SUPPLEMENT TO PRELIMINARY OFFICIAL STATEMENT

RELATING TO

$1,200,000*
BRIDGEVILLE SCHOOL DISTRICT
(Humboldt County, California)
General Obligation Bonds, Election of 2020, Series A
(Bank Qualified)

This **Supplement to Preliminary Official Statement** (this **"Supplement"**) is dated May 18, 2020, and supplements the Preliminary Official Statement dated May 14, 2020 (the **"Preliminary Official Statement"**) relating to the above-captioned bonds (the **"Bonds"**) of the Bridgeville School District. Capitalized terms used herein and not defined herein have the meanings set forth in the Preliminary Official Statement.

This Supplement adds information about the Governor's May Revision to the 2020-21 Proposed State Budget, which was released on May 14, 2020, after the second opinion of the section entitled "APPENDIX A – GENERAL AND FINANCIAL INFORMATION ABOUT THE DISTRICT – STATE FUNDING OF EDUCATION; RECENT STATE BUDGETS – 2020-21 Proposed State Budget" of the Preliminary Official Statement, as described below.

May Revision. On May 14, 2020, the Governor released the May Revision to the 2020-21 Proposed State Budget (the **"May Revision"**). The May Revision notes that the COVID-19 pandemic and resulting recession has changed the State's fiscal landscape dramatically. Unemployment claims have surged, with increased unemployment claims of 4.4 million from mid-March to May 9, 2020, and a projected 2020 unemployment rate of 18%. Job losses have occurred in nearly every sector of the economy, and personal income is projected to decline by 9% in 2020.

Following record economic expansion, the United States economy entered into a recession in March of 2020, causing an immediate negative impact on State revenues, with all three of the major revenue sources showing significant declines relative to the Governor's original budget forecast. From fiscal years 2018-19 through 2020-21, the May Revision baseline revenue estimate has decreased by over $43 billion, before accounting for transfers.

The changes in the three largest State tax sources are:

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

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

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

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

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

- Cancel $6.1 billion in program expansions and spending increases;
- Draw down $16.2 billion in the Rainy Day Fund over three years, with $8.3 billion withdrawn in 2020-21 ($7.8 billion from the Rainy Day Fund and $450 million from the Safety Net Reserves);
- Borrow and transfer $4.1 billion from special funds;
- Undertake revenue-generating measures with a temporary suspension of net operating losses and temporary limit of $5 million to the amount of credits a taxpayer can use in any given tax year, generating new revenue of $4.4 billion in 2020-21;
- Reflect Federal funds support of $8.3 billion and triggers of $14.0 billion in reductions to base programs and employee compensation that will be necessary if sufficient federal funding does not materialize.

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

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

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

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

- *Revising PERS/STRS Contributions*. The 2018-19 State budget included $850 million to buy down local educational agency employer contribution rates for STRS and PERS in 2019-20 and 2020-21, as well as $2.3 billion towards the employer long-term unfunded liability. To provide local educational agencies with increased fiscal relief, the May Revision proposes redirecting the $2.3 billion paid to STRS and PERS towards long-term unfunded liabilities to further reduce employer contribution rates in 2020-21 and 2021-22. This reallocation will reduce the STRS employer rate from 18.41% to approximately 16.15% in 2020-21, and from 18.2% to 16.02% in 2021-22. The PERS Schools Pool employer contribution rate will be reduced from 22.67% to 20.7% in 2020-21 and from 25% to 22.84% in 2021-22.

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

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

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

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

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

The May Revision notes that property taxes are local revenue sources, but the amount generated each year has a substantial impact on the State budget because local property tax revenues allocated to K-14 schools help offset State general fund expenditures. Preliminary data show statewide property tax revenues increased 5.8% in 2019-20, which is 0.6% lower than the 6.4% growth rate originally expected in the 2021 State Budget. Property tax revenues are expected to grow 3.5% in 2020-21, 2.2% lower than the 5.7% growth expected at the time of the original proposed budget due to increased delinquencies, which typically rise during periods of recession. Approximately 42% ($32 billion) of 2020-21 property tax revenues will go to K-14 schools. While this amount includes $2.3 billion that schools are expected to receive in 2020-21 due to the dissolution of redevelopment agencies, it excludes the $9.4 billion shifted from schools to cities and counties to replace vehicle license fee revenue losses stemming from the reduced vehicle license fee rate of 0.65%.

Due to the COVID-19 pandemic, the federal and State income tax deadline has been extended to July 15, 2020, and it is likely that the budget will be updated after the July 15, 2020 filing deadline to more accurately reflect income tax revenues.

This Supplement constitutes an integral part of the Preliminary Official Statement, and recipients are requested to attach this Supplement to the Preliminary Official Statement.

END OF SUPPLEMENT

**Preliminary; subject to change.*

PRELIMINARY OFFICIAL STATEMENT DATED MAY 14, 2020

NEW ISSUE - FULL BOOK-ENTRY
BANK QUALIFIED

INSURED RATING: S&P: "AA"
RATING: S&P: "A"
See "RATINGS" herein.

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

$1,200,000*
BRIDGEVILLE SCHOOL DISTRICT
(Humboldt County, California)
General Obligation Bonds, Election of 2020, Series A
(Bank Qualified)

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

Authority and Purpose. The above-captioned General Obligation Bonds, Election of 2020, Series A, are being issued by the Bridgeville School District pursuant to certain provisions of the California Government Code and a resolution of the Board of Education of the District adopted on May 12, 2020. The Bonds were authorized at an election of the registered voters of the District held on March 3, 2020, which authorized the issuance of $1,200,000 principal amount of general obligation bonds for the purpose of financing the renovation, construction and improvement of school facilities. The Bonds are the first series and only series of bonds to be issued under the 2020 Authorization. See "THE BONDS – Authority for Issuance" and "- Purpose of Issue" herein.

Security. The Bonds are general obligations of the District, payable solely from *ad valorem* property taxes levied on taxable property within the District and collected by Humboldt County. The County Board of Supervisors is empowered and obligated to annually levy *ad valorem* taxes for the payment of interest on, and principal of, the Bonds upon all property subject to taxation by the District, without limitation of rate or amount (except certain personal property which is taxable at limited rates). The District has no other series of general obligation bonds outstanding. See "SECURITY FOR THE BONDS."

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

Payments. The Bonds are dated the date of delivery set forth below and accrue interest at the rates set forth on the inside cover page hereof, payable semiannually on each February 1 and August 1 until maturity, commencing August 1, 2020. Payments of principal of and interest on the Bonds will be paid by The Bank of New York Mellon Trust Company, N.A., as the designated paying agent, registrar and transfer agent, to DTC for subsequent disbursement to DTC Participants who will remit such payments to the beneficial owners of the Bonds. See "THE BONDS - Description of the Bonds."

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

Bond Insurance. The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Bonds by Assured Guaranty Municipal Corp. ("AGM"). See "BOND INSURANCE" and "APPENDIX H – SPECIMEN MUNICIPAL BOND INSURANCE POLICY."

MATURITY SCHEDULE
(See inside cover)

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

The Bonds will be offered when, as and if issued and accepted by the Underwriter, subject to the approval as to legality by Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel to the District, and subject to certain other conditions. Jones Hall is also serving as Disclosure Counsel to the District. It is anticipated that the Bonds, in book-entry form, will be available for delivery through the facilities of DTC, on or about June 10, 2020.*

The date of this Official Statement is _____, 2020.

**Preliminary; subject to change.*

MATURITY SCHEDULE*

BRIDGEVILLE SCHOOL DISTRICT
(Humboldt County, California)
General Obligation Bonds, Election of 2020, Series A
(Bank Qualified)

Base CUSIP†: _____

$_____ Serial Bonds

Maturity Date (August 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP†

$_____ ____% Term Bonds maturing August 1, 20__; Yield: ___%; Price: ____;
CUSIP†: ___

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

BRIDGEVILLE SCHOOL DISTRICT
(Humboldt County, California)

BOARD OF EDUCATION

Diana Bennett, *President*
Grace Schellhous*, Clerk*
Nick Entsminger, *Trustee*
Danielle Holway, *Trustee*
Robert Smith*, Trustee*

DISTRICT ADMINISTRATION

John Blakely, *Superintendent*
Sarah Poust*, Business Support Manager*

PROFESSIONAL SERVICES

FINANCIAL ADVISOR

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

BOND AND DISCLOSURE COUNSEL

Jones Hall, A Professional Law Corporation
San Francisco, California

BOND REGISTRAR, TRANSFER AGENT AND PAYING AGENT

The Bank of New York Mellon Trust Company, N.A.,
Dallas, Texas

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.

Bond Insurance. Assured Guaranty Municipal Corp ("AGM" or the "Bond Insurer") makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, the Bond Insurer 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 the Bond Insurer, supplied by the Bond Insurer and presented under the heading "BOND INSURANCE" and in APPENDIX H.

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

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

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

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

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

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

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$1,200,000*
BRIDGEVILLE SCHOOL DISTRICT
(Humboldt County, California)
General Obligation Bonds, Election of 2020, Series A
(Bank Qualified)

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

INTRODUCTION

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

The District. Bridgeville School District (the **"District"**) is a public elementary school district located in the unincorporated community of Bridgeville, located in eastern Humboldt County (the "**County**"). The District is located approximately 260 miles north of San Francisco and approximately 245 miles northwest of Sacramento.

The District operates Bridgeville School, which serves grades K through 8. Enrollment for the 2019-20 school year is approximately 44 students. For more information regarding the District and its finances, see APPENDIX A and APPENDIX B attached hereto. See also APPENDIX C hereto for demographic and other statistical information regarding Humboldt County (the "**County**").

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

Purpose of Issue. The net proceeds of the Bonds will be used to finance construction and improvements to facilities of the District, as approved by voters in the District at an election held on March 3, 2020 (the **"Bond Election"**). See "THE BONDS - Purpose of Issue" herein.

Authority for Issuance of the Bonds. Issuance of the Bonds was approved by more than the requisite 55% of the voters of the District voting at the Bond Election to authorize $1.2 million of general obligation bonds, and will be issued pursuant to certain provisions of the Government Code

* *Preliminary; subject to change.*

of the State and a resolution adopted by the Board of Education of the District on May 12, 2020 (the "**Bond Resolution**"). See "THE BONDS - Authority for Issuance" herein.

Description of the Bonds. The Bonds will be issued as current interest bonds. The Bonds will be dated their date of delivery (the "**Dated Date**") and will be issued as fully registered bonds, without coupons, in the denominations of $5,000 or any integral multiple thereof. The Bonds will mature on August 1 in the years indicated on the inside cover page hereof. The Bonds will accrue interest from the Dated Date, which is payable semiannually on February 1 and August 1 of each year, commencing August 1, 2020. See "THE BONDS – Description of the Bonds" herein.

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

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

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

The impact that the current COVID-19 outbreak might have on the assessed valuation of property located in the District is uncertain at this time. See "PROPERTY TAXATION – Assessed Valuations" and "SECURITY FOR THE BONDS – COVID-19 Global Pandemic."

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

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

Bond Insurance. Concurrently with the issuance of the Bonds, Assured Guaranty Municipal Corp. (**"AGM"** or the **"Bond Insurer"**) 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 Appendix H to this Official Statement. See "BOND INSURANCE" and APPENDIX H.

Tax Matters; Bank Qualified. Assuming compliance with certain covenants and provisions of the Internal Revenue Code of 1986, in the opinion of Bond Counsel, interest on the Bonds will not be includable in gross income for federal income tax purposes although it may be includable in the

calculation for certain taxes. Also, in the opinion of Bond Counsel, interest on the Bonds will be exempt from personal income taxes in the State.

The District has designated the Bonds as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Internal Revenue Code of 1986. Such section provides an exception to the prohibition against the ability of a “financial institution” (as defined in the Internal Revenue Code of 1986) to deduct its interest expense allocable to tax-exempt interest. See “TAX MATTERS” and APPENDIX D hereto for the form of Bond Counsel’s opinion to be delivered concurrently with the Bonds.

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

Other Information. This Official Statement speaks only as of its date, and the information contained in this Official Statement is subject to change. Copies of documents referred to in this Official Statement, and information concerning the Bonds, are available from the District at 38717 Kneeland Road, Bridgeville, California 95526, Telephone: (707) 777-3311. The District may impose a charge for copying, mailing and handling.

END OF INTRODUCTION

THE BONDS

Authority for Issuance

The Bonds will be issued under the provisions of Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, commencing with Section 53506 thereof, and the Bond Resolution. The District received authorization by more than the requisite 55% of District voters at the Bond Election to issue general obligation bonds in a principal amount of $1,200,000 (the "**2020 Authorization**").

Purpose of Issue

Proceeds of the Bonds will be used for the purposes specified in the ballot measure approved by the District's voters on March 3, 2020, the abbreviated text of which appeared on the ballot as follows:

> *To improve the quality of Bridgeville School; repair or replace deteriorating plumbing and sewer systems; modernize outdated classrooms, restrooms and school facilities; and upgrade inadequate electrical systems; shall Bridgeville Elementary School District's measure be adopted authorizing $1,200,000 in bonds at legal interest rates, generating approximately $85,000 annually while bonds are outstanding with levies of approximately 3 cents per $100 assessed value, with annual audits, citizens' oversight, no money for salaries and all money for local projects?"*

In addition to the abbreviated statement of the ballot measure, as part of the sample ballot materials, in accordance with the requirements of California law, District voters were presented with a full text of ballot measure, which, among other items, included a project list identifying to District voters the types of projects eligible for funding from proceeds of bonds approved at the Bond Election (the **"Project List"**). The District makes no representation as to the specific application of the proceeds of the Bonds, the completion of any projects listed on the Project List, or whether bonds authorized by the 2020 Authorization will provide sufficient funds to complete any particular project listed in the Project List.

Description of the Bonds

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

The Bonds shall be issued in the denominations of $5,000 principal amount each or any integral multiple thereof. Interest on Bonds is payable semiannually on each February 1 and August 1, commencing August 1, 2020 (each, an **"Interest Payment Date"**). Each Bond will bear interest from the Interest Payment Date next preceding the date of registration and authentication thereof unless (i) it is authenticated as of an Interest Payment Date, in which event it will bear interest from such date, or (ii) it is authenticated prior to an Interest Payment Date and after the close of business on the fifteenth (15th) day of the month preceding the Interest Payment Date (each, a **"Record Date"**), in which event it will bear interest from such Interest Payment Date, or (iii) it is authenticated prior to July 15, 2020, in which event it will bear interest from the date of delivery of the Bonds identified on the cover page hereof. Notwithstanding the foregoing, if interest on any Bond is in

default at the time of authentication thereof, such Bond will bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon. Payments of principal of and interest on the Bonds will be paid by The Bank of New York Mellon Trust Company, N.A., as the designated paying agent, registrar and transfer agent (the "**Paying Agent**") to DTC for subsequent disbursement to DTC Participants who will remit such payments to the beneficial owners of the Bonds.

Book-Entry Only System

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

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

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

Redemption*

Optional Redemption. The Bonds maturing on or before August 1, 20__ are not subject to redemption prior to maturity. The Bonds maturing on or after August 1, 20__ 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, 20__, or on any date thereafter, at a price equal to 100% of the principal amount thereof, without premium, together with accrued interest thereon to the redemption date.

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

* *Preliminary; subject to change.*

Mandatory Sinking Fund Redemption. The Bonds maturing on August 1, 20__ (the **"Term Bonds"**), are subject to mandatory sinking fund redemption on August 1 of each year in accordance with the schedules set forth below. The Term Bonds so called for mandatory sinking fund redemption will be redeemed in the sinking fund payments amounts and on the dates set forth below, without premium.

Term Bonds Maturing August 1, 20__

Redemption Date (August 1)	Sinking Fund Redemption

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

Notice of Redemption

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

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

Partial Redemption of Bonds

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

Effect of Redemption

From and after the date fixed for redemption, if notice of such redemption has been duly given and funds available for the payment of the principal of and interest (and premium, if any) on the Bonds so called for redemption have been duly provided, such Bonds so called will cease to be entitled to any benefit under the Bond Resolution, other than the right to receive payment of the

redemption price, and no interest will accrue thereon on or after the redemption date specified in such notice.

Right to Rescind Notice of Redemption

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

Registration, Transfer and Exchange of Bonds

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

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

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

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

Defeasance and Discharge of Bonds

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

(a) by paying or causing to be paid the principal or redemption price of and interest on such Bonds, as and when the same become due and payable;

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

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

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

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

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

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

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

DEBT SERVICE SCHEDULE

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

Bridgeville School District
General Obligation Bonds, Election of 2020, Series A
Debt Service Schedule

Bond Year Ending (August 1)	Principal	Interest	Total Annual Debt Service
2020			
2021			
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
2041			
2042			
2043			
2044			
2045			
2046			
2047			
2048			
2049			
TOTAL			

SOURCES AND USES OF FUNDS

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

Sources of Funds	
Principal Amount of Bonds	
[Net] Original Issue [Premium]/[Discount]	
Total Sources	
Uses of Funds	
Building Fund	
Debt Service Fund	
Costs of Issuance [1]	
Total Uses	

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

SECURITY FOR THE BONDS

Ad Valorem Taxes

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

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

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

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

Statutory Lien on Ad Valorem Tax Revenues. In accordance with Section 53515 of the California Government Code, the Bonds are secured by a statutory lien on all revenues received pursuant to the levy and collection of the ad valorem tax imposed to service the Bonds. This lien automatically arises without the need for any action or authorization by the District or the Board. The revenues received pursuant to the levy and collection of the ad valorem tax shall be immediately subject to the lien, and the lien shall immediately attach to the revenues and be effective, binding, and enforceable against the District, its successors, transferees, and creditors, and all others asserting rights therein, irrespective of whether those parties have notice of the lien and without the need for any further act.

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

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

– Factors Relating to Increases/Decreases in Assessed Value." See also "— COVID-19 Global Pandemic."

Building Fund

The proceeds from the sale of the Bonds, to the extent of the principal amount thereof, will be paid to the County to the credit of the fund created and established in the Bond Resolution and known as the "Bridgeville School District, Election of 2020, Series A Building Fund" (the "**Building Fund**"), which will be accounted for as separate and distinct from all other District and County funds. The proceeds will be used solely for the purposes for which the Bonds are being issued and for payment of permissible costs of issuance. Any excess proceeds of the Bonds not needed for the authorized purposes for which the Bonds are being issued shall be transferred to the Debt Service Fund and applied to the payment of principal of and interest on the Bonds. If, after payment in full of the Bonds, there remains excess proceeds, any such excess amounts shall be transferred to the general fund of the District. Interest earnings on the investment of monies held in the Building Fund will be retained in the Building Fund.

Debt Service Fund

Amounts to pay debt service on the Bonds will be held in the fund created and established in the Bond Resolution and known as the "Bridgeville School District, Election of 2020, Series A Debt Service Fund" (the "**Debt Service Fund**") for the Bonds, which will be established as a separate fund to be maintained distinct from all other funds of the County. All taxes levied by the County for the payment of the principal of and interest and premium (if any) on the Bonds will be deposited in the Debt Service Fund by the County promptly upon the receipt. The Debt Service Fund is pledged for the payment of the principal of and interest and premium (if any) on the Bonds when and as the same become due. The County will transfer amounts in the Debt Service Fund to the Paying Agent to the extent necessary to pay the principal of and interest and premium (if any) on the Bonds as the same becomes due and payable.

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

Not a County Obligation

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

COVID-19 Global Pandemic

Background. The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus (**"COVID-19"**), which was first detected in China and has spread to other countries, including the United States, was declared a pandemic by the World Health Organization, a national emergency by the President of the United States (the "**President**") and a state of emergency by the Governor of the State (the "**Governor**"). There has been tremendous volatility in the markets in the United States and globally, resulting in the onset of a national and global recession.

The President's declaration of a national emergency on March 13, 2020 made available more than $50 billion in federal resources to combat the spread of the virus. A multi-billion-dollar relief package was signed into law by the President on March 18, 2020, providing for Medicaid expansion, unemployment benefits and paid emergency leave during the crisis. In addition, the Federal Reserve lowered its benchmark interest rate to nearly zero, introduced a large bond-buying program and established emergency lending programs to banks and money market mutual funds.

On March 27, 2020, the United States Congress passed a $2 trillion relief package, referred to as the Coronavirus Aid, Relief, and Economic Security Act (the **"CARES Act"**). The package includes direct payments to taxpayers, jobless benefits, assistance to hospitals and healthcare systems, $367 billion for loans to small businesses, a $500 billion fund to assist distressed large businesses, including approximately $30 billion to provide emergency grants to educational institutions and local educational agencies. This funding allocation includes approximately $13.5 billion in formula funding to make grants available to each state's educational agency in order to facilitate K-12 schools' responses to the COVID-19 crisis.

At the State level, on March 15, 2020, the Governor ordered the closing of California bars and nightclubs, the cancellation of gatherings of more than 250 and confirmed continued funding for school districts that close under certain conditions. On March 16, 2020, the State legislature passed $1.1 billion in general purpose spending authority for emergency funds to respond to the Coronavirus crisis. On March 19, 2020, Governor Newsom issued Executive Order N-33-20, a blanket shelter-in-place order, ordering all California residents to stay home except for certain necessities and other essential purposes, which is in effect until further notice. On May 7, 2020, the State's Public Health Officer released an order supporting the gradual movement of the State from Stage 1 to Stage 2 of "California's Pandemic Resilience Roadmap." Effective as of May 8, 2020, the order allows for the return of certain kinds of retail, manufacturing and other "low risk" businesses if physical distancing measures are implemented.

The COVID-19 outbreak is ongoing, and the ultimate geographic spread of the virus, the duration and severity of the outbreak, the economic impacts and actions that may be taken by governmental authorities to contain the outbreak or to treat its impacts are uncertain and cannot be predicted. Additional information with respect to events surround the outbreak of COVID-19 and responses thereto can be found on State and local government websites, including but not limited to: the Governor's office (http://www.gov.ca.gov) and the California Department of Public Health (https://covid19.ca.gov/). *The District has not incorporated by reference the information on such websites, and the District does not assume any responsibility for the accuracy of the information on such website*s.

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

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

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

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

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

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

General Obligation Bonds Secured by* Ad Valorem *Tax Revenues. Notwithstanding the impacts the COVID-19 emergency may have on the economy in the State, the County and the District or on the District's general purpose revenues, the Series A Bonds described herein are voter-approved general obligations of the District payable solely from the levy and collection of *ad valorem* property taxes, unlimited as to rate or amount, and are not payable from the general fund of the District. The District cannot predict the impacts that the Coronavirus emergency might have on local property values or tax collections. See "SECURITY FOR THE BONDS – *Ad Valorem* Taxes" and "PROPERTY TAXATION – Teeter Plan; Property Tax Collections" herein.

PROPERTY TAXATION

Property Tax Collection Procedures

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

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

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

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

<u>Waiver of State Laws Relating to Penalties for Non-Payment of Property Taxes</u>. In an attempt to mitigate the effects of the COVID-19 pandemic on State property taxpayers, on May 6, 2020, the Governor signed Executive Order N-61-20 ("**Order N-61-20").** Under Order N-61-20, certain provisions of the State Revenue and Taxation Code are suspended until May 6, 2021 to the extent said provisions require a tax collector to impose penalties, costs or interest for the failure to pay secured or unsecured property taxes, or to pay a supplemental bill, before the date that such

taxes become delinquent. Said penalties, costs and interest shall be cancelled under the conditions provided for in Order N-61-20, including if the property is residential real property occupied by the taxpayer or the real property qualifies as a small business under certain State laws, the taxes were not delinquent prior to March 4, 2020, the taxpayer files a claim for relief with the tax collector, and the taxpayer demonstrates economic hardship or other circumstances that have arisen due to the COVID-19 pandemic or due to a local, state, or federal governmental response to COVID-19. The impacts the waiver of penalties, costs or interest on delinquent property taxes under the circumstances described in Order N-61-20 have on property tax revenues are unknown at this time. For information about the County's current distribution of property taxes, see below under the heading "-Tax Levies and Delinquencies – Teeter Plan."

Disclaimer Regarding Property Tax Collection Procedures. The property tax collection procedures described above are subject to amendment based on legislation or executive order, including Order N-61-20, which may be enacted by the State legislature or declared by the Governor from time to time. The District cannot predict changes in law or orders of State officials that might occur in the future, particularly with regard to actions that might be taken in an attempt to mitigate the impacts of the COVID-19 pandemic.

Taxation of State-Assessed Utility Property

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

Assessed Valuation

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

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

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

BRIDGEVILLE SCHOOL DISTRICT
Assessed Valuation
Fiscal Years 2006-07 through 2019-20

Fiscal Year	Local Secured	Utility	Unsecured	Total	% Change
2006-07	$72,497,025	$0	$3,230,087	$75,727,112	--%
2007-08	77,354,215	0	2,082,673	79,436,888	4.9
2008-09	85,579,242	0	2,304,505	87,883,747	10.6
2009-10	89,026,607	0	2,415,139	91,441,746	4.0
2010-11	92,089,704	0	2,441,933	94,531,637	3.4
2011-12	93,872,240	0	2,490,926	96,363,166	1.9
2012-13	105,085,315	0	2,142,758	107,228,073	11.3
2013-14	106,898,894	0	2,059,521	108,958,415	1.6
2014-15	107,181,368	0	1,958,883	109,140,251	0.2
2015-16	113,298,745	0	2,067,960	115,366,705	5.7
2016-17	122,803,195	0	1,750,218	124,553,413	8.0
2017-18	128,133,670	0	2,001,409	130,135,079	4.5
2018-19	150,723,492	0	2,639,919	153,363,411	17.8
2019-20	156,927,422	0	2,682,570	159,609,992	4.1

Source: California Municipal Statistics, Inc.

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

In addition, wildfires have occurred in recent years in different regions of the State, and related flooding and mudslides have also occurred. The most destructive of the recent wildfires, which have burned thousands of acres and destroyed thousands of homes and structures, have originated in wildlands adjacent to urban areas. Although the recent natural disasters do not include territory within the District's boundaries, the District cannot predict or make any representations regarding the effects that wildfires, flooding, mudslides or any other natural disasters and related conditions have or may have on the value of taxable property within the District, or to what extent the effects said disasters might have had on economic activity in the District or throughout the State.

The world is currently experiencing a global pandemic as a result of the outbreak of COVID-19 which may have a negative impact on local property values, but the impact is uncertain at this time. The COVID-19 emergency could cause general marked declines in property values. For disclosure relating to the COVID-19 emergency, see also "SECURITY FOR THE BONDS –COVID-19 Global Pandemic."

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

See also "SECURITY FOR THE BONDS – COVID-19 Global Pandemic."

A State constitutional amendment designated as the California Schools and Local Community Funding Act of 2020, has qualified by initiative for the November 3, 2020 ballot which, if approved by State voters by majority vote, would amend the State Constitution to change to a split roll approach to determine property values for purposes of property taxation. If approved, the State Constitution will be amended to provide for the reassessment to fair market value of certain commercial and industrial real properties every three years, overriding the current two percent limitation on annual assessment increases until a property changes ownership. The resulting increases in property tax revenues would be allocated among local public agencies. The District cannot predict if such initiative will be successful or the impact it might have on assessed values in the District.

Assessed Valuation by Land Use. The following table shows the land use of property in the District, as measured by assessed valuation and the number of parcels for fiscal year 2019-20. As shown, the majority of the District's assessed valuation is represented by residential property.

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

Non-Residential:	**2019-20 Assessed Valuation (1)**	**% of Total**	**No. of Parcels**	**% of Total**
Rural/Timber	$46,556,217	29.67%	927	56.84%
Government/Social/Institutional	20,697	0.01	167	10.24
Subtotal Non-Residential	$46,576,914	29.68%	1,094	67.08%
Residential:				
Single Family Residence	$ 94,354,630	60.13%	382	23.42%
Mobile Home	1,551,413	0.99	22	1.35
Mobile Home Park	493,196	0.31	2	0.12
Vacant Residential	13,951,269	8.89	131	8.03
Subtotal Residential	$110,350,508	70.32%	537	32.92%
Total	$156,927,422	100.00%	1,631	100.00%

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

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

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

	No. of Parcels	2019-20 Assessed Valuation	Average Assessed Valuation	Median Assessed Valuation
Single Family Residential	382	$94,354,630	$247,002	$186,705

2019-20 Assessed Valuation	No. of Parcels [1]	% of Total	Cumulative % of Total	Total Valuation	% of Total	Cumulative % of Total
$0 - $24,999	7	1.832%	1.832%	$ 131,233	0.139%	0.139%
$25,000 - $49,999	22	5.759	7.592	793,504	0.841	0.980
$50,000 - $74,999	37	9.686	17.277	2,250,810	2.385	3.366
$75,000 - $99,999	26	6.806	24.084	2,314,623	2.453	5.819
$100,000 - $124,999	32	8.377	32.461	3,659,287	3.878	9.697
$125,000 - $149,999	19	4.974	37.435	2,647,386	2.806	12.503
$150,000 - $174,999	27	7.068	44.503	4,440,462	4.706	17.209
$175,000 - $199,999	33	8.639	53.141	6,128,664	6.495	23.704
$200,000 - $224,999	18	4.712	57.853	3,818,850	4.047	27.751
$225,000 - $249,999	17	4.450	62.304	4,078,264	4.322	32.074
$250,000 - $274,999	17	4.450	66.754	4,481,754	4.750	36.824
$275,000 - $299,999	14	3.665	70.419	3,982,432	4.221	41.044
$300,000 - $324,999	12	3.141	73.560	3,772,539	3.998	45.043
$325,000 - $349,999	14	3.665	77.225	4,743,546	5.027	50.070
$350,000 - $374,999	12	3.141	80.366	4,296,772	4.554	54.624
$375,000 - $399,999	12	3.141	83.508	4,651,588	4.930	59.554
$400,000 - $424,999	12	3.141	86.649	4,985,473	5.284	64.838
$425,000 - $449,999	4	1.047	87.696	1,740,580	1.845	66.682
$450,000 - $474,999	9	2.356	90.052	4,158,230	4.407	71.089
$475,000 - $499,999	6	1.571	91.623	2,895,974	3.069	74.158
$500,000 and greater	32	8.377	100.000	24,382,659	25.842	100.000
	382	100.000%		$94,354,630	100.000%	

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

Reassessments and Appeals of Assessed Value

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

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

Under California law, property owners may apply for a Proposition 8 reduction of their property tax assessment by filing a written application, in form prescribed by the State Board of

Equalization, with the County board of equalization or assessment appeals board. In most cases, the appeal is filed because the applicant believes that present market conditions (such as residential home prices) cause the property to be worth less than its current assessed value.

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

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

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

Tax Levies and Delinquencies

For the District's share of the 1% general fund apportionment, the County has adopted the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the **"Teeter Plan"**) as provided for in the State Revenue and Taxation Code, which requires the County to pay 100% of such secured property taxes due to local agencies in the fiscal year such taxes are due. Pursuant to these provisions, each county operating under the Teeter Plan establishes a delinquency reserve and assumes responsibility for all secured delinquencies, assuming that certain conditions are met.

Because of this method of tax collection, the K-12 districts located in counties operating under the Teeter Plan and participating in the Teeter Plan are assured of 100% collection of their secured tax levies for the 1% general fund apportionment if the conditions established under the applicable county's Teeter Plan are met. However, such districts are no longer entitled to share in any penalties due to delinquent payments. This method of tax collection and distribution is subject to future discontinuance at the County's option or if demanded by the participating taxing agencies.

Because the County does <u>not</u> participate in the Teeter Plan with respect to tax levies for general obligation bonds debt service, secured property taxes actually collected for such purpose are allocated to political subdivisions for which the County acts as tax-levying or tax-collecting agency, including the District, when such secured property taxes are actually collected. As a consequence, the District's receipt of taxes levied for its general obligation bonds, including the Bonds, is subject to delinquencies.

Tax Rates

Below are historical typical tax rates in a typical tax rate area (Tax Rate Area 60-000) within the District for fiscal years 2015-16 through 2019-20.

BRIDGEVILLE SCHOOL DISTRICT
Typical Total Tax Rates of Assessed Valuation
(TRA 60-000-2019-20 Assessed Valuation: $159,609,992[1])
Fiscal Years 2015-16 through 2019-20

	2015-16	2016-17	2017-18	2018-19	2019-20
General Levy	$1.0000	$1.0000	$1.0000	$1.0000	$1.0000
Redwoods Community College District	.0100	.0080	.0080	.0080	.0080
Fortuna Union High School District	.0200	.0100	.0170	.0160	.0170
Total All Property Tax Rate	1.0300	$1.0180	$1.0250	$1.0240	$1.0250

(1) 100.00% of the total District's assessed valuation.
Source: California Municipal Statistics, Inc.

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Top 20 Property Owners

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

BRIDGEVILLE SCHOOL DISTRICT
Top 20 Secured Property Taxpayers
Fiscal Year 2019-20

	Property Owner	Primary Land Use	2019-20 Assessed Valuation	% of Total [1]
1.	5150 Investment Group LLC	Residential	$3,080,000	1.96%
2.	Hunter Ranch LLC	Rural/Timber	2,905,461	1.85
3.	Fort Baker Ranch Company	Rural/Timber	2,651,654	1.69
4.	Sierra Pacific Industries	Rural/Timber	2,021,608	1.29
5.	Daniel M. and Robin C. Wojcik	Rural/Timber	1,860,105	1.19
6.	HBD Kneeland LLC	Rural/Timber	1,853,535	1.18
7.	Dunn Diamond D Ranch LLC	Rural/Timber	1,614,385	1.03
8.	Matthew M. Puckett	Residential	1,595,452	1.02
9.	Gloria B. Cottrell Trust	Residential	1,411,620	0.90
10.	Charles Mountain Ranch	Rural/Timber	1,351,494	0.86
11.	Higrade LLC	Residential	1,338,240	0.85
12.	Ascension Farms LLC	Residential	1,292,694	0.82
13.	Christine E. Barkdull	Residential	1,270,258	0.81
14.	Vincent Parvanov	Residential	1,177,212	0.75
15.	Gloria J. and Leslie P. and Janet A. Barnwell	Residential	1,081,910	0.69
16.	Chris John Properties Inc.	Residential	1,062,260	0.68
17.	Daniel T. Lapaille	Residential	1,057,114	0.67
18.	Ruben and Lalita Brinckhaus	Residential	1,029,688	0.66
19.	36 Works LLC	Residential	1,020,000	0.65
20.	Marshall Hotel LLC	Residential	1,018,757	0.65
			$31,693,447	20.20%

(1) 2019-20 local secured assessed valuation: $156,927,422.
Source: California Municipal Statistics, Inc.

Direct and Overlapping Debt

Set forth below is a direct and overlapping debt report (the "**Debt Report**") prepared by California Municipal Statistics, Inc. for debt issued as of May 1, 2020. The Debt Report is included for general information purposes only. The District has not reviewed the Debt Report for completeness or accuracy and makes no representation in connection therewith.

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

BRIDGEVILLE SCHOOL DISTRICT
Statement of Direct and Overlapping Bonded Debt
(Debt Issued as of May 1, 2020)

2019-20 Assessed Valuation: $159,609,992

DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:	**% Applicable**	**Debt 5/1/20**	
Redwoods Joint Community College District	0.813%	$207,274	
Fortuna Union High School District	7.117	722,376	
Bridgeville School District	**100.000**	**0**	(1)
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		$929,650	
OVERLAPPING GENERAL FUND DEBT:			
Humboldt County Certificates of Participation	1.131%	$ 89,575	
Humboldt County Board of Education Certificates of Participation	1.131	32,912	
TOTAL OVERLAPPING GENERAL FUND DEBT		$122,487	
COMBINED TOTAL DEBT		$1,052,137	(2)

Ratios to 2019-20 Assessed Valuation:

Direct Debt ($0)	**0.00%**
Total Direct and Overlapping Tax and Assessment Debt	0.58%
Combined Total Debt	0.66%

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

BOND INSURANCE

The following information has been furnished by the Bond Insurer for use in this Official Statement. No representation is made as to the accuracy or completeness of this information, or the absence of material adverse changes therein at any time subsequent to the date hereof. Reference is made to APPENDIX H for a specimen of the Policy.

Bond Insurance Policy

Concurrently with the issuance of the Bonds, AGM will issue 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 Appendix H 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 March 31, 2020:

- The policyholders' surplus of AGM was approximately $2,573 million.
- The contingency reserves of AGM and its indirect subsidiary Municipal Assurance Corp. ("MAC") (as described below) were approximately $997 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 $1,997 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 documents 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:

(i) 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); and
(ii) the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2020 (filed by AGL with the SEC on May 8, 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".

TAX MATTERS

Tax Exemption

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

The opinions set forth in the preceding paragraph are subject to the condition that the District comply with all requirements of the Internal Revenue Code of 1986, as amended (the "**Tax Code**") that must be satisfied subsequent to the issuance of the Bonds in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes, and in order for the Bonds to be "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Tax

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

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

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

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

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

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

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

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

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

CERTAIN LEGAL MATTERS

Legality for Investment

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

Absence of Litigation

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

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

Compensation of Certain Professionals

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

CONTINUING DISCLOSURE

The District will execute the Continuing Disclosure Certificate in connection with the issuance of the Bonds, and covenant therein, for the benefit of holders and beneficial owners of the Bonds to provide certain financial information and operating data relating to the District to the Municipal Securities Rulemaking Board (an **"Annual Report"**) not later than nine months after the end of the District's fiscal year (which currently is June 30), commencing March 31, 2021, with the report for the 2019-20 Fiscal Year, and to provide notices of the occurrence of certain enumerated events. Such notices will be filed by the District with the Municipal Securities Rulemaking Board. The specific nature of the information to be contained in an Annual Report or the notices of enumerated events is set forth in the form of Continuing Disclosure Certificate attached as APPENDIX E. These covenants have been made in order to assist the Underwriter of the Bonds in complying with S.E.C. Rule 15c2-12(b)(5) (the **"Rule"**).

The District has no prior undertakings pursuant to the Rule in connection with its outstanding indebtedness. In order to ensure ongoing compliance with its undertakings, the District has engaged Isom Advisors, a Division of Urban Futures, to serve as the District's dissemination agent in connection with its prior undertakings and the Bonds.

Neither the County nor any other entity other than the District shall have any obligation or incur any liability with respect to the performance of the District's duties regarding continuing disclosure. The County has not reviewed, nor is it responsible for, the content of this Official Statement.

RATINGS

S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("**S&P**"), is expected to assign its rating of "AA" to the Bonds, based on the understanding that AGM will deliver its Policy with respect to the Bonds. See "BOND INSURANCE.

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

UNDERWRITING

The Bonds are being purchased by D.A. Davidson & Co. (the "**Underwriter**"). The Underwriter has agreed to purchase the Bonds at a price of $_____ which is equal to the initial principal amount of the Bonds of $_____, plus original issue premium of $_____ less an Underwriter's discount of $_____.

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

ADDITIONAL INFORMATION

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

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

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

EXECUTION

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

BRIDGEVILLE SCHOOL DISTRICT

By: _____
Superintendent

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APPENDIX A

GENERAL AND FINANCIAL INFORMATION ABOUT THE DISTRICT

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

General Information

Bridgeville School District (the **"District"**) is a public elementary school district located in the unincorporated community of Bridgeville, located in eastern Humboldt County (the "**County**"). The District is located approximately 260 miles north of San Francisco and approximately 245 miles northwest of Sacramento.

The District operates Bridgeville School, which serves grades K through 8. Enrollment for the 2019-20 school year is approximately 44 students. For more information regarding the District, see APPENDIX B attached hereto. See also APPENDIX C for demographic and other statistical information regarding Humboldt County (the "**County**").

Administration

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

Name	Office	Term Expires
Dianna Bennett	President	December 2020
Grace Schellhous	Clerk	December 2020
Nick Entsminger	Trustee	December 2022
Danielle Holway	Trustee	December 2022
Robert Smith	Trustee	December 2022

Administrative Personnel. The Superintendent of the District, appointed by the Board, is responsible for management of the day-to-day operations and supervises the work of other District administrators. John Blakely is currently the Superintendent of the District and Sarah Poust is the Business Support Manager.

Recent Enrollment Trends

The following table shows a recent history and budgeted enrollment for the District, which does not include charter school enrollment.

ANNUAL ENROLLMENT
Fiscal Years 2014-15 through 2019-20
Bridgeville School District

Fiscal Year	Student Enrollment	% Change
2014-15	35	--%
2015-16	34	(2.9)
2016-17	25	(26.5)
2017-18	26	4.0
2018-19	29	11.5
2019-20[(1)]	44	51.7

(1) Second Interim Projection.
Source: California Department of Education for 2014-15 through 2018-19; Bridgeville School District for 2019-20.

District's Response to COVID-19 Emergency

On April 1, 2020, the District announced that site-based schooling was closed through the end of the school year. The District is incurring costs that were not anticipated at the time of the current year's budget as a result of COVID-19, such as the costs of mitigation measures and of implementing distance learning. However, funding under the CARES Act and other cost-saving impacts of not operating site-based learning, such as reductions in transportation costs, fuel and electricity costs, largely offset those expenses. With respect to its pension costs, the District cannot currently predict if the COVID-19 emergency will have a material impact on its required employer contributions which could arise if the unfunded actuarial accrued liabilities of PERS and STRS materially increase.

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

Employee Relations

The District has 3.65 certificated full-time equivalent ("**FTE**") employees, 6.1 classified FTE employees, and 0.5 management/supervisor/confidential FTE employees. The employees of the District are not represented by bargaining units.

DISTRICT FINANCIAL INFORMATION

Education Funding Generally

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

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

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

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

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

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

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

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

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

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

Grade Span	2019-20 Base Grant Per ADA	2018-19 COLA (3.70%)	Grade Span Adjustments (K-3: 10.4%; 9-12: 2.6%)	2019-20 Base Grant/Adjusted Base Grant Per ADA
K-3	$7,459	$243	$801	$8,503
4-6	7,571	247	n/a	7,818
7-8	7,796	254	n/a	8,050
9-12	9,034	295	243	9,572

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

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

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

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

District Accounting Practices

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

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

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

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

Financial Statements

General. The District's general fund finances the legally authorized activities of the District for which restricted funds are not provided. General fund revenues are derived from such sources as State school fund apportionments, taxes, use of money and property, and aid from other governmental agencies. The District's June 30, 2019 Audited Financial Statements were prepared by David L. Moonie and Co., LLP, Certified Public Accountants, Eureka, California, and are attached to the Official Statement as APPENDIX B. Audited financial statements for the District for prior fiscal years are on file with the District and available for public inspection at the Office of the Chief Business Official of the District. The District has not requested, and the auditor has not provided, any review or update of such Financial Statements in connection with inclusion in this Official Statement.

General Fund Revenues, Expenditures and Changes in Fund Balance. The following tables show the audited income and expense statements for the District for the fiscal years 2014-15 through 2018-19.

GENERAL FUND REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
Fiscal Years 2014-15 through 2016-17 (Audited)
Bridgeville School District (1)

	Audited 2014-15	Audited 2015-16	Audited 2016-17	Audited 2017-18	Audited 2018-19
Revenues					
LCFF Sources	$406,339	$408,740	$414,910	$412,889	$451,445
Federal Revenues	64,740	56,634	31,823	45,610	65,739
Other State Revenues	67,998	94,044	130,328	58,146	72,453
Other Local Revenues	40,509	51,424	39,094	34,084	53,088
Total Revenues	579,586	610,842	616,155	550,729	642,725
Expenditures					
Instruction	353,212	337,781	316,122	277,916	343,061
Instruction-related services	88,697	83,220	87,656	53,609	52,467
Pupil services	80,775	69,320	48,314	59,661	71,601
General administration	86,535	68,221	69,116	60,215	60,033
Ancillary services	1,739	3,098	1,736	1,540	2,438
Community services	5,346	--	--	--	--
Plant services	50,072	47,650	52,185	84,049	72,124
Total Expenditures	666,376	609,290	575,129	536,990	601,724
Excess of Revenues Over/(Under) Expenditures	(86,790)	1,552	41,026	13,739	41,001
Other Financing Sources (Uses)					
Operating transfers in	--	--	--	--	--
Operating transfers out	(3,600)	(5,046)	(7,277)	(11,976)	(19,163)
Other sources	--	--	--	--	--
Total Other Financing Sources (Uses)	(3,600)	(5,046)	(7,277)	(11,976)	(19,163)
Net change in fund balance	(90,390)	(3,494)	33,749	1,763	21,838
Fund Balance, July 1	420,877	330,487	326,993	360,742	362,505
Fund Balance, June 30	$330,487	$326,993	$360,742	$362,505	$384,343

(1) Figures may not sum to totals due to rounding.
Source: Bridgeville School District Audit Reports.

District Budget and Interim Financial Reporting

Budgeting and Interim Reporting Procedures. State law requires school districts to maintain a balanced budget in each fiscal year. The State Department of Education imposes a uniform budgeting and accounting format for school districts. Under current law, a school district governing board must adopt and file with the county superintendent of schools a tentative budget by July 1 in each fiscal year. The District is under the jurisdiction of the Humboldt County Superintendent of Schools (the **"County Superintendent"**).

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

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

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

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

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

District's General Fund. The following table shows the general fund figures for the District for fiscal year 2019-20 (adopted budget and second interim projections).

BRIDGEVILLE SCHOOL DISTRICT
Revenues, Expenditures, and Changes in General Fund Balance
Fiscal Year 2019-20 (Adopted Budget and Second Interim Projections)

Revenues	**Adopted Budget 2019-20**	**Second Interim 2019-20**
Total LCFF Sources	$466,597	$476,791
Federal Revenues	48,688	36,498
Other state revenues	73,840	76,379
Other local revenues	21,602	22,404
Total Revenues	610,727	612,072
Expenditures		
Certificated Salaries	205,968	201,459
Classified Salaries	138,641	132,585
Employee Benefits	128,570	110,669
Books and Supplies	25,217	39,364
Services and Other Operating Expenditures	109,778	113,435
Capital Outlay	--	19,916
Other Outgo (excluding transfers of indirect costs)	3,542	3,615
Other Outgo	--	--
Total Expenditures	611,716	621,043
Excess of Revenues Over/(Under) Expenditures	(989)	(8,971)
Other Financing Sources (Uses)		
Operating transfers in	17,129	3,755
Operating transfers out	(19,705)	23,460
Other sources	--	--
Contributions	--	--
Total Other Financing Sources (Uses)	(2,576)	(19,705)
Net change in fund balance	(3,565)	(28,676)
Fund Balance, July 1	52,603	52,607
Fund Balance, June 30 (1)	$49,042	$23,931

(1) Fund balances do not reflect all funds included in the District's general fund revenues shown above.
Source: Bridgeville School District Adopted Budget and Second Interim Report for 2019-20.

District Reserves. The District's ending fund balance is the accumulation of surpluses from prior years. This fund balance is used to meet the State's minimum required reserve of 4% of expenditures, plus any other allocation or reserve which might be approved as an expenditure by the District in the future.

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

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

Attendance - Revenue Limit and LCFF Funding

Funding Trends under LCFF. As described herein, prior to fiscal year 2013-14, school districts in California received State funding based on a formula which considered a revenue limit per unit of ADA. With the implementation of the LCFF, commencing in fiscal year 2013-14, school districts receive base funding based on ADA, and may also be entitled to supplemental funding, concentration grants and funding based on an economic recovery target. The following table sets forth recent LCFF funding per ADA for the District for fiscal years 2014-15 through 2019-20 (budgeted).

BRIDGEVILLE SCHOOL DISTRICT
ADA and LCFF Funding
Fiscal Years 2014-15 through 2019-20 (Budgeted)

Fiscal Year	ADA	LCFF Funding Per ADA
2014-15	33	$12,202
2015-16	31	13,009
2016-17	20	20,279
2017-18	25	16,770
2018-19	30	15,078
2019-20 (1)	37	12,886

(1) Second Interim Projection.
Source: California Department of Education; Bridgeville School District.

District's Unduplicated Student Count. Under LCFF, school districts are entitled to supplemental funding based on the unduplicated count of targeted students. The District's percentage of unduplicated students is approximately 83% for purposes of calculating supplemental and concentration grant funding under LCFF.

Possible Impacts of Coronavirus. As described herein, the short-term and long-term impact of COVID-19 on the District's attendance, revenues and local property values cannot be predicted. The Bonds described in this Official Statement are secured by *ad valorem* property taxes, and not the District's general fund. See "SECURITY FOR THE BONDS – COVID-19 Global Pandemic."

Revenue Sources

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

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

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

The principal component of local revenues is the school district's property tax revenues, i.e., the district's share of the local 1% property tax, received pursuant to Sections 75 and following and Sections 95 and following of the California Revenue and Taxation Code. Education Code Section 42238(h) itemizes the local revenues that are counted towards the base revenue limit before calculating how much the State must provide in equalization aid. Historically, the more local property taxes a district received, the less State equalization aid it is entitled to.

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

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

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

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

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

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

District Retirement Systems

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

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

STRS Contributions
Bridgeville School District
Fiscal Years 2014-15 through 2019-20 (Projected)

Fiscal Year	Amount
2014-15	$21,210
2015-16	19,027
2016-17	22,090
2017-18	28,084
2018-19	16,724
2019-20 (1)	35,980

(1) Second Interim Projection.
Source: Bridgeville School District.

Historically, employee, employer and State contribution rates did not vary annually to account for funding shortfalls or surpluses in the STRS plan. In recent years, the combination of investment earnings and statutory contributions were not sufficient to pay actuarially required amounts. As a result, the STRS defined benefit program showed an estimated unfunded actuarial liability of approximately $107.2 billion as of June 30, 2018 (the date of the last actuarial valuation). In connection with the State's adoption of its fiscal year 2014-15 Budget, the Governor signed into law Assembly Bill 1469 (**"AB 1469"**), which represents a legislative effort to address the unfunded liabilities of the STRS pension plan. AB 1469 addressed the funding gap by increasing contributions by employees, employers and the State. In particular, employer contribution rates are scheduled to increase through at least fiscal year 2020-21, from a contribution rate of 8.88% in fiscal year 2013-14 to 19.1% in fiscal year 2020-21. Thereafter, employer contribution rates will be determined by the STRS board to reflect the contribution required to eliminate unfunded liabilities by June 30, 2046.

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

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

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

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

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

PERS Contributions
Bridgeville School District
Fiscal Years 2014-15 through 2019-20 (Projected)

Fiscal Year	Amount
2014-15	$12,594
2015-16	15,075
2016-17	13,182
2017-18	10,336
2018-19	15,351
2019-20 (1)	22,272

(1) Second Interim Projection.
Source: Bridgeville School District.

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

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

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

Source: PERS.

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

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

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

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

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

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

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

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

The District is unable to predict the amount of future contributions it will have to make to PERS and STRS as a result of the implementation of PEPRA, and as a result of negotiations with its employee associations, or, notwithstanding the adoption of PEPRA, resulting from any

legislative changes regarding the PERS and STRS employer contributions that may be adopted in the future.

COVID-19 Impacts: Recent investment losses in the PERS and STRS portfolios as a result of the general market downturn caused by the COVID-19 outbreak may result in increases in the District's required contributions in future years. The District cannot predict the level of such increases, if any.

Additional Information. Additional information regarding the District's retirement programs is available in Note 8 to the District's audited financial statements attached to the Official Statement as APPENDIX B. In addition, both STRS and PERS issue separate comprehensive financial reports that include financial statements and required supplemental information. Copies of such reports may be obtained from STRS and PERS, respectively, as follows: (i) STRS, P.O. Box 15275, Sacramento, California 95851-0275; and (ii) PERS, 400 Q Street, Sacramento, California 95811. More information regarding STRS and PERS can also be obtained at their websites, www.calstrs.com and www.calpers.ca.gov, respectively. *The references to these Internet websites are shown for reference and convenience only and the information contained on such websites is not incorporated by reference into this Official Statement. The information contained on these websites may not be current and has not been reviewed by the District or the Underwriter for accuracy or completeness.*

Other Post-Employment Retirement Benefits

The District does not currently offer other post-employment retirement benefits.

Insurance – Joint Powers Agreement

The District participates in two joint ventures under joint powers agreements ("**JPAs**"): the North Coast Schools' Insurance Group ("**NCSIG**") and the North Coast Schools' Medical Insurance Group ("**NCSMIG**").

The NCSIG arranges for and provides workers compensation and property and liability insurance for its members: all of the Humboldt and Del Norte County School Districts and their County Offices of Education. The NCSIG is governed by a commission composed of one representative from each member agency. A nine member executive committee elected by and from the commission controls the operations of the NCSIG, including selection of management and approval of operating budgets. The NCSIG is independent of any influence by the member districts beyond their representation on the commission. Each member district pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionately to its participation in the NCSIG.

The NCSMIG arranges for and provides medical, dental and vision insurance for its members: Humboldt County Office of Education and all Humboldt County School Districts. The NCSMIG is governed by a board of directors composed of representatives from member districts which have one hundred or more insured lives and one representative for those member districts with less than one hundred insured lives. The Board controls the operations of the NCSMIG including selection of management and approval of operating budgets. NCSMIG is independent of influence by the member districts beyond their representation on the Board. Each member district pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionately to its participation in the NCSMIG.

Existing Debt Obligations

General Obligation Bonds. The District received authorization from District voters at an election held on March 3, 2020 (the "**2020 Authorization**"), to issue up to $1,200,000 principal amount of general obligation bonds. The Bonds described in this official statement are expected to be the first and only issuance under the 2020 Authorization. The District has no other voter-approved general obligation bonds outstanding.

Investment of District Funds

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

Effect of State Budget on Revenues

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

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

STATE FUNDING OF EDUCATION; RECENT STATE BUDGETS

State Funding of Education

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

of their operating budgets. California school districts receive an average of about 55% of their operating revenues from various State sources.

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

The COVID-19 pandemic is expected to have a material impact on State revenues and appropriations.

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

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

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

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

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

Recent State Budgets

Certain information about the State budgeting process and the State budget is available through several State of California sources. A convenient source of information is the State's website, where recent official statements for State bonds are posted. *The references to internet websites shown below are shown for reference and convenience only, the information contained*

within the websites may not be current and has not been reviewed by the District and is not incorporated herein by reference.

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

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

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

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

Prior Years' Budgeting Techniques. Declining revenues and fiscal difficulties which arose in the State commencing in fiscal year 2008-09 led the State to undertake a number of budgeting strategies, which had subsequent impacts on local agencies within the State. These techniques included the issuance of IOUs in lieu of warrants (checks), the enactment of statutes deferring amounts owed to public schools, until a later date in the fiscal year, or even into the following fiscal year (known as statutory deferrals), trigger reductions, which were budget cutting measures which were implemented or could have been implemented if certain State budgeting goals were not met, among others, and the dissolution of local redevelopment agencies in part to make available additional funding for local agencies. Although the fiscal year 2019-20 State budget is balanced and projects a balanced budget for the foreseeable future, largely attributable to the additional revenues generated due to the passage of Proposition 55 at the November 8, 2016 statewide election, there can be no certainty that budget-cutting strategies such as those used in recent years will not be used in the future should the State budget again be stressed and if projections included in such budget do not materialize.

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

2019-20 State Budget

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

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

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

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

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

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

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

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

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

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

- one-time funding of $750 million to support local governments in increasing and accelerating housing production; and

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

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

2020-21 Proposed State Budget

On January 10, 2020, the Governor released the proposed State budget for fiscal year 2020-21 (the "**2020-21 Proposed State Budget**"), noting that while economic expansion is occurring, there are growing risks facing the State, including risks caused by climate change and uncertainty regarding the political climate and federal policies. The 2020-21 Proposed State Budget projects general fund revenues in fiscal year 2020-21 of approximately $155 billion (including a prior year balance of approximately $8.5 billion) and expenditures of approximately $149.7 billion. The 2020-21 Proposed State Budget continues to build State reserves, with $21 billion set aside in reserve funds. The 2020-21 Proposed State Budget maintains $900 million in the Safety Net Reserve, sets aside $110 million in the Public School System Stabilization Account, and allocates $3.1 billion in a Special Fund for Economic Uncertainties. In addition, the 2020-21 Proposed State Budget estimates the Rainy Day Fund will have a fund balance of approximately $18 billion in fiscal year 2020-21 and $19.4 billion by 2023-24.

The 2020-21 Proposed State Budget raises the Proposition 98 funding for school districts and community college districts for fiscal year 2020-21 to $84 billion, a new all-time high, which reflects a 2.29% cost of living adjustment and includes an additional $1.2 billion in Proposition 98 funding for the LCFF. The 2020-21 Proposed State Budget also confirms that school district reserve caps are not required for fiscal year 2021-22. The 2020-21 Proposed State Budget includes one-time increases in Proposition 98 general fund resources of $350 million of educator workforce investment grants, $193 million for workforce development grants, $18 million to strengthen the capacity of local educational agencies in certain priority areas, and $10 million for credentialed teacher stipends. The Governor is required to release a revision to the Proposed State Budget by May 14 of each year.

LAO Fiscal Perspective Reports

The LAO issued a fiscal perspective report on March 18, 2020 entitled "COVID-19 and California's Evolving Fiscal Outlook," concluding that the economic uncertainty caused by the COVID-19 emergency will significantly affect California's near-term fiscal outlook. Key takeaways from the report are as follows:

> ***Volatility in Financial Markets Indicate Lower Capital Gains-Related Tax Revenue.*** Taxes on capital gains are a significant source of State revenue, but they are difficult to forecast because of their correlation to stock market performance. The LAO states that the volatility of financial markets indicate lower capital gains-related tax revenue. With the market now well below the budget assumption, absent a more rapid recovery than has occurred in any modern market downturn of this severity, it appears likely that the average price level will wind up lower than the budget assumption. The LAO projects there is a high

likelihood that tax revenues from capital gains income will be several billion dollars lower than what the Governor's budget assumed.

COVID-19 Response Brings Economic Activity to a Halt. For the broader economy, the LAO stated that the odds of a recession have increased substantially due to the pullback in activity across wide swaths of the economy. The abrupt and nearly across-the-board curtailment of spending that is now underway sets it apart from previous downturns. An optimistic scenario is that the economy would experience a sharp but comparatively short-lived downturn lasting one or two months. Under a more pessimistic scenario, economic activity would remain depressed for longer, compounded by dislocated supply chains and reduced lending caused by elevated risk aversion in credit markets. The type of contraction the state, national, and global economies experience will have implications for revenue collections in the coming years.

California's Strong Fiscal Position is a Key Advantage. The LAO notes, however, that California's budget entered 2020 on a strong footing due to strong budget reserves, the pay down of debt and multiyear balanced budgets during the economic expansion of previous years.

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

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

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

Effect of COVID-19 on State Budgets.

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

On May 7, 2020. the DOF released a fiscal update, indicating that the State is facing a $54 billion budget deficit. Job losses and business closures are predicted to sharply reduce State revenues. The State's three main general fund revenue sources, personal income taxes, sales and use taxes and corporate taxes, are projected to drop for the 2020-21 fiscal year by 22.5%, 27.2% and 22.7%, respectively. The revenue declines will result in a lower required funding level to the Proposition 98 general fund for school districts and community colleges by $18.3 billion. The revenue declines combined with the increased costs of supporting health and human service programs results in the $54.3 billion deficit, of which $13.4 billion occurs in the current fiscal year, and $40.9 billion occurs in the 2020-21 budget year. The DOF notes that the overall deficit is equal to nearly 37% of State general fund spending authorized in the Budget Act for fiscal year 2019-20, and is nearly 3.5 times the revised balance in the Rainy Day Fund.

Disclaimer Regarding State Budgets.

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

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

Availability of State Budgets. The complete 2019-20 State Budget and 2020-21 Proposed State Budget are available from the California Department of Finance website at www.ebudget.ca.gov. An impartial analysis of the budget is published by the Legislative Analyst Office, and is available at www.lao.ca.gov/budget. The District can take no responsibility for the continued accuracy of these internet addresses or for the accuracy, completeness or timeliness of information posted on these sites, and such information is not incorporated in this Official Statement by these references. The information referred to above should not be relied upon when making an investment decision with respect to the Bonds.

Uncertainty Regarding Future State Budgets. The District cannot predict what actions will be taken in future years by the State legislature or the Governor to address the State's current or future revenues and expenditures, or possible future budget deficits. Future State budgets will

be affected by national and State economic conditions and other factors over which the District has no control. The District cannot predict what impact any future budget proposals will have on the financial condition of the District. To the extent that the State budget process results in reduced revenues to the District, the District will be required to make adjustments to its own budgets.

Legal Challenges to State Funding of Education

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

CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS

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

Constitutionally Required Funding of Education

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

Article XIIIA of the California Constitution

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

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

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

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

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

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

Article XIIIB of the California Constitution

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

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

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

certain fuel and vehicle taxes and (g) appropriations derived from certain taxes on tobacco products.

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

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

Unitary Property

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

Articles XIIIC and XIIID of the California Constitution

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

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

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

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

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

Proposition 98

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

The Accountability Act also changes how tax revenues in excess of the State appropriations limit are distributed. Any excess State tax revenues up to a specified amount would, instead of being returned to taxpayers, be transferred to K-14 school districts. Any such transfer to K-14 school districts would be excluded from the appropriations limit for K-14 school

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

Proposition 111

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

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

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

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

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

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

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

Proposition 39

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

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

Proposition 1A and Proposition 22

On November 2, 2004, California voters approved Proposition 1A, which amended the State constitution to significantly reduce the State's authority over major local government revenue sources. Under Proposition 1A, the State cannot (i) reduce local sales tax rates or alter

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

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

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

Proposition 30 and Proposition 55

The Guaranteed Local Public Safety Funding, Initiative Constitutional Amendment (also known as **"Proposition 30"**), temporarily increased the State Sales and Use Tax and personal income tax rates on higher incomes. Proposition 30 temporarily imposed an additional tax on all retailers, at the rate of 0.25% of gross receipts from the sale of all tangible personal property sold in the State from January 1, 2013 to December 31, 2016. Proposition 30 also imposed an additional excise tax on the storage, use, or other consumption in the State of tangible personal property purchased from a retailer on and after January 1, 2013 and before January 1, 2017. This excise tax was levied at a rate of 0.25% of the sales price of the property so purchased. For personal income taxes imposed beginning in the taxable year commencing January 1, 2012 and ending December 31, 2018, Proposition 30 increases the marginal personal income tax rate by: (i) 1% for taxable income over $250,000 but less than $300,000 for single filers (over $500,000

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

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

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

California Senate Bill 222

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

Future Initiatives

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

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APPENDIX B

BRIDGEVILLE SCHOOL DISTRICT
AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR 2018-19

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BRIDGEVILLE SCHOOL DISTRICT
County of Humboldt
Bridgeville, California

FINANCIAL STATEMENTS

Year Ended June 30, 2019

With

INDEPENDENT AUDITOR'S REPORT

BRIDGEVILLE SCHOOL DISTRICT

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BRIDGEVILLE SCHOOL DISTRICT

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BRIDGEVILLE SCHOOL DISTRICT

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BRIDGEVILLE SCHOOL DISTRICT

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

Board of Trustees
Bridgeville School District
P.O. Box 98
Bridgeville, California 95526-0098

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Bridgeville School District (the "District") as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information, and the schedules of pension liabilities and contributions on pages 4a through 4k and 42 through 45 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 combining nonmajor fund financial schedules and other supplementary schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining nonmajor fund financial schedules, the schedule of average daily attendance, the schedule of instructional time, the schedule of financial trends and analysis, and the reconciliation of annual financial and budget report with audited financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial schedules and the other supplementary schedules listed in the first sentence of this paragraph are fairly stated in all material respects in relation to the financial statements as a whole.

The Organization Schedule 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 January 28, 2020, 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, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

David L. Moonie + Co.
CERTIFIED PUBLIC ACCOUNTANTS
Eureka, California
January 28, 2020

BRIDGEVILLE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Prepared by District Management)

This section of the Bridgeville School District's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2019. Please read it in conjunction with the Independent Auditor's Report presented on pages 1 through 3, and the District's financial statement, which immediately follows this section.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and Statement of Activities, presented on pages 5 and 6, provide information about the activities of the District as a whole and present a longer-term view of the District's finances. The fund financial statements for governmental activities, presented on pages 7 through 10, provide information about how District services were financed in the short-term, and how much remains for future spending. Fund financial statements also report the District's operations in more detail than the government-wide statements by providing information about activities for which the District acts solely as a trustee or agent for the benefit of those outside the District.

FINANCIAL HIGHLIGHTS

- The District's overall financial status increased during fiscal year 2018-2019 as total net position increased by $251,727.

- Capital assets, net of depreciation, decreased $20,452 due to accumulated depreciation growing at a higher rate than acquisitions and improvements.

- On the Statement of Revenues, Expenditures, and Changes in Fund Balances, Fund Balances increased over prior year by $23,178 and General Fund total current year revenues exceeded total current year expenditures by $21,838.

- The District maintains sufficient reserves for a district its size, and meets the state required minimum reserve of the greater of 5% of total outgo or $67,000. At June 30, 2019, the District's General Fund had available reserves of $330,434.

BRIDGEVILLE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Prepared by District Management)

THE FINANCIAL REPORT

The full annual financial report consists of three separate parts, including the basic financial statements, supplementary information, and Management's Discussion and Analysis. The three sections together provide a comprehensive overview of the District. The basic financial statements are comprised of two kinds of statements that present financial information from different perspectives, government-wide and funds.

- Government-wide financial statements, which comprise the first two statements, provide both short-term and long-term information about the District's overall financial position.
- Individual parts of the District, which are reported as fund financial statements comprise the remaining statements.
    - ❖ Basic services funding is described in the government funds statements. These statements include short-term financing and identify the balance remaining for future spending.
    - ❖ Short and long-term financial information about the activities of the District that operate like businesses are provided in the proprietary fund statements.
    - ❖ Financial relationships, for which the District acts as an agent or trustee for the benefit of others to whom the resources belong, are presented in the fiduciary fund statements.

Notes to the financials, which are included in the financial statements, provide more detailed data and explain some of the information in the statements. The required supplementary information provides further explanations and provides additional support for the financial statements. A comparison of the District's budget for the year is included.

Reporting the District as a Whole

The District as a whole is reported in the Government-wide statements and uses accounting methods similar to those used by companies in the private sector. All of the District's assets and liabilities are included in the Statement of Net Position. The Statement of Activities reports all of the current year's revenues and expenses regardless of when cash is received or paid.

The District's financial health or position (net position) can be measured by the difference between the District's assets and liabilities.

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

THE FINANCIAL REPORT (CONCLUDED)

Reporting the District as a Whole (Concluded)

In the Statement of Net Position and the Statement of Activities, we divide the District into two kinds of activities:

Governmental Activities:

The basic services provided by the District, such as regular and special education, administration, and transportation are included here, and are primarily financed by property taxes, and state formula aid. Non-basic services, such as child nutrition are also included here, but are financed by a combination of state and federal programs and local revenues.

Business-type Activities:

The District does not provide any services that should be included in this category.

Reporting the District's Most Significant Funds:

The District's fund-based financial statements provide detailed information about the District's most significant funds. Some funds are required to be established by State law and bond covenants. However, the District may establish other funds as needed to control and manage money for specific purposes.

Governmental Funds:

The major governmental fund of the Bridgeville School District is the General Fund. Governmental fund reporting focuses on how money flows into and out of the funds and the balances that remain at the end of the year. A modified accrual basis of accounting measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's operations and services. Governmental fund information helps to determine the level of financial resources available in the near future to finance the District's programs.

Proprietary Funds:

Services for which the District charges a fee are generally reported in proprietary funds on a full accrual basis. These include both Enterprise funds and Internal Service funds. Enterprise funds are considered business-type activities and are also reported under a full accrual method. This is the same basis as business-type activities; therefore no reconciling entries are required. Internal service funds are reported with the Governmental Funds. The District has no funds of this type.

Fiduciary Funds:

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

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

GOVERNMENTAL ACTIVITIES

The District's net position increased from $790,448 at June 30, 2018, to $1,042,175 at June 30, 2019.

Comparative Statement of Net Position

	Governmental Activities	
	2018	2019
Assets and Deferred Outflows:		
Deposits and Investments	$ 374,999	$ 355,610
Receivables	$ 12,587	$ 36,335
Stores Inventory	$ 131	$ 185
Capital Assets, net	$ 786,620	$ 766,168
Deferred Outflows Related To Pensions	$ 226,169	$ 350,863
Total Assets and Deferred Outflows	$ 1,400,506	$ 1,509,161
Liabilities and Deferred Inflows:		
Accounts Payable	$ 19,390	$ 706
Unearned Revenue	$ 81	
Long-term Liabilities - Due in more than one year	$ 528,000	$ 399,908
Deferred Inflows Related to Pensions	$ 62,587	$ 66,372
Total Liabilities and Deferred Inflows	$ 610,058	$ 466,986
Net Position:		
Net Investment in Capital Assets	$ 786,620	$ 766,168
Restricted	$ 27,238	$ 17,831
Unrestricted	$ (23,410)	$ 258,176
Total Net Position	$ 790,448	$ 1,042,175

Table includes financial data of the combined governmental funds
**Prior to restatement*

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE (CONTINUED)

GOVERNMENTAL ACTIVITIES (CONTINUED)

The District's total current year revenues exceeded total current year expenses by $251,727.

Comparative Statement of Changes in Net Position

	Governmental Activities	
	2018	2019
Program Revenues:		
Charges for Services	$ 2,898	
Operating Grants and Contributions	$ 131,102	$ 155,903
General Revenues		
Taxes Levied	$ 145,938	$ 169,069
Federal and State Aid	$ 289,201	$ 308,063
Interest and Investment Earnings	$ 5,291	$ 5,856
Interagency Revenues	$	$
Miscellaneous	$ 629	$ 30,075
Total Revenues	$ 575,059	$ 668,966
Program Expenses:		
Instruction	$ 328,111	$ 206,169
Instruction-Related Services	$ 54,874	$ 43,396
Pupil Services	$ 104,524	$ 62,753
General Administration	$ 61,422	$ 50,960
Plant Services	$ 84,745	$ 50,164
Ancillary Services	$ 1,684	$ 718
Community Services	$ 3,079	$ 3,079
Total Expenses	$ 638,439	$ 417,239
Change in Net Position	$ -63,380	$ 251,727

Table includes financial data of combined governmental funds

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE (CONTINUED)

GOVERNMENTAL ACTIVITIES (CONTINUED)

Comparative Cost of Services

	Total Cost of Services		Percentage	Net Cost of Services		Percentage
	2018	2019	Change	2018	2019	Change
Instruction	$ 328,111	$ 206,169	-37.16%	$ 228,252	$ 93,991	-58.82%
Instruction-Related Services	$ 54,874	$ 43,396	-20.92%	$ 47,895	$ 35,461	-25.96%
Pupil Services	$ 104,524	$ 62,753	-39.96%	$ 80,193	$ 31,764	-60.39%
General Administration	$ 61,422	$ 50,960	-17.03%	$ 59,844	$ 48,745	-18.55%
Plant Services	$ 84,745	$ 50,164	-40.81%	$ 84,745	$ 49,721	-41.33%
Ancillary Services	$ 1,684	$ 718	-57.36%	$ 431	$ -1,425	-430.63%
Community Services	$ 3,079	$ 3,079	0%	$ 3,079	$ 3,079	0%
Totals	$ 638,439	$ 417,239	-34.65%	$ 504,439	$ 261,336	-48.19%

Table includes financial data of combined governmental funds

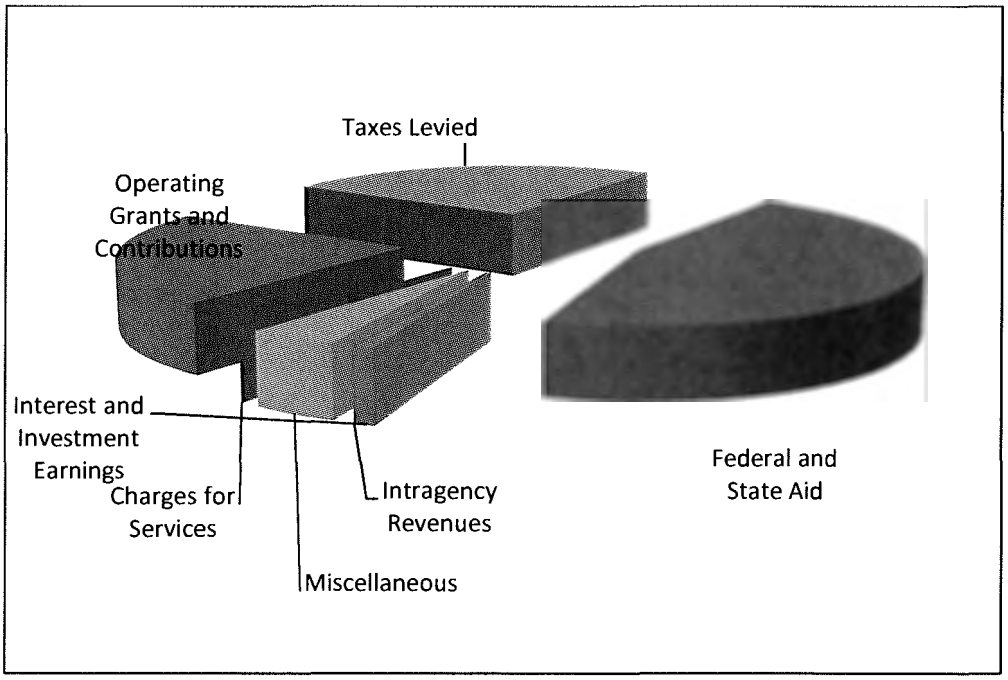
The above table presents the cost of major District activities. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The $261,336 net cost represents the financial burden that was placed on the District's general revenues for providing the services listed.

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE (CONTINUED)

GOVERNMENTAL ACTIVITIES (CONTINUED)

Summary of Revenues For Governmental Functions

	FYE 2018 Amount	Percent of Total	FYE 2019 Amount	Percent of Total
Program Revenues:				
Charges for Services	$ 2,898	.50%	$ 0	0%
Operating Grants and Contributions	$ 131,102	22.80%	$ 155,903	23.30%
General Revenues				
Taxes Levied	$ 145,938	25.38%	$ 169,069	25.27%
Federal and State Aid	$ 289,201	50.29%	$ 308,063	46.05%
Interest and Investment Earnings	$ 5,291	.92%	$ 5,856	.88%
Interagency Revenues	$		$	
Miscellaneous	$ 629	0.11%	$ 30,075	4.5%
Total Revenues	$ 575,059	100.00%	$ 668,966	100.00%

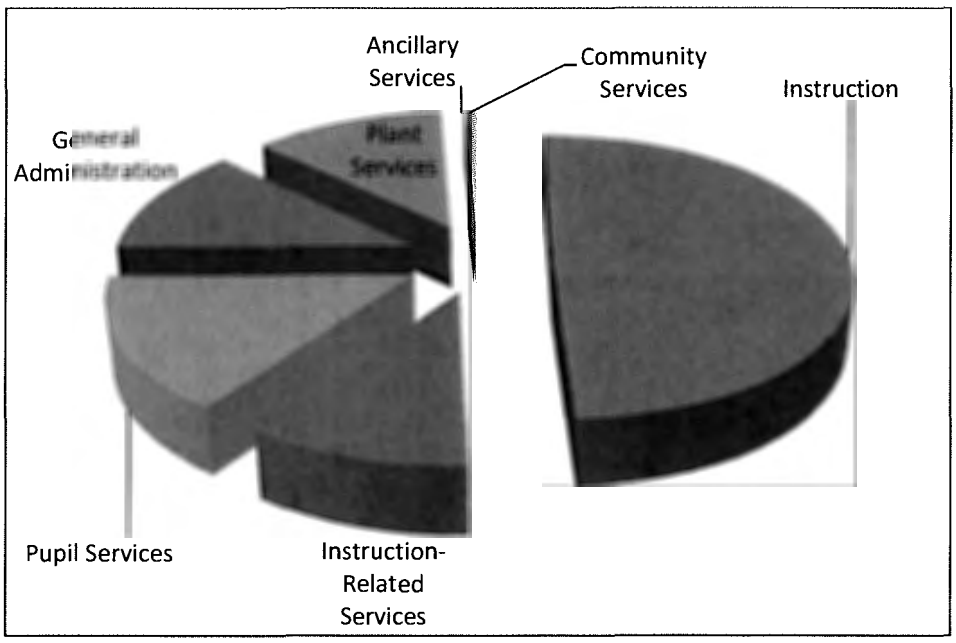


FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE (CONTINUED)

GOVERNMENTAL ACTIVITIES (CONTINUED)

Schedule of Expenses for Governmental Functions

	FYE 2018 Amount	Percent of Total	FYE 2019 Amount	Percent of Total
Expenses:				
Instruction	$ 328,111	51.39%	$ 206,169	49.41%
Instruction-Related Services	$ 54,874	8.60%	$ 43,396	10.40%
Pupil Services	$ 104,524	16.37%	$ 62,753	15.04%
General Administration	$ 61,422	9.62%	$ 50,960	12.21%
Plant Services	$ 84,745	13.27%	$ 50,164	12.02%
Ancillary Services	$ 1,684	0.26%	$ 718	0.17%
Community Services	$ 3,079	0.48%	$ 3,079	0.74%
Total Expenses	$ 638,439	100.00%	$ 417,239	100.00%



FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE (CONCLUDED)

GOVERNMENTAL ACTIVITIES (CONCLUDED)

Comparative Schedule of Capital Assets

	Governmental Activities	
	2018	2019
Land	$ 15,000	$ 15,000
Sites and Improvements	$ 774,798	$ 774,798
Buildings and Improvements	$ 1,710,349	$ 1,725,411
Furniture and Equipment	$ 209,332	$ 209,332
Subtotals	$ 2,709,479	$ 2,724,541
Less: Accumulated Depreciation	$ (1,922,859)	$ (1,958,373)
	$ 786,620	$ 766,168

Comparative Schedule of Long-Term Liabilities

	Governmental Activities	
	2018	2019
Net Pension Liability	$ 528,000	$ 399,908

FINANCIAL ANALYSIS OF DISTRICT'S FUNDS

Comparative Schedule of Fund Balances

	Fund Balances June 30, 2018	Fund Balances June 30, 2019	Increase (Decrease)
General	$ 362,505	$ 384,343	$ 21,838
Cafeteria	$ 5,741	$ 7,081	$ 1,340
Totals	$ 368,246	$ 391,424	$ 23,178

GENERAL FUND BUDGETARY HIGHLIGHTS

The District's budget is prepared in accordance with California law and is based on the modified accrual basis of accounting. Over the course of the year, the District revises its budget based on updated financial information. The original budget, approved at the end of June for July 1, is based on May Revise figures and updated 45 days after the State approves its final budget. In addition, the District revises its budget at First and Second Interim.

	Original Budget	Final Budget	Actual	Variance
Total Revenue	$582,143	$606,004	$642,725	$36,721
Total Expenditures	(683,307)	(637,096)	(601,724)	35,372
Total Transfers	(14,726)	(14,726)	(19,163)	(4,437)
Increase (Decrease) In fund Balance	$(115,890)	$(45,818)	$21,838	$67,656

FINANCIAL ANALYSIS OF DISTRICT'S FUNDS (CONTINUED)

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

- The State's economic situation is a major factor affecting the District's future. The financial well being of the District is tied in large measure to the state funding formula.
- The future predictors require management to plan carefully and prudently to provide the resources to meet student needs over the next several years. The District has an excellent track record in meeting this challenge in what has proven to be a cycle of lean years and prosperous years for education finances.

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 any questions regarding this report or need additional financial information, contact the District Office, Bridgeville School District, 38717 Kneeland Road, Bridgeville, CA 95526.

BRIDGEVILLE SCHOOL DISTRICT

STATEMENT OF NET POSITION

June 30, 2019

	Governmental Activities
ASSETS	
Cash	$ 355,610
Accounts receivable	36,335
Stores	185
Invested in capital assets, net of depreciation	766,168
Total assets	1,158,298
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources related to pensions	350,863
Total deferred outflows of resources	350,863
Total assets and deferred outflows of resources	$ 1,509,161
LIABILITIES	
Accounts payable	$ 706
Long-term liabilities:	
Due in more than one year	399,908
Total liabilities	400,614
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources related to pensions	66,372
Total deferred inflows of resources	66,372
NET POSITION	
Net investment in capital assets	766,168
Restricted for:	
Educational programs	10,935
Other purposes	6,896
Unrestricted	258,176
Total net position	$ 1,042,175

The notes to the financial statements are an integral part of this statement.

BRIDGEVILLE SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

For The Year Ended June 30, 2019

		Program Revenues			Net (Expense) Revenue and changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
Instruction	$ 206,169		$ 112,178		$ (93,991)
Instruction-related services:					
Supervision of instruction	1,288		1,288		-
Instructional library, media and technology	7,113		6,122		(991)
School site administration	34,995		525		(34,470)
Pupil services:					
Home-to-school transportation	36,449		1,647		(34,802)
Food services	22,036		23,728		1,692
All other pupil services	4,268		5,614		1,346
General administration:					
Data processing	2,045				(2,045)
All other general administration	48,915		2,215		(46,700)
Plant services	50,164		443		(49,721)
Ancillary services	718		2,143		1,425
Community services	3,079				(3,079)
Total governmental activities	$ 417,239	$ -	$ 155,903	$ -	$ (261,336)

General revenues:	
Taxes and subventions:	
Taxes levied for general purposes	$ 169,069
Federal and state aid not restricted to specific purposes	308,063
Interest and investment earnings	5,856
Miscellaneous	30,075
Total general revenues	513,063
Change in net position	251,727
Net position, beginning	790,448
Net position, ending	$ 1,042,175

The notes to the financial statements are an integral part of this statement.

BRIDGEVILLE SCHOOL DISTRICT

BALANCE SHEET
GOVERNMENTAL FUNDS

June 30, 2019

	General	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash in County Treasury	$ 353,093	$ 17	$ 353,110
Cash in revolving fund	2,500		2,500
Accounts receivable	29,440	6,895	36,335
Stores inventory		185	185
Total assets	385,033	7,097	392,130
DEFERRED OUTFLOWS OF RESOURCES			
Total deferred outflows of resources	-	-	-
Total assets and deferred outflows of resources	$ 385,033	$ 7,097	$ 392,130
LIABILITIES			
Accounts payable	$ 690	$ 16	$ 706
Total liabilities	690	16	706
DEFERRED INFLOWS OF RESOURCES			
Total deferred inflows of resources	-	-	-
FUND BALANCES			
Nonspendable	2,500	185	2,685
Restricted	10,935	6,896	17,831
Assigned	40,474		40,474
Unassigned	330,434		330,434
Total fund balances	384,343	7,081	391,424
Total liabilities, deferred inflows of resources and fund balances	$ 385,033	$ 7,097	$ 392,130

The notes to the financial statements are an integral part of this statement.

BRIDGEVILLE SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION

June 30, 2019

Total Fund Balances - governmental funds balance sheet:		$ 391,424
Amounts reported for assets and liabilities 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	$ 2,724,541	
Accumulated depreciation	(1,958,373)	
Net		766,168
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:		
Net pension liability	$ 399,908	
Total		(399,908)
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 as follows:		
Deferred outflows of resources related to pensions	$ 350,863	
Deferred inflows of resources related to pensions	(66,372)	
Total		284,491
Total Net Position, Governmental Activities		$ 1,042,175

The notes to the financial statements are an integral part of this statement.

BRIDGEVILLE SCHOOL DISTRICT

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

For The Year Ended June 30, 2019

	General	Other Governmental Funds	Total Governmental Funds
Revenues:			
Local control funding formula sources	$ 451,445		$ 451,445
Federal	65,739	$ 20,966	86,705
Other state	72,453	2,752	75,205
Other local	53,088	9	53,097
Total revenues	642,725	23,727	666,452
Expenditures:			
Instruction	343,061		343,061
Instruction-related services	52,467		52,467
Pupil services	71,601	41,550	113,151
General administration	60,033		60,033
Ancillary services	2,438		2,438
Plant services	72,124		72,124
Total expenditures	601,724	41,550	643,274
Excess (deficiency) of revenues over (under) expenditures	41,001	(17,823)	23,178
Other financing sources (uses):			
Operating transfers in		19,163	19,163
Operating transfers out	(19,163)		(19,163)
Total other financing sources (uses)	(19,163)	19,163	-
Excess of revenues and other financing sources over expenditures and other uses	21,838	1,340	23,178
Fund balances, July 1, 2018	362,505	5,741	368,246
Fund balances, June 30, 2019	$ 384,343	$ 7,081	$ 391,424

The notes to the financial statements are an integral part of this statement.

BRIDGEVILLE SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES

For The Year Ended June 30, 2019

Total changes in Fund Balances, governmental funds:		$	23,178
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	$ 15,062		
Depreciation expense, current year	(35,514)		
Net			(20,452)
Pensions: In government funds, pension costs are recognized when employer contributions are made. In the statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual-basis pension costs and actual employer contributions was:			249,001
Changes In Net Position, Governmental Activities		$	251,727

The notes to the financial statements are an integral part of this statement.

BRIDGEVILLE SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS

June 30, 2019

	Expendable Trust	Agency Funds		
	Memorial Fund	Student Body Fund	Yearbook Fund	Total Fiduciary Funds
ASSETS				
Cash on hand and in banks	$ 503	$ 18,132	$ 1,166	$ 19,801
Total assets	503	18,132	1,166	19,801
DEFERRED OUTFLOWS OF RESOURCES				
Total deferred outflows of resources	-	-	-	-
Total assets and deferred outflows of resources	$ 503	$ 18,132	$ 1,166	$ 19,801
LIABILITIES				
Due to student groups		$ 18,132	$ 1,166	$ 19,298
Total liabilities	$ -	$ 18,132	$ 1,166	$ 19,298
DEFERRED INFLOWS OF RESOURCES				
Total deferred inflows of resources	$ -	$ -	$ -	$ -
NET POSITION				
Held in trust for other purposes	$ 503			$ 503
Total net position	$ 503	$ -	$ -	$ 503

The notes to the financial statements are an integral part of this statement.

BRIDGEVILLE SCHOOL DISTRICT

STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS

For The Year Ended June 30, 2019

	Expendable Trust Memorial Fund
Additions:	
Gifts and contributions	-
Deductions:	
Scholarships/donations awarded	$ 100
Change in net position	(100)
Net position beginning	603
Net position ending	$ 503

The notes to the financial statements are an integral part of this statement.

1. Summary of Significant Accounting Policies

A. Accounting Policies

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 accounting policies of the District conform to accounting principles generally accepted in the United States of America (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA).

B. Reporting Entity

The District has no oversight responsibility over any other governmental unit and is not included in any other governmental "reporting entity" as defined in Governmental Accounting Standards Board pronouncements, since the Board of Trustees of the District is elected by the public and has decision-making authority, the power to designate management, the ability to significantly influence operations, and the primary accountability for fiscal matters. There are no component units included within the reporting entity.

The District participates in two joint ventures under joint powers agreements (JPAs): the North Coast Schools' Insurance Group and the North Coast Schools' Medical Insurance Group. The relationship between the District and the JPAs is such that neither JPA is a component unit of the District for financial reporting purposes.

C. Basis of Presentation

Government-wide Financial Statements:

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District and its component units.

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the fiduciary fund financial statements, but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements, therefore, include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for the governmental funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. The District does not allocate indirect expenses to functions in the statement of activities. Program revenues include charges paid by the recipients of goods or services offered by a program, as well as grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District, with certain exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

Fund Financial Statements:

Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major governmental fund is presented in a separate column, and all non-major funds are aggregated into one column. Fiduciary funds are reported by fund type.

The accounting and financial treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The Statement of Revenues, Expenditures, and Changes in Fund Balances for these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

Fiduciary funds are reported using the economic resources measurement focus.

D. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Fiduciary funds use the accrual basis of accounting.

Revenues – Exchange and Non-exchange Transactions:

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded under the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the

resources are measurable and become available. "Available" means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. Generally, "available" means collectible within the current period or within 60 days after year-end. However, to achieve comparability of reporting among California school districts and so as not to distort normal revenue patterns, with specific respect to reimbursement grants and corrections to State-aid apportionments, the California Department of Education has defined "available" for school districts as collectible within one year.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants and entitlements. Under the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. 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 to be used or the fiscal year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specific purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. Under the modified accrual basis, revenue from non-exchange transactions must be available before it can be recognized.

Expenses/Expenditures:

On the accrual basis of accounting, expenses are recognized at the time a liability is incurred. On the modified accrual basis of accounting, expenditures are generally recognized in the accounting period in which the related fund liability is incurred, as under the accrual basis of accounting. However, under the modified accrual basis of accounting, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

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.

E. Fund Accounting

The accounts of the District are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows, liabilities, deferred inflows, fund equity, revenues, and expenditures. Resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are

controlled. The District's accounts are organized into major, non-major, and fiduciary funds as follows:

Major Governmental Funds:

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

Non-major Governmental Funds:

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. The District maintains one Non-major Special Revenue Fund: the Cafeteria Fund.

Fiduciary Funds:

Expendable Trust Funds are used to account for assets held by the District as trustee. The District maintains one private-purpose trust fund, the Memorial Fund.

Agency Funds are used to account for assets of others for which the District acts as an agent. The District is the agent for two fiduciary funds, the Student Body Fund and the Yearbook Fund. These funds are used to account for the activities of student groups.

F. Budgets and Budgetary Accounting

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

These budgets are revised by the District's governing board and the District Superintendent during the year to give consideration to unanticipated income and expenditures. The original and final revised budget are presented for the General Fund in the financial statements.

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 cannot legally exceed appropriations by major object account.

G. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Equity

1. Deposits and Investments

Cash balances held in banks and in the Revolving Fund are insured up to $250,000 by the Federal Depository Insurance Corporation. All cash held by the financial institutions is fully insured or collateralized.

In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the Humboldt County Treasury. The County pools these funds with those of other districts in the County and invests the cash. These pooled funds are carried at cost which approximates market value. Interest earned is deposited quarterly into participating funds. Any investment losses are proportionately shared by all funds in the pool.

The County is authorized to deposit cash and invest excess funds by California Government Code Section 53648 et seq.

The Humboldt County Treasury has no investments in derivatives.

The District does not have a specific policy which relates to interest rate risk.

2. Stores Inventories and Prepaid Expenditures

Inventories are recorded using the purchase method in that the cost is recorded as an expenditure at the time individual inventory items are purchased. Inventories are valued at average cost and consist of expendable supplies held for consumption. Reported inventories are equally offset by a fund balance reserve, which indicates that these amounts are not "available for appropriation and expenditure" even though they are a component of net current assets.

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

3. Capital Assets

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

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

Asset Class	Estimated Useful Lives
Infrastructure	30
Buildings	50
Building Improvements	20
Vehicles	2-15
Office Equipment	3-15
Computer Equipment	3-15

4. Unearned Revenue

Unearned revenue arises when resources are received before the "measurable" and "available" revenue recognition criteria have been satisfied, or when resources are received prior to the incurrence of qualifying expenditures. Certain grants and entitlements received before eligibility requirements are met are also recorded as unearned revenue.

5. Deferred Inflows and Outflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period(s) and thus, will not be recognized as an outflow of resources (expense/expenditure) until that future period. The items that qualified for reporting in this category are all related to the District's net pension liability and are listed in detail in subsection B of Note 8, "Pension Plans" in these financial statements.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that future period. The items that qualified for reporting in this category are all related to the District's net pension liability and are listed in detail in subsection B of Note 8, "Pension Plans" in these financial statements.

The District's deferred inflows and outflows will be taken into the calculation of pension expense and net pension liability in future Statements of Net Position and Statements of Activities using the following amortization periods:

	Amortization Period (Years)
Pension contributions subsequent to measurement date	1
Changes in net pension liability due to the difference between projected and actual earnings on pension plan investments	5
Differences between actual and expected experience - CalPERS	3.9
CalSTRS	7
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	5
Change in actuarial assumptions	3.9

6. Compensated Absences

All vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

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

7. Interfund Activity

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

8. Pensions

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

9. Noncurrent Obligations

In the government-wide financial statements, noncurrent debt and other noncurrent obligations are reported as liabilities in the statement of net position. Bond premiums and discounts, if any, are amortized over the life of the bonds using the effective-interest method. Bonds payable, if any, are reported net of applicable bond premium or discount. Bond issuance costs, if any, are expensed as incurred. The District's proportionate share of CalSTRS' and CalPERS' net pension liability is reported and adjusted annually based on actuarial computations.

In the fund financial statements, governmental funds recognize bond premiums and discounts as well as bond issuance costs, during the current period. The face amount of the debt issued, premiums, or discount is reported as other financing sources/uses.

10. Fund Balance

GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions" provides clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

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

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

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

Assigned — amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the District's adopted policy, only the Governing Board may assign amounts for specific purposes.

Unassigned — all other spendable amounts.

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 Governing Board has provided otherwise in its commitment or assignment actions.

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 five percent of total expenditures, transfers out, and other uses (total outgo), or $67,000, whichever is greater.

As of June 30, 2019, fund balances were composed of the following:

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:			
Revolving cash	$ 2,500		$ 2,500
Inventories		$ 185	185
Total Nonspendable	2,500	185	2,685
Restricted:			
Lottery Instructional Materials	7,574		7,574
Other Local	2,395		2,395
Classified School Employee Prof. Dev. Block Grant	966		966
Cafeteria programs		6,896	6,896
Total Restricted	10,935	6,896	17,831
Assigned:			
Fundraising	26,656		26,656
Lottery	13,817		13,817
Total Assigned	40,474	-	40,474
Unassigned:			
Designated for economic uncertainties	330,434		330,434
Total Unassigned	330,434	-	330,434
Total Fund Balance	$ 384,343	$ 7,081	$ 391,424

11. Net Position

Net position is classified into three components: net investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:

Net investment in capital assets - This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

Restricted - This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position - This component of net position consists of net position that does not meet the definition of "net investment in capital assets" or "restricted".

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.

12. Local Control Funding Formula/Property Taxes

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

The County of Humboldt 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. The levy is based on the assessed values as of the preceding March 1, which is also the lien date. Property taxes on the secured roll are due on November 1 and February 1, and taxes become delinquent after December 10 and April 10, respectively. Property taxes on the unsecured roll are due on the lien date (March 1), and become delinquent if unpaid by August 31.

Secured property taxes are recorded as revenue when apportioned, in the fiscal year of the levy. The County of Humboldt 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.

The County Auditor-Controller reports the amount of the District's allocated property tax revenue to the California Department of Education. Property taxes are recorded as local 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 General Fund, and is known as the State Apportionment.

The District's base LCFF is the amount of general purpose tax revenue, per average daily attendance (ADA), that the District is entitled to by law. This amount is multiplied by the second period ADA to derive the District's total entitlement.

H. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

I. New Governmental Accounting Standards Board (GASB) Standards

GASB Statement no. 84 - In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*. This standard's primary objective is to establish criteria for identifying fiduciary activities and to provide guidance on reporting those activities. The Statement is effective for periods beginning after December 15, 2019. The District has not determined this Statement's impact on the financial statements.

GASB Statement no. 87 - In June 2017, GASB issued Statement No. 87, *Leases*. This standard's primary objective is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. The Statement is effective for periods beginning after December 15, 2019. The District has not determined this Statement's impact on the financial statements.

2. Cash and Investments

Cash and investments at June 30, 2019 consisted of the following:

Statement of net position and Governmental Funds balance sheet:	
Cash in Revolving Fund	$ 2,500
Pooled Cash in County Treasury	353,110
Sub-total	355,610
Fiduciary Funds:	
Cash in bank	19,801
Total Cash and Investments	$ 375,411

Cash balances held in banks are insured up to $250,000 by the Federal Depository Insurance Corporation. All cash held by the financial institutions is fully insured or collateralized. Cash in banks at June 30, 2019 consisted of the following:

	Reported Amount	Bank Balance
Cash in Revolving Fund	$ 2,500	$ 2,934
Fiduciary Funds Cash in bank	19,801	19,055
Total	$ 22,301	$ 21,989

The bank balance is the balance prior to adjustment for items that had not yet cleared the bank as of June 30, 2019.

In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the Humboldt County Treasury as part of the common investment pool. The County is restricted by 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, banker's acceptances, commercial paper, negotiable certificates of deposit, and repurchase or reverse repurchase agreements.

Fair Value Measurements

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The three levels of the fair value hierarchy under generally accepted accounting principles are as follows:

Level 1 - inputs are quoted prices in active markets for identical assets or liabilities.
Level 2 - inputs include:

a) Quoted prices for similar assets or liabilities in active markets;
b) Quoted prices for identical assets or liabilities in inactive markets;
c) Inputs other than quoted prices that are observable for the asset or liability;
d) Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 - inputs are significant unobservable inputs.

As of June 30, 2019, the District held no individual investments. The District's fair value measurements were as follows at June 30, 2019:

Investment Type	Fair Value	Level
Pooled Cash in County Treasury	$ 353,391	2

The District has not recorded fair value adjustments in the basic financial statements as they were determined to be immaterial to the District.

Credit Risk - Investments

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

The County Treasurer's investments consist of 69.71 percent federal agencies, 22.64 percent money markets, 1.32 percent municipal bonds, 3.18 percent treasury coupons, 0.80 percent medium term notes, and 2.35 percent certificates of deposit. The S & P credit ratings for these investments include AAA, AA, A+e, and Ae, and non-rated for certificates of deposit and the California State Treasurer's local agency investment fund.

Custodial Credit Risk – Deposits

Custodial credit risk for deposits is the risk that in the event of a bank failure, the District will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that in the event of a failure of the counter party (e.g. broker-dealer) to a transaction, the District will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Neither the California Government Code nor the County's investment policy contains legal or policy requirements that would limit the District's exposure to custodial credit risk for deposits or investments, except that the California Government Code requires that a financial institution secure deposits made by state or local government units by pledging securities in an undivided collateral pool held by a depository regulated under state law. The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure District deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits. As of June 30, 2019, none of the District's deposits were exposed to custodial credit risk.

Interest Rate Risk – Investments

Interest rate risk is the measurement of how changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the more sensitive to changes in market interest rates of its fair value. One of the ways the County of Humboldt Treasurer manages its exposure to interest rate risk

is by purchasing a combination of short-term and long-term investments and by timing cash flows from maturities so a portion of its portfolio is maturing or coming close to maturity to ensure the cash flow and liquidity of operations. The weighted average maturity of the County of Humboldt Treasurer's investments is 526 days.

3. Receivables

Receivables at June 30, 2019 consist of the following:

	General	Other Governmental Funds	Total
Federal Government:			
Federal Programs	$ 24,445	$ 6,436	$ 30,881
State Government:			
Categorical Aid Programs	1,920	459	2,379
Lottery	1,452		1,452
Total State Government	3,372	459	3,831
Local Government:			
Interest	1,623		1,623
Total Local Government	1,623	-	1,623
Total Receivables	$ 29,440	$ 6,895	$ 36,335

4. Interfund Transactions

Interfund Receivables/Payables

As of June 30, 2019 there were no interfund receivables or payables.

Interfund Transfers

Interfund transfers consist of operating transfers from funds receiving revenue to funds through which the resources are to be expended. Interfund transfers for fiscal year 2018-2019 were as follows:

Funds	Transfers In	Transfers Out
General Fund		$ 19,163
All Other Funds:		
Cafeteria	$ 19,163	
Total	$ 19,163	$ 19,163

Transfer from the General Fund to the Cafeteria Fund was for general operations of the cafeteria.

5. Capital Assets

Capital asset activity for the period ended June 30, 2019, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	$ 15,000			$ 15,000
Total capital assets not being depreciated	15,000	-	-	15,000
Capital assets being depreciated:				
Buildings	1,710,349	$ 15,062		1,725,411
Improvements	774,798			774,798
Equipment	209,332			209,332
Total capital assets being depreciated	2,694,479	15,062	-	2,709,541
Less: accumulated depreciation for:				
Buildings	(939,560)	$ (34,960)		(974,520)
Improvements	(774,798)	-		(774,798)
Equipment	(208,501)	(554)		(209,055)
Total accumulated depreciation	(1,922,859)	(35,514)	-	(1,958,373)
Total capital assets being depreciated, net	771,620	(20,452)		751,168
Governmental activities capital assets, net	$ 786,620	$ (20,452)	$ -	$ 766,168

Depreciation was charged to functions as follows:

Instruction	$ 29,076
Home-to-school Transportation	2,052
Food Services	554
Community Services	3,079
	$ 35,514

6. Joint Ventures

The District participates in two joint ventures under joint powers agreements (JPAs): the North Coast Schools' Insurance Group and the North Coast Schools' Medical Insurance Group.

North Coast Schools' Insurance Group (NCSIG) - The NCSIG arranges for and provides workers compensation and property and liability insurance for its members: all of the Humboldt and Del Norte County School Districts and their County Offices of Education. The NCSIG is governed by a commission composed of one representative

from each member agency. A nine member executive committee elected by and from the commission controls the operations of the NCSIG, including selection of management and approval of operating budgets. The NCSIG is independent of any influence by the member districts beyond their representation on the commission. Each member district pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionately to its participation in the NCSIG.

North Coast Schools' Medical Insurance Group (NCSMIG) - The NCSMIG arranges for and provides medical, dental and vision insurance for its members: Humboldt County Office of Education and all Humboldt County School Districts. The NCSMIG is governed by a board of directors composed of representatives from member districts which have one hundred or more insured lives and one representative for those member districts with less than one hundred insured lives. The Board controls the operations of the NCSMIG including selection of management and approval of operating budgets. NCSMIG is independent of influence by the member districts beyond their representation on the Board. Each member district pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionately to its participation in the NCSMIG.

The following is a summary of financial information for NCSIG and NCSMIG at June 30, 2018 (the most recent information available):

	NCSIG	NCSMIG
Total assets	$ 5,440,714	$ 7,365,959
Total liabilities	1,449,967	5,651,980
Total net position	$ 3,990,747	$ 1,713,979
Total revenues	$ 7,073,599	$ 56,996,770
Total expenses	7,186,353	54,829,893
Change in net position	$ (112,754)	$ 2,166,877

A copy of the most recent financial statements for NCSIG and NCSMIG can be requested by writing to 901 Myrtle Ave., Eureka, CA 95501.

7. Excess of Expenditures Over Appropriations

As of June 30, 2019, expenditures exceeded appropriations in individual major funds as follows:

Appropriations Category	Excess Expenditure
Major Funds	
General Fund	
Certificated Salaries	$ 560

8. Pension Plans

A. General Information about the Pension Plans

All qualified employees are covered under cost-sharing multiple-employer defined benefit pension plans maintained by agencies of the State of California. Certificated employees are eligible to participate in the California State Teachers' Retirement System (CalSTRS), and classified employees are eligible to participate in the California Public Employees' Retirement System (CalPERS).

Public Employees' Retirement System (PERS)

Plan Description

All qualified full-time and part-time classified employees of the public school system are eligible to participate in the District's PERS Plan. Benefit provisions under the PERS Plan are established by State statute and District resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions, and membership information. These reports can be obtained at CalPERS' website under "Forms and Publications".

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

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

	CalPERS	
Hire date	Prior to January 1, 2013	On or After January 1, 2013
Benefit formula	2% @ 55	2% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits, as a % of eligible compensation	2.00%	2.00%
Required employee contribution rates	7.0%	6.5%
Required employer contribution rates	18.062%	18.062%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. It is the responsibility of the District to make necessary accounting adjustments to reflect the impact due to any Employer Paid Member Contributions or situations where members are paying a portion of the employer contribution.

For the year ended June 30, 2019, the CalPERS contributions recognized as part of pension expense for the Plan were as follows:

Contributions - employer	$	15,351
Contributions - employee (paid by employer)		-
Total	$	15,351

State Teachers' Retirement System (STRS)

Plan Description

All qualified full-time and part-time public school teachers and certain other employees of the public school system are eligible to participate in the District's STRS Plan. Benefit provisions under the STRS Plan are established by State statute and Local Government resolution. CalSTRS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalSTRS website.

Benefits Provided

CalSTRS 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 Plan's provisions and benefits in effect at June 30, 2019 are summarized as follows:

	CalSTRS	
Hire date	Prior to January 1, 2013	On or After January 1, 2013
Benefit formula	2% @ 60	2% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	Monthly for life	Monthly for life
Retirement age	60	62
Monthly benefits, as a % of eligible compensation	2.00%	2.00%
Required employee contribution rates	10.25%	9.205%
Required employer contribution rates	16.28%	16.28%

Contributions

Required member, employer and state contribution rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. Contribution rates are expressed as a level percentage of payroll using the entry age normal actuarial cost method.

For the year ended June 30, 2019, the CalSTRS contributions recognized as part of pension expense for the Plan were as follows:

Contributions - employer	$	16,724
Contributions - employee (paid by employer)		-
Total	$	16,724

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

As of June 30, 2019, the District reported net pension liabilities for its proportionate shares of the net pension liability as follows:

PERS Plan	$	199,805
STRS Plan		200,103
Total	$	399,908

The District's net pension liability for each Plan is measured as its proportionate share of the net pension liability for the Plan as a whole. The net pension liability of each of the Plans is measured as of June 30, 2017, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016 rolled forward to June 30, 2017 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to each pension plan relative to the projected contributions of all participating employers, actuarially determined. The District's proportionate share of the net pension liability for each Plan as of June 30, 2018 was as follows:

	CalPERS	CalSTRS
Proportion - June 30, 2017	0.000584%	0.000421%
Proportion - June 30, 2018	0.000749%	0.000218%
Change - Increase (Decrease)	0.000166%	-0.000203%

For the year ended June 30, 2019, the District recognized a pension expense (benefit) of $(180,064). 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
Pension contributions subsequent to measurement date - CalPERS	$ 19,824	
Pension contributions subsequent to measurement date - CalSTRS	21,724	
Differences between actual and expected experience - CalPERS	13,098	
Differences between actual and expected experience - CalSTRS	621	$ 2,907
Changes in assumptions - CalPERS	19,950	
Changes in assumptions - CalSTRS	31,087	
Change in employer's proportion - CalSTRS	201,586	28,370
Change in employer's proportion - CalPERS	41,335	27,390
Net differences between projected and actual earnings on plan investments - CalPERS	1,639	
Net differences between projected and actual earnings on plan investments - CalSTRS		7,705
	$ 350,863	$ 66,372

$41,548 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	Increase (Decrease) Pension Expense
2020	$ 72,480
2021	55,670
2022	30,287
2023	31,361
2024	29,300
Thereafter	23,845
Total	$ 242,943

Actuarial Assumptions

For the measurement period ended June 30, 2018 (the measurement date), the total pension liability for each Plan was determined by rolling forward the June 30, 2017 total pension liability. The June 30, 2018 total pension liabilities for each plan were based on the following actuarial assumptions:

Public Employees' Retirement System (PERS)

Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Actuarial Cost Method	Entry-age normal cost method
Discount Rate	7.15%
Inflation	2.50%
Payroll Growth	2.75%
Projected Salary Increase	Varies by age and length of service
Investment Rate of Return	7.15% (a)
Asset valuation method	Market value
Mortality Rate Table	Custom (b)
Post Retirement Benefit Increase	2.0% until purchasing power protection allowance floor applies, 2.75% thereafter

(a) - Net of pension plan investment and administrative expenses, including inflation

(b) - The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using the Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

State Teachers' Retirement System (STRS)

Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Actuarial Cost Method	Entry-age normal cost method
Discount Rate	7.10%
Inflation	2.75%
Payroll Growth	3.50%
Projected Salary Increase	Varies by age and length of service
Investment Rate of Return	7.1% (a)
Asset valuation method	Fair value
Mortality	Custom (b)
Post Retirement Benefit Increase	2.0% simple

(a) - Net of investment expenses but gross of administrative expenses.

(b) - 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.

Discount Rate

State Teachers' Retirement System (STRS)

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

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

developed using capital market assumptions from CalSTRS general investment consultant (Pension Consulting Alliance - PCA) as an input to the process. The actuarial investment rate of return assumption was adopted by the CalSTRS board in February 2017 in conjunction with the most recent experience study. For each future valuation, the consulting actuary (Milliman) reviews the return assumptions for reasonableness based on the most current capital market assumptions.

Best estimates of 20-year geometrically linked real rates of return and the assumed asset allocation for each major asset class are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-term (20-Year) Expected Real Rate of Return
Global Equity	47%	6.30%
Fixed Income	12%	0.30%
Real Estate	13%	5.20%
Private Equity	13%	9.30%
Absolute Return/Risk Mitigating Strategies	9%	2.90%
Inflation Sensitive	4%	3.80%
Cash / Liquidity	2%	-1.00%
Total	100%	

Public Employees' Retirement System (PERS)

The discount rate used to measure the total pension liability for the Plan 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.

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes,

expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The table below reflects the long-term expected real rate of return by asset class.

Asset Class	Assumed Allocation	Real Return Years 1 - 10 (a)	Real Return Years 11+ (b)
Global Equity	50.0%	4.80%	5.98%
Fixed Income	28.0%	1.00%	2.62%
Inflation Sensitive	0.0%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Estate	13.0%	3.75%	4.93%
Liquidity	1.0%	0.00%	-0.92%
Total	100.0%		

(a) - An expected inflation rate of 2.0% was used for this period.
(b) - An expected inflation rate of 2.92% was used for this period.

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

PERS

	Discount Rate less 1% (6.15%)	Current Discount (7.15%)	Discount Rate plus 1% (8.15%)
Plan's net pension liability	$ 290,906	$ 199,805	$ 124,223

STRS

	Discount Rate less 1% (6.1%)	Current Discount (7.1%)	Discount Rate plus 1% (8.1%)
Plan's net pension liability	$ 293,128	$ 200,103	$ 122,977

Pension Plan Fiduciary Net Position

Detailed information about the pension plans' fiduciary net position is available in the separately issued CalPERS and CalSTRS financial reports available on the CalPERS' and CalSTRS' websites.

C. Payable to the Pension Plan

At June 30, 2019, the District reported no amount payable for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2019.

D. Special Funding Situation

The State of California is legally responsible for making contributions directly to the STRS Pension Plan on behalf of school districts. This is considered a "special funding situation". The following are required disclosures regarding the special funding situation for the STRS Pension Plan:

State of California nonemployer contributing entity's proportionate share of net pension liability associated with the District	$	114,569
District's proportionate share of net pension liability		200,103
Total of State of California and District Share of the Net Pension Liability	$	314,672
Revenue recognized in Statement of Activities for support provided by the State of California as a nonemployer contributing entity	$	20,732

9. Changes in Noncurrent Obligations

Noncurrent obligations include debt and other noncurrent liabilities. Changes in noncurrent obligations for the period ended June 30, 2019 are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amount Due Within One Year
Governmental Activities:					
Net pension liability	$ 528,000		$ 128,092	$ 399,908	
Total Governmental Activities	$ 528,000	$ -	$ 128,092	$ 399,908	$ -

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

Liability	Activity Type	Fund
Net pension liability	Governmental	General

10. Risk Management

The District is exposed to various risks of loss related to torts, theft or destruction of assets, errors and omissions, and natural disasters. The District manages these risks of loss through participation in public entity risk pools, as described in the note regarding "Joint Ventures". There have been no significant reductions in insurance coverage from the prior year. For each of the past three years settlements did not exceed insurance coverage.

11. Commitments and Contingencies

State and Federal Allowances, Awards and Grants

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

REQUIRED SUPPLEMENTARY INFORMATION

BRIDGEVILLE SCHOOL DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (GAAP)
GENERAL FUND

For The Year Ended June 30, 2019

	Budgeted Amounts			
	Original	Final	Actual (GAAP Basis)	Variance with Final Budget Positive - (Negative)
Revenues:				
Local control funding formula sources	$ 446,121	$ 452,134	$ 451,445	$ (689)
Federal revenues	29,612	53,771	65,739	11,968
Other state revenues	80,175	79,273	72,453	(6,820)
Other local revenues	26,235	20,826	53,088	32,262
Total revenues	582,143	606,004	642,725	36,721
Expenditures:				
Certificated salaries	203,014	198,753	199,313	(560)
Classified salaries	118,590	135,604	120,070	15,534
Employee benefits	116,609	126,261	119,033	7,228
Books and supplies	28,721	34,082	25,570	8,512
Services and other operating expenditures	163,193	139,447	135,101	4,346
Capital outlay	50,000			-
Other outgo	3,180	2,949	2,637	312
Total expenditures	683,307	637,096	601,724	35,372
Excess (deficiency) of revenues over (under)expenditures	(101,164)	(31,092)	41,001	72,093
Other financing sources (uses):				
Transfers out	(14,726)	(14,726)	(19,163)	(4,437)
Total other financing uses	(14,726)	(14,726)	(19,163)	(4,437)
financing sources over (under) expenditures and other uses	(115,890)	(45,818)	21,838	67,656
Fund balances, July 1, 2018	362,505	362,505	362,505	-
Fund balances, June 30, 2019	$ 246,615	$ 316,687	$ 384,343	$ 67,656

BRIDGEVILLE SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY FOR THE LAST TEN YEARS * - CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS)

For The Year Ended June 30, 2019

	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Proportion of the net pension liability	0.000749%	0.000580%	0.000927%	0.001157%	0.001049%
Proportionate share of the net pension liability	$ 199,805	$ 138,461	$ 183,200	$ 171,000	$ 119,000
Covered-employee payroll	$ 98,841	$ 74,425	$ 111,268	$ 134,353	$ 103,611
Proportionate share of the net pension liability as percentage of covered-employee payroll	202.1%	186.0%	164.6%	127.3%	114.9%
CalPERS State-wide fiduciary net position	$ 64,796,135,561	$ 60,998,386,333	$ 55,912,964,588	$ 56,911,065,643	$ 56,940,364,500
CalPERS State-wide total pension liability	$ 91,459,283,785	$ 84,871,025,628	$ 75,663,026,434	$ 71,651,164,353	$ 68,292,799,349
Plan fiduciary net position as a percentage of the total pension liability	70.85%	71.87%	73.90%	79.43%	83.38%

NOTES TO SCHEDULE:

Benefit changes	None	None	None	None	None
Changes in assumptions	The inflation rate was changed from 2.75% to 2.5% and the payroll growth rate was changed from 3.0% to 2.75%.	The discount rate was lowered from 7.65% to 7.15%.	None	The discount rate was changed from 7.50% to 7.65%.	None

* - Historical information is required only for measurement periods for which GASB 68 is applicable. GASB 68 was implemented in the year ended June 30, 2015. Future years' information will be displayed up to 10 years as information becomes available.

BRIDGEVILLE SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY FOR THE LAST TEN YEARS * - CALIFORNIA STATE TEACHERS' RETIREMENT SYSTEM (STRS)

For The Year Ended June 30, 2019

	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
District's proportion of the net pension liability	0.000218%	0.00042%	0.00041%	0.00045%	0.00058%
District's proportionate share of the net pension liability	$ 200,103	$ 389,539	$ 334,100	$ 301,000	$ 337,304
State of California's nonemployer contributing entity's proportionate share of the net pension liability associated with the District	114,569	230,448	190,000	159,000	204,000
Total District and State of California share of net pension liability	$ 314,672	$ 619,987	$ 524,100	$ 460,000	$ 541,304
Covered-employee payroll	$ 119,231	$ 224,131	$ 213,200	$ 207,321	$ 257,096
Proportionate share of the net pension liability as percentage of covered-employee payroll	167.8%	173.8%	156.7%	145.2%	131.2%
CalSTRS State-wide fiduciary net position	$ 224,869,000,000	$ 210,290,000,000	$ 189,113,000,000	$ 191,882,000,000	$ 190,474,016,000
CalSTRS State-wide total pension liability	$ 316,776,000,000	$ 302,769,000,000	$ 269,994,000,000	$ 259,146,000,000	$ 248,911,000,000
Plan fiduciary net position as a percentage of the total pension liability	70.99%	69.46%	70.04%	74.04%	76.52%

NOTES TO SCHEDULE:

Benefit changes	None	None	None	None	None
Changes in assumptions	None	The inflation rate was lowered from 3.0% to 2.75%, the investment rate was lowered from 7.6% to 7.1%, and the payroll growth was lowered from 3.75% to 3.5%.	None	None	None

* - Historical information is required only for measurement periods for which GASB 68 is applicable. GASB 68 was implemented in the year ended June 30, 2015. Future years' information will be displayed up to 10 years as information becomes available.

BRIDGEVILLE SCHOOL DISTRICT

SCHEDULE OF CONTRIBUTIONS FOR THE LAST TEN YEARS *

CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS)

For The Year Ended June 30, 2019

	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Contractually required contribution (actuarially determined)	$ 15,351	$ 10,336	$ 13,182	$ 15,075	$ 12,594
Contribution in relation to the actuarially determined contribution	15,351	10,336	13,182	15,075	12,594
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered-employee payroll	$ 98,841	$ 74,425	$ 111,268	$ 134,353	$ 103,611
Contributions as a percentage of covered-employee payroll	15.53%	13.89%	11.85%	11.22%	12.16%

NOTES TO SCHEDULE:

Actuarial valuation date	6/30/2017	6/30/2016	6/30/2015	6/30/2014	6/30/2013

Methods and assumptions used to determine contribution rates:

Actuarial funding method	Entry age normal cost
Amortization method	Level percentage of payroll, closed
Discount Rate	7.15%
Inflation	2.50%
Payroll growth	2.75%
Projected Salary Increase	Varies by age and length of service
Investment rate of return	7.15%, net of pension plan investment expense
Asset valuation method	Market value
Mortality	Custom (a)
Post Retirement Benefit Increase	2.0% until purchasing power protection allowance floor

(a) - The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using the Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

* - Historical information is required only for measurement periods for which GASB 68 is applicable. GASB 68 was implemented in the year ended June 30, 2015. Future years' information will be displayed up to 10 years as information becomes available.

BRIDGEVILLE SCHOOL DISTRICT
SCHEDULE OF CONTRIBUTIONS FOR THE LAST TEN YEARS *
CALIFORNIA STATE TEACHERS' RETIREMENT SYSTEM (STRS)
For The Year Ended June 30, 2019

	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Contractually required contribution (actuarially determined)	$ 16,724	$ 28,084	$ 22,090	$ 19,027	$ 21,210
Contribution in relation to the actuarially determined contribution	16,724	28,084	22,090	19,027	21,210
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered-employee payroll	$ 119,231	$ 224,131	$ 213,200	$ 207,321	$ 257,096
Contributions as a percentage of covered-employee payroll	14.03%	12.53%	10.36%	9.18%	8.25%

NOTES TO SCHEDULE:

Actuarial valuation date	6/30/2017	6/30/2016	6/30/2015	6/30/2014	6/30/2013

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal cost
Amortization method	Level percentage of payroll, closed
Discount Rate	7.1%
Inflation	2.75%
Payroll Growth	3.5%
Projected Salary Increase	Varies by age and length of service
Investment Rate of Return	7.1%, net of investment expenses but gross of administrative expense
Asset valuation method	Fair value
Mortality	Custom (a)
Post Retirement Benefit Increase	2.0% simple

(a) - 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.

* - Historical information is required only for measurement periods for which GASB 68 is applicable. GASB 68 was implemented in the year ended June 30, 2015. Future years' information will be displayed up to 10 years as information becomes available.

SUPPLEMENTARY INFORMATION

BRIDGEVILLE SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR FUNDS
June 30, 2019

	Cafeteria Fund	Total Other Governmental Funds
ASSETS		
Cash in County Treasury	$ 17	$ 17
Accounts receivable	6,895	6,895
Stores inventory	185	185
Total assets	7,097	7,097
DEFERRED OUTFLOWS OF RESOURCES		
Total deferred outflows of resources	-	-
Total assets and deferred outflows of resources	$ 7,097	$ 7,097
LIABILITIES		
Accounts payable	$ 16	$ 16
Total liabilities	16	16
DEFERRED INFLOWS OF RESOURCES		
Total deferred inflows of resources	-	-
FUND BALANCES		
Nonspendable	185	185
Restricted	6,896	6,896
Total fund balances	7,081	7,081
Total liabilities, deferred inflows of resources and fund balances	$ 7,097	$ 7,097

BRIDGEVILLE SCHOOL DISTRICT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - NONMAJOR FUNDS (BY OBJECT)

For The Year Ended June 30, 2019

	Cafeteria Fund	Total Other Governmental Funds
Revenues:		
Federal revenue	$ 20,966	$ 20,966
Other state revenue	2,752	2,752
Other local revenue	9	9
Total revenues	23,727	23,727
Expenditures:		
Classified salaries	19,536	19,536
Employee benefits	6,415	6,415
Books and supplies	14,412	14,412
Services and other operating expenses	1,187	1,187
Total expenditures	41,550	41,550
Excess (deficiency) of revenues over (under) expenditures	(17,823)	(17,823)
Other financing sources (uses):		
Operating transfers in	19,163	19,163
Total other financing sources (uses)	19,163	19,163
Net change in fund balance	1,340	1,340
Fund balances, July 1, 2018	5,741	5,741
Fund balances, June 30, 2019	$ 7,081	$ 7,081

BRIDGEVILLE SCHOOL DISTRICT

ORGANIZATION

June 30, 2019

The Bridgeville School District was established in 1880 and is comprised of an area of approximately 280 square miles located in Humboldt County. There were no changes in boundaries of the District during the current year. The District currently operates one elementary school, grades kindergarten through eighth.

The Board of Trustees for the fiscal year ended June 30, 2019 was composed of the following members, each with a four year term:

GOVERNING BOARD

Name	Office	Term Expires
Diana Bennett	President	2020
Danielle Mattson	Clerk	2022
Nick Entsminger	Member	2022
Grace Schellhous	Member	2020
Robert Smith	Member	2022

ADMINISTRATION

John Blakely
District Superintendent/Principal

BRIDGEVILLE SCHOOL DISTRICT

SCHEDULE OF AVERAGE DAILY ATTENDANCE

For The Year Ended June 30, 2019

Elementary:	Second Period Report		Annual Report	
	As Reported	As Audited	As Reported	As Audited
Kindergarten through third	16.33	16.46	16.26	16.53
Fourth through sixth	6.93	6.98	7.20	7.32
Seventh through eighth	5.57	5.62	6.08	6.20
Total	28.83	29.06	29.54	30.05

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.

BRIDGEVILLE SCHOOL DISTRICT

SCHEDULE OF INSTRUCTIONAL TIME

For The Year Ended June 30, 2019

Grade Level	Minutes Requirement	2018-19 Actual Minutes	Number of Days Traditional Calendar *	Status
Kindergarten	36,000	58,800	180	Complied
Grade 1	50,400	55,400	180	Complied
Grade 2	50,400	55,400	180	Complied
Grade 3	50,400	56,250	180	Complied
Grade 4	54,000	56,250	180	Complied
Grade 5	54,000	56,250	180	Complied
Grade 6	54,000	56,250	180	Complied
Grade 7	54,000	56,250	180	Complied
Grade 8	54,000	56,250	180	Complied

Districts, including basic aid districts, must maintain their instructional minutes at the 1986-87 requirements. This schedule is required for all districts, including basic aid districts.

The District has participated in Longer Day incentive funding. The District met or exceeded its local control funding formula target. This schedule presents information on the amount of instruction time offered by the District and whether the District complied with the provisions of Education Code Section 46200 through 46206.

* The District did not use a multitrack calendar.

BRIDGEVILLE SCHOOL DISTRICT

SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS

For The Year Ended June 30, 2019

General Fund	Budget 6/30/2020	For The Year Ended 6/30/2019	6/30/2018	6/30/2017
Revenues and other financial sources	$ 589,302	$ 642,725	$ 550,729	$ 616,155
Expenditures	603,620	601,724	536,990	575,129
Other uses and transfers out	19,705	19,163	11,976	7,277
Total Outgo	623,325	620,887	548,966	582,406
Change in Fund Balance	$ (34,023)	$ 21,838	$ 1,763	$ 33,749
Ending Fund Balance	$ 350,320	$ 384,343	$ 362,505	$ 360,742
Available Reserves	$ 315,606	$ 330,434	$ 327,151	$ 282,036
Designated for Economic Uncertainties	$ 315,606	$ 330,434	$ 327,151	$ 282,036
Undesignated Fund Balance	$ -	$ -	$ -	$ -
Available Reserves as a Percentage of Total Outgo	50.63%	53.22%	59.59%	48.43%
Total Long-Term Debt	$ 399,908	$ 399,908	$ 528,000	$ 517,300
Average Daily Attendance at P-2	31	29	25	21

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

The General Fund balance has increased $23,601 over the past two years. The fiscal year 2019-2020 budget projects a decrease of $34,023 (8.9%). For a district this size, the State recommends available reserves of at least five percent of total expenditures, transfers out, and other uses (total outgo), or $67,000, whichever is greater.

The District has not incurred an operating deficit any of the last three years. The District anticipates incurring an operating deficit during the 2019-2020 fiscal year. Long term debt decreased $117,392 over the last three years, due to the implementation in 2014/15 of GASB 68 and the resulting requirement to recognize the District's proportionate share of the State-wide STRS and PERS net pension liability.

Regular average daily attendance has increased by 8 over the last two years. The District anticipates an increase of 2 ADA during the fiscal year 2019-2020.

BRIDGEVILLE SCHOOL DISTRICT

SCHEDULE OF CHARTER SCHOOLS

For The Year Ended June 30, 2019

Charter Schools Chartered by District	Included in District Financial Statements, or Separate Report
There are currently no charter schools under the jurisdiction of the District	

BRIDGEVILLE SCHOOL DISTRICT

RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH AUDITED FINANCIAL STATEMENTS

For The Year Ended June 30, 2019

	General Fund	Special Reserve Fund
June 30, 2019 Annual Financial and Budget Report Fund Balance	$ 53,908	$ 331,735
Adjustments and Reclassifications		
Increasing and (Decreasing) the Fund Balance -		
Reclassify Special Reserve Fund	331,735	(331,735)
Correct reported balance of interfund transfer	(1,301)	
Rounding	1	
June 30, 2019 Audited Financial Statements Fund Balance	$ 384,343	$ -

SUPPLEMENTARY INFORMATION

John R. Goff, CPA
Mark G. Wetzel, CPA
Michael R. Cline, CPA

DLM

DAVID L. MOONIE & CO., LLP
Certified Public Accountants

Kenneth X. Stringer, CPA
Aaron S. Weiss, CPA
Matthew J. Hague, CPA

BRIDGEVILLE SCHOOL DISTRICT

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

Board of Trustees
Bridgeville School District
P.O. Box 98
Bridgeville, California 95526-0098

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Bridgeville 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 January 28, 2020.

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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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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 were not 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 Findings 2019-001 through 2019-004, that we consider to be significant deficiencies.

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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as Findings 2019-005 and 2019-006.

District's Response to Findings

The District's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. The District's responses were not subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we express no opinion on them.

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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

David L. Moonie + Co.
CERTIFIED PUBLIC ACCOUNTANTS
Eureka, California
January 28, 2020

John R. Goff, CPA
Mark G. Wetzel, CPA
Michael R. Cline, CPA

DLM

DAVID L. MOONIE & CO., LLP
Certified Public Accountants

Kenneth X. Stringer, CPA
Aaron S. Weiss, CPA
Matthew J. Hague, CPA

BRIDGEVILLE SCHOOL DISTRICT

INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

Board of Trustees
Bridgeville School District
P.O. Box 98
Bridgeville, California 95526-0098

Compliance

We have audited the Bridgeville School District's (the District) compliance with the requirements specified in the *2018-19 Guide For Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, issued by the California Education Audit Appeals Panel, that are applicable to the District's educational programs for the year ended June 30, 2019.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on the District's compliance with the applicable compliance requirements referred to above based on our compliance audit.

Our compliance audit was conducted 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*, prescribed in the *California Code of Regulations*, Title 5, Section 19810 and following. The compliance audit included examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary under the circumstances. We believe that our compliance audit provides a reasonable basis for our opinion. Our compliance audit does not provide a legal determination of the District's compliance.

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INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE - CONTINUED

In connection with our compliance audit referred to above, we tested the following compliance requirements:

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

Independent study ADA was under the level that requires testing, therefore we did not perform the procedures in the audit guide related to independent study.

Opinion

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that are applicable to the District's educational programs for the year ended June 30, 2019.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the California Education Audit Appeals Panel's *2018-19 Guide For Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, and which are described in the accompanying Schedule of Findings and Questioned Costs as Findings 2019-005 and 2019-006. Our opinion on the District's compliance with the requirements specified in the *2018-19 Guide For Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* is not modified with respect to these matters.

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 compliance and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report on state compliance is solely to describe the scope of our testing of the District's state compliance and the results of that testing based on the requirements specified in the *2018-19 Guide For Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

David L. Moonie + Co.
CERTIFIED PUBLIC ACCOUNTANTS
Eureka, California
January 28, 2020

FINDINGS AND QUESTIONED COSTS

Section I - Financial Statement Findings

2019-001: REVOLVING FUND CASH - INTERNAL CONTROL (CODE 30000)

Criteria

Good internal controls over revolving fund bank accounts include timely preparation of monthly bank account reconciliations, as well as reconciliation of the balance to the authorized balance approved by the Board. In addition, timely reimbursements of the revolving fund should be requested to avoid low or negative balances in the account.

Condition

1. During testing, in which we reviewed all monthly bank statements and bank reconciliations, we noted that the District is not properly reconciling the revolving fund on a regular monthly basis, and we did not see evidence of reconciliation of the account balance to the authorized balance.
2. In addition, we noted that the District borrowed $1,000 from the Student Body yearbook account to make up for a shortfall in the account that occurred as a result of checks being paid from the Revolving Fund in excess of the balance available at the time. This loan has not been repaid to the Yearbook Fund as of June 30, 2019.

Identification of Repeat Finding

The part of this finding related to timely bank reconciliations is a repeat of prior year Finding 2018-001.

Effect

Not performing bank reconciliations and reconciling the revolving fund account balance to the authorized balance when bank statements are received increases the potential that errors could occur and not be detected or corrected in a timely manner.

The borrowing of $1,000 from the Yearbook Fund is an unallowable use of student body funds.

Cause

The District did not follow its policy requiring the revolving fund to be reconciled monthly to the bank balance and to the authorized balance of $2,500. In addition, the District issued too many checks out of the revolving fund in a short time period, resulting in insufficient time to reimburse the fund through the normal process and the

District's decision to transfer funds from the student body Yearbook account into the revolving fund account to cover the issued checks.

Recommendation

We recommend that the District establish procedures verifying the revolving fund is being reconciled monthly.

In addition, we recommend the District transfer $1,000 out of the General Fund and into the student body Yearbook account to reimburse the Yearbook account for the amount previously withdrawn.

We further recommend that the District reduce the use of its revolving fund by ensuring that the fund is only being used for payments that are due prior to the time that the normal accounts payable process would be able to issue a check.

Views of Responsible Officials and Planned Corrective Actions

The District agrees and will adhere to the corrective action plan described in the "District's Corrective Action Plan" section immediately following this section of the audit report.

2019-002: INTERNAL CONTROL OVER EXPENDITURES FOR GOODS AND SERVICES (CODE 30000)

Criteria

Good internal controls over expenditures for goods and services include having a second authorized individual authorize reimbursements to the Superintendent, and to document the purpose and names of individuals partaking in expenditures for recreational activities.

Condition

During our testing of expenditures, in which we selected expenditures making up 53% of all expenditures for goods and services, we found that reimbursements to the District superintendent do not have documentation of prior approval from a second authorized individual. The total amount of reimbursements tested was $3,554.

We also noted one instance where documentation for a $570 expenditure for a charter fishing trip did not clearly explain the purpose of the trip or the individuals participating in the trip. Based on review of detailed expenditure list, this was an isolated occurrence.

We investigated this expenditure and found that it was for the eighth grade student graduation activity for the year, which is an allowable expenditure of the District.

Effect

Not having another individual review and approve superintendent reimbursements increase the possibility that errors may occur and not be corrected in a timely manner. No errors or inappropriate expenditures were noted in our sample.

Not including the purpose and names of individuals participating in expenditures that are recreational in nature makes it impossible to verify at the time the check is issued that the expenditure is appropriate. After further inquiry, it was determined that this expenditure was allowable.

Cause

The District did not have a policy regarding documenting review and approvable of superintendent reimbursements by another individual. The failure to document the reason for the charter fishing trip was due to clerical error.

Recommendation

We recommend that the District establish procedures to document review and approval of all reimbursements to the superintendent prior to issuance of the check. We further recommend that the District ensure that the purpose of all expenditures is clearly documented.

Views of Responsible Officials and Planned Corrective Actions

The District agrees and will adhere to the corrective action plan described in the "District's Corrective Action Plan" section immediately following this section of the audit report.

2019-003: STUDENT BODY CASH - INTERNAL CONTROL (CODE 30000)

Criteria

Good internal controls over Student Body bank accounts include timely preparation of monthly bank reconciliations. In addition, deposits for the student body account should be made in a timely manner.

Payments for services performed to individuals in excess of $600 per year are subject to Internal Revenue Service reporting requirements for miscellaneous income using IRS Form 1099.

Condition

During testing, it was noted that the District is not reconciling the student body fund on a regular monthly basis.

It was also noted that several student body deposits from fundraisers totaling $1,595 were not deposited into the bank until three months after the event.

We further noted that the District paid an $800 stipend to the student body coordinator, and this payment was not included as a payments subject to Form 1099 reporting.

Identification of Repeat Finding

The parts of this finding related to timely bank reconciliations and timely deposits are a repeat of prior year Finding 2018-003.

Effect

Not performing bank reconciliations when bank statements are received increases the potential that errors could occur and not be detected or corrected in a timely manner. Not depositing funds in a timely manner increases the risk that student body funds may be lost or stolen.

The District was not in compliance with Internal Revenue Service requirements regarding reporting of income on Form 1099.

Cause

The District did not follow its policy requiring the student body fund to be reconciled monthly and depositing student body funds promptly.

The District was not aware that the stipend was subject to Form 1099 reporting requirements.

Recommendation

We recommend that the District establish procedures requiring the student body fund to be reconciled monthly and to promptly deposit cash receipts. These procedures should include review and approval of the reconciliations on a monthly basis by the District Superintendent. We further recommend that the District provide training regarding requirements for reporting payments for services to the IRS.

Views of Responsible Officials and Planned Corrective Actions

The District agrees and will adhere to the corrective action plan described in the "District's Corrective Action Plan" section immediately following this section of the audit report.

2019-004: LATE FILING OF AUDIT REPORT (CODE 30000)

Criteria

Education Code Section 41020(h) provides that not later than December 15 an audit report for the preceding fiscal year is to be filed with the County Superintendent of Schools, the California Department of Education, and the State Controller's Office.

Condition

Prior to the initial December 15, 2019 deadline, the District obtained an extension until January 31, 2020 to file the audit report. The District's audit report was filed in the first week of February 2020.

Effect

The County Superintendent of Schools, the Department of Education, and the State Controller's Office received the report approximately six weeks after the initial December 15 deadline.

Cause

Power outages resulted in delays in the audit scheduling.

Recommendation

We recommend that the District and the auditor work closely in the future to plan for a timely filing of the audit.

Views of Responsible Officials and Planned Corrective Actions

The District agrees to the recommendation and will adhere to the corrective action plan described in the "District's Corrective Action Plan" section immediately following this section of the audit report.

Section II – Federal Award Findings and Questioned Costs

None reported.

Section III – State Award Findings and Questioned Costs

2019-005: ATTENDANCE (CODE 10000)

Criteria

Education Code Section 41601 requires that the governing board of each school district shall report to the Superintendent of Public Instruction during each fiscal year the average daily attendance of the district for all full school months during (1) the period between July 1 and December 31, inclusive, to be known as the "first period" report for the first principal apportionment, and (2) the period between July 1 and April 15, inclusive, to be known as the "second period" report. Each report shall be prepared in accordance with instructions on forms prescribed and furnished by the Superintendent of Public Instruction.

Condition

During our testing of reported ADA, we noted that the Second Period (P-2) and Annual attendance reports were understated by 0.23 ADA and 0.51 ADA, respectively, as a result of a clerical error while computing the ADA.

The total over (under) statement of ADA is as follows:

	P-2 Report			Annual Report		
Grade Level	Reported	Audited	Increase (Decrease)	Reported	Audited	Increase (Decrease)
K - 3	16.33	16.46	0.13	16.26	16.53	0.27
4 - 6	6.93	6.98	0.05	7.20	7.32	0.12
7 - 8	5.57	5.62	0.05	6.08	6.20	0.12
Total	28.83	29.06	0.23	29.54	30.05	0.51

Effect

ADA was under-stated on the P-2 and Annual reports by 0.23 and 0.51 ADA, respectively. The understated P-2 amount resulted in an understatement of the District's LCFF funding by approximately $603.

Cause

The District had 2 approved emergency closure days in the P-2 period, and 4 total approved emergency closure days for the entire year, and did not account for those days correctly in the divisor for the computation of the P-2 and Annual attendance.

Recommendation

We recommend that the District amend the P-2 and Annual attendance reports to reflect the changes noted above.

Views of Responsible Officials and Planned Corrective Actions

The District agrees and will adhere to the corrective action plan described in the "District's Corrective Action Plan" section immediately following this section of the audit report.

2019-006: UNDUPLICATED PUPIL COUNTS (CODE 40000)

Criteria

Pursuant to Education Code Section 42238.02(b)(2), the District is required to annually submit its enrolled free and reduced-price meal eligibility, foster youth, and English learner pupil-level records for enrolled pupils to the State Superintendent using the

California Longitudinal Pupil Achievement Data System (CALPADS). This information is used to determine the District's unduplicated pupil count. Unduplicated pupil means a pupil enrolled in a school district or a charter school who is either classified as an English learner, eligible for a free or reduced-price meal, or is a foster youth. A pupil is counted only once if they qualify under multiple categories. The unduplicated pupil count is used in the calculation of the District's apportionment from the local control funding formula. The count is documented in CALPADS Forms 1.17 and 1.18.

Condition

During our testing of the unduplicated student counts we noted one student that was eligible for free/reduced meals but who was not included in the unduplicated count. Our sample comprised 100 percent of the total students claimed as free/reduced price meals and English language funding eligible. This error resulted in a total understatement of the unduplicated count by one student.

Effect

The District's unduplicated student count was understated by 1 student. Increasing the unduplicated count by 1 results in an increase in the revenue from the local control funding formula in the amount of $518. Following is a schedule of the reported and audited counts.

	Unduplicated Pupil Count						
		Increase (Decrease) to Unduplicated Pupil Count Based on Adjustments of:					
						Total Enrollment	
	Certified Total Unduplicated Pupil Count	Eligibility For Free/ Reduced Price Meals (FRPM)	Eligibility for English Learner Funding (EL)	Eligibility For Both FRPM and EL	Adjusted Total Unduplicated Pupil Count	Certified Total Enrollment Count	Adjusted Total Enrollment Count
District Total	24	1			25	29	29
Schools Tested:							
Bridgeville Elementary	24	1			25	29	29

Cause

A student that was in the same household as a family that was approved for free/reduced meals was not included in the unduplicated count as eligible for free/reduced meals.

Recommendation

We recommend that the District review the CalPADS Form 1.18 carefully prior to the final certification date to ensure that all students in the same household that are eligible for free/reduced meals are included as such on the Form 1.18.

Views of Responsible Officials and Planned Corrective Actions

The District agrees and will adhere to the corrective action plan described in the "District's Corrective Action Plan" section immediately following this section of the audit report.

Bridgeville School

P.O. Box 98 • 38717 Kneeland Rd.
Bridgeville, CA 95526
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DISTRICT'S CORRECTIVE ACTION PLAN

FINDING 2019-001: REVOLVING FUND CASH - INTERNAL CONTROL (CODE 30000)

Name and title of contact person: John Blakely, Superintendent/Principal

Corrective Action: The District will establish procedures verifying the revolving fund is being reconciled monthly. In addition, the District will transfer $1,000 out of the General Fund and into the student body Yearbook account to reimburse the Yearbook account for the amount previously withdrawn. The District will also reduce the use of its revolving fund by ensuring that the fund is only being used for payments that are due prior to the time that the normal accounts payable process would be able to issue a check.

Proposed Completion Date: 6-30-20

FINDING 2019-002: INTERNAL CONTROL OVER EXPENDITURES FOR GOODS AND SERVICES (CODE 30000)

Name and title of contact person: John Blakely, Superintendent/Principal

Corrective Action: The District will establish procedures to document review and approval of all reimbursements to the superintendent prior to issuance of the check. The District will also ensure that the purpose of all expenditures is clearly documented.

Proposed Completion Date: 6-30-20

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DISTRICT'S CORRECTIVE ACTION PLAN - CONTINUED

FINDING 2019-003: STUDENT BODY CASH - INTERNAL CONTROL (CODE 30000)

Name and title of contact person: John Blakely, Superintendent/Principal

Corrective Action: The District will establish procedures requiring the student body fund to be reconciled monthly and to promptly deposit cash receipts. These procedures will include review and approval of reconciliations on a monthly basis by the District Superintendent. The District will provide training regarding requirements for reporting payments for services to the IRS.

Proposed Completion Date: 6-30-20

FINDING 2019-004: LATE FILING OF AUDIT REPORT (CODE 30000)

Name and title of contact person: John Blakely, Superintendent/Principal

Corrective Action: The District and the auditor will work closely in the future to plan for a timely filing of the audit.

Proposed Completion Date: 6-30-20

FINDING 2019-005: ATTENDANCE (CODE 10000)

Name and title of contact person: John Blakely, Superintendent/Principal

Corrective Action: The District will amend the P-2 attendance rate by 0.23 and the Annual attendance rate by 0.51.

Proposed Completion Date: 6-30-20

Bridgeville School

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DISTRICT'S CORRECTIVE ACTION PLAN - CONTINUED

FINDING 2019-006: UNDUPLICATED PUPIL COUNTS (CODE 40000)

Name and title of contact person: John Blakely, Superintendent/Principal

Corrective Action: The District will review CalPADS Form 1.18 carefully prior to the final certification date to ensure that all students in the same household that are eligible for free/reduced meals are included as such on the Form 1.18.

Proposed Completion Date: 6-3-20

BRIDGEVILLE SCHOOL DISTRICT

SCHEDULE OF PRIOR AUDIT FINDINGS

For The Year Ended June 30, 2019

2018-001: REVOLVING FUND CASH - INTERNAL CONTROL (CODE 30000)

Condition

During testing, it was noted that the District is not properly reconciling the revolving fund on a regular monthly basis.

In addition, during our review of bank statements and the check register for the revolving fund, we noted that the register balance of the fund was $2,225.19. After re-computing the reimbursed balance, we determined the balance in the register should be $1,984.75. The re-computed balance of $1,984.75 is $515.25 below the authorized balance. This difference appears to be due to expenses that have been submitted for reimbursement from the District's General Fund.

Recommendation

We recommend that the District establish procedures verifying the revolving fund is being reconciled monthly.

In addition, we recommend the District ensure that the revolving fund balance is reconciled to the authorized balance on a monthly basis, and that all fees and expenses incurred in the bank account be submitted for reimbursement in a timely manner. We further recommend that the District include on their next reimbursement and the check register an adjustment of $515.25 to the account for the prior unreimbursed expenses.

Current Status

Not implemented. See current year finding 2019-001.

2018-002: PAYROLL INTERNAL CONTROL - NO SUPERVISOR SIGNATURE (CODE 30000)

Condition

During our testing of payroll, in which we tested approximately 25 percent of the District's employees, we found that the District is not having the superintendent or supervisor sign employee time cards for extra hours worked. Based on the small size of the District, it appears the superintendent was aware of and did approve of extra hours as they were worked.

Recommendation

We recommend that the District establish procedures for employees and the superintendent to sign employee time cards.

Current Status

Implemented.

2018-003: STUDENT BODY CASH - INTERNAL CONTROL (CODE 30000)

Condition

During testing, it was noted that the District is not reconciling the student body fund on a regular monthly basis.

It was also noted that several student body deposits from fundraisers were not deposited into the bank until three months after the event.

We further noted that the District issued a check, signed by the superintendent, without filling in the payee line. Per review of the bank statement with the cancelled check, the check was made payable to an individual. Based on discussion with District management the individual was associated with a charitable organization.

Recommendation

We recommend that the District establish procedures requiring the student body fund to be reconciled monthly and to promptly deposit cash receipts. We further recommend that the District provide training regarding approved expenses and proper procedures for the student body fund to new employees charged with being the custodian of the student body account.

Current Status

Not implemented. See current year Finding 2019-003.

2018-004: ATTENDANCE (CODE 10000)

Condition

During our testing of reported ADA, we noted that the Annual attendance report was prepared using a divisor of 180 days rather than 179 days. This error resulted in an under-statement of Annual ADA of 0.14.

Recommendation

We recommend that the District amend Annual attendance reports to increase ADA by 0.14.

Current Status

Implemented.

2018-005: UNDUPLICATED PUPIL COUNTS (CODE 40000)

Condition

During our testing of the unduplicated student counts we noted one student for whom the District could not find documentation of eligibility for free/reduced price meals. Our sample included all of the schools within the District and comprised 100 percent of the total students claimed as free/reduced price meals and English language funding eligible.

Recommendation

We recommend that the District ensure that free/reduced meals applications are on hand for all students included in the CALPADS Forms 1.18 and 1.17.

Current Status

Implemented.

2018-006: BEFORE/AFTER SCHOOL EDUCATION AND SAFETY (ASES) PROGRAM (CODE 40000)

Condition

During our testing of ASES expenditures, we noted two instances where District operating expenditures were charged to the ASES Program in the amount of $412.

Recommendation

We recommend that the District reimburse the ASES program from unrestricted funds in the amount of $412 in 2018/19.

Current Status

Implemented.

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APPENDIX C

ECONOMIC AND DEMOGRAPHIC INFORMATION ABOUT HUMBOLDT COUNTY

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

General Information

The County. The County is the largest and most populous of the north coast counties. The County was created from the western portion of Trinity County in 1853. The County's name is derived from Humboldt Bay. Originally discovered in 1806 by a hunting party, the bay was not rediscovered until 1849 and then named in honor of the naturalist and explorer Baron Alexander Von Humboldt. The County's 3,600 square miles are known for their rural beauty, roughly 80% of which is designated recreation areas and timber land. The County is home to the biggest and oldest redwood trees in the world. Natural resources also make the County a primary tourist destination. Popular sites include: Six Rivers National Forest, King Range National Conservation Area, Humboldt Redwoods State Park, Redwoods National Park, and Richardson Grove State Park.

Population

The following table lists population figures for the cities in the County and the County for the last five calendar years.

COUNTY OF HUMBOLDT
Population Estimates - Calendar Years 2015 through 2019

	2015	2016	2017	2018	2019
Arcata	17,860	17,952	18,118	18,054	18,078
Blue Lake	1,262	1,271	1,276	1,253	1,243
Eureka	27,178	27,170	27,301	27,195	26,977
Ferndale	1,364	1,360	1,366	1,344	1,335
Fortuna	12,020	12,042	12,092	12,144	12,084
Rio Dell	3,341	3,344	3,365	3,351	3,326
Trinidad	359	359	362	363	360
Balance Of County	72,051	72,168	72,682	72,380	71,930
County Total	**135,435**	**135,666**	**136,562**	**136,084**	**135,333**

Source: State Department of Finance estimates.

Employment and Industry

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

COUNTY OF HUMBOLDT
Annual Averages of Civilian Labor Force, Employment and Unemployment and Employment by Industry
Calendar Years 2015 through 2019
(March 2019 Benchmark)

	2015	2016	2017	2018	2019
Civilian Labor Force (1)	62,300	62,400	62,600	62,600	62,500
Employment	58,800	59,300	59,900	60,300	60,300
Unemployment	3,500	3,100	2,600	2,300	2,300
Unemployment Rate	5.6%	4.9%	4.2%	3.6%	3.6%
Wage and Salary Employment (2)					
Agriculture	900	900	900	900	1,000
Mining and Logging	300	300	400	400	400
Construction	1,800	1,800	2,000	2,100	2,200
Manufacturing	2,000	2,100	2,000	2,100	2,200
Wholesale Trade	900	1,000	1,000	1,100	1,100
Retail Trade	7,200	7,400	7,500	7,200	7,100
Transportation, Warehousing and Utilities	1,200	1,200	1,200	1,100	1,000
Information	500	400	400	400	400
Financial Activities	1,600	1,700	1,700	1,800	1,800
Professional and Business Services	2,700	2,800	2,900	3,300	3,600
Educational and Health Services	8,100	8,500	8,800	8,900	8,900
Leisure and Hospitality	5,600	5,800	5,800	5,800	5,600
Other Services	1,900	1,800	1,900	2,000	2,000
Federal Government	800	800	800	700	800
State Government	3,500	3,500	3,400	3,500	3,500
Local Government	9,700	9,900	10,100	10,200	10,200
Total, All Industries (3)	48,700	49,700	50,700	51,400	51,800

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

Source: California Employment Development Department.

Largest Employers

The table below lists the major employers in the County as of April 2020, listed alphabetically.

COUNTY OF HUMBOLDT
Major Employers
As of April 2020

Employer Name	Location	Industry
Bettendorf Trucking	Arcata	Trucking
Blue Lake Casino & Hotel	Blue Lake	Casinos
Costco Wholesale	Eureka	Wholesale Clubs
Eureka City Clerk	Eureka	Government Offices-City/Village & Twp
Eureka High School	Eureka	Schools
Green Diamond Resource Co	Korbel	Foresters-Consulting
Green Diamond Resource Co	Korbel	Foresters-Consulting
Humboldt County Dept-Health	Eureka	Clinics
Humboldt County Dept-Pubc Hlth	Eureka	Government Offices-County
Humboldt County Mental Health	Eureka	Hospitals
Humboldt County Office of Educ	Eureka	County Government-Education Programs
Humboldt County Sheriff Dept	Eureka	Government Offices-County
Humboldt County Social Svc	Eureka	Government Offices-County
Mad River Community Hospital	Arcata	Hospitals
Newmarket International Inc	Eureka	Hospitality Training
Pacific Seafood Co	Eureka	Prepared Fish & Seafood Products (mfrs)
Redwood Memorial Hospital	Fortuna	Hospitals
St Joseph Hospital Eureka	Eureka	Hospitals
St Joseph Hospital-Admin	Eureka	Health Services
Sun Valley Group	Arcata	Greenhouses
Target	Eureka	Department Stores
Trinidad Rancheria	Trinidad	Associations
Umpqua Bank	Eureka	Banks
Walmart	Eureka	Department Stores
Winco Foods	Eureka	Grocers-Retail

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

Commercial Activity

A summary of historic taxable sales within the County during the past five years for which data is available is shown in the following table. Annual figures for 2019 are not yet available.

During the first three quarters of calendar year 2019, total taxable transactions in the County were reported to be $1,501,146,745, representing a 0.36% increase over the total taxable transactions of $1,495,692,057 that were reported in the County during the first three quarters of calendar year 2018.

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

	Retail Stores		Total Outlets	
Year	Retail Permits on July 1	Taxable Transactions	Total Permits on July 1	Taxable Transactions
2014	3,440	$1,412,669	4,706	$1,899,619
2015[1]	1,964	1,474,165	5,253	1,985,209
2016	3,325	1,589,169	5,527	2,128,331
2017	3,315	1,597,882	5,745	2,183,638
2018	3,325	1,531,855	6,205	2,030,972

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

Construction Activity

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

COUNTY OF HUMBOLDT
Total Building Permit Valuations
For Calendar Years 2014 through 2018
(Valuations in Thousands)

	2014	2015	2016	2017	2018
Permit Valuation					
New Single-family	$24,382.2	$25,200.1	$29,123.3	$32,530.7	$32,487.9
New Multi-family	5,381.8	3,255.8	2,435.3	4,786.7	5,897.3
Res. Alterations/Additions	13,773.7	11,341.3	15,845.1	9,875.0	12,986.8
Total Residential	43,537.7	39,797.2	47,403.7	47,192.4	51,372.0
New Commercial	24,721.1	8,002.5	18,732.4	13,628.3	17,416.5
New Industrial	2,924.9	2,534.1	2,302.2	211.7	2,129.2
New Other	4,708.9	1,911.2	1,275.5	2,042.7	3,906.4
Com. Alterations/Additions	14,798.7	48,406.3	10,807.6	17,727.2	20,991.8
Total Nonresidential	47,153.6	60,854.1	33,117.7	33,609.9	44,443.9
New Dwelling Units					
Single Family	148	133	155	151	153
Multiple Family	71	22	52	76	127
TOTAL	219	155	207	227	280

Source: Construction Industry Research Board, Building Permit Summary.

Effective Buying Income

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

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

HUMBOLDT COUNTY; STATE OF CALIFORNIA;
UNITED STATES
Effective Buying Income
As of January 1, 2016 through 2020

Year	Area	Total Effective Buying Income (000's Omitted)	Median Household Effective Buying Income
2016	County of Humboldt	$2,795,240	$39,485
	California	981,231,666	53,589
	United States	7,757,960,399	46,738
2017	County of Humboldt	$2,782,122	$38,408
	California	1,036,142,723	55,681
	United States	8,132,748,136	48,043
2018	County of Humboldt	$3,035,162	$39,991
	California	1,113,648,181	59,646
	United States	8,640,770,229	50,735
2019	County of Humboldt	$3,158,777	$42,028
	California	1,183,264,399	62,637
	United States	9,017,967,563	52,841
2020	County of Humboldt	$3,520,677	$44,787
	California	1,243,564,816	65,870
	United States	9,487,165,436	55,303

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

Transportation

The County. Humboldt Transit Authority ("**HTA**") operates two fixed route transit bus systems: Redwood Transit System and Eureka Transit Service. The Redwood Transit System provides intercity service to and within communities between Trinidad and Scotia, including Manila, King Salmon, Field's Landing, Loleta, Fernbridge and Fortuna. HTA also offers service between McKinleyville or Arcata and Willow Creek and an express bus between Arcata and College of the Redwoods when classes are in session. The Eureka Transit Service operates in the City of Eureka, it provides local service on four scheduled routes in Eureka and its adjacent unincorporated communities. Connections can be made to the Redwood Transit System at several places in Eureka. Some other local public transit systems are: Arcata and Mad River Transit System, Blue Lake Rancheria Transit Authority and Del Norte County's Redwood Coast Transit.

Amtrak Thruway bus has stops in many towns in the region, including Eureka, Arcata, and Fortuna. These stops are not managed by Amtrak and therefore have no services beyond serving passengers. Full service is only provided at the train station in Martinez, near San Francisco.

Arcata-Eureka Airport is located in McKinleyville. Commercial flights are available. Other general aviation airports are located at Dinsmore, Garberville, Kneeland, Murray Field (Eureka), Samoa Field and Rohnerville (Fortuna).

California's second largest natural bay, Port of Humboldt Bay is located in the County.

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APPENDIX D

PROPOSED FORM OF OPINION OF BOND COUNSEL

[LETTERHEAD OF JONES HALL]

_____, 2020

Board of Education
Bridgeville School District
38717 Kneeland Road
Bridgeville, CA 95526

OPINION: $_____ Bridgeville School District (Humboldt County, California) General Obligation Bonds, Election of 2020, Series A

Members of the Board of Education:

We have acted as bond counsel to the Bridgeville School District (the "District") in connection with the issuance by the District of $_____ principal amount of Bridgeville School District (Humboldt County, California) General Obligation Bonds, Election of 2020, Series A, dated the date hereof (together, the "Bonds"), under the provisions of Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, and a resolution of the Board of Education adopted on May 12, 2020 (the "Resolution"). We have examined the law and such certified proceedings and other papers as we deemed necessary to render this opinion.

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

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

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

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

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

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

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

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

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

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

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

Respectfully submitted,

A Professional Law Corporation

APPENDIX E

FORM OF CONTINUING DISCLOSURE CERTIFICATE

$_____
BRIDGEVILLE SCHOOL DISTRICT
(Humboldt County, California)
General Obligation Bonds, Election of 2020, Series A
(Bank Qualified)

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (this "**Disclosure Certificate**") is executed and delivered by the Bridgeville School District (the "**District**") in connection with the execution and delivery of the captioned bonds (the "**Bonds**"). The Bonds are being executed and delivered pursuant to a resolution adopted by the Board of Education of the District on May 12, 2020 (the "**Resolution**"). The Bank of New York Mellon Trust Company, N.A. is initially acting as paying agent for the Bonds (the "**Paying Agent**").

The District hereby covenants and agrees as follows:

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

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

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

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

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

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

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

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

"*Paying Agent*" means The Bank of New York Mellon Trust Company, N.A., Dallas, Texas, or any successor thereto.

"*Participating Underwriter*" means D.A Davidson & Co., the original Underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

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

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

(a) The District shall, or shall cause the Dissemination Agent to, not later than the Annual Report Date, commencing March 31, 2021 with the report for the 2019-20 fiscal year, provide to the MSRB in an electronic format as prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than 15 Business Days prior to the Annual Report Date, the District shall provide the Annual Report to the Dissemination Agent (if other than the District). If by 15 Business Days prior to the Annual Report Date the Dissemination Agent (if other than the District) has not received a copy of the Annual Report, the Dissemination Agent shall contact the District to determine if the District is in compliance with the previous sentence. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4; provided that the audited financial statements of the District may be submitted separately from the balance of the Annual Report, and later than the Annual Report Date, if not available by that date. If the District's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c). The District shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by the District hereunder.

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

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

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

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

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

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

(b) Unless otherwise provided in the audited financial statements filed on or before the Annual Report Date, the following information:

(i) assessed valuation of taxable properties in the District for the most recently available fiscal year;

(ii) assessed valuation of properties of the top twenty taxpayers for the most recently available fiscal year;

(iii) property tax collection delinquencies for the District for the most recently completed fiscal year, but only if the District is no longer a participant in the County of Humboldt's Teeter Plan;

(iv) the most recently adopted budget, or interim report showing budgeted figures, which is available at the time of filing the Annual Report; and

(iv) in addition to any of the information expressly required to be provided under paragraphs (i) through (iv), 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.

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

Section 5. <u>Reporting of Significant Events</u>.

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

(1) Principal and interest payment delinquencies.

(2) Non-payment related defaults, if material.

(3) Unscheduled draws on debt service reserves reflecting financial difficulties.

(4) Unscheduled draws on credit enhancements reflecting financial difficulties.

(5) Substitution of credit or liquidity providers, or their failure to perform.

(6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security.

(7) Modifications to rights of security holders, if material.

(8) Bond calls, if material, and tender offers.

(9) Defeasances.

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

(11) Rating changes.

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

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

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

(15) Incurrence of a financial obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material.

(16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties.

(b) Whenever the District obtains knowledge of the occurrence of a Listed Event, the District shall, or shall cause the Dissemination Agent (if not the District) to, file a notice of such occurrence with the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of 10 business days after the occurrence of the Listed Event.

(c) The District acknowledges that the events described in subparagraphs (a)(2), (a)(7), (a)(8) (if the event is a bond call), (a)(10), (a)(13), (a)(14), and (a)(15) of this Section 5 contain the qualifier “if material” and that subparagraph (a)(6) also contains the qualifier "material" with respect to certain notices, determinations or other events affecting the tax status of the Bonds. The District shall cause a notice to be filed as set forth in paragraph (b) above with respect to any such event only to the extent that it determines the event’s occurrence is material for purposes of U.S. federal securities law. Whenever the District obtains knowledge of the

occurrence of any of these Listed Events, the District will as soon as possible determine if such event would be material under applicable federal securities law. If such event is determined to be material, the District will cause a notice to be filed as set forth in paragraph (b) above.

(d) For purposes of this Disclosure Certificate, any event described in paragraph (a)(12) above is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the District in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District.

(e) For purposes of Section 5(a)(15) and (16), "financial obligation" means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term financial obligation shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule.

Section 6. Identifying Information for Filings with the MSRB. All documents provided to the MSRB under the Disclosure Certificate shall be accompanied by identifying information as prescribed by the MSRB.

Section 7. Termination of Reporting Obligation. The District's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the District shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

Section 8. Dissemination Agent. The District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any Dissemination Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be Isom Advisors, a Division of Urban Futures, Inc. Any Dissemination Agent may resign by providing 30 days' written notice to the District and the Paying Agent.

Section 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the District may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) if the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the Bonds, or type of business conducted;

(b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after

taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the proposed amendment or waiver either (i) is approved by holders of the Bonds in the manner provided in the Resolution for amendments to the Resolution with the consent of holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the holders or beneficial owners of the Bonds.

If the annual financial information or operating data to be provided in the Annual Report is amended pursuant to the provisions hereof, the first annual financial information filed pursuant hereto containing the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

If an amendment is made to the undertaking specifying the accounting principles to be followed in preparing financial statements, the annual financial information for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the District to meet its obligations. To the extent reasonably feasible, the comparison shall be quantitative. A notice of the change in the accounting principles shall be filed in the same manner as for a Listed Event under Section 5(c).

Section 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the District chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the District shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 11. Default. If the District fails to comply with any provision of this Disclosure Certificate, the Participating Underwriter or any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance.

Section 12. Duties, Immunities and Liabilities of Dissemination Agent.

(a) The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the District agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent will have no duty or obligation to review any information provided to it by the District hereunder, and shall not be deemed to be acting in any fiduciary capacity for the District, the Bondholders or any other party. The obligations of the District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

(b) The Dissemination Agent shall be paid compensation by the District for its services provided hereunder in accordance with its schedule of fees as amended from time to time, and shall be reimbursed for all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder.

Section 13. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the District, the Dissemination Agent, the Participating Underwriter and holders and beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Date: _____, 2020

BRIDGEVILLE SCHOOL DISTRICT

By: _____
Name:_____
Title:_____

ACCEPTANCE OF DUTIES
AS DISSEMINATION AGENT

ISOM ADVISORS,
A DIVISION OF URBAN FUTURES, INC.

By: _____
Name:_____
Title:_____

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APPENDIX F

DTC AND THE BOOK-ENTRY ONLY SYSTEM

The following description of the Depository Trust Company ("DTC"), the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal, interest and other payments on the Bonds to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interest in the Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC. Accordingly, no representations can be made concerning these matters and neither the DTC Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters, but should instead confirm the same with DTC or the DTC Participants, as the case may be.

Neither the District nor the Paying Agent take any responsibility for the information contained in this Section.

No assurances can be given that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Bonds, (b) Bonds representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the securities (in this Appendix, the "Bonds"). The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond will be issued for each maturity of the Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC. If, however, the aggregate principal amount of any maturity exceeds $500 million, one certificate will be issued with respect to each $500 million of principal amount and an additional certificate will be issued with respect to any remaining principal amount of such issue.

2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned

subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com. *The information contained on this Internet site is not incorporated herein by reference.*

3. Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive Bonds representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

4. To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

6. Redemption notices will be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting

rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from District or Paying Agent on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, Paying Agent, or District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of District or Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

10. The District may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

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

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APPENDIX G

HUMBOLDT COUNTY INVESTMENT POLICY AND INVESTMENT REPORT

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COUNTY OF HUMBOLDT

STATEMENT OF INVESTMENT POLICY

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COUNTY OF HUMBOLDT

STATEMENT OF INVESTMENT POLICY

Under the authority delegated to the County Treasurer by the Board of Supervisors to invest and reinvest all of the funds in the County Treasury and, in accordance with the California Government Code, the following sets forth the investment policy of the County of Humboldt.

1. *POLICY STATEMENT*

The purpose of this Investment Policy (Policy) is to establish cash management and investment guidelines for the County Treasurer, who is responsible for the stewardship of the Humboldt County Pooled Investment Fund. Each transaction and the entire portfolio must comply with California Government Code Section 53601, et. seq., Section 53635, et. seq., and this policy. All portfolio activities will be judged by the standards of the Policy and ranking of investment objectives.

2. *STANDARDS OF CARE*

The County Treasurer is the Trustee of the Pooled Investment Fund and, therefore, a fiduciary subject to the prudent investor standard. The County Treasurer and employees involved in the investment process shall refrain from all personal business activity that could conflict with the management of the investment program. All individuals involved will be required to report all gifts and income in accordance with California State law. When investing, purchasing, acquiring, exchanging, selling and managing public funds, the County Treasurer shall act with the care, skill, prudence and diligence to meet the aims of the investment objectives listed in this Policy.

3. *INVESTMENT OBJECTIVES*

The Pooled Investment Fund shall be prudently invested in order to earn a reasonable return, while awaiting application for government purposes. The specific objectives for the Pooled Investment Fund are ranked in order of importance:

[a] SAFETY OF CAPITAL - The preservation of capital is the primary objective. Each transaction shall seek to ensure that capital losses are avoided, whether they be from securities default or erosion of market value.

[b] LIQUIDITY - As a second objective, the Pooled Investment Fund should remain sufficiently flexible to ensure the County Treasurer meets all operating requirements, which may be reasonably anticipated in any depositor's fund.

[c] MAXIMUM RATE OF RETURN - As the third objective, the Pooled Investment Fund should be designed to attain a rate of return through budgetary and economic cycles, consistent with the risk limitations, prudent investment principles and cash flow characteristics identified herein.

4. *IMPLEMENTATION*

In order to provide direction to those responsible for management of the Pooled Investment Fund, the County Treasurer has established this Policy and presented it to the Board of Supervisors, and will provide the report to the legislative body of local agencies that participate in the Pooled Investment Fund.

The Policy defines investable funds; authorized instruments; credit quality required; maximum maturities and concentrations; collateral requirements; qualifications of broker-dealers and financial institutions doing business with, or on behalf of, the County; limits on gifts and honoraria; the manner of appropriating costs; and the criteria to request withdrawal of funds.

5. *PARTICIPANTS*

[a] STATUTORY PARTICIPANTS - General Participants are those government agencies within the County of Humboldt for which the Humboldt County Treasurer is statutorily designated as the Custodian of Funds.

[b] VOLUNTARY PARTICIPANTS - Other local agencies, such as Special Districts and Cities for which the Treasurer is not the statutory designated Custodian of Funds, may participate in the Pooled Investment Fund. Such participation is subject to the consent of the County Treasurer and must be in accordance with the California Code Section 53684, et seq. The agency must adopt a resolution authorizing the investment into the Humboldt County Pooled Investment Fund and accept the County of Humboldt Investment Policy.

6. *AUTHORIZED PERSONS*

The Humboldt County Board of Supervisors, by ordinance, has delegated investment authority for the Humboldt County Investment Program to the Treasurer-Tax Collector. Daily management responsibility of the investment program may be assigned to the Assistant Treasurer. Treasurer staff designated by the County Treasurer are also authorized to initiate investment transactions.

All investment decisions shall be made with care, skill, prudence and diligence, under the circumstances then prevailing, that a prudent person acting as a trustee in a like capacity and familiarity would use in the conduct of funds of a like character, and with like aims, to safeguard the principal and maintain the liquidity needs of depositors.

7. *AUTHORIZED INVESTMENTS*

Authorized investments shall match the general categories established by the California Government Code Sections 53601, et. seq. Authorized investments shall also include, in accordance with California Government Code Section 16429.1, investments into the State Local Agency Investment Fund (LAIF). No investment shall be made in any security with a maturity greater than five years, unless the Board of Supervisors has granted express authority to make that investment. That express authority has now been granted exclusively to the Headwaters Investment Portfolio which may invest in U.S. Treasuries, Federal Agencies, Municipal Securities, and Negotiable Certificates of Deposit with maturities beyond five years.

Municipal Securities with maturities beyond five years may also be purchased to provide debt financing for Humboldt County capital improvement projects; provided that (1) prior to such purchase, the Board of Supervisors shall have adopted a resolution stating its intention to refund the Municipal Securities from the Pooled Investment Fund by a public offering of long term lease or other debt instruments, and (2) the Municipal Securities provide the registered owner the right to tender the Municipal Securities for purchase not later than five years after the date of purchase.

United States dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, International Finance Corporation, or Inter-American Development Bank, with a maximum remaining maturity of five years or less, and eligible for purchase and sale within the United States. Investments under this subdivision shall be rated "AA" or better by an NRSRO and shall not exceed 30 percent of the agency's moneys that may be invested pursuant to this section.

As the California Government Code is amended, this Policy shall likewise become amended.

8. PROHIBITED INVESTMENTS

No investments shall be authorized that have the possibility of returning a zero or negative yield if held to maturity. These shall include inverse floaters, range notes, and interest only strips derived from a pool of mortgages.

9. *INVESTMENT CRITERIA*

Investment Type	Maximum Maturity	Maximum % of Pool	Rating
U.S. Treasury and Agency Securities (§53601 (b & f))	5 years (30 years for Headwaters Investment Portfolio)	100	N/A
Bonds and Notes issued by local agencies (§53601 (e))	5 years (30 years for Headwaters Investment Portfolio)	100	N/A
Registered State Warrants and Municipal Notes and Bonds (§53601 c, d & e))	5 years (30 years for Headwaters Investment Portfolio and Debt Financing of County Capital Improvement Projects)	100	N/A
Bankers' Acceptances (See Section 10) (§53601 (g))	180 days	40	N/A
Commercial Paper (See Section 11) (§53601 (h) and (§53635 (a))	270 days	40	A-1/F-1/P-1
Negotiable Certificates of Deposit (§53601 (i))	5 years (30 years for Headwaters Investment Portfolio)	30	N/A
Repurchase Agreements (See Section 12) (§53601 (j))	1 year	100	N/A
Reverse Repurchase Agreements and Securities Lending Agreements (See Section 12) (§53601 (j))	92 days	20	N/A
Medium Terms Corporate Notes (§53601 (k))	5 years	30	A or better
Supranationals – Washington dollar denominated IBRD, IFC or IAD	5 years	30	AA or better
Money Market Mutual Funds (§53601(k))	N/A	20	Aaa & AAAm or Section 13
CAMP	N/A	As limited by CAMP	
Joint Powers Agreement (See Section 14) (§53601 (p))	N/A	20	N/A
Local Agency Investment Fund (LAIF) (§16429.1)	N/A	As limited by LAIF	N/A
Investment Trust of California (CalTRUST) (§6509.7)	N/A	As limited by CalTRUST	N/A
Collateralized Time Deposits (§53649 et. seq.)	5 years	N/A	N/A

10. *BANKERS' ACCEPTANCE*

No more than 30 percent of the agency's surplus funds may be invested in Bankers' Acceptances of any one commercial bank pursuant to this section.

11. *COMMERCIAL PAPER*

All commercial paper issuers must maintain an "A-1" rating by Standard & Poor's Corporation, a "P-1" rating by Moody's Investor Service, or a "F-1" rating by Fitch Financial Services issued by corporations operating within the United States, and having total assets in excess of fine hundred million dollars (500,000,000.00). As used in this policy, "corporation" includes a limited liability company.

No more than 10% of the total assets of the investments held by a local agency may be invested in any one issuer's Commercial Paper.

12. *REPURCHASE AND REVERSE REPURCHASE AGREEMENTS / SECURITIES LENDING AGREEMENTS*

Under California Government Code section 53601 (j) and section 53635, the County Treasurer may enter into repurchase agreements and reverse repurchase agreements / securities lending agreements. The maximum maturity of repurchase agreements shall be one year. This maximum maturity of a reverse repurchase agreement shall be 92 days, and the proceeds of reverse repurchase agreements / securities lending agreements may not be invested beyond the expiration of the agreement. The reverse repurchase agreements / securities lending agreements must be "matched to maturity."

13. *MUTUAL FUNDS AND MONEY MARKET MUTUAL FUNDS*

A Mutual Fund managed by an investment adviser registered or exempt from registration with the Securities and Exchange Commission with not less than five years' experience investing in the securities and obligations authorized by Government Code Section 53601subdivisions (a) to (j), inclusive, or subdivisions (m) or (n) and with assets under management in excess of five hundred million dollars ($500,000,000.00).

No more than 10% of the agency's funds may invested in any one Mutual Fund.

14. *COLLATERAL*

Repurchase agreements executed with approved broker-dealers must be collateralized with either; (1) U.S. Treasuries or Agencies with a market value of 102% for collateral marked to market daily; or (2) money market instruments which are on the approved list of the County and which meet the qualifications of the Policy, with a market value of 102%. Use of mortgage-backed securities for collateral is not permitted. For purposes of investing the daily excess bank balance, the collateral provided by the County's depository bank can include mortgage-backed securities valued at 100%.

15. *CRITERIA FOR THE SELECTION OF BROKER/DEALERS AND FINANCIAL INSTITUTIONS*

All transactions initiated on behalf of the Pooled Investment Fund and Humboldt County shall be executed through either government security dealers reporting as primary dealers to the Market Reports Division of the Federal Reserve Bank of New York, financial institutions that directly issue their own securities which have been placed on the Approved List of Broker/Dealers and Financial institutions or broker/dealers in the State of California approved by the County Treasurer based on the reputation and expertise of the company and individuals employed. All broker/dealers and financial institutions must have an investment grade rating from at least one national rating service, if applicable.

Broker/dealers and financial institutions which have exceeded the political contribution limits within a four year period to the County Treasurer or any member of the governing board of a local agency or any candidate for those offices, are prohibited from the Approved List of Broker/Dealers and Financial Institutions.

Each broker/dealer or financial institution will be sent a copy of this Policy and a list of those persons authorized to execute investment transactions. Each firm must acknowledge receipt of such materials to qualify for the Approved List of Broker/Dealers and Financial Institutions.

Each broker/dealer and financial institution authorized to do business with Humboldt County shall at least annually, supply the County Treasurer with financial statements.

16. *WITHDRAWAL REQUESTS*

[a] STATUTORY PARTICIPANTS - The County Treasurer will honor all requests to withdraw funds for normal cash flow purposes that are approved by the Humboldt County Treasurer at a one dollar net asset value. Any requests to withdraw funds for purposes other than cash flow, such as for external investing, shall be subject to the consent of the County Treasurer. In accordance with California Government Code Section 27136, et. seq., such requests for withdrawals must first be made in writing to the County Treasurer. These requests are subject to the County Treasurer's consideration of the stability and predictability of the Pooled Investment Fund, or the adverse effect on the interests of the other depositors in the Pooled Investment Fund. Any withdrawal for such purposes shall be at the market value of the Pooled Investment Fund as of the date of the withdrawal.

[b] VOLUNTARY PARTICIPANTS - For outside participants who utilize Government Code Section 53684, where the County Treasurer does not serve as the agency's treasurer, any withdrawal request, with the exception of normal cash flow withdrawals, shall submit the request for withdrawal to the County Treasurer to determine the timing of the payout, in order that the withdrawal will not adversely affect the interests of the other depositors in the County Treasury Investment Fund. Withdrawals will be paid based upon the market value of the Pooled Investment Fund. If the Treasurer deems appropriate, the deposits may be returned at any time.

17. *DELIVERY & SAFEKEEPING*

Delivery of all securities shall be either to the County Treasurer or to a third party custodian. No securities shall be held in the safekeeping of a broker / dealer unless it is collateral for a reverse repurchase agreement.

18. *APPORTIONMENT OF INTEREST & COSTS*

Interest shall be apportioned to all pool participants quarterly, based upon the ratio of the average daily balance of each individual fund to the average daily balance of all funds in the Investment Pool. The amount of interest apportioned shall be determined using the accrual method of accounting, whereby interest will be apportioned for the quarter in which it was actually earned. The Treasurer may deduct from the gross interest earnings those budgeted administrative costs relating to the management of the Treasury, including salaries and other compensation, banking costs, equipment costs, supplies, the cost of information services, audit and any other costs as provided by Section 27013 of the Government Code. The deduction shall be adjusted to actual cost per quarter of the fiscal year.

19. *REVIEW, MONITORING AND REPORTING OF THE PORTFOLIO*

Quarterly, the County Treasurer will provide to the Board of Supervisors, and to any local agency participant a report on the Pooled Investment Fund. The report will list the type of investments, name of issuer, maturity date, par amount and dollar amount of the investment. For the total Pooled Investment Fund, the report will list average maturity, the market value and the pricing source. Additionally, the report will show any funds under the management of contracting parties, a statement of compliance to the Investment Policy and a statement of the pooled fund's ability to meet expected expenditure requirements for the next six months.

20. *LIMITS ON HONORARIA, GIFTS AND GRATUITIES*

In accordance with California Government Code Section 27133 (d), et. seq., this Policy hereby establishes limits for the County Treasurer, and individuals responsible for management of the portfolios. Any individual who receives an aggregate total of gifts, honoraria and gratuities in excess of $50 in a calendar 12 month time period from a broker/dealer, bank or service provider to the Pooled Investment Fund must report the gifts, dates and firms to the County Treasurer and complete the appropriate state forms.

No individual may receive aggregate gifts, honoraria and gratuities in a calendar twelve (12) month time period in excess of the limits established by the Fair Political Practices Commission (FPPC).

21. *AUDITS*

The Humboldt County Auditor-Controller shall initiate an annual audit to ensure the County's Investment Portfolio is in compliance with its policy and state law.

22. *EXCEPTION TO POLICY*

The County Treasurer, except as prohibited by state law, can make exceptions to the investment purchasing limits when he deems it in the best interest of all of the pool participants. All exceptions will be reported in the quarterly report. Any State of California legislative action that further restricts allowable maturities, investment type, or percentage allocations will become effective immediately.

23. *INVESTMENT OF BOND PROCEEDS*

The County Treasurer shall invest bond proceeds using the standards of the County of Humboldt's Investment Policy. The bond proceeds will be invested in securities permitted by the bond documents. If the bond documents are silent, the bond proceeds will be invested in securities permitted by the County of Humboldt's Investment Policy.

24. *NUCLEAR FREE POLICY*

The County Treasurer shall act in accordance with the 'Nuclear Free Humboldt County Ordinance'.

25. *GLOSSARY OF TERMS*

ACCRUED INTEREST
Interest that has accumulated but has not yet been paid from the most recent interest payment date or issue date to a certain date.

BANKERS' ACCEPTANCES
A time bill of exchange drawn on and accepted by a commercial bank to finance the exchange of goods. When a bank "accepts" such a bill, the time draft becomes, in effect, a predated, certified check payable to the bearer at some future specified date. Little risk is involved for the investor because the commercial bank assumes primary liability once the draft is accepted.

BASIS POINT
One basis point is equal to 1/100 of one percent. For example, if interest rates increase from 4.25% to 4.50%, the difference is referred to as a 25-basis-point increase.

BOOK VALUE
The value of a held security as carried in the records of an investor. May differ from current market value of the security.

BROKER/DEALER
Any person licensed to engage in the business of effecting transactions in securities in this state for the account of others or for her/his own account. Broker/dealer also includes a person licensed to engage in the regular business of issuing or guaranteeing options with regard to securities not of her/his own issue.

COMMERCIAL PAPER
Short-term, unsecured promissory notes issued in either registered or bearer form and usually backed by a line of credit with a bank. Maturities do not exceed 270 days and generally average 30-45 days.

COUPON RATE
The annual rate of interest payable on a security expressed as a percentage of the principal amount.

CREDIT RISK
The risk to an investor that an issuer will default in the payment of interest and/or principal on a security.

CURRENT YIELD
The annual income from an investment divided by the current market value. Since the mathematical calculation relies on the current market value rather than the investor's cost, current yield is unrelated to the actual return the investor will earn if the security is held to maturity.

CUSIP NUMBERS
CUSIP is an acronym for Committee on Uniform Security Identification Procedures. CUSIP numbers are identification numbers assigned each maturity of a security issue and usually printed on the face of each individual security in the issue. The CUSIP numbers are intended to facilitate identification and clearance of securities.

DISCOUNT
The amount by which the par value of a security exceeds the price paid for the security.

EARNINGS APPORTIONMENT
The quarterly interest distribution to the Pool Participants where the actual investment costs incurred by the Treasurer are deducted from the interest earnings of the Pool.

FAIR VALUE
The amount at which an investment could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

FEDERAL FUNDS
Funds placed in Federal Reserve banks by depository institutions in excess of current reserve requirements. These depository institutions may lend Fed funds to each other overnight or on a longer basis. They may also transfer funds among each other on a same-day basis through the Federal Reserve banking system. Fed funds are considered to be immediately available funds.

FEDERAL FUNDS RATE
Interest rate at which banks lend federal funds to each other.

FEDERAL OPEN MARKET COMMITTEE (FOMC)
This committee sets Federal Reserve guidelines regarding purchases and sales of government securities in the open market as a means of influencing the volume of bank credit and money.

FLOATING RATE NOTE
A debt security whose interest rate is reset periodically (monthly, quarterly, annually) and is based on a market index (e.g. Treasury bills, LIBOR, etc.).

INTEREST
The amount earned while owning a debt security, generally calculated as a percentage of the principal amount.

LOCAL AGENCY INVESTMENT FUND (LAIF)
The State of California investment pool in which money of local agencies is pooled as a method for managing and investing local funds.

MARKET VALUE
The price at which a security is trading and could presumably be purchased or sold.

MATURITY
The date upon which the principal of a security becomes due and payable to the holder.

MONEY MARKET MUTUAL FUND
A mutual fund with investments directed in short-term money market instruments only, which can be withdrawn daily without penalty.

PAR
The stated maturity value, or face value, of a security.

PAR VALUE
The stated or face value of a security expressed as a specific dollar amount marked on the face of the security; the amount of money due at maturity. Par value should not be confused with market value.

PREMIUM
The amount by which the price paid for a security exceeds the security's par value.

PRIME RATE
A preferred interest rate charged by commercial banks to their most creditworthy customers. Many interest rates are keyed to this rate.

REPURCHASE AGREEMENT OR RP OR REPO
An agreement consisting of two simultaneous transactions whereby the investor purchases securities from a bank or dealer and the bank or dealer agrees to repurchase the securities at the same price on a certain future date. The interest rate on a RP is that which the dealer pays the investor for the use of his funds. Reverse repurchase agreements are the mirror image of the RP's when the bank or dealer purchases securities from the investor under an agreement to sell them back to the investor.

SECURITIES LENDING
A transaction wherein the Treasurer's Pool transfers its securities to broker/dealers and other entities for collateral which may be cash or securities and simultaneously agrees to return the collateral for the same securities in the future.

SETTLEMENT DATE
The date on which the purchase of sale of securities is executed. For example, in a purchase transaction, the day securities are physically delivered or wired to the buyer in exchange for cash is the settlement date.

TRADE DATE
The date and time corresponding to an investor's commitment to buy or sell a security.

WEIGHTED AVERAGE MATURITY
The remaining average maturity of all securities held in a portfolio.

Humboldt Co. Treasurer's Pool
Portfolio Management
Portfolio Summary
March 31, 2020

Humboldt County
825 Fifth Street
Eureka, CA 95501
(707) 476-2450

Investments	Par Value	Market Value	Book Value	% of Portfolio	Term	Days to Maturity	YTM 360 Equiv.	YTM 365 Equiv.
Certificates of Deposit	8,826,000.00	8,826,000.00	8,826,000.00	2.61	1,749	1,129	2.452	2.486
Money Markets	90,017,952.49	90,017,952.49	90,017,952.49	26.61	1	1	1.994	2.022
Medium Term Notes	24,750,000.00	24,907,031.46	24,973,728.66	7.38	836	635	1.953	1.980
Federal Agency Coupon Securities	165,804,000.00	166,488,163.14	165,793,790.64	49.01	1,474	642	1.792	1.816
Treasury Coupon Securities	38,000,000.00	38,132,689.02	38,117,466.72	11.27	1,263	856	1.560	1.581
Municipal Bonds	10,600,000.00	10,602,890.76	10,556,551.68	3.12	1,385	1,136	2.150	2.180
Investments	**337,997,952.49**	**338,974,726.87**	**338,285,490.19**	**100.00%**	**1,016**	**523**	**1.860**	**1.885**

Total Earnings	March 31 Month Ending
Current Year	509,332.09
Average Daily Balance	**330,624,569.40**
Effective Rate of Return	**1.81%**

John Bartholomew, Treasurer - Tax Collector

Reporting period 03/01/2020-03/31/2020

Run Date: 04/17/2020 - 15:15

No fiscal year history available

Portfolio INVT
RC
PM (PRF_PM1) 7.3.0
Report Ver. 7.3.5

Humboldt Co. Treasurer's Pool
Portfolio Management
Portfolio Details - Investments
March 31, 2020

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	S&P	YTM 365	Days to Maturity	Maturity Date
Certificates of Deposit												
02007GKC6	11162	Ally Bank FDIC 57803		06/06/2019	245,000.00	245,000.00	245,000.00	2.500		2.500	796	06/06/2022
02587DF86	10947	AMEX Centurion FDIC 2747		11/04/2015	245,000.00	245,000.00	245,000.00	2.250		2.250	217	11/04/2020
82669LJE4	11173	Signature Bank of Arkansas #89		06/28/2019	245,000.00	245,000.00	245,000.00	2.200		2.200	1,366	12/28/2023
06653LAE0	11157	Bank3 Tennessee FDIC 15205		05/08/2019	245,000.00	245,000.00	245,000.00	2.500		2.500	1,132	05/08/2023
14042RBQ3	10946	Capital One NA FDIC 4297		11/04/2015	245,000.00	245,000.00	245,000.00	2.150		2.150	217	11/04/2020
15118RSJ7	11175	Celtic Bank FDIC 57056		09/30/2019	248,000.00	248,000.00	248,000.00	2.000		2.000	3,103	09/29/2028
17284C2Z6	10858	Citi Bank FDIC 35575		11/13/2014	245,000.00	245,000.00	245,000.00	2.650		2.650	593	11/15/2021
17312Q3B3	11146	Citi Bank NA FDIC 7213		02/27/2019	245,000.00	245,000.00	245,000.00	3.000		3.000	1,427	02/27/2024
20033AW51	11159	Comenity Capital FDIC 57570		05/15/2019	245,000.00	245,000.00	245,000.00	2.750		2.750	1,505	05/15/2024
254672WG9	10948	Discover Bank FDIC 5649		11/04/2015	245,000.00	245,000.00	245,000.00	2.200		2.200	217	11/04/2020
249398BV9	11171	Denver Savings Bank		06/26/2019	245,000.00	245,000.00	245,000.00	2.200		2.200	1,547	06/26/2024
29266NE29	10861	Enerbank USA 76066		11/25/2014	245,000.00	245,000.00	245,000.00	2.600		2.600	968	11/25/2022
33646CLA0	11166	First Source Bank FDIC 9087		06/13/2019	245,000.00	245,000.00	245,000.00	2.400		2.400	833	07/13/2022
33847E2K2	11165	Flagstar Bank FDIC 32541		06/12/2019	245,000.00	245,000.00	245,000.00	2.450		2.450	803	06/13/2022
33715LDP2	11139	First Technology FCU #19976		02/06/2019	245,000.00	245,000.00	245,000.00	3.350		3.350	1,406	02/06/2024
38148P4P9	11138	Goldman Sachs FDIC 33124		02/04/2019	245,000.00	245,000.00	245,000.00	3.150		3.150	1,399	01/30/2024
427883AS2	11176	Hershey St BK FDIC 19809		09/30/2019	248,000.00	248,000.00	248,000.00	1.700		1.700	1,640	09/27/2024
91435LBB2	11167	Univ of Iowa CCU FDIC 60269		06/14/2019	245,000.00	245,000.00	245,000.00	2.450		2.450	439	06/14/2021
48125Y2R4	11039	JP Morgan Chase Bank FDIC 628		06/10/2016	245,000.00	245,000.00	245,000.00	2.000		2.000	1,531	06/10/2024
49254FAP1	11147	Keesler FCU FDIC 5561		02/28/2019	245,000.00	245,000.00	245,000.00	3.050		3.050	516	08/30/2021
499724AK8	11190	Knoxville Employee CU 68085		11/26/2019	245,000.00	245,000.00	245,000.00	1.950		1.950	1,700	11/26/2024
549104GQ4	11168	Luana Savings Bank FDIC 253		06/07/2019	245,000.00	245,000.00	245,000.00	2.300		2.300	797	06/07/2022
56065GAG3	11155	Mainstreet Bank FDIC 57742		04/26/2019	245,000.00	245,000.00	245,000.00	2.600		2.600	1,486	04/26/2024
58404DEG2	11164	Medallion Bank FDIC 57449		06/10/2019	245,000.00	245,000.00	245,000.00	2.500		2.500	1,531	06/10/2024
59013J7P8	11154	Merrick Bank FDIC 34519		04/23/2019	245,000.00	245,000.00	245,000.00	2.600		2.600	1,239	08/23/2023
59541KBU0	11160	Mid Mo Bk Springfield 15584		05/17/2019	245,000.00	245,000.00	245,000.00	2.400		2.400	1,507	05/17/2024
61690UDW7	11140	Morgan Stanley NA FDIC 32992		02/07/2019	245,000.00	245,000.00	245,000.00	3.100		3.100	1,407	02/07/2024
61760AVJ5	11141	Morgan Stanley PVT FDIC 34221		02/07/2019	245,000.00	245,000.00	245,000.00	3.100		3.100	1,407	02/07/2024
68002LBR8	11156	Old Missouri Bank FDIC 8252		05/06/2019	245,000.00	245,000.00	245,000.00	2.500		2.500	1,132	05/08/2023
795450WV3	10952	Sallie Mae Bank FDIC 58177		11/04/2015	245,000.00	245,000.00	245,000.00	2.200		2.200	217	11/04/2020
8562843L6	10865	Bank of India NY FDIC 33682		12/05/2014	245,000.00	245,000.00	245,000.00	3.100		3.100	1,709	12/05/2024
87164XYV2	11163	Synchrony Bank FDIC 27314		06/07/2019	245,000.00	245,000.00	245,000.00	2.400		2.400	797	06/07/2022
87164DNM8	11169	Synovus BK Columbus FDIC 873		06/17/2019	245,000.00	245,000.00	245,000.00	2.400		2.400	442	06/17/2021
87270LBY8	11150	TIAA FSB FDIC 34775		04/17/2019	245,000.00	245,000.00	245,000.00	2.650		2.650	929	10/17/2022
92535LCH5	11172	Versus Bank of Commerce #58025		06/28/2019	245,000.00	245,000.00	245,000.00	2.200		2.200	1,001	12/28/2022
949763M78	11178	Wells Fargo FDIC 3511		11/18/2019	245,000.00	245,000.00	245,000.00	1.950		1.950	1,661	10/18/2024

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		Subtotal and Average	**8,826,000.00**		**8,826,000.00**	**8,826,000.00**	**8,826,000.00**			**2.486**	**1,129**	
Money Markets												
6002000	10106	CAMP			1,404,128.09	1,404,128.09	1,404,128.09	1.500		1.500	1	
9912000	10060	LAIF			66,634,307.18	66,634,307.18	66,634,307.18	2.030		2.030	1	
7512003	10084	LAIF			21,979,517.22	21,979,517.22	21,979,517.22	2.030		2.030	1	
993155761	10879	Umpqua Bank			0.00	0.00	0.00	0.440		0.440	1	
		Subtotal and Average	**54,046,613.80**		**90,017,952.49**	**90,017,952.49**	**90,017,952.49**			**2.022**	**1**	
Medium Term Notes												
06406HDD8	11196	BNY Mellon		12/12/2019	3,000,000.00	3,012,124.05	3,010,645.71	2.600		1.782	138	08/17/2020
438516BT2	11186	Honeywell International		11/25/2019	3,000,000.00	3,027,622.02	3,028,442.96	2.150		1.748	859	08/08/2022
69353RES3	11199	PNC Bank NA		12/12/2019	2,750,000.00	2,759,084.74	2,758,995.89	2.600		1.937	111	07/21/2020
828807CX3	11187	Simon Property Group		11/25/2019	3,000,000.00	3,023,660.31	3,024,190.17	2.500		1.952	470	07/15/2021
86787EAT4	11197	Suntrust Bank		12/12/2019	2,000,000.00	2,021,749.72	2,018,929.40	2.450		2.059	852	08/01/2022
86787EBE6	11198	Suntrust Bank		12/12/2019	2,000,000.00	2,041,936.65	2,038,888.89	2.800		2.058	776	05/17/2022
89236TES0	11124	Toyota		01/26/2018	3,000,000.00	2,939,186.01	3,000,000.00	2.750		2.750	1,030	01/26/2023
904764AW7	11188	Unilever Capital Corp		11/25/2019	3,000,000.00	3,025,488.28	3,032,856.67	2.200		1.777	764	05/05/2022
90331HPC1	11180	US Bank		11/22/2019	3,000,000.00	3,056,179.68	3,060,778.97	2.650	AA	1.815	782	05/23/2022
		Subtotal and Average	**24,973,728.66**		**24,750,000.00**	**24,907,031.46**	**24,973,728.66**			**1.980**	**635**	
Federal Agency Coupon Securities												
478160BS2	11073	Abbott Labs		11/23/2016	3,000,000.00	2,998,836.36	2,992,822.00	1.650		1.900	334	03/01/2021
3133EFLZ8	10939	Federal Farm Credit Bank		10/28/2015	2,000,000.00	1,999,266.66	2,000,000.00	1.460		1.460	210	10/28/2020
3133EGEV3	11041	Federal Farm Credit Bank		06/14/2016	5,000,000.00	4,971,053.25	5,000,000.00	1.620		1.620	439	06/14/2021
3133EGSA4	11050	Federal Farm Credit Bank		09/15/2016	3,000,000.00	2,992,439.28	3,000,000.00	1.320		1.320	145	08/24/2020
3133EGXX8	11060	Federal Farm Credit Bank		10/13/2016	3,000,000.00	2,996,004.45	2,999,550.00	1.340		1.355	195	10/13/2020
3133EG5D3	11102	Federal Farm Credit Bank		01/27/2017	5,000,000.00	5,044,316.30	5,000,000.00	2.030		2.030	666	01/27/2022
3133EKMX1	11161	Federal Farm Credit Bank		05/23/2019	2,000,000.00	2,040,263.34	2,000,000.00	2.230		2.230	1,423	02/23/2024
3133EKQU3	11170	Federal Farm Credit Bank		06/20/2019	2,000,000.00	2,017,308.32	1,998,288.75	1.950		1.970	1,534	06/13/2024
3133EGWX9	11174	Federal Farm Credit Bank		09/30/2019	500,000.00	496,521.23	500,000.00	1.820		1.820	2,196	04/06/2026
3133ELAE4	11195	Federal Farm Credit Bank		12/11/2019	3,000,000.00	3,001,460.88	2,997,775.49	1.625		1.656	873	08/22/2022
3133EKSU1	11207	Federal Farm Credit Bank		01/22/2020	1,000,000.00	1,026,388.33	1,026,388.33	2.080		1.710	2,009	10/01/2025
3133ELJC9	11208	Federal Farm Credit Bank		01/28/2020	1,004,000.00	1,005,714.05	1,005,714.05	1.580		1.516	750	04/21/2022
3133ELHZ0	11209	Federal Farm Credit Bank		01/17/2020	5,000,000.00	5,002,375.00	5,002,375.00	1.600		1.586	1,202	07/17/2023
3133ELFW9	11210	Federal Farm Credit Bank		01/17/2020	5,000,000.00	5,025,517.50	5,025,517.50	1.710		1.595	1,371	01/02/2024
3133ELHZ0	11212	Federal Farm Credit Bank		01/17/2020	5,000,000.00	5,000,845.00	5,000,845.00	1.600		1.595	1,202	07/17/2023
313383HU8	10928	Federal Home Loan Bank		06/12/2015	2,000,000.00	2,000,561.30	2,000,760.00	1.750		1.670	72	06/12/2020

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Federal Agency Coupon Securities												
3130A66T9	10933	Federal Home Loan Bank		10/16/2015	1,000,000.00	999,781.96	1,001,373.41	1.625		1.340	163	09/11/2020
313383HU8	10954	Federal Home Loan Bank		11/09/2015	2,000,000.00	2,000,561.30	1,999,967.33	1.750		1.753	72	06/12/2020
313383HU8	10991	Federal Home Loan Bank		01/08/2016	2,000,000.00	2,000,561.30	2,001,200.38	1.750		1.625	72	06/12/2020
3130A5Z77	11059	Federal Home Loan Bank		10/07/2016	2,100,000.00	2,102,200.09	2,106,391.84	1.830		1.205	119	07/29/2020
313380WG8	11064	Federal Home Loan Bank		11/10/2016	3,000,000.00	2,993,903.16	3,001,026.04	1.375		1.305	163	09/11/2020
3130AABG2	11074	Federal Home Loan Bank		11/30/2016	3,000,000.00	3,016,094.85	3,000,000.00	1.875		1.875	607	11/29/2021
3130A9ZU8	11076	Federal Home Loan Bank		11/30/2016	3,000,000.00	2,988,154.17	3,000,000.00	1.650		1.650	604	11/26/2021
3130A8QS5	11078	Federal Home Loan Bank		12/02/2016	3,000,000.00	2,977,588.26	2,966,108.66	1.125		1.915	469	07/14/2021
313379RB7	11110	Federal Home Loan Bank		11/30/2017	3,000,000.00	3,009,635.97	2,996,749.80	1.875		1.950	436	06/11/2021
313383HU8	11111	Federal Home Loan Bank		11/30/2017	3,000,000.00	3,000,841.95	2,998,389.47	1.750		1.860	72	06/12/2020
3130A66T9	11112	Federal Home Loan Bank		12/28/2017	3,000,000.00	2,999,345.88	2,994,256.46	1.625		2.020	163	09/11/2020
3130A8QS5	11113	Federal Home Loan Bank		12/28/2017	3,000,000.00	2,977,588.26	2,958,773.79	1.125		2.080	469	07/14/2021
3130A66T9	11127	Federal Home Loan Bank		01/31/2018	3,000,000.00	2,999,345.88	2,991,342.77	1.625		2.222	163	09/11/2020
313383HU8	11128	Federal Home Loan Bank		04/10/2018	3,000,000.00	3,000,841.95	2,990,834.50	1.750		2.380	72	06/12/2020
3130ADYY2	11129	Federal Home Loan Bank		04/13/2018	3,000,000.00	3,010,682.22	3,000,000.00	2.400		2.401	105	07/15/2020
313383QR5	11133	Federal Home Loan Bank		12/18/2018	2,000,000.00	2,107,271.34	2,027,092.74	3.250		2.835	1,164	06/09/2023
3130AEYY0	11134	Federal Home Loan Bank		12/18/2018	2,000,000.00	2,065,338.04	2,006,522.00	2.950		2.812	825	07/05/2022
313383WD9	11135	Federal Home Loan Bank		01/24/2019	2,000,000.00	2,079,965.94	2,021,041.38	3.125		2.680	891	09/09/2022
313383YJ4	11136	Federal Home Loan Bank		01/24/2019	2,000,000.00	2,121,817.60	2,043,444.25	3.375		2.710	1,255	09/08/2023
3130AFRW9	11143	Federal Home Loan Bank		02/22/2019	2,000,000.00	2,077,974.50	2,009,120.66	2.700		2.561	1,244	08/28/2023
3130A5P45	11151	Federal Home Loan Bank		03/19/2019	2,000,000.00	2,038,949.36	1,996,852.71	2.375		2.440	800	06/10/2022
3130AB3H7	11152	Federal Home Loan Bank		04/22/2019	2,000,000.00	2,058,847.24	1,994,653.30	2.375		2.446	1,437	03/08/2024
3134G44U9	10997	Federal Home Loan Mtg Corp		01/22/2016	1,000,000.00	999,454.77	1,000,144.09	1.500		1.480	142	08/21/2020
3134G3D64	11058	Federal Home Loan Mtg Corp		10/07/2016	1,500,000.00	1,499,354.84	1,502,453.44	1.550		1.214	142	08/21/2020
3137EAEC9	11062	Federal Home Loan Mtg Corp		10/19/2016	3,000,000.00	2,977,869.15	2,989,706.04	1.125		1.362	498	08/12/2021
3137EAEC9	11067	Federal Home Loan Mtg Corp		11/15/2016	3,000,000.00	2,977,869.15	2,975,151.46	1.125		1.702	498	08/12/2021
3134GUTX8	11194	Federal Home Loan Mtg Corp		11/27/2019	4,100,000.00	4,087,224.77	4,100,000.00	1.800		1.800	1,244	08/28/2023
3134GUH29	11200	Federal Home Loan Mtg Corp		12/30/2019	1,500,000.00	1,500,290.99	1,500,000.00	1.850		1.850	1,366	12/28/2023
3135G0F73	10970	Federal National Mtg Assn		11/30/2015	2,000,000.00	1,999,303.58	1,992,965.60	1.500		1.870	243	11/30/2020
3135G0D75	10979	Federal National Mtg Assn		12/15/2015	2,000,000.00	1,998,594.22	1,998,177.87	1.500		1.690	82	06/22/2020
3136G3KW4	11026	Federal National Mtg Assn		04/27/2016	2,100,000.00	2,099,111.68	2,100,000.00	1.450		1.450	26	04/27/2020
3135G0K69	11032	Federal National Mtg Assn		05/23/2016	5,000,000.00	4,976,425.85	4,983,425.97	1.250		1.480	400	05/06/2021
3135G0N82	11048	Federal National Mtg Assn		09/07/2016	3,000,000.00	2,984,149.50	2,999,908.99	1.250		1.252	503	08/17/2021
3136G4FW8	11063	Federal National Mtg Assn		11/07/2016	3,000,000.00	2,996,593.89	3,000,000.00	1.300		1.300	36	05/07/2020
3135G0N82	11065	Federal National Mtg Assn		11/10/2016	3,000,000.00	2,984,149.50	2,986,171.97	1.250		1.570	503	08/17/2021
3135G0Q89	11066	Federal National Mtg Assn		11/15/2016	3,000,000.00	2,988,604.32	2,980,108.88	1.375		1.722	554	10/07/2021

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Federal Agency Coupon Securities												
3135G0D75	11095	Federal National Mtg Assn		01/10/2017	3,000,000.00	2,997,891.33	2,998,252.17	1.500		1.620	82	06/22/2020
3135G0T60	11114	Federal National Mtg Assn		12/28/2017	3,000,000.00	2,997,203.46	2,992,867.02	1.500		1.990	120	07/30/2020
3135G0T94	11122	Federal National Mtg Assn		01/23/2018	5,000,000.00	5,112,898.45	4,983,192.65	2.375		2.495	1,023	01/19/2023
3135G0T60	11126	Federal National Mtg Assn		01/31/2018	3,000,000.00	2,997,203.46	2,990,188.20	1.500		2.176	120	07/30/2020
3135G0V75	11206	Federal National Mtg Assn		01/15/2020	5,000,000.00	5,026,709.72	5,026,709.72	1.750		1.640	1,553	07/02/2024
3135G0V75	11211	Federal National Mtg Assn		01/17/2020	5,000,000.00	5,030,405.83	5,030,405.83	1.750		1.625	1,553	07/02/2024
4581X0DH8	11204	Inter-American Devel BK		12/12/2019	3,000,000.00	3,010,692.21	3,008,783.13	1.875		1.677	478	07/23/2021
		Subtotal and Average	**191,203,471.05**		**165,804,000.00**	**166,488,163.14**	**165,793,790.64**			**1.816**	**642**	
Treasury Coupon Securities												
912828XE5	10956	U.S. Treasury		11/17/2015	2,000,000.00	1,998,896.00	1,999,421.29	1.500		1.560	60	05/31/2020
912828VF4	10977	U.S. Treasury		12/11/2015	2,000,000.00	1,997,656.00	1,997,758.73	1.375		1.608	60	05/31/2020
912828L32	10978	U.S. Treasury		12/11/2015	2,000,000.00	1,996,640.00	1,997,800.11	1.375		1.603	152	08/31/2020
912828S27	11082	U.S. Treasury		01/10/2017	3,000,000.00	2,979,024.00	2,968,734.78	1.125		1.853	455	06/30/2021
912828S92	11191	U.S. Treasury		11/26/2019	2,000,000.00	1,973,204.00	1,976,525.74	1.250		1.597	1,216	07/31/2023
912828S76	11192	U.S. Treasury		11/26/2019	2,000,000.00	1,985,078.00	1,985,778.45	1.125		1.608	486	07/31/2021
9128287C8	11193	U.S. Treasury		11/26/2019	2,000,000.00	2,007,734.00	2,007,258.32	1.750		1.601	835	07/15/2022
912828S35	11201	U.S. Treasury		12/20/2019	4,000,000.00	3,965,156.00	3,959,721.95	1.375		1.672	1,185	06/30/2023
9128287C8	11202	U.S. Treasury		12/20/2019	4,000,000.00	4,015,468.00	4,010,634.33	1.750		1.641	835	07/15/2022
912828XT2	11213	U.S. Treasury		01/17/2020	5,000,000.00	5,101,414.75	5,101,414.75	2.000		1.580	1,521	05/31/2024
912828VB3	11214	U.S. Treasury		01/17/2020	5,000,000.00	5,047,394.23	5,047,394.23	1.750		1.550	1,139	05/15/2023
912828XW5	11215	U.S. Treasury		02/25/2020	5,000,000.00	5,065,024.04	5,065,024.04	1.750		1.302	820	06/30/2022
		Subtotal and Average	**41,018,204.22**		**38,000,000.00**	**38,132,689.02**	**38,117,466.72**			**1.581**	**856**	
Municipal Bonds												
13063DDG0	11137	State of California		01/29/2019	2,000,000.00	2,020,720.00	1,954,077.53	2.250		2.865	1,278	10/01/2023
13032UVB1	11181	State of California		11/25/2019	1,030,000.00	1,024,314.40	1,030,000.00	2.020		2.020	1,522	06/01/2024
13032UVB1	11182	State of California		11/25/2019	2,080,000.00	2,068,518.40	2,080,000.00	2.020		2.020	1,522	06/01/2024
13032UVA3	11183	State of California		11/25/2019	2,990,000.00	2,983,302.40	2,990,000.00	1.970		1.970	1,156	06/01/2023
13032UUZ9	11184	State of California		11/25/2019	500,000.00	499,770.00	500,000.00	1.893		1.893	791	06/01/2022
13032UUY2	11185	State of California		11/25/2019	1,000,000.00	999,700.00	1,000,000.00	1.896		1.896	426	06/01/2021
212263AR8	11120	CONTRA COSTA RDEV-B		01/11/2018	1,000,000.00	1,006,565.56	1,002,474.15	2.000		2.390	487	08/01/2021
		Subtotal and Average	**10,556,551.68**		**10,600,000.00**	**10,602,890.76**	**10,556,551.68**			**2.180**	**1,136**	

Humboldt Co. Treasurer's Pool
Portfolio Management
Portfolio Details - Investments
March 31, 2020

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	S&P	YTM 365	Days to Maturity
		Total and Average	330,624,569.40		337,997,952.49	338,974,726.87	338,285,490.19			1.885	523

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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

Form 500NY (5/90)