%	3,466	4.1%	6,576

Source: The District.

Local Control Funding Formula. State Assembly Bill 97 (Stats. 2013, Chapter 47) (“A.B. 97”), enacted as part of the 2013-14 State budget, established a new system for funding school districts, charter schools and county offices of education. Certain provisions of A.B. 97 were amended and clarified by Senate Bill 91 (Stats. 2013, Chapter 49) (“S.B. 91”).

The primary component of A.B. 97, as amended by S.B. 91, was the implementation of the Local Control Funding Formula (“LCFF”). Beginning in fiscal year 2013-14, the bulk of funding for school districts is being provided on the basis of target base funding grants per unit of ADA (each, a “Base Grant”) assigned to each of four grade spans. Each Base Grant is subject to certain adjustments, as further described herein. According to a report published by the State Legislative Analyst’s Office, the State general fund cost of fully implementing the LCFF in fiscal year 2013-14 would have been approximately \$18 billion more than what was spent on education in the prior fiscal year (assuming current levels of property tax revenue, ADA and enrollment). Given this cost, the LCFF was implemented over a span of six fiscal years, during which time school districts received annual funding increases based on the gap between their re-

spective prior-year funding level and the target LCFF allocation following full implementation. In each year, each school district saw the same proportion of their funding gap closed, with dollar amounts varying depending on the size of a district's funding gap. The State's cost to fund the LCFF in each fiscal year fluctuates depending on a number of factors, including the provision of COLAs, fluctuations in ADA and student demographics, and growth in property tax revenues.

The specific Base Grants, beginning in fiscal year ended 2013-14, per unit of ADA, for each grade span were as follows: (a) \$6,845 for grades K-3; (b) \$6,947 for grades 4-6; (c) \$7,154 for grades 7-8; and (d) \$8,289 for grades 9-12. Beginning in fiscal year 2013-14, and in each subsequent year, the Base Grants have been adjusted for COLAs by applying the implicit price deflator for government goods and services. The provision of the COLAs is currently subject to appropriation for such adjustment in the annual State budget. The differences among Base Grants are linked to differentials in statewide average revenue limit rates by district type, and are intended to recognize the generally higher costs of education at higher grade levels. As of fiscal year 2018-19, school districts and charter schools are fully-funded under LCFF. See also "State Budget" herein for the adjusted Base Grants provided by current state budgetary legislation.

The Base Grants for grades K-3 and 9-12 are subject to adjustments of 10.4% and 2.6%, respectively, to cover the costs of class size reduction in early grades and support college and career readiness programs in high schools. Following full implementation of the new funding system in 2018-19, and unless otherwise collectively bargained for, school districts serving students in grades K-3 must maintain an average class enrollment of 24 or fewer students in grades K-3 at each school site in order to continue receiving the adjustment to the K-3 Base Grant. Such school districts must also make progress towards this class size reduction goal in proportion to the growth in their funding over the implementation period.

Enrollment

Enrollment in the District decreased by approximately 2.7% between 2013-14 and 2019-20, due primarily to employment effects caused by a slowdown in the timber industry within the County and a transfer of students to charter schools. Starting in fiscal year 2017-18, the District began operating two dependent charter schools, PACE Academy, and Redding Collegiate Academy, both of which were formerly District schools. The decrease in ADA and enrollment starting in fiscal year 2017-18 shown in Table A-7 below, is a result of dependent charter school students now being reported separately from the District's students. Based on the District's multi-year projections in its 2019-20 budget, the District projects enrollment to remain relatively stable over the next two fiscal years.

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The following table shows a breakdown of the District’s ADA by grade span, total enrollment, and the percentage of EL/LI student enrollment for fiscal years 2013-14 through 2019-20. As discussed above (see, “—Local Control Funding Formula”), fiscal year 2013-14 was the first year of implementing the LCFF.

TABLE A-7
ENTERPRISE ELEMENTARY SCHOOL DISTRICT
ADA⁽¹⁾, Enrollment and EL/LI Enrollment Percentage
Fiscal Years 2013-14 through 2019-20

Fiscal Year	Average Daily Attendance ⁽¹⁾				Enrollment ⁽²⁾	
	TK-3	4-6	7-8	Total ADA	Total Enrollment ⁽¹⁾	EL/LI Percentage ⁽²⁾
2013-14	1,736	1,084	688	3,508	3,670	70.40%
2014-15	1,695	1,059	680	3,438	3,619	70.45
2015-16	1,731	1,111	672	3,514	3,678	67.40
2016-17	1,754	1,158	684	3,596	3,786	70.07
2017-18 ⁽³⁾	1,630	1,120	652	3,402	3,597	72.00
2018-19	1,581	1,116	649	3,347	3,490	71.71
2019-20 ⁽⁴⁾	1,600	1,158	657	3,415	3,572	70.50

⁽¹⁾ Excludes charter schools, county instructed, adult education and regional occupational program students.

⁽²⁾ Except for fiscal year 2019-20, reflects certified enrollment as of the fall census day (the first Wednesday in October), which is reported to the California Longitudinal Pupil Achievement Data System (“CALPADS”) in each school year and used to calculate each school district’s unduplicated EL/LI student enrollment. Adjustments may be made to the certified EL/LI counts by the California Department of Education. CALPADS figures exclude pre-school students.

⁽³⁾ PACE Academy and Redding Collegiate Academy began operations in 2017-18.

⁽⁴⁾ Projected.

Source: *The District*.

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

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

The sum of a school district’s adjusted Base, Supplemental and Concentration Grants will be multiplied by such district’s P-2 ADA for the current or prior year, whichever is greater (with certain adjustments applicable to small school districts). This funding amount, together with any applicable ERT or categorical block grant add-ons, will yield a district’s total LCFF allocation. Generally, the amount of annual State apportionments received by a school district will amount to the difference between such total LCFF allocation and such district’s share of applicable local property tax-

es. Most school districts receive a significant portion of their funding from such State apportionments. As a result, decreases in State revenues may significantly affect appropriations made by the Legislature to school districts.

Certain schools districts, known as “basic aid” districts, have allocable local property tax collections that equal or exceed such districts’ total LCFF allocation, and result in the receipt of no State apportionment aid. Basic aid school districts receive only special categorical funding, which is deemed to satisfy the “basic aid” requirement of \$120 per student per year guaranteed by Article IX, Section 6 of the State Constitution. The implication for basic aid districts is that the legislatively determined allocations to school districts, and other politically determined factors, are less significant in determining their primary funding sources. Rather, property tax growth and the local economy are the primary determinants. The District is not a basic aid school district and formerly was a revenue limit district.

Accountability. The State Board of Education has adopted regulations regarding the expenditure of supplemental and concentration funding. These regulations include a requirement that school districts increase or improve services for EL/LI students in proportion to the increase in funds apportioned to such districts on the basis of the number and concentration of such EL/LI students, as well as the conditions under which school districts can use supplemental or concentration funding on a school-wide or district-wide basis.

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

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

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

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

Revenue Sources

Major revenue sources of the District are described below. For each revenue category discussed below, the 2019-20 budgeted revenue amounts do not include certain reclassified funds which are included in the prior years' audited revenue amounts, specifically, the deferred maintenance fund, special reserve fund for other than outlay, and special reserve fund for post-employment benefits.

LCFF Revenues. State funding, under the LCFF, consists of Base Grants and supplemental grants. For fiscal year 2016-17, the District received \$31,703,048 from the LCFF, comprising approximately 80% of its general fund revenues. For fiscal year 2017-18, the District received \$31,441,102 from the LCFF, comprising approximately 79% of its general fund revenues. For fiscal year 2018-19, the District received \$33,285,125 from the LCFF, comprising approximately 75.5% of its general fund revenues. For fiscal year 2019-20, pursuant to its Second Interim Report, the District has budgeted to receive \$34,355,008 from the LCFF, comprising approximately 78.3% of its projected general fund revenues.

Federal Revenues. The federal government provides funding for several District programs, including special education programs, and programs under the Every Student Succeeds Act. Most of these "Federal Revenues" received by the District are restricted. For fiscal year 2016-17, the District received \$2,213,985 from Federal Revenues, comprising approximately 5.6% of general fund total revenues. For fiscal year 2017-18, the District received \$2,339,372 from Federal Revenues, comprising approximately 5.9% of its general fund revenues. For fiscal year 2018-19, the District received \$2,221,069 from Federal Revenues, comprising approximately 5.0% of general fund total revenues. For fiscal year 2019-20, pursuant to its Second Interim Report, the District has budgeted to receive \$2,805,122 from Federal Revenues, comprising approximately 6.4% of its projected general fund revenues.

Other State Revenues. In addition to LCFF revenues, the District receives substantial other State revenues. These "Other State Revenues" are primarily restricted revenues which fund items such as the lottery, mandate revenue and after school grant funds. For fiscal year 2016-17, the District received \$3,393,798 from Other State Revenues, comprising approximately 8.5% of general fund total revenues. For fiscal year 2017-18, the District received \$3,396,430 from Other State Revenues, comprising approximately 8.6% of general fund total revenues. For fiscal year 2018-19, the District received \$5,625,825 from Other State Revenues, comprising approximately 12.8% of general fund total revenues. For fiscal year 2019-20, pursuant to its Second Interim Report, the District has budgeted to receive \$3,774,332 from the Other State Revenues, comprising approximately 8.6% of its projected general fund revenues.

One component of 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. The District has budgeted the receipt of \$736,883 in Lottery money (not including funding received for the District's dependent charter schools) for fiscal year 2019-20.

Other Local Revenues. In addition to property taxes, the District receives additional local revenues from items such as special education pass-through funds, interagency revenues, parent fees and interest earnings. For fiscal year 2016-17, the District received \$2,512,245 from Other Local Revenues, comprising approximately 6.3% of general fund total revenues. For fiscal year 2017-18, the District received \$2,492,476 from Other Local Revenues, comprising approximately 6.3% of general fund total revenues. For fiscal year 2018-19, the District received \$2,979,747 from Other Local Revenues, comprising approximately 6.8% of general fund total revenues. For fiscal year 2019-20, pursuant to its Second Interim Report, the District has budgeted to receive \$2,946,173 from the Other Local Revenues, comprising approximately 6.7% of its projected general fund revenues.

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 fund groups, with each group consisting of a separate set of self-balancing accounts containing assets, liabilities, fund balances, revenues and expenditures. The major fund classification is the general fund which accounts for all financial resources not requiring a special fund placement. The District's fiscal year begins on July 1 and ends on June 30.

Governmental funds are generally accounted for using the modified accrual basis of accounting. Revenues are recognized when measurable and available, except for certain revenue sources which are not susceptible to accrual. Expenditures are recognized in the accounting period in which the liability is incurred.

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. The District's financial statements are prepared in accordance with Statement No. 34.

Financial Statements

The District's general fund finances the legally authorized activities of the District for which restricted funds are not provided. General fund revenues are derived from sources such as State apportionments, taxes, use of money and property, and aid from other governmental agencies. The District's most recent audit report was prepared by independent auditor Horton McNulty & Saeturn, LLP, Redding, California. The auditor has not participated in the preparation of this Official Statement, and has not provided any update of the financial statements in connection with their inclusion in this Official Statement. Audited financial statements for the District for the prior fiscal years are on file with the District and available for public inspection at the Office of the Superintendent of the District. See "APPENDIX C – AUDIT REPORT OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2019." Copies of such financial statements will be mailed to prospective investors and their representatives upon written request to the District. The District may impose a charge for copying, mailing and handling.

The following table shows the audited income and expense statements for the District for fiscal years 2015-16 through 2018-19. For further information regarding District finances, see also "APPENDIX C - AUDIT REPORT OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2019."

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TABLE A-8
ENTERPRISE ELEMENTARY SCHOOL DISTRICT
Summary of Audited General Fund Revenues, Expenditures and Changes in Fund Balance
For Fiscal Years 2015-16 through 2018-19 ⁽¹⁾⁽²⁾

	Audited 2015-16	Audited 2016-17	Audited 2017-18	Audited 2018-19
Revenues				
LCFF Sources, including Property Taxes	\$ 29,178,069	\$ 31,703,048	\$ 31,441,102	\$ 33,285,125
Other State Revenue	4,500,482	3,393,798	3,396,430	5,625,825
Federal Revenue	2,199,130	2,213,985	2,339,372	2,221,069
Other Local Revenue	2,574,850	2,512,245	2,492,476	2,979,747
Total Revenues	\$ 38,452,531	\$ 39,823,076	\$ 39,669,380	\$ 44,111,766
Expenditures				
Certificated Salaries	\$ 15,441,160	\$ 16,762,039	\$ 16,845,575	17,337,565
Classified Salaries	6,519,286	7,020,252	7,341,113	7,741,196
Employee Benefits	7,877,443	8,156,342	8,918,032	11,250,735
Books and Supplies	2,550,630	2,245,344	1,758,765	1,734,655
Services and Other Operating Expenditures	4,767,767	5,305,888	4,881,993	4,858,067
Capital Outlay	68,471	52,313	1,758,623	867,540
Other Outgo	(49,460)	(52,842)	(952)	(86,411)
Total Expenditures	\$ 37,175,297	\$ 39,489,336	\$ 41,503,149	\$ 43,703,347
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,277,234	\$ 333,740	\$(1,833,769)	\$ 408,419
Other Financing Sources and Uses				
Interfund Transfers In (out)	\$ (41,819)	\$ (36,479)	\$ (423,658) ⁽³⁾	\$ (412,836) ⁽³⁾
Other Sources (uses)	--	--	10,970	--
Net Change in Fund Balance	\$ 1,235,415	\$ 297,261	\$(2,246,457)	\$ (4,417)
Beginning Fund Balance	\$ 6,586,579	\$ 7,821,994	\$ 8,119,255	\$ 5,872,798
Ending Fund Balance	<u>\$ 7,821,994</u>	<u>\$ 8,119,255</u>	<u>\$ 5,872,798</u>	<u>\$ 5,868,381</u>

⁽¹⁾ Restricted and unrestricted general fund revenues.

⁽²⁾ Columns may not sum to totals due to rounding.

⁽³⁾ Transfers to Charter School Fund, Transportation Fund.

Source: District Audit Reports for fiscal years 2015-16 through 2018-19.

Budget Process

The District is required by provisions of the State Education Code to maintain a balanced budget each year, in which the sum of expenditures and the ending fund balance cannot exceed the sum of revenues and the carry-over fund balance from the previous year. School districts' annual general fund expenditures are characterized in large part by multi-year expenditure commitments such as union contracts. Year-to-year fluctuations in State and local funding of school district general funds could result in revenue decreases which, if large enough, may not easily be offset by an equal reduction in expenditures until at least the following fiscal year. School districts are required by State law to maintain general fund reserves that can be drawn upon in the event of a resulting excess of expenditures over revenues for a given fiscal year. The District is required to maintain a general fund reserve of 3% but because of the uncertainty of State funding, has consistently exceeded that amount.

The California Department of Education imposes a uniform budgeting and accounting format for school districts. The budget process for school districts was substantially amended by Assembly Bill 1200 ("A.B. 1200"), which became State law on October 14, 1991. On September 17, 2018, Governor Brown signed Chapter 426 of 2018 ("A.B. 1840"),

which shifted outside administrator appointment authority from the State to county offices of education. The A.B. 1200 budgeting process is summarized below.

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

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

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

Under the provisions of A.B. 1200, each school district is required to file interim certifications with the county office of education as to its ability to meet its financial obligations for the remainder of the then-current fiscal year and, based on current forecasts, for the subsequent two fiscal years. The county office of education reviews the certification and issues either a positive, negative or qualified certification. A positive certification is assigned to any school district that will meet its financial obligations for the current fiscal year and the subsequent two fiscal years. A negative certification is assigned to any school district that will be unable to meet its financial obligations for the remainder of the fiscal year or the subsequent fiscal year. A qualified certification is assigned to any school district that may not meet its financial obligations of the current fiscal year or the subsequent two fiscal years.

In the five fiscal years prior to 2019-20, the District has not had an adopted budget disapproved by the County Superintendent of Schools, and has not received a negative or qualified certification of an interim financial report pursuant to A.B. 1200.

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The following table summarizes the District’s general fund budget for fiscal year 2019-20, by comparing the general fund revenues and expenditures (restricted and unrestricted funds) in the original Adopted Budget for fiscal year 2019-20 and the Second Interim Report for fiscal year 2019-20.

TABLE A-9
ENTERPRISE ELEMENTARY SCHOOL DISTRICT
Summary of Budgeted and Reported General Fund Revenues, Expenditures and Changes in Fund Balance
For Fiscal Year 2019-20 ^{(1), (2)}

	Original Adopted Budget 2019-20	Second Interim Report 2019-20
Revenues		
LCFF Sources	\$ 33,784,250	\$ 34,355,008
Federal Revenue	2,268,900	2,805,122
Other State Revenue	2,781,117	3,774,332
Other Local Revenue	2,402,780	2,946,173
Total Revenues	\$ 41,237,047	\$ 43,880,635
Expenditures		
Certificated Salaries	\$ 16,134,394	\$ 17,187,897
Classified Salaries	7,717,715	7,676,925
Employee Benefits	9,505,419	9,965,732
Books and Supplies	2,607,339	3,578,801
Services and Other Operating Expenditures	4,356,152	4,726,105
Capital Outlay	60,000	41,000
Other Outgo (excluding Transfers of Indirect Costs)	93,623	145,741
Other Outgo – Transfers of Indirect Costs	(162,658)	(281,647)
Total Expenditures	\$ 40,311,984	\$43,040,554
Excess (Deficiency) of Revenues Over Expenditures	\$ 925,063	\$ 840,081
Other Financing Sources and Uses		
Interfund Transfers In ⁽³⁾	\$ 133,447	\$ 196,000
Interfund Transfers Out ⁽⁴⁾	(315,040)	(467,598)
Other Sources (uses)	--	
Total Other Financing Sources/Uses	\$ (181,593)	\$ (271,598)
Net Change in Fund Balance		
Beginning Fund Balance ⁽⁵⁾	\$ 4,996,267	\$ 4,996,268
Ending Fund Balance	\$ 5,739,737	\$ 5,564,751

⁽¹⁾ Restricted and unrestricted general fund revenues.

⁽²⁾ Columns may not sum to totals due to rounding.

⁽³⁾ Transfer from Special Reserve Fund to pass OPEB costs through the general fund.

⁽⁴⁾ Transfers to Charter School Fund, Transportation Fund.

⁽⁵⁾ 2019-20 beginning fund balance does not include Special Reserve Fund for Other Than Capital Outlay Projects.

Source: District’s First Interim Report for fiscal year 2019-20.

Long-Term Debt

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

TABLE A-10
ENTERPRISE ELEMENTARY SCHOOL DISTRICT
Summary of Changes in Long term Debt
For Fiscal Year Ended June 30, 2019

	Beginning Balances (July 1, 2018)	Increases	(Decreases)	Ending Balances (June 30, 2019)	Amounts Due Within One Year
General Obligation Bonds:	19,662,461	10,500,000	\$2,535,689	\$27,626,772	\$2,677,834
Bond Premium	863,621	337,332	193,263	1,007,690	173,992
Capitalized Interest	5,097,988	761,704	--	5,859,692	--
Net OPEB Liability	1,311,575	--	170,473	1,141,102	--
Net Pension Liability	39,483,635	4,357,501	--	43,841,136	--
Compensated Absences	182,110	--	7,189	174,921	--
Totals	66,601,390	\$15,956,537	\$2,906,614	\$79,651,313	\$2,851,826

Source: District Audit Report for fiscal year 2018-19.

General Obligation Bonds. In addition to the Bonds, the District has other series of general obligation bonds currently outstanding, which are secured by *ad valorem* taxes upon all property subject to taxation by the District (collectively, the "General Obligation Bonds"). See the front part of this Official Statement for more information concerning the District's outstanding General Obligation Bonds. Annual debt service payments for the District's outstanding general obligation bonds, including the Bonds, are presented in Table 2 of this Official Statement. The following summarizes the District's outstanding general obligation bond balances and other details as of June 30, 2019:

TABLE A-11
ENTERPRISE ELEMENTARY SCHOOL DISTRICT
Summary of Outstanding General Obligation Bonds
As of June 30, 2019

Issue Date	Maturity Date	Series	Interest/Accretion Rate	Amount of Original Issue	Outstanding 6/30/2018	Redeemed During Fiscal Year 2018-19	Outstanding 6/30/2019
5/15/08	8/1/18	2008 Series A	3.25% - 11.36%	\$ 7,999,829	\$ 175,000	\$ 175,000	--
10/27/10	8/1/47	2008 Series B	2.00% - 12.00%	8,999,687	8,172,461	315,689	7,856,772
6/20/12	9/1/19	2012 Refunding	2.00% - 4.00%	11,025,000	4,265,000	2,045,000	2,220,000
6/15/16	8/1/33	2016 Refunding	2.00% - 4.00%	5,130,000	5,050,000	--	5,050,000
6/15/16	8/1/45	2008 Series C	2.00% - 3.50%	2,000,000	2,000,000	--	2,000,000
2/28/19	8/1/48	2018 Series A	4.00% - 5.00%	10,500,000	10,500,000	--	10,500,000
Totals				\$45,654,516	\$30,162,461	\$2,535,689	\$27,626,772

Source: District Audit Report for fiscal year 2018-19.

State Budget

The following information concerning the State's budget has been obtained from publicly available information which the District believes to be reliable; however, the District does not guarantee the accuracy or completeness of this information and have not independently verified such information. Furthermore, it should not be inferred from the inclusion of this information herein that the principal of or interest on the Bonds is payable from the general fund of the District. The Bonds are payable solely from the proceeds of an ad valorem property tax required to be levied by the County in an amount sufficient for the payment thereof.

The State Budget Process. According to the State Constitution, the Governor of the State (the "Governor") must propose a budget to the State Legislature no later than January 10 of each year. Under an initiative constitutional amendment approved by the State's voters on November 2, 2010 as "Proposition 25", a final budget must be adopted by a majority vote (rather than a supermajority, as was the case prior to the passage of Proposition 25) of each house of the Legislature no later than June 15, although this deadline has been breached in the past. Any tax increase provision of such final budget shall continue to require approval by a two-thirds majority vote of each house of the State Legislature. The budget becomes law upon the signature of the Governor, who may veto specific items of expenditure. As discussed below, the Governor signed the 2018-19 State Budget on June 27, 2018.

When the State budget is not adopted on time, basic appropriations and the categorical funding portion of each district's State funding are affected differently. Under the rule of *White v. Davis* (also referred to as *Jarvis v. Connell*), a State Court of Appeal decision reached in 2002, there is no constitutional mandate for appropriations to school districts without an adopted budget or emergency appropriation, and funds for State programs cannot be disbursed by the State Controller until that time unless the expenditure is (i) authorized by a continuing appropriation found in statute, (ii) mandated by the Constitution (such as appropriations for salaries of elected State officers), or (iii) mandated by federal law (such as payments to State workers at no more than minimum wage). The State Controller has consistently stated that basic State funding for schools is continuously appropriated by statute, but that special and categorical funds may not be appropriated without an adopted budget. The State Controller has posted guidance as to what can and cannot be paid during a budget impasse at its Website: www.sco.ca.gov. Should the Legislature fail to pass the budget or emergency appropriation before the start of any fiscal year, the District might experience delays in receiving certain expected revenues.

2019-20 State Budget. On June 27, 2019, the Governor signed into law the State budget for fiscal year 2019-20 (the "2019-20 State Budget"). The following information is drawn from the State Department of Finance's summary which is believed to be reliable, but not guaranteed by the District as to accuracy or completeness.

For fiscal year 2019-20, the 2019-20 State Budget authorizes \$214.8 billion in total spending, including \$147.8 billion from the State general fund. The 2019-20 State Budget projects that the State will end the current fiscal year with total reserves of \$19.2 billion, including \$1.4 billion in the traditional general fund reserve, \$16.5 billion in the BSA, \$900 million in the Safety Net Reserve and \$400 million in the Public School System Stabilization Account ("PSSSA"). The PSSSA deposit in 2019-20 did not initiate school district reserve caps under SB 858 and SB 751 (defined herein), as the amount deposited does not equal or exceed 3% of the total K-12 share of the Proposition 98 school funding guarantee. See discussions regarding Proposition 98, Proposition 2, SB 858, and SB 751 under "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS" in this APPENDIX A.

The 2019-20 State Budget sets forth a balanced budget for fiscal year 2019-20 that projects approximately \$143.8 billion in revenues, and \$91.9 billion in non-Proposition 98 expenditures and \$55.9 billion in Proposition 98 expenditures. With respect to education funding, the 2019-20 State Budget includes total funding of \$103.4 billion (\$58.8 billion General Fund and \$44.6 billion other funds) for all K-12 education programs. The 2019-20 State Budget includes a \$1.4 billion reserve in the Special Fund for Economic Uncertainties.

Features of the 2019-20 State Budget with respect to adjustments for K-12 education include the following:

- **Local Control Funding Formula.** The 2019-20 State Budget provides \$1.9 billion in new Proposition 98 funding for the LCFF, reflecting a 3.26% COLA to the adjusted Base Grants the prior year.

- *Special Education.* Noting a need for support from county office of education, the 2019-20 State Budget provides \$152.6 million to provide all Special Education Local Plan Areas (SELPA) with at least the statewide target rate for base special education funding (approximately \$557 per ADA), and also includes \$492.7 million for special education allocated based on the number of children ages 3 to 5 years with exceptional needs that the school district is serving. The 2019-20 State Budget further conditions these increases upon the adoption of special education funding formula and special education accountability system reforms as part of the 2020 Budget Act.
- *CalSTRS and CalPERS Employer Contribution Rates.* In anticipation of a need for relief for employers in order to meet expected increases from 18.1 percent in 2018-19 to 23.6 percent by 2020-21, the 2019-20 State Budget includes a \$3.15 billion non-Proposition 98 General Fund payment on their behalf to CalSTRS and the CalPERS Schools Pool. Of this amount, an estimated \$850 million will buy down the employer contribution rates in 2019-20 and 2020-21. With these payments, the CalSTRS employer contribution rate will decrease from 18.13 percent to 17.1 percent in 2019-20 and from 19.1 percent to 18.4 percent in 2020-21. The payments will decrease the CalPERS Schools Pool employer contribution rate from 20.7 percent to 19.7 percent in 2019-20 and from 23.6 percent to 22.9 percent in 2020-21. The remaining \$2.3 billion will be paid toward the employers' long-term unfunded liability for both systems.
- *After School Programs.* The 2019-20 State Budget includes \$50 million in ongoing Proposition 98 General Fund to provide an increase of approximately 8.3 percent to the per-pupil daily rate for ASES (increasing this rate from \$8.19 to \$8.87 per day).
- *Longitudinal Data System.* The 2019-20 State Budget provides \$10 million in one-time non-Proposition 98 General Fund to plan for and develop a longitudinal data system, intended to connect information from early education providers, K-12 schools, higher education institutions, employers, other workforce entities, and health and human services agencies.
- *Retaining And Supporting Well-Prepared Educators.* The 2019-20 State Budget provides \$89.8 million in one-time non-Proposition 98 General Fund to provide up to 4,487 grants of \$20,000 for students enrolled in a professional teacher preparation program who commit to working in a high-need field at a priority school for at least four years, and also provides an additional \$43.8 million in one-time non-Proposition 98 General Fund to provide training and resources for classroom educators, including teachers and paraprofessionals. Finally, the Budget includes \$13.8 million in ongoing federal funds to establish the 21st Century California Leadership Academy.
- *Computer Science.* The 2019-20 State Budget provides \$7.5 million in one-time non-Proposition 98 General Fund for broadband infrastructure and \$1 million in one-time non-Proposition 98 General Fund, available over four years, to the Department of Education to establish a state Computer Science Coordinator.
- *Charter Schools.* The 2019-20 State Budget includes accountability proposals to better align the governance, transparency, and accountability requirements of school districts and charter schools.
- *School Facilities Bond Funds.* The 2019-20 State Budget assumes \$1.5 billion Proposition 51 bond funds, an increase of \$906 million over the prior year, to support school construction projects, and includes an additional \$1.2 million in ongoing Proposition 51 bond funds and State School Site Utilization Funds, and 10 positions for the Office of Public School Construction to support the increased processing of applications and program workload.

- *Full-Day Kindergarten.* The 2019-20 State Budget includes \$300 million in one-time non-Proposition 98 General Fund to construct new or retrofit existing facilities to support full-day Kindergarten programs
- *Proposition 98 Settle-Up.* An increase of \$686.6 million for K-12 schools and community colleges to pay the balance of past year Proposition 98 funding owed through 2017-18.
- *Classified School Employees Summer Assistance Program.* An increase of \$36 million one-time Proposition 98 General Fund to provide an additional year of funding for this program, which provides a state match for classified employee savings used to provide income during summer months.
- *Wildfire-Related Cost Adjustments.* An increase of \$2 million one-time Proposition 98 General Fund to reflect adjustments in the estimate for property tax backfill for basic aid school districts impacted by 2017 and 2018 wildfires. Additionally, an increase of \$727,000 one-time Proposition 98 General Fund to reflect adjustments to the state's student nutrition programs resulting from wildfire-related losses. Further, the Budget holds both school districts and charter schools impacted by the 2018 wildfires harmless for state funding for two years.
- *Breakfast After the Bell.* An increase of \$500,000 one-time Proposition 98 General Fund to increase participation in the Breakfast After the Bell school nutrition program.

On March 17, 2020, the Governor signed SB 89, which takes effect immediately and amends the 2019-20 State Budget. See "APPENDIX A – INFORMATION RELATING TO THE DISTRICT'S OPERATIONS AND BUDGET – Impact to District Operations and Budget due to Coronavirus Pandemic" for further discussion regarding SB 89.

For additional information regarding the 2019-20 State Budget, see the State Department of Finance Website at www.dof.ca.gov. The District takes no responsibility for the continued accuracy of this internet address or for the accuracy, completeness or timeliness of information posted therein, and such information is not incorporated herein by such reference.

Governor's Proposed 2020-21 Budget. On January 10, 2020, the Governor presented the proposed State budget for fiscal year 2020-21 (the "2020-21 Proposed State Budget"). The following information is drawn from publicly-available documentation published by the State, which is believed by the District to be reliable. The District does not guarantee the information with respect to accuracy or completeness.

The 2020-21 Proposed State Budget is projecting \$151.6 billion in general fund revenues and \$153 billion in total spending. The 2020-21 Proposed State Budget estimates the State will end 2020-21 fiscal year with \$20.5 billion in total reserves, including \$18 billion in the Budget Stabilization Account ("rainy day fund"), \$900 million in the Safety Net Reserve, and \$1.6 billion in the Special Fund for Economic Uncertainties.

With respect to education funding, the 2020-21 Proposed State Budget contains \$3.3 billion in new Proposition 98 funding, which is comprised of \$1.4 billion for ongoing purposes and \$1.9 billion for one-time initiatives. Proposition 98 funding for K-12 is projected to total \$74.3 billion, inclusive of both general fund and local property tax funding.

The 2020-21 Proposed State Budget sets aside an additional \$110 million in the PSSSA, bringing the total balance in the PSSSA to \$487 million. Because the PSSSA balance still does not equal or exceed 3% of the total K-12 share of the school funding guarantee under Proposition 98, school district reserve caps are not triggered under SB 858 and SB 751. See discussion regarding Proposition 2 and Proposition 98 under "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATION" in this APPENDIX A.

Significant features of the 2020-21 Proposed State Budget with respect to adjustments for K-12 education include the following:

- *Local Control Funding Formula.* The 2020-21 Proposed State Budget estimates \$64.2 billion in K-12 funding, reflecting a 2% growth over the 2019-20 fiscal year. Augmentation to the LCFF includes an additional \$1.2 billion in Proposition 98 funding over the prior year from a 2.29% COLA adjustment, an increase of roughly \$900 million for special education, \$300 million for expanding support services for schools in need, and \$70 million for the improvement of school meal programs.
- *Proposition 98 Funding.* The proposal includes approximately \$3 billion in increased Proposition 98 funding compared to the 2019-20 fiscal year.
- *Educator Workforce Investment Grants.* The Proposed 2020-21 State Budget includes an increase of \$350 million of one-time Proposition 98 general fund resources to augment the funding provided in the 2019-20 State Budget for the Educator Workforce Investment Grants, which support competitive grants for professional learning opportunities for teachers and paraprofessionals across the State.
- *California Collaborative for Educational Excellence.* The Proposed 2020-21 State Budget includes an increase of \$18 million of one-time Proposition 98 general fund resources for the California Collaborative for Educational Excellence to bolster awareness of available services and supports for all local educational agencies to strengthen the capacity of local educational agencies to improve student outcomes in State priority areas.
- *Workforce Development Grant Program.* The Proposed 2020-21 State Budget includes an increase of \$193 million of one-time Proposition 98 general fund resources for the Workforce Development Grant Program to address workforce shortages in high-need subjects and areas.
- *Teacher Residency Program.* The Proposed 2020-21 State Budget includes an increase of \$175 million of one-time Proposition 98 general fund resources to expand the Teacher Residency Program, which supports locally sponsored, one-year intensive, mentored, clinical teacher preparation programs dedicated to preparing and retaining teachers in high-need subject areas in high-need communities.
- *California Teacher Credential Award Program.* The Proposed 2020-21 State Budget includes an increase of \$100 million of one-time Proposition 98 general fund resources for the California Teacher Credential Award Program for \$20,000 stipends for fully credentialed teachers who complete four years of teaching service in a high-need subject at a high-need school.
- *California Classified School Employees Credentialing Program.* The Proposed 2020-21 State Budget includes an increase of \$64.1 million of one-time Proposition 98 general fund resources to expand the California Classified School Employees Credentialing Program, which provides grants to K-12 local educational agencies to recruit non-certificated school employees to become certificated classroom teachers.
- *Special Education.* The Proposed 2020-21 State Budget proposes a three-phase, multi-year process to improve special education finance, services and student outcomes. The Proposed 2020-21 State Budget proposes a new special education base formula that uses a three-year rolling average of local educational agency average daily attendance and includes a 15% increase in the Proposition 98 general fund contribution to the base formula funding over the amount provided in the 2019-20 State Budget. In addition to the new base rate funding formula, the Proposed 2020-21 Budget includes (i) an additional \$250 million of Proposition 98 general fund resources on an ongoing basis based on the number of children ages 3 to 5 years with exceptional needs served; (ii) an increase of \$500,000 of one-time Proposition 98 general fund resources for a study of the current Special Education Local Plan Area governance and accountability structure; (iii) an increase of \$600,000 of one-time Proposition 98 general fund resources for two workgroups to study improved accountability for special education service delivery and student outcomes; and (iv) an increase of \$4 million of one-time Proposition 98 general fund resources for dyslexia research, training, and a statewide conference.

- *Community Schools.* The Proposed 2020-21 State Budget includes an increase of \$300 million of one-time Proposition 98 general fund resources to establish community school grants for local educational agencies supporting innovative community school models.
- *Opportunity Grants.* The Proposed 2020-21 State Budget includes an increase of \$300 million of one-time Proposition 98 general fund resources to establish opportunity grants for the State's lowest performing schools and school districts, and to expand the capacity of the California Collaborative for Educational Excellence in its role within the statewide system of support.
- *Computer Science.* The Proposed 2020-21 State Budget includes (i) an increase of \$15 million of one-time Proposition 98 general fund resources for grants to local educational agencies to support the preparation of approximately 10,000 K-12 teachers to earn a supplementary authorization on their credential to teach computer science; (ii) an increase of \$2.5 million of one-time Proposition 98 general fund resources for a county office of education within the statewide system of support to identify, compile, and share computer science resources for professional development, curriculum, and best practices; and (iii) an increase of \$1.3 million of one-time Proposition 98 general fund resources to develop a new UC Subject Matter Project in computer science, and \$340,000 of non-Proposition 98 general fund resources for one cohort of approximately 1,200 educators to participate in the new project.
- *School Nutrition.* The Proposed 2020-21 State Budget includes (i) an increase of \$60 million of Proposition 98 general fund resources for school nutrition; (ii) an increase of \$10 million of Proposition 98 general fund resources to provide training for school food service workers to promote healthier and more nutritious meals; and (iii) an increase of \$10 million of non-Proposition 98 general fund resources and \$1.5 million annually thereafter for the California Department of Food and Agriculture to establish a Farm to School Grant Program to support California farmers and expand healthy food access by providing grants to schools.
- *School District Average Daily Attendance.* The Proposed 2020-21 State Budget includes a decrease of \$268.5 million of Proposition 98 general fund resources in fiscal year 2019-20 for school districts as a result of a decrease in projected average daily attendance from the 2019-20 State Budget, and a decrease of \$175.1 million of Proposition 98 general fund resources in fiscal year 2020-21 for school districts as a result of further projected decline in average daily attendance for fiscal year 2020-21.
- *Local Property Tax Adjustments.* The Proposed 2020-21 State Budget includes an increase of \$7.3 million of Proposition 98 general fund resources for school districts and county offices of education in fiscal year 2019-20 as a result of decreased offsetting property tax revenues, and a decrease of \$1.1 billion of Proposition 98 general fund resources for school districts and county offices of education in fiscal year 2020-21 as a result of increased offsetting property taxes.
- *Cost-of-Living Adjustments.* The Proposed 2020-21 State Budget includes an increase of \$122.4 million of Proposition 98 general fund resources to reflect a 2.29% cost-of-living adjustment for categorical programs that remain outside of the LCFF, including Special Education, Child Nutrition, State Preschool, Youth in Foster Care, the Mandates Block Grant, the Adults in Correctional Facilities Program, American Indian Education Centers, and the American Indian Early Childhood Education Program.
- *Pension Contributions.* The 2020-21 Proposed State Budget includes a \$3.15 billion non-Proposition 98 General Fund payment on behalf of educational agencies to CalSTRS and the CalPERS Schools Pool. Of this amount, an estimated \$850 million would buy down the employer contribution rates in 2019-20 and 2020-21 and the remaining \$2.3 billion is being paid toward long-term unfunded liabilities.
- *Proposition 98 Settle-up.* An increase in \$819 million in settle-up payments for prior fiscal years.
- *Per-Pupil Funding.* The 2020-21 Proposed State Budget estimates a 4.1 percent growth in per-student funding over the 2019-20 fiscal year.

The final fiscal year 2020-21 State budget, which requires approval by a majority vote of each house of the State Legislature, may differ substantially from the Governor's budget proposal. Accordingly, the District cannot provide any assurances that there will not be any changes in the final fiscal year 2020-21 State budget from the 2020-21 State Budget Proposal or the May Revision. Additionally, the District cannot predict the impact that the final fiscal year 2020-21 State Budget, or subsequent budgets, will have on its finances and operations. The final fiscal year 2020-21 State Budget may be affected by national and State economic conditions and other factors which the District cannot predict, including the impact from the effects of the outbreak of the coronavirus COVID-19 (See also "Impact to District Operations and Budget Due to Coronavirus Pandemic" in this "APPENDIX A").

The State has not entered into any contractual commitment 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 State sources of information listed above are reliable, none of the District, the Municipal Advisor or the Underwriter assumes any responsibility for the accuracy of the State budget information set forth or referred to herein or incorporated by reference herein.

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

CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS

The 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 as described herein under "SECURITY AND SOURCE OF PAYMENT FOR THE BONDS." Articles XIII A, XIII B, XIII C and XIII D of the State Constitution, Propositions 98 and 111, and certain other provisions of law discussed below, are included in this section to describe the potential effect of these Constitutional and statutory measures on the ability of the 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 Bonds was approved by the District's voters in compliance with Article XIII A, Article XIII C, and all applicable laws.

Article XIII A of the California Constitution

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

Article XIII A has been amended to allow for temporary reductions of assessed value in instances where the fair market value of real property falls below the adjusted base year value described above. Proposition 8—approved by the voters in November of 1978—provides for the enrollment of the lesser of the base year value or the market value of real property, taking into account reductions in value due to damage, destruction, depreciation, obsolescence, removal of property, or other factors causing a similar decline. In these instances, the market value is required to be reviewed annually until the market value exceeds the base year value. Reductions in assessed value could result in a corre-

sponding increase in the annual tax rate levied by the County to pay debt service on the Bonds. See “SECURITY AND SOURCE OF PAYMENT FOR THE BONDS” in the front part of this Official Statement.

Article XIII A requires a vote of two-thirds or more of the qualified electorate of a city, county, special district or other public agency to impose special taxes, while totally precluding the imposition of any additional *ad valorem*, sales or transaction tax on real property. Article XIII A exempts from the 1% tax limitation any taxes above that level required to pay debt service (a) on any indebtedness approved by the voters prior to July 1, 1978; or (b) as the result of an amendment approved by State voters on June 3, 1986, on any bonded indebtedness approved by two-thirds or more of the votes cast by the voters for the acquisition or improvement of real property on or after July 1, 1978; or (c) on bonded indebtedness incurred by a school district or community college district for the construction, reconstruction, rehabilitation or replacement of school facilities or the acquisition or lease of real property for school facilities, approved by 55% or more of the votes cast on the proposition, but only if certain accountability measures are included in the proposition. The taxes for payment of the Bonds as well as the District’s outstanding bonds of the 2008 Authorization fall within the exception described in clause (c) of the immediately preceding sentence. In addition, Article XIII A requires the approval of two-thirds of all members of the State Legislature to change any State taxes for the purpose of increasing tax revenues.

Legislation Implementing Article XIII A

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

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

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

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

Split Roll Property Tax Ballot Measure

A proposed ballot initiative has qualified for the November 2020 Statewide ballot (the “Split Roll Measure”). If approved by a majority of votes casting a ballot at the November election, the Split Roll Measure would amend Article XIII A such that the “full cash value” of commercial and industrial property that is not zoned for commercial agricultural production, for each lien date, would be equal to the fair market value of that property. If passed, the Split Roll Measure would not affect the “full cash value” of residential property or real property used for commercial agricultural production, which would continue to be subject to annual increases not to exceed two percent. After compensating the State General Fund for resulting reductions in State personal income tax and corporate tax revenues, and compensating cities, counties, and special districts for the cost of implementing the Split Roll Measure, approximately 40% of the remaining additional tax revenues generated as a result of the Split Roll Measure would be deposited into a fund to be known as the Local School and Community College Property Tax Fund, to be used to supplement, and not replace, existing funding school districts and community college districts receive under the State’s constitutional minimum funding requirement. The District cannot predict whether the Split Roll Measure will be approved by the voters. If approved, the District cannot make any assurance as to what affect the implementation of the Split Roll Measure will have on District revenues or assessed valuation of real property in the District.

State-Assessed Utility Property

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

The California electric utility industry has been undergoing significant changes in its structure and in the way in which components of the industry are regulated and owned. Sale of electric generation assets to largely unregulated, non-utility companies may affect how those assets are assessed, and which local agencies are to receive the property taxes. The District is unable to predict the impact of these changes on its utility property tax revenues, or whether legislation may be proposed or adopted in response to industry restructuring, or whether any future litigation may affect ownership of utility assets or the State's methods of assessing utility property and the allocation of assessed value to local taxing agencies, including the District. So long as the District is not a basic aid district, taxes lost through any reduction in assessed valuation will be compensated by the State as equalization aid under the State's school financing formula. See "DISTRICT FINANCIAL INFORMATION - State Funding of Education" herein.

Article XIII B of the California Constitution

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

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

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

For fiscal years beginning on or after July 1, 1990, the appropriations limit of each entity of government shall be the appropriations limit for the 1986-87 fiscal year adjusted for the changes made from that fiscal year pursuant to the provisions of Article XIII B, as amended.

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

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

Article XIII B includes a requirement that all revenues received by an entity of government other than the State in a fiscal year and in the fiscal year immediately following it in excess of the amount permitted to be appropriated during that fiscal year and the fiscal year immediately following it shall be returned by a revision of tax rates or fee schedules within the next two subsequent fiscal years.

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

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

According to the “Title and Summary” of Proposition 218 prepared by the 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 XIII C establishes that every tax is either a “general tax” (imposed for general governmental purposes) or a “special tax” (imposed for specific purposes), prohibits special purpose government agencies such as school districts from levying general taxes, and prohibits any local agency from imposing, extending or increasing any special tax beyond its maximum authorized rate without a two-thirds vote; and also provides that the initiative power will not be limited in matters of reducing or repealing local taxes, assessments, fees and charges. Article XIII C further provides that no tax may be assessed on property other than *ad valorem* property taxes imposed in accordance with Articles XIII and XIII A of the California Constitution and special taxes approved by a two-thirds vote under Article XIII A, Section 4. Article XIII D deals with assessments and property-related fees and charges, and explicitly provides that nothing in Article XIII C or XIII D will be construed to affect existing laws relating to the imposition of fees or charges as a condition of property development.

The District does not impose any taxes, assessments, or property-related fees or charges which are subject to the provisions of Proposition 218. It does, however, receive a portion of the basic 1% *ad valorem* property tax levied and collected by the County pursuant to Article XIII A of the California Constitution. The provisions of Proposition 218 may have an indirect effect on the District, such as by limiting or reducing the revenues otherwise available to other local governments whose boundaries encompass property located within the District thereby causing such local governments to reduce service levels and possibly adversely affecting the value of property within the District.

Proposition 26

On November 2, 2010, voters in the State approved Proposition 26. Proposition 26 amends Article XIII C of the State Constitution to expand the definition of “tax” to include “any levy, charge, or exaction of any kind imposed by a local government” except the following: (a) 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; (b) 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; (c) 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; (d) a charge imposed for entrance to or use of local government property, or the purchase, rental, or lease of local government property; (e) 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; (f) a charge imposed as a condition of property development; and (g) assessments and property-related fees imposed in accordance with the provisions of Article XIII D. Proposition 26 provides that the local government bears the burden of proving by a preponderance of the evidence that a levy, charge, or other exaction is not a tax, that the amount is no more than necessary to cover the reasonable costs of the governmental activity, and that the manner in which those costs are allocated to a payor bear a fair or reasonable relationship to the payor’s burdens on, or benefits received from, the governmental activity.

Propositions 98 and 111

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

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

Since the Accountability Act is unclear in some details, there can be no assurances that the Legislature or a court might not interpret the Accountability Act to require a different percentage of State general fund revenues to be allocated to K-14 school districts, or to apply the relevant percentage to the State's budgets in a different way than is proposed in the Governor's Budget. On June 5, 1990, the voters of the State of California 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 XIII B and Sections 8 and 8.5 of Article XVI of the State Constitution with respect to appropriations limitations and school funding priority and allocation.

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

(a) *Annual Adjustments to Spending Limit.* The annual adjustments to the Article XIII B spending limit were liberalized to be more closely linked to the rate of economic growth. Instead of being tied to the Consumer Price Index, the "change in the cost of living" is now measured by the change in 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.

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

(c) *Exclusions From Spending Limit.* Two exceptions were added to the calculation of appropriations which are subject to the Article XIII B spending limit. First, there are excluded all appropriations for "qualified capital out-lay 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.

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

(e) *School Funding Guarantee.* There is a complex adjustment in the formula enacted in Proposition 98 which guarantees K-14 school districts a certain amount of State general fund revenues. Under prior law, K-14 school districts were guaranteed the greater of (i) 40.9% of State general fund revenues (the "first test") or (ii) the amount appropriated in the prior year adjusted for changes in the cost of living (measured as in Article XIII B by reference to per capita personal income) and enrollment (the "second test"). Under Proposition 111, schools will receive the greater of (A) the first test; (B) the second test, or (C) 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. 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 (a) 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 (b) changes existing statutory law regarding charter school facilities. As adopted, the constitutional amendments may be changed only with another statewide vote of the people. The statutory provisions could be changed by a majority vote of both houses of the Legislature and approval by the Governor, but only to further the purposes of the proposition. The local school jurisdictions affected by this proposition are K-12 school districts, including the District, community college districts, and county offices of education. As noted above, the California Constitution previously limited property taxes to 1% of the value of property, and property taxes could only exceed this limit to pay for (i) any local government debts approved by the voters prior to July 1, 1978, or (ii) bonds to acquire or improve real property that receive two-thirds voter approval after July 1, 1978.

The 55% vote requirement applies only if the local bond measure presented to the voters includes: (a) 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; (b) 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 (c) a requirement that the school board conduct annual, independent financial and performance audits until all bond funds have been spent to ensure that the bond funds have been used only for the projects listed in the measure. Legislation approved in June 2000 placed certain limitations on local school bonds to be approved by 55% of the voters. These provisions require that the tax rate levied as the result of any single election be no more than \$60 (for a unified school district), \$30 (for a high school or elementary school district), or \$25 (for a community college district), per \$100,000 of taxable property value, when assessed valuation is projected to increase in accordance with Article XIII A of the Constitution. 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.

Jarvis v. Connell

On May 29, 2002, the California Court of Appeal for the Second District decided the case of *Howard Jarvis Taxpayers Association, et al. v. Kathleen Connell* (as Controller of the State of California). The Court of Appeal held that either a final budget bill, an emergency appropriation, a self-executing authorization pursuant to state statutes (such as continuing appropriations) or the California Constitution or a federal mandate is necessary for the State Controller to disburse funds. The foregoing requirement could apply to amounts budgeted by the District as being received from the

State. To the extent the holding in such case would apply to State payments reflected in the District's budget, the requirement that there be either a final budget bill or an emergency appropriation may result in the delay of such payments to the District if such required legislative action is delayed, unless the payments are self-executing authorizations or are subject to a federal mandate. On May 1, 2003, the California Supreme Court upheld the holding of the Court of Appeal, stating that the State Controller is not authorized under State law to disburse funds prior to the enactment of a budget or other proper appropriation, but under federal law, the State Controller is required, notwithstanding a budget impasse and the limitations imposed by State law, to timely pay those State employees who are subject to the minimum wage and overtime compensation provisions of the federal Fair Labor Standards Act.

Proposition 1A and Proposition 22

On November 2, 2004, California voters approved Proposition 1A, which amends the State constitution to significantly reduce the State's authority over major local government revenue sources. Under Proposition 1A, the State cannot (a) reduce local sales tax rates or alter the method of allocating the revenue generated by such taxes, (b) shift property taxes from local governments to schools or community colleges, (c) change how property tax revenues are shared among local governments without two-third approval of both houses of the State Legislature, or (d) decrease Vehicle License Fee revenues without providing local governments with equal replacement funding. Proposition 1A does allow the State to approve voluntary exchanges of local sales tax and property tax revenues among local governments within a county. Proposition 1A also amends the State Constitution to require the State to suspend certain State laws creating mandates in any year that the State does not fully reimburse local governments for their costs to comply with the mandates. This provision does not apply to mandates relating to schools or community colleges or to those mandates relating to employee rights.

Proposition 22, The Local Taxpayer, Public Safety, and Transportation Protection Act, approved by the voters of the State on November 2, 2010, prohibits the State from enacting new laws that require redevelopment agencies to shift funds to schools or other agencies and eliminates the State's authority to shift property taxes temporarily during a severe financial hardship of the State. In addition, Proposition 22 restricts the State's authority to use State fuel tax revenues to pay debt service on state transportation bonds, to borrow or change the distribution of state fuel tax revenues, and to use vehicle license fee revenues to reimburse local governments for state mandated costs. Proposition 22 impacts resources in the State's general fund and transportation funds, the State's main funding source for schools and community colleges, as well as universities, prisons and health and social services programs. According to an analysis of Proposition 22 submitted by the Legislative Analyst's Office (the "LAO") on July 15, 2010, the expected reduction in resources available for the State to spend on these other programs as a consequence of the passage of Proposition 22 was expected to be approximately \$1 billion in fiscal year 2010-11, with an estimated immediate fiscal effect equal to approximately 1% of the State's total general fund spending. The longer-term effect of Proposition 22, according to the LAO analysis, will be an increase in the State's general fund costs by approximately \$1 billion annually for several decades.

Assembly Bill No. 26 and *California Redevelopment Association v. Matosantos*

On February 1, 2012, pursuant to the California Supreme Court's decision in *California Redevelopment Association v. Matosantos*, Assembly Bill No. 26 (First Extraordinary Session) ("AB1X 26") dissolved all redevelopment agencies in existence and designated "successor agencies" and "oversight boards" to satisfy "enforceable obligations" of the former redevelopment agencies and administer dissolution and wind down of the former redevelopment agencies. With limited exceptions, all assets, properties, contracts, leases, records, buildings and equipment, including cash and cash equivalents of a former redevelopment agency were transferred to the control of its successor agency and, unless otherwise required pursuant to the terms of an enforceable obligation, distributed to various related taxing agencies pursuant to AB1X 26.

It is possible that there will be additional legislation proposed and/or enacted to clarify various inconsistencies contained in AB1X 26 and there may be additional legislation proposed and/or enacted in the future affecting the current scheme of dissolution and winding up of redevelopment agencies currently contemplated by AB1X 26. For example, AB 1484 was signed by the Governor on June 27, 2012, to clarify and amend certain aspects of AB1X 26. AB 1484,

among other things, attempts to clarify the role and requirements of successor agencies, provides successor agencies with more control over agency bond proceeds and properties previously owned by redevelopment agencies and adds other new and modified requirements and deadlines. AB 1484 also provides for a “tax claw back” provision, wherein the State is authorized to withhold sales and use tax revenue allocations to local successor agencies to offset payment of property taxes owed and not paid by such local successor agencies to other local taxing agencies. This “tax claw back” provision has been challenged in court by certain cities and successor agencies. The District cannot predict the outcome of such litigation and what effect, if any, it will have on the District. Additionally, no assurances can be given as to the effect of any such future proposed and/or enacted legislation on the District. The District can make no representations as to the extent to which its LCFF apportionments from the State may be offset by the future receipt of residual distributions or from unencumbered cash and assets of former redevelopment agencies any other surplus property tax revenues pursuant to AB1X 26.

The District receives pass-through payments from successor agencies with respect to project areas in the District’s territory.

Proposition 30 and Proposition 55

On November 6, 2012, voters of the State of California approved the Temporary Taxes to Fund Education, Guaranteed Local Public Safety Funding, Initiative Constitutional Amendment (also known as “Proposition 30”), which temporarily increases the State Sales and Use Tax and personal income tax rates on higher incomes. Proposition 30 temporarily imposes an additional tax on all retailers, at the rate of 0.25% of gross receipts from the sale of all tangible personal property sold in the State from January 1, 2013 to December 31, 2016. Proposition 30 also imposes an additional excise tax on the storage, use, or other consumption in the State of tangible personal property purchased from a retailer on and after January 1, 2013 and before January 1, 2017, for storage, use, or other consumption in the State. This excise tax is being 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 in the taxable year ending December 31, 2018, Proposition 30 increases the marginal personal income tax rate by: (a) 1% for taxable income over \$250,000 but less than \$300,001 for single filers (over \$500,000 but less than \$600,001 for joint filers), (b) 2% for taxable income over \$300,000 but less than \$500,001 for single filers (over \$600,000 but less than \$1,000,001 for joint filers), and (c) 3% for taxable income over \$500,000 for single filers (over \$1,000,000 for joint filers).

The California Children’s Education and Health Care Protection Act of 2016 (also known as “Proposition 55”) is a constitutional amendment approved by the voters of the State on November 8, 2016. Proposition 55 extends the increases to personal income tax rates for high-income taxpayers that were approved as part of Proposition 30 through 2030. Proposition 55 did not extend the temporary State Sales and Use Tax rate increase enacted under Proposition 30, which expired as of January 1, 2017.

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

Proposition 2

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

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

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

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

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

Proposition 51

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

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

Future Initiatives

Article XIII A, Article XIII B, Article XIII C and Article XIII D of the California Constitution and the above-described propositions were each approved by the electorate as statewide measures. From time to time other statewide measures qualifying for the ballot by way of the initiative process or proposed by the Legislature could be adopted, and judicial actions could be taken, which may further affect District revenues or the District's ability to expend revenues. The nature and impact of these measures and court decisions cannot be anticipated by the District.

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APPENDIX B

CITY OF REDDING AND COUNTY OF SHASTA DEMOGRAPHIC INFORMATION

The following information concerning the City of Redding (the "City") and the County of Shasta (the "County") is included only for the purpose of supplying general information regarding the area of the District. The Bonds are not a debt of the City, the County, the State, or any of their political subdivisions and neither said City, County, said State, nor any of their political subdivisions is liable therefor. See the section herein entitled "SECURITY AND SOURCE OF PAYMENT FOR THE BONDS."

General Information

City of Redding. The City is located at the northern end of the Sacramento Valley, approximately 150 miles north of Sacramento and 230 miles northeast of San Francisco. The City is the largest city in the County, comprising an area of approximately 61 square miles, with a 2019 population of approximately 92,839. It is the county seat of Shasta County and the major trade, recreational and commerce center for the northcentral and northeastern portions of California.

The 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 portion of the Cascade Range.

Population

Population estimates for the City and the County, as of January 1 in each year displayed, are shown in the following table.

**CITY OF REDDING AND COUNTY OF SHASTA
Population Estimates
2014 through 2019**

Year	City of Redding	County of Shasta
2014	91,168	179,253
2015	91,386	179,379
2016	91,277	178,203
2017	91,544	178,301
2018	91,958	178,926
2019	92,839	178,773

Source: California State Department of Finance.

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Employment and Industry

The table on the following page show civilian labor force and wage and salary employment data for the County, for the years 2014 through 2018. These figures are county-wide statistics and may not necessarily accurately reflect employment trends in the City.

COUNTY OF SHASTA
Civilian Labor Force, Employment and Unemployment, Unemployment by Industry
Annual Averages – March 2018 Benchmark

	2014	2015	2016	2017	2018
Civilian Labor Force ⁽¹⁾	74,900	74,200	74,300	74,100	74,200
Civilian Employment	67,700	68,400	69,100	69,800	70,500
Civilian Unemployment	7,200	5,800	5,200	4,300	3,700
Civilian Unemployment Rate	9.6%	7.8%	7.0%	5.8%	4.9%
<hr/>					
Total, All Industries ⁽²⁾	63,200	64,500	66,000	67,100	68,100
Total Farm	900	900	900	900	1,000
Total Nonfarm	62,200	63,600	65,100	66,200	67,100
Total Private	49,600	50,900	52,300	53,200	53,800
Goods Producing	5,000	5,300	5,600	5,900	6,100
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
Service Providing	57,200	58,200	59,500	60,400	61,100
Private Service Producing	44,500	45,500	46,700	47,300	47,800
Trade, Transportation & Utilities	12,200	12,600	12,800	12,900	12,800
Wholesale Trade	1,700	1,800	1,800	1,800	1,800
Retail Trade	8,800	9,100	9,300	9,300	9,200
Transp., Warehousing & Utilities	1,800	1,800	1,800	1,800	1,800
Information	700	700	700	700	600
Financial Activities	2,600	2,600	2,600	2,700	2,700
Professional & Business Services	6,000	6,300	6,800	7,000	7,500
Educational & Health Services	14,100	14,400	14,800	15,000	15,100
Leisure & Hospitality	6,600	6,700	6,700	6,800	6,700
Other Services	2,400	2,300	2,300	2,300	2,400
Government	12,600	12,700	12,800	13,100	13,300
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
Special Districts & Indian Tribes	1,200	1,200	1,200	1,200	1,200

⁽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.

Source: State of California Employment Development Department.

Major Employers

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

SHASTA COUNTY
Principal Employers, 2019
(By numbers of employees)

Rank	Employer	Industry	Number of Employees
1.	Shasta County	Government Offices	2,018
2.	Mercy Medical Center	Hospitals	1,997
3.	Shasta Regional Medical Center	Hospitals	967
4.	City of Redding	Government Offices	777
5.	Walmart	Department Stores	720
6.	Redding Rancheria/Win River	Casinos	700
7.	CA Transportation Department	Government Offices	467
8.	Shasta Union High School District	Education	496
9.	Shasta Community Health	Clinics	485
10.	Shasta Community College	Education	452

Source: County of Shasta Comprehensive Annual Financial Report, Fiscal Year Ended June 30, 2019.

Effective Buying Income

Effective buying income (“EBI”) represents personal income less personal tax and non-tax payments. EBI is a bulk measure of market potential. It indicates the general ability to buy and is essential in comparing, selecting and grouping markets on that basis. The following table summarizes the Median Household Effective Buying Income for the City, the County, the State and the United States for calendar years 2015 through 2019, the last year for which such data are available.

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

	2015	2016	2017	2018	2019
City of Redding	\$41,232	\$38,523	\$41,924	\$43,893	\$44,822
County of Shasta	41,252	38,531	42,055	44,314	45,235
State of 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.

Commercial Activity

A summary of historic taxable sales within the City and the County during the past five years for which data are available is shown in the following two tables. Annual data for 2018 and 2019 are not yet available.

CITY OF REDDING
Taxable Retail Sales
Number of Outlets and Valuation of
Taxable Transactions (dollars shown in thousands)

	Retail and Food Services		Total All Outlets	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2012	2,020	\$1,473,662	3,127	\$1,841,374
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 and later 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: California State Board of Equalization, *Taxable Sales in California (Sales & Use Tax) for years 2012-2016*. State Department of Tax and Fee Administration for years 2017 and 2018.

COUNTY OF SHASTA
Taxable Retail Sales
Number of Outlets and Valuation of
Taxable Transactions (dollars shown in thousands)

	Retail and Food Services		Total All Outlets	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2012	3,821	\$1,915,713	5,773	\$2,642,280
2013	4,653	2,007,897	6,569	2,804,362
2014	4,945	2,025,336	6,904	2,816,992
2015 ⁽¹⁾	2,558	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 and later 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: California State Board of Equalization, *Taxable Sales in California (Sales & Use Tax) for years 2012-2016*. State Department of Tax and Fee Administration for years 2017 and 2018.

Construction Activity

Building activity in the City for the past five years for which data are available, is shown in the following table.

CITY OF REDDING
Total Building Permit Valuations
(Valuation in Thousands of Dollars)

	2014	2015	2016	2017	2018
<u>Permit Valuation</u>					
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	\$ 5,509.8
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	\$28,097.8
<u>New Dwelling Units</u>					
Single Family	108	191	131	146	113
Multiple Family	3	54	3	2	92
TOTAL	111	245	134	148	25

Source: Construction Industry Research Board, Building Permit Summary.

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Building activity in the County for the past five years for which data are available, is shown in the following table.

COUNTY OF SHASTA
Total Building Permit Valuations
(Valuation in Thousands of Dollars)

	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	51.1
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
New Dwelling Units					
Single Family	235	309	261	377	300
Multiple Family	5	59	54	6	94
TOTAL	240	368	315	382	394

Source: Construction Industry Research Board, Building Permit Summary.

APPENDIX C

AUDIT REPORT OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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Enterprise Elementary School District

County of Shasta
Redding, California

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION
WITH INDEPENDENT AUDITORS' REPORTS

June 30, 2019



Enterprise Elementary School District

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Enterprise Elementary School District

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INDEPENDENT AUDITORS' REPORT

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

Management's Responsibility for the Financial Statements

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, 2019; 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 schedules, and the required supplementary information listed on 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 79 to 89, including the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are 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 81 to 89 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 16, 2019, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of 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.



December 16, 2019
Chico, California

FINANCIAL SECTION

Required Supplementary Information

INTRODUCTION

An overview of the Enterprise Elementary School District's (the District) financial activities for the fiscal year ended June 30, 2019, is provided in this discussion and analysis of the District's financial performance.

This management's discussion and analysis (MD&A) should be read in conjunction with the District's financial statements (including notes and supplementary information).

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 statements that present different views of the District:

- The first two statements are *government-wide financial statements* that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are *fund financial statements* that focus on individual parts of the District, reporting the District's operations in more detail than the government-wide statements. The District maintains governmental funds and fiduciary funds as follows:
 - *Governmental Funds*: Financial statements that 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 Funds*: Financial statements that 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.

Enterprise Elementary School District
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

FINANCIAL HIGHLIGHTS

Overall revenues were \$50,920,277 for the year ended June 30, 2019. Expenses exceeded revenues by \$1,604,145. The District has incurred an operating deficit in two of the past three years.

Total government-wide net position was \$(10,024,656), a decrease of 19.05% from the previous year. The General Fund reported a total fund balance of \$5,868,381.

Enrollment in the District decreased by 37, or approximately 0.10% from the previous year.

Labor negotiations with certificated and classified employees are closed for the 2018-19 school 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 owned less the liabilities owed. 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 liabilities, 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.

Enterprise Elementary School District

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Continued)

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.

Enterprise Elementary School District
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

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, 2019, was \$(10,024,656). 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. Restricted net position decreased due to new textbook adoption. All District net position is the result of governmental activities.

June 30	Governmental Activities		Percentage
	2018	2019	Change
			2018-19
ASSETS			
Cash and other current assets	\$ 16,897,958	\$ 26,407,299	56.28%
Capital assets	33,078,502	33,430,610	1.06%
TOTAL ASSETS	49,976,460	59,837,909	19.73%
DEFERRED OUTFLOWS OF RESOURCES			
Deferred loss on refunding	354,207	256,162	-27.68%
Deferred outflows of resources for OPEB	-	30,417	N/A
Deferred outflows of resources for pensions	11,891,042	14,440,310	21.44%
TOTAL DEFERRED OUTFLOWS OF RESOURCES	12,245,249	14,726,889	20.27%
LIABILITIES			
Current liabilities	2,102,265	2,870,363	36.54%
Long-term debt	66,601,390	79,651,313	19.59%
TOTAL LIABILITIES	68,703,655	82,521,676	20.11%
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources for OPEB	-	40,335	N/A
Deferred inflows of resources from pensions	1,938,565	2,027,443	4.58%
TOTAL DEFERRED INFLOWS OF RESOURCES	1,938,565	2,067,778	6.67%
NET POSITION			
Net investment in capital assets	9,249,175	10,520,859	13.75%
Restricted	8,277,302	18,490,322	123.39%
Unrestricted	(25,946,988)	(39,035,837)	-50.44%
TOTAL NET POSITION	\$ (8,420,511)	\$ (10,024,656)	-19.05%

Enterprise Elementary School District
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

Change in Net Position

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

Total revenues increased \$2,563,219 from the previous year to \$50,920,277. Property taxes and state aid funding accounted for most of the District's revenue, representing 78.3 cents of each dollar received. Another 17.8% came from federal and state aid for specific programs, and the remaining 3.9% came from fees charged for services and miscellaneous sources.

The total cost of all programs and services increased \$4,260,069 to \$52,524,422. Expenses exceeded the District's revenues for the year by \$1,604,145. The District's expenses are primarily related to educating and caring for students (77.4%). Administrative activities of the District account for 7.5% of the total costs.

Years Ended June 30	Governmental Activities		Percentage
	2018	2019	Change 2018-19
REVENUES			
Program Revenues			
Charges for services	\$ 473,372	\$ 365,452	-22.80%
Federal and state categorical programs	8,552,941	9,040,253	5.70%
General Revenues			
Property taxes	10,194,488	9,370,150	-8.09%
State formula aid	28,015,955	30,523,467	8.95%
Other	1,120,302	1,620,955	44.69%
TOTAL REVENUES	48,357,058	50,920,277	5.30%
EXPENSES			
Instruction-related services	30,914,589	33,432,868	8.15%
Student support services	6,787,398	7,192,181	5.96%
Plant services	4,998,058	5,083,807	1.72%
Administration	3,137,587	3,940,760	25.60%
Other	2,426,721	2,874,806	18.46%
TOTAL EXPENSES	48,264,353	52,524,422	8.83%
Change in Net Position	\$ 92,705	\$ (1,604,145)	-1830.38%

Enterprise Elementary School District
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

The District's total expenses were \$52,524,422; however, the net cost for these activities was \$43,118,717 after costs paid by those who benefited from the programs and amounts paid by other governments and organizations who subsidized certain programs with grants and contributions.

Years Ended June 30	Total Cost of Services		Percentage
	2018	2019	Change 2018-19
Instruction	\$ 26,536,052	\$ 28,437,707	7.17%
Instruction-related services	4,378,537	4,995,161	14.08%
Pupil services	6,787,398	7,192,181	5.96%
Ancillary services	1,307,768	1,201,808	-8.10%
Community services	6,667	7,660	14.89%
General administration	3,137,587	3,940,760	25.60%
Plant services	4,998,058	5,083,807	1.72%
Other outgo	141,422	93,623	-33.80%
Interest on long-term debt	970,864	1,571,715	61.89%
Totals	\$ 48,264,353	\$ 52,524,422	8.83%

Years Ended June 30	Net Cost of Services		Percentage
	2018	2019	Change 2018-19
Instruction	\$ 22,307,782	\$ 23,445,844	5.10%
Instruction-related services	4,050,372	4,607,399	13.75%
Pupil services	4,082,638	4,282,628	4.90%
Ancillary services	681,381	575,142	-15.59%
Community services	6,539	7,459	14.07%
General administration	2,899,943	3,571,481	23.16%
Plant services	4,152,140	5,002,219	20.47%
Other	86,381	54,830	-36.53%
Interest on long-term debt	970,864	1,571,715	61.89%
Totals	\$ 39,238,040	\$ 43,118,717	9.89%

Enterprise Elementary School District
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Governmental Funds

The District's governmental funds reported a combined fund balance of \$23,992,479, an increase of \$8,933,207 from the previous year. Following is a summary of the District's fund balances.

June 30	Fund Balance		Increase (Decrease)
	2018	2019	
General	\$ 5,872,798	\$ 5,868,381	\$ (4,417)
Charter Schools	38,661	242,621	203,960
Cafeteria Special Revenue	927,548	851,267	(76,281)
Pupil Transportation Equipment	87,767	16,989	(70,778)
Building	1,440,536	11,328,236	9,887,700
Capital Facilities	629,218	126,385	(502,833)
County School Facilities	593,564	610,710	17,146
Special Reserve Capital Projects	1,567,143	1,111,763	(455,380)
Bond Interest and Redemption	3,902,037	3,836,127	(65,910)
Totals	\$ 15,059,272	\$ 23,992,479	\$ 8,933,207

The increase in the Charter Schools Fund is due to the growth of Redding Collegiate Academy.

The decrease in the Cafeteria Special Revenue Fund is due to large equipment purchases in 2018-19.

The decrease in the Pupil Transportation Equipment Fund is due to the purchase of a new bus in 2018-19.

The increase in the Building Fund is due to proceeds received from the District's new General Obligation Bonds.

The decrease in the Capital Facilities Fund is due to expenditures on capital projects.

The decrease in the Special Reserve Capital Projects Fund is due to the completion of the District's Clean Energy Project.

Enterprise Elementary School District
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

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.

Budgeted revenues increased by \$498,617 and budgeted expenditures increased by \$2,995,651. The significant budget amendments fell into the following categories:

- ✓ Budget revisions to reflect funding levels appropriated in the state budget.
- ✓ Budget revisions to reflect unexpended balances carried forward from the prior year.
- ✓ Budget revisions to update revenues and expenditures for increases in enrollment and average daily attendance (ADA) data.
- ✓ Budget revisions to reflect new grants and entitlements.
- ✓ Negotiated salary settlements with all bargaining units.

The District budgeted General Fund expenditures and other financing uses to exceed revenues and other financing sources by \$957,823. However, actual results for the year reflected a decrease of \$4,417.

Actual revenues were \$1,876,658 more than budget; an increase of 4.4%.

Actual expenditures were \$751,518 more than budget. The District budgets to spend most restricted grant funds; however, as of June 30, 2019, there was \$419,362 unspent in restricted categorical programs that were included in budgeted expenditures. The District budgets to fully spend unrestricted funds allocated to sites and program managers; however, as of June 30, 2019, there was \$436,738 unspent to carryover to fiscal year 2019-20. These unspent funds will be carried forward and included in the 2019-20 budget.

Enterprise Elementary School District
MANAGEMENT’S DISCUSSION AND ANALYSIS
(Continued)

CAPITAL ASSETS AND LONG-TERM DEBT ADMINISTRATION

Capital Assets

The District has invested \$66,005,242 in capital assets including land, site improvements, buildings, and equipment. During the year, the District invested \$2,650,287 in the following assets:

- Portable classrooms costing \$83,071.
- Technology infrastructure upgrades costing \$649,444.
- Playground equipment costing \$299,568.
- District-wide clean energy projects costing \$552,031.
- Campus expansion projects costing \$380,576.
- Parking lot repairs costing \$197,362
- A bus and equipment costing \$123,042.
- HVAC upgrades costing \$135,480.
- Roof repairs costing \$7,246.
- Property purchase costing \$19,937.
- Performing arts/gym expansion of \$1,050.
- Maintenance equipment costing \$30,460.
- Cafeteria equipment costing \$114,610.
- Security fencing costing \$56,410.

June 30	Governmental Activities		Percentage
	2018	2019	Change
			2018-19
Land	\$ 816,992	\$ 816,992	0.00%
Buildings and improvements	55,412,631	57,162,158	3.16%
Equipment and vehicles	4,873,887	7,473,757	53.34%
Construction in progress	2,569,424	552,335	-78.50%
Totals	\$ 63,672,934	\$ 66,005,242	3.66%

Enterprise Elementary School District
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

Long-Term Debt

At year end, the District had \$79,651,313 in outstanding long-term debt. The most significant change to long-term debt is due to the annual adjustment to the District's net pension liability and the issuance of the 2018 general obligation bonds.

June 30	Governmental Activities		Percentage
	2018	2019	Change 2018-19
General obligation bonds	\$ 19,662,461	\$ 27,626,772	40.51%
Bond issuance premiums	863,621	1,007,690	16.68%
Capitalized interest	5,097,988	5,859,692	14.94%
Compensated absences	182,110	174,921	-3.95%
Net OPEB liability	1,311,575	1,141,102	-13.00%
Net pension liability	39,483,635	43,841,136	11.04%
Total	\$ 66,601,390	\$ 79,651,313	19.59%

FACTORS BEARING ON THE DISTRICT'S FUTURE

The District experienced declining enrollment during 2018-19, and is experiencing an increase in initial enrollment in 2019-20.

The District has contracts with its certificated and classified bargaining groups through June 30, 2019. All contracts allow for renegotiation of compensation issues each year.

As we embrace the 2019-20 school year and look forward, the economic recovery continues to support statewide revenue collections. The State's 2019-20 Budget (State Budget) continues the state's priority of increasing funding in support of education. The State Budget completely closed the remaining gap towards the Governor's funding targets.

While funding restorations continue, the state still has a long way to go and many other challenges face the California legislature in providing education funding. Years of budget cuts have taken their toll on California classrooms, with funding still well below the national average. However, schools are restoring and developing new programs with restored funding. We are encouraged to see improved unemployment reports, however, recruiting qualified staff remains a challenge. Further, the fiscal implications of increasing CalSTRS and CalPERS costs, Affordable Care Act implementation, and minimum wage increases are competing for the restored funds. Many economists suggest that the average economic recovery cycle runs about seven years; we remain optimistically cautious as we look to the near future and consider the sustainability of education funding. We keep a watchful eye on the economic climate and political indicators, and maintain an active role in multi-year planning, developing contingencies, and adjusting our plans and budgets accordingly.

Enterprise Elementary School District
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

Notwithstanding the fiscal challenges, the District continues to expect excellence. Quality staff development continues with a focus on new standards, our unduplicated pupils, technology in classrooms, and strategies to help students through the various forms of trauma and barriers they individually face. Additionally, we are seeing increased and improved services for kids, including performing arts, electives, athletic programs, and STEM focused programs. A new distanced-based, technology-infused alternate education school setting complements our academic offerings.

We are excited to see the state's continued positive funding outlook; the District is, and will continue to strive for educational excellence and remain fiscally sound. *We are, after all, student focused, and remain committed to spending resources consistent with what is best for our students' needs and growth.*

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, parents, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions regarding this report or for additional financial information, please contact:

Ms. Deborah Williams, Interim Chief Business Official
Enterprise Elementary School District
1155 Mistletoe Lane
Redding, CA 96002

Basic Financial Statements

Enterprise Elementary School District
STATEMENT OF NET POSITION

June 30, 2019	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 22,376,914
Accounts receivable	482,723
Due from other governments	2,405,145
Inventories	41,946
Prepaid expenses	805,943
Restricted cash and investments	294,628
Nondepreciated capital assets	1,369,327
Depreciated capital assets	64,635,915
Accumulated depreciation	(32,574,632)
TOTAL ASSETS	59,837,909
DEFERRED OUTFLOWS OF RESOURCES	
Deferred loss on refunding	256,162
Deferred outflows of resources for OPEB	30,417
Deferred outflows of resources for pensions	14,440,310
TOTAL DEFERRED OUTFLOWS OF RESOURCES	14,726,889
LIABILITIES	
Accounts payable and other current liabilities	2,401,604
Due to other governments	87,252
Advances from grantors	381,507
Long-term obligations:	
Due within one year	2,851,826
Due beyond one year	76,799,487
TOTAL LIABILITIES	82,521,676
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources from OPEB	40,335
Deferred inflows of resources for pensions	2,027,443
TOTAL DEFERRED INFLOWS OF RESOURCES	2,067,778
NET POSITION	
Net investment in capital assets	10,520,859
Restricted for capital projects	13,177,094
Restricted for debt service	3,836,127
Restricted for educational programs	667,780
Restricted for other purposes	809,321
Unrestricted	(39,035,837)
NET POSITION	\$ (10,024,656)

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

Enterprise Elementary School District
STATEMENT OF ACTIVITIES

Year Ended June 30, 2019	Expenses	Program Revenues		Net (Expense) Revenue and Change in Net Position - Governmental Activities
		Charges for Services	Operating Grants and Contributions	
FUNCTIONS/PROGRAMS				
Primary Government				
Governmental activities:				
Instruction	\$ 28,437,707	\$ 347,283	\$ 4,644,580	\$ (23,445,844)
Instruction-related services	4,995,161	2,998	384,764	(4,607,399)
Pupil services	7,192,181	14,012	2,895,541	(4,282,628)
Ancillary services	1,201,808	-	626,666	(575,142)
Community services	7,660	-	201	(7,459)
General administration	3,940,760	-	369,279	(3,571,481)
Plant services	5,083,807	-	81,588	(5,002,219)
Other outgo	93,623	1,159	37,634	(54,830)
Interest on long-term debt	1,571,715	-	-	(1,571,715)
Total Governmental Activities	\$ 52,524,422	\$ 365,452	\$ 9,040,253	(43,118,717)
GENERAL REVENUES				
Property taxes - levied for general purposes				6,666,862
Property taxes - levied for debt service				2,616,661
Property taxes - levied for other specific purposes				86,627
Federal and state aid not restricted to specific purposes				30,523,467
Unrestricted investment earnings				462,978
Interagency revenues				279,413
Miscellaneous				878,564
TOTAL GENERAL REVENUES AND TRANSFERS				41,514,572
Change in Net Position				(1,604,145)
Net Position - Beginning of Year				(8,420,511)
Net Position - End of Year				\$ (10,024,656)

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

Enterprise Elementary School District

BALANCE SHEET – GOVERNMENTAL FUNDS

June 30, 2019	General Fund	Charter Schools Fund	Building Fund	Bond Interest and Redemption Fund	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and investments	\$ 5,058,589	\$ 114,633	\$ 11,372,394	\$ 3,572,360	\$ 2,258,938	\$ 22,376,914
Accounts receivable	327,694	1,757	-	-	67,493	396,944
Due from other governments	1,712,833	62,705	-	-	629,607	2,405,145
Due from other funds	663,021	443,350	8,849	-	99,305	1,214,525
Inventories	-	-	-	-	41,946	41,946
Prepaid expenditures	805,943	-	-	-	-	805,943
Restricted cash and investments	-	-	30,861	263,767	-	294,628
TOTAL ASSETS	\$ 8,568,080	\$ 622,445	\$ 11,412,104	\$ 3,836,127	\$ 3,097,289	\$ 27,536,045
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable and other current liabilities	\$ 1,307,213	\$ 40,317	\$ 71,927	\$ -	\$ 135,511	\$ 1,554,968
Due to other governments	80,997	6,255	-	-	-	87,252
Due to other funds	929,982	333,252	11,941	-	244,664	1,519,839
Advances from grantors	381,507	-	-	-	-	381,507
Total Liabilities	2,699,699	379,824	83,868	-	380,175	3,543,566
Fund Balances						
Nonspendable	820,943	-	-	-	41,946	862,889
Restricted	664,299	3,481	11,328,236	3,836,127	2,658,179	18,490,322
Assigned	2,272,114	239,140	-	-	16,989	2,528,243
Unassigned	2,111,025	-	-	-	-	2,111,025
Total Fund Balances	5,868,381	242,621	11,328,236	3,836,127	2,717,114	23,992,479
TOTAL LIABILITIES AND FUND BALANCES	\$ 8,568,080	\$ 622,445	\$ 11,412,104	\$ 3,836,127	\$ 3,097,289	\$ 27,536,045

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

Enterprise Elementary School District

RECONCILIATION OF GOVERNMENTAL FUND BALANCES TO GOVERNMENT-WIDE NET POSITION

June 30, 2019

Total Fund Balances - Governmental Funds \$ 23,992,479

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	\$ 66,005,242
Accumulated depreciation	(32,574,632)

Total Capital Assets - Net 33,430,610

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 unmaturred interest owed at the end of the period was:

(455,543)

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	34,494,154
Net pension liability	43,841,136
Net OPEB liability	1,141,102
Compensated absences	174,921
Deferred loss on refunding	(256,162)

Total Long-Term Liabilities (79,395,151)

Balance Forward \$ (22,427,605)

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

Enterprise Elementary School District

RECONCILIATION OF GOVERNMENTAL FUND BALANCES TO GOVERNMENT-WIDE NET POSITION

June 30, 2019

Balance Brought Forward \$ (22,427,605)

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	14,440,310
Deferred inflows of resources relating to pensions	(2,027,443)

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 outflows of resources relating to OPEB	30,417
Deferred inflows of resources relating to OPEB	(40,335)

Total Net Position - Governmental Activities \$ (10,024,656)

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

Enterprise Elementary School District

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

Year Ended June 30, 2019	General Fund	Charter Schools Fund	Building Fund	Bond Interest and Redemption Fund	Other Governmental Funds	Total Governmental Funds
Revenues						
Property taxes	\$ 6,666,862	\$ -	\$ -	\$ 2,600,891	\$ -	\$ 9,267,753
Local control funding formula sources	26,618,263	2,509,801	-	-	-	29,128,064
Other state revenue	5,625,825	243,812	970	15,770	667,678	6,554,055
Federal revenue	2,221,069	21,027	-	-	2,340,789	4,582,885
Other local revenue	2,979,747	54,817	166,637	89,912	798,070	4,089,183
Total Revenues	44,111,766	2,829,457	167,607	2,706,573	3,806,537	53,621,940
Expenditures						
Current:						
Instruction	25,978,408	2,164,871	-	-	337,531	28,480,810
Instruction-related services	4,387,426	374,993	-	-	70,594	4,833,013
Pupil services	4,121,655	60,531	-	-	3,050,169	7,232,355
Ancillary services	1,160,570	24,392	-	-	-	1,184,962
Community services	8,185	-	-	-	-	8,185
General administration	3,526,625	136,288	-	-	181,024	3,843,937
Plant services	4,265,480	243,401	337,792	-	89,680	4,936,353
Transfers between agencies	93,623	-	-	-	-	93,623
Debt service:						
Principal	-	-	-	2,535,689	-	2,535,689
Interest and other charges	-	-	-	500,561	-	500,561
Issuance costs and discounts	-	-	212,704	-	-	212,704
Capital outlay	161,375	-	302,976	-	1,199,522	1,663,873
Total Expenditures	43,703,347	3,004,476	853,472	3,036,250	4,928,520	55,526,065
Excess (Deficiency) of Revenues Over Expenditures						
	\$ 408,419	\$ (175,019)	\$ (685,865)	\$ (329,677)	\$ (1,121,983)	\$ (1,904,125)

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

Enterprise Elementary School District

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

Year Ended June 30, 2019	General Fund	Charter Schools Fund	Building Fund	Bond Interest and Redemption Fund	Other Governmental Funds	Total Governmental Funds
Other Financing Sources (Uses)						
Interfund transfers in	\$ -	\$ 378,979	\$ -	\$ -	\$ 33,857	\$ 412,836
Interfund transfers out	(412,836)	-	-	-	-	(412,836)
Proceeds from long-term debt	-	-	10,500,000	-	-	10,500,000
Other sources	-	-	73,565	263,767	-	337,332
Total Other Financing Sources and (Uses)	(412,836)	378,979	10,573,565	263,767	33,857	10,837,332
Net Change in Fund Balances	(4,417)	203,960	9,887,700	(65,910)	(1,088,126)	8,933,207
Fund Balances - Beginning of Year	5,872,798	38,661	1,440,536	3,902,037	3,805,240	15,059,272
Fund Balances - End of Year	\$ 5,868,381	\$ 242,621	\$ 11,328,236	\$ 3,836,127	\$ 2,717,114	\$ 23,992,479

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

Enterprise Elementary School District

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

Year Ended June 30, 2019

Total Net Change in Fund Balances - Governmental Funds	\$ 8,933,207
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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	\$ 2,704,791
Depreciation expense	(1,980,199)

Total Capital Outlay - Net	724,592
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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:

2,535,689

Debt proceeds: In governmental funds, proceeds from long-term debt are recognized as other financing sources. In the government-wide statements, proceeds from long-term debt are reported as increases to liabilities. Amounts recognized in governmental funds as proceeds from long-term debt, net of issue premium or discount, were:

(10,837,332)

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:

(953,668)

Balance Forward	\$ 402,488
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The accompanying notes are an integral part of these financial statements.

Enterprise Elementary School District

STATEMENT OF FIDUCIARY NET POSITION – FIDUCIARY FUNDS

June 30, 2019		Agency
ASSETS		
Cash and investments	\$	228,129
Due from other funds		391,093
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TOTAL ASSETS	\$	619,222
<hr/>		
LIABILITIES		
Overdraft in county treasury	\$	305,314
Due to other funds		85,779
Due to student groups		228,129
<hr/>		
TOTAL LIABILITIES	\$	619,222

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

Enterprise Elementary School District

NOTES TO THE FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES

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

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 Standard

The District adopted the provisions of GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements* for fiscal year ended June 30, 2019. 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. Accordingly, the District's financial statements have been presented in accordance with the guidance from this statement. The statement has been applied retrospectively to all periods presented.

Financial Reporting Entity

The District's financial reporting entity comprises the following:

Primary government

Enterprise Elementary School District

Blended component units

PACE Academy

Redding Collegiate Academy

Criteria for determining if other entities are potential component units, which should be reported within the District's basic financial statements, are identified and described in the GASB, *Codification of Governmental Accounting and Financial Reporting Standards*, Sections 2100 and 2600. The application of these criteria provides for identification of any entities for which the District is financially accountable and other organizations that the nature and significance of their relationship with the District is such that exclusion would cause the District's basic financial statements to be misleading or incomplete.

Enterprise Elementary School District

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

Blended Component Units Separate legal entities that meet the component unit criteria described above, and whose governing body is the same or substantially the same as the District's governing board or the component unit, that provide services entirely to the District. These component units' funds are blended into those of the District by appropriate activity type to compose the primary government presentation.

Discretely Presented Component Units Separate legal entities that meet the component unit criteria described above, but do not meet the criteria for blending. Currently, the District has no discretely presented component units.

Blended Component Units

The component units that are blended into the reporting activity of the District's report are as follows:

PACE Academy is included in the Charter Schools Fund. PACE Academy was created on March 8, 2017, through the authority established in the *California Education Code*, Section 47602 (Charter Schools Act of 1992), for the purpose of providing educational services to elementary and high school level residents of Shasta County and contiguous counties.

Redding Collegiate Academy is included in the Charter Schools Fund. Redding Collegiate Academy was created on May 10, 2017, through the authority established in the *California Education Code*, Section 47602 (Charter Schools Act of 1992), for the purpose of providing educational services to elementary and high school level residents of Shasta County and contiguous counties.

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.

Enterprise Elementary School District

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

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. Charter Schools Fund is used to report separately the activities of PACE Academy and Redding Collegiate Academy charter schools.
2. Child Development Fund is used to account separately for federal, state, and local revenues and the expenditure of those funds to operate child development programs (*California Education Code*, Section 8328).
3. 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).
4. Pupil Transportation Equipment Fund is used to account separately for state and local revenues received for the acquisition, rehabilitation, or replacement of equipment used to transport students (*California Education Code*, Section 41852[b]).

Enterprise Elementary School District

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

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. County School Facilities Fund is used to receive apportionments from the State School Facilities Fund authorized by the State Allocation Board for new school facility construction, modernization projects, and facility hardship grants, as provided in the Leroy F. Greene School Facilities Act of 1998 (*California Education Code*, Section 17070.10).
4. 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).

Enterprise Elementary School District

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

Major and Nonmajor Funds

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

Major Governmental Funds:

- General Fund
- Charter Schools Fund
- Building Fund
- Bond Interest and Redemption Fund

Nonmajor Governmental Funds:

- Child Development Fund
- Cafeteria Special Revenue Fund
- Pupil Transportation Equipment Fund
- Capital Facilities Fund
- County School 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.

Enterprise Elementary School District

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

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 governmental funds. By state law, the District’s Governing Board must adopt a final budget no later than July 1. A public hearing must be conducted to receive comments prior to adoption. The District’s Governing Board satisfied these requirements.

These budgets are revised by the District’s Governing Board and District Superintendent during the year to give consideration to unanticipated income and expenditures. The original and final revised budgets are presented for the General Fund and each major special revenue 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 maturities 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.

Enterprise Elementary School District

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

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, 2019, the fair value of the County pool was 100.68% 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 increase 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 increase in the fair value of investments during the year ended June 30, 2019, was \$227,879. This amount takes into account all changes in fair value (including purchases and sales) that occurred during the year. The unrealized gain on investments held at June 30, 2019, was \$148,198.

Restricted Cash, Cash Equivalents, and Investments

Certain restricted cash and investments are held in the County Treasury (Bond Interest and Redemption Fund) for the repayment of long-term debt. Other restricted cash and investments are held with a fiscal agency (Building Fund) for debt issuance costs. Restricted cash and cash equivalents are combined with investments and displayed as restricted cash and investments.

The net increase in the fair value of restricted investments during the year ended June 30, 2019, was \$1,782. This amount takes into account all changes in fair value (including purchases and sales) that occurred during the year. The unrealized gain on restricted investments held at June 30, 2019, was \$1,782.

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, 2019. 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, 2019. At June 30, 2019, 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.

Enterprise Elementary School District

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

Inventories and Prepaid Expenses

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. Prepaid expenses consist of operating expenses for which payment is due in advance and are expensed when the benefit is received.

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 \$15,000 or more and an estimated useful life in excess of one year, except for buildings and improvements for which a higher capitalization threshold of \$50,000 or more is used. All fixed assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated fixed assets, which are recorded at their estimated fair value at the date of donation. Actual historical cost was used to value the majority of the assets.

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	20-25
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.

Enterprise Elementary School District

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

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 exceed 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.

Enterprise Elementary School District

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

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 a 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.

Enterprise Elementary School District

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

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 \$1,250,000.

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.

Enterprise Elementary School District

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

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.

OPEB

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District's OPEB Plan (the Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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.

Enterprise Elementary School District

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

2. CASH AND INVESTMENTS

The following is a summary of cash and investments:

June 30, 2019	Maturities	Fair Value
Deposits (1)		\$ 497,328
Investments That Are Not Securities (2)		
County treasurer's investment pool (net of overdraft)	11.4 months average	21,802,401
Total Cash and Investments		22,299,729
Less: Agency fund cash and investments (net of overdraft)		(77,185)
Total Cash and Investments Per Government-Wide Statement of Net Position		\$ 22,376,914

- (1) **Deposits** The carrying amount of deposits includes checking accounts, savings accounts, nonnegotiable certificates of deposits, 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.

Restricted Cash and Investments

The following is a summary of restricted cash and investments at June 30, 2019:

June 30, 2019	Maturities	Fair Value
Deposits (1)		\$ 30,861
Investments That Are Not Securities (2)		
County treasurer's investment pool	11.4 months average	263,767
Total Restricted Cash and Investments Per Government-Wide Statement of Net Position		\$ 294,628

- (1) **Deposits** The carrying amount of deposits includes checking accounts, savings accounts, nonnegotiable certificates of deposits, 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.

Enterprise Elementary School District

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

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, 2019:

- County treasurer's investment pool (net of overdraft) of \$21,802,401 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).
- County treasurer's investment pool (restricted cash and investments) of \$263,767 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.

Enterprise Elementary School District

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

3. ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following:

June 30, 2019	General Fund	Charter Schools Fund	Governmental Funds	Other Funds
Interest	\$ 5,900	\$ 213	\$ -	-
Other	321,794	1,544		67,493
Total	\$ 327,694	\$ 1,757	\$	67,493

4. DUE FROM OTHER GOVERNMENTS

Due from other governments consisted of the following:

June 30, 2019	General Fund	Charter Schools Fund	Governmental Funds	Other Funds
Due From				
Federal government	\$ 1,033,210	\$ -	\$ 545,342	
State government	611,090	62,705	84,265	
Local governments	68,533	-	-	
Total	\$ 1,712,833	\$ 62,705	\$	629,607

Enterprise Elementary School District

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

5. INTERFUND TRANSFERS AND BALANCES DUE TO/FROM OTHER FUNDS

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	Warrant/Pass-Through	\$ 85,688
General	Charter Schools	329,577
General	Child Development	71,940
General	Cafeteria Special Revenue	163,875
General	Building	11,941
Charter Schools	General	443,259
Charter Schools	Warrant/Pass-Through	91
Special Reserve Capital Projects	General	86,627
Building	Special Reserve Capital Projects	8,849
Child Development	General	8,857
Cafeteria Special Revenue	General	3,821
Warrant/Pass-Through	Charter Schools	3,675
Warrant/Pass-Through	General	387,418
Total		\$ 1,605,618

The specific purposes of the interfund balances are as follows:

General Fund interfund receivable from the Warrant/Pass-Through Fund to cover payroll and health and welfare benefits;

General Fund interfund receivable from the Charter Schools Fund for health and welfare benefits and to correct expenditure posting;

General Fund interfund receivable from the Child Development Fund for indirect costs, management and operations, and retiree health and welfare benefits;

General Fund interfund receivable from the Cafeteria Special Revenue Fund for indirect costs, retiree health and welfare benefits paid from the General Fund, and to correct expenditure posting;

General Fund interfund receivable from the Building Fund for retiree health and welfare benefits paid out of the General Fund and for expenses being paid from the incorrect fund;

Charter Schools Fund interfund receivable from the General Fund to correct expenditure posting and in-lieu taxes;

Charter Schools Fund interfund receivable from the Warrant/Pass-Through Fund for health and welfare benefits adjustment;

Special Reserve Capital Projects Fund interfund receivable from the General Fund for expenses being paid from the incorrect fund;

Enterprise Elementary School District

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

Building Fund interfund receivable from the Special Reserve Capital Projects Fund for expenses being paid from the incorrect fund;

Child Development Fund interfund receivable from the General Fund for contribution to preschool from General Fund;

Cafeteria Special Revenue Fund interfund receivable from the General Fund for correction of expenses;

Warrant/Pass-Through Fund interfund receivable from the Charter Schools Fund for clearing payroll; and

Warrant/Pass-Through Fund interfund receivable from the General Fund to correctly record July 2019 health insurance as prepaid and to correct expenditures.

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	Child Development	\$	8,857
General	Charter Schools		378,979
General	Pupil Transportation Equipment		25,000
Total		\$	412,836

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.

Enterprise Elementary School District

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

6. CAPITAL ASSETS

Capital assets activity is as follows:

Year Ended June 30, 2019	Beginning Balance	Additions	Deductions	Ending Balance
GOVERNMENTAL ACTIVITIES				
Nondepreciated Capital Assets				
Land	\$ 816,992	\$ -	\$ -	\$ 816,992
Construction in progress	2,569,424	1,918,063	3,935,152	552,335
Total Nondepreciated Capital Assets	3,386,416	1,918,063	3,935,152	1,369,327
Depreciated Capital Assets				
Buildings	46,929,382	1,183,360	-	48,112,742
Site improvements	8,483,248	566,168	-	9,049,416
Equipment and vehicles	4,873,886	2,599,871	-	7,473,757
Total Depreciated Capital Assets	60,286,516	4,349,399	-	64,635,915
Totals at Historical Cost	63,672,932	6,267,462	3,935,152	66,005,242
Less: Accumulated Depreciation				
Buildings	23,113,066	1,158,087	-	24,271,153
Site improvements	3,743,175	382,715	-	4,125,890
Equipment and vehicles	3,738,192	439,397	-	4,177,589
Total Accumulated Depreciation	30,594,433	1,980,199	-	32,574,632
Total Depreciated Capital Assets - Net	29,692,083	2,369,200	-	32,061,283
GOVERNMENTAL ACTIVITIES				
CAPITAL ASSETS - NET	\$ 33,078,499	\$ 4,287,263	\$ 3,935,152	\$ 33,430,610

Depreciation expense was charged to governmental activities as follows:

Year Ended June 30, 2019	
Governmental Activities	
Instruction	\$ 1,345,827
Instruction-related services	239,545
Pupil services	119,183
General administration	113,624
Plant services	162,020
Total Depreciation Expense - Governmental Activities	\$ 1,980,199

Enterprise Elementary School District

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

7. ACCOUNTS PAYABLE

Accounts payable consisted of the following:

June 30, 2019	General Fund	Charter Schools Fund	Building Fund	Other Governmental Funds
Vendors	\$ 1,053,162	\$ 27,236	\$ 71,927	\$ 116,521
Salaries and benefits	250,602	11,780	-	18,929
Other	3,449	1,301	-	61
Total	\$ 1,307,213	\$ 40,317	\$ 71,927	\$ 135,511

8. DUE TO OTHER GOVERNMENTS

Due to other governments consisted of the following:

June 30, 2019	General Fund	Charter Schools Fund
Due to State government	\$ 80,997	\$ 6,255

9. BONDED DEBT

On February 5, 2008, the District received authorization through an election held within the District, to issue \$34,000,000 of bonds. The bonds are general obligations of the District, and the County is obligated to annually levy ad valorem taxes for the payment of the interest on, and the principal of, the bonds.

In November 2018, voters approved Measure E, a \$26,000,000 general obligation bond authorization for the District. The bonds are general obligations of the District, and the County is obligated to annually levy ad valorem taxes for the payment of the interest on, and the principal of, the bonds.

On February 14, 2019, the District issued General Obligation Bonds, Election of 2018, Series A bonds in the amount of \$10,500,000. The proceeds will be used to upgrade classrooms, restrooms, and facilities. The proceeds will also be used to modernize existing facilities as well as make safety improvements. The bonds have a mandatory sinking fund requirement which stipulates that \$263,767 of the bond proceeds be deposited with the Shasta County Treasury. The funds, and any accrued interest, are to be used to redeem bonds maturing in 2040 through 2047.

Enterprise Elementary School District

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

The outstanding general obligation bonded debt is as follows:

Issue Date	Interest Rate	Maturity Date	Amount of Original Issue	Outstanding July 1, 2018	Additions	Current Year Redeemed	Outstanding June 30, 2019
2008	3.25-11.36%	2018	\$ 7,999,829	\$ 175,000	\$ -	\$ 175,000	\$ -
2008	2.00-3.50%	2046	2,000,000	2,000,000	-	-	2,000,000
2010	2.00-6.75%	2048	8,999,687	8,172,461	-	315,689	7,856,772
2012	2.00-4.00%	2020	11,025,000	4,265,000	-	2,045,000	2,220,000
2016	2.00-4.00%	2033	5,130,000	5,050,000	-	-	5,050,000
2019	3.63-5.00%	2048	10,500,000	-	10,500,000	-	10,500,000
Total			\$ 45,654,516	\$ 19,662,461	\$ 10,500,000	\$ 2,535,689	\$ 27,626,772

The amount of interest cost incurred during the year ended June 30, 2019, was \$1,450,804, 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
2020	\$ 2,677,834	\$ 861,142	\$ 3,538,976
2021	701,866	873,084	1,574,950
2022	1,166,923	1,146,232	2,313,155
2023	245,131	1,149,205	1,394,336
2024	294,684	1,157,576	1,452,260
2025-2029	2,355,124	5,677,513	8,032,637
2030-2034	5,088,003	5,257,677	10,345,680
2035-2039	4,776,565	8,160,988	12,937,553
2040-2044	4,959,962	11,074,813	16,034,775
2045-2049	5,360,680	8,419,554	13,780,234
Total	\$ 27,626,772	\$ 43,777,784	\$ 71,404,556

Enterprise Elementary School District

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

10. OPERATING LEASES

The District entered into various operating leases for copier machines with lease terms in excess of one year. None of these agreements contain purchase options. Payments are made on a pool of copier machines at various sites in the district. All agreements contain a termination clause providing for cancellation after a specified number of days' written notice to lessors, but it is unlikely that the District will cancel any of the agreements prior to the expiration date. Future minimum lease payments are as follows:

Year Ending June 30	Lease Payments
2020	\$ 88,470
2021	44,235
Total	\$ 132,705

The District will receive no sublease rental revenues nor pay for any contingent rentals for this equipment. Rent expenditures were \$44,235 for the year ended June 30, 2019.

11. CHANGES IN LONG-TERM DEBT

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

Year Ended June 30, 2019	Beginning Balance	Additions	Deductions	Ending Balance	Amounts Due Within One Year
Governmental Activities					
Compensated absences	\$ 182,110	\$ -	\$ 7,189	\$ 174,921	\$ -
General obligation bonds	19,662,461	10,500,000	2,535,689	27,626,772	2,677,834
Bond issuance premiums	863,621	337,332	193,263	1,007,690	173,992
Capitalized interest	5,097,988	761,704	-	5,859,692	-
Net OPEB liability	1,311,575	-	170,473	1,141,102	-
Net pension liability	39,483,635	4,357,501	-	43,841,136	-
Total	\$ 66,601,390	\$ 15,956,537	\$ 2,906,614	\$ 79,651,313	\$ 2,851,826

Enterprise Elementary School District
NOTES TO THE FINANCIAL STATEMENTS
(Continued)

12. FUND BALANCES COMPONENTS

Fund balances are composed of the following:

June 30, 2019	General Fund	Charter Schools Fund	Building Fund	Bond Interest and Redemption Fund	Other Governmental Funds
Nonspendable					
Reserved for:					
Revolving cash	\$ 15,000	\$ -	\$ -	\$ -	\$ -
Inventories	-	-	-	-	41,946
Prepaid expenditures	805,943	-	-	-	-
Total Nonspendable	\$ 820,943	\$ -	\$ -	\$ -	\$ 41,946
Restricted					
Restricted for:					
Capital projects	\$ -	\$ -	\$ 11,328,236	\$ -	\$ 1,848,858
Debt service	-	-	-	3,836,127	-
Federal and state categoricals	664,299	3,481	-	-	809,321
Total Restricted	\$ 664,299	\$ 3,481	\$ 11,328,236	\$ 3,836,127	\$ 2,658,179
Assigned					
Assigned for:					
Board priorities	\$ 1,439,879	\$ 239,140	\$ -	\$ -	\$ -
Deferred maintenance	120,176	-	-	-	-
Post employment benefits	712,059	-	-	-	-
Transportation equipment	-	-	-	-	16,989
Total Assigned	\$ 2,272,114	\$ 239,140	\$ -	\$ -	\$ 16,989
Unassigned					
Designated for economic uncertainties	\$ 1,250,000	\$ -	\$ -	\$ -	\$ -
Unassigned	861,025	-	-	-	-
Total Unassigned	\$ 2,111,025	\$ -	\$ -	\$ -	\$ -

Enterprise Elementary School District

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

13. JOINT POWERS AUTHORITIES

The District participates in joint ventures under joint powers agreements with the following joint powers authorities (JPAs): California's Valued Trust (CVT), Northern California Schools Insurance Group (NCSIG), Northern California Regional Excess Liability Fund (ReLiEF), Schools Excess Liability Fund (SELF), Schools Association For Excess Risk (SAFER), 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, health care, workers' compensation, 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.

14. 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.

Construction Project Commitment

Construction project commitments are as follows:

	Remaining Construction Commitment
June 30, 2019	
Monte Vista west parking lot	\$ 114,753

15. 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.

Enterprise Elementary School District

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

16. 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, 2019	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalSTRS State Teachers' Retirement Plan	\$ 29,410,240	\$ 10,192,687	\$ 1,981,670	\$ 3,276,871
CalPERS School Employer Pool	14,430,896	4,247,623	45,773	2,863,062
Total	\$ 43,841,136	\$ 14,440,310	\$ 2,027,443	\$ 6,139,933

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 multiplied by the number of years 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 retirements after age 60 increases with each quarter year of age to a maximum of 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, up to the 2.4% maximum.

Enterprise Elementary School District

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

- **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 multiplied by the number of years 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 10.205% of their salary. The required employer contribution rate for fiscal year 2018-19 was 16.28% of annual payroll. The District's contributions to CalSTRS for the fiscal year ended June 30, 2019, were \$2,817,832.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions At June 30, 2019, the District reported a 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, 2019

District's proportionate share of the net pension liability	\$ 29,410,240
State's proportionate share of the net pension liability associated with the District	16,838,820
Total	\$ 46,249,060

The District's net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017, rolled forward to June 30, 2018, 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, 2019, the District's proportion was 0.032%.

Enterprise Elementary School District

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

State Teachers' Retirement Law also requires the state to contribute 9.828% of the members' creditable earnings from the fiscal year ending in the prior calendar year. *California Education Code*, Section 22950.6 appropriates an additional \$2,246,000,000 from the state's General Fund for the 2018–19 fiscal year to be transferred to the Teachers' Retirement Fund. For the year ended June 30, 2019, the District recognized pension expense of \$574,199 and revenue of \$574,199 for support provided by the state. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 91,200	\$ 426,796
Net difference between projected and actual earnings on pension plan investments	-	1,132,376
Change in assumptions	4,568,686	-
Changes in proportion and differences between District contributions and proportionate share of contributions	2,714,969	422,498
District contributions subsequent to the measurement date	2,817,832	-
Total	\$ 10,192,687	\$ 1,981,670

The \$2,817,832 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, 2020. 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	
2020	\$ 1,443,878
2021	1,019,639
2022	247,899
2023	930,759
2024	1,341,494
Thereafter	409,516
Total	\$ 5,393,185

Enterprise Elementary School District

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

Actuarial Assumptions The total pension liability in the June 30, 2017, actuarial valuation for CalSTRS was determined using the following actuarial assumptions and applied to all periods included in the measurement:

Valuation date	June 30, 2017
Measurement date	June 30, 2018
Actuarial cost method	Entry age normal
Actuarial assumptions:	
Investment rate of return	7.10%
Interest on accounts	3.00%
Wage growth	3.50%
Consumer price inflation	2.75%
Post-retirement benefit increases	2.00% simple

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, 2017, valuation were based on the results of an actuarial experience study for the period July 1, 2010, through June 30, 2015.

Enterprise Elementary School District

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

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 inputs 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 expected 20-year geometrically linked real rates of return and the assumed asset allocation for each major asset class as of June 30, 2018, are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global equity	47%	6.30%
Private equity	13%	9.30%
Real estate	13%	5.20%
Inflation sensitive	4%	3.80%
Fixed income	12%	0.30%
Risk mitigating strategies	9%	2.90%
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 in accordance with the rate increases pursuant to Chapter 47, Statutes of 2014 (AB 1469). 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.

Enterprise Elementary School District

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

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, 2019	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
District's proportionate share of the net pension liability	\$ 43,082,560	\$ 29,410,240	\$ 18,074,560

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).

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 7.00% of their salary. Classic employees are required to contribute 7.00% of their salary. The required employer contribution rate for the 2018-19 fiscal year was 18.062%. The District's contributions to CalPERS for the fiscal year ended June 30, 2019, were \$1,424,990.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions At June 30, 2019, the District reported a net pension liability of \$14,430,896 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017, rolled forward to June 30, 2018, 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, 2019, the District's proportion was 0.05412%.

Enterprise Elementary School District

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

For the year ended June 30, 2019, the District recognized pension expense of \$2,863,062. *California Government Code*, Section 20825.2 appropriates \$904,000,000 from the state's General Fund for fiscal year 2018–19 to be transferred to the Public Employees' Retirement Fund, for payments relating to school employers' contributions and unfunded liabilities. No amounts are recognized at the government-wide level for the year ended June 30, 2019, as the government-wide financial statements are reported based on the June 30, 2018 measurement date. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 946,037	\$ -
Net difference between projected and actual earnings on pension plan investments	118,366	-
Change in assumptions	1,440,861	-
Changes in proportion and differences between District contributions and proportionate share of contributions	317,369	45,773
District contributions subsequent to the measurement date	1,424,990	-
Total	\$ 4,247,623	\$ 45,773

The \$1,424,990 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, 2020. 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	
2020	\$ 1,658,051
2021	1,157,520
2022	46,465
2023	(85,176)
Total	\$ 2,776,860

Enterprise Elementary School District

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

Actuarial Assumptions The total pension liability in the June 30, 2017, actuarial valuation for CalPERS was determined using the following actuarial assumptions applied to all periods included in the measurement:

Valuation date	June 30, 2017
Measurement date	June 30, 2018
Actuarial cost method	Entry age normal
Actuarial assumptions:	
Discount rate	7.15%
Inflation	2.50%
Salary increases	Varies by entry age and service
Investment rate of return	7.50%

Post-retirement mortality rates are based on CalPERS' experience and include 15 years of projected ongoing mortality improvement using 90% of Scale MP 2016 published by the Society of Actuaries. These tables are used to estimate the value of benefits expected to be paid for service and disability retirements. For disability retirements, impaired longevity is recognized by a separate table.

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which 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 rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

Enterprise Elementary School District

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

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.

Asset Class	Assumed Asset Allocation	Real Rate of Return	
		Years 1 - 10	Years 11+
Global equity	50%	4.80%	5.98%
Fixed income	28%	1.00%	2.62%
Inflation assets	0%	0.77%	1.81%
Private equity	8%	6.30%	7.23%
Real estate	13%	3.75%	4.93%
Liquidity	1%	0.00%	-0.92%
Total	100%		

Discount Rate The discount rate used to measure the total pension liability was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on 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, 2019	1% Decrease (6.15%)	Current Discount Rate (7.15%)	1% Increase (8.15%)
District's proportionate share of the net pension liability	\$ 21,010,694	\$ 14,430,896	\$ 8,972,011

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

17. EARLY RETIREMENT INCENTIVE PROGRAM

The District did not enter into any early retirement incentive agreements during 2018-19, pursuant to *California Education Code*, Sections 22714 and 44929, whereby the service credit to eligible employees is increased by two years.

Enterprise Elementary School District

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

18. POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

Plan Description and Benefits Provided

The District provides postemployment health care benefits to certificated employees who retire from the District on or after attaining age 55 with at least ten years of full-time service and who have attained Step 12 on his/her column on the certificated salary schedule. The District provides postemployment health care benefits to classified employees who retire after attaining age 55 with at least 15 years of service and who are currently enrolled in a District health benefit Plan. Additionally, the District provides postemployment health care benefits to confidential/classified management employees who retire from the District on or after attaining age 55 with at least ten years of service to the District. The District also provides postemployment health care benefits to administrative employees who retire from the District on or after attaining age 55 with at least ten years of full-time service and who have attained the maximum step on his/her column on the administrative salary schedule.

For certificated retirees, the District contributes up to \$5,351 per year for health, dental, and life insurance benefits until the retiree becomes eligible for either Medicare or Medi-Cal or when the retiree reaches age 65, whichever comes first. The District will contribute up to \$5,021 per year for health care benefits which include health, dental, vision, and life insurance for any classified employees until the retiree becomes eligible for Medicare, or a maximum of ten years. For confidential/classified management retirees, the District contributes up to \$5,247 per year for health, dental, vision, and life insurance benefits until age 65. For administrative retirees, the District contributes up to \$5,051 per year for health, dental, vision, and life insurance benefits until age 65.

The District provides these benefits through the California Employers' Retiree Benefit Trust (CERBT) Fund (the Trust), an agent multiple-employer defined benefit other postemployment benefit (OPEB) plan.

Employees Covered

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

June 30, 2019

Inactive Plan members or beneficiaries currently receiving benefit payments	34
Active Plan members	331
Total	365

Enterprise Elementary School District

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

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, 2019, the District contributed \$332,825, representing premium payments on behalf of retired employees in the amount of \$199,378 and an additional funding payment to the CERBT of \$133,447, respectively.

Net OPEB Liability

The District's net OPEB liability for the Plan is measured as the total OPEB liability, less the Plan's fiduciary net position. The total OPEB liability of the Plan is measured as of June 30, 2019, using an annual actuarial valuation as of July 1, 2017, rolled forward to June 30, 2019, using standard update procedures. The June 30, 2019 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 July 1, 2017, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation date	July 1, 2017
Measurement date	June 30, 2019
Actuarial cost method	Entry age, percent level of pay
Actuarial assumptions:	
Salary increases	3.00%
Discount rate	7.59% ⁽¹⁾
Consumer price inflation	2.75%
Healthcare cost trend rate	8.00% ⁽²⁾

(1) Net of investment expenses, including inflation.

(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.

Enterprise Elementary School District

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

Discount Rate

The discount rate used to measure the total OPEB liability was 7.59%. The discount rate is based on a blend of the long-term expected rate of return on assets for benefits covered by plan assets and a yield or index for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or better for benefits not covered by plan assets.

Long-Term Expected Rate of Return

The long-term expected rate of return on plan investments was determined by the California Employer's Retiree Benefit Trust (CERBT) using a building-block method in which best-estimate ranges of expected future real rates of return on assets for benefits covered by plan assets and a yield or index for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or better for benefits not covered by plan assets.

As of June 30, 2019, the long-term expected rate of return for CERBT Strategy 1 is 7.59%. The target allocation by investment class in the Plan's portfolio are as follows:

Investment Class	Target Allocation
Global equity	59.00%
Fixed income	25.00%
Treasury inflation-protected securities	5.00%
Real estate investment trusts	8.00%
Commodities	3.00%

Enterprise Elementary School District

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

Changes in the Net OPEB Liability

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

Year Ended June 30, 2019

Total OPEB Liability	
Service cost	\$ 81,797
Interest	180,402
Difference between expected and actual experience	20,762
Changes of assumptions	(47,057)
Benefit payments - including refunds of employee contributions	(135,830)
Net Change in Total OPEB Liability	100,074
Total OPEB Liability - Beginning of Year	2,453,783
Total OPEB Liability - End of Year (a)	2,553,857
Plan Fiduciary Net Position	
Contributions - employer	332,825
Net investment income	74,527
Benefit payments - including refunds of employee contributions	(135,830)
Administrative expense	(975)
Net Change in Plan Fiduciary Net Position	270,547
Plan Fiduciary Net Position - Beginning of Year	1,142,208
Plan Fiduciary Net Position - End of Year (b)	1,412,755
Net OPEB Liability - End of Year ((a) - (b))	\$ 1,141,102
Plan fiduciary net position as a percentage of the total OPEB liability	55.32%
Covered-employee payroll	\$ 21,153,668
District's net OPEB liability as a percentage of covered-employee payroll	5.39%

Enterprise Elementary School District

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

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

The following presents the District's net OPEB liability calculated using the discount rate of 7.59%, as well as the District's net OPEB liability if it was calculated using a discount rate that is one percentage point lower (6.59%) or one percentage point higher (8.59%) than the current rate:

June 30, 2019	1% Decrease (6.59%)	Current Discount Rate (7.59%)	1% Increase (8.59%)
Net OPEB liability	\$ 1,295,088	\$ 1,141,102	\$ 999,860

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

The following presents the District's net OPEB liability calculated using the healthcare cost trend rate of 8.00%, as well as the District's net 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, 2019	1% Decrease (7.00%)	Health Cost Trend Rates (8.00%)	1% Increase (9.00%)
Net OPEB liability	\$ 1,140,813	\$ 1,141,102	\$ 1,141,390

Plan Fiduciary Net Position

The Trust is administered by CalPERS. CalPERS issues a publicly available financial report that included financial statements and required supplementary information for the Trust. That report may be obtained by writing to CalPERS, CERBT (OPEB), P.O. Box 942709, Sacramento, CA 94229-2709 or by calling (888) 225-7377.

Enterprise Elementary School District

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

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

For the year ended June 30, 2019, the District recognized OPEB expense of \$172,270. At June 30, 2019, 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	\$ 17,796	\$ -
Net difference between projected and actual earnings on Plan investments	12,621	-
Change in assumptions	-	40,335
Total	\$ 30,417	\$ 40,335

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	
2020	\$ (601)
2021	(601)
2022	(601)
2023	(601)
2024	(3,756)
Thereafter	(3,758)
Total	\$ (9,918)

19. SUBSEQUENT EVENT

Construction Contract

On July 1, 2019, the District entered into a construction contract in the amount of \$176,028 for the replacement of the roof on buildings 300 and 400 at Redding Collegiate Academy.

Land Purchase

Subsequent to June 30, 2019, the District entered into a purchase and sale contract in the amount of \$510,000, for the purchase of property adjacent to a school site. The agreement is contingent on the property clearing all state specifications.

Enterprise Elementary School District

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

20. FUTURE GASB IMPLEMENTATION

In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*. This statement provides guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. It establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. The District's management has not yet determined the impact that the implementation of this standard, which is required on July 1, 2019, will have on the District's financial statements, if any.

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.

Required Supplementary Information

Enterprise Elementary School District
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND

Year Ended June 30, 2019	Budgeted Amounts		Actual Amounts GAAP Basis	Variance With Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Property taxes	\$ 5,247,037	\$ 5,986,479	\$ 6,666,862	\$ 680,383
Local control funding formula sources	28,118,590	27,501,106	26,618,263	(882,843)
Other state revenue	3,811,504	3,716,125	5,625,825	1,909,700
Federal revenue	2,295,832	2,563,161	2,221,069	(342,092)
Other local revenue	2,263,528	2,468,237	2,979,747	511,510
Total Revenues	41,736,491	42,235,108	44,111,766	1,876,658
Expenditures				
Certificated salaries	16,127,186	17,181,713	17,337,565	(155,852)
Classified salaries	7,370,888	7,697,065	7,741,196	(44,131)
Employee benefits	9,093,389	9,471,191	11,250,735	(1,779,544)
Books and supplies	2,964,200	3,343,202	1,734,655	1,608,547
Services and other operating	4,424,011	4,484,724	4,858,067	(373,343)
Capital outlay	-	843,000	867,540	(24,540)
Other outgo	(23,496)	(69,066)	(86,411)	17,345
Total Expenditures	39,956,178	42,951,829	43,703,347	(751,518)
Excess (Deficiency) of Revenues Over Expenditures	1,780,313	(716,721)	408,419	1,125,140
Other Financing Sources (Uses)				
Interfund transfers in	283,447	133,447	-	(133,447)
Interfund transfers out	(353,156)	(374,549)	(412,836)	(38,287)
Total Other Financing Sources (Uses)	(69,709)	(241,102)	(412,836)	(171,734)
Net Change in Fund Balances	1,710,604	(957,823)	(4,417)	953,406
Fund Balances - Beginning of Year	5,872,798	5,872,798	5,872,798	-
Fund Balances - End of Year	\$ 7,583,402	\$ 4,914,975	\$ 5,868,381	\$ 953,406

See the accompanying notes to this budgetary comparison schedule.

Enterprise Elementary School District
BUDGETARY COMPARISON SCHEDULE – CHARTER SCHOOLS FUND

Year Ended June 30, 2019	Budgeted Amounts		Actual Amounts GAAP Basis	Variance With Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Local control funding formula sources	\$ 1,790,592	\$ 2,498,203	\$ 2,509,801	\$ 11,598
Other state revenue	102,282	152,713	243,812	91,099
Federal revenue	1,352	22,728	21,027	(1,701)
Other local revenue	-	66,474	54,817	(11,657)
Total Revenues	1,894,226	2,740,118	2,829,457	89,339
EXPENDITURES				
Certificated salaries	874,693	1,223,879	1,217,388	6,491
Classified salaries	224,692	232,161	225,760	6,401
Employee benefits	382,403	536,873	602,344	(65,471)
Books and supplies	155,556	209,570	144,164	65,406
Services and other operating	493,063	757,091	814,820	(57,729)
Total Expenditures	2,130,407	2,959,574	3,004,476	(44,902)
Excess (Deficiency) of Revenues Over Expenditures				
	(236,181)	(219,456)	(175,019)	44,437
OTHER FINANCING SOURCES (USES)				
Interfund transfers in	303,372	349,549	378,979	29,430
Net Change in Fund Balances	67,191	130,093	203,960	73,867
Fund Balances - Beginning of Year	38,661	38,661	38,661	-
Fund Balances - End of Year	\$ 105,852	\$ 168,754	\$ 242,621	\$ 73,867

See the accompanying notes to this budgetary comparison schedule.

Enterprise Elementary School District
 NOTES TO THE BUDGETARY COMPARISON SCHEDULES

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The District’s Governing Board annually adopts a budget for the General Fund and each major special revenue 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 and the special revenue fund present 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 budgets lapse at the end of each fiscal year.

2. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

Expenditures exceeded appropriations by the following amounts:

June 30, 2019	General Fund	Charter Schools Fund
Certificated salaries	\$ 155,852	\$ -
Classified salaries	\$ 44,131	\$ -
Employee benefits	\$ 1,779,544	\$ 65,741
Services and other operating	\$ 373,343	\$ 57,729
Capital outlay	\$ 24,540	\$ -

These excess expenditures were funded by greater than anticipated revenues.

Enterprise Elementary School District

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

Years Ended June 30	2019	2018
Total OPEB Liability		
Service cost	\$ 81,797	\$ 79,415
Interest	180,402	171,163
Difference between expected and actual experience	20,762	-
Changes of assumptions	(47,057)	-
Benefit payments - including refunds of employee contributions	(135,830)	(137,048)
Net Change In Total OPEB Liability	100,074	113,530
Total OPEB Liability - Beginning of Year	2,453,783	2,340,253
Total OPEB Liability - End of Year (a)	2,553,857	2,453,783
Plan Fiduciary Net Position		
Contributions - employer	332,825	403,942
Net investment income	74,527	68,468
Benefit payments	(135,830)	(137,048)
Administrative expense	(975)	(404)
Net Change in Plan Fiduciary Net Position	270,547	334,958
Plan Fiduciary Net Position - Beginning of Year	1,142,208	807,250
Plan Fiduciary Net Position - End of Year (b)	1,412,755	1,142,208
Net OPEB Liability - End of Year ((a) - (b))	\$ 1,141,102	\$ 1,311,575
Plan fiduciary net position as a percentage of total OPEB liability	55.32%	46.55%
Covered-employee payroll	\$ 21,153,668	\$ 20,537,542
District's net OPEB liability as a percentage of covered-employee payroll	5.39%	6.39%

See the accompanying notes to the required supplementary information.

Enterprise Elementary School District
SCHEDULE OF INVESTMENT RETURNS - OPEB

Years Ended June 30	2019	2018
Annual money-weighted rate of return - net of investment expense	6.24%	8.91%

Enterprise Elementary School District

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

Years Ended June 30	2019	2018	2017	2016	2015
District's proportion of the net pension liability (asset)	0.032%	0.029%	0.029%	0.030%	0.029%
District's proportionate share of the net pension liability (asset)	\$ 29,410,240	\$ 26,819,200	\$ 23,455,490	\$ 20,197,200	\$ 16,946,730
State's proportionate share of the net pension liability (asset) associated with the District	16,838,820	15,866,141	13,354,758	10,682,064	10,233,270
Total	\$ 46,249,060	\$ 42,685,341	\$ 36,810,248	\$ 30,879,264	\$ 27,180,000
District's covered-employee payroll	\$ 16,717,048	\$ 15,826,645	\$ 14,610,913	\$ 13,757,095	\$ 13,219,934
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	175.93%	169.46%	160.53%	146.81%	128.19%
Plan fiduciary net position as a percentage of the total pension liability	71.00%	69.00%	70.00%	74.00%	77.00%

See the accompanying notes to the required supplementary information.

Enterprise Elementary School District

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

Years Ended June 30	2019	2018	2017	2016	2015
Contractually required contribution	\$ 2,817,832	\$ 2,412,270	\$ 1,990,992	\$ 1,567,751	\$ 1,221,630
Contributions in relation to the contractually required contribution	(2,817,832)	(2,412,270)	(1,990,992)	(1,567,751)	(1,221,630)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 16,717,048	\$ 15,826,645	\$ 14,610,913	\$ 13,757,095	\$ 13,219,934
Contributions as a percentage of covered-employee payroll	16.86%	15.24%	13.63%	11.40%	9.24%

See the accompanying notes to the required supplementary information.

Enterprise Elementary School District

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

Years Ended June 30	2019	2018	2017	2016	2015
District's proportion of the net pension liability (asset)	0.05412%	0.05305%	0.05350%	0.05020%	0.05060%
District's proportionate share of the net pension liability (asset)	\$ 14,430,896	\$ 12,664,435	\$ 10,566,283	\$ 7,399,530	\$ 5,744,332
District's covered-employee payroll	\$ 7,221,750	\$ 6,744,492	\$ 6,282,814	\$ 5,551,117	\$ 5,273,246
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	199.83%	187.77%	168.18%	133.30%	108.93%
Plan fiduciary net position as a percentage of the total pension liability	70.80%	71.90%	73.90%	79.40%	83.50%

See the accompanying notes to the required supplementary information.

Enterprise Elementary School District

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

Years Ended June 30	2019	2018	2017	2016	2015
Contractually required contribution	\$ 1,424,990	\$ 1,121,610	\$ 936,675	\$ 744,325	\$ 653,422
Contributions in relation to the contractually required contribution	(1,424,990)	(1,121,610)	(936,675)	(744,325)	(653,422)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 7,221,750	\$ 6,744,492	\$ 6,282,814	\$ 5,551,117	\$ 5,273,246
Contributions as a percentage of covered-employee payroll	19.73%	16.63%	14.91%	13.41%	12.39%

See the accompanying notes to the required supplementary information.

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

Changes in Benefit Terms

There were no significant changes in benefit terms during the measurement period ended June 30, 2019.

Changes in Assumptions

For the measurement period ended June 30, 2019, the long-term expected rate of return was changed from 7.28% to 7.59% to reflect an update in the target long-term rate of return on CERBT Strategy 1.

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, 2018.

California Public Employees' Retirement System

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

3. CHANGES OF ASSUMPTIONS

California State Teachers' Retirement System

There were no significant changes of assumptions during the measurement period ended June 30, 2018.

California Public Employees' Retirement System

In December 2017, the CalPERS Board adopted new mortality assumptions. The new mortality table was developed from the December 2017 experience study and includes 15 years of projected on-going mortality improvement using 90% of scale MP 2016 published by the Society of Actuaries. The inflation assumption is reduced from 2.75% to 2.50%. The assumptions for individual salary increases and overall payroll growth are reduced from 3.00% to 2.75%.

OTHER SUPPLEMENTARY INFORMATION SECTION

Enterprise Elementary School District

LOCAL EDUCATIONAL AGENCY ORGANIZATION STRUCTURE

June 30, 2019

The Enterprise Elementary School District was established in 1884 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 six elementary schools and one junior high school. Enterprise Elementary School District is the sponsoring local educational agency for two charter schools.

GOVERNING BOARD

Name	Office	Term Expires
Gloria Valles	President	2020
Art Cuellar	Clerk	2022
Bonnie Hyatt	Member	2022
Troy Wright	Member	2020
Scott Swendiman	Member	2022

ADMINISTRATION

Brian Winstead
Superintendent

Philip Brown
Chief Business Official

Deborah Williams
Interim Chief Business Official

Heather Armelino
Assistant Superintendent

Enterprise Elementary School District

SCHEDULE OF CHARTER SCHOOLS

Year Ended June 30, 2019

Charter schools sponsored by the District that are included in the audit of the District:

	Charter Number
PACE Academy	#1861
Redding Collegiate Academy	#1864

See the accompanying note to the other supplementary information.

Enterprise Elementary School District
SCHEDULE OF AVERAGE DAILY ATTENDANCE
 June 30, 2019

	<u>Originally Reported</u>		<u>Final</u>	
	Second Period Report	Annual Report	Second Period Report	Annual Report
ELEMENTARY				
Regular ADA*				
Transitional kindergarten/ kindergarten through grade 3	1,578	1,579	1,578	1,579
Grades 4 through 6	1,113	1,113	1,113	1,113
Grades 7 through 8	647	643	647	643
Special Education - Nonpublic, Nonsectarian Schools				
Transitional kindergarten/ kindergarten through grade 3	3	3	3	3
Grades 4 through 6	3	4	3	4
Grades 7 through 8	5	5	5	5
ADA Totals	3,349	3,347	3,349	3,347

** Includes opportunity classes, home and hospital, and special day classes.
 See the accompanying note to the other supplementary information.*

Enterprise Elementary School District
SCHEDULE OF AVERAGE DAILY ATTENDANCE
Year Ended June 30, 2019
(Continued)

	Originally Reported		Final	
	Second Period Report	Annual Report	Second Period Report	Annual Report
REDDING COLLEGIATE ACADEMY				
ELEMENTARY				
Regular ADA				
Transitional kindergarten/ kindergarten through grade 3	35	35	35	35
Grades 4 through 6	34	35	34	35
Grades 7 through 8	40	41	40	41
ELEMENTARY TOTALS	109	111	109	111
HIGH SCHOOL				
Regular ADA				
Grades 9 through 12	50	52	50	52
ADA Totals (All Full-Time Independent Study)	159	163	159	163

See the accompanying note to the other supplementary information.

Enterprise Elementary School District
 SCHEDULE OF AVERAGE DAILY ATTENDANCE
 Year Ended June 30, 2019
 (Continued)

	Originally Reported		Final	
	Second Period Report	Annual Report	Second Period Report	Annual Report
PACE ACADEMY				
ELEMENTARY				
Regular ADA				
Transitional kindergarten/ kindergarten through grade 3	25	25	25	25
Grades 4 through 6	29	30	29	30
Grades 7 through 8	24	25	24	25
ELEMENTARY TOTALS	78	80	78	80
HIGH SCHOOL				
Regular ADA				
Grades 9 through 12	13	11	13	11
ADA Totals (All Classroom-Based)	91	91	91	91

See the accompanying note to the other supplementary information.

Enterprise Elementary School District

SCHEDULE OF INSTRUCTIONAL TIME

Year Ended June 30, 2019

	Minutes Requirement	2018-19 Actual Minutes	Traditional Calendar Days	Multitrack Calendar Days	Status
Traditional Schools					
Kindergarten	36,000	52,990	180	N/A	Complied
Grade 1	50,400	50,450	180	N/A	Complied
Grade 2	50,400	50,450	180	N/A	Complied
Grade 3	50,400	50,450	180	N/A	Complied
Grade 4	54,000	56,091	180	N/A	Complied
Grade 5	54,000	56,091	180	N/A	Complied
Grade 6	54,000	58,935	180	N/A	Complied
Grade 7	54,000	58,935	180	N/A	Complied
Grade 8	54,000	58,935	180	N/A	Complied

See the accompanying note to the other supplementary information.

Enterprise Elementary School District

SCHEDULE OF INSTRUCTIONAL TIME

Year Ended June 30, 2019

(Continued)

	Minutes Requirement	2018-19 Actual Minutes	Traditional Calendar Days	Multitrack Calendar Days	Status
PACE Academy					
Kindergarten	36,000	36,836	180	N/A	Complied
Grade 1	50,400	52,164	180	N/A	Complied
Grade 2	50,400	52,164	180	N/A	Complied
Grade 3	50,400	52,164	180	N/A	Complied
Grade 4	54,000	56,324	180	N/A	Complied
Grade 5	54,000	56,324	180	N/A	Complied
Grade 6	54,000	58,748	180	N/A	Complied
Grade 7	54,000	58,748	180	N/A	Complied
Grade 8	54,000	58,748	180	N/A	Complied
Grade 9	64,800	64,908	180	N/A	Complied
Grade 10	64,800	64,908	180	N/A	Complied
Grade 11	64,800	64,908	180	N/A	Complied
Grade 12	64,800	64,908	180	N/A	Complied

See the accompanying note to the other supplementary information.

Enterprise Elementary School District
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS

Years Ended June 30	(Budget) 2020	2019	2018	2017
General Fund				
Revenues and other financial sources	\$ 42,207,747	\$ 44,111,766	\$ 39,680,350	\$ 39,823,076
Expenditures	40,340,444	43,703,347	41,503,149	39,489,336
Other uses and transfers out	315,040	412,836	423,658	36,479
Total Outgo	40,655,484	44,116,183	41,926,807	39,525,815
Change in Fund Balance	1,552,263	(4,417)	(2,246,457)	297,261
Ending Fund Balance	\$ 7,420,644	\$ 5,868,381	\$ 5,872,798	\$ 8,119,255
Available reserves	\$ 1,541,856	\$ 2,111,025	\$ 1,452,916	\$ 1,487,849
Designated for economic uncertainties	\$ 1,250,000	\$ 1,250,000	\$ 1,250,000	\$ 1,250,000
Undesignated fund balance	\$ 291,856	\$ 861,025	\$ 202,916	\$ 237,849
Available reserves as a percentage of total outgo	4%	5%	3%	4%
Total long-term debt	\$ 77,707,187	\$ 79,821,786	\$ 66,601,390	\$ 63,123,727
Average daily attendance at P-2	3,600	3,599	3,585	3,596

The General Fund balance has decreased by \$2,250,874 over the past two years. The fiscal year 2019-20 budget projects an increase of \$1,552,263 (26.5%). For a district this size, the state recommends available reserves of at least 3% 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. An operating surplus is anticipated during the 2019-20 fiscal year. Total long-term debt has increased by \$16,698,059 over the past two years.

Average daily attendance has increased by three over the past two years. Additional growth in ADA of one is anticipated during fiscal year 2019-20.

See the accompanying note to the other supplementary information.

Enterprise Elementary School District
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT
WITH AUDITED FINANCIAL STATEMENTS
Year Ended June 30, 2019

		Capital Facilities Fund
Annual Financial and Budget Report Fund Balance	\$	180,893
Adjustments Increasing (Decreasing) the Fund Balance		
Understatement of accounts payable and other current liabilities		(54,508)
Audited Financial Statements Fund Balance	\$	126,385

See the accompanying note to the other supplementary information.

Enterprise Elementary School District
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2019

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
FEDERAL PROGRAMS			
U.S. Department of Education			
Passed Through California Department of Education			
Special Education Cluster			
Special Education - IDEA Basic Local Assistance	84.027	13379	\$ 790,835
Special Education - IDEA Part B, Private School ISP's	84.027	10115	11,396
Total Special Education Cluster			802,231
ESEA - Title III Grants			
ESEA - Title III, Immigrant Education	84.365	15146	3,823
ESEA - Title III, English Learner Student Program	84.365	14346	36,499
Total ESEA - Title III Grants			40,322
ESEA - Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	1,049,547
ESEA - Title II, Part A, Supporting Effective Instruction Local Grants	84.367	14341	257,026
Total U.S. Department of Education			2,149,126
U.S. Department of Agriculture			
Passed Through California Department of Education			
Child Nutrition Cluster			
School Breakfast	10.553	13390	416,362
National School Lunch	10.555	13391	1,757,719
Nonmonetary Assistance			
Food Donation	10.555		166,708
Total Child Nutrition Cluster			2,340,789
Passed Through Shasta County Office of Education			
Schools and Roads - Grants to Counties	10.666	10044	34,908
Total U.S. Department of Agriculture			2,375,697
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 4,524,823

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 met or exceeded 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.

Schedule of Expenditures of Federal Awards

This schedule includes the federal award activity of the District under programs of the federal government for the year ended June 30, 2019. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the Uniform Guidance).

Expenditures reported on this schedule are reported on the modified basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

The District has not elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

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
Enterprise 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 Enterprise Elementary School District (the District) as of and for the year ended June 30, 2019; and the related notes to the financial statements, which collectively comprise the District's basic financial statements; and have issued our report thereon dated December 16, 2019.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies; and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2019-001, that we consider to be significant deficiencies.

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

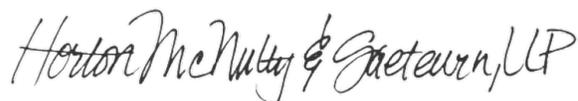
As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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*.

The District's Response to Findings

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

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of the 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.



December 16, 2019
Chico, California

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY
THE UNIFORM GUIDANCE**

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

Report on Compliance for Each Major Federal Program

We have audited Enterprise Elementary School District's (the District) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2019. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY
THE UNIFORM GUIDANCE**

(Continued)

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

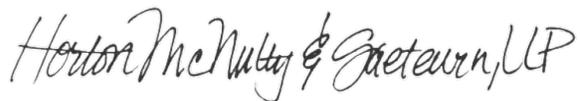
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any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

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY
THE UNIFORM GUIDANCE**

(Continued)

Purpose of This Report

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

A handwritten signature in cursive script that reads "Horton McNulty & Gaetavn, LLP".

December 16, 2019
Chico, California

INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

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

Compliance

We have audited the Enterprise Elementary School District's (the District) compliance with the types of state compliance requirements described in the *2018-19 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel, for the year ended June 30, 2019. The 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 *2018-19 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel. Those standards and the *2018-19 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, 2019	Procedures Performed
Attendance	Yes
Teacher certification and misassignments	Yes
Kindergarten continuance	Yes
Independent study	No
Continuation education	Not applicable
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
Comprehensive school safety plan	Yes
District of choice	No
California Clean Energy Jobs Act	Yes
After/Before school education and safety program:	
After school	Yes
Before school	No
General requirements	Yes
Proper expenditure of education protection account funds	Yes
Unduplicated local control funding formula pupil counts	Yes
Local control and accountability plan	Yes
Independent study-course based	No
Charter schools:	
Attendance	Yes
Mode of instruction	Yes
Nonclassroom-based instruction/independent study	Yes
Determination of funding for nonclassroom-based instruction	Yes
Annual instructional minutes - classroom based	Yes
Charter school facility grant program	No

Testing was not performed for independent study because the ADA for this program was below the level which requires testing. District of choice steps 2 and 3 were not performed because the board of the District did not elect to operate as a school district of choice.

INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

(Continued)

Since the District did not participate in the following programs during 2018-19, all steps related to them were not performed:

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

Since the District did not sponsor any charter schools that received the charter school facility grant program funding, the step related to the charter school facility grant program was not performed.

Basis for Qualified Opinion on Classroom Teacher Salaries

As described in the accompanying schedule of findings and questioned costs, the District did not comply with the requirements regarding required minimum percentage for payment of classroom teacher's compensation as described in item 2019-002. Compliance with such requirements is necessary, in our opinion, for the District to comply with the requirements applicable to classroom teacher salaries.

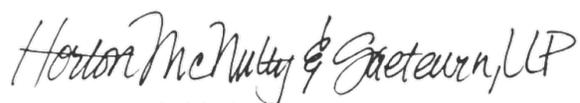
The District's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied to the audit of compliance and, accordingly, we express no opinion on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

Qualified Opinion on Classroom Teacher Salaries

In our opinion, except for the noncompliance described in the basis for qualified opinion paragraph, the District complied, in all material respects, with the state compliance requirements applicable to classroom teacher salaries.

Unmodified Opinion on Each of the Other State Programs

In our opinion, the District complied, in all material respects, with the other state compliance requirements referred to above that are applicable to the District for the year ending June 30, 2019.



December 16, 2019
Chico, California

FINDINGS AND QUESTIONED COSTS SECTION

Enterprise Elementary School District
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2019

SECTION I FINDINGS
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?	Yes
Is any noncompliance material to financial statements noted?	No

FEDERAL AWARDS

Internal control over major programs:	
Are any material weaknesses identified?	No
Are any significant deficiencies identified?	None reported
Type of auditors' report issued on compliance for major program:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No
Identification of major programs:	
CFDA No. 84.010 Title I Grants to Local Educational Agencies	
Threshold for distinguishing types A and B programs:	\$750,000
Auditee qualified as low-risk auditee?	Yes

STATE AWARDS

Compliance over state programs:	
Are any material weaknesses identified?	No
Are any significant deficiencies identified?	Yes
Type of auditors' report issued on compliance for state programs:	Qualified

SECTION II FINDINGS
FINANCIAL STATEMENTS AUDIT

INTERNAL CONTROL (Student Body)
30000 (2019-001)

Significant Deficiency

Condition Our tests of student body accounts resulted in the following:

1. Six of 35 cash receipts were not deposited timely.
2. Five of the six cash receipts mentioned above were from one school site. At this school site, cash count forms did not include date of receipt and; therefore' timeliness could not be determined.

Criteria Internal controls should be in place to provide for the following:

1. Cash receipts should be deposited in a timely manner.
2. Cash count forms should be properly completed to provide a trail as to when funds were received.

Effect Without strengthening internal controls over cash receipts, student body assets may not be properly safeguarded and expended for valid student body activities.

Cause District personnel did not follow internal controls procedures in place.

Recommendation We recommend that the District implement monitoring procedures to ensure that student body cash receipt procedures are strictly followed by District personnel. In addition, we recommend that cash received be deposited at least weekly to ensure that funds are properly safeguarded.

Response The District's administration will adopt procedures during the 2019-20 fiscal year to comply with the recommendation.

Enterprise Elementary School District
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2019
(Continued)

SECTION III FINDINGS
FEDERAL AWARDS AUDIT

None.

Enterprise Elementary School District
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2019
(Continued)

SECTION IV FINDINGS
STATE AWARDS AUDIT

CLASSROOM TEACHER SALARIES
61000 (2019-002)

State Compliance

Condition The District is not in compliance with the required minimum percentage for payment of classroom teachers' compensation under *California Education Code*, Section 41372(b). The District's percentage of current expense of education for classroom teachers' compensation was 59.15% for the fiscal year ended June 30, 2019.

Criteria *California Education Code* Section 41732(b), requires the District to expend 60% or greater of the District's current expense of education for payment of classroom teachers' compensation.

Effect The current expense of education for the District was \$38,605,512, and classroom teachers' compensation was \$22,836,850, resulting in a deficiency of \$328,147.

Cause The District received one-time grants during the year that were not spent on classroom teacher salaries.

Recommendation The District should implement procedures to ensure that a minimum of 60% of the current expense of education is for classroom teachers' compensation. The District should deposit the deficiency of \$328,147 with the County Superintendent of Schools. If no application for exemption is made, the District should add the deficiency of \$328,147 to the amounts to be expended for compensation of classroom teachers during the next fiscal year.

Response The District plans to apply for an exemption.

Enterprise Elementary School District

CORRECTIVE ACTION PLAN

June 30, 2019

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

INTERNAL CONTROL (Student Body)
30000 (2018-001)

Significant Deficiency

Condition Our tests of controls over student body resulted in the following:

3. Six of twenty cash receipts were not deposited timely.
4. Four of the six cash receipts mentioned above were from a single school site. At this school site, bank reconciliations were not regularly prepared and submitted for review. In general, the District's procedures were not followed. District management discovered the situation before we arrived for the audit.
5. Two of twenty disbursements did not match the supporting documentation. One check was written for the correct amount using numerals, but the amount written in words was incorrect. The check cleared the bank for the lesser amount. The second disbursement was a reimbursement. The total of the receipts was different from the check amount which appeared to be a math error.
6. One of twenty disbursements was a remittance to an organization for water filters in Kenya. Funds were raised for the purpose.

Criteria Internal controls should be in place to provide for the following:

3. Cash receipts should be deposited in a timely manner.
4. Site personnel should follow policies and procedures established by District management.
5. Cash disbursements should be made for amounts owed for goods and services.
6. The governing board must specifically approve any fundraising activities to benefit organizations other than the District student body.

Effect Without strengthening internal controls over cash receipts and cash disbursements, student body assets may not be properly safeguarded and expended for valid student body activities.

Cause District personnel did not follow internal controls procedures in place.

Recommendation We recommend that the District implement monitoring procedures to ensure that student body cash receipts and disbursement procedures are strictly followed by district personnel.

Current Status See current-year finding in the schedule of findings and questioned costs (item 2019-001).

Enterprise Elementary School District
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
June 30, 2019
(Continued)

CLASSROOM TEACHER SALARIES

61000 (2018-002)

State Compliance

Condition The District is not in compliance with the required minimum percentage for payment of classroom teachers' compensation under *California Education Code*, Section 41372(b). The District's percentage of current expense of education for classroom teachers' compensation was 59.25% for the fiscal year ended June 30, 2018.

Criteria *California Education Code* Section 41732(b), requires the District to expend 60% or greater of the District's current expense of education for payment of classroom teachers' compensation.

Effect The current expense of education for the District was \$35,328,098, and classroom teachers' compensation was \$20,930,170, resulting in a deficiency of \$264,961.

Cause Expenditures on salaries and benefits were slightly less than required by the *California Education Code*.

Recommendation The District should implement procedures to ensure that a minimum of 60% of the current expense of education is for classroom teachers' compensation. The District should deposit the deficiency of \$264,961 with the County Superintendent of Schools. If no application for exemption is made, the District should add the deficiency of \$264,961 to the amounts to be expended for compensation of classroom teachers during the next fiscal year.

Current Status See current-year finding in the schedule of findings and questioned costs (item 2019-002).

Enterprise Elementary School District
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
June 30, 2019
(Continued)

LOCAL CONTROL ACCOUNTABILITY PLAN
62000 (2018-003)

State Compliance

Condition Redding Collegiate Academy and PACE Academy (the Charter Schools), sponsored by the District and began operations during 2017-18, adopted their initial Local Control and Accountability Plan (LCAP). However, the Charter Schools did not prepare and submit the 2018-19 LCAP and annual update to the chartering authority and the county superintendent of schools by July 1, 2018.

Criteria Pursuant to *California Education Code*, Section 47606.5 and 47604.33, on or before July 1 each year, each charter school shall prepare and submit an LCAP and an annual update to the chartering authority and county superintendent of schools.

Effect The Charter Schools are not in compliance with the requirements of *California Education Code*, Section 47606.5 and 47604.33.

Cause Staff misunderstanding regarding due date of the reports.

Recommendation We recommend that the Charter Schools annually prepare and submit an LCAP and an annual update by July 1.

Current Status Fully implemented.

APPENDIX D

PROPOSED FORM OF OPINION OF BOND COUNSEL

[LETTERHEAD OF LOZANO SMITH]

April __, 2020

Board of Education
Enterprise Elementary School District
1155 Mistletoe Lane
Redding, California 96002

\$10,000,000
Enterprise Elementary School District
(Shasta County, California)
General Obligation Bonds, Election of 2018, Series B

(Final Opinion of Bond Counsel)

Ladies and Gentlemen:

We have acted as bond counsel to Enterprise Elementary School District (the "District") in connection with the issuance by the District of its Enterprise Elementary School District (Shasta County, California) General Obligation Bonds, Election of 2018, Series B in the aggregate principal amount of \$10,000,000 (the "Bonds"), issued under Article 4.5 (commencing with Section 53506) of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (the "Bond Law") and under a Resolution adopted by the Board of Education of the District on March 4, 2020 (the "Bond Resolution").

The Bonds were sold to Stifel, Nicolaus & Company, Incorporated, as Underwriter (the "Underwriter") pursuant to a Bond Purchase Agreement, dated March 30, 2020 (the "Bond Purchase Agreement"), between the District and the Underwriter.

In such connection, we have examined the Bond Resolution, the Bond Law, the tax certificate, dated the date hereof and executed by the District (the "Tax Certificate"), the Bond Purchase Agreement, the Continuing Disclosure Certificate, dated the date hereof and executed by the District (the "Continuing Disclosure Certificate"), certificates of the District and others, and such other law, documents, opinions and matters to the extent we deemed necessary to render the opinions or conclusions set forth herein.

The opinions and conclusions herein are based on an analysis of existing laws, regulations, rulings, and court decisions and cover certain matters not directly addressed by such authorities. Such opinions or conclusions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or

any other matters come to our attention after the date hereof. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the District. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions referred to in the third paragraph hereof. We have further assumed compliance with all covenants and agreements contained in such documents. In addition, we call attention to the fact that the rights and obligations under the Bonds, the Bond Resolution, the Tax Certificate, the Continuing Disclosure Certificate and the Bond Purchase Agreement and their enforceability may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases, and to the limitations on legal remedies against school districts in the State of California. We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum, choice of venue, waiver, or severability provisions contained in the foregoing documents. We express no opinion herein regarding the accuracy, adequacy, or completeness of the Official Statement relating to the Bonds, dated March 30, 2020.

Based upon and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions or conclusions:

1. The Bond Resolution has been duly adopted by the Board of Education of the District and the Bond Resolution constitutes a valid and binding obligation of the District enforceable against the District in accordance with its terms.
2. The Bonds have been duly authorized, issued and sold by the District and are valid and binding general obligations of the District. The Board of Supervisors of the County of Shasta is obligated and authorized under the laws of the State of California to levy and collect *ad valorem* taxes, without limit as to rate or amount (except with respect to certain personal property which is taxable at limited rates), upon the taxable property in the District for the payment when due of the principal of and interest on the Bonds.
3. 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 opinions set forth in the preceding sentence are subject to the condition that the District comply with all requirements of the Internal Revenue Code of 1986, as amended (the "Code") that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The District has covenanted in the Bond Resolution and the Tax Certificate and other instruments relating to the Bonds to comply with each of such requirements under the Code. Failure to comply with certain of such requirements under the Code may cause the inclusion of interest on the Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Bonds. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.
4. The interest on the Bonds is exempt from personal income taxation imposed by the State of California.

Except as stated in the preceding paragraphs, we express no opinion as to any federal or state tax consequences of the receipt of interest on, or the ownership or disposition of, the Bonds.

Our opinions are based on existing law, which is subject to change. The opinions represent our legal judgment based upon a review of existing legal authorities that we deem relevant to render such opinions and are not a guarantee of results. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any fact or circumstance that may thereafter come to our attention or to reflect any change in any law that may thereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service; rather, such opinions represent our legal judgment based upon our review of existing law that we deem relevant to such opinions and in reliance upon the representations and covenants referenced above.

Very Truly Yours,

Lozano Smith, LLP

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APPENDIX E

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by Enterprise Elementary School District (the "District") in connection with the issuance of the \$10,000,000 Enterprise Elementary School District General Obligation Bonds, Election of 2018, Series B (the "Bonds").

The Bonds are being issued pursuant to a Resolution adopted by the Board of Education of the District on March 4, 2020

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 Rule 15c2-12(b)(5) promulgated under the Securities Exchange Act of 1934, as amended.

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, 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 of this Disclosure Certificate.

"Annual Report Date" means the date that is no more than nine months after the end of the District's fiscal year (currently March 31 based on the District's fiscal year end of June 30).

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

"Financial Obligation" means (a) a debt obligation; (b) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) a guarantee of either of the foregoing (a) or (b). The term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

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

"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, or any other repository of disclosure information that may be designated by the Securities and Exchange Commission as such for purposes of the Rule in the future.

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

“*Participating Underwriter*” means Stifel, Nicolaus & Company, Incorporated, 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 U.S. Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

Section 3. **Provision of Annual Reports.**

(a) The District shall, or shall cause the Dissemination Agent to, not later than the Annual Report Date, being each March 31 following the end of the District’s fiscal year, commencing with the report for the 2019-20 fiscal year which is due on March 31, 2021, provide to the Participating Underwriter and 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 of this Disclosure Certificate; provided that the audited financial statements of the District may be submitted separately from the balance of the Annual Report, and later than the Annual Report Date, if not available by that date. If the District’s fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(b).

(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, in a timely manner, provide (or cause the Dissemination Agent to provide) to the MSRB, in an electronic format as prescribed by the MSRB, a notice in substantially the form attached as *Exhibit A*.

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

(1) 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

(2) 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 documents and information:

(a) Audited financial statements of the District for the preceding fiscal year, prepared in accordance with the laws of the State of California and including all statements and information prescribed for inclusion therein by the Controller of the State of California. 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) To the extent not included in the audited financial statements of the District, the Annual Report shall also include the following:

- (1) The District's most recent approved annual budget;
- (2) The most recent assessed value of taxable property in the District;
- (3) If Shasta County no longer includes the tax levy for payment of the Bonds in its Teeter Plan, then the most recent property tax levies, collections and delinquencies of the District; and
- (4) The most recent list of the top twenty property owners in the District, as measured by secured assessed valuation, the amount of their respective taxable value, and their percentage of total secured assessed value.

(c) In addition to any of the information expressly required to be provided under paragraphs (a) and (b) of this Section, the District shall provide such further information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

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

Section 5. **Reporting of Significant Events.**

(a) The District shall give, or cause to be given, notice of the occurrence of any of the following Listed Events with respect to the Bonds:

- (1) Principal and interest payment delinquencies.
- (2) Non payment related defaults, if material.
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties.
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties.
- (5) Substitution of credit or liquidity providers, or their failure to perform.
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security.
- (7) Modifications to rights of security holders, if material.
- (8) Bond calls, if material, and tender offers.
- (9) Defeasances.

(10) Release, substitution, or sale of property securing repayment of the securities, if material.

(11) Rating changes.

(12) Bankruptcy, insolvency, receivership or similar event of the District.

(13) The consummation of a merger, consolidation, or acquisition involving the District, or the sale of all or substantially all of the assets of the District (other than in the ordinary course of business), the entry into a definitive agreement to undertake such an action, or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.

(14) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

(15) Incurrence of a Financial Obligation of the District, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the District, any of which affect security holders, if material; and

(16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the Financial Obligation of the District, any of which reflect financial difficulties.

(b) Whenever the District obtains knowledge of the occurrence of a Listed Event, the District shall, or shall cause the Dissemination Agent (if not the District) to, file a notice of such occurrence with the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of 10 business days after the occurrence of the Listed Event. Notwithstanding the foregoing, notice of Listed Events described in subsection (a)(8) above need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected bonds under the Indenture.

(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." 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 the District determines the event's occurrence is material for purposes of U.S. federal securities law.

(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.

Section 6. Identifying Information for Filings with the MSRB. All documents provided to the MSRB under the Disclosure Certificate shall be accompanied by identifying information as prescribed by the MSRB.

Section 7. Termination of Reporting Obligation. The District's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If

such termination occurs prior to the final maturity of the Bonds, the District shall give notice of such termination in the same manner as for a Listed Event under Section 5(b).

Section 8. **Dissemination Agent.** The District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be Isom Advisors, a Division of Urban Futures, Inc., Walnut Creek, California. Any Dissemination Agent (if not the District) may resign by providing 30 days' written notice to the District.

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 Report 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 this Disclosure Certificate modifying the accounting principles to be followed in preparing financial statements, the Annual Report 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 any amendment made pursuant to this Section 9 shall be filed in the same manner as for a Listed Event under Section 5(b).

Section 10. **Additional Information.** Nothing in this Disclosure Certificate shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the District chooses to include any information in any Annual Report or notice of occurrence of a

Section 14. **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: April 15, 2020

ENTERPRISE ELEMENTARY SCHOOL DISTRICT

By: _____
Superintendent

ACCEPTED AND AGREED TO:

ISOM ADVISORS, A DIVISION OF URBAN FUTURES,
INC.
AS DISSEMINATION AGENT

By: _____
Authorized Signatory

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Enterprise Elementary School District (the "District")

Name of Bond Issue: \$10,000,000 Enterprise Elementary School District General Obligation Bonds,
Election of 2018, Series B.

Date of Issuance: April 15, 2020

NOTICE IS HEREBY GIVEN that the District has not provided an Annual Report with respect to the above-named Bonds as required by the Resolution adopted on March 4, 2020, authorizing the issuance of the Bonds. The District anticipates that the Annual Report will be filed by _____.

Dated: [Form only – do not date, 20__]

ENTERPRISE ELEMENTARY SCHOOL
DISTRICT

By: [Form Only – do not sign] _____

Its: _____

APPENDIX F

SHASTA COUNTY INVESTMENT POLICY STATEMENT AND QUARTERLY REPORT

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Investment Policy Statement



**of the
Shasta County Treasurer**

2013-14

INVESTMENT POLICY STATEMENT



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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 bank 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 than 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
December 31, 2019

12/31/19

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	AVERAGE MATURITY	UBOC VS. TREAS
	Local Agency Investment Fund (max 65.000)	50,000,000.00	50,000,000.00	8.06%				01/02/20		not rated	2.45	2.45	LAIF	2	100,000,000.00	50,287,516.68		N/A	0.01
	Repo Agreement (20% limit)	9,000,000.00	9,000,000.00	1.45%				01/02/20			1.15	1.15	UBS	2	18,000,000.00	9,000,000.00		N/A	0.01
	LIR Treasury Fund - Mutual Fund (5.00%max)	27,500,000.00	27,500,000.00	4.43%				01/20/20			1.50	1.50	UBS		0.00			N/A	0.00
****	Total Inactive Public Deposits (7.5% limit)	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	31	152,614,453.28	4,998,400.00	75,353.12	0.01
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	46	226,397,265.74	4,998,250.00	76,570.31	0.01
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	60	295,169,094.00	4,997,700.00	78,215.10	0.01
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	912828A41	NA/NA	2.25	2.55	UBS	91	453,334,700.00	5,007,050.00	25,350.00	0.02
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	136	669,249,200.00	4,997,450.00	76,500.00	0.03
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	912828X55	NA/NA	1.50	2.40	UBS	152	752,400,000.00	4,997,250.00	47,250.00	0.03
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	912828ZJ8	NA/NA	1.50	2.81	UBS	197	964,561,250.00	4,996,900.00	100,650.00	0.04
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	912828XJ7	NA/Aaa	1.63	1.92	UBS	213	1,061,671,875.00	4,999,800.00	15,425.00	0.05
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	912828Q22	NA/NA	1.50	2.53	Wedbush	228	1,123,434,375.00	4,996,100.00	68,756.25	0.05
12/17/19	US Treasury Note	5,000,000.00	4,962,550.00		(37,450.00)		0.00	4,962,550.00	06/30/21	912828S27	NA/Aaa	1.13	1.62	UBS	547	2,714,514,850.00	4,965,050.00	2,500.00	0.12
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	593	2,957,008,399.92	5,041,800.00	55,276.56	0.13
10/31/19	US Treasury Note	5,000,000.00	4,958,203.13		(41,796.87)		0.00	4,958,203.13	06/30/23	912828S35	NA/Aaa	1.38	1.61	Wedbush	1277	6,331,625,397.01	4,956,450.00	(1,753.13)	0.27
12/27/19	US Treasury Note	5,000,000.00	4,959,960.94		(40,039.06)		0.00	4,959,960.94	06/30/23	912828S35	NA/NA	1.38	1.61	Union Banc	1277	6,333,870,120.38	4,956,450.00	(3,510.94)	0.27
****	Total Treasury Bill (50% limit)	65,000,000.00	64,292,067.73	10.36%								2.26				64,908,650.00	616,582.27		
****	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	108	540,000,000.00	4,999,900.00	(100.00)	0.03
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	037833B01	AA+/Aa1	2.00	2.85	Union Banc	127	627,684,800.00	5,003,650.00	61,250.00	0.03
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	175	871,001,250.00	5,014,400.00	37,250.00	0.04
10/28/19	JP Morgan Chase Med Term Note (Callable)	5,000,000.00	5,123,173.61			115,500.00	7,673.61	5,123,173.61	10/15/20	46255HHU7	A-/A2	4.25	1.82	UBS	289	1,480,597,173.29	5,088,850.00	(34,323.61)	0.07
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	AA+/Aa-	3.05	2.43	UBS	374	1,873,886,484.58	5,060,500.00	50,108.33	0.09
10/25/19	PNC Medium Term Note	5,000,000.00	5,071,141.67			38,850.00	32,291.67	5,071,141.67	01/22/21	69533RFH6	A/A2	2.50	1.82	UBS	388	1,967,602,967.96	5,029,800.00	(41,341.67)	0.10
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	582	2,850,854,250.00	4,981,250.00	82,875.00	0.14
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	06406HB44	A/A1	3.55	3.18	UBS	632	3,160,000,000.00	5,137,200.00	137,200.00	0.16
12/03/19	John Deere Med Term Note	5,000,000.00	5,212,555.56			149,000.00	63,555.56	5,212,555.56	01/10/22	24422EUQ0	A/A2	3.20	1.75	UBS	741	3,862,503,669.96	5,139,750.00	(72,805.56)	0.19
12/09/19	Berkshire Hathaway Med Term Note	5,000,000.00	5,647,033.14			162,085.14	10,948.00	5,647,033.14	05/15/22	084664BT7	AA+/Aa2	3.00	1.75	Union Banc	866	4,890,330,699.24	5,823,937.60	(23,045.54)	0.24
12/05/19	USB Medium Term Note	5,000,000.00	5,106,516.67			102,100.00	4,416.67	5,106,516.67	05/23/22	90331HP11	AA-/A1	2.65	1.80	UBS	874	4,463,095,569.58	5,093,650.00	(12,866.67)	0.22
****	Total Medium Term Notes (20% limit/ 3% ea)	55,474,000.00	55,988,737.32	9.02%								2.25				56,172,937.60	0.00		
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	3	14,714,187.51	4,999,800.00	95,070.83	0.00
12/02/19	MUFG CP	5,000,000.00	4,990,038.89		(9,961.11)			4,990,038.89	01/15/20	62479LAF2	A-1/P-1	1.63	1.63	UBS	15	74,850,583.35	4,997,150.00	7,111.11	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	35	173,492,083.45	4,992,250.00	35,333.33	0.01
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	62479LGG8	A-1/P-1	2.08	2.11	Union Banc	76	374,335,466.92	4,980,900.00	55,433.33	0.02
08/23/19	Natrxny 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	140	690,287,500.00	4,964,150.00	33,525.00	0.03
09/05/19	Natrxny 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	153	754,270,875.00	4,961,400.00	31,525.00	0.04
12/05/19	Credit Suisse CP	5,000,000.00	4,954,250.00		(45,750.00)			4,954,250.00	06/05/20	2254EAF57	A-1/P-1	1.80	1.82	UBS	157	777,817,250.00	4,960,400.00	6,150.00	0.04
10/07/19	Natrxny CP	5,000,000.00	4,930,508.33		(69,491.67)			4,930,508.33	07/02/20	63873JG20	A-1/P-1	1.86	1.89	UBS	184	907,213,532.72	4,954,000.00	23,491.67	0.04
10/10/19	Toyota Motor Credit Corp. CP	5,000,000.00	4,934,000.00		(66,000.00)			4,934,000.00	07/06/20	89233GG67	A-1/P-1	1.76	1.78	UBS	188	927,592,000.00	4,953,000.00	19,000.00	0.04
10/17/19	JP Morgan CP	5,000,000.00	4,930,654.17		(69,345.83)			4,930,654.17	07/10/20	46640PG45	A-1/P-1	1.87	1.90	UBS	192	946,685,600.64	4,951,950.00	21,295.83	0.04
10/22/19	ING CP	5,000,000.00	4,931,255.56		(68,744.44)			4,931,255.56	07/17/20	4487WCGH5	A-1/P-1	1.84	1.87	UBS	199	981,318,856.44	4,950,200.00	18,944.44	0.04
11/05/19	Natrxny CP	5,000,000.00	4,932,002.78		(67,997.22)			4,932,002.78	07/31/20	63873JGX2	A-1/P-1	1.82	1.85	UBS	213	1,050,516,592.14	4,946,100.00	14,097.22	0.05
12/16/19	Credit Suisse CP	5,000,000.00	4,938,069.44		(61,930.56)			4,938,069.44	08/17/20	2254EAAH9	A-1/P-1	1.82	1.84	UBS	230	1,135,755,971.20	4,941,750.00	3,680.56	0.05
****	Total Comm Paper (20% limit)	65,000,000.00	64,188,391.68	10.34%								1.92				64,553,050.00	364,658.32		
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	62	310,000,000.00	4,997,000.00	(3,000.00)	0.01
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	3133EGXN0	AA+/Aaa	1.24	1.27	UBS	97	484,515,000.00	4,995,900.00	900.00	0.02
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	169	834,724,800.00	5,002,700.00	63,500.00	0.03
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	216	1,080,000,000.00	4,989,600.00		

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	3130ADN32	AA+/Aaa	2.13	2.74	Wedbush	42	208,288,920.00	5,002,650.00	43,390.00	0.01	
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	63	315,000,000.00	4,997,600.00	(2,400.00)	0.01	
11/02/18	Federal Home Loan Bank	5,000,000.00	4,956,400.00	(43,600.00)	0.00	4,956,400.00	03/13/20	3130A12B3	AA+/Aaa	2.13	2.78	UBS	73	361,817,200.00	5,004,100.00	47,700.00	0.01	
04/20/16	Federal Home Loan Bank Bond(Callable)	5,000,000.00	5,000,000.00			5,000,000.00	04/20/20	3130A7FP2	AA+/Aaa	1.38	1.38	UBS	111	555,000,000.00	4,995,600.00	(4,400.00)	0.02	
06/08/18	Federal Home Loan Bank	5,000,000.00	5,000,000.00			5,000,000.00	05/28/20	3130AECJ7	AA+/Aaa	2.63	2.55	Wedbush	149	745,000,000.00	5,019,550.00	19,550.00	0.02	
11/02/17	Federal Home Loan Bank	5,000,000.00	5,000,000.00			5,000,000.00	06/12/20	313383HJ8	AA+/Aaa	1.75	1.70	UBS	164	820,000,000.00	5,001,400.00	1,400.00	0.02	
12/27/19	Federal Home Loan Bank Disc Note	5,000,000.00	4,960,475.00	(39,525.00)		4,960,475.00	06/30/20	313384YU7	NA/NA	1.53	1.57	UBS	182	902,806,450.00	4,960,500.00	25.00	0.03	
01/19/18	Federal Home Loan Bank	5,000,000.00	4,931,555.00	(68,445.00)		4,931,555.00	09/11/20	3130A6E79	AA+/Aaa	1.63	2.17	Wedbush	255	1,257,546,525.00	4,998,900.00	67,345.00	0.04	
05/03/18	Federal Home Loan Bank	5,000,000.00	4,861,370.00	(138,630.00)		4,861,370.00	09/28/20	3130ACE26	AA+/Aaa	1.38	2.57	Wedbush	272	1,322,292,640.00	4,990,850.00	129,480.00	0.04	
10/08/19	Federal Home Loan Bank	5,000,000.00	5,048,232.08		45,680.00	2,552.08	5,048,232.08	10/01/20	3130AEV44	AA+/Aaa	2.63	1.68	Wells Fargo	275	1,388,263,822.00	5,036,100.00	(12,132.08)	0.04
04/02/19	Federal Home Loan Bank (Callable)	5,000,000.00	4,987,500.00	(12,500.00)		4,987,500.00	01/29/21	3130ADPV9	AA+/Aaa	2.25	2.39	Union Banc	395	1,970,062,500.00	5,000,050.00	13,150.00	0.05	
03/26/19	Federal Home Loan Bank	5,000,000.00	5,000,000.00		0.00	5,000,000.00	03/12/21	3130AF611	AA+/Aaa	2.50	2.31	Wedbush	437	2,185,000,000.00	5,048,550.00	48,550.00	0.06	
06/22/18	Federal Home Loan Bank	5,000,000.00	5,000,000.00		0.00	5,000,000.00	06/11/21	313373ZY1	AA+/Aaa	3.63	2.70	Wedbush	528	2,640,000,000.00	5,143,050.00	143,050.00	0.07	
10/16/19	Federal Home Loan Bank	5,000,000.00	5,046,486.25		25,781.25	20,705.00	5,046,486.25	07/07/21	3130AGLDS	AA+/Aaa	1.88	1.63	Wedbush	554	2,795,753,382.50	5,021,450.00	(25,936.25)	0.08
01/02/18	Federal Home Loan Bank	5,000,000.00	4,834,810.00	(165,190.00)		4,834,810.00	07/14/21	3130A8OSS	AA+/Aaa	1.13	2.09	Wedbush	561	2,712,328,410.00	4,962,650.00	127,840.00	0.08	
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	619	3,149,354,817.11	5,064,750.00	(23,060.69)	0.09
04/17/19	Federal Home Loan Bank	5,000,000.00	5,000,000.00			5,000,000.00	03/11/22	313378WJ2	AA+/Aaa	2.50	2.42	Union Banc	801	4,005,000,000.00	5,093,850.00	93,850.00	0.11	
10/11/19	Federal Home Loan Bank	5,000,000.00	5,074,088.89		65,200.00	8,888.89	5,074,088.89	09/09/22	313380GJO	AA+/Aaa	2.00	1.54	Wedbush	983	4,987,829,378.87	5,054,600.00	(19,488.89)	0.14
12/09/19	Federal Home Loan Bank (Callable)	5,000,000.00	5,000,000.00			5,000,000.00	09/09/24	3130AHNB5	AA+/NA	1.90	1.90	UBS	1714	8,570,000,000.00	4,981,950.00	(18,050.00)	0.24	
10/18/19	Federal Home Loan Bank (Callable)	5,000,000.00	5,000,000.00			5,000,000.00	10/21/24	31330AHE66	AA+/NA	2.00	2.00	UBS	1756	8,780,000,000.00	5,001,050.00	1,050.00	0.24	
****	Total Federal Home Loans (20% limit)	100,000,000.00	99,747,987.91	16,073.09									2.05		100,379,800.00	631,812.09		
04/14/16	Federal National Mtge Note (Callable)	5,000,000.00	5,000,000.00			5,000,000.00	01/14/20	3136G3J5	AA+ / Aaa	1.36	1.36	Wedbush	14	70,000,000.00	4,999,350.00	(650.00)	0.00	
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	21	103,710,915.00	5,000,150.00	61,350.00	0.00	
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	59	295,000,000.00	4,999,050.00	(950.00)	0.01	
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	174	870,000,000.00	4,996,500.00	(3,500.00)	0.03	
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	210	1,050,000,000.00	4,997,200.00	(2,800.00)	0.04	
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	304	1,516,458,400.00	5,050,350.00	62,000.00	0.05	
11/27/18	Federal National Mtge Note	5,000,000.00	5,000,000.00		0.00	5,000,000.00	10/30/20	3135GOU84	AA+/Aaa	2.88	2.86	UBS	304	1,520,000,000.00	5,050,350.00	50,350.00	0.05	
11/04/19	Federal National Mtge Note	5,000,000.00	4,977,000.00	(23,000.00)	0.00	4,977,000.00	05/03/21	3135GOK69	AA+/Aaa	1.25	1.56	UBS	489	2,433,753,000.00	4,976,450.00	(550.00)	0.08	
12/19/18	Federal National Mtge Note	5,000,000.00	5,000,000.00		0.00	5,000,000.00	06/22/21	3135GOU35	AA+/Aaa	2.75	2.65	Wedbush	539	2,695,000,000.00	5,084,550.00	84,550.00	0.09	
10/08/19	Federal National Mortgage	5,000,000.00	4,993,304.17	(15,550.00)		8,854.17	4,993,304.17	08/17/21	3135GON82	AA+/Aaa	1.25	1.42	UBS	595	2,971,015,981.15	4,973,600.00	(19,704.17)	0.10
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	736	3,648,094,400.00	5,038,550.00	81,900.00	0.13	
10/23/19	Federal National Mtge Note	5,000,000.00	5,148,097.50		108,910.00	37,187.50	5,148,097.50	01/11/22	3135GOU92	AA+/Aaa	2.63	1.62	Wedbush	742	3,818,404,345.00	5,101,150.00	(44,947.50)	0.13
12/05/19	Federal National Mtge Note	5,000,000.00	4,985,206.53	(31,790.00)		16,996.53	4,985,206.53	09/06/22	3135GOW23	AA+/Aaa	1.38	1.61	Wedbush	980	4,885,502,399.40	4,967,100.00	(18,106.53)	0.17
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	1009	4,855,666,195.00	5,053,750.00	241,395.00	0.17
12/04/19	Federal National Mtge Note	5,000,000.00	5,260,993.06		228,250.00	32,743.06	5,260,993.06	09/12/23	3135GOU43	AA+/Aaa	2.88	1.62	Wells Fargo	1351	7,107,601,624.06	5,219,300.00	(41,693.06)	0.25
10/23/19	Federal National Mtge Note	5,000,000.00	5,046,835.83		21,315.00	25,520.83	5,046,835.83	07/02/24	3135GOV75	AA+/Aaa	1.75	1.66	Wells Fargo	1645	8,302,044,940.35	5,005,700.00	(41,135.83)	0.29
****	Total Federal National Mtge. (20% limit)	80,000,000.00	80,105,407.09	12,913.09									1.98		80,513,100.00	407,692.91		
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	3137FAEES	AA+/Aaa	1.50	1.88	Wedbush	17	84,340,060.00	4,999,500.00	38,320.00	0.00	
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	122	607,173,260.00	4,995,400.00	18,570.00	0.02	
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	3134G3Z21	AA+/Aaa	1.55	2.80	UBS	212	1,038,227,600.00	4,997,150.00	99,850.00	0.03	
11/01/19	Federal Home Loan Mtge	5,000,000.00	4,938,152.78	(61,847.22)		4,938,152.78	08/31/20	313396E25	AA+/Aaa	1.46	1.50	UBS	244	1,204,909,278.32	4,947,550.00	9,397.22	0.04	
04/07/16	Federal Home Loan Mtge CP (Callable)	4,800,000.00	4,800,000.00			4,800,000.00	10/07/20	3134G8Y66	AA+/Aaa	1.53	1.53	Union Banc	281	1,348,800,000.00	4,798,464.00	(1,536.00)	0.04	
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	3137EAE19	AA+/Aaa	2.38	2.85	Wedbush	413	2,044,234,360.00	5,042,850.00	93,130.00	0.06	
12/06/19	Federal Home Loan Mtge	5,000,000.00	4,978,512.50	(39,300.00)	17,812.50	4,978,512.50	08/12/21	3137EAC99	AA+/Aaa	1.13	1.60	UBS	590	2,937,322,375.00	4,963,100.00	(15,412.50)	0.09	
10/18/19	Federal Home Loan Mtge (Callable)	5,000,000.00	4,998,177.08	(2,500.00)	677.08	4,998,177.08	10/15/21	3134GUH11	Aaa/AAA	1.63	1.65	UBS	654	3,268,807,810.32	4,996,500.00	(1,677.08)	0.10	
04/20/17	Federal Home Loan Mtge(Callable)	5,000,000.00	5,000,000.00			5,000,000.00	10/20/21	3134GJBJ9	AA+/Aaa	2.00	2.00	UBS	659	3,295,000,000.00	5,000,600.00	600.00	0.10	
11/07/19	Federal Home Loan Mtge	5,000,000.00	5,117,124.17		79,520.00	37,604.17	5,117,124.17	01/13/22	3137EADB2	AA+/Aaa	2.38	1.63	Wedbush	744	3,807,140,382.48	5,077,100.00	(40,024.17)	0.12
12/03/19	Federal Home Loan Mtge (Callable)	5,000,000.00	5,000,000.00			5,000,000.00	06/23/22	3134GUZY9	NA/Aaa	1.75	1.75	Wells Fargo	905	4,525,000,000.00	5,001,550.00	1,550.00	0.14	
10/17/19	Federal Home Loan Mtge (Callable)	5,000,000.00	5,000,000.00			5,000,000.00	10/17/22	3134GUJN1	AA+/Aaa	2.10	2.10	Union Banc	1021	5,105,000,000.00	5,000,800.00	850.00	0.16	
12/12/19	Federal Home Loan Mtge	5,000,000.00	5,184,271.39		184,271.39	0												

APPENDIX G

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 issuer of the Bonds (the “**Issuer**”) nor the trustee, fiscal agent or paying agent appointed with respect to the Bonds (the “**Agent**”) take any responsibility for the information contained in this APPENDIX.*

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) certificates representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this 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 (the “**Securities**”). The Securities 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 Security certificate will be issued for the Securities in the aggregate principal amount of such issue, and will be deposited with DTC.

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 is currently rated by Standard & Poor’s as “AA+.” The DTC Rules applicable to its Participants are on file with the Securi-

ties and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("**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 Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities 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 Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities 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 Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

6. Redemption notices shall be sent to DTC. If less than all of the Securities 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 any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer 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 Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities 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 Issuer or 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, Agent, or Issuer, 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 Issuer or 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 depository with respect to the Securities at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

10. Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security 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 Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.

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APPENDIX H

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

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MUNICIPAL BOND INSURANCE POLICY

ISSUER:

Policy No: -N

BONDS: \$ in aggregate principal amount of

Effective Date:

Premium: \$

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

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

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

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

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

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

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

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

ASSURED GUARANTY MUNICIPAL CORP.

By _____
Authorized Officer

A subsidiary of Assured Guaranty Municipal Holdings Inc.
1633 Broadway, New York, N.Y. 10019
(212) 974-0100