NEW ISSUE - BOOK-ENTRY ONLY
BANK QUALIFIED

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

In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Special Counsel, subject, however to certain qualifications described herein, under existing law, the portion of lease payments designated as and comprising interest and received by the owners of the Certificates 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 Lease Agreement is a "qualified tax-exempt obligation" within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended. In the further opinion of Special Counsel, such interest is exempt from California personal income taxes. See "TAX MATTERS" herein.

$3,770,000
2020 REFUNDING CERTIFICATES OF PARTICIPATION
Evidencing the Direct, Undivided Fractional Interests of the Owners Thereof in Lease Payments to be Made by the
PLEASANT VIEW SCHOOL DISTRICT

Dated: Date of Delivery **Due:** December 1, as shown below

The captioned Certificates of Participation (the "Certificates") are being executed and delivered to (a) prepay and defease certain outstanding certificates of participation which were executed and delivered on March 19, 2015, for the purpose of financing various educational improvements of the Pleasant View School District (the "District"), and (ii) pay costs of delivery of the Certificates, which includes the premiums to acquire a certificate insurance policy and a reserve fund surety insurance policy to be credited to the Reserve Fund (defined herein). See "REFINANCING PLAN" herein.

The Certificates evidence direct, undivided fractional interests of the owners thereof in Lease Payments to be paid by the District for the use and occupancy of certain real property and improvements (the "Leased Property") pursuant to a Lease Agreement dated as of November 1, 2020 (the "Lease Agreement"), between the District and the Local Facilities Finance Corporation (the "Corporation"). Interest represented by the Certificates will be payable on June 1 and December 1 of each year commencing June 1, 2021.

Ownership interests in the Certificates will be in denominations of $5,000 and integral multiples thereof. When executed and delivered, the Certificates will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository of the Certificates. Ownership interests in the Certificates may be purchased in book-entry form only. Beneficial owners of Certificates will not receive physical certificates representing the Certificates purchased, but will receive a credit balance on the books of the nominees of such purchasers who are participants of DTC. Principal, premium, if any, and interest due with respect to the Certificates will be paid by Wilmington Trust, National Association, Costa Mesa, California, as Trustee, to DTC, which will in turn remit such principal, premium, if any, and interest to its participants for subsequent disbursement to the beneficial owners of the Certificates as described herein. See "APPENDIX F - Book-Entry Only System."

The Certificates are subject to optional and mandatory prepayment prior to their maturity, as described herein. See "THE CERTIFICATES – Prepayment of the Certificates."

The District is required under the Lease Agreement to make semiannual Lease Payments (described herein), which comprise the interest and principal due on the Certificates. The District has agreed in the Lease Agreement to include the Lease Payments due in each fiscal year in its budget for that fiscal year and to make the necessary appropriations for the Lease Payments. Neither the Certificates nor the obligation of the District to make Lease Payments constitutes an indebtedness of the District, the Corporation, the State of California or any political subdivision thereof, within the meaning of the Constitution of the State of California or otherwise, or an obligation for which the District is obligated to levy or pledge any form of taxation or for which the District has levied or pledged any form of taxation. The Lease Payments are subject to abatement as described herein. See "SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES – Abatement."

Certificate Insurance. The scheduled payment of principal of and interest on the Certificates when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Certificates by BUILD AMERICA MUTUAL ASSURANCE COMPANY.

BAM
BUILD AMERICA MUTUAL

MATURITY SCHEDULE
(See inside front cover)

The Certificates are offered when, as and if issued, subject to the approval as to their legality by Jones Hall, A Professional Law Corporation, San Francisco, California, Special Counsel. Jones Hall is also acting as Disclosure Counsel to the District. It is anticipated that the Certificates in book-entry form will be available through the facilities of DTC on or about December 1, 2020.

O'CONNOR & COMPANY SECURITIES
PUBLIC FINANCE

Dated: November 10, 2020.

MATURITY SCHEDULE

Base CUSIP†: 728790

$2,795,000 Serial Certificates

Maturity (December 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP†
2021	$145,000	2.000%	0.530%	101.464	AY2
2022	150,000	2.000%	0.650%	102.678	AZ9
2023	155,000	2.000%	0.740%	103.731	BA3
2024	155,000	2.000%	0.820%	104.634	BB1
2025	160,000	4.000%	0.940%	114.911	BC9
2026	170,000	5.000%	1.080%	122.714	BD7
2027	175,000	5.000%	1.250%	125.059	BE5
2028	185,000	5.000%	1.380%	127.329	BF2
2029	195,000	5.000%	1.500%	129.363	BG0
2030	200,000	4.000%	1.620%[C]	119.857	BH8
2031	215,000	2.000%	2.200%	98.055	BJ4
2032	215,000	2.000%	2.270%	97.177	BK1
2033	220,000	2.125%	2.340%	97.602	BL9
2034	225,000	2.125%	2.380%	96.978	BM7
2035	230,000	2.250%	2.430%	97.748	BN5

$975,000 2.500% Term Certificate due December 1, 2039; Yield 2.600%; Price 98.508; CUSIP†: BP0

C Yield to the par call date of December 1, 2029.

GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

Use of Official Statement. This Official Statement is submitted in connection with the sale of the Certificates 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 certificate 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 Certificates 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.

Certificate Insurance. Build America Mutual Assurance Company ("BAM") makes no representation regarding the Certificates or the advisability of investing in the Certificates. In addition, BAM 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 BAM, supplied by BAM and presented under the heading "Certificate Insurance" and "Appendix G - Specimen Municipal Bond Insurance Policy".

Involvement of Underwriter. The Underwriter has provided the following statement for inclusion in this Official Statement: The Underwriter has reviewed the information in this Official Statement in accordance with, and as a part of, its responsibilities to investors under the Federal Securities Laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

Stabilization of and Changes to Offering Prices. The Underwriter may overallot or take other steps that stabilize or maintain the market price of the Certificates at a level above that which 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 Certificates to certain dealers, dealer banks and banks acting as agent at prices lower than the public offering prices stated on the 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 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.

Estimates and Projections. 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, 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.

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 Certificates 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.

THE CERTIFICATES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON AN EXCEPTION FROM THE REGISTRATION REQUIREMENTS CONTAINED IN SUCH ACT. THE CERTIFICATES HAVE NOT BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES LAWS OF ANY STATE.

PLEASANT VIEW SCHOOL DISTRICT
COUNTY OF TULARE
STATE OF CALIFORNIA

DISTRICT ADMINISTRATION

Mark Odsather, *Superintendent/Principal*
Niguel Baxter*, Business Manager*

PROFESSIONAL SERVICES

SPECIAL COUNSEL AND DISCLOSURE COUNSEL

Jones Hall, A Professional Law Corporation
San Francisco, California

FINANCIAL ADVISOR

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

TRUSTEE

Wilmington Trust, National Association
Costa Mesa, California

VERIFICATION AGENT

Causey Demgen & Moore P.C.
Denver, Colorado

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(Tulare County, California)
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LOCAL FACILITIES FINANCE CORPORATION

INTRODUCTION

Purpose of Official Statement. The purpose of this Official Statement, which includes the cover page and Appendices hereto (the "**Official Statement**"), is to provide certain information concerning the sale and delivery of 2020 Refunding Certificates of Participation (the "**Certificates**"), representing direct, undivided fractional interests of the owners thereof (the "**Owners**") in Lease Payments (described herein) to be paid by the Pleasant View School District (the "**District**") as rent for certain real property and facilities (the "**Leased Property**").

All capitalized terms used in this Official Statement but not otherwise defined have the meanings set forth in the Trust Agreement (defined below) or the Lease Agreement. See "APPENDIX A – SUMMARY OF CERTAIN PROVISIONS OF PRINCIPAL LEGAL DOCUMENTS."

Use of Proceeds. The net proceeds of the sale of the Certificates will be used for the following purposes:

(i) to provide funds to refinance the District's lease payment obligations in connection with the outstanding Certificates of Participation (2015 Capital Improvement Projects), (the "**Prior Certificates**"), which were executed and delivered on March 19, 2015 in the original aggregate principal amount of $4,275,000; and

(ii) to pay certain costs incurred in connection with the execution and delivery of the Certificates, which include, but are not limited to, the payment of the premiums to acquire a municipal bond insurance policy (the "**Insurance Policy**") and a reserve fund surety insurance policy (the **"Reserve Policy"**) to be credited to the reserve fund for the Certificates (the "**Reserve Fund**"), both to be issued by Build America Mutual Assurance Company ("**BAM**" or the "**Insurer**").

The Financing Structure. The Leased Property (hereinafter defined) will be leased by the District from the Local Facilities Finance Corporation, a California nonprofit public benefit corporation (the "**Corporation**"), pursuant to a Lease Agreement, dated as of November 1, 2020 (the "**Lease Agreement**"), between the Corporation, as lessor, and the District, as lessee. The Certificates are being executed and delivered pursuant to a Trust Agreement, dated as of November 1, 2020 (the "**Trust Agreement**"), among Wilmington Trust, National Association, Costa Mesa, California, as trustee (the "**Trustee**"), the Corporation and the District. Pursuant to an Assignment Agreement, dated as of November 1, 2020 (the "**Assignment Agreement**") between the Corporation and the Trustee, the Corporation has assigned to the Trustee, for the benefit of the Owners, substantially all of its rights under the Lease Agreement, including its rights to receive and collect Lease Payments from the District under the Lease Agreement and such other rights as may be necessary to enforce payment of Lease Payments.

The District. The District is a small rural school district serving grades pre-K through grade 8 in the City of Porterville (the "**City**"), County of Tulare (the "**County**"). The District currently operates two elementary schools, Pleasant View West School and the Pleasant View Elementary School. The District's current enrollment is 471 students.

Sources of Payment for the Certificates. The District is required to pay to the Trustee, from any source of legally available funds, specified Lease Payments (the "**Lease Payments**") for use and possession of the Leased Property, in amounts designed to be sufficient in both time and amount to pay, when due, the principal and interest represented by the Certificates. The District covenants in the Lease Agreement to take such action as may be necessary to include all Lease Payments in its annual budget, and to make the necessary appropriations therefor. The District's financial ability to pay Lease Payments will depend upon the sufficiency of monies in its general fund. See "THE DISTRICT" and "DISTRICT FINANCIAL INFORMATION" herein for a discussion of the current financial condition of the District.

Payment of Lease Payments by the District is dependent upon beneficial use and occupancy by the District of the Leased Property; otherwise, the obligation of the District to pay Lease Payments is subject to full or partial abatement. The obligation of the District to pay the Lease Payments is subject to abatement during any period in which there is substantial interference with the District's use and possession of any portion of the Leased Property. In such event and to the extent of such abatement, Certificate Owners may not receive payment of principal or interest represented by the Certificates. Abatement of Lease Payments under the Lease Agreement, to the extent payment is not made from alternative sources as set forth below, would result in all Certificate Owners receiving less than the full amount of principal and interest represented by the Certificates. To the extent proceeds of rental interruption insurance or condemnation proceeds are available or there are monies in the Reserve Fund, Lease Payments (or a portion thereof) may be made during such abatement. See "RISK FACTORS – Abatement".

Neither the Certificates nor the obligation of the District to pay Lease Payments constitutes an obligation of the District for which the District is obligated to levy or pledge, or for which the District has levied or pledged, any form of taxation. Neither the Certificates nor the obligation of the District to pay Lease Payments constitutes a debt of the District, the State of California or any of its political subdivisions within the meaning of any constitutional debt limitation or violates any statutory debt limitation or constitutes a pledge of the faith and credit of the District, the State of California or any of its political subdivisions.

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. For more disclosure regarding the COVID-19 emergency, see "RISK FACTORS – Infectious Disease Outbreak and COVID-19 Global Pandemic."

LIMITED OBLIGATION. NEITHER THE CERTIFICATES NOR THE OBLIGATION OF THE DISTRICT TO MAKE LEASE PAYMENTS CONSTITUTES AN INDEBTEDNESS OF THE DISTRICT, THE CORPORATION, THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION THEREOF, WITHIN THE MEANING OF THE CONSTITUTION OF THE STATE OF CALIFORNIA OR OTHERWISE, OR AN OBLIGATION FOR WHICH THE DISTRICT IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE DISTRICT HAS LEVIED OR PLEDGED ANY FORM OF TAXATION.

Covenant to Appropriate*; *Abatement. The District is required under the Lease Agreement to take such action as may be necessary to include all Lease Payments coming due in each of its annual budgets during the term of the Lease Agreement and to make the necessary annual appropriations for all such Lease Payments. The semiannual Lease Payments payable under the Lease Agreement will comprise the interest and principal represented by the Certificates. See "SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES."

However, the Lease Payments are subject to complete or partial abatement in the event and to the extent that there is substantial interference with the District's right to use and possession of the Leased Property or any portion thereof. If the Lease Payments are abated under the Lease Agreement, and are not paid from alternative sources as described in this Official Statement, the Certificate Owners would receive less than the full amount of principal and interest represented by the Certificates. To the extent proceeds of rental interruption insurance are available or there are moneys in the Reserve Fund with respect to the Certificates (as described below), Lease Payments (or a portion thereof) may be made from those sources during periods of abatement. See "SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES – Abatement" and "RISK FACTORS."

Certificate Insurance. Concurrently with the execution and delivery of the Certificates, the Insurer will issue its Insurance Policy for the Certificates. The Insurance Policy guarantees the payment of principal of and interest represented by the Certificates when due as set forth in the Insurance Policy included as APPENDIX G to this Official Statement. Concurrently with the issuance of the Certificates, the Insurer will also issue the Reserve Policy to be credited to the Reserve Fund.

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

See "CERTIFICATE INSURANCE" and "SECURITY AND SOUCES OF PAYMENT FOR THE CERTIFICATES – Reserve Fund."

Tax Matters; Bank Qualification. In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Special Counsel, subject, however to certain qualifications described herein, under existing law, the portion of Lease Payments designated as and comprising interest and received by the owners of the Certificates is excluded from gross income for federal income tax purposes, and such interest is not an item of tax preference for purposes of the federal alternative minimum tax. In the further opinion of Special Counsel, such interest on the Lease Payments are exempt from California personal income taxes. See "TAX MATTERS" and APPENDIX D hereto.

The District has designated the Lease Agreement as a "qualified tax-exempt obligation" pursuant to Section 265(b)(3) of the Internal Revenue Code of 1986, which 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" herein.

Continuing Disclosure. The District has covenanted and agreed that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate, dated the date of the Certificates and executed by the District (the **"Continuing Disclosure Certificate"**). The form of the Continuing Disclosure Certificate is included in APPENDIX E hereto. See "CONTINUING DISCLOSURE."

Summary of Documents. A summary of the principal legal documents relating to the Certificates is contained in Appendix A. Such summary is not and does not purport to be comprehensive or complete. The descriptions in this Official Statement of the Trust Agreement, the Assignment Agreement, the Site Lease, the Lease Agreement and other agreements relating to the Certificates are qualified in their entirety by reference to such documents, and the descriptions herein of the Certificates are qualified in their entirety by the form thereof and the provisions with respect thereto included in the aforesaid documents. Copies of such documents may be obtained at the principal corporate trust office of the Trustee in Costa Mesa, California. All terms used herein and not otherwise defined shall have the meanings given such terms in the Trust Agreement and in Appendix A.

This Official Statement speaks only as of its date, and the information contained herein is subject to change.

Copies of documents referred to herein and information concerning the Certificates are available from the Superintendent, Pleasant View School District, 14004 Road 184, Porterville, California 93274, Phone: (559) 784-6769 (the "**Superintendent's Office**"). The District may impose a charge for copying, mailing and handling.

[Remainder of page intentionally left blank.]

REFINANCING PLAN

Prepayment of Prior Certificates

The Prior Certificates were executed and delivered on March 19, 2015 in an original aggregate principal amount of $4,275,000. In connection with the Prior Certificates, the District entered into a Lease Agreement dated as of March 1, 2015, between the District and the Local Facilities Finance Corporation (the "**2015 Lease Agreement**"). The Prior Certificates evidence and represent the lease payments which are payable by the District under the 2015 Lease Agreement (the "**2015 Lease Payments**"). The 2015 Lease Payments and the Prior Certificates are subject to prepayment on December 1, 2020 at a prepayment price (the "**Prepayment Price**") equal to 100% of the principal components of the 2015 Lease Payments to be prepaid, plus accrued interest on such prepaid principal components to the prepayment date.

All of the outstanding Prior Certificates (the "**Prepaid Certificates**") will be prepaid with proceeds of the Certificates, as identified in the following tables. The Prepaid Certificates will be called for prepayment in full on December 1, 2020 (the "**Prepayment Date**") at the Prepayment Price.

PLEASANT VIEW SCHOOL DISTRICT
Identification of Prepaid Certificates

Maturities to be Refunded (December 1)	CUSIP†	Principal Amount	Prepayment Date	Prepayment Price (% of Par Amount Redeemed)
2021	728790 AG1	$150,000	12/01/2020	100.0%
2022	728790 AH9	155,000	12/01/2020	100.0
2023	728790 AJ5	160,000	12/01/2020	100.0
2024	728790 AK2	160,000	12/01/2020	100.0
2025	728790 AL0	165,000	12/01/2020	100.0
2026	728790 AM8	170,000	12/01/2020	100.0
2027	728790 AN6	175,000	12/01/2020	100.0
2028	728790 AP1	180,000	12/01/2020	100.0
2029	728790 AQ9	185,000	12/01/2020	100.0
2030	728790 AR7	190,000	12/01/2020	100.0
2031	728790 AS5	200,000	12/01/2020	100.0
2032	728790 AT3	205,000	12/01/2020	100.0
2033	728790 AU0	210,000	12/01/2020	100.0
2034	728790 AV8	220,000	12/01/2020	100.0
2035	728790 AW6	225,000	12/01/2020	100.0
2039[T]	728790 AX4	995,000	12/01/2020	100.0
TOTAL		$3,745,000		

† CUSIP Copyright American Bankers Association. CUSIP data herein is provided by Standard & Poor's CUSIP Service Bureau, a division of McGraw Hill Companies, Inc. Neither the District nor the Underwriter is responsible for the accuracy of such data.
T: Term Certificate.

Deposits in Escrow Fund

The District will deliver certain proceeds of the Certificates together with other available funds to Wilmington Trust, National Association, Costa Mesa, California, as escrow agent (the "**Escrow Agent**"), for deposit into an escrow fund (the "**Escrow Fund**") established under an Escrow Agreement (the "**Escrow Agreement**") between the District and the Escrow Agent. The Escrow Agent will invest the amounts on deposit in the Escrow Fund in federal securities and use such amounts to pay the principal and interest represented by the Prepaid Certificates to and including the Prepayment Date, and to prepay the Prepaid Certificates in full on the Prepayment Date.

As a result of the deposit of funds with the Escrow Agent on the date of execution and delivery of the Certificates, the Prepaid Certificates and the 2015 Lease Payments will be legally defeased and will be payable solely from amounts held for that purpose under the Escrow Agreement, and will cease to be secured by Lease Payments due pursuant to the Lease Agreement relating to the Prior Certificates.

Amounts held by the Escrow Agent in the Escrow Fund are pledged solely to the payment of the Prepaid Certificates, and will not be available for the payment of principal and interest represented by the Certificates.

Sufficiency of the amounts and investments held in the Escrow Fund for the purpose of paying the principal, interest and Prepayment Price with respect to the Prepaid Certificates will be verified by Causey Demgen & Moore P.C., Denver, Colorado (the **"Verification Agent"**). See "ESCROW VERIFICATION" herein.

[Remainder of page intentionally left blank.]

THE CERTIFICATES

General

The Certificates evidence direct, undivided fractional interests of the Owners thereof in the Lease Payments and any prepayments to be paid by the District pursuant to the Lease Agreement. The Certificates will be issued in registered form, without coupons. The Certificates will be registered in the name of Cede & Co., as nominee of DTC. DTC will act as securities depository for the Certificates. Ownership interests in the Certificates may be purchased in book-entry form only, in denominations of $5,000 or any integral multiple thereof. While DTC acts as securities depository for the Certificates, all payments of principal, premium, if any, and interest represented by the Certificates shall be made to Cede & Co., as nominee of DTC. For information with respect to the payment and transfer of the Certificates, see "APPENDIX F - Book-Entry Only System".

The Certificates will be dated their date of delivery. Interest represented by each Certificate will accrue on the principal components represented by such Certificate at the applicable interest rate from the date of delivery thereof until its date of maturity or prior prepayment, with interest becoming payable on each June 1 and December 1 (each, an "**Interest Payment Date**"), commencing June 1, 2021.

Interest will accrue with respect to the Certificates on the basis of a 360-day year comprised of twelve 30-day months. The Certificates will mature on the dates and in the principal amounts set forth on the cover of this Official Statement.

Prepayment of the Certificates

Optional Prepayment. The Certificates maturing on or before December 1, 2029, are not subject to optional prepayment before their respective stated maturities. The Certificates maturing on or after December 1, 2030, are subject to prepayment prior to their respective stated maturities, at the option of the District, in whole, or in part among maturities on such basis as designated by the District and by lot within any one maturity on December 1, 2029, or on any date thereafter, upon payment of a prepayment price equal to 100% of the principal amount to be prepaid, together with accrued interest to the date fixed for prepayment, without premium.

Mandatory Sinking Fund Prepayment. The Certificates maturing on December 1, 2039 (the **"Term Certificates"**) are subject to mandatory sinking fund prepayment in part by lot, on December 1 of each year in accordance with the schedule set forth below. The Certificates so called for mandatory sinking fund prepayment shall be prepaid at the principal amount of such Term Certificates to be redeemed, plus accrued but unpaid interest, without premium.

$975,000 Term Certificates Maturing December 1, 2039

Redemption Year (December 1)	Principal Amount to be Prepaid
2036	$235,000
2037	240,000
2038	250,000
2039 (maturity)	250,000

If any such Term Certificates are prepaid pursuant to optional prepayment, the total amount of all future sinking fund payments with respect to such Term Certificates shall be reduced by the aggregate principal amount of such Term Certificates so prepaid, 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 a written notice given by the District to the Trustee, such that the resulting amount of principal represented by the applicable Term Certificates subject to prepayment on any date is equal to the aggregate principal components of the Lease Payments coming due and payable on such date.

Mandatory Prepayment From Net Proceeds of Insurance or Condemnation. The Certificates are subject to mandatory prepayment, in whole or in part, on any Interest Payment Date, in order of maturity determined by the District and by lot within a maturity, from the Net Proceeds of insurance or eminent domain proceedings credited towards the prepayment of the Lease Payments pursuant to the Lease, at a prepayment price equal to 100% of the principal amount to be prepaid, together with accrued interest represented thereby to the date fixed for prepayment, without premium.

Selection of Certificates for Prepayment. Whenever provision is made in the Trust Agreement for the prepayment of Certificates and less than all Outstanding Certificates of any maturity are called for prepayment, the Trustee shall select Certificates of such maturity for prepayment by lot. For the purposes of such selection, Certificates shall be deemed to be composed of $5,000 portions, and any such portion may be separately prepaid. The Trustee shall promptly notify the District and the Corporation in writing of the Certificates or portions thereof so selected for prepayment.

Notice of Prepayment. When prepayment is authorized or required pursuant to the Trust Agreement, the Trustee shall give notice of the prepayment of the Certificates on behalf and at the expense of the District. Such notice shall state the prepayment date and prepayment price and, if less than all of the then Outstanding Certificates are to be called for prepayment, shall designate the numbers of the Certificates to be prepaid by giving the individual number of each Certificate or by stating that all Certificates between two stated numbers, both inclusive, have been called for prepayment or by stating that all of the Certificates of one or more maturities have been called for prepayment, and shall require that such Certificates be surrendered on the prepayment date at the Office of the Trustee for prepayment at said prepayment price, giving notice also that further interest represented by the Certificates will not accrue after the prepayment date. Such notice shall further state that on the prepayment date there shall become due and payable, the principal and premium, if any, represented by each Certificate together with accrued interest represented thereby to said date, and that from and after such date interest represented thereby shall cease to accrue and be payable.

Notice of such prepayment will be mailed by first class mail with postage prepaid, to one or more of the Information Services, and to the Owners of Certificates designated for prepayment at their respective addresses appearing on the Registration Books, at least twenty (20) days but not more than sixty (60) days prior to the prepayment date. Such notice shall, in addition to setting forth the above information, set forth, in the case of each Certificate called only in part, the portion of the principal represented thereby which is to be prepaid. Neither failure to receive such notice so mailed nor any defect in any notice so mailed will affect the sufficiency of the proceedings for the prepayment of such Certificates or the cessation of accrual of interest represented thereby from and after the date fixed for prepayment.

Neither the failure to receive any such notice nor any defect in any notice so mailed shall affect the sufficiency of the proceedings for the prepayment of such Certificates or the cessation of accrual of interest represented thereby from and after the date fixed for prepayment.

While the Certificates are subject to the book-entry system, the Trustee will not be required to give any notice of prepayment to any person or entity other than DTC and to the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access System and, at the District's written direction, other securities depositories and information services. DTC and the DTC Participants shall have sole responsibility for providing any such notice of prepayment to the Beneficial Owners of the Certificates to be prepaid. Any failure at DTC to notify any DTC Participant, or any failure of a DTC Participant to notify the Beneficial Owner of any Certificates to be prepaid, of a notice of prepayment or its content or effect will not affect the validity of the notice of prepayment, or alter the effect of prepayment described below under "Effect of Notice of Prepayment."

***Partial Prepayment of Certificates*.** Upon surrender of any Certificate prepaid in part only, the Trustee shall execute and deliver to the Owner thereof a new Certificate or Certificates of authorized denominations equal in aggregate principal amount to the unprepaid portion of the Certificate surrendered and of the same interest rate and the same maturity.

***Effect of Notice of Prepayment*.** Moneys for the prepayment (including the interest to the applicable date of prepayment) of Certificates having been set aside in the Lease Payment Fund will become due and payable on the date of such prepayment, and, upon presentation and surrender thereof at the Office of the Trustee, said Certificates will be paid at the unpaid principal amount (or applicable portion thereof) represented thereby plus interest accrued and unpaid to said date of prepayment.

If, on said date of prepayment, moneys for the prepayment of all the Certificates to be prepaid, together with interest represented thereby to said date of prepayment, will be held by the Trustee so as to be available therefore on such date of prepayment, then, from and after said date of prepayment, interest represented by the Certificates will cease to accrue and become payable. All moneys held by the Trustee for the prepayment of Certificates will be held in trust for the account of the Owners of the Certificates so to be prepaid.

All Certificates paid at maturity or prepaid prior to maturity pursuant to the provisions of the Trust Agreement will be canceled upon surrender thereof and destroyed.

[Remainder of page intentionally left blank.]

SOURCES AND USES OF FUNDS

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

Sources of Funds:	
Principal Amount of Certificates	$3,770,000.00
Net Original Issue Premium/(Discount)	230,907.80
Total Sources	*$4,000,907.80*
Uses of Funds:	
Deposit to Escrow Fund	$3,745,000.00
Delivery Costs[1]	255,907.80
Total Uses	*$4,000,907.80*

(1) Delivery Costs include legal fees, printing costs, Underwriter's discount, rating agency fee, financial advisor fee, bond insurance and reserve fund surety premium, title insurance premium and other miscellaneous expenses.

[Remainder of page intentionally left blank.]

LEASE PAYMENT SCHEDULE

The aggregate annual amounts of Lease Payments, comprising interest and principal payable to Certificate Owners, assuming no optional prepayment, are set forth below:

PLEASANT VIEW SCHOOL DISTRICT
2020 Refunding Certificates of Participation
Lease Payment Schedule

Year Ending December 1	Principal Component	Interest Component	Total Payments
2021	$145,000.00	$110,356.26	$255,356.26
2022	150,000.00	107,456.26	257,456.26
2023	155,000.00	104,456.26	259,456.26
2024	155,000.00	101,356.26	256,356.26
2025	160,000.00	98,256.26	258,256.26
2026	170,000.00	91,856.26	261,856.26
2027	175,000.00	83,356.26	258,356.26
2028	185,000.00	74,606.26	259,606.26
2029	195,000.00	65,356.26	260,356.26
2030	200,000.00	55,606.26	255,606.26
2031	215,000.00	47,606.26	262,606.26
2032	215,000.00	43,306.26	258,306.26
2033	220,000.00	39,006.26	259,006.26
2034	225,000.00	34,331.26	259,331.26
2035	230,000.00	29,550.00	259,550.00
2036	235,000.00	24,375.00	259,375.00
2037	240,000.00	18,500.00	258,500.00
2038	250,000.00	12,500.00	262,500.00
2039	250,000.00	6,250.00	256,250.00
Total	$3,770,000.00	$1,148,087.64	$4,918,087.64

THE LEASED PROPERTY

The District will lease certain real property and improvements (collectively, the "**Leased Property**") to the Corporation under the terms of a Site Lease dated as of November 1, 2020 (the "**Site Lease**"), and will concurrently lease the Leased Property back from the Corporation under the Lease Agreement.

The Leased Property consists of certain real property and improvements generally constituting Pleasant View Elementary School located at 18900 Avenue 145, Porterville, California. The improvements were constructed between 2000 and 2016. The insurance replacement value of the Leased Property is $11,514,077.

The spread of a novel coronavirus ("**COVID-19**") has caused a global pandemic and limited public access to certain District-owned facilities including the Leased Property. These mitigation measures will not cause Lease Payments to be abated under the Lease Agreement. See "RISK FACTORS - Infectious Disease Outbreak and COVID-19 Global Pandemic.

SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES

Neither the Certificates nor the obligation of the District to pay Lease Payments constitutes an obligation of the District for which the District is obligated to levy or pledge, or for which the District has levied or pledged, any form of taxation. Neither the Certificates nor the obligation of the District to pay Lease Payments constitutes a debt of the District, the State of California or any of its political subdivisions within the meaning of any constitutional debt limitation or violates any statutory debt limitation or constitutes a pledge of the faith and credit of the District, the State of California or any of its political subdivisions.

General

Each Certificate represents a direct, undivided fractional interest of the Owner of such Certificate in the Lease Payments and any prepayments thereof to be made by the District to the Trustee under the Lease Agreement. The District is obligated to pay Lease Payments from any source of legally available funds, and has covenanted in the Lease Agreement to include all Lease Payments coming due in its annual budgets and to make the necessary appropriations therefor. The Corporation, pursuant to the Assignment Agreement, has assigned all of its rights under the Lease Agreement (excepting only its right to receive reasonable attorneys' fees and expenses incurred in the event of a default), including the right to receive Lease Payments and any prepayments, to the Trustee for the benefit of the Owners of the Certificates. On the 15th day of May and November in each year during the term of the Lease Agreement, the District must pay to the Trustee a Lease Payment (to the extent required under the Lease Agreement) which is equal to the amount necessary to pay the principal, if any, and interest due with respect to the Certificates on the next succeeding Interest Payment Date.

Lease Payments

The Trust Agreement requires that Lease Payments be deposited in the Lease Payment Fund maintained by the Trustee. All moneys at any time deposited by the Trustee in the Lease Payment Fund shall be held by the Trustee in trust for the benefit of the Owners of the Certificates. Pursuant to the Trust Agreement, on June 1 and December 1 of each year, commencing June 1, 2021, the Trustee will apply such amounts in the Lease Payment Fund as are necessary to make principal and interest payments with respect to Certificates as the same shall become due and payable, in the amounts specified by the Lease Agreement, as shown in the annual payment schedule in the table above. See "LEASE PAYMENT SCHEDULE." All amounts in the Lease Payment Fund shall be used and withdrawn by the Trustee solely for the purpose of paying the principal, interest and prepayment premiums (if any) with respect to the Certificates as the same shall become due and payable in accordance with the provisions of the Trust Agreement.

Additional Rental Payments

The Lease Agreement requires the District to pay, as Additional Payments thereunder in addition to the Lease Payments, all costs and expenses incurred by the District and the Corporation to comply with the provisions of the Trust Agreement, including without limitation all Delivery Costs (as defined in the Lease Agreement), to the extent not paid from amounts on deposit in the Delivery Costs Fund, annual compensation due to the Trustee, all of the Trustee's reasonable costs payable as a result of the performance of and compliance with its duties under the Trust Agreement, and all other amounts due to the Trustee pursuant to the Trust Agreement, and all costs and expenses of attorneys, auditors, engineers and accountants.

Abatement

Lease Payments are paid by the District in each Fiscal Year for the District's right of use and possession of the Leased Property for such Fiscal Year. The obligation of the District to pay all or a portion of the Lease Payments will be subject to abatement during any period in which by reason of damage, destruction or taking by eminent domain or condemnation with respect to any portion of the Leased Property there is substantial interference with the District's right of use and possession of such portion of the Leased Property.

Termination or Abatement Due to Eminent Domain. If the Leased Property is taken permanently under the power of eminent domain or sold to a government threatening to exercise the power of eminent domain, the term of the Lease Agreement will cease with respect thereto as of the day possession is taken. If less than all of the Leased Property is taken permanently, or if the Leased Property is taken temporarily, under the power of eminent domain, (a) the Lease Agreement will continue in full force and effect with respect thereto and shall not be terminated by virtue of such taking, and (b) there shall be a partial abatement of Lease Payments as a result of the application of the Net Proceeds (as defined in the Lease Agreement) of any eminent domain award to the prepayment of the Lease Payments, in an amount to be agreed upon by the District and the Corporation such that the resulting Lease Payments represent fair consideration for the use and occupancy of the remaining usable portion of the Leased Property. In the Site Lease, the District covenants not to exercise the power of eminent domain relating to the Leased Property as long as the Certificates are outstanding.

Abatement Due to Damage or Destruction. Lease Payments shall be abated during any period in which by reason of damage or destruction (other than by eminent domain) there is substantial interference with the use and occupancy by the District of the Leased Property or any portion thereof. The amount of such abatement shall be agreed upon by the District and the Corporation such that the resulting Lease Payments represent fair consideration for the use and occupancy of the portions of the Leased Property not damaged or destroyed, calculated in accordance with the Lease Agreement. Such abatement shall continue for the period commencing with such damage or destruction and ending with the substantial completion of the work of repair or reconstruction. In the event of any such damage or destruction, the Lease Agreement shall continue in full force and effect and the District waives any right to terminate the Lease Agreement by virtue of any such damage and destruction. Notwithstanding the foregoing, there shall be no abatement of Lease Payments to the extent that the proceeds of hazard insurance, rental interruption insurance or amounts in the Reserve Fund are available to pay Lease Payments which would otherwise be abated, it being declared in the Lease Agreement that such proceeds and amounts constitute a special fund for the payment of the Lease Payments.

The Trustee cannot terminate the Lease Agreement in the event of such substantial interference. Abatement of Lease Payments is not an event of default under the Lease Agreement and does not permit the Trustee to take any action or avail itself of any remedy against the District. See "RISK FACTORS - Abatement." For a description of abatement resulting from condemnation of all or part of the Leased Property, see "APPENDIX A – Summary of Principal Legal Documents".

Substitution and Release of Property

The District has the option at any time and from time to time during the term of the Lease Agreement, to substitute other real property for the Leased Property or any portion thereof, provided that the District comply with certain conditions precedent specified in the Lease

Agreement. The District also has the option to release portions of the Leased Property from the Site Lease and the Lease Agreement upon compliance with certain conditions precedent specified in the Lease Agreement. See "APPENDIX A – Summary of Principal Legal Documents - Lease Agreement". The District is not entitled to any reduction, diminution, extension or other modification of the Lease Payments whatsoever as a result of such substitution.

Reserve Fund

General. The Reserve Fund is established by the Trust Agreement to be held by the Trustee in trust for the benefit of the District and the Owners of the Certificates, as a reserve for the payment when due of the Lease Payments on behalf of the District. The Trustee will retain in the Reserve Fund amounts necessary to maintain an amount on deposit in the Reserve Fund equal to the Reserve Requirement. As defined in the Trust Agreement, the Reserve Requirement means as of the date of calculation thereof by the District, an amount equal to the lesser of (a) 10% of the original principal amount of the Certificates, or (b) the maximum amount of Lease Payments (excluding Lease Payments with respect to which the District shall have posted a security deposit pursuant to Section 9.1 of the Lease) coming due in the current or any future Fiscal Year, or (c) 125% of average annual Lease Payments. The Reserve Requirement may be satisfied by provision of a reserve fund surety.

If the Certificates are partially refunded, the Reserve Requirement shall be reduced to an amount equal to the maximum annual lease payments relating to the Certificate not so refunded, as specified in a certificate of a District Representative delivered to the Trustee.

If three Business Days prior to any Interest Payment Date the moneys available in the Lease Payment Fund do not equal the amount of the Lease Payment then coming due and payable, the Trustee shall apply the moneys available in the Reserve Fund to make such payments on behalf of the District by transferring the amount necessary for this purpose to the Lease Payment Fund.

The Reserve Requirement will initially be met with the Reserve Policy to be provided by the Insurer. For a description of the payment procedure with respect to draws on the Reserve Policy, see "APPENDIX A – Summary of Principal Legal Documents – Trust Agreement – Reserve Policy.

Earnings on Reserve Fund. In the event the Reserve Fund is at any time maintained in cash rather than in the form of the Reserve Policy, all interest or income received by the Trustee on investment of the Reserve Fund shall be retained in the Reserve Fund in the event that amounts on deposit in the Reserve Fund are less than the Reserve Requirement. In the event that amounts then on deposit in the Reserve Fund equal or exceed the Reserve Requirement, such excess shall, semi-annually on or before each June 1 and December 1, be transferred to the Lease Payment Fund and shall be applied as a credit against the Lease Payment due by the District pursuant to the Lease Agreement on the Lease Payment Date following the date of deposit.

Covenant to Appropriate Funds

The District covenants in the Lease Agreement to take such action as may be necessary to include all Lease Payments coming due in each of its annual budgets during the term of the Lease Agreement and to make the necessary annual appropriations for all such Lease Payments.

Action on Default

Should the District default under the Lease Agreement, the Trustee, as assignee of the Corporation under the Lease Agreement, may terminate the Lease Agreement and recover certain damages from the District, or may retain the Lease Agreement and hold the District liable for all Lease Payments thereunder on an annual basis. Lease Payments may not be accelerated upon a default under the Lease Agreement. See "RISK FACTORS – Limited Recourse on Default".

For a description of the events of default and permitted remedies of the Trustee (as assignee of the Corporation) contained in the Lease Agreement and the Trust Agreement, see "APPENDIX A – Summary of Principal Legal Documents – Lease Agreement" and "– Trust Agreement".

Rental Interruption Insurance

The Lease Agreement requires the District to maintain, or cause to be maintained, rental interruption or use and occupancy insurance to cover loss, total or partial, of the use of any part of the Leased Property during the term of the Lease Agreement as a result of any of fire and other hazards, in an amount at least equal to the maximum Lease Payments in any 24-month period during the term of the Lease. Such insurance may not be maintained in the form of self-insurance. The Net Proceeds of such insurance shall be paid to the Trustee and deposited in the Lease Payment Fund and shall be credited towards the payment of the Lease Payments in the order in which such Lease Payments come due and payable. See "APPENDIX A – Summary of Principal Legal Documents - Lease Agreement".

Public Liability and Property Damage Insurance

The Lease Agreement requires the District to obtain and maintain certain public liability, property damage, fire and extended coverage and rental interruption insurance coverage, which may have certain deductibles and may in some cases be maintained as part of or in conjunction with other insurance carried by the District and/or in the form of self-insurance or budgeted reserve. The Net Proceeds of any insurance award resulting from any damage to or destruction of the Project by fire or other casualty shall be applied as set forth in the Lease Agreement. See "APPENDIX A – Summary of Principal Legal Documents - Lease Agreement".

THE CORPORATION

The Local Facilities Finance Corporation, a nonprofit public benefit corporation was incorporated pursuant to the Nonprofit Public Benefit Corporation Law of the State (Title 1, Division 2, Part 2 of the California Corporation Code). The Corporation was established in order to facilitate and assist public entities in financing its public facilities and equipment needs.

THE DISTRICT

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

Name	Office	Term Expires
Thomas Barcellos	President	December 2022
Michael Smith	Vice President	December 2020
Alexander Garcia	Member	December 2022
Davy Gobel	Member	December 2022
Rusty Gobel	Member	December 2020

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

Mark Odsather was appointed as Superintendent/Principal of the District in July 2010. Prior to that, he served as Principal and Business Manager of the District from 2004-2010.

Niguel Baxter was appointed Business Manager of the District in February 2010. Prior that, she was employed at Troy Marsh as a certified public accountant.

District's Response to COVID-19 Emergency

To reduce the potential for community transmission of COVID-19 and in accordance with all official recommendations, guidelines and mandates, the District closed its facilities with respect to in-person instruction in March 2020. Thereafter, distance learning was implemented, which extended through the end of the 2019-20 academic year. The District is formulating options for re-opening its facilities for students and employees in accordance with recommendations of State and local health authorities, and with the guidance of the County Office of Education. The District is preparing for multiple scenarios that may result from COVID-19 concerns in the 2020-21 academic year.

The District is expected to receive approximately $615,460 in funding under the CARES Act to address costs which may have resulted from the COVID-19 emergency and expects to receive another $211,664 for a total of $827,124 in COVID-related funding. Because the District is funded pursuant to the State's education funding formula known as LCFF, the District's main operating revenues will be impacted by the State's financial position in the current and future fiscal years. As a result of the COVID-19 emergency, the State's revenues declined sharply from the original budget for the 2019-20 fiscal year, and the 2020-21 State Budget includes a number of strategies to attempt to address a significant budget gap. The extent of the potential decline in education funding is unknown, and whether additional federal funding will be available to school districts is not known at this time. While the District expects there will be $1.2 million in State cash deferrals in 2021, the District does not anticipate needing to borrow from other funds or issue a tax and revenue anticipation note for cashflow purposes. See herein under the heading "STATE FUNDING OF EDUCATION; RECENT STATE BUDGETS" for information on the State's current budget.

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 District maintains reserves for economic uncertainties, which exceed the State's required minimum reserve, and had a projected ending fund balance (combined restricted and unrestricted) for fiscal year 2019-20 of 47.1% of expenditures. See "DISTRICT FINANCIAL INFORMATION – District Budget and Interim Financial Reporting - District Reserves."

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.

Recent Enrollment Trends

The following table shows enrollment history for the District, with estimated actual figures for fiscal year 2019-20 and budgeted figures for fiscal year 2020-21.

PLEASANT VIEW SCHOOL DISTRICT
ANNUAL ENROLLMENT and AVERAGE DAILY ATTENDANCE
Fiscal Years 2013-14 through 2020-21

School Year	Enrollment	% Change
2013-14	551	--
2014-15	522	(5.3)%
2015-16	486	(6.9)
2016-17	476	(2.1)
2017-18	474	(0.4)
2018-19	471	(0.6)
2019-20	470	(0.2)
2020-21(1)	471	0.0

(1) Budgeted.
Source: State Department of Education and Pleasant View School District.

The decline in past enrollment is due to declining enrollment throughout California, as well as families leaving the area in the drought years of 2012 to 2016. Since 2016, enrollment has leveled off with the exception of the current year where enrollment has dropped due to TK enrollment numbers falling, a statewide phenomenon caused by COVID.

Employee Relations

The District employs 24 full-time equivalent ("**FTE**") certificated employees and 29.5 FTE classified employees. Certificated employees are represented by the California Teachers Association. The contract expires on June 30, 2021. Classified employees are not currently represented by a bargaining unit.

Overlapping Debt Obligations

Set forth below is a direct and overlapping debt report (the "**Debt Report**") prepared by California Municipal Statistics, Inc. as of October 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.

Table No. 1
PLEASANT VIEW SCHOOL DISTRICT
Statement of Direct and Overlapping Bonded Debt
Dated as of October 1, 2020

2020-21 Assessed Valuation: $161,826,777

DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:	% Applicable		Debt 10/1/20	
Kern Community College District School Facilities Improvement District	0.168%		$ 94,676	
Kern Community College District Safety, Repair and Improvement District	0.169		199,143	
Pleasant View Elementary School District	**100.000**		**0**	
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT			$293,819	
OVERLAPPING GENERAL FUND DEBT:				
Tulare County General Fund Obligations	0.420%		$ 125,160	
Tulare County Pension Obligation Bonds	0.420		978,075	
Tulare County Office of Education Certificates of Participation	0.420		159,453	
Kern Community College District General Fund Obligations	0.151	(1)	41,807	
Kern Community College District Benefit Obligation Bonds	0.151	(1)	114,216	
Porterville Unified School District Certificates of Participation	2.401		600,250	
Pleasant View Elementary School District Certificates of Participation	**100.000**		**3,895,000**	(2)
Pleasant View Elementary School District Qualified Zone Academy Bonds	**100.000**		**1,240,000**	
TOTAL OVERLAPPING GENERAL FUND DEBT			$7,153,961	
COMBINED TOTAL DEBT			$7,447,780	(3)

Ratio to 2020-21 Assessed Valuation:
Combined Direct Debt ($5,135,000)............................3.17%
Total Direct and Overlapping Tax and Assessment Debt 0.18%
Combined Total Debt..4.60%

(1) 2019-20 ratios.
(2) Excludes the Certificates; includes the Prior Certificates.
(3) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations. Qualified Zone Academy Bonds (QZABs) are included based on the principal due at maturity.

Source: California Municipal Statistics, Inc.

DISTRICT FINANCIAL INFORMATION

The following selected financial information provides a brief overview of the District's finances. This financial information has been extracted from the District's audited financial statements and, in some cases, from unaudited information provided by the District's Finance Department. Excerpts from the most recent audited financial statements of the District with an unqualified auditor's opinion is included as Appendix A hereto. See "APPENDIX A – Excerpts from the Audited Financial Statements of the District for the Year Ended June 30, 2019".

Accounting Practices

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

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

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 M. Green and Company LLP, Certified Public Accountants, Visalia, California, and are attached hereto 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

Superintendent, Pleasant View School District, 14004 Road 184, Porterville, California 93274; telephone (559) 685-7206. 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. Copies of such financial statements will be mailed to prospective investors and their representatives upon written request to the District. This District may impose a charge for copying, mailing and handling.

General Fund Revenues, Expenditures and Changes in Fund Balance. The District's General Fund is the District's primary operating fund. It accounts for all financial resources of the District except those required to be accounted for in another fund. The following table shows the audited income and expense statements for the District for the fiscal years 2014-15 through 2018-19.

Table No. 2
PLEASANT VIEW SCHOOL DISTRICT
Summary of General Fund Revenues, Expenditures and Changes in Fund Balance
For Fiscal Years 2014-15 through 2018-19 (audited)

	Audited 2014-15	Audited 2015-16	Audited 2016-17	Audited 2017-18	Audited 2018-19
Revenues					
LCFF	$4,527,490	$5,217,125	$5,058,849	$5,003,021	$5,163,349
Federal Revenue	399,808	415,726	486,,093	481,626	456,731
Other State Revenue	275,295	664,242	351,660	445,199	618,548
Other Local Revenue	84,299	192,586	75,405	260,871	262,842
Total Revenues	5,286,892	6,489,679	5,972,007	6,190,717	6,501,470
Expenditures					
Instruction	3,693,379	3,722,413	3,812,723	3,713,666	4,177,098
Instruction-related services	510,994	574,868	673,163	528,688	579,156
Pupil Services	353,058	305,844	377,155	410,752	444,138
Community Services	54,335	59,033	56,397	69,463	83,180
General Administration	340,257	313,180	346,043	408,082	426,690
Plant Services	2,061,777	403,576	550,128	387,031	467,716
Other Outgo	2	-	-	-	2,359
Capital Outlay	-	225,794	113,411	92,040	64,405
Debt Service - Principal	-	127,941	87,941	92,941	290,882
Debt Service - Interest	-	156,785	130,184	129,552	127,996
Total Expenditures	7,013,802	5,889,434	6,147,145	5,832,215	6,663,620
Excess of Revs. Over (Under) Expend.	(1,726,910)	600,245	(175,138)	358,502	(162,150)
Other Financing Sources (Uses)					
Operating transfers in	5,515,000	-	-	-	-
Operating transfers out	-	-	-	-	-
Total other financing sources (uses)	5,515,000	-	-	-	-
Net change in fund balance	3,788,090	600,245	(175,138)	358,502	(162,150)
Fund Balance, July 1*	2,815,505	2,273,782	2,874,027	2,698,889	3,057,391
Fund Balance, June 30	$6,603,595	$2,874,027	$2,698,889	$3,057,391	$2,895,241

** July 1, 2016 beginning fund balanced restated by $4,329,813, reflecting transfer to a new building fund.*
Source: Pleasant View School District Audit Reports for fiscal years 2014-15 through 2018-19.

Budgeting – Education Code Requirements. The District is required by provisions of the State Education Code to maintain a balanced budget each year, in which the sum of expenditures and the ending fund balance cannot exceed the sum of revenues and the carry-over fund balance from the previous year. The State Department of Education imposes a uniform budgeting and accounting format for school districts. The budget process for school districts was substantially amended by Assembly Bill 1200 ("**AB 1200**"), which became State law on October 14, 1991. Portions of AB 1200 are summarized below.

School districts must adopt a budget on or before July 1 of each year. The budget must be submitted to the county superintendent within five days of adoption or by July 1, whichever occurs first. A district must be on a single budget cycle. The single budget is only readopted if it is disapproved by the county office of education, or as needed. The District is on a single budget cycle and adopts its budget on or before July 1.

The county superintendent will examine the adopted budget for compliance with the standards and criteria adopted by the State Board of Education and identify technical corrections necessary to bring the budget into compliance, will determine if the budget allows the district to meet its current obligations and will determine if the budget is consistent with a financial plan that will enable the district to meet its multi-year financial commitments. On or before September 15, the county superintendent will approve or disapprove the adopted budget for each school district. Budgets will be disapproved if they fail the above standards. The district board must be notified by September 15 of the county superintendent's recommendations for revision and reasons for the recommendations. The county superintendent may assign a fiscal advisor or appoint a committee to examine and comment on the superintendent's recommendations. The committee must report its findings no later than September 20. Any recommendations made by the county superintendent must be made available by the district for public inspection. No later than November 8, the county superintendent must notify the Superintendent of Public Instruction of all school districts whose budgets have been disapproved.

For districts whose budgets have been disapproved, the district must revise and readopt its budget by September 8, reflecting changes in projected income and expense since July 1, including responding to the county superintendent's recommendations. The county superintendent must determine if the budget conforms with the standards and criteria applicable to final district budgets and not later than October 8, will approve or disapprove the revised budgets. If the budget is disapproved, the county superintendent will call for the formation of a budget review committee pursuant to Education Code Section 42127.1. Until a district's budget is approved, the district will operate on the lesser of its proposed budget for the current fiscal year or the last budget adopted and reviewed for the prior fiscal year.

Interim Certifications Regarding Ability to Meet Financial Obligations. Under the provisions of AB 1200, each school district is required to file interim certifications with the county office of education as to its ability to meet its financial obligations for the remainder of the then-current fiscal year and, based on current forecasts, for the subsequent two fiscal years. The County 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 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 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 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 Approval/Disapproval and Certification History. During the past five fiscal years, the County Office of Education has certified each of the District's interim reports as positive.

Copies of the District's budget, interim reports and certifications may be obtained upon request from the Superintendent's Office at Pleasant View School District, 14004 Road 184, Porterville, California 93274, Phone: (559) 784-6769. The District may impose charges for copying, mailing and handling.

District's Fiscal Year 2019-20 Unaudited Actuals and Fiscal Year 2020-21 Adopted Budget. The following table shows the income and expense statements for the District for fiscal year 2019-20 (Unaudited Actuals) and fiscal year 2020-21 (Adopted Budget).

Table No. 3
PLEASANT VIEW SCHOOL DISTRICT
Summary of General Fund Revenues, Expenditures and Changes in Fund Balance
Fiscal Year 2019-20 (Unaudited Actuals) and Fiscal Year 2020-21 (Adopted Budget)

	Unaudited Actuals 2019-20	**Adopted Budget 2020-21**
REVENUES		
LCFF Sources	$5,302,303	$4,909,162
Federal	723,707	442,916
Other State	437,488	406,808
Other Local	668,280	96,226
Total Revenues	7,131,779	5,855,112
EXPENDITURES		
Certificated Salaries	2,325,453	2,014,142
Classified Salaries	1,020,127	927,599
Employee Benefits	1,773,035	1,798,361
Books and Supplies	499,758	531,130
Services, other operating expenses	763,628	690,050
Capital Outlay	166,738	57,000
Other Outgo (Excl. Indirect Costs)	4,769	352,004
Indirect/Direct support costs	0	0
Total Expenditures	6,553,507	6,370,286
Revenues Over (Under) Expenditures	578,272	(515,174)
OTHER FINANCING SOURCES		
Transfers In	107,839	-
Transfers out	-	-
Net Financing Sources (Uses)	107,839	-
Net Change in Fund Balance	686,110	(515,174)
Fund Balance, July 1	2,895,241	3,581,352
Fund Balance, June 30	$3,581,352	$3,066,178

Source: The District.

District Reserves. The District's ending fund balance is the accumulation of surpluses from prior years. This fund balance is used to meet the State's minimum required reserve of 3% of expenditures, plus any other allocation or reserve which might be approved as an expenditure by the District in the future. The District maintains, and expects to continue to maintain, an unrestricted reserve which meets the State's minimum requirements.

On October 11, 2017, the Governor signed legislation ("**SB 751**") amending Section 42127.01 of the Education Code, effective January 1, 2018. SB 751 raises the reserve cap established 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 - LCFF Funding

As described herein, prior to fiscal year 2013-14, school districts in California derived most 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, and may also be entitled to supplemental and concentration funding based on Targeted Student enrollment (unduplicated count) and funding based on an economic recovery target.

Recent Funding per ADA. The following table sets forth historical LCFF funding for the District for fiscal years 2014-15 through 2020-21 (Budgeted).

Table No. 4
PLEASANT VIEW SCHOOL DISTRICT
AVERAGE DAILY ATTENDANCE AND STATE FUNDING UNDER LCFF
Fiscal Years 2014-15 through 2019-20 (Audited)
and 2020-21 (Budgeted)

Fiscal Year	Funded ADA(1)	LCFF Revenue
2014-15	522	$4,527,490
2015-16	478	5,217,125
2016-17	472	5,058,849
2017-18	461	5,003,021
2018-19	459	5,163,349
2019-20	457	5,312,032
2020-21	457	4,909,162

(1) P-2 for FY 2014-15 through 2019-20; budgeted for 2020-21.
Source: Pleasant View School District.

The unduplicated count of the District's students which are low-income, English learners and/or foster youth 97% in fiscal year 2019-20 for purposes of determining supplemental and concentration grant funding under LCFF.

Revenue Sources

The District categorizes its general fund revenues into four sources, being the 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, for non-Basic Aid school districts, the State apportionments will amount to the difference between the District's LCFF funding entitlement and its local property tax revenues.

Beginning in fiscal year 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. Section 42238.03(c) of the Education Code of the State itemizes the local revenues that are subtracted from the base entitlement to determine the amount of the State apportionment of funding. Historically, the more local property taxes a district received, the less State aid it is entitled to.

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

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

Other State Revenues*.* Other State Revenues consist primarily of apportionments for mandated costs reimbursements, special education master plan, and State lottery apportionments.

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
Pleasant View School District

Fiscal Year	Amount
2013-14	$160,292
2014-15	193,379
2015-16	234,117
2016-17	295,628
2017-18	328,601
2018-19	378,761
2019-20(1)	687,273
2020-21(1)(2)	671,444

(1) Increases attributed to increase in contribution rates and modified accounting reporting requirements, which include reporting the District's proportionate share of the plan's net pension liability and recognizing on-behalf STRS contributions in governmental funds.
(2) Budgeted.
Source: Pleasant View 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 $102.6 billion as of June 30, 2019 (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, 2016-17, 2017-18, 2018-19 and 2019-20 were 10.73%, 12.58%, 14.43%, 16.28%, 18.13% and 16.15%, respectively. Projected employer contribution rates for school districts (including the District) for fiscal year 2021-22 and fiscal year 2022-23 are set forth in the following table.

EMPLOYER CONTRIBUTION RATES (STRS)
Fiscal Years 2020-21 through 2022-23

Fiscal Year	Employer Contribution Rate[1]
2021-22[2]	16.02%
2022-23	18.10

(1) Expressed as a percentage of covered payroll. Projected rates may change.
(2) Reflects changes to such rates included in the State's 2020-21 Budget.
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
Pleasant View School District

Fiscal Year	Amount
2013-14	$89,275
2014-15	93,227
2015-16	98,357
2016-17	118,963
2017-18	138,921
2018-19	161,556
2019-20[1]	180,499
2020-21[2]	198,702

(1) Unaudited Actual.
(2) Budgeted.
Source: Pleasant View 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 $31.3 billion as of June 30, 2019 (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 three years beginning in fiscal 2018-19 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, 2018-19, 2019-20 and 2020-21 were 11.847%, 13.888%, 15.531%, 18.062%, 19.721% and 20.700%, respectively. Projected employer contribution rates for school districts (including the District) for fiscal year 2021-22 and fiscal year 2022-23 are set forth in the following table.

EMPLOYER CONTRIBUTION RATES (PERS)
Fiscal Years 2020-21 through 2022-23(1)

Fiscal Year	Employer Contribution Rate(2)
2021-22	22.840%
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. Rates have been reduced following adoption of the fiscal year 2020-21 State Budget. See the following paragraph
Source: PERS

To provide local educational agencies with increased fiscal relief, the 2020-21 State Budget redirects $2.3 billion appropriated in the 2019 Budget Act to STRS and PERS for long-term unfunded liabilities to reduce employer contribution rates in 2020-21 and 2021-22. This reallocation will reduce the PERS Schools Pool employer contribution rate will be reduced from 22.67 percent to 20.7 percent in 2020-21 and from 24.6 percent to 22.84 percent in 2021-22.

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.

Pension Liabilities. At June 30, 2019, the District's proportionate share of unfunded liability for STRS and PERS was $3,854,230 and $1,711,775, respectively.

Additional Information. Additional information regarding the District's retirement programs is available in Note 12 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 Benefits

Plan Description. The District administers a Postemployment Benefit Plan (the "**Plan**"), a single-employer defined benefit plan to provide medical and prescription drug benefits to certificated, classified and management employees and their spouses. The Plan covers all employees who retire from the District on or after attaining age 58 with at least 15 years of service for certificated and management employees. Benefits are paid until age 65. There are seven retirees and 31 active employees not receiving benefits.

Funding Policy. The District funds the benefits on a pay-as-you-go basis. The District cap on health benefits is $17,062.80 per year, which is higher than the premium cost and therefore does not reduce the District's benefit cost. At June 30, 2019, the District paid $62,893 for retiree insurance premiums.

Total OPEB Liability. Changes in net OPEB liability are as follows:

Balance at June 30, 2018	$2,540,524
Service cost	139,705
Interest	76,976
Changes of assumptions or other inputs	(116,457)
Benefit payments	(163,703)
Net changes	(63,479)
Balance at June 30, 2019	$2,477,045

For a description of the actuarial methods and assumptions used with respect to the Plan, see "APPENDIX B - Audited Financial Statements of the District for Fiscal Year Ended June 30, 2019, Note 12."

Long-Term Debt Obligations

A schedule of changes in the District's long-term debt for the year ended June 30, 2019 is shown below:

	Balance July 1, 2018	Increases	Decreases	Balance June 30, 2019	Amount Due in One Year
Prior Certificates*	$4,185,000	$ -	$145,000	$4,040,000	$145,000
Qualified Zone Academy Bond	1,021,177	-	145,882	875,295	-
Compensated Absences	6,864	638	-	7,502	-
Total	$5,213,041	$638	$290,882	$4,922,797	$145,000

*Prior Certificates expected to be refunded with proceeds of the Certificates.

Qualified Zone Academy Bonds. On August 21, 2014, the District entered into a lease agreement with the Dubuque Bank & Trust and U.S. Bank National Association, under a Qualified Zone Academy Bond program ("**QZAB**") to finance an energy conservation program. The contract is in the amount of $1,240,000 to be repaid in 17 annual payments of $72,941, interest free.

Participation in Joint Powers Authorities

The District participates in four public entity risk pools under joint powers agreements ("**JPAs**"): the Self-Insured Schools of California III (medical self-insurance fund), the Tulare County Schools Insurance Group (workers' compensation insurance), the Central Tulare County School District's Liability/Property Self Insurance Authority (provides a $200,000 stop loss fund for liability and $150,000 for property claims) and the Northern California Regional Liability Excess Fund (provides general liability insurance). The relationship between the District and the JPAs is such that none of the JPAs is a component unit of the District for financial reporting purposes.

Ad Valorem Property Taxation

Generally. In California, property which is 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 1-1/2% 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. A bill enacted in 1983, SB813 (Statutes of 1983, Chapter 498), however, 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 1-1/2% 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 superior court 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.

Waiver of State Laws Relating to Penalties for Non-Payment of Property Taxes. 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.

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 the impact of Order N-61-20 on property tax revenues in the County or the District, whether future amendments or orders will occur, and what impact, if any, said future amendments or orders could have on the procedures relating to the levy and collection of property taxes, and related interest and penalties.

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 of the State based on the situs of the various components of the unitary property. Except for unitary property of regulated railways and 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 Valuations

The assessed valuation of property in the District is established by the Tulare County Assessor, except for public utility property which is assessed by the State Board of Equalization. Assessed valuations are reported at 100% of the "full value" of the property, as defined in Article XIIIA of the California Constitution. The full value may be adjusted annually to reflect inflation at a rate not to exceed 2% per year, or to reflect a reduction in the consumer price index or comparable data for the area, or to reflect declines in property value caused by substantial damage, destruction or other factors, including assessment appeals filed by property owners. For a discussion of how properties currently are assessed, see "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. No reimbursement is made by the State for such exemptions.

Property within the District had a net taxable assessed valuation for fiscal year 2020-21 of $161,826,777 (after deduction of the homeowners' exemption). Shown in the following table are the assessed valuations for the District for the past 17 fiscal years.

Table No. 5
PLEASANT VIEW SCHOOL DISTRICT
Assessed Valuation
Fiscal Year 2004-05 through Fiscal Year 2020-21

Fiscal Year	Local Secured	Utility	Unsecured	Total	% Change
2004-05	$ 62,881,689	$0	$5,920,945	$ 68,802,634	--
2005-06	67,003,781	0	6,347,777	73,351,558	6.6%
2006-07	74,775,225	0	5,453,404	80,228,629	9.4
2007-08	78,813,834	0	5,662,927	84,476,761	5.3
2008-09	84,127,233	0	7,121,370	91,248,603	8.0
2009-10	88,150,370	0	7,302,748	95,453,118	4.6
2010-11	92,412,525	0	7,158,726	99,571,251	4.3
2011-12	92,439,225	0	7,433,907	99,873,132	0.3
2012-13	100,359,270	0	5,601,207	105,960,477	6.1
2013-14	102,538,309	0	7,398,086	109,936,395	3.8
2014-15	106,078,440	0	7,512,283	113,590,723	3.3
2015-16	110,916,780	0	8,275,868	119,192,648	4.9
2016-17	116,704,770	0	9,557,862	126,262,632	5.9
2017-18	126,812,294	0	9,748,178	136,560,472	8.2
2018-19	135,005,098	0	9,682,742	144,687,840	6.0
2019-20	144,970,618	0	9,620,692	154,591,310	6.8
2020-21	151,839,176	0	9,987,601	161,826,777	4.7

Source: California Municipal Statistics, Inc.

Factors Relating to Increases/Decreases in Assessed Value.

Economic Conditions; Disasters. 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, property reclassifications, and man-made or natural disasters such as earthquakes, fires, floods and droughts. The District is located in a seismically active region. Other notable natural disasters in recent years include drought conditions throughout the State, which ended in 2017 due to record-level precipitation in late 2016 and early 2017, and wildfires in different regions of the State, and related flooding and mudslides. 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. In addition, according to the U.S. Drought Monitor, as of March 2020, parts of the State are experiencing abnormally dry conditions or moderate drought conditions.

Currently the world is experiencing a global pandemic as a result of the outbreak of COVID-19 which could result in an economic recession or depression that could cause general marked declines in property values. For disclosure relating to the COVID-19 emergency, see also "SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES – Disclosure Relating to COVID-19."

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

Assessed Valuation by Land Use. The following table shows a breakdown of local secured property assessed value and parcels within the District by land use for fiscal year 2020-21.

Table No. 6
PLEASANT VIEW SCHOOL DISTRICT
Local Secured Property Assessed Valuation and Parcels by Land Use
Fiscal Year 2020-21

Non-Residential:	2020-21 Assessed Valuation (1)	% of Total	No. of Parcels	% of Total
Agricultural	$100,190,197	65.98%	171	23.75%
Commercial	5,935,207	3.91	25	3.47
Vacant Commercial	165,789	0.11	7	0.97
Industrial	824,894	0.54	2	0.28
Government/Social/Institutional	383,488	0.25	11	1.53
Miscellaneous	60,051	0.04	12	1.67
Subtotal Non-Residential	$107,559,626	70.84%	228	31.67%
Residential:				
Single Family Residence	$39,624,886	26.10%	380	52.78%
Mobile Home	2,988,832	1.97	71	9.86
2+ Residential Units	949,419	0.63	9	1.25
Vacant Residential	716,413	0.47	32	4.44
Subtotal Residential	$44,279,550	29.16%	492	68.33%
Total	$151,839,176	100.00%	720	100.00%

(1) Local Secured Assessed Valuation, excluding tax-exempt property.
Source: California Municipal Statistics, Inc.

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Assessed Valuation of Single Family Homes. Within the residential segment of land uses, the vast majority of residential units are single-family homes. The following table shows a breakdown of assessed valuation of single-family homes on a per parcel basis for fiscal year 2020-21.

Table No. 7
PLEASANT VIEW SCHOOL DISTRICT
Single Family Residential Parcels
Fiscal Year 2020-21

	No. of Parcels	2020-21 Assessed Valuation	Average Assessed Valuation	Median Assessed Valuation
Single Family Residential	380	$39,624,886	$104,276	$100,068

2020-21 Assessed Valuation	No. of Parcels (1)	% of Total	Cumulative % of Total	Total Valuation	% of Total	Cumulative % of Total
$0 - $24,999	15	3.947%	3.947%	$ 250,571	0.632%	0.632%
$25,000 -$49,999	49	12.895	16.842	1,901,213	4.798	5.430
$50,000 - $74,999	59	15.526	32.368	3,639,051	9.184	14.614
$75,000 - $99,999	62	16.316	48.684	5,461,890	13.784	28.398
$100,000 - $124,999	106	27.895	76.579	11,664,030	29.436	57.834
$125,000 - $149,999	30	7.895	84.474	4,087,675	10.316	68.150
$150,000 - $174,999	20	5.263	89.737	3,235,104	8.164	76.315
$175,000 - $199,999	20	5.263	95.000	3,756,204	9.479	85.794
$200,000 - $224,999	5	1.316	96.316	1,045,930	2.640	88.433
$225,000 - $249,999	3	0.789	97.105	704,011	1.777	90.210
$250,000 - $274,999	1	0.263	97.368	274,275	0.692	90.902
$275,000 - $299,999	3	0.789	98.158	854,116	2.156	93.058
$300,000 - $324,999	1	0.263	98.421	306,981	0.775	93.833
$325,000 - $349,999	2	0.526	98.947	674,177	1.701	95.534
$350,000 - $374,999	0	0.000	98.947	0	0.000	95.534
$375,000 - $399,999	1	0.263	99.211	378,238	0.955	96.489
$400,000 - $424,999	1	0.263	99.474	414,854	1.047	97.535
$425,000 - $449,999	0	0.000	99.474	0	0.000	97.535
$450,000 - $474,999	0	0.000	99.474	0	0.000	97.535
$475,000 - $499,999	1	0.263	99.737	476,128	1.202	98.737
$500,000 and greater	1	0.263	100.000	500,438	1.263	100.000
	380	100.000%		$39,624,886	100.000%	

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

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Tax Rates

The table below summarizes the total *ad valorem* tax rates levied by all taxing entities in a representative tax rate area in the District during fiscal years 2016-17 through 2020-21.

Table No. 8
PLEASANT VIEW SCHOOL DISTRICT
Typical Tax Rates (TRA 125-000)
Dollars per $100 of Assessed Valuation
Fiscal Years 2016-17 through 2020-21

	2016-17	2017-18	2018-19	2019-20	2020-21
General Tax Rate	$1.000000	$1.000000	$1.000000	$1.000000	$1.000000
Kern Community College District SRID	.013180	.014412	.012338	.014243	.013073
Kern Community College District SFID	.000000	.021837	.021330	.018785	.020778
Total Tax Rate	$1.013180	$1.036249	$1.033668	$1.033028	$1.033851

Source: California Municipal Statistics, Inc.

Termination of the Teeter Plan

From June 1993 through June 2009, the County and its political subdivisions operated under the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the "**Teeter Plan**"), as provided for in Section 4701 et seq. of the California Revenue and Taxation Code. The Teeter Plan is an alternate procedure for distribution of certain property tax and assessment levies on the secured roll. In June 2009, in order to address cash flow issues and other financial matters, the County discontinued the Teeter Plan.

Property Tax Collections

The following table shows tax charges, collections and delinquencies for secured property in the District and typical tax rates for property within the District for the past 11 fiscal years.

Table No. 9
PLEASANT VIEW SCHOOL DISTRICT
Secured Tax Charges and Delinquencies
Fiscal Years 2009-10 through 2019-20

	Secured Tax Charge (1)	Amt. Del. June 30	% Del. June 30
2009-10	$157,404.32	$8,937.42	5.68%
2010-11	163,389.14	8,876.21	5.43
2011-12	162,865.37	5,539.99	3.40
2012-13	172,857.96	5,331.26	3.08
2013-14	178,382.98	4,033.64	2.26
2014-15	184,339.34	4,689.94	2.54
2015-16	176,419.98	4,041.40	2.29
2016-17	185,126.01	4,555.89	2.46
2017-18	202,280.63	4,318.86	2.14
2018-19	216,186.58	4,556.06	2.11
2019-20	234,803.98	5,288.90	2.25

(1) 1% General Fund apportionment.
Source: California Municipal Statistics, Inc.

Largest Secured Property Taxpayers in District

The following table shows the 20 largest secured property taxpayers in the District as determined by secured assessed valuation in fiscal year 2020-21.

Table No. 10
PLEASANT VIEW SCHOOL DISTRICT
Largest Secured Taxpayers
Fiscal Year 2020-21

	Property Owner	Primary Land Use	2020-21 Assessed Valuation	% of Total (1)
1.	Roel and Joyce Hofstee	Agricultural	$8,030,692	5.29%
2.	Porterville LLC	Agricultural	6,360,325	4.19
3.	De Jong Farms LLC	Agricultural	6,336,837	4.17
4.	Dennis and Yvonne Vanderham	Agricultural	5,751,884	3.79
5.	Cheswold Investments (Grapes) LLC	Agricultural	3,652,668	2.41
6.	M & K Partnership	Agricultural	3,532,520	2.33
7.	Louie and Tracey Tristao	Agricultural	3,242,378	2.14
8.	E. W. Merritt Farms	Agricultural	3,129,838	2.06
9.	Tom and Alice Dejong	Agricultural	2,828,280	1.86
10.	Northern Agriculture IV LLC	Agricultural	2,551,478	1.68
11.	Van Beek Orchards LP	Agricultural	2,535,853	1.67
12.	South Fork Land Holdings LLC	Agricultural	2,466,327	1.62
13.	Berra Investments	Agricultural	2,415,940	1.59
14.	Johanna Van Beek	Agricultural	2,285,961	1.51
15.	Keith B. and Kristin L. Gilbert	Agricultural	2,194,558	1.45
16.	Kasbergen Dairy	Agricultural	2,171,868	1.43
17.	Ronald J. and Melinda S Castro	Agricultural	2,159,675	1.42
18.	Kulwant Singh and Kulwinder K. Gadri	Agricultural	2,043,895	1.35
19.	Golden AAA Ranch LLC	Agricultural	1,986,530	1.31
20.	Manjit Kaur	Gas Station/Mini Mart	1,950,163	1.28
			$67,627,670	44.54%

(1) 2020-21 Local Secured Assessed Valuation: $151,839,176.
Source: California Municipal Statistics, Inc.

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CERTIFICATE INSURANCE

*The following information has been furnished by Build America Mutual Assurance Company ("**BAM**") 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 G for a specimen of BAM's policy.*

Bond Insurance Policy

Concurrently with the issuance of the Certificates, BAM will issue its Municipal Bond Insurance Policy for the Certificates (the "Policy"). The Insurance Policy guarantees the scheduled payment of principal of and interest on the Certificates when due as set forth in the form of the Insurance Policy included as Appendix G to this Official Statement.

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

Build America Mutual Assurance Company

BAM is a New York domiciled mutual insurance corporation and is licensed to conduct financial guaranty insurance business in all fifty states of the United States and the District of Columbia. BAM provides credit enhancement products solely to issuers in the U.S. public finance markets. BAM will only insure obligations of states, political subdivisions, integral parts of states or political subdivisions or entities otherwise eligible for the exclusion of income under section 115 of the U.S. Internal Revenue Code of 1986, as amended. No member of BAM is liable for the obligations of BAM.

The address of the principal executive offices of BAM is: 200 Liberty Street, 27th Floor, New York, New York 10281, its telephone number is: 212-235-2500, and its website is located at: www.buildamerica.com.

BAM is licensed and subject to regulation as a financial guaranty insurance corporation under the laws of the State of New York and in particular Articles 41 and 69 of the New York Insurance Law.

BAM's financial strength is rated "AA/Stable" by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("**S&P**"). An explanation of the significance of the rating and current reports may be obtained from S&P at www.standardandpoors.com. The rating of BAM should be evaluated independently. The rating reflects the S&P current assessment of the creditworthiness of BAM and its ability to pay claims on its policies of insurance. The above rating is not a recommendation to buy, sell or hold the Certificates, and such rating is subject to revision or withdrawal at any time by S&P, including withdrawal initiated at the request of BAM in its sole discretion. Any downward revision or withdrawal of the above rating may have an adverse effect on the market price of the Certificates. BAM only guarantees scheduled principal and scheduled interest payments payable by the issuer of the Certificates 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 Insurance Policy), and BAM does not guarantee the market price or liquidity of the Certificates, nor does it guarantee that the rating on the Certificates will not be revised or withdrawn.

Capitalization of BAM

BAM's total admitted assets, total liabilities, and total capital and surplus, as of September 30, 2020 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were $505.3 million, $158.1 million and $347.2 million, respectively.

BAM is party to a first loss reinsurance treaty that provides first loss protection up to a maximum of 15% of the par amount outstanding for each policy issued by BAM, subject to certain limitations and restrictions.

BAM's most recent Statutory Annual Statement, which has been filed with the New York State Insurance Department and posted on BAM's website at www.buildamerica.com, is incorporated herein by reference and may be obtained, without charge, upon request to BAM at its address provided above (Attention: Finance Department). Future financial statements will similarly be made available when published.

BAM makes no representation regarding the Certificates or the advisability of investing in the Certificates. In addition, BAM 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 BAM, supplied by BAM and presented under the heading "CERTIFICATE INSURANCE".

Additional Information Available from BAM

Credit Insights Videos. For certain BAM-insured issues, BAM produces and posts a brief Credit Insights video that provides a discussion of the obligor and some of the key factors BAM's analysts and credit committee considered when approving the credit for insurance. The Credit Insights videos are easily accessible on BAM's website at www.buildamerica.com/videos. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Credit Profiles. Prior to the pricing of bonds that BAM has been selected to insure, BAM may prepare a pre-sale Credit Profile for those bonds. These pre-sale Credit Profiles provide information about the sector designation (e.g. general obligation, sales tax); a preliminary summary of financial information and key ratios; and demographic and economic data relevant to the obligor, if available. Subsequent to closing, for any offering that includes bonds insured by BAM, any pre-sale Credit Profile will be updated and superseded by a final Credit Profile to include information about the gross par insured by CUSIP, maturity and coupon. BAM pre-sale and final Credit Profiles are easily accessible on BAM's website at www.buildamerica.com/credit-profiles. BAM will produce a Credit Profile for all bonds insured by BAM, whether or not a pre-sale Credit Profile has been prepared for such bonds. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Disclaimers. The Credit Profiles and the Credit Insights videos and the information contained therein are not recommendations to purchase, hold or sell securities or to make any investment decisions. Credit-related and other analyses and statements in the Credit Profiles and the Credit Insights videos are statements of opinion as of the date expressed, and BAM assumes no responsibility to update the content of such material. The Credit Profiles and Credit

Insight videos are prepared by BAM; they have not been reviewed or approved by the issuer of or the underwriter for the Certificates, and the issuer and underwriter assume no responsibility for their content.

BAM receives compensation (an insurance premium) for the insurance that it is providing with respect to the Certificates. Neither BAM nor any affiliate of BAM has purchased, or committed to purchase, any of the Certificates, whether at the initial offering or otherwise.

STATE FUNDING OF EDUCATION AND 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 the district's share of the one percent 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 percent 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.

As described below in the summaries of State budgeting documents, 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. Neither the District, the Underwriter nor 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 Finance" and sub-heading "-Public Finance Division", (1) 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, and (2) also posts various financial documents for the State under the "-Financial Information" link.

- 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 ("**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 headings "The Budget" and "State Budget Condition."

Prior Years' Budgeting Techniques. Declining revenues and fiscal difficulties which arose in the State commencing in fiscal year 2008-09 resulting in the State undertaking 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, and the dissolution of local redevelopment agencies in part to make available additional funding for local agencies. As a result of the COVID-19 pandemic and subsequent economic recession, budget-cutting strategies such as those used in recent years are being used and may continue to be used in the future during a period of budgetary strain.

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. As a result of the implementation of the LCFF, the District has experienced an increase in revenues.

2020-21 State Budget

Introduction and Background. The Governor signed the fiscal year 2020-21 State Budget (the **"2020-21 State Budget"**) on June 29, 2020. The 2020-21 State Budget notes that the COVID-19 pandemic has impacted every sector of the State's economy and has caused record high unemployment, and further action from the federal government is needed as a result of the crisis. The Governor is pursuing $1 trillion in flexible federal aid to state and local governments across the country, which support will be critical to mitigate the effects of the public health crisis, encourage recovery, and support persons in need.

At the time of the Governor's proposed 2020-21 State Budget in January, the State was projecting a surplus of $5.6 billion. At the time of the May Revision with respect to the 2020-21 State Budget, the State had a budget deficit of $54.3 billion. The 2020-21 State Budget includes measures to close the gap and bring the State's resources and spending into balance while preserving reserves for future years.

To reduce the structural deficit in the coming years, the 2020-21 State Budget sustains the January 1, 2022 suspension of several ongoing programmatic expansions that were made in the 2019 Budget Act. In addition, the 2020-21 State Budget accelerates the suspension of most Proposition 56 (2016 tobacco tax measure) tax rate increases to July 1, 2021. Despite these measures, the State forecasts an operating deficit of $8.7 billion in 2021-22, after accounting for reserves.

Closing the Budget Gap. The 2020-21 State Budget uses the following strategies to close the budget gap:

- Reserve Draw Down: Draws down $8.8 billion in reserves, including from the State's Rainy Day Fund ($7.8 billion), the Safety Net Reserve ($450 million), and all of the funds in the Public School System Stabilization Account.

- Triggers: Includes $11.1 billion in funding reductions and deferrals that will be restored if at least $14 billion in federal funds are received by October 15, 2020. If the State receives a lesser amount between $2 billion and $14 billion, the reductions and deferrals will be partially restored. The trigger includes $6.6 billion in deferred funding for schools.

- Federal Funds: Relies on $10.1 billion in federal funds that provide State general fund relief, including $8.1 billion already received.

- Revenues: Temporarily suspends the use of net operating losses for medium and large businesses and temporarily limits to $5 million the amount of business incentive credits a taxpayer can use in any given tax year. These short-term limitations will generate $4.4 billion in new revenues in the 2020-21 fiscal year.

- Borrowing/Transfers/Deferrals: Relies on $9.3 billion in special fund borrowing and transfers, as well as other deferrals for K-14 schools. Approximately $900 million in additional special fund borrowing is associated with the reductions to employee compensation and is contained in the trigger.

- Other Solutions: Cancelling multiple program expansions and anticipating increased government efficiencies, higher ongoing revenues above the May Revision forecast and lower health and human services caseload costs than the May Revision estimated.

General Budget Highlights. Certain highlights of the 2020-21 State Budget are:

Emergency Response: COVID-19 and other emergency response efforts included in the 2020-21 State Budget are:

- Responding to COVID-19: The State expects to receive over $72 billion in federal assistance to State programs, of which unemployment insurance represents about $52 billion of this total. Under the CARES Act, the State received $9.5 billion for various uses including $4.4 billion to mitigate K-14 learning loss. The amount of $5.9 million of General Fund spending for 2020-21 and $4.8 million ongoing is allocated to support the State Department of Health's response to COVID-19.

- Enhancements to Emergency Responses and Preparedness: $117.6 million is allocated to the State Office of Emergency Services to enhance emergency preparedness and response capabilities, including with respect to power outages, earthquakes, wildfires and cybersecurity.

- Forestry and Fire Protection: $90 million is allocated to enhance CAL FIRE's fire protection capabilities, including for wildfire prediction and modeling technology.

Revenue Solutions. Revenue measures which are expected to net $4.3 billion in 2020-21, $3.1 billion in 2021-22 and $1.3 billion in 2022-23, include:

- Certain Tax Measure Extensions. Extending certain tax measures including certain sales tax exemptions through the end of 2022-23, extending the carryover period for film credits from 6 years to 9 years, and extending the current exemption from the minimum tax for first year corporations to first year limited liability corporations, partnerships, and limited liability partnerships.

- Expansion of Earned Income Tax. Expanding the Earned Income Tax Credit to certain taxpayers.

- Changes to Tax Laws and Sales Tax. Changes in tax law including suspending net operating losses for 2020, 2021, and 2022 for medium and large businesses, and limiting certain business incentive tax credits, and with respect to closing the sale tax loss gap, requiring used car dealers to remit sales tax to the Department of Motor Vehicles with registration fees.

Recovery for Small Businesses. The 2020-21 State Budget includes a waiver of the minimum franchise tax for the first year of operation, $100 million budgeted for the State's small business loan program, $25 million to provide capital to enable the origination of more loans in underbanked communities, and adding funding of $758,000 ongoing for positions relating to small business support.

Housing. Up to $500 million is allocated in State tax credits for low-income housing in 2021, under certain conditions. The 2020-21 State Budget provides $331 million in National Mortgage Settlement funds to help prevent avoidable foreclosures and evictions, and $8.3 billion across multiple departments and programs to address housing throughout the State.

K-12 Education Funding Summary. For K-12 education funding, the 2020-21 State Budget provides for funding under Proposition 98 of $70.9 billion, which is more than $10 billion below the minimum guarantee contained in the State's 2019-20 budget. For K-12 schools, this results in Proposition 98 per pupil spending of $10,654 in 2020-21, which is a $1,339 decrease over the 2019-20 per pupil spending levels. Additionally, in the same period, per pupil spending from all State, federal, and local sources decreased by approximately $542 per pupil to $16,881.

Efforts to mitigate the impact of the decline in K-12 funding in the 2020-21 State Budget include:

Deferrals: $1.9 billion of LCFF apportionment deferrals in 2019-20, growing to $11 billion LCFF apportionment deferrals in 2020-21. These deferrals will allow LCFF funding to remain at 2019-20 levels in both fiscal years. The statutory LCFF cost-of-living adjustment is suspended in 2020-21. Of the total deferrals, $5.8 billion will be triggered off in 2020-21 if the federal funding becomes available.

Learning Loss Mitigation: A one-time investment of $5.3 billion ($4.4 billion federal Coronavirus Relief Fund, $539.9 million Proposition 98 General Fund, and $355.2 million federal Governor's Emergency Education Relief Fund) to local educational agencies to address learning loss related to COVID-19 school closures. Funds will be allocated to local educational agencies on an equity basis, with an emphasis on ensuring the greatest resources are available to local educational agencies serving students with the greatest needs.

Supplemental Appropriations: In 2019-20 and 2020-21, the Proposition 98 funding level drops below the target funding level by a total of approximately $12.4 billion. To accelerate the recovery from this funding reduction, the 2020-21 State Budget provides 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 percent of State general fund revenues per year, up to a cumulative total of $12.4 billion.

Revised PERS and STRS Contributions. To provide local educational agencies with increased fiscal relief, the 2020-21 State Budget redirects $2.3 billion appropriated in the 2019 Budget Act to STRS and PERS for long-term unfunded liabilities to reduce employer contribution rates in 2020-21 and 2021-22. This reallocation will reduce the STRS employer rate from 18.41 percent to approximately 16.15 percent in 2020-21 and from 17.9 percent to 16.02 percent in 2021-22. The PERS Schools Pool employer contribution rate will be further reduced from 22.67 percent to 20.7 percent in 2020-21 and from 24.6 percent to 22.84 percent in 2021-22.

Federal Funds. The 2020-21 State Budget appropriates $1.6 billion in federal Elementary and Secondary School Emergency Relief funds that the State was recently awarded. Of this amount, 90 percent ($1.5 billion) will be allocated to local educational agencies in proportion to the amount of Title I-A funding they receive to be used for COVID-19 related costs. The remaining 10 percent ($164.7 million) is available for certain COVID-19 related State-level activities, such as providing additional funding for student meals and social services.

Special Education. The 2020-21 State Budget increases special education base rates to $625 per pupil pursuant to a new funding formula, apportioned using the existing hold harmless methodology, and provides $100 million to increase funding for students with low-incidence disabilities. Additional federal funding received by the State is also allocated to various special education programs.

Average Daily Attendance. To ensure funding stability regardless of the instructional model undertaken in the 2020-21 academic year, the 2020-21 State Budget includes a hold harmless for the average daily attendance used to calculate school funding for all local educational agencies and includes requirements for distance learning to ensure that, when in-person instruction is not possible, students continue to receive access to a quality education via distance learning.

In addition, the 2020-21 State Budget includes certain employee protection terms to ensure the continuity of employment for essential school staff during the COVID-19 pandemic. As such, the 2020-21 State Budget includes the suspension of the August 15, 2020, layoff window for teachers and other non-administrative certificated staff, and the suspension of layoffs for classified staff working in transportation, nutrition, and custodial services from July 1, 2020 through June 30, 2021. The 2020-21 State Budget also includes the intent of the State Legislature that school districts, community college districts, joint powers authorities, and county offices of education retain all classified employees in the 2020-21 fiscal year.

Disclaimer Regarding State Budgets

The execution of State budgets including the above 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 current and proposed State budgets are expected to be impacted by the COVID-19 emergency described herein. The District cannot predict the impact that the 2020-21 State Budget or subsequent State Budgets, will have on its own finances and operations.

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

Availability of State Budgets. The complete 2020-21 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 Certificates.

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 LIMITATIONS ON TAXES AND APPROPRIATIONS

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) on 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, 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. 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.

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 County, use a similar methodology in raising the taxable values of property beyond 2% in a single year. The State Board of Equalization 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 State Board of Equalization (**"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

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 its Lease Payments.

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. As adopted, the constitutional amendments may be changed only with another Statewide vote of the people. The statutory provisions could be changed by a majority vote of both houses of the Legislature and approval by the Governor, but only to further the purposes of the proposition. The local school jurisdictions affected by this proposition are K-12 school districts, community college districts, including the District, 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 this proposition and can be changed with a majority vote of both houses of the Legislature and approval by the Governor.

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 for such period the marginal personal income tax rate by: (i) 1% for taxable income over $250,000 but less than $300,000 for single filers (over $340,000 but less than $408,000 for head of household filers and 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 $408,000 but less than $680,000 for head of household filers and 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 $680,000 for head of household filers and 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 the end of 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 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 provisions 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.

Future Initiatives

Article XIIIA, Article XIIIB, Article XIIIC and Article XIIID of the California Constitution and Propositions 98, 22, 26, 30 and 39 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.

RISK FACTORS

The following factors, along with all other information in this Official Statement, should be considered by potential investors in evaluating the Certificates. The discussion does not purport to be, nor should it be construed to be, complete nor a summary of all factors which may affect the financial condition of the District, the District's ability to make Lease Payments in the future, or the effectiveness of any remedies that the Trustee may have or circumstances under which Lease Payments may be abated.

No Pledge of Taxes

The Lease Payments and other payments due under the Lease Agreement are not secured by any pledge of taxes or other revenues of the District. See "SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES - Lease Payments." The Lease Payments are secured by a District covenant to annually budget and appropriate sufficient funds to make Lease Payments from any lawfully available funds, including the general fund. In the event that the District's general fund revenues are less than its total obligations, the District may choose to pay other costs or expenses before making the Lease Payments.

The obligation of the District to pay the Lease Payments and Additional Payments does not constitute an obligation of the District for which the District is obligated to levy or pledge any form of taxation or for which the District has levied or pledged any form of taxation. The obligation of the District to pay Lease Payments and Additional Payments does not constitute a debt or indebtedness of the Corporation, the District, the State of California or any of its political subdivisions within the meaning of any constitutional or statutory debt limitation or restriction.

Although the Lease Agreement does not create a pledge, lien or encumbrance upon the funds of the District, the District is obligated under the Lease Agreement to pay Lease Payments and Additional Payments from any source of legally available funds (subject to certain exceptions) and the District has covenanted in the Lease Agreement that, for as long as the Leased Property is available for its use and possession, it will make the necessary annual appropriations within its budget for all Lease Payments and Additional Payments. See "SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES."

The District is currently liable on other obligations payable from general revenues and may incur additional obligations payable from its general fund. See "DISTRICT FINANCIAL INFORMATION - Long-Term Debt Obligations."

Additional Obligations of the District

Under the Lease Agreement the District is permitted to enter into other obligations which constitute additional charges against its revenues without the consent of owners of the Certificates. To the extent that additional obligations are incurred by the District, the funds available to pay Lease Payments may be decreased.

Limited Recourse on Default

Whenever any event of default referred to in the Lease Agreement happens and continues, the Trustee, as the assignee of the Corporation, is authorized under the terms of the Lease Agreement to exercise any and all remedies available under law or granted under the Lease Agreement.

Notwithstanding a default under the Lease Agreement, there is no right under any circumstances to accelerate the Lease Payments or otherwise declare any Lease Payments not then due or past due to be immediately due and payable. Neither the Corporation nor the Trustee has any right to re-enter or re-let the Leased Property except following the occurrence and during the continuation of an event of default under the Lease Agreement.

Following an event of default, the Corporation may elect either to terminate the Lease Agreement and seek to collect damages from the District or to maintain the Lease Agreement in effect and seek to collect the Lease Payments as they become due. The Lease Agreement further provides that so long as an event of default exists under the Lease Agreement, the Corporation, or its assignee, may re-enter the Leased Property for the purpose of taking possession of all or any portion of the Leased Property and to re-let the Leased Property and, in addition, at its option, with or without such entry, to terminate the Lease Agreement as described therein. See "APPENDIX A – SUMMARY OF CERTAIN PROVISIONS OF PRINCIPAL LEGAL DOCUMENTS – The Lease Agreement."

No assurance can be given that the Trustee will be able to re-let the Leased Property so as to provide rental income sufficient to pay principal and interest evidenced by the Certificates in a timely manner or that such re-letting will not adversely affect the exclusion of interest with respect thereto from gross income for federal or State income tax purposes. Furthermore, it is not certain whether a court would permit the exercise of the remedies of repossession and re-letting with respect to the Leased Property.

In the event of a default, there is no remedy of acceleration of the total Lease Payments due over the term of the Lease Agreement and the Trustee is not empowered to sell the Leased Property and use the proceeds of such sale to prepay the Certificates or pay debt service with respect thereto. The District will be liable only for Lease Payments on an annual basis and, in the event of a default, the Trustee would be required to seek a separate judgment each year for that year's defaulted Lease Payments. Any such suit for money damages would be subject to limitations on legal remedies against public entities in California, including a limitation on enforcement of judgments against funds of a fiscal year other than the fiscal year in which the Lease Payments were due and against funds needed to serve the public welfare and interest.

Abatement

The obligation of the District under the Lease Agreement to pay Lease Payments is in consideration of the use and possession of the Leased Property.

Under certain circumstances relating to damage, destruction, condemnation or title defects with respect to the Leased Property which cause a substantial interference with the use and possession of the Leased Property, the District's obligation to make Lease Payments is subject to full or partial abatement and could result in the Trustee having inadequate funds to pay the principal and interest with respect to the Certificates as and when due. See "SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES – Abatement" and "APPENDIX A – SUMMARY OF CERTAIN PROVISIONS OF PRINCIPAL LEGAL DOCUMENTS – The Lease Agreement." Abatement is not a default under the Lease Agreement and does not result in the Trustee having the right to take any action to avail itself of any remedy against the District.

Infectious Disease Outbreak and 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.

On April 9, 2020, the Federal Reserve took additional actions to provide up to $2.3 trillion in loans to support the economy, including supplying liquidity to participating financial institutions in the SBA's Paycheck Protection Program, purchasing up to $600 billion in loans through the Main Street Lending Program and offering up to $500 billion in lending to states and municipalities.

On April 24, 2020, an additional $484 billion federal aid package was signed, to provide additional funding for the local program for distressed small businesses and to provide funds for hospitals and COVID-19 testing. The legislation adds $310 billion to the Paycheck Protection Program, increases the small business emergency grant and loan program by $60 billion, and directs $75 billion to hospitals and $25 billion to a new COVID-19 testing program.

At the State level, 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. On March 17, 2020, Senate Bill 89 ("**SB 89**") and Senate Bill 117 ("**SB 117**") were signed by the Governor, both of which took effect immediately. SB 89 amends the Budget Act of 2019 by appropriating $500,000,000 from the State general fund for any purpose related to the Governor's March 4, 2020 emergency proclamation. SB 117, among other things, (i) specifies that, for school districts that comply with Executive Order N–26–20, the ADA reported to the State Department of Education for the second period and the annual period for apportionment purposes, for the 2019-20 school year, includes only all full school months from July 1, 2019 through February 29, 2020, (ii) prevents the loss of funding related to an instructional time penalty because of a school closed due to COVID–19 by deeming the instructional days and minutes requirements to have been met during the period of time the school was closed due to COVID–19, (iii) requires a school district to be credited with the ADA it would have received had it been able to operate its After School Education and Safety Program during the time the school was closed due to COVID–19, and (iv) appropriates $100,000,000 from the State general fund to the State Superintendent to be apportioned to certain local educational agencies for purposes of purchasing personal protective equipment, or paying for supplies and labor related to cleaning school sites.

On May 4, 2020, the Governor enacted Executive Order N-60-20 ("**Executive Order N-60-20**"), which directs the State Public Health Officer to establish criteria to determine whether and how particular local jurisdictions may implement public health measures that are less restrictive than statewide directives, as the State transitions from Stage 1 to Stage 2, and then Stage 3 of reopening. The stages will be phased in gradually, and counties which have met readiness criteria and worked with the State Department of Public Health can open more public spaces and workplaces, as outlined by the State, with variances allowed by county. The State is currently in early Stage 2, where retail, related logistics and manufacturing, office workplaces, limited personal services, outdoor museums, child care, and essential businesses can open with modifications. The State will continue to issue guidance to assist workplaces to reopen safely. Pursuant to Executive Order N-60-20, local jurisdictions may issue their own public health measures to slow the spread of COVID-19.

On June 29, 2020, Senate Bill 98 ("**SB 98**"), the education omnibus bill to the 2020-21 State Budget, was signed by the Governor, which took effect immediately. SB 98 provides that distance learning may be offered by a school district during the 2020-21 academic year on a local educational agency or schoolwide level as a result of an order or guidance from a State public health officer or a local public health officer or for pupils who are medically fragile or would be put at risk by in-person instruction, or who are self-quarantining because of exposure to COVID-19. SB 98 provides requirements for distance learning, including, but not limited to: (i) confirmation or provision of access for all pupils to connectivity and devices adequate to participate in the educational program and complete assigned work, (ii) content aligned to grade level standards that is provided at a level of quality and intellectual challenge substantially equivalent to in-person instruction, (iii) support for pupils who are not performing at grade level or need support in other areas, (iv) special education services, (v) designated and integrated instruction in English language development for English learners, and (vi) daily live interaction with certificated employees and peers.

On July 17, 2020, as amended on August 3, 2020, the Governor released guidelines for the reopening of schools and school based programs, which tracked the level of COVID-19 infections in a community as well as the preparedness of the community's healthcare system. Under the guidelines, any county that did not meet certain benchmarks was to be put on a County Monitoring List (the "**Monitoring List**") and schools in counties on the County Monitoring List could not open for in-person instruction. An exception was made for elementary schools granted waivers by their local health department. Once a county has been off the Monitoring List for 14 consecutive days, schools meeting certain criteria could begin a phased reopening pursuant to the guidelines. If 5% of students and staff tested positive within a 14-day period, a school would be required to revert to distance learning, and if 25% or more of schools within a school district had been closed due to COVID-19 during a 14-day period, the entire school district would be required to revert to distance learning. Schools could then resume in-person instruction after 14 days with the approval of the local public health officer.

On August 28, 2020, the Governor released a new system, "Blueprint for a Safer California," which places the State's 58 counties into four color-coded tiers – purple, red, orange, and yellow, in descending order of severity – based on the number of new daily cases of COVID-

19 and the percentage of positive tests. Counties must spend at least three weeks in each tier before advancing to the next one. The guidelines for reopening schools summarized above remain in effect, except that the purple tier is substituted for the Monitoring List. The County is currently assigned to the purple tier, which designates widespread risk.

As a result of the outbreak of COVID-19, the District closed its schools for in-person learning in March, 2020 and implemented distance learning programs for its students for the remainder of the 2019-20 school year. The District opened the 2020-21 academic year in a distance learning environment because the County was on the Monitoring List. District schools remain closed for in-person instruction because the County is assigned to the purple tier. If certain conditions are met, the Board is considering applying for waivers with the County Department of Public Health that would permit the District to open schools before the County has moved out of the purple tier. If the District does not pursue such waivers, or if such waivers are not granted, District schools cannot reopen for in-person learning until the County has been in the red tier or a lower tier for two weeks. When in-person learning resumes, the District plans to open in a hybrid model, with District students divided into two cohorts. Each cohort would be assigned two days of the week for in-person instruction and distance learning would continue to be available to students the other days of the week. The District will continue to evaluate the State's school reopening guidelines and will consult with local health officials and the State's school reopening guidelines in implementing the District's plans for the 2020-21 academic year.

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.

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 "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 "STATE FUNDING OF EDUCATION; RECENT STATE BUDGETS – Property Tax Collection Procedures – Waiver of State Laws Relating to Penalties for Non-Payment of Property Taxes."

The District is unable to predict the ultimate impact of the COVID-19 pandemic on the District's finances, and there can be no assurance that the COVID-19 pandemic will not have a material effect on the District's ability to make the Lease Payments.

Property Taxes

Levy and Collection. The District does not have any independent power to levy and collect property taxes. Any reduction in the tax rate or the implementation of any constitutional or legislative property tax decrease could reduce the District's share of local property tax revenues, and accordingly, could have an adverse impact on the ability of the District to make Lease Payments. Likewise, delinquencies in the payment of property taxes could have an adverse effect on the District's ability to pay principal and interest with respect to the Certificates when due.

Reduction in Inflationary Rate. Article XIIIA of the California Constitution provides that the full cash value base of real property used in determining assessed value may be adjusted from year to year to reflect the inflationary rate, not to exceed a 2% increase for any given year, or may be reduced to reflect a reduction in the consumer price index or comparable local data. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS." Such measure is computed on a calendar year basis. Because Article XIIIA limits inflationary assessed value adjustments to the lesser of the actual inflationary rate or 2%, there have been years in which the assessed values were adjusted by actual inflationary rates, which were less than 2%. The District is unable to predict if any adjustments to the full cash value base of real property within the District, whether an increase or a reduction, will be realized in the future.

Reassessments and Appeals of Assessed Values. There are two types of appeals of assessed values that could adversely impact property tax revenues:

> Proposition 8 Appeals. Most of the appeals that might be filed in the District would be based on Section 51 of the Revenue and Taxation Code, which requires that for each lien date the 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.
>
> Under California law, property owners may apply for a reduction of their property tax assessment by filing a written application, in form prescribed by the State Board of Equalization, with the appropriate county board of equalization or assessment appeals board. In most cases, the appeal is filed because the applicant believes that present market conditions (such as residential home prices) cause the property to be worth less than its current assessed value. These market-driven appeals are known as Proposition 8 appeals.
>
> Any reduction in the assessment ultimately granted as a Proposition 8 appeal applies to the year for which application is made and during which the written application was filed. These reductions are often temporary and are adjusted back to their original values 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. However, current case law is uncertain as to whether or not property may be adjusted to its prior value at once or if adjustments may only be made subject to the 2% limitation. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Article XIIIA of the California Constitution – Litigation Regarding 2% Limitation."

Base Year Appeals. A second type of assessment appeal is called a base year appeal, where the property owners challenge the original (basis) value of their 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.

No assurance can be given that property tax appeals or blanket reassessments initiated by the County Assessor in the future will not significantly reduce the District's property tax revenues.

Local Housing Market. Economic downturns, such as those that have been experienced in recent years on a national scale, can have a negative impact on local property values, in part due to fallout from the subprime mortgage crisis, tight credit markets and the recession. High rates of foreclosures tend to depreciate values of homes in the overall market, which could lead to more Proposition 8 appeals. Although the District's total assessed valuation is again increasing, it is not possible to predict how a future mortgage crisis, tightening credit markets, increased foreclosure activity and major reductions in home prices throughout the region could affect home values, assessed values, assessment appeals or collections of property taxes by the County.

State Budget Considerations

School districts in California receive a significant amount of their funding from State appropriations, as determined in each year's State budget. As a result, decreases in State revenue sources may impact the amount of funds appropriated to school districts, as has occurred in recent years. A deterioration in the State's economy due to factors such as reduced income tax revenues and sales tax revenues can negatively impact the State budget and the District's revenues, and therefore funds available to make Lease Payments. For example, the adopted State 2020-21 Budget includes $11 billion in LCFF apportionment deferrals in 2020-21 and suspended the LCFF cost-of-living adjustment in 2020-21. See "STATE FUNDING OF EDUCAQTIOM AND RECENT STATE BUDGETS - 2020-21 State Budget." In addition, the State Legislature has at times adopted legislation in connection with its annual budgets which may impact education funding, and may do so again in the future. The District cannot predict how State budgets and future legislation may impact its finances.

Absence of Earthquake and Flood Insurance

If any portion of the Leased Property is destroyed or rendered useless by a natural hazard such as an earthquake or flood, an abatement could occur and result in the Trustee having inadequate funds to pay the principal and interest represented by the Certificates as and when due. The Lease Agreement does not require the District to obtain earthquake or flood insurance on the Leased Property.

All building components of the Leased Property were constructed under the standards of the "Field Act" (California State Building Code, Title 24). The Field Act requires substantially higher construction standards for public schools and hospitals than are required for other types of construction. The Field Act requires that building systems be capable of withstanding seismic forces from the "most credible" earthquake likely to occur in the vicinity of the building system being constructed.

Limitations on Remedies; Bankruptcy

The rights of the owners of the Certificates are subject to the limitations on legal remedies against public entities in the State, including a limitation on enforcement of judgments against funds needed to serve the public welfare and interest. Additionally, enforceability of the rights and remedies of the owners of the Certificates, and enforcement of the District's obligations under the Lease Agreement, may become subject to the federal bankruptcy code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditor's rights generally, now or hereafter in effect, equity principles which may limit the specific enforcement under State law of certain remedies, the exercise by the United States of America of the powers delegated to it by the Constitution, the reasonable and necessary exercise, in certain exceptional situations, of the police powers inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose and the limitations on remedies against cities in the State.

Bankruptcy proceedings under Chapter 9 of the Bankruptcy Code (Title 11, United States Code), which governs the bankruptcy proceedings for public agencies such as the District, or the exercise of powers by the federal or State government, if initiated, could subject the owners of the Certificates to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation, or modification of their rights. See "– Limited Recourse on Default" above.

TAX MATTERS

Federal Tax Status. In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Special Counsel, subject, however to the qualifications set forth below, under existing law, the portion of lease payments designated as and comprising interest and received by the owners of the Certificates 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 Lease Agreement is a "qualified tax-exempt obligation" 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 with respect to the Certificates.

The opinions set forth in the preceding paragraph are subject to the condition that the District comply with all requirements of the Tax Code that must be satisfied subsequent to the execution and delivery of the Certificates in order that the interest with respect thereto be, and continue to be, excludable from gross income for federal income tax purposes, and in order for the Lease Agreement to be a "qualified tax-exempt obligation" 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 execution and delivery of the Certificates, or may cause the Lease Agreement not to be a "qualified tax-exempt obligation" 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 Certificate is sold is less than the amount payable at maturity thereof, then such difference constitutes "original issue discount" for purposes of federal income taxes. If the initial offering price to the public at which a Certificate 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 Certificate 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 Certificate to determine taxable gain upon disposition (including sale, redemption, or payment on maturity) of such Certificate. The Tax Code contains certain provisions relating to the accrual of original issue discount in the case of purchasers of the Certificates who purchase the Certificates after the initial offering of a substantial amount of such maturity. Owners of such Certificates should consult their own tax advisors with respect to the tax consequences of ownership of Certificates 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 Certificates is sold to the public.

Under the Tax Code, bond premium is amortized on an annual basis over the term of the Certificate (said term being the shorter of the Certificate's maturity date or its call date). The amount of bond premium amortized each year reduces the adjusted basis of the owner of the Certificate for purposes of determining taxable gain or loss upon disposition. The amount of bond premium on a Certificate is amortized each year over the term to maturity of the Certificate on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). Amortized Certificate premium is not deductible for federal income tax purposes. Owners of premium Certificates, 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 Certificates.

California Tax Status. In the further opinion of Special Counsel, the portion of lease payments designated as and comprising interest and received by the owners of the Certificates 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 with respect to the Certificates to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent beneficial owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals, clarification of the Tax Code or court decisions may also affect the market price for, or marketability of, the Certificates. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, such legislation would apply to Certificates issued prior to enactment.

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

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

A copy of the proposed form of opinion of Special Counsel is attached hereto as Appendix D.

CERTAIN LEGAL MATTERS

Continuing Disclosure

The District has covenanted for the benefit of owners of the Certificates to provide certain financial information and operating data relating to the District by not later than nine months after the end of the District's fiscal year (presently June 30) in each year commencing with its report for the 2019-20 fiscal year (the "**Annual Report**") and to provide notices of the occurrence of certain enumerated events. The specific nature of the information to be contained in the Annual Report or the notices of significant events by the District is summarized in "APPENDIX E - FORM OF CONTINUING DISCLOSURE CERTIFICATE." These covenants have been made in order to assist the Underwriter in complying with Securities Exchange Commission Rule 15c2-12(b)(5).

The District entered into a continuing disclosure undertaking with respect to the Prior Certificates. During the previous five years, the District has been in compliance with its undertaking, with the exception of fiscal year 2015, which was filed late.

Absence of Material Litigation

No litigation is pending or threatened, to the knowledge of the District, concerning the validity of the Certificates, and a certificate to that effect will be furnished to purchasers at the time of the original delivery of the Certificates. 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 execute and deliver the Certificates.

ESCROW VERIFICATION

Causey Demgen & Moore P.C., Denver, Colorado (the **"Verification Agent"**), upon delivery of the Certificates, will deliver a report of the mathematical accuracy of certain computations, contained in schedules provided to them on behalf of the District, relating to the sufficiency of the anticipated amount of proceeds of the Certificates and other funds deposited into the Escrow Fund and available to pay, when due, the principal, whether at maturity or upon prior prepayment, interest and prepayment premium requirements of the Prepaid Certificates being refunded with proceeds of the Certificates.

The report of the Verification Agent will include the statement that the scope of their engagement is limited to verifying mathematical accuracy, of the computations contained in such schedules provided to them, and that they have no obligation to update their report because of events occurring, or data or information coming to their attention, subsequent to the date of their report.

RATINGS

Standard & Poor's Ratings Services ("**S&P**") has assigned its municipal bond rating of "AA" to the Certificates with the understanding that upon delivery of the Certificates, the Insurance Policy insuring the payment when due of the principal and interest with respect to the Certificates will be issued by BAM. In addition, S&P has assigned an underlying municipal bond rating of "A-" to the Certificates. Such ratings reflect only the views of S&P and an explanation of the significance of such ratings may be obtained from S&P. There is no assurance that such ratings will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely by S&P, if in its judgment circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Certificates.

UNDERWRITING

The Certificates are being purchased by O'Connor & Company Securities, Inc. (the "**Underwriter**"). The Underwriter has agreed to purchase the Certificates at a price of $3,944,357.80 (which price is equal to the aggregate principal amount of the Certificates, plus net original premium of $230,907.80, and less an Underwriter's discount of $56,550.00). The Purchase Contract pursuant to which the Underwriter has agreed to purchase the Certificates provides that the Underwriter will purchase all of the Certificates if any are purchased, the obligation to make such purchase being subject to certain terms and conditions set forth in the Purchase Contract, including the approval of certain legal matters by counsel and certain other conditions.

The Underwriter intends to offer the Certificates to the public at the offering prices set forth on the cover page of this Official Statement. The Underwriter may offer and sell to certain dealers and others at a price lower than the offering prices stated on the cover page hereof. The offering price may be changed from time to time by the Underwriter.

ADDITIONAL INFORMATION

The reference herein to the Trust Agreement, the Lease Agreement, the Site Lease and the Continuing Disclosure Certificate and other legal documents 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 said documents. Copies of the documents are available from the Underwriter prior to initial sale of the Certificates and following delivery of the Certificates will be on file at the offices of the Trustee in Costa Mesa, California.

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

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

PLEASANT VIEW SCHOOL DISTRICT

By: /s/ Mark Odsather
Superintendent/Principal

APPENDIX A

SUMMARY OF PRINCIPAL LEGAL DOCUMENTS

DEFINED TERMS

The following terms have the following meanings, notwithstanding that any such terms may be elsewhere defined in this Official Statement. Any terms not expressly defined in this Summary but previously defined in this Official Statement have the respective meanings previously given.

"Assignment Agreement" means the Assignment Agreement, dated as of November 1, 2020, by and between the Corporation as assignor and the Trustee as assignee, as originally executed or as thereafter amended pursuant to any duly authorized and executed amendments thereto.

"Business Day" means a day other than a Saturday, Sunday, legal holiday, or other day on which banking institutions or trust companies in New York, New York, Wilmington, Delaware or the State of California, or in any state in which any Office of the Trustee is located, are authorized or obligated by law, regulation or executive order to remain closed.

"Certificates" means the 2020 Refunding Certificates of Participation, executed and delivered pursuant to the Trust Agreement.

"Certificate Year" means each period from December 2 to December 1 of the following calendar year except that the first certificate year will commencing on the Closing Date and the last certificate year will end on the date of payment of the Lease Payments in full.

"Closing Date" means the day when the Certificates, duly executed by the Trustee, are delivered to the Original Purchaser.

"Code" means the Internal Revenue Code of 1986 as in effect on the date of issuance of the Certificates or (except as otherwise referenced in the Trust Agreement) as it may be amended to apply to obligations issued on the date of execution and delivery of the Certificates, together with applicable temporary and final regulations promulgated, and applicable official public guidance published, under the Code.

"Continuing Disclosure Certificate" shall mean that certain Continuing Disclosure Certificate executed by the District and dated the date of execution and delivery of the Certificates, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

"Corporation" means the Local Facilities Finance Corporation, a nonprofit corporation duly organized and existing under the Nonprofit Public Benefit Corporation Law of the State of California.

"Costs of Issuance" means all items of expense directly or indirectly payable by or reimbursable to the District or the Corporation relating to the execution and delivery of the Lease or the execution, sale and delivery of the Certificates, including but not limited to filing and recording costs, settlement costs, printing costs, reproduction and binding costs, initial fees and charges of the Trustee (which shall include legal fees and the first annual administration fee of the Trustee), financing discounts, legal fees and charges, insurance fees and charges, financial and other professional consultant fees, costs of rating agencies for credit ratings, fees for execution, transportation and safekeeping of the Certificates and charges and fees in connection with the foregoing.

"Costs of Issuance Fund" means the fund by that name established and held by the Trustee pursuant to the Trust Agreement.

"Defeasance Obligations" means (a) cash, or (b) Federal Securities.

"District" means the Pleasant View School District, a school district duly organized and existing under the Constitution and laws of the State of California.

"District Representative" means the President of the Board, the Superintendent/Principal, the Business Manager, or any other person authorized by resolution of the Board of Trustees of the District to act on behalf of the District under or with respect to the Lease Agreement and the Trust Agreement.

"Escrow Agent" means Wilmington Trust, National Association, its successors and assigns, acting as escrow agent under the Escrow Agreement.

"Escrow Agreement" means the Escrow Agreement dated as of the Closing Date, between the District and the Escrow Agent, relating to the deposit, investment and application of funds for the purpose of prepaying and discharging the Prior Certificates and the Prior Lease Payments.

"Event of Default" means an event of default under the Lease, as defined therein.

"Facilities" means the buildings located on the real property described in Exhibit A to the Lease Agreement.

"Fair Market Value" means the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm's length transaction (determined as of the date the contract to purchase or sell the investment becomes binding) if the investment is traded on an established securities market (within the meaning of section 1273 of the Code) and, otherwise, the term "Fair Market Value" means the acquisition price in a bona fide arm's length transaction (as referenced above) if (i) the investment is a certificate of deposit that is acquired in accordance with applicable regulations under the Code, (ii) the investment is an agreement with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate (for example, a guaranteed investment contract, a forward supply contract or other investment agreement) that is acquired in accordance with applicable regulations under the Code, (iii) the investment is a United States Treasury Security--State and Local Government Series that is acquired in accordance with applicable regulations of the United States Bureau of Public Debt, or (iv) any commingled investment fund in which the District and related parties do not own more than a ten percent (10%) beneficial interest therein if the return paid by the fund is without regard to the source of the investment.

"Federal Securities" means: (1) non-callable direct obligations of the United States of America ("Treasuries"), and (2) securities fully and unconditionally guaranteed as to the timely payment of principal and interest by the United States of America, or as otherwise maybe authorized under State law and approved by BAM.

"Fiscal Year" means the twelve-month period beginning on July 1 of any year and ending on June 30 of the next succeeding year, or any other twelve-month period by the District as its fiscal year pursuant to written notice filed with the Trustee.

"Hazardous Substances" means any chemical material or substance defined as a "hazardous substance" or by words of similar import under any environmental regulation or which is prohibited or regulated by any governmental authority.

"Insurance Agreement" means the Insurance Agreement between the District and the Insurer with respect to the Reserve Policy.

"Insurance and Condemnation Fund" means the fund by that name to be established and held by the Trustee pursuant to the Trust Agreement.

"Insurance Policy" or "Policy" means the insurance policy issued by the Insurer with respect to the Certificates guaranteeing the scheduled payment of principal of and interest with respect to the Certificates when due.

"Insurer" or "BAM" means Build America Mutual Assurance Company, a New York domiciled mutual insurance corporation, or any successor thereto.

"Interest Payment Date" means, with respect to any Certificate, June 1, 2021, and the first day of each June and December thereafter to and including the date of maturity or prepayment of such Certificate.

"Lease Agreement" or "Lease" means the Lease Agreement, dated as of November 1, 2020, by and between the Corporation as lessor and the District as lessee, as originally executed or as thereafter amended pursuant to any duly authorized and executed amendments thereto.

"Leased Property" means, initially, certain real property constituting the District's Pleasant View Elementary School, more particularly described in Exhibit B to the Lease.

"Lease Payment Date" means, with respect to any Interest Payment Date, the fifteenth (15th) calendar day of the month immediately preceding such Interest Payment Date.

"Lease Payment Fund" means the fund by that name established and held by the Trustee pursuant to the Trust Agreement.

"Lease Payments" means all payments required to be paid by the District pursuant to the Lease Agreement, including any prepayment thereof pursuant to the Lease Agreement.

"Moody's" means Moody's Investors Service, Inc., and its successors and assigns.

"Net Proceeds" means an insurance proceeds or eminent domain award (including any proceeds of sale to a governmental entity under threat of the exercise of eminent domain powers), paid with respect to the Project, to the extent remaining after payment therefrom of all expenses incurred in the collection thereof.

"Office" means the corporate trust office of the Trustee at which at any particular time its corporate trust business shall be principally administered, or such other office designated by the Trustee from time to time.

"Original Purchaser" means O'Connor & Company Securities, Inc., as original purchaser of the Certificates.

"Outstanding", when used as of any particular time with respect to Certificates, means (subject to the provisions of the Trust Agreement with respect to Disqualified Certificates) all Certificates theretofore executed and delivered by the Trustee hereunder except (a) Certificates theretofore canceled by the Trustee or surrendered to the Trustee for cancellation; (b) Certificates for the payment or prepayment of which funds or Federal Securities in a sufficient amount shall have theretofore been deposited with the Trustee (whether upon or prior to the maturity or prepayment date of such Certificates), provided that, if such Certificates are to be prepaid prior to maturity, notice of such prepayment shall have been given as provided in the Trust Agreement or provision satisfactory to the Trustee shall have been made for the giving of such notice; and (c) Certificates in lieu of or in exchange for which other Certificates shall have been executed and delivered by the Trustee pursuant to the Trust Agreement.

Notwithstanding anything in the Trust Agreement to the contrary, in the event that the principal and/or interest due with respect to the Certificates shall be paid by the Insurer pursuant to the Insurance Policy, the Certificates shall remain Outstanding for all purposes, not be defeased or otherwise satisfied and not be considered paid by the District, and the assignment and pledge of the trust estate and all covenants, agreements and other obligations of the District to the registered Owners shall continue to exist and shall run to the benefit of the Insurer, and the Insurer shall be subrogated to the rights of such registered Owners.

"Owner", when used with respect to a Certificate, means the person in whose name the ownership of such Certificate shall be registered on the Registration Books.

"Participating Underwriter" shall have the meaning ascribed thereto in the Continuing Disclosure Certificate.

"Permitted Encumbrances" means, as of any time: (a) liens for general ad valorem taxes and assessments, if any, not then delinquent, or which the District may permit to remain unpaid pursuant to Article V; (b) the Site Lease, the Lease, the Assignment Agreement, and any other agreement or document contemplated hereunder to be recorded against the Project; (c) any right or claim of any mechanic, laborer, materialman, supplier or vendor not filed or perfected in the manner prescribed by law; (d) easements, rights of way, mineral rights, drilling rights and other rights, reservations, covenants, conditions or restrictions which exist of record and which the District certifies in writing will not materially impair the use of the Project for its intended purposes, and (e) easements, rights of way, mineral rights, reservations, covenants, conditions or restriction established following the date of recordation of the Lease Agreement and to which the Corporation, the Insurer and the District agree in writing consent in writing do not reduce the value of the Property.

"Permitted Investments" means any of the following which at the time of investment are legal investments under the laws of the State of California for the moneys proposed to be invested therein (the Trustee entitled to rely upon the investment direction of the District as a determination that such investment is such a legal investment):

(a) Federal Securities.

(b) obligations of any of the following federal agencies which obligations represent full faith and credit of the United States of America, including: Export-Import Bank, Farmers Home Administration, General Services Administration, U.S. Maritime Administration, Small Business Administration, Government National Mortgage Association, U.S. Department of Housing & Urban Development, and Federal Housing Administration;

(c) bonds, notes or other evidences of indebtedness rated Aa or better by Moody's, issued by Fannie Mae or the Federal Home Loan Mortgage Corporation with remaining maturities not exceeding three years;

(d) U.S. dollar denominated deposit accounts (including those with the Trustee), federal funds and banker's acceptances with domestic commercial banks which have a rating on their short term certificates of deposit on the date of purchase of rated P-2 or better by Moody's, maturing no more than 360 days after the date of purchase;

(e) certificates of deposit issued by federal or State chartered savings and loan associations or in federal or State banks (including the Trustee and its affiliates) which are secured at all times by collateral described in the foregoing clauses (a) or (b) of this definition;

(f) commercial paper which is rated at the time of purchase in the single highest classification, rated P-2 or better by Moody's, which matures not more than 270 days after the date of purchase;

(g) investments in a money market fund rated Aa-mf or better by Moody's, which may include funds for which the Trustee or its affiliates provide investment advisory or other management services;

(h) bonds or notes issued by an state or municipality which are rated Aa or better by Moody's;

(i) the Local Agency Investment Fund which is administered by the California Treasurer for the investment of funds belonging to local agencies within the State of California, provided for investment of funds held by the Trustee, the Trustee is entitled to make investments and withdrawals in its own name as Trustee.

"<u>Prior Certificates</u>" means the Certificates of Participation (2015 Capital Improvement Projects), executed and delivered on March 19, 2015 in the original aggregate principal amount of $4,275,000, under the Prior Trust Agreement.

"<u>Prior Lease Payments</u>" means the amounts payable by the District as semiannual lease payments under the Lease Agreement dated as of March 1, 2015, between the Corporation and the District.

"Prior Trust Agreement" means the Trust Agreement dated as of March 1, 2015, among the Corporation, the District and the Trustee, under which the Prior Certificates were executed and delivered.

"Record Date" means the close of business on the fifteenth (15th) day of the month preceding each Interest Payment Date, whether or not such fifteenth (15th) day is a Business Day.

"Registration Books" means the records maintained by the Trustee for registration of the ownership and transfer of ownership of the Certificates.

"Reserve Fund" means the fund by that name established and held by the Trustee pursuant to the Trust Agreement.

"Reserve Policy" means the Reserve Account Municipal Bond Insurance Policy issued by the Insurer guaranteeing certain payments into the Reserve Fund with respect to the Certificates as provided therein and subject to the limitations set forth therein.

"Reserve Requirement" means, as of the date of calculation thereof by the District, an amount equal to the lesser of (a) 10% of the original principal amount of the Certificates, or (b) the maximum amount of Lease Payments (excluding Lease Payments with respect to which the District shall have posted a security deposit pursuant to the Lease) coming due in the current or any future Fiscal Year, or (c) 125% of average annual Lease Payments.

"S&P" means Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business, and its successors and assigns.

"Securities Depositories" means DTC; and, in accordance with then current guidelines of the Securities and Exchange Commission, such other addresses and/or such other securities depositories as the District designates in a written notice to the Trustee.

"Site Lease" means the Site Lease, dated as of November 1, 2020, by and between the District as lessor and the Corporation as lessee of the Leased Property, as originally executed or as thereafter amended pursuant to any duly authorized and executed amendments thereto.

"Site Lease Payment" means the payment in the amount of $3,770,000 which is due and payable under the Site Lease as the rental for the Leased Property.

"Special Counsel" means (a) Jones Hall, A Professional Law Corporation, or (b) any other attorney or firm of attorneys of nationally recognized expertise with respect to legal matters relating to obligations the interest on which is excludable from gross income pursuant to Section 103 of the Code.

"Trust Agreement" means the Trust Agreement dated as of November 1, 2020, by and among the Trustee, the Corporation and the District, together with any duly authorized and executed amendments thereto.

"Trustee" means Wilmington Trust, National Association, or any successor thereto acting as Trustee pursuant to the Trust Agreement.

SITE LEASE

Under the Site Lease, the District leases the Leased Property to the Corporation, and the Corporation leases the Leased Property from the District, upon the terms and conditions set forth in the Site Lease. The term of the Site Lease commences on November 1, 2020. The Site Lease shall end, and the right of the Corporation to possession of the Leased Property shall thereupon cease, on December 1, 2039 or such earlier or later date on which the Lease Payments (as such term is defined in the Lease Agreement, dated as of November 1, 2020, between the District and the Corporation) are paid in full or provisions made for such payment (except that the term hereof shall not extend beyond December 1, 2049).

The Corporation agrees to pay to the District, as rental for the use and occupancy of the Leased Property during the term of the Site Lease, the sum of $3,770,000 which is due and payable upon execution and delivery of the Site Lease. The District will apply the amount of such rental payment to refinance the Prior Lease Payments and the Prior Certificates in accordance with the Escrow Agreement and the Trust Agreement. Upon the termination of the Site Lease, the Corporation will surrender the Leased Property to the District in the same good order and condition as the Leased Property was in at the time of commencement of the Site Lease, reasonable wear and tear excepted, and all buildings, improvements and structures then existing upon the Leased Property will remain thereon and title thereto will vest in the District for no additional consideration. No further amounts are due and payable by the District as rental for the Leased Property under the Site Lease.

LEASE AGREEMENT

Lease of Leased Property; Term

The Corporation subleases the Leased Property back to the District pursuant to the Lease Agreement. The Lease Agreement commences on November 1, 2020 and shall end December 1, 2039 or such earlier or later date on which the Trust Agreement shall be discharged, but under any circumstances not later than December 1, 2049.

Substitution of Leased Property

The District has the option at any time during the term of the Lease Agreement with written consent of the Insurer, to substitute other land, facilities, improvements or other property (a "Substitute Leased Property") for the Leased Property or any portion thereof (a "Former Leased Property"), provided that the District satisfies all of the conditions precedent to such substitution as set forth in the Lease Agreement, including the following:

(a) The District must notify S&P and the Insurer in writing of such substitution, which notice must contain the certification that all conditions set forth in the Lease Agreement are met with respect to such substitution;

(b) The District must take all actions and must execute and record all documents required to subject such Substitute Leased Property to the terms and provisions of the Lease Agreement;

(c) The District must deliver to the Corporation, the Trustee, and the Insurer evidence that the value of the Substitute Leased Property following such substitution is equal to or greater than the outstanding principal amount of the Certificates and confirms in writing to the Trustee that the indemnification provided pursuant to the Trust Agreement applies with respect to the Substitute Leased Property.

(d) The District must certify in writing to the Corporation, the Trustee and the Insurer that such Substitute Leased Property serves the public purposes of the District and constitutes property which the District is permitted to lease under the laws of the State of California;

(e) The District must certify in writing to the Corporation, the Trustee and the Insurer that the estimated useful life of such Substitute Leased Property at least extends to the date on which the final Lease Payment becomes due and payable;

(f) The District shall obtain a policy of title insurance meeting the requirements of the Lease Agreement with respect to such Substitute Leased Property; and

(g) The Substitute Leased Property shall not cause the District to violate any of its covenants, representations and warranties made in the Lease Agreement or in the Trust Agreement.

Release of Property

The District has the option at any time and from time to time, with the prior written consent of the Insurer, to release any portion of the Leased Property from the Lease Agreement and the Site Lease (the "Released Property"), upon satisfaction of the requirements set forth in the Lease Agreement, including the following:

(a) No Event of Default has occurred and is continuing.

(b) The District has certified in writing to the Corporation and the Trustee that the estimated value of the property which remains subject to the Lease Agreement and the Site Lease following such release is at least equal to the aggregate original principal amount of the Certificates, and the fair rental value of the property which remains subject to the Lease Agreement and the Site Lease following such release is at least equal to the Lease Payments thereafter coming due and payable under the Lease Agreement.

(c) The District has mailed written notice of such release to each rating agency which then maintains a rating on the Certificates.

Upon the satisfaction of all such conditions precedent, the term of the Lease Agreement will thereupon end as to the Released Property. The District is not entitled to any reduction, diminution, extension or other modification of the Lease Payments whatsoever as a result of such release.

Lease Payments; Abatement

The District agrees to pay semiannual Lease Payments, subject to abatement as described below, as the rental for the use and occupancy of the Leased Property. On each Lease Payment Date, the District is obligated to deposit with the Trustee the full amount of the Lease Payments coming due and payable on the next Interest Payment Date, to the extent required to be paid by the District under the Lease Agreement. Any amount on deposit in the Lease Payment Fund on any Lease Payment Date is required to be credited towards the payment then required to be deposited by the District with the Trustee.

In the event a Lease Payment is not paid when due, and the Trustee draws on the Reserve Policy to insure timely payment of the Lease Payments to the Owners of the Certificates, the District shall continue to be obligated to pay such Lease Payment, which shall be applied by the Trustee, when paid by the District and received by the Trustee, to reimburse the Insurer for the draw on the Reserve Policy, in accordance with the Trust Agreement.

The District agrees to take such actions as may be necessary to include all Lease Payments required to be paid by it under the Lease Agreement in its annual budgets and to appropriate such Lease Payments in each Fiscal Year during the term of the Lease Agreement.

The Lease Payments will be abated under the Lease Agreement during any period in which due to damage or destruction of the Leased Property in whole or in part, or due to taking in eminent domain proceedings of the Leased Property in whole or in part, there is substantial interference with the District's use and occupancy of all or any portion thereof. The parties to the Lease have agreed that the amount of Lease Payments under such circumstances shall not be less than the amount of the Lease Payments required to pay principal and interest with respect to the Certificates, as scheduled, unless such unpaid amounts are determined to be greater than the fair rental value of the portions of the Leased Property not damaged or destroyed, based on the opinion of an MAI appraiser with expertise in valuing such properties or other appropriate method of valuation, in which event the Lease Payments shall be abated such that they represent said fair rental value. Such abatement shall continue for the period commencing with such damage or destruction and ending with the substantial completion of the work of repair or reconstruction. In the event of any such damage or destruction, the Lease Agreement shall continue in full force and effect and the District waives any right to terminate the Lease Agreement by virtue of any such damage and destruction. There is to be no abatement of Lease Payments to the extent that the net proceeds of hazard insurance, rental interruption insurance and amounts in the Reserve Fund are available to pay Lease Payments. In the event of such abatement, the District will have no obligation to pay abated Lease Payments and there is no remedy available to Certificate owners arising from such abatement.

Additional Rental Payments

In addition to the Lease Payments, the District shall pay when due all costs and expenses incurred by the Corporation to comply with the provisions of the Trust Agreement, including without limitation all Costs of Issuance (to the extent not paid from amounts on deposit in the Costs of Issuance Fund), annual compensation due to the Trustee, all of its reasonable costs payable as a result of the performance of and compliance with its duties under the Trust Agreement and all other amounts due to the Trustee pursuant to the Trust Agreement, and all other amounts due to the Trustee or the Insurer pursuant to the Trust Agreement, the Insurance Policy or the Reserve Policy (other than the payment of Lease Payments) and all reasonable costs and expenses of attorneys, auditors, engineers and accountants engaged by the

Corporation or the Trustee in connection with the Leased Property or the performance of their duties hereunder or under the Trust Agreement.

The District shall be obligated to pay, as an additional lease payment, to the Trustee for deposit to the Debt Service Reserve Fund an amount equal to the Reserve Fund Requirement under the Trust Agreement, including any amounts required to repay draws and policy costs under the Reserve Policy.

Title

At all times during the term of the Lease Agreement, the District will hold fee title to the Leased Property, subject to the provisions of the Site Lease and other Permitted Encumbrances. Upon the termination of the Lease Agreement, all right, title and interest of the Corporation in and to the Leased Property will be transferred to and vested in the District. Upon the payment in full of all Lease Payments, or upon the deposit by the District of security for such Lease Payments as provided in the Lease Agreement, all right, title and interest of the Corporation in and to the Leased Property will be transferred to and vested in the District.

Maintenance, Utilities, Taxes and Modifications

All improvement, repair and maintenance of the Leased Property is the responsibility of the District, and the District will pay for or otherwise arrange for the payment of all utility services supplied to the Leased Property, and will pay for or otherwise arrange for the payment of the cost of the repair and replacement of the Leased Property resulting from ordinary wear and tear or want of care on the part of the District or any assignee or sublessee. The District will also pay all taxes and assessments of any type or nature, if any, charged to the Corporation or the District affecting the Leased Property or the respective interests or estates therein; provided that with respect to special assessments or other governmental charges that may lawfully be paid in installments over a period of years, the District will be obligated to pay only such installments as are required to be paid during the Term of the Lease Agreement as and when the same become due.

Insurance

The Lease Agreement requires the District to maintain or cause to be maintained the following insurance against risk of physical damage to the Leased Property and other risks for the protection of the Certificate Owners, the Corporation and the Trustee:

<u>Public Liability and Property Damage Insurance</u>. The District shall maintain or cause to be maintained throughout the Term of the Lease, a standard comprehensive general insurance policy or policies in protection of the Corporation, District, and their respective members, officers, agents, employees and assigns. Said policy or policies shall provide for indemnification of said parties against direct or contingent loss or liability for damages for bodily and personal injury, death or property damage occasioned by reason of the operation of the Facilities. Such policy or policies shall provide coverage in the minimum liability limits of $1,000,000 for personal injury or death of each person and $3,000,000 for personal injury or deaths of two or more persons in each accident or event (subject to a deductible of not to exceed $250,000), and in a minimum amount of $150,000 (subject to a deductible of not to exceed $50,000) for damage to property resulting from each accident or event. Such insurance may, however, be in the form of a single limit policy in the amount of $3,000,000 covering all such risks, subject to a deductible of not to exceed $250,000. Such insurance may be maintained as part of or in conjunction with

any other insurance coverage carried by the District, and may be maintained in whole or in part, in the form of the participation by the District in a joint powers agency or other program providing pooled insurance. The Net Proceeds of such liability insurance shall be applied by the District toward extinguishment or satisfaction of the liability with respect to which paid.

Fire and Extended Coverage Insurance. The District shall procure and maintain, or cause to be procured and maintained, throughout the Term of the Lease, insurance against loss or damage to any Facilities leased hereunder by fire and lightning, with extended coverage and vandalism and malicious mischief insurance. Said extended coverage insurance shall, as nearly as practicable, cover loss or damage by explosion, windstorm, riot, aircraft, vehicle damage, smoke and such other hazards as are normally covered by such insurance. Such insurance shall be in an aggregate amount at least equal to the greatest of (a) one hundred percent (100%) of the replacement cost of the Facilities insured thereunder, or (b) the aggregate principal amount of the Outstanding Certificates. All policies of such insurance may be subject to deductible clauses of not to exceed $100,000 for any one loss. The Net Proceeds of such insurance shall be applied as provided in the Lease. Such insurance may be maintained as part of or in conjunction with any other insurance coverage carried by the District, and may be maintained in whole or in part in the form of self-insurance by the District, subject to the provisions of the Lease Agreement, or in the form of the participation by the District in a joint powers agency or other program providing pooled insurance.

Rental Interruption Insurance. The District must maintain, throughout the term of the Lease Agreement, rental interruption or use and occupancy insurance to cover loss, total or partial, in an amount at least equal to the maximum Lease Payments in any 24-month period during the term of the Lease. Such insurance may be maintained as part of or in conjunction with any other insurance coverage carried by the District, but shall not be maintained in the form of self-insurance. The Net Proceeds of such insurance shall be paid to the Trustee and deposited in the Lease Payment Fund, and shall be credited towards the payment of the Lease Payments as the same become due and payable, or to the extent there has been a draw on the Reserve Policy, to reimburse the Insurer for amounts due under the Trust Agreement as a result of a draw on the Reserve Policy.

Title Insurance. The District will obtain a title insurance policy insuring the District's leasehold estate in the Leased Property, subject only to Permitted Encumbrances, in an amount at least equal to the aggregate principal amount of the Certificates. All Net Proceeds received under any such title insurance policy will be deposited with the Trustee in the Lease Payment Fund and will be credited towards the prepayment of the remaining Lease Payments pursuant to the Lease Agreement. A copy of such policy shall be delivered to the Insurer.

Each policy of insurance required by the Lease Agreement shall name the Trustee as loss payee so as to provide that all proceeds thereunder shall be payable to the Trustee. The District shall pay or cause to be paid when due the premiums for all insurance policies required by the Lease. All such policies shall provide that the Trustee shall be given thirty (30) days' notice of each expiration, any intended cancellation thereof or reduction of the coverage provided thereby. Unless waived by the Insurer, insurance must be provided by an insurer rated "A" or better by S&P. The Trustee shall not be responsible for the sufficiency of any insurance required under the Lease and shall be fully protected in accepting payment on account of such insurance or any adjustment, compromise or settlement of any loss.

In the event that any insurance shall be provided in the form of self-insurance, the District shall file with the Trustee and the Insurer annually, within 90 days following the close of each Fiscal Year, but no later than August 1 of each year, a statement of the risk manager of the District or an independent insurance adviser engaged by the District identifying the extent of such self-insurance and stating the determination that the District maintains sufficient reserves with respect thereto. In the event that any such insurance shall be provided in the form of self-insurance by the District, the District shall not be obligated to make any payment with respect to any insured event except from such reserves. Any self-insurance and pooled insurance programs shall be subject to the prior written consent of the Insurer.

Assignment; Subleases

The Corporation has assigned certain of its rights under the Lease Agreement to the Trustee pursuant to the Assignment Agreement. The District may not assign any of its rights in the Lease Agreement, and may sublease all or a portion of the Leased Property only with the prior written consent of the Insurer, and only under the conditions contained in the Lease Agreement, including the condition that such sublease not cause the interest component of the Lease Payments to become subject to federal or State of California personal income taxes.

Amendment of Lease

The Corporation and the District may at any time with prior written consent of the Insurer amend or modify any of the provisions of the Lease Agreement but only (a) with the prior written consent of the Insurer and the Owners of a majority in aggregate principal amount of the Outstanding Certificates; or (b) with the consent of the Insurer, but without the consent of the Trustee or any of the Certificate Owners, but only if such amendment or modification is for any one or more of the following purposes:

(i) to add to the covenants and agreements of the District contained in the Lease Agreement, other covenants and agreements to be observed, or to limit or surrender any rights or power reserved to or conferred upon the District, or

(ii) to make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision, or in any other respect whatsoever as the Corporation and the District may deem necessary or desirable, provided that, in the opinion of Bond Counsel, such modifications or amendments do not materially adversely affect the interests of the Owners of the Certificates;

(iii) to amend any provision relating to the Code, to any extent whatsoever but only if and to the extent such amendment will not adversely affect the exclusion from gross income of interest represented by the Certificates under the Code, in the opinion of Special Counsel;

(iv) to amend the description of the Leased Property to reflect accurately the property originally intended to be included therein, or in connection with any substitution or release of a portion of the Leased Property pursuant to the Lease Agreement; or

(v) to obligate the District to pay additional amounts of rental for the use and occupancy of the Leased Property, provided that (A) such additional amounts of rental do not cause the total rental payments made by the District to exceed the fair rental value of the Leased Property, (B) the District has obtained an appraisal of the Leased Property showing that the estimated fair market value thereof is not less than the aggregate unpaid principal components of the Lease Payments and the aggregate principal components of such additional amounts of rental, (C) to the extent the Leased Property will be expanded or remodeled with the proceeds of certificates of participation representing the right to receive such additional rental payments, such certificates shall be subordinate to the Certificates until the construction of such expansion or remodeling of the Leased Property is completed, and (D) such additional amounts of rental are pledged or assigned for the payment of any bonds, notes, leases or other obligations the proceeds of which shall be applied to finance the construction or acquisition of land, facilities or other improvements which are authorized pursuant to the Education Code of the State of California.

No amendment to the Lease shall modify any of the rights or obligations of the Trustee without its prior written consent.

Any amendment, supplement, modification to, or waiver of any the Lease Agreement that requires the consent of the Owners of the Certificates or adversely affects the rights or interests of BAM shall be subject to the prior written consent of BAM.

Events of Default

Each of the following constitutes an event of default under the Lease Agreement:

(a) Failure by the District to pay any Lease Payment or other payment required to be paid under the Lease Agreement at the time specified in the Lease Agreement.

(b) Failure by the District to observe and perform any covenant, condition or agreement on its part to be observed or performed, other than as referred to in the preceding clause (a), for a period of 30 days after written notice specifying such failure and requesting that it be remedied has been given to the District by the Corporation, the Insurer or the Trustee; *provided, however*, that if in the reasonable opinion of the District the failure stated in the notice can be corrected, but not within such 30 day period, such failure will not constitute an Event of Default if the consent of the Insurer is obtained and the District commences to cure such failure within such 30 day period and thereafter diligently and in good faith cures such failure in a reasonable period of time.

(c) Certain events relating to the insolvency or bankruptcy of the District.

Remedies on Default

Whenever any Event of Default shall have happened and be continuing, it shall be lawful for the Corporation subject to the control of the Insurer to exercise any and all remedies available pursuant to law or granted pursuant to the Lease; *provided, however*, that notwithstanding anything in the Lease or in the Trust Agreement to the contrary, there shall be no right under any circumstances to accelerate the Lease Payments or otherwise declare any Lease Payments not then in default to be immediately due and payable or to re-lease the Leased Property to any party other than the District. The provisions of the Lease and the duties of the District and of its board, officers or employees shall be enforceable by the Corporation or its assignee by mandamus or other appropriate suit, action or proceeding in any court of competent jurisdiction.

The Trustee has no right to accelerate Lease Payments and, due to the governmental nature of the Leased Property, it is uncertain whether a court would permit the exercise of the remedies of re-entry, repossession or re-letting.

Anything in the Site Lease, the Lease Agreement or the Trust Agreement to the contrary notwithstanding, upon the occurrence and continuance of a default or an event of default, BAM shall be entitled to control and direct the enforcement of all rights and remedies granted to the Owners of the Certificates or the Trustee for the benefit of the Owners of the Certificates under the Site Lease, the Lease Agreement or the Trust Agreement. No default or event of default may be waived without BAM's written consent.

Upon the occurrence and continuance of a default or an event of default, BAM shall be deemed to be the sole owner of the Certificates for all purposes under the Site Lease, the Lease Agreement and the Trust Agreement, including, without limitations, for purposes of exercising remedies and approving amendments.

Provisions Relating to the Insurance Policy, the Reserve Policy and the Insurer

So long as the Insurance Policy or the Reserve Policy remains in effect, the District shall observe and perform all of the following covenants, which shall control and supersede any conflicting or inconsistent provisions in the Lease:

(a) So long as the Insurance Policy or the Reserve Policy is in effect and the Insurer is not in default in respect of its payment obligations thereunder, the Insurer shall be (i) deemed to be the sole and exclusive Owner of the Insured Obligations for purposes of all approvals, consents, waivers, institution of any action, and the direction of all remedies and (ii) entitled to direct and control the enforcement of all remedies granted under the Lease and Site Lease.

(b) Any amendment, modification or supplement to the Lease shall be subject to the prior written consent of the Insurer.

(c) the Insurer shall be recognized as being a third-party beneficiary under the Lease and may enforce any right, remedy or claim conferred upon, given or granted hereunder.

(d) No sublease, release, sale, disposition or substitution of the Leased Property shall occur without the prior written consent of the Insurer. Without limiting the generality of the foregoing, no portion of the Leased Property may be released following the partial prepayment of Lease Payments, the partial prepayment of the Certificates, or the exercise of a purchase option or similar right, unless in each case the Insurer shall have provided its prior written consent to such release.

(e) The Leased Property shall be covered at all times by property and casualty insurance in an amount equal to the greater of the replacement value of the Leased Property or the principal amount of the Certificates. Self insurance and pooled insurance programs shall be subject to the prior written consent of the Insurer. Any blanket or umbrella insurance policies for property and casualty insurance shall not be permitted unless the Insurer otherwise consents. The Trustee shall be the beneficiary under such policy.

(f) The District shall, prior to or simultaneously with the issuance of the Certificates, furnish a title insurance policy, in form and substance acceptable to the Insurer, from a title insurance company acceptable to the Insurer. The face amount of the title insurance policy shall not be less than the principal amount of the Certificates. The Trustee shall be the beneficiary under such policy.

(g) The Leased Property shall be covered at all times by rental interruption insurance in an amount equal to not less the two years' worth of rental payments. The provider of such insurance shall be rated at least "A" by A.M. Best & Company. The Trustee shall be the beneficiary under such policy.

(h) If insurance or condemnation proceeds with respect to the Leased Property are received, such proceeds shall be applied to replacement or restoration of the affected property or to prepayment of Certificates; *provided, however*, that unless all outstanding Certificates are to be prepaid from such amount, the prior written consent of the Insurer shall be required for any such prepayment.

(i) The District shall be obligated to pay, as an additional lease payment, to the Trustee for deposit to the Reserve Fund an amount equal to the debt service reserve fund replenishment requirement under the Trust Agreement, including all amounts required to repay draws and policy costs under or related to the Reserve Policy.

(j) Except for the Certificates, the District shall not issue or incur, directly or indirectly, any additional Certificates, notes, bonds or other indebtedness that are (i) payable from or secured by the Lease Payments or rentals payable under the Lease or (ii) secured by, or granted a lien on, the Leased Property.

(k) The security for the Certificates shall include a pledge and assignment of the Lease and Site Lease and a default under the Lease shall constitute an event of default under the Trust Agreement.

(l) No termination, assignment (other than to the Trustee in accordance with the Trust Agreement and the Assignment Agreement), transfer or sublease of the Lease or the Site Lease shall be permitted without the prior written consent of the Insurer.

(m) Upon the occurrence of an event of default under the Lease, the Corporation shall have the right, with or without terminating the Lease, to re-enter and take possession of the Leased Property, and to re-lease the Leased Property or any part thereof. There shall be no provisions restricting use of the Leased Property after termination of or default under the Lease, including restrictions related to the tax-exempt status of the Certificates.

(n) The District represents, warrants and covenants that neither the Leased Property nor any portion thereof is located in the FEMA 100 year flood plain.

(o) The District covenants and agrees to comply in all material respects with all laws applicable to the Leased Property or any portion thereof, including without limitation all local, State and federal environmental and Hazardous Substances laws, rules and regulations, and with any order of any jurisdiction over the Leased Property. For purposes of this paragraph, “Hazardous Substances” means any substances, pollutants, wastes and contaminants now or hereafter included in such (or any similar) term under any federal, state or local ordinance, code or regulation now existing or hereafter enacted or amended.

TRUST AGREEMENT

Trustee

The Trustee is appointed pursuant to the Trust Agreement and is authorized to prepare, execute and deliver the Certificates thereunder, and to act as a depository of amounts held thereunder. The Trustee is required to make deposits into and withdrawals from funds, and invest amounts held under the Trust Agreement in accordance with the District's instructions.

Funds

The Trust Agreement creates the Lease Payment Fund, the Reserve Fund, the Costs of Issuance Fund and the Insurance and Condemnation Fund to be held in trust by the Trustee.

Lease Payment Fund. There will be deposited in the Lease Payment Fund, when received by the Trustee, all Lease Payments and prepayments thereof, and any other amounts required to be deposited therein pursuant to the Trust Agreement or the Lease Agreement. Moneys on deposit in the Lease Payment Fund will be used to pay principal and interest and premium (if any) represented by the Certificates. Any earnings on investment of moneys in the Lease Payment Fund will remain therein and will be credited towards payment of the next Lease Payments. Any surplus remaining in the Lease Payment Fund after the payment of all Certificates, or provision for their payment has been made, will be paid to the District.

Costs of Issuance Fund. The Trustee shall establish the Costs of Issuance Fund, into which shall be deposited amounts sufficient to pay Costs of Issuance. Funds will be disbursed from the Costs of Issuance upon receipt of a requisition of a District Representative meeting the requirements set forth in the Trust Agreement.

Reserve Fund. The Trustee will establish a special fund designated as the “Reserve Fund” to be held by the Trustee in trust for the benefit of the District and the Owners of the Certificates, and applied solely as provided in the Trust Agreement. Moneys in the Reserve Fund shall be held in trust as a reserve for the payment when due of the Lease Payments on behalf of the District.

In the event the Reserve Fund is at any time maintained in cash rather than in the form of the Reserve Policy, the Trustee will retain in the Reserve Fund all earnings on the investment of amounts therein to the extent required to maintain the full amount of the Reserve Requirement on deposit in the Reserve Fund. All amounts on deposit in the Reserve Fund in excess of the Reserve Requirement, and all amounts derived from the investment of amounts in the Reserve Fund which are not required to be retained therein to maintain the Reserve Requirement, shall be transferred by the Trustee to the Lease Payment Fund semiannually on or before each Lease Payment Date. Any recomputation of the Reserve Requirement shall be made by or on behalf of the District, and shall become effective upon the filing by the District with the Trustee of written notice thereof.

Initially, the Reserve Requirement shall be satisfied by the credit to the Reserve Fund of the Reserve Policy, the terms of which are set forth in the Insurance Agreement and the Trust Agreement. The deposit of any Reserve Policy to the Reserve Fund shall be subject to the prior written consent of the Insurer.

If five (5) Business Days prior to any Interest Payment Date the moneys available in the Lease Payment Fund do not equal the amount of the Lease Payment then coming due and payable, the Trustee shall apply the moneys available in the Reserve Fund to make such payments on behalf of the District by transferring the amount necessary for this purpose to the Lease Payment Fund.

Provisions Relating to the Reserve Policy. The agreements of the District, the Corporation and the Insurer with respect to the Reserve Policy shall be governed in accordance with the following provisions notwithstanding anything to the contrary in the Trust Agreement.

(i) Payment of Draws and Expenses. The District shall repay any draws under the Reserve Policy and pay all related reasonable expenses incurred by BAM. Interest shall accrue and be payable on such draws and expenses from the date of payment by BAM at the Late Payment Rate.

Repayment of draws and payment of expenses and accrued interest thereon at the Late Payment Rate (collectively, the "Policy Costs") shall commence in the first month following each draw, and each such monthly payment shall be in an amount at least equal to 1/12 of the aggregate of Policy Costs related to such draw. Amounts in respect of Policy Costs paid to BAM shall be credited first to interest due, then to the expenses due and then to principal due. As and to the extent that payments are made to BAM on account of principal due, the coverage under the Reserve Policy will be increased by a like amount, subject to the terms of the Reserve Policy. All cash and investments in the Reserve Fund shall be transferred to the Lease Payment Fund for payment of principal and interest represented by the Certificates before any drawing may be made on the Reserve Policy.

(ii) Draws on Reserve Policy. Payment of any Policy Cost shall be made prior to replenishment of any cash amounts. Draws on all reserve fund credit instruments (including the Reserve Policy) on which there is available coverage shall be made on a pro-rata basis (calculated by reference to the coverage then available thereunder) after applying all available cash and investments in the Reserve Fund. Payment of Policy Costs and reimbursement of amounts with respect to other reserve fund credit instruments shall be made on a pro-rata basis prior to replenishment of any cash drawn from the Reserve Fund. For the avoidance of doubt, "available coverage" means the coverage then available for disbursement pursuant to the terms of the applicable alternative credit instrument without regard to the legal or financial ability or willingness of the provider of such instrument to honor a claim or draw thereon or the failure of such provider to honor any such claim or draw.

(iii) Limitation. Draws under the Reserve Policy may only be used to make payments on the Certificates.

(iv) Remedies of BAM. If the District fails to pay any Policy Costs in accordance with the requirements of paragraph 1 above, BAM shall be entitled to exercise any and all legal and equitable remedies available to it, including those provided under the Trust Agreement other than (i) acceleration of the maturity of the Certificates, or (ii) remedies which would adversely affect owners of the Certificates.

(v) Discharge of Trust Agreement. The Trust Agreement shall not be discharged until all Policy Costs owing to BAM shall have been paid in full. The District's obligation to pay such amount shall expressly survive payment in full of the Certificates.

(vi) Notice to BAM. The Trustee shall ascertain the necessity for a claim upon the Reserve Policy and provide notice to BAM at least three Business Days prior to each date upon which interest or principal is due with respect to the Certificates.

(vii) Expiration of Policy. The Reserve Policy shall expire on the earlier of the date the Certificates are no longer Outstanding and the final maturity date of the Certificates.

(viii) Security Interest. In order to secure the District's payment obligations with respect to the Policy Costs, there is hereby granted and perfected in favor of BAM a security interest (subordinate only to that of the Owners of the Certificates) in all revenues and collateral pledged as security for the Certificates.

Insurance and Condemnation Fund; Application of Net Proceeds of Insurance and Eminent Domain. Any Net Proceeds of insurance or condemnation awards with respect to the Leased Property will be deposited in the Insurance and Condemnation Fund. In the event of an insurance award, the net proceeds on deposit in the Insurance and Condemnation Fund will be used, as directed by the District, either (a) to replace, repair, restore, modify or improve the Leased Property if the District determines and notifies the Trustee and the Insurer that such is economically feasible or in the best interests of the District, or (b) to the extent not so used, to prepay the Lease Payments allocable to the Leased Property and thereby prepay Certificates. In the event of an eminent domain award with respect to the Leased Property, the net proceeds on deposit in the Insurance and Condemnation Fund will be used as directed by the District, as follows: (a) if the District determines that such eminent domain proceedings have not materially affected the interest of the District in the Leased Property or its ability to make payments under the Lease Agreement, such proceeds will be used either for repair, replacement or rehabilitation of the Leased Property, or credited towards the allocable Lease Payments next coming due and payable; or (b) if the District determines otherwise, and in any event if all of the Leased Property is taken in eminent domain proceedings, such proceeds will be used to prepay the Lease Payments and Certificates.

Investment of Funds

The Trustee is required to invest and reinvest all moneys held under the Trust Agreement, in Permitted Investments maturing not later than the date moneys are expected to be required for expenditure. All income or profit on any investments of funds held by the Trustee under the Trust Agreement will be deposited in the respective funds from which such investments were made, except that all amounts derived from the investment of amounts in the

Reserve Fund will be transferred to the Lease Payment Fund to the extent not required to be retained in the Reserve Fund to maintain the Reserve Requirement.

Remedies Upon Event of Default

Exercise of Remedies; Limitation on Certificate Owners' Rights. Upon the occurrence of an event of default by the District under the Lease Agreement the Trustee, with the prior written consent of the Insurer may, and at the written direction of the Owners of a majority in aggregate principal amount of the Certificates then Outstanding the Trustee shall, exercise any and all remedies available at law or pursuant to the Lease Agreement. The Trustee subject to the control of the Insurer is granted the power to control the proceedings in the event of a default, for the equal benefit of the Certificate Owners, and no Certificate Owner has the right to institute any suit, action or proceeding at law or in equity, unless (a) such Owner has previously notified the Trustee of the occurrence of an event of default, (b) the Owners of a majority in aggregate principal amount of the outstanding Certificates have requested the Trustee in writing to exercise its powers, (c) said Owners have tendered the Trustee reasonable indemnity against the costs, expenses and liabilities to be incurred in complying with such request, and (d) the Trustee has failed to comply with such request for 60 days after receipt of such request and tender of such indemnity.

Application of Amounts Collected. Any amounts collected by the Trustee in an event of default are required to be applied first to the payment of the fees and expenses of the Trustee incurred in connection with such event of default and second to the payment of principal and interest represented by the Certificates (including interest on overdue installments of interest at the net effective rate of interest per annum then represented by the outstanding Certificates, but only to the extent funds are available for such purpose after payment of all other overdue amounts), ratably if necessary. Upon an event of default, the Trustee has a first lien on the amounts held under the Trust Agreement for its fees, charges and expenses.

Rights of Insurer. Notwithstanding any other provisions of the Trust Agreement or the Lease Agreement, the Insurer shall have the right, so long as it is not in payment default under the Insurance Policy, to direct the remedies to be taken upon any Event of Default, and the Insurer's consent shall be required for remedial action taken by the Trustee or the Corporation.

Amendment of Trust Agreement

The Trust Agreement may be amended by agreement among the parties thereto without the consent of the Owners of the Certificates, but only:

(a) to add to the covenants and agreements of any party, other covenants to be observed, or to surrender any right or power reserved to the Corporation or the District, provided, however that written consent of the Insurer is required with respect to an amendment to the provisions recognizing or granting rights in or to the Insurer,

(b) to cure, correct or supplement any ambiguous or defective provision in accordance with the original intention of the Corporation and the District,

(c) in regard to questions arising thereunder, as the District and the Corporation may deem necessary or desirable and which do not, in the opinion of Special Counsel, materially adversely affect the interests of the Owners of the Certificates,

(d) to facilitate any amendment to the Lease Agreement which is permitted to be made thereto as described above, or

(e) if and to the extent permitted in the opinion of Special Bond Counsel filed with the Trustee, the Insurer, the District and the Corporation, to delete or modify any of the provisions thereof relating to the exclusion from gross income for federal income tax purposes of interest represented by the Certificates.

Any other amendment requires the approval of the Owners of a majority in aggregate principal amount of the Certificates then outstanding, provided that no such amendment may (a) extend the maturity or time of interest payment, or reduce the interest rate, amount of principal or premium payable on, any Certificate without such Owner's consent; (b) reduce the percentage of Owners of Certificates required to consent to any amendment or modification; or (c) modify any of the Trustee's rights or obligations without its consent, or (d) modify any of the rights and interests of the Insurer without its written assent thereto.

Discharge of Trust Agreement

If and when the obligations represented by any or all Outstanding Certificates shall be paid and discharged in any one or more of the following ways:

> (a) by well and truly paying or causing to be paid the principal of and interest and prepayment premiums (if any) represented by such Certificates Outstanding selected for prepayment as and when the same become due and payable; or
>
> (b) by depositing with the Trustee or any other fiduciary, under an escrow deposit and trust agreement, security for the payment of Lease Payments relating to such Certificates selected for prepayment as more particularly described in the Lease, said security to be held by the Trustee on behalf of the District to be applied by the Trustee or by such other fiduciary to pay or prepay such Lease Payments as the same become due, pursuant to the Lease -

and if such Certificates selected for prepayment are to be prepaid prior to the maturity thereof notice of such prepayment shall have been mailed or provision satisfactory to the Trustee shall have been made for the mailing of such notice, then, notwithstanding that such Certificates shall not have been surrendered for payment, all rights hereunder of the Owners of such Certificates and all obligations of the Corporation, the Trustee and the District with respect to such Certificates shall cease and terminate, except only certain of the obligations of the Trustee under the Trust Agreement, and the obligation of the Trustee to pay or cause to be paid, from Lease Payments paid by or on behalf of the District from funds deposited pursuant to paragraph (b) above, to the Owners of such Certificates not so surrendered and paid all sums represented thereby when due and in the event of deposits pursuant to paragraph (b), such Certificates shall continue to represent direct, undivided fractional interests of the Owners thereof in the Lease Payments.

To accomplish discharge hereunder, the District shall cause to be delivered (i) a report of an independent firm of nationally recognized certified public accountants or such other accountant as shall be acceptable to the Insurer (“Accountant”) verifying the sufficiency of the escrow established to pay the Certificates in full on the maturity or prepayment date (“Verification”), (ii) an Escrow Deposit Agreement (which shall be acceptable in form and substance to the Insurer), (iii) an opinion of nationally recognized bond counsel to the effect that the Certificates are no longer Outstanding under the Trust Agreement. The Verification and defeasance opinion shall be acceptable in form and substance, and addressed, to the District, the Insurer and the Trustee. The Insurer shall be provided with final drafts of the above-referenced documentation not less than three Business Days prior to the funding of the escrow. In addition, the Escrow Deposit Agreement shall provide that:

(a) Any substitution of securities following the execution and delivery of the Escrow Deposit Agreement shall require the delivery of a Verification, an opinion of bond counsel that such substitution will not adversely affect the exclusion from gross income of the holders of the Certificates of the interest on the Certificates for federal income tax purposes and the prior written consent of BAM, which consent will not be unreasonably withheld.

(b) The District will not exercise any prior optional redemption of the Certificates secured by the Escrow Deposit Agreement or any other redemption other than mandatory sinking fund redemptions unless (i) the right to make any such redemption has been expressly reserved in the Escrow Deposit Agreement and such reservation has been disclosed in detail in the official statement for the refunding bonds or certificates, and (ii) as a condition to any such redemption there shall be provided to BAM a Verification as to the sufficiency of escrow receipts without reinvestment to meet the escrow requirements remaining following any such redemption.

The District shall not amend the Escrow Deposit Agreement or enter into a forward purchase agreement or other agreement with respect to rights in the escrow without the prior written consent of BAM.

Any funds held by the Trustee, at the time of discharge of the obligations represented by all Outstanding Certificates as a result of one of the events described in paragraphs (a) or (b) above, which are not required for the payment to be made to Owners, shall, upon payment in full of all fees and expenses of the Trustee (including attorneys' fees) then due, be paid over to the District.

Provisions Relating to the Reserve Policy

So long as the Reserve Policy remains in force and effect, the following provisions shall govern, notwithstanding anything to the contrary contained in the Trust Agreement:

(a) Payment of Draws and Expenses. The District shall repay any draws under the Reserve Policy and pay all related reasonable expenses incurred by BAM. Interest shall accrue and be payable on such draws and expenses from the date of payment by BAM at the Late Payment Rate. "Late Payment Rate" means the lesser of (A) the greater of (i) the per annum rate of interest, publicly announced from time to time by JPMorgan Chase Bank at its principal office in the City of New York, as its prime or base lending rate ("Prime Rate") (any change in such Prime Rate to be effective on the date such changes are announced by JPMorgan Chase Bank) plus 5%, and (ii) the then applicable highest rate of interest on the Bonds, and (B) the maximum rate permissible under applicable usury or similar laws limiting interest rates. The Late Payment Rate shall be computed on the basis of the actual number of days elapsed over a year of 360 days. In the event JPMorgan Chase Bank ceases to announce its Prime Rate publicly, Prime Rate shall be the publicly announced prime or base lending rate of such bank, banking association or trust company bank as the Certificate Insurer in its sole and absolute discretion shall specify.

Repayment of draws and payment of expenses and accrued interest thereon at the Late Payment Rate (collectively, the "Policy Costs") shall commence in the first month following each draw, and each such monthly payment shall be in an amount at least equal to 1/12 of the aggregate of Policy Costs related to such draw.

Amounts in respect of Policy Costs paid to BAM shall be credited first to interest due, then to the expenses due and then to principal due. As and to the extent that payments are made to BAM on account of principal due, the coverage under the Reserve Policy will be increased by a like amount, subject to the terms of the Reserve Policy.

All cash and investments in the Reserve Fund shall be transferred to the Lease Payment Fund for payment of principal and interest represented by the Certificates before any drawing may be made on the Reserve Policy or any other Reserve Fund Credit Instrument in lieu of cash.

Payment of any Policy Cost shall be made prior to replenishment of any cash amounts. Draws on all Reserve Fund Credit Instruments (including the Reserve Policy) on which there is available coverage shall be made on a pro-rata basis (calculated by reference to the coverage then available thereunder) after applying all available cash and investments in the Reserve Fund. Payment of Policy Costs and reimbursement of amounts with respect to other Reserve Fund Credit Instruments shall be made on a pro-rata basis prior to replenishment of any cash drawn from the Reserve Fund. For the avoidance of doubt, "available coverage" means the coverage then available for disbursement pursuant to the terms of the applicable alternative credit instrument without regard to the legal or financial ability or willingness of the provider of such instrument to honor a claim or draw thereon or the failure of such provider to honor any such claim or draw.

(b) Limitation. Draws under the Reserve Policy may only be used to make payments on the Certificates.

(c) Remedies of BAM. If the District fails to pay any Policy Costs in accordance with the requirements of paragraph (a) above, BAM shall be entitled to exercise any and all legal and equitable remedies available to it, including those provided under the Trust Agreement other than (i) acceleration of the maturity of the Certificates, or (ii) remedies which would adversely affect owners of the Certificates.

(d) Discharge of Trust Agreement. The Trust Agreement shall not be discharged until all Policy Costs owing to BAM shall have been paid in full. The District's obligation to pay such amount shall expressly survive payment in full of the Certificates.

(e) Notice to BAM. The Trustee shall ascertain the necessity for a claim upon the Reserve Policy in accordance with the provisions of paragraph (a) above and provide notice to BAM at least three Business Days prior to each date upon which interest or principal is due with respect to the Certificates.

(f) Expiration of Policy. The Reserve Policy shall expire on the earlier of the date the Certificates are no longer Outstanding and the final maturity date of the Certificates.

(g) Policy Costs due and owing shall be included in debt service requirements for purposes of calculation of the additional bonds test and the rate covenant, if any, in the Lease Agreement.

Provisions Relating to the Insurance Policy

So long as the Certificate Policy remains in force and effect, the following provisions shall govern, notwithstanding anything to the contrary contained in the Trust Agreement:

1) Notice and Other Information to be given to BAM. The District will provide BAM with all notices and other information it is obligated to provide (i) under its Continuing Disclosure Certificate and (ii) to the holders of Certificates or the Trustee under the Security Documents.

2) Defeasance. The investments in the defeasance escrow relating to Certificates shall be limited to non-callable, direct obligations of the United States of America and securities fully and unconditionally guaranteed as to the timely payment of principal and interest by the United States of America, or as otherwise maybe authorized under State law and approved by BAM.

   At least (three) 3 Business Days prior to any defeasance with respect to the Certificates, the District shall deliver to BAM draft copies of an escrow agreement, an opinion of bond counsel regarding the validity and enforceability of the escrow agreement and the defeasance of the Certificates, a verification report (a "Verification Report") prepared by a nationally recognized independent financial analyst or firm of certified public accountants regarding the sufficiency of the escrow fund. Such opinion and Verification Report shall be addressed to BAM and shall be in form and substance satisfactory to BAM. In addition, the escrow agreement shall provide that:

   a) Any substitution of securities following the execution and delivery of the escrow agreement shall require the delivery of a Verification Report, an opinion of bond counsel that such substitution will not adversely affect the exclusion (if interest on the Certificates is excludable) from gross income of the holders of the Certificates of the interest on the Certificates for federal income tax purposes and the prior written consent of BAM, which consent will not be unreasonably withheld.

   b) The District will not exercise any prior optional redemption of Certificates secured by the escrow agreement or any other redemption other than mandatory sinking fund redemptions unless (i) the right to make any such redemption has been expressly reserved in the escrow agreement and such reservation has been disclosed in detail in the official statement for the refunding bonds, and (ii) as a condition to any such redemption there shall be provided to BAM a Verification Report as to the sufficiency of escrow receipts without reinvestment to meet the escrow requirements remaining following any such redemption.

   c) The District shall not amend the escrow agreement or enter into a forward purchase agreement or other agreement with respect to rights in the escrow without the prior written consent of BAM.

3) Trustee and Paying Agent.

a) BAM shall receive prior written notice of any name change of the Trustee for the Certificates or the resignation or removal of the Trustee or, if applicable, the Paying Agent. Any Trustee must be (A) a national banking association that is supervised by the Office of the Comptroller of the Currency and has at least $250 million of assets, (B) a state-chartered commercial bank that is a member of the Federal Reserve System and has at least $1 billion of assets, or (C) otherwise approved by BAM in writing.

b) No removal, resignation or termination of the Trustee or, if applicable, the Paying Agent shall take effect until a successor, meeting the requirements above or acceptable to BAM, shall be qualified and appointed.

4) <u>Amendments, Supplements and Consents</u>. BAM's prior written consent is required for all amendments and supplements to the Security Documents, with the exceptions noted below. The District shall send copies of any such amendments or supplements to BAM and the rating agencies which have assigned a rating to the Certificates.

a) *Consent of BAM*. Any amendments or supplements to the Security Documents shall require the prior written consent of BAM with the exception of amendments or supplements:

i. To cure any ambiguity or formal defect or omissions or to correct any inconsistent provisions in the transaction documents or in any supplement thereto, or

ii. To grant or confer upon the holders of the Certificates any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the holders of the Certificates, or

iii. To add to the conditions, limitations and restrictions on the issuance of bonds or other obligations under the provisions of the Security Documents other conditions, limitations and restrictions thereafter to be observed, or

iv. To add to the covenants and agreements of the District in the Security Documents other covenants and agreements thereafter to be observed by the District or to surrender any right or power therein reserved to or conferred upon the District.

b) <u>Consent of BAM in Addition to Bondholder Consent.</u> Whenever any Security Document requires the consent of holders of Certificates, BAM's consent shall also be required. In addition, any amendment, supplement, modification to, or waiver of, any of the Security Documents that adversely affects the rights or interests of BAM shall be subject to the prior written consent of BAM.

c) <u>Insolvency</u>. Any reorganization or liquidation plan with respect to the District must be acceptable to BAM. The Trustee and each owner of the Certificates hereby appoint BAM as their agent and attorney-in-fact with respect to the Certificates and agree that BAM may at any time during the continuation of any proceeding by or against the District under the United States Bankruptcy Code or any other applicable bankruptcy, insolvency, receivership, rehabilitation or similar law (an "Insolvency Proceeding") direct all matters relating to such Insolvency Proceeding, including without limitation, (A) all matters relating to any claim or enforcement proceeding in connection with an

Insolvency Proceeding (a "Claim"), (B) the direction of any appeal of any order relating to any Claim, (C) the posting of any surety, supersedeas or performance bond pending any such appeal, and (D) the right to vote to accept or reject any plan of adjustment. In addition, the Trustee and each owner of the Certificates delegate and assign to BAM, to the fullest extent permitted by law, the rights of the Trustee and each owner of the Certificates with respect to the Certificates in the conduct of any Insolvency Proceeding, including, without limitation, all rights of any party to an adversary proceeding or action with respect to any court order issued in connection with any such Insolvency Proceeding.

d) <u>Control by BAM Upon Default</u>. Anything in the Security Documents to the contrary notwithstanding, upon the occurrence and continuance of a default or an event of default, BAM shall be entitled to control and direct the enforcement of all rights and remedies granted to the holders of the Certificates or the Trustee or Paying Agent for the benefit of the holders of the Certificates under any Security Document. No default or event of default may be waived without BAM's written consent.

e) <u>BAM as Owner</u>. Upon the occurrence and continuance of a default or an event of default, BAM shall be deemed to be the sole owner of the Certificates for all purposes under the Security Documents, including, without limitations, for purposes of exercising remedies and approving amendments.

f) <u>Consent of BAM for acceleration</u>*.* BAM's prior written consent is required as a condition precedent to and in all instances of acceleration.

g) <u>Grace Period for Payment Defaults</u>. No grace period shall be permitted for payment defaults on the Certificates. No grace period for a covenant default shall exceed 30 days without the prior written consent of BAM.

h) <u>Special Provisions for Insurer Default</u>. If an Insurer Default shall occur and be continuing, then, notwithstanding anything in paragraphs 4(a)-(e) above to the contrary, (1) if at any time prior to or following an Insurer Default, BAM has made payment under the Policy, to the extent of such payment BAM shall be treated like any other holder of the Certificates for all purposes, including giving of consents, and (2) if BAM has not made any payment under the Policy, BAM shall have no further consent rights until the particular Insurer Default is no longer continuing or BAM makes a payment under the Policy, in which event, the foregoing clause (1) shall control. For purposes of this paragraph, "Insurer Default" means: (A) BAM has failed to make any payment under the Policy when due and owing in accordance with its terms; or (B) BAM shall (i) voluntarily commence any proceeding or file any petition seeking relief under the United States Bankruptcy Code or any other Federal, state or foreign bankruptcy, insolvency or similar law, (ii) consent to the institution of or fail to controvert in a timely and appropriate manner, any such proceeding or the filing of any such petition, (iii) apply for or consent to the appointment of a receiver, trustee, custodian, sequestrator or similar official for such party or for a substantial part of its property, (iv) file an answer admitting the material allegations of a petition filed against it in any such proceeding, (v) make a general assignment for the benefit of creditors, or (vi) take action for the purpose of effecting any of the foregoing; or (C) any state or federal agency or instrumentality shall order the suspension of payments on the Policy or shall obtain an order or grant approval for the rehabilitation, liquidation, conservation or dissolution of BAM (including without limitation under the New York Insurance Law).

5) Lease Agreement.

   a) The security for the Certificates shall include a pledge and assignment of any agreement with any underlying obligor that is a source of payment for the Certificates (a "Financing Agreement") and a default under any Financing Agreement shall constitute an Event of Default under the Security Documents. In accordance with the foregoing, any such Financing Agreement is hereby pledged and assigned to the Trustee for the benefit of the holders of the Certificates.

   b) Any payments by the Obligor under the Financing Agreement that will be applied to the payment of debt service on the Certificates shall be made directly to the Trustee at least fifteen (15) days prior to each debt service payment date for the Certificates.

6) BAM As Third Party Beneficiary. BAM is recognized as and shall be deemed to be a third party beneficiary of the Security Documents and may enforce the provisions of the Security Documents as if it were a party thereto.

7) Payment Procedure Under the Policy.

In the event that principal and/or interest due on the Certificates shall be paid by BAM pursuant to the Policy, the Certificates shall remain outstanding for all purposes, not be defeased or otherwise satisfied and not be considered paid by the District, the assignment and pledge of the trust estate and all covenants, agreements and other obligations of the District to the registered owners shall continue to exist and shall run to the benefit of BAM, and BAM shall be subrogated to the rights of such registered owners.

In the event that on the second (2^{nd}) business day prior to any payment date on the Certificates, the Paying Agent or Trustee has not received sufficient moneys to pay all principal of and interest on the Certificates due on such payment date, the Paying Agent or Trustee shall immediately notify BAM or its designee on the same business day by telephone or electronic mail, of the amount of the deficiency. If any deficiency is made up in whole or in part prior to or on the payment date, the Paying Agent or Trustee shall so notify BAM or its designee.

In addition, if the Trustee has notice that any holder of the Certificates has been required to disgorge payments of principal of or interest on the Certificates pursuant to a final, non-appealable order by a court of competent jurisdiction that such payment constitutes an avoidable preference to such holder within the meaning of any applicable bankruptcy law, then the Trustee shall notify BAM or its designee of such fact by telephone or electronic mail, or by overnight or other delivery service as to which a delivery receipt is signed by a person authorized to accept delivery on behalf of BAM.

The Trustee shall irrevocably be designated, appointed, directed and authorized to act as attorney-in-fact for holders of the Certificates as follows:

a) If there is a deficiency in amounts required to pay interest and/or principal on the Certificates, the Paying Agent or Trustee shall (i) execute and deliver to BAM, in form satisfactory to BAM, an instrument appointing BAM as agent and attorney-in-fact for such holders of the Certificates in any legal proceeding related to the payment and assignment to BAM of the claims for interest on the Certificates, (ii) receive as designee of the respective holders (and not as Paying Agent) in accordance with the tenor of the Policy payment from BAM with respect to the claims for interest so assigned, (iii) segregate all such payments in a separate account (the “BAM Policy Payment Account”) to only be used to make scheduled payments of principal of and interest on the Certificates, and (iv) disburse the same to such respective holders; and

b) If there is a deficiency in amounts required to pay principal of the Certificates, the Paying Agent or Trustee shall (i) execute and deliver to BAM, in form satisfactory to BAM, an instrument appointing BAM as agent and attorney-in-fact for such holder of the Certificates in any legal proceeding related to the payment of such principal and an assignment to BAM of the Certificates surrendered to BAM, (ii) receive as designee of the respective holders (and not as Paying Agent) in accordance with the tenor of the Policy payment therefore from BAM, (iii) segregate all such payments in the BAM Policy Payment Account to only be used to make scheduled payments of principal of and interest on the Certificates, and (iv) disburse the same to such holders.

The Trustee shall designate any portion of payment of principal on Certificates paid by BAM, whether by virtue of mandatory sinking fund redemption, maturity or other advancement of maturity, on its books as a reduction in the principal amount of Certificates registered to the then current holder, whether DTC or its nominee or otherwise, and shall issue a replacement Certificate to BAM, registered in the name directed by BAM, in a principal amount equal to the amount of principal so paid (without regard to authorized denominations); provided that the Trustee's failure to so designate any payment or issue any replacement Certificate shall have no effect on the amount of principal or interest payable by the District on any Certificate or the subrogation or assignment rights of BAM.

Payments with respect to claims for interest on and principal of Certificates disbursed by the Paying Agent or Trustee from proceeds of the Policy shall not be considered to discharge the obligation of the District with respect to such Certificates, and BAM shall become the owner of such unpaid Certificates and claims for the interest in accordance with the tenor of the assignment made to it under the provisions of the preceding paragraphs or otherwise. The Security Documents shall not be discharged or terminated unless all amounts due or to become due to BAM have been paid in full or duly provided for.

Irrespective of whether any such assignment is executed and delivered, the District and the Trustee agree for the benefit of BAM that:

a) They recognize that to the extent BAM makes payments directly or indirectly (*e.g.*, by paying through the Trustee), on account of principal of or interest on the Certificates, BAM will be subrogated to the rights of such holders to receive the amount of such principal and interest from the District, with interest thereon, as provided and solely from the sources stated in the Security Documents and the Certificates; and

b) They will accordingly pay to BAM the amount of such principal and interest, with interest thereon as provided in the transaction documents and the Certificates, but only from the sources and in the manner provided therein for the payment of principal of and interest on the Certificates to holders, and will otherwise treat BAM as the owner of such rights to the amount of such principal and interest.

8) Additional Payments. The District agrees unconditionally that it will pay or reimburse BAM on demand any and all reasonable charges, fees, costs, losses, liabilities and expenses that BAM may pay or incur, including, but not limited to, fees and expenses of BAM's agents, attorneys, accountants, consultants, appraisers and auditors and reasonable costs of investigations, in connection with the administration (including waivers and consents, if any), enforcement, defense, exercise or preservation of any rights and remedies in respect of the Security Documents ("Administrative Costs"). For purposes of the foregoing, costs and expenses shall include a reasonable allocation of compensation and overhead attributable to the time of employees of BAM spent in connection with the actions described in the preceding sentence. The District agrees that failure to pay any Administrative Costs on a timely basis will result in the accrual of interest on the unpaid amount at the Late Payment Rate, compounded semi-annually, from the date that payment is first due to BAM until the date BAM is paid in full.

Notwithstanding anything in the Trust Agreement to the contrary, the District agrees to pay to BAM (i) a sum equal to the total of all amounts paid by BAM under the Policy ("BAM Policy Payment"); and (ii) interest on such BAM Policy Payments from the date paid by BAM until payment thereof in full by the District, payable to BAM at the Late Payment Rate per annum (collectively, "BAM Reimbursement Amounts") compounded semi-annually. Notwithstanding anything to the contrary, including without limitation the post default application of revenue provisions, BAM Reimbursement Amounts shall be, and the District hereby covenants and agrees that the BAM Reimbursement Amounts are, payable from and secured by a lien on and pledge of the same revenues and other collateral pledged to the Certificates on a parity with debt service due on the Certificates.

9) Reserve Fund. The prior written consent of BAM shall be a condition precedent to the deposit of any credit instrument provided in lieu of a cash deposit into the Reserve Fund, if any. Amounts on deposit in the Reserve Fund shall be applied solely to the payment of debt service due on the Certificates.

10) Exercise of Rights by BAM. The rights granted to BAM under the Security Documents to request, consent to or direct any action are rights granted to BAM in consideration of its issuance of the Policy. Any exercise by BAM of such rights is merely an exercise of the BAM's contractual rights and shall not be construed or deemed to be taken for the benefit, or on behalf, of the holders of the Certificates and such action does not evidence any position of BAM, affirmative or negative, as to whether the consent of the holders of the Certificates or any other person is required in addition to the consent of BAM.

11) BAM shall be entitled to pay principal or interest on the Certificates that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer (as such terms are defined in the Policy) and any amounts due on the Certificates as a result of acceleration of the maturity thereof in accordance with the Security Documents, whether or not BAM has received a claim upon the Policy.

12) So long as the Certificates are outstanding or any amounts are due and payable to BAM, the District shall not sell, lease, transfer, encumber or otherwise dispose of the Leased Property or any material portion thereof, except upon obtaining the prior written consent of BAM.

13) No contract shall be entered into or any action taken by which the rights of BAM or security for or source of payment of the Certificates may be impaired or prejudiced in any material

respect except upon obtaining the prior written consent of BAM.

14) If an event of default occurs under any agreement pursuant to which any Obligation of the District has been incurred or issued and that permits the holder of such Obligation or trustee to accelerate the Obligation or otherwise exercise rights or remedies that are adverse to the interest of the holders of the Certificates or BAM, as BAM may determine in its sole discretion, then an event of default shall be deemed to have occurred under the Trust Agreement and the related Security Documents for which BAM or the Trustee, at the direction of BAM, shall be entitle to exercise all available remedies under the Security Documents, at law and in equity. For purposes of the foregoing "Obligation" shall mean any bonds, loans, certificates, installment or lease payments or similar obligations that are payable and/or secured on a parity or subordinate basis to the Certificates.

15) Definitions.

"Late Payment Rate" means the lesser of (a) the greater of (i) the per annum rate of interest, publicly announced from time to time by JPMorgan Chase Bank, N.A., at its principal office in The City of New York, New York, as its prime or base lending rate ("Prime Rate") (any change in such Prime Rate to be effective on the date such change is announced by JPMorgan Chase Bank, N.A.) plus 3%, and (ii) the then applicable highest rate of interest on the Certificates and (b) the maximum rate permissible under applicable usury or similar laws limiting interest rates. In the event JPMorgan Chase Bank, N.A., ceases to announce its Prime Rate, the Prime Rate shall be the prime or base lending rate of such other bank, banking association or trust company as BAM, in its sole and absolute discretion, shall designate. Interest at the Late Payment Rate on any amount owing to BAM shall be computed on the basis of the actual number of days elapsed in a year of 360 days.

"Security Documents" shall mean the resolution, trust agreement, indenture, ordinance, loan agreement, lease agreement, bond, note, certificate and/or any additional or supplemental document executed in connection with the Certificates.

ASSIGNMENT AGREEMENT

The Corporation and the Trustee will enter into the Assignment Agreement under which the Corporation assigns and sets over to the Trustee, for the benefit of the Owners of the Certificates, all of the Corporation's rights under the Lease Agreement (subject to certain exceptions), including the right of the Corporation to receive and collect Lease Payments, its right to receive and collect proceeds of condemnation and insurance awards and the right to exercise rights and remedies of the Corporation in the Lease Agreement to enforce payments of amounts thereunder. The Trustee accepts such assignment for the purpose of securing such payments due to and rights of the Owners of the Certificates, subject to the provisions of the Trust Agreement.

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APPENDIX B

AUDITED FINANCIAL STATEMENTS OF THE DISTRICT FOR FISCAL YEAR ENDED JUNE 30, 2019

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PLEASANT VIEW
SCHOOL DISTRICT
COUNTY OF TULARE
PORTERVILLE, CALIFORNIA
AUDIT REPORT
FOR THE YEAR ENDED JUNE 30, 2019

M. GREEN AND COMPANY LLP
Certified Public Accountants
Visalia, CA 93277

Introductory Section

Pleasant View School District
Audit Report
For the Year Ended June 30, 2019

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Pleasant View School District
Audit Report
For the Year Ended June 30, 2019

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Management's Discussion and Analysis

PLEASANT VIEW SCHOOL DISTRICT
Management's Discussion and Analysis (MD&A)
June 30, 2019

INTRODUCTION

Our discussion and analysis of Pleasant View School District (District) financial performance provides an overview of the District's financial activities for the year ended June 30, 2019. It should be read in conjunction with the District's financial statements, which follow this section.

The Management's Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments,* issued June 1999; and GASB Statement No. 37, *Basic Financial Statement – and Management Discussion and Analysis – for State and Local Governments: Omnibus,* an amendment to GASB Statement No. 21 and No. 34, issued in June 2001.

FINANCIAL HIGHLIGHTS

- Total net position was $4,219,159 at June 30, 2019. This was a decrease of $407,975 (8.82%) from the prior year.
- Overall revenues were $7,303,642, which was less than expenses of $7,711,617 by $407,975.
- Net Pension Liability has decreased by $205,711.
- Total OPEB Liability has decreased by $63,479.

OVERVIEW OF FINANCIAL STATEMENTS

This annual report consists of three parts – Management's Discussion and Analysis (this section), the basic financial statements, and required supplementary information. 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 financial statements**, which comprise the first two statements, provide both short-term and long-term information about the entity's overall financial position.
- **Fund financial statements** focus on reporting the individual parts of the District operations in more detail. The fund financial statements comprise the remaining statements.
  - **Governmental funds** statements tell how general government services were financed in the short term as well as what remains for future spending.
  - **Fiduciary fund** statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others, to whom the resources belong.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The basic financial statements are followed by a section of required supplementary information that further explains and supports the financial statements.

Government-Wide Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets, deferred outflows of resources, liabilities and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the District's net position and how it has changed. Net position - assets, plus deferred outflows of resources, less liabilities, less deferred inflows of resources - is one way to measure the District's financial health or position.

- Over time, increases or decreases in the District's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the District, one needs to consider additional non-financial factors such as changes in enrollment, changes in the property tax base, changes in program funding by the Federal and State governments, and condition of facilities.

The government-wide financial statements of the District include governmental activities. Most of the District's basic services are included here, such as regular education, food service, maintenance and general administration. Local Control Funding Formula (LCFF) and Federal and State grants finance most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's most significant funds - not the District as a whole. Funds are accounting devices that the District uses to keep track of specific sources of funding and spending for particular programs. Some funds are required to be established by State law and by bond covenants. The Board of Trustees establishes other funds to control and manage money for particular purposes or to show that the District is meeting legal responsibilities for using certain revenues. The District has two kinds of funds:

- Governmental funds - Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the government funds statements that explains the relationship (or differences) between them.
- Fiduciary funds – the District is the trustee, or fiduciary, for assets that belong to others; for the District, the Student Body Activities Fund is an agency fund. The District is responsible for ensuring that assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position. We exclude these activities from the district-wide financial statements because the District cannot use the assets to finance its operations.

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE

Net Position

The District's combined net position was $4,219,159 at June 30, 2019. See Table 1.

Table 1:
Net Position

	Governmental Activities		Total Percentage Change
	2019	2018	2019-2018
Assets:			
Cash	$ 4,031,358	$ 3,872,662	4.10%
Accounts Receivable	342,426	355,940	-3.80%
Stores Inventories	2,664	2,197	21.26%
Capital Assets, Net of Accumulated Depreciation	12,281,894	12,883,308	-4.67%
TOTAL ASSETS	16,658,342	17,114,107	-2.66%
Deferred Outflows of Resources:			
Deferred Outflows - Pensions	1,442,515	1,580,387	-8.72%
Deferred Outflows - OPEB	107,008	96,215	11.22%
TOTAL DEFERRED OUTFLOWS OF RESOURCES	1,549,523	1,676,602	-7.58%
Liabilities:			
Accounts Payable	233,439	242,504	-3.74%
Unearned Revenue	238,614	193,457	23.34%
Net Pension Liability	5,566,005	5,771,716	-3.56%
Total Other Postemployment Benefit Liability	2,477,045	2,540,524	-2.50%
Short-Term Liabilities	145,000	217,941	-33.47%
Long-Term Liabilities	4,777,797	4,995,100	-4.35%
TOTAL LIABILITIES	13,437,900	13,961,242	-3.75%
Deferred Inflows of Resources:			
Deferred Inflows - Pensions	446,232	202,333	120.54%
Deferred Inflows - OPEB	104,574	-	100.00%
TOTAL DEFERRED INFLOWS OF RESOURCES	550,806	202,333	172.23%
Net Position:			
Net Investment in Capital Assets	7,665,145	8,271,700	-7.33%
Restricted	877,848	452,764	93.89%
Unrestricted	(4,323,834)	(4,097,330)	5.53%
TOTAL NET POSITION	$ 4,219,159	$ 4,627,134	-8.82%

Changes in Net Position

The District's total revenues were $7,303,642. A majority of the revenue comes from LCFF Sources, Operating Grants and Capital Grants (93.78%). State and local revenue accounted for another 5.69% of total revenues.

The total cost of all programs and services was $7,711,617. The District's expenses are predominantly related to educating and caring for students (80.55%). Administrative activities accounted for just 5.91% of total costs. The remaining expenses were for plant services (maintenance and operations), community services, other outgo and interest on long-term obligations.

Table 2:
Changes in Net Position

	Governmental Activities		Total Percentage Change
	2019	2018	2019-2018
Revenues:			
Program Revenues:			
Charges for Services	$ 10,223	$ 5,712	78.97%
Operating Grants & Contributions	1,382,531	1,285,183	7.57%
Capital Grants & Contributions	303,240	-	100.00%
General Revenues:			
LCFF Sources	5,163,349	5,003,021	3.20%
Federal Revenues	28,827	22,419	28.58%
State Revenues	222,709	208,399	6.87%
Local Revenues	192,763	191,898	0.45%
TOTAL REVENUES	7,303,642	6,716,632	8.74%
Program Expenses:			
Instruction	4,653,933	4,301,338	8.20%
Instruction-Related Services	612,800	566,654	8.14%
Pupil Services	945,247	908,679	4.02%
Community Services	89,369	79,476	12.45%
General Administration	455,794	434,192	4.98%
Plant Services	824,119	584,799	40.92%
Other Outgo	2,359	-	100.00%
Interest on Long-Term Obligations	127,996	129,552	-1.20%
TOTAL EXPENSES	7,711,617	7,004,690	10.09%
Deficiency	(407,975)	(288,058)	41.63%
Prior Period Adjustment	-	(2,020,876)	-100.00%
DECREASE IN NET POSITION	$ (407,975)	$ (2,308,934)	-82.33%

Governmental Activities

The cost of all governmental activities this year was $7,711,617.

Table 3 presents the cost of each of the District's functions as well as each function's net cost (total cost less fees generated by the activities and intergovernmental aid). The net cost reflects what was funded by charges for services, operating grants and capital grants and contributions.

Table 3:
Net Cost of Governmental Activities

	Total Cost of Services		Total Percentage Change	Net Cost of Services		Total Percentage Change
	2019	2018	2019-2018	2019	2018	2019-2018
Instruction	$ 4,653,933	$ 4,301,338	8.20%	$ (3,587,284)	$ (3,663,212)	-2.07%
Instruction-Related Services	612,800	566,654	8.14%	(570,754)	(544,381)	4.84%
Pupil Services	945,247	908,679	4.02%	(536,793)	(495,589)	8.31%
Community Services	89,369	79,476	12.45%	2,266	(6,858)	-133.04%
General Administration	455,794	434,192	4.98%	(427,447)	(403,700)	5.88%
Plant Services	824,119	584,799	40.92%	(765,256)	(522,505)	46.46%
Other Outgo	2,359	-	100.00%	(2,359)	52,002	-104.54%
Interest on Long-Term Obligations	127,996	129,552	-1.20%	(127,996)	(129,552)	-1.20%
TOTAL	$ 7,711,617	$ 7,004,690	10.09%	$ (6,015,623)	$ (5,713,795)	5.28%

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported a combined fund balance of $3,904,395, an increase of $109,557 from last year's ending fund balance of $3,794,838. The increase in fund balance is mainly due to an increased cash balance at June 30, 2019.

General Fund Budgetary Highlights

Over the course of the year, the District revises its annual budget to reflect unexpected changes in revenues and expenditures. The final amendment to the budget was approved June 30, 2019. A schedule of the District's original and final budget amounts compared with actual revenues and expenses is provided in the required supplemental section of the audited financial report. The variance between the original and revised budgets are mainly due to increased revenues in other state revenues and federal revenues.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2019, the District had invested $17,949,611 in a broad range of capital assets, including land, buildings and improvements, equipment and vehicles. See Table 4. More detailed information about the District's capital assets is presented in Note 5 of the financial statements.

Table 4:
Capital Assets

	Governmental Activities		Total Percentage Change
	2019	2018	2019-2018
Land	$ 125,192	$ 125,192	0.00%
Work in Progress	122,259	118,725	2.98%
Land Improvements	614,195	614,195	0.00%
Buildings and Improvements	15,833,959	15,833,959	0.00%
Equipment	1,254,006	1,189,601	5.41%
Totals at Historical Cost	17,949,611	17,881,672	0.38%
Total Accumulated Depreciation	(5,667,717)	(4,998,364)	13.39%
NET CAPITAL ASSETS	$ 12,281,894	$ 12,883,308	-4.67%

Long-Term Debt

At year end, the District had $4,922,797 in debt, which consisted of various items, as shown in Table 5. The District's total obligations decreased by $290,244 during the fiscal year. More detailed information about the District's debt is presented in Note 7 of the financial statements.

Table 5:
Long-Term Debt

	Governmental Activities		Total Percentage Change
	2019	2018	2019-2018
Compensated Absences	$ 7,502	$ 6,864	9.29%
Certificates of Participation	4,040,000	4,185,000	-3.46%
Qualified Zone Academy Bond	875,295	1,021,177	-14.29%
TOTAL LONG-TERM DEBT	$ 4,922,797	$ 5,213,041	-5.57%

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

At the time these financial statements were prepared and audited, the District was aware of circumstances that could affect its future financial health:

- The District is experiencing declining enrollment which can have a profound impact on the financial health of the District.
- The continuing increases in payroll taxes and benefits could have a significant effect on the future financial health of the District.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, parents, participants, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report, or need additional financial information, contact the Superintendent at 14004 Road 184, Porterville, California, 93257.

Financial Section

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CERTIFIED PUBLIC ACCOUNTANTS
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E-mail: visalia@mgreencpas.com • Web Site: www.mgreencpas.com

Tulare
Visalia
Lindsay
Hanford

Independent Auditors' Report

Board of Trustees
Pleasant View School District

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 Pleasant View School 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.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 Pleasant View School 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, budgetary comparison information, schedule of the District's proportionate share of the net pension liability, schedule of the District's pension contributions and schedule of changes in the total OPEB liability and related ratios on pages 1-7 and 42-45 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 Pleasant View School District's basic financial statements. The schedule of expenditures of federal awards as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards,* is presented for purposes of additional analysis and is not a required part of the basic financial statements. The accompanying other required supplementary schedules as other supplementary information as required by the State's audit guide, *2018-19 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting,* published by the Education Audit Appeals Panel are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of expenditures of federal awards and other required supplementary schedules as supplementary information 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 schedule of expenditures of federal awards and other required supplementary schedules as supplementary information are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The combining statements presented as other supplementary information on pages 46 through 47 have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2019, on our consideration of Pleasant View School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Pleasant View School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Pleasant View School District's internal control over financial reporting and compliance.

M. Green and Company, LLP

Visalia, California
December 4, 2019

Basic Financial Statements

PLEASANT VIEW SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2019

	Governmental Activities
ASSETS:	
Cash in County Treasury	$ 3,750,693
Cash on Hand and in Banks	97
Cash with a Fiscal Agent/Trustee	280,568
Accounts Receivable	342,426
Stores Inventories	2,664
Capital Assets:	
Land	125,192
Land Improvements, Net	423,031
Buildings, Net	11,424,071
Equipment, Net	187,341
Work in Progress	122,259
Total Assets	16,658,342
DEFERRED OUTFLOWS OF RESOURCES:	
Deferred Outflows of Resources - Pensions	1,442,515
Deferred Outflows of Resources - OPEB	107,008
Total Deferred Outflows of Resources	1,549,523
LIABILITIES:	
Accounts Payable	233,439
Unearned Revenue	238,614
Noncurrent Liabilities:	
Net Pension Liability	5,566,005
Total Other Postemployment Benefit Liability	2,477,045
Due within one year	145,000
Due in more than one year	4,777,797
Total Liabilities	13,437,900
DEFERRED INFLOWS OF RESOURCES:	
Deferred Inflows of Resources - Pensions	446,232
Deferred Inflows of Resources - OPEB	104,574
Total Deferred Inflows of Resources	550,806
NET POSITION:	
Net Investment in Capital Assets	7,665,145
Restricted For:	
Capital Projects	593,469
Legally Restricted Programs	167,240
Specific Programs	117,139
Unrestricted	(4,323,834)
Total Net Position	$ 4,219,159

The accompanying notes are an integral part of this statement.

PLEASANT VIEW SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities
PRIMARY GOVERNMENT:					
Governmental Activities:					
Instruction	$ 4,653,933	$ 54	$ 763,355	$ 303,240	$ (3,587,284)
Instruction-Related Services	612,800	-	42,046	-	(570,754)
Pupil Services	945,247	1,194	407,260	-	(536,793)
Community Services	89,369	8,815	82,820	-	2,266
General Administration	455,794	-	28,347	-	(427,447)
Plant Services	824,119	160	58,703	-	(765,256)
Other Outgo	2,359	-	-	-	(2,359)
Interest on Long-Term Obligations	127,996	-	-	-	(127,996)
Total Governmental Activities	7,711,617	10,223	1,382,531	303,240	(6,015,623)
Total Primary Government	$ 7,711,617	$ 10,223	$ 1,382,531	$ 303,240	(6,015,623)
General Revenues:					
LCFF Sources					5,163,349
Federal Revenues					28,827
State Revenues					222,709
Local Revenues					192,763
Total General Revenues					5,607,648
Change in Net Position					(407,975)
Net Position - Beginning					4,627,134
Net Position - Ending					$ 4,219,159

The accompanying notes are an integral part of this statement.

PLEASANT VIEW SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2019

	General Fund	Building Fund
ASSETS:		
Cash in County Treasury	$ 3,357,790	$ -
Cash on Hand and in Banks	-	-
Cash with a Fiscal Agent/Trustee	122	280,446
Accounts Receivable	283,927	-
Due from Other Funds	-	276,273
Stores Inventories	-	-
Total Assets	$ 3,641,839	$ 556,719
LIABILITIES AND FUND BALANCE:		
Liabilities:		
Accounts Payable	$ 231,693	$ -
Due to Other Funds	276,291	-
Unearned Revenue	238,614	-
Total Liabilities	746,598	-
Fund Balance:		
Nonspendable Fund Balances:		
Stores Inventories	-	-
Restricted Fund Balances	167,240	556,719
Unassigned:		
Reserve for Economic Uncertainty	240,189	-
Other Unassigned	2,487,812	-
Total Fund Balance	2,895,241	556,719
Total Liabilities and Fund Balances	$ 3,641,839	$ 556,719

The accompanying notes are an integral part of this statement.

Capital Facilities Fund (Developer Fees)	Other Governmental Funds	Total Governmental Funds
$ 32,056	$ 360,847	$ 3,750,693
-	97	97
-	-	280,568
-	58,499	342,426
-	18	276,291
-	2,664	2,664
$ 32,056	$ 422,125	$ 4,652,739
$ -	$ 1,746	$ 233,439
-	-	276,291
-	-	238,614
-	1,746	748,344
-	2,664	2,664
32,056	417,715	1,173,730
-		
-	-	240,189
-	-	2,487,812
32,056	420,379	3,904,395
$ 32,056	$ 422,125	$ 4,652,739

PLEASANT VIEW SCHOOL DISTRICT

EXHIBIT A-4

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2019

Total fund balances - governmental funds balance sheet	$ 3,904,395
Amounts reported for governmental activities in the Statement of Net Position (SNP) are different because:	
Capital assets used in governmental activities are not financial resources, and therefore are not reported in the funds:	
Capital assets	17,949,611
Accumulated depreciation	(5,667,717)
Other long-term assets are not available to pay for current period expenditures, and therefore are not reported in the funds:	
Deferred outflows of resources related to pensions	1,442,515
Deferred outflows of resources related to OPEB	107,008
Certain liabilities are not due and payable in the current period from current financial resources, and therefore are not reported in the funds:	
Certificates of participation (COPS) payable	(4,040,000)
Compensated absences	(7,502)
Net pension liability	(5,566,005)
Total other postemployment benefit liability	(2,477,045)
Qualified zone academy bonds (QZAB) payable	(875,295)
Deferred inflows of resources related to pensions	(446,232)
Deferred inflows of resources related to OPEB	(104,574)
Net position of governmental activities - Statement of Net Position	$ 4,219,159

The accompanying notes are an integral part of this statement.

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PLEASANT VIEW SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	General Fund	Building Fund
Revenues:		
LCFF Sources:		
State Apportionment or State Aid	$ 4,158,273	$ -
Education Protection Account Funds	706,748	-
Local Sources	298,328	-
Federal Revenue	456,731	-
Other State Revenue	618,548	-
Other Local Revenue	262,842	9,879
Total Revenues	6,501,470	9,879
Expenditures:		
Current:		
Instruction	4,177,098	-
Instruction - Related Services	579,156	-
Pupil Services	444,138	-
Community Services	83,180	-
General Administration	426,690	-
Plant Services	467,716	-
Other Outgo	2,359	-
Capital Outlay	64,405	-
Debt Service:		
Principal	290,882	-
Interest	127,996	-
Total Expenditures	6,663,620	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	(162,150)	9,879
Net Change in Fund Balance	(162,150)	9,879
Fund Balance, July 1	3,057,391	546,840
Fund Balance, June 30	$ 2,895,241	$ 556,719

The accompanying notes are an integral part of this statement.

Capital Facilities Fund (Developer Fees)	Other Governmental Funds	Total Governmental Funds
$ -	$ -	$ 4,158,273
-	-	706,748
-	-	298,328
-	394,733	851,464
-	336,045	954,593
9,912	7,791	290,424
9,912	738,569	7,259,830
-	-	4,177,098
-	-	579,156
-	431,551	875,689
-	-	83,180
-	-	426,690
-	55,102	522,818
-	-	2,359
-	-	64,405
-	-	290,882
-	-	127,996
-	486,653	7,150,273
9,912	251,916	109,557
9,912	251,916	109,557
22,144	168,463	3,794,838
$ 32,056	$ 420,379	$ 3,904,395

PLEASANT VIEW SCHOOL DISTRICT

EXHIBIT A-6

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

Net change in fund balances - total governmental funds:	
Amounts reported for governmental activities in the Statement of Activities (SOA) are different because:	$ 109,557
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:	
Expenditures for capital outlay	67,939
Depreciation expense	(669,353)
Certain expenditures in the funds are not reported as expenses in the SOA:	
Repayment of certificates of participation (COPS) payable	145,000
Repayment of qualified zone academy bonds (QZAB) payable	145,882
Expenses reported in the SOA that do not require the use of current financial resources are not reported as expenditures in the funds:	
Compensated absences	(638)
The net change in the net pension liability, deferred outflows and deferred inflows are reported as pension expense in the SOA. Pension contributions are reported as expenditures in the funds.	(176,060)
The net change in the total other postemployment benefit liability, deferred outflows and deferred inflows are reported as OPEB expense in the SOA. OPEB contributions are reported as expenditures in the funds.	(30,302)
Change in net position of governmental activities - Statement of Activities	$ (407,975)

The accompanying notes are an integral part of this statement.

PLEASANT VIEW SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
JUNE 30, 2019

	Agency Fund
	Student Body Funds
ASSETS:	
Cash on Hand and in Banks	$ 10,434
Total Assets	10,434
LIABILITIES:	
Due to Student Groups	10,434
Total Liabilities	10,434
NET POSITION:	
Total Net Position	$ -

The accompanying notes are an integral part of this statement.

NOTE 1 - Summary of Significant Accounting Policies

Pleasant View School District (District) accounts for its financial transactions in accordance with the policies and procedures of the Department of Education's "California School Accounting Manual". The accounting policies of the District conform to the 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).

Financial Reporting Entity

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

Basis of Presentation

Government-wide Statements: The statement of net position and the statement of activities include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues and other non-exchange transactions.

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

Fund Financial Statements: The fund financial statements provide information about the District's funds, with separate statements presented for each fund category. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major funds.

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

The District reports the following major governmental funds:

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

The Building Fund is used to account for the acquisition of major governmental capital facilities and buildings from the proceeds of bond sales and certificates of participation.

The Capital Facilities Fund (Developer Fees) is used to account for resources received from developer impact fees assessed under provisions of the California Environmental Quality Act (CEQA).

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 following special revenue fund is utilized by the District:

> The Cafeteria Fund is used to account separately for federal, state and local resources to operate the food service program and is to be used only for those expenditures as necessary for the operation of the District's food service program.

Capital Projects Funds are used to account for the acquisition and/or construction of all major governmental general fixed assets. The following capital projects fund is utilized by the District:

> The County Schools Facilities Fund – Modernization is used to receive apportionments from the State School Facilities Fund authorized by the State Allocation Board for the modernization of the District.

NOTE 1 - Summary of Significant Accounting Policies (continued)

The District reports the following fiduciary fund:

Agency Funds are used to account for assets held for others in a purely custodial capacity (assets equal liabilities). Agency funds typically involve only the receipt, temporary investment and remittance of fiduciary resources to individuals, private organizations or other governments. The following agency fund is utilized by the District:

The District maintains one agency fund for the school's student bodies.

Measurement Focus, Basis of Accounting

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

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter, to be used to pay liabilities of the current fiscal year. Generally, available is defined as collectible within 45 or 60 days. However, to achieve comparability of reporting among California 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 districts as collectible within one year. The following revenue sources are considered to be both measurable and available at fiscal year-end: State apportionments, interest, certain grants, and other local sources. Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, certain grants, entitlements, and donations. Revenue from property taxes is recognized in the fiscal year in which the taxes are received. Revenue from certain grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include time and purpose requirements. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

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

Encumbrances

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

Budgets and Budgetary Accounting

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

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

Formal budgetary integration was used as a management control device during the year for all budgeted funds. The District employs budget control by minor object and function and by individual appropriation accounts. Expenditures cannot legally exceed appropriations by major object code. All appropriations lapse at year end.

NOTE 1 - Summary of Significant Accounting Policies (continued)

Deposits and Investments

Cash balances held in banks are fully insured or collateralized.

The District is considered to be an involuntary participant in an external investment pool as the District is required to deposit all receipts and collections of monies with their County Treasurer (Education Code Section 41001). The County pools these funds with those of other districts in the county and invests the cash. The fair value of the District's investment in the pool is reported in the financial statements at amounts based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). Interest earned is deposited quarterly into the participating funds. The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

Information regarding the amount of dollars invested in derivatives with the Tulare County Treasury was not available for the year ended June 30, 2019.

Stores Inventories and Prepaid Expenditures

Inventories are recorded using the purchases method in that the cost is recorded as an expenditure at the time individual inventory items are purchased. Inventories are valued at average cost and consist of expendable supplies held for consumption. Inventories of the General Fund are immaterial and have been omitted from these statements.

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

Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of the donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the 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
Land Improvements	20
Buildings	25-50
Equipment	5-15

Interfund Activity

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

Deferred Outflows and Deferred Inflows of Resources

In addition to assets, the statement of financial position will report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time.

NOTE 1 - Summary of Significant Accounting Policies (continued)

Unearned Revenue

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

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

Compensated Absences

Accumulated unpaid employee vacation benefits are recognized as liabilities of the District. The entire compensated absence liability is reported on the government-wide statement of net position.

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.

Pensions

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

Fund Balances – Governmental Funds

Fund balances of the governmental funds are classified as follows:

Nonspendable Fund Balance – represents amounts that cannot be spent because they are either not in spendable form (such as stores inventories) or legally required to remain intact.

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

Committed Fund Balance – represents amounts that can only be used for a specific purpose because of a formal action by the District's governing board, the District's highest level of decision making authority. Formal board action must be taken on or before June 30th of each fiscal year. Committed amounts cannot be used for any other purpose unless the governing board removes those constraints by taking the same type of formal action. The committed amount subject to the constraint may be determined after June 30th. Committed fund balance amounts may be used for other purposes with appropriate due process by the governing board. Commitments are typically done through adoption and amendment of the budget. Committed fund balance amounts differ from restricted fund balances in that the constraints on their use do not come from outside parties, constitutional provisions or enabling legislation.

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

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

NOTE 1 - Summary of Significant Accounting Policies (continued)

Spending Order Policy

When an expenditure is incurred for a purpose for which both restricted and unrestricted fund balances are 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.

Minimum Fund Balance Policy

In fiscal year 2011, the District adopted a minimum fund balance policy for the General Fund. 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 unpredictable expenditures. Therefore, the District will maintain an unassigned Reserve for Economic Uncertainties consisting of unassigned amounts equal to no less than prescribed for fiscal solvency review purposes pursuant to Education Code Section 33127. In the event that the balance drops below the established minimum level, the District's governing board will develop a plan to replenish the fund balance to the established minimum level within two years.

Net Position

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

Property Taxes

Secured property taxes attach as an enforceable lien on property as of January 1. Taxes are payable in two installments on November 1 and February 1. Unsecured property taxes are payable in one installment on or before August 31. The County of Tulare bills and collects the taxes for the District.

Use of Estimates

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

New Accounting Principles

In April 2018, the GASB issued Statement No. 88, *Certain Disclosures Related to Debt*, including Direct Borrowings and Direct Placements. The objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The provisions of this Statement have been implemented in the financial statements for the period ended June 30, 2019. The statement contained herein reflect the change in financial presentation.

NOTE 1 - Summary of Significant Accounting Policies (continued)

The following is a summary of the upcoming GASB Statements that may have an impact on the District's future reporting:

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities.* The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. An exception to that requirement is provided for a business-type activity that normally expects to hold custodial assets for three months or less. This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria. A fiduciary component unit, when reported in the fiduciary fund financial statements of a primary government, should combine its information with its component units that are fiduciary component units and aggregate that combined information with the primary government's fiduciary funds. This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. Events that compel a government to disburse fiduciary resources occur when a demand for the resources has been made or when no further action, approval, or condition is required to be taken or met by the beneficiary to release the assets. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018.

In June 2017, the GASB issued Statement No. 87, *Leases.* The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. A lease is defined as a contract that conveys control of the right to use another entity's nonfinancial asset (the underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transaction. Examples of nonfinancial assets include buildings, land, vehicles, and equipment. Any contract that meets this definition should be accounted for under the leases guidance, unless specifically excluded in this Statement. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

In April 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period.* The objective of this Statement is to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for interest cost incurred before the end of a construction period. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

In April 2018, the GASB issued Statement No. 90, *Majority Equity Interest – an amendment of GASB Statements No. 14 and No. 61.* The objective of this Statement is to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018.

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations.* The objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020.

NOTE 2 - Compliance and Accountability

Finance-Related Legal and Contractual Provisions

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

Violation	Action Taken
None reported	Not applicable

Deficit Fund Balance or Net Position of Individual Non-Major Funds

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

Fund Name	Deficit Amount	Remarks
None reported	Not applicable	Not applicable

NOTE 3 - Cash and Investments

Cash in County Treasury

The District maintains substantially all of its cash in the Tulare County Treasury as part of the common investment pool. The District's cash in Tulare County Treasury was not subject to credit risk categorization and is carried at cost which approximates fair value. All pooled funds are regulated by California Government Code.

Cash on Hand and in Banks

Cash balances on hand and in banks ($10,531 as of June 30, 2019) are fully insured or collateralized.

Cash with Fiscal Agent/Trustee

The cash with fiscal agent/trustee is comprised of $280,568 representing the Certificates of Participation funds that remain in trust accounts at Wilmington Trust.

NOTE 3 - Cash and Investments (continued)

Analysis of Specific Deposits and Investments

Cash and investments as of June 30, 2019, are classified in the accompanying financial statements, as follows:

Statement of Net Position:

Cash in County Treasury	$	3,750,693
Cash on Hand and in Banks		97
Cash with Fiscal Agent/Trustee		280,568
Fiduciary Funds:		
Cash on Hand and in Banks		10,434
Total	$	4,041,792

Cash and investments as of June 30, 2019, consist of the following:

Cash in County Treasury	$	3,750,693
Cash with Fiscal Agent/Trustee		280,568
Deposits with Financial Institutions		10,531
Total	$	4,041,792

Investments Authorized by the District's Investment Policy

Education Code Section 41015 authorizes the investment of surplus moneys, not required for the immediate necessities of the District, in any of the investments specified in Section 16430 or 53601 of the Government Code. Additionally, a variety of operational bank accounts are authorized, including but not limited to: Scholarship Accounts, Clearing Accounts and Revolving Cash Accounts. The District's investment policy does not contain any specific provisions intended to limit the District's exposure to interest rate risk, credit risk and concentration of credit risk. The District held no investments at June 30, 2019.

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District held no investments at June 30, 2019.

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District held no investments at June 30, 2019.

Concentration of Credit Risk

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code, which is investments in any one issuer (other than U.S. Treasury Securities, mutual funds and external investment pools) that represent 5% or more of total District investments. The District held no investments at June 30, 2019.

NOTE 3 - Cash and Investments (continued)

Custodial Credit Risk

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

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools.

Foreign Currency Risk

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

NOTE 4 - Accounts Receivable

Accounts receivable as of June 30, 2019, consist of the following:

	General Fund	Other Governmental Funds	Totals
Federal Government:			
Federal Programs	$ 212,266	$ 54,634	$ 266,900
State Government:			
Lottery	11,408	-	11,408
Lottery - Instructional Materials	11,306	-	11,306
Child Nutrition Program	-	3,865	3,865
Total State Government	22,714	3,865	26,579
Other Local	48,947	-	48,947
Totals	$ 283,927	$ 58,499	$ 342,426

NOTE 5 - Capital Assets

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

	Beginning Balances	Increases	Reclassifications/ Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	$ 125,192	$ -	$ -	$ 125,192
Work in progress	118,725	3,534	-	122,259
Total capital assets not being depreciated	243,917	3,534	-	247,451
Capital assets being depreciated:				
Land improvements	614,195	-	-	614,195
Buildings and improvements	15,833,959	-	-	15,833,959
Equipment	1,189,601	64,405	-	1,254,006
Total capital assets being depreciated	17,637,755	64,405	-	17,702,160
Less accumulated depreciation for:				
Land improvements	(169,516)	(21,648)	-	(191,164)
Buildings and improvements	(3,809,045)	(600,843)	-	(4,409,888)
Equipment	(1,019,803)	(46,862)	-	(1,066,665)
Total accumulated depreciation	(4,998,364)	(669,353)	-	(5,667,717)
Total capital assets being depreciated, net	12,639,391	(604,948)	-	12,034,443
Governmental activities capital assets, net	$ 12,883,308	$ (601,414)	$ -	$ 12,281,894

Depreciation was charged to functions as follows:

Instruction	$ 348,775
Instruction - Related Services	2,359
Pupil Services	20,669
General Administration	14,822
Plant Services	282,728
Total	$ 669,353

NOTE 6 - Interfund Balances and Activities

Due To and From Other Funds

Balances due to and from other funds at June 30, 2019, consisted of the following:

Due to Fund	Due From Fund	Amount	Reason
Building Fund	General Fund	$ 276,273	COP Transfer
Other Governmental Funds	General Fund	18	OPEB Allocation
	Total	$ 276,291	

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

NOTE 7 - Long-Term Debt Obligations

Long-Term Debt Obligation Summary

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

	Beginning Balances	Increases	Decreases	Ending Balances	Amounts Due Within One Year
Governmental activities:					
Certificates of Participation	$ 4,185,000	$ -	$ 145,000	$ 4,040,000	$ 145,000
Compensated Absences *	6,864	638	-	7,502	-
Direct Borrowings:					
Qualified Zone Academy Bond Program	1,021,177	-	145,882	875,295	-
Total governmental activities	$ 5,213,041	$ 638	$ 290,882	$ 4,922,797	$ 145,000

*Because of the nature of compensated absences and uncertainty over when vacations will be taken, a statement of debt service requirements to maturity has not been presented.

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

Liability	Activity Type	Fund
Certificates of Participation	Governmental	General Fund
Qualified Zone Academy Bond	Governmental	General Fund
Compensated Absences	Governmental	General Fund and Cafeteria Fund

Certificates of Participation

In March 2015, the District issued certificates of participation (COPS) in the amount of $4,275,000 with interest rates ranging from 2% to 3.75%. The COPS were issued to finance the construction of capital facilities.

Future commitments for certificates of participation as of June 30, 2019, are as follows:

Year Ending June 30,	Principal	Interest	Total
2020	$ 145,000	$ 124,963	$ 269,963
2021	150,000	122,012	272,012
2022	150,000	119,012	269,012
2023	155,000	115,866	270,866
2024	160,000	112,419	272,419
2025-2029	850,000	499,180	1,349,180
2030-2034	990,000	354,906	1,344,906
2035-2039	1,180,000	162,191	1,342,191
2040	260,000	4,875	264,875
Totals	$ 4,040,000	$ 1,615,424	$ 5,655,424

NOTE 7 - Long-Term Debt Obligations (continued)

Qualified Zone Academy Bond

In August 2014, the District entered into a $1,240,000 bond agreement with the Dubuque Bank and Trust Company under a Qualified Zone Academy Bond (QZAB) program for the purchase and installation of energy conservation equipment at the District's school sites. Sinking fund deposits are to be made annually, for 17 years, in the amount of $72,941. Interest of 4.41% will be charged for which the District may annually apply to receive a lease subsidy for an amount equal to the annual interest payment. The agreement includes a provision that upon default all payments will become immediately due and payable.

Future commitments for the QZAB payments as of June 30, 2019, are as follows:

Year Ending June 30,	Principal	Interest	Total
2020	$ -	$ -	$ -
2021	72,941	54,684	127,625
2022	72,941	54,684	127,625
2023	72,941	54,684	127,625
2024	72,941	54,684	127,625
2025-2029	364,705	273,420	638,125
2030-2032	218,826	164,052	382,878
Totals	$ 875,295	$ 656,208	$ 1,531,503

Debt Service Requirements

Debt service requirements on long-term debt at June 30, 2019, are as follows:

Year Ending June 30,	Principal	Interest	Total
2020	$ 145,000	$ 124,963	$ 269,963
2021	222,941	176,696	$ 399,637
2022	222,941	173,696	$ 396,637
2023	227,941	170,550	$ 398,491
2024	232,941	167,103	$ 400,044
2025-2029	1,214,705	772,600	$ 1,987,305
2030-2034	1,208,826	518,958	$ 1,727,784
2035-2039	1,180,000	162,191	$ 1,342,191
2040	260,000	4,875	$ 264,875
Totals	$ 4,915,295	$ 2,271,632	$ 7,186,927

NOTE 8 - Fund Balances and Restricted Net Position

Fund balances at June 30, 2019, are as follows:

	General Fund	Building Fund	Capital Facilities Fund	Other Governmental Funds	Total Governmental Funds
Nonspendable:					
Stores Inventories	$ -	$ -	$ -	$ 2,664	$ 2,664
Restricted:					
Classified School Employee Professional Development Block Grant	4,341	-	-	-	4,341
Other Educational Purposes	84,906	-	-	-	84,906
Lottery - Instructional Materials	77,993	-	-	-	77,993
Capital Projects	-	556,719	-	-	556,719
Child Nutrition	-	-	-	114,475	114,475
Developer Fees	-	-	32,056	-	32,056
State School Facilities Projects	-	-	-	303,240	303,240
Total Restricted	167,240	556,719	32,056	417,715	1,173,730
Unassigned:					
Reserve for Economic Uncertainty	240,189	-	-	-	240,189
Other Unassigned	2,487,812	-	-	-	2,487,812
Total Unassigned	2,728,001	-	-	-	2,728,001
Total Fund Balances	$ 2,895,241	$ 556,719	$ 32,056	$ 420,379	$ 3,904,395

The government-wide statement of net position reports $877,848 of restricted net position, which is not restricted by enabling legislation.

NOTE 9 - Commitments Under Noncapitalized Leases

The District has entered into an operating lease for copier equipment with a lease term in excess of one year. This agreement contains no purchase option at lease end. The agreement contains a termination clause providing for cancellation after a specified number of days written notice to the lessor, but it is unlikely that the District will cancel the agreement prior to the expiration date.

Future minimum lease payments as of June 30, 2019, are as follows:

Year Ending June 30,	
2020	$ 4,848
2021	4,848
2022	404
Total minimum rentals	$ 10,100

The District will receive no sublease rental revenues nor pay any contingent rentals associated with this lease. Rent expense for the year ended June 30, 2019 was $6,673.

NOTE 10 - Participation In Public Entity Risk Pools and Joint Powers Authorities

The Pleasant View School District participates in the following public entity risk pools under joint powers agreements (JPAs); the Central Tulare County School Districts Liability/Property Joint Powers Authority (C.T.C.S.J.P.A.), Northern California Regional Liability Excess Fund (NorCal ReLiEF), School Employees Trust-Tulare County (SET-TC), Self-Insured Schools of California III (S.I.S.C. III)-SET-TC Pool, and Tulare County Schools Insurance Group (T.C.S.I.G.). The relationship between the District and the JPAs is such that none of the JPAs is a component unit of the District for financial reporting purposes.

The JPAs were established as agencies under the provisions of California Government Code, Title I, Division 7, Chapter 5, Article 1, Section 6500, et. seq. The purpose of each JPA is to provide self-insurance programs as follows:

C.T.C.S.J.P.A. provides liability and property insurance for claims against the participating public educational agency JPA members. These claims are paid through the JPA loss fund.

NorCal ReLiEF provides general liability and property liability insurance for claims against the participating educational agency JPA members.

SET-TC provides coverage for medical, dental, vision and prescription claims through its participation in the S.I.S.C. III-SET-TC Pool.

S.I.S.C. III-SET-TC Pool provides the services necessary and appropriate for the establishment, operation and maintenance of a medical Self-Insurance Fund that provides for payment of medical, dental, vision and prescription claims of the member public educational agency employees and their covered dependents and to minimize the total cost of annual medical insurance of their respective member organizations.

T.C.S.I.G. is an insurance purchasing pool for workers' compensation insurance.

Membership in the JPAs consists of various public educational agencies.

The JPAs are governed by boards consisting of representatives from the member public educational agencies and related associations. The boards control the operations of each JPA, including selection of management and approval of operating budgets, independent of any influence by member public educational agencies beyond their representation on the board. Each member public educational agency pays a premium based on student population, or number of covered individuals. Surpluses remain in each fund or JPA, while deficits are covered by assessments on the member districts in proportion to their participation in each JPA.

During the last three fiscal (claims) years none of the above programs have had settlements or judgments that exceeded pooled or insured coverage. There have been no significant reductions in pooled or insured liability coverage from coverage in the prior year.

NOTE 11 - Pension Plans

Plan Descriptions

Qualified employees are covered under multiple-employer, cost-sharing defined benefit pension plans administered by agencies of the State of California. Certificated employees are members of the State Teachers' Retirement Plan (STRP), a plan administered by the California State Teachers' Retirement System (CalSTRS) and classified employees are members of the Public Employees' Retirement Fund, School Employer Pool (PERF B) administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute and Local Government resolution. Support by the State for the CalSTRS plan is such that the plan has a special funding situation as defined by GASB Statement No. 68. The benefit terms of the CalSTRS and CalPERS plans may be amended through legislation and Public Employers' Retirement Law, respectively. CalSTRS and CalPERS issue publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on their respective websites, http://www.calstrs.com/member-publications and http://www.calpers.ca.gov/page/forms-publications.

NOTE 11 - Pension Plans (Continued)

Benefits Provided

CalSTRS - STRP

CalSTRS - STRP provides retirement benefits based on members' final compensation, age and years of service credit. In addition, the plan provides benefits to members upon disability and to their survivors or beneficiaries upon the death of eligible members. STRP has two benefit formulas. CalSTRS 2% at 60 members are eligible for normal retirement at age 60, with a minimum of five years of credited service. Early retirement options are available at age 55 with five years of credited service or as early as age 50 with 30 years of credited service. CalSTRS 2% at 62 members are eligible for normal retirement at age 62, with a minimum of five years of credited service. An early retirement option is available at age 55. The normal retirement benefit is equal to 2% of final compensation for each year of credited service.

CalPERS - PERF B

CalPERS - PERF B provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Monthly benefits are based on three factors: Service credit, benefit factor and final compensation. Service credit is based on years of credited service, equal to one year of full time employment. The benefit factor which is a percentage of pay to which the member is entitled for each year of service, is determined by their age at retirement and the retirement formula based on their membership date with each employer. There are two school retirement formulas: 2% at age 55 for those hired prior to January 1, 2013 with benefit factors ranging from 1.1% - 2.5% with retirement ages of 50-63; 2% at age 62 for those hired after January 1, 2013 with benefit factors ranging from 1% - 2.5% with retirement ages of 52-67. Final compensation is the highest average pay rate and special compensation during any consecutive one-year or three-year period. Which compensation period is used depends on the members' retirement formula. 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 and the 1959 Survivor Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

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

	CalSTRS		CalPERS	
Hire Date	On or Before December 31, 2012	On or After January 1, 2013	On or Before December 31, 2012	On or After January 1, 2013
Benefit Formula	2% at 60	2% at 62	2% at 55	2% at 62
Benefit Vesting Schedule	5 Years of Service	5 Years of Service	5 Years of Service	5 Years of Service
Benefit Payments	Monthly for Life	Monthly for Life	Monthly for Life	Monthly for Life
Retirement Age	50-63	55-65	50-63	52-67
Monthly benefits, as a % of eligible compensation	2.0% - 2.4%	2.0% - 2.4% *	1.1% - 2.5%	1.0% - 2.5% *
Required Employee Contribution Rates	10.25%	10.205%	7.00%	6.50%
Required Employer Contribution Rates	16.28%	16.28%	15.531%	15.531%
Required State Contribution Rates	9.828% **	9.828% **	-	-

* Amounts are limited to 120% of the Social Security Wage Base in effect at January 1, 2013 and is adjusted each fiscal year based on the Consumer Price Index.

** This rate does not include the $72 million reduction in accordance with Education Code Section 22954(c)

NOTE 11 - Pension Plans (continued)

Contributions

CalSTRS - STRP

Required member, District and State of California contribution rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. Employers and members are required to contribute monthly to the system a percentage of the creditable compensation. Rates are defined in Section 22950.5 through the measurement period ending June 30, 2021. Beginning in the fiscal year 2021-22 and for each fiscal year thereafter, the CalSTRS Board has the authority to increase or decrease percentages paid specifically to reflect the contribution required to eliminate by June 30, 2046, the remaining unfunded actuarial obligation with respect to service credited to members before July 1, 2014, as determined by the Board based upon a recommendation from its actuary. The contribution rates for each plan for the year ended June 30, 2019, are presented above and the contributions to the pension plan from the District were $378,761.

Consistent with Section 22955.1 of the California Education Code, the State of California makes contributions to CalSTRS on behalf of employees working for the District. The State contributed 9.828% of salaries creditable to CalSTRS for the year ended 2016-17. In addition to the required amount, a Senate Bill that was passed in June 2019 appropriated an additional one-time funding on behalf of the District. The amount contributed by the State on behalf of the District was $350,652, which includes $147,468 in additional one-time funding, and is reported as both revenue and an expenditure in the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balance. In the government-wide Statement of Activities, revenue and expense is recognized for the State's on behalf contributions on an accrual basis of $394,464. These on behalf payments meet the criteria of a special funding situation.

CalPERS - PERF B

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The CalPERS' Board retains the authority to amend contribution rates. The total plan contributions are determined through CalPERS' periodic actuarial valuation process or by state statute. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contribution rates are expressed as a percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2019, are presented above and the contributions to the pension plan from the District were $161,556.

In June 2019, Senate Bill 90 was signed into law, which appropriated one-time for the year ended June 30, 2019. The amount contributed by the State on behalf of the District was $58,037 and is reported as both revenue and an expenditure in the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balance. These on behalf payments meet the criteria of a special funding situation.

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

At June 30, 2019, the District reported net pension liabilities for its proportionate share of the net pension liabilities that reflected a reduction for state support provided to the District. The amount recognized by the District as its proportionate share of the net pension liabilities, the related state support, and the total portion of the net pension liabilities that was associated with the District were as follows:

	CalSTRS	CalPERS
District's proportionate share of the net pension liability	$ 3,854,230	$ 1,711,775
State's proportionate share of the net pension liability associated with the District	2,206,737	-
Total net pension liability	$ 6,060,967	$ 1,711,775

NOTE 11 - Pension Plans (continued)

The District's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2018, 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, 2017, rolled forward to June 30, 2018 using standard update procedures. The District's proportion of the net pension liabilities was based on a projection of the District's long-term share of contributions to the pension plans relative to the projected contributions of all participating school districts and the State, actuarially determined. A comparison of the District's proportionate share at June 30, 2018 to its proportionate share at June 30, 2017, is as follows:

	CalSTRS	CalPERS
Proportionate share at June 30, 2018	0.00419%	0.00642%
Proportionate share at June 30, 2017	0.00447%	0.00688%
Change - increase (decrease)	(0.00028%)	(0.00046%)

For the year ended June 30, 2019, the District recognized pension expense of $716,185 and revenue of $452,501 for support provided by the State. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 112,218	$ 44,034
Changes of assumptions	769,678	-
Net difference between projected and actual earnings on pension plan investments	14,040	148,412
Changes in proportion and differences between District contributions and proportionate share of contributions	6,262	253,786
District contributions subsequent to the measurement date	540,317	-
Total	$ 1,442,515	$ 446,232

$540,317 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. The 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 Ending June 30,	Pension Expense
2020	$ 262,108
2021	175,624
2022	(62,503)
2023	21,179
2024	89,863
Thereafter	(30,305)
Total	$ 455,966

NOTE 11 - Pension Plans (continued)

Actuarial Assumptions

	CalSTRS	CalPERS
Valuation Date	June 30, 2017	June 30, 2017
Measurement Date	June 30, 2018	June 30, 2018
Actuarial Cost Method	Entry Age Normal Cost Method for both CalSTRS & CalPERS	
Actuarial Assumptions:		
Discount Rate	7.10%	7.15%
Inflation Rate	2.75%	2.50%
Payroll Growth	3.50%	2.75%
Salary increases	Varies by Entry Age and Service for both CalSTRS & CalPERS	
Experience Study	7/1/2010-6/30/2015	7/1/1996-6/30/2015
Investment Rate of Return	7.10% (1)	7.50%
Post Retirement Benefit Increase	2.00% per year on a Simple basis and an 85% Purchasing Power Level	2.00% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.50% thereafter

(1) Net of pension plan investment expenses, including inflation, but gross of administrative expenses

CalSTRS' mortality assumptions are based on the July 1, 2010 through June 30, 2015 experience study. CalSTRS uses a generational mortality assumption, which involves the use of a base 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 patterns of mortality among its members. The projection scale was set equal to 110 percent of the ultimate improvement factor from the Mortality Improvement Scale (MP-2016) table, issued by the Society of Actuaries. CalPERS uses mortality tables developed based on CalPERS specific data for all funds. The mortality table includes 15 years of mortality improvements using the Society of Actuaries 90 percent of scale MP 2016.

CalSTRS and CalPERS use the long-term expected rate of return on pension plan investments. It was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. In determining the long-term expected rate of return, CalSTRS and CalPERS took into account both short-term and long-term market return expectations as well as the expected cash flows of the Plans. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years.

CalSTRS best-estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant (Pension Consulting Alliance-PCA) as an input to the process. The actuarial investment rate of return assumption was adopted by the board in 2017 in conjunction with the most recent experience study. For each future valuation, CalSTRS consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of 20-year geometrically-linked real rates of return and the assumed asset allocation for each major asset class are summarized in the next table.

CalPERS utilized historical returns of all the Plan's asset classes to determine the expected compounded (geometric) returns over the short-term (first 10 years) and the long-term (11+ years) using the building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated. 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 on the previous page and adjusted to account for assumed administrative expenses.

NOTE 11 - Pension Plans (continued)

The tables below reflect long-term expected real rates of return by asset class, as follows:

	CalSTRS		CalPERS		
Asset Class	Assumed Asset Allocation	Long-term Expected Real Rate of Return *	Assumed Asset Allocation	Real Return Years 1-10 (1)	Real Return Years 11+ (2)
Global Equity	47%	6.30%	50%	4.80%	5.98%
Fixed Income	12%	0.30%	28%	1.00%	2.62%
Private Equity	13%	9.30%	8%	6.30%	7.23%
Real Estate	13%	5.20%	13%	3.75%	4.93%
Inflation Sensitive Assets	4%	3.80%	0%	0.77%	1.81%
Cash/Liquidity	2%	-1.00%	1%	0.00%	-0.92%
Absolute Return/Risk Mitigating Strategies	9%	2.90%	0%	0.00%	0.00%

* 20-year geometric average
(1) An expected inflation of 2.00% used for this period
(2) An expected inflation of 2.92% used for this period

Discount Rate

The discount rates used to measure the total pension liabilities for CalSTRS and CalPERS were 7.1% and 7.15%, respectively. The CalSTRS 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. CalSTRS' projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.1%) and assuming that contributions, benefit payments, and administrative expenses occur midyear. Based on those assumptions, the CalSTRS – STRP's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine the CalSTRS – STRP's total pension liability. CalPERS' projection of the expected benefits and contributions was performed to determine if assets would run out. The test revealed the assets would not run out. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability for the CalPERS – PERF B Plan. The results of the crossover testing for the Plan are presented in a detailed report that can be obtained on the CalPERS' website.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

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

	CalSTRS	CalPERS
1% Decrease	6.10%	6.15%
Net Pension Liability	$ 5,645,994	$ 2,492,261
Current Discount Rate	7.10%	7.15%
Net Pension Liability	$ 3,854,230	$ 1,711,775
1% Increase	8.10%	8.15%
Net Pension Liability	$ 2,368,682	$ 1,064,248

NOTE 11 - Pension Plans (continued)

Summary of Changes of Benefits or Assumptions

There were no changes to benefit terms or plan provisions that applied to members of CalSTRS or CalPERS.

CalSTRS

As of the June 30, 2018 measurement date, the investment return rate was changed from 7.25 percent to 7 percent.

CalPERS

As of the June 30, 2018 measurement date, the CalPERS Board of Administration adopted new mortality assumptions for plans participating in the Public Employees' Retirement Fund (PERF). A new mortality table was developed, the inflation rate was reduced from 2.75 percent to 2.50 percent, the payroll growth rate was reduced from 3 percent to 2.75 percent.

Pension Plan Fiduciary Net Position

The Plans' fiduciary net position has been determined on the same basis as that used by the plan. Detailed information about each pension plan's fiduciary net position is available in the separately issued CalSTRS and CalPERS financial reports on their respective websites.

NOTE 12 - Postemployment Benefits Other Than Pension Benefits (OPEB)

Plan Description

The District provides a self-funded, single employer, defined benefit healthcare plan administered by Pleasant View School District to provide medical, dental and vision plans for all eligible active and retired District employees. The program is intended to offer a comprehensive coverage of most medical with prescription drugs, dental and vision benefits. Authority to establish and amend the benefit terms of the plan may be amended by the District. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Benefits Provided

As established by board policy, the plan covers all employees who retire from the District on or after attaining age 58 with at least 15 years of service. Benefits are paid until they attain the age of 65. Classified employees, including classified management, hired on or after July 1, 2008 are not eligible for District-paid benefits. The District is a member in a joint powers agreement (JPA) the School Employees Trust-Tulare County (SET-TC), as described in Note 10 to provide health coverage.

Employees Covered by Benefit Terms

At July 1, 2017, the following retirees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	7
Inactive employees entitled to but not yet receiving benefit payments	-
Participating active employees	31
Total number of participants	38

Contributions

The District funds the benefits on a pay-as-you-go basis. The District cap on health benefits is $16,694 per year. The cap is higher than the premium cost and therefore does not reduce the District's benefit cost. During the fiscal year ended June 30, 2019, the District paid $62,893 for retiree insurance premiums.

NOTE 12 - Postemployment Benefits Other Than Pension Benefits (OPEB) (continued)

OPEB Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The District's total OPEB liability of $2,477,045 was determined by an actuarial valuation as of July 1, 2017, rolled forward to June 30, 2018 using standard update procedures. Changes in total OPEB liability are as follows:

	Total OPEB Liability
Balance at June 30, 2018	$ 2,540,524
Changes recognized for measurement period:	
Service cost	139,705
Interest	76,976
Changes of assumptions or other inputs	(116,457)
Benefit payments*	(163,703)
Net changes	(63,479)
Balance at June 30, 2019	$ 2,477,045

*Amount includes implicit subsidy associate with benefits paid.

For the year ended June 30, 2019 the District recognized OPEB expense of $204,798. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ -
Changes of assumptions or other inputs	-	104,574
Net difference between projected and actual earnings on OPEB plan investments	-	-
District contributions subsequent to the measurement date	107,008	-
Totals	$ 107,008	$ 104,574

$107,008 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability during the fiscal year ending June 30, 2020. The other amounts reported as deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

Year Ending June 30,	OPEB Expense
2020	$ (11,883)
2021	(11,883)
2022	(11,883)
2023	(11,883)
2024	(11,883)
Thereafter	(45,159)
Total	$ (92,691)

NOTE 12 - Postemployment Benefits Other Than Pension Benefits (OPEB) (continued)

Actuarial Methods and Assumptions

The total OPEB liability for the year ended June 30, 2019, was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified.

Valuation Date	July 1, 2017
Measurement Date	June 30, 2018
Actuarial Cost Method	Entry Age
Actuarial Assumptions:	
Discount Rate (1)	3.62%
Inflation Rate	3.00%
Projected Salary Increase	3.00%
Healthcare Cost Trend Rates	5.00% for 2018 and late

(1) The discount rate was based on the Bond Buyer 20 Bond Index.

Pre-retirement mortality rates were based on the RP-2014 Employee Mortality Table for Males or Females, as appropriate, without projection. Post-retirement mortality rates were based on the RP-2014 Health Annuitant Mortality Table for Males or Females, as appropriate, without projection.

The actuarial assumptions used in the July 1, 2017 valuation were based on a review of plan experience during the period July 1, 2016 to June 30, 2017.

Discount Rate

To determine a resulting single (blended) rate, the amount of the plan's projected fiduciary net position (if any) and the amount of projected benefit payments. The discount rate used to measure the District's total OPEB liability is based on these requirements and the municipal bond 20-year high grade rate index.

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

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

	1% Decrease 2.62%	Current Discount Rate 3.62%	1% Increase 4.62%
Total OPEB Liability	$2,722,272	$2,477,045	$2,259,921

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

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

	1% Decrease (5.00% decreasing to 4.00%)	Current Healthcare Cost Trend Rate (6.00% decreasing to 5.00%)	1% Increase (7.00% decreasing to 6.00%)
Total OPEB Liability	$2,431,488	$2,477,045	$2,517,573

NOTE 12 - Postemployment Benefits Other Than Pension Benefits (OPEB) (continued)

Summary of Changes of Benefits or Assumptions

As of the June 30, 2018 measurement date, the discount rate increased from 3.13% to 3.62%.

NOTE 13 - 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 result in expenditure disallowances under the terms of the grants, it is believed that any required reimbursement will not be material.

New Classroom Wing Replacement Project

On January 25, 2016, the District entered into an agreement with Mangini Associates Inc. for architectural design of a new classroom wing. The estimated total project cost is $1,910,888 and is to be funded by a hardship grant through The Office of Public School Construction (OPSC). As of June 30, 2019, the District expended $122,259. The completion date has not been determined at the time this report was issued as the District is awaiting approval from OPSC to proceed with the construction portion of the project.

Required Supplementary Information

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

PLEASANT VIEW SCHOOL DISTRICT

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2019

EXHIBIT B-1

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
Revenues:				
LCFF Sources:				
State Apportionment or State Aid	$ 4,280,724	$ 4,212,927	$ 4,158,273	$ (54,654)
Education Protection Account Funds	555,735	661,627	706,748	45,121
Local Sources	260,391	288,576	298,328	9,752
Federal Revenue	417,221	597,693	456,731	(140,962)
Other State Revenue	303,474	417,269	618,548	201,279
Other Local Revenue	146,914	177,645	262,842	85,197
Total Revenues	5,964,459	6,355,737	6,501,470	145,733
Expenditures:				
Current:				
Certificated Salaries	2,366,100	2,394,554	2,334,284	60,270
Classified Salaries	785,400	890,125	867,377	22,748
Employee Benefits	1,675,322	1,802,507	1,802,507	-
Books And Supplies	269,789	567,947	493,239	74,708
Services And Other Operating Expenditures	557,081	716,707	680,571	36,136
Other Outgo	-	2,359	2,359	-
Capital Outlay	5,000	95,000	64,405	30,595
Debt Service:				
Principal	218,000	290,882	290,882	-
Interest	128,025	127,996	127,996	-
Total Expenditures	6,004,717	6,888,077	6,663,620	224,457
Excess (Deficiency) of Revenues Over (Under) Expenditures	(40,258)	(532,340)	(162,150)	370,190
Other Financing Sources (Uses):				
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balance	(40,258)	(532,340)	(162,150)	370,190
Fund Balance, July 1	3,057,391	3,057,391	3,057,391	-
Fund Balance, June 30	$ 3,017,133	$ 2,525,051	$ 2,895,241	$ 370,190

PLEASANT VIEW SCHOOL DISTRICT

EXHIBIT B-2

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
CALIFORNIA STATE TEACHERS' RETIREMENT SYSTEM AND
CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
LAST 10 FISCAL YEARS*

Measurement Date	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	State's Proportionate Share of the Net Pension Liability Associated with the District	Total Proportionate Share of the Net Pension Liability	Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of Total Pension Liability
California State Teachers' Retirement System:							
6/30/2014	0.00438%	$ 2,560,103	$ 1,545,916	$ 4,106,019	$ 1,942,933	131.76%	76.52%
6/30/2015	0.00465%	$ 3,132,356	$ 1,656,666	$ 4,789,022	$ 2,177,691	143.84%	74.02%
6/30/2016	0.00448%	$ 3,626,294	$ 2,064,688	$ 5,690,982	$ 2,181,892	166.20%	70.04%
6/30/2017	0.00447%	$ 4,129,277	$ 2,442,864	$ 6,572,141	$ 2,349,986	175.72%	69.46%
6/30/2018	0.00419%	$ 3,854,230	$ 2,206,737	$ 6,060,967	$ 2,277,207	169.25%	70.99%
California Public Employees' Retirement System:							
6/30/2014	0.00748%	$ 848,674	$ -	$ 848,674	$ 780,239	108.77%	83.38%
6/30/2015	0.00720%	$ 1,061,287	$ -	$ 1,061,287	$ 792,006	134.00%	79.43%
6/30/2016	0.00680%	$ 1,343,005	$ -	$ 1,343,005	$ 830,227	161.76%	73.90%
6/30/2017	0.00688%	$ 1,642,439	$ -	$ 1,642,439	$ 856,588	191.74%	71.87%
6/30/2018	0.00642%	$ 1,711,775	$ -	$ 1,711,775	$ 894,476	191.37%	70.85%

*The amounts presented for each fiscal year were determined as of June 30. This schedule is presented to illustrate the requirement to show information for ten years. Only five years are presented because ten year data is not yet available.

Notes to the Schedule

Change of Assumptions

Measurement Date	Discount Rate	Inflation	Payroll Growth	Salary Increase (1)	Experience Study	Investment Rate of Return
California State Teachers' Retirement System:						
6/30/2014	7.60%	3.00%	3.75%	Varies	7/1/2006-6/30/2010	7.60% (2)
6/30/2015	7.60%	3.00%	3.75%	Varies	7/1/2006-6/30/2010	7.60% (2)
6/30/2016	7.60%	3.00%	3.75%	Varies	7/1/2006-6/30/2010	7.60% (2)
6/30/2017	7.10%	2.75%	3.50%	Varies	7/1/2010-6/30/2015	7.10% (2)
6/30/2018	7.10%	2.75%	3.50%	Varies	7/1/2010-6/30/2015	7.10% (2)
California Public Employees' Retirement System:						
6/30/2014	7.50%	2.75%	3.00%	Varies	7/1/1996-6/30/2011	7.50%
6/30/2015	7.65%(3)	2.75%	3.00%	Varies	7/1/1996-6/30/2011	7.50%
6/30/2016	7.65%(3)	2.75%	3.00%	Varies	7/1/1996-6/30/2011	7.50%
6/30/2017	7.15%(3)	2.75%	3.00%	Varies	7/1/1996-6/30/2011	7.50%
6/30/2018	7.15%(3)	2.50%	2.75%	Varies	7/1/1996-6/30/2015	7.50%

(1) Varies on entry age and service
(2) Net of pension plan investment expenses; includes inflation, but gross of administrative expenses
(3) Excludes reduction of pension plan administrative expenses

Effective with the June 30, 2014 actuarial valuation, CalPERS no longer uses an actuarial value of assets and employs an amortization and smoothing policy that spreads rate increases or decreases over a five year period, and amortizes all experience gains and losses over a fixed 30 year period.

PLEASANT VIEW SCHOOL DISTRICT

EXHIBIT B-3

SCHEDULE OF THE DISTRICT'S PENSION CONTRIBUTIONS
CALIFORNIA STATE TEACHERS' RETIREMENT SYSTEM AND
CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
LAST 10 FISCAL YEARS*

Fiscal Year End	Statutorily Required Contribution	Contribution in Relation to the Statutorily Required Contribution	Contribution Deficiency (Excess)	District's Covered Employee Payroll	Contribution as a Percentage of Covered Employee Payroll
California State Teachers' Retirement System:					
6/30/2015	$ 193,379	$ 193,379	$ -	$ 2,177,691	8.88%
6/30/2016	$ 234,117	$ 234,117	$ -	$ 2,181,892	10.73%
6/30/2017	$ 295,628	$ 295,628	$ -	$ 2,349,986	12.58%
6/30/2018	$ 328,601	$ 328,601	$ -	$ 2,277,207	14.43%
6/30/2019	$ 378,761	$ 378,761	$ -	$ 2,326,542	16.28%
California Public Employees' Retirement System:					
6/30/2015	$ 93,227	$ 93,227	$ -	$ 792,006	11.771%
6/30/2016	$ 98,357	$ 98,357	$ -	$ 830,227	11.847%
6/30/2017	$ 118,963	$ 118,963	$ -	$ 856,588	13.888%
6/30/2018	$ 138,921	$ 138,921	$ -	$ 894,476	15.531%
6/30/2019	$ 161,556	$ 161,556	$ -	$ 894,452	18.062%

*The amounts presented for each fiscal year were determined as of June 30. This schedule is presented to illustrate the requirement to show information for ten years. Only five years are presented because ten year data is not yet available.

Notes to the Schedule

Change of Assumptions

Measurement Date	Discount Rate	Inflation	Payroll Growth	Projected Salary Increase (1)	Experience Study	Investment Rate of Return
California State Teachers' Retirement System:						
6/30/2014	7.60%	3.00%	3.75%	Varies	7/1/2006-6/30/2010	7.60% (2)
6/30/2015	7.60%	3.00%	3.75%	Varies	7/1/2006-6/30/2010	7.60% (2)
6/30/2016	7.60%	3.00%	3.75%	Varies	7/1/2006-6/30/2010	7.60% (2)
6/30/2017	7.10%	2.75%	3.50%	Varies	7/1/2010-6/30/2015	7.10% (2)
6/30/2018	7.10%	2.75%	3.50%	Varies	7/1/2010-6/30/2015	7.10% (2)
California Public Employees' Retirement System:						
6/30/2014	7.50%	2.75%	3.00%	Varies	7/1/1996-6/30/2011	7.50%
6/30/2015	7.65%(3)	2.75%	3.00%	Varies	7/1/1996-6/30/2011	7.50%
6/30/2016	7.65%(3)	2.75%	3.00%	Varies	7/1/1996-6/30/2011	7.50%
6/30/2017	7.15%(3)	2.75%	3.00%	Varies	7/1/1996-6/30/2011	7.50%
6/30/2018	7.15%(3)	2.50%	2.75%	Varies	7/1/1996-6/30/2015	7.50%

(1) Varies on entry age and service
(2) Net of pension plan investment expenses; includes inflation, but gross of administrative expenses
(3) Excludes reduction of pension plan administrative expenses

Effective with the June 30, 2014 actuarial valuation, CalPERS no longer uses an actuarial value of assets and employs an amortization and smoothing policy that spreads rate increases or decreases over a five year period, and amortizes all experience gains and losses over a fixed 30 year period.

PLEASANT VIEW SCHOOL DISTRICT

EXHIBIT B-4

SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS
LAST 10 FISCAL YEARS*

Measurement Date	June 30, 2017	June 30, 2018
Total OPEB liability:		
Service cost	$ 134,332	$ 139,705
Interest	75,590	76,976
Changes of assumptions or other inputs	-	(116,457)
Benefit payments	(167,545)	(163,703)
Net change in total OPEB liability	42,377	(63,479)
Total OPEB liability - beginning	2,498,147	2,540,524
Total OPEB liability - ending	$ 2,540,524	$ 2,477,045
Covered-employee payroll	$ 2,522,861	$ 2,489,663
Total OPEB liability as a percentage of covered-employee payroll	100.70%	99.49%

*The amounts presented for each fiscal year were determined as of June 30. This schedule is presented to illustrate the requirement to show information for ten years. Only two years are presented because ten year data is not yet available.

Notes to the Schedule

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Change of Assumptions

There were no changes in actuarial methods or assumptions used for the June 30, 2017 measurement date. There were no changes that materially impacted the June 30, 2017 actuarial valuation outside of the usual year-to-year asset, liability and payroll increases. As of the June 30, 2018 measurement date, the discount rate increased from 3.13 percent to 3.62 percent.

Other Supplementary Information

This section includes financial information and disclosures not required by the Governmental Accounting Standards Board and not considered a part of the basic financial statements. It may, however, include information which is required by other entities.

PLEASANT VIEW SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2019

	Special Revenue Fund	Capital Projects Fund	
	Cafeteria Fund	County School Facilities Fund Modernization	Total Nonmajor Governmental Funds (See Exhibit A-3)
ASSETS:			
Cash in County Treasury	$ 57,607	$ 303,240	$ 360,847
Cash on Hand and in Banks	97	-	97
Accounts Receivable	58,499	-	58,499
Due from Other Funds	18	-	18
Stores Inventories	2,664	-	2,664
Total Assets	$ 118,885	$ 303,240	$ 422,125
LIABILITIES AND FUND BALANCE:			
Liabilities:			
Accounts Payable	$ 1,746	$ -	$ 1,746
Total Liabilities	1,746	-	1,746
Fund Balance:			
Nonspendable Fund Balances:			
Stores Inventories	2,664	-	2,664
Restricted Fund Balances	114,475	303,240	417,715
Total Fund Balance	117,139	303,240	420,379
Total Liabilities and Fund Balances	$ 118,885	$ 303,240	$ 422,125

EXHIBIT C-2

PLEASANT VIEW SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Special Revenue Fund	Capital Projects Fund	
	Cafeteria Fund	County School Facilities Fund Modernization	Total Nonmajor Governmental Funds (See Exhibit A-5)
Revenues:			
Federal Revenue	$ 394,733	$ -	$ 394,733
Other State Revenue	35,939	300,106	336,045
Other Local Revenue	4,657	3,134	7,791
Total Revenues	435,329	303,240	738,569
Expenditures:			
Current:			
Pupil Services	431,551	-	431,551
Plant Services	55,102	-	55,102
Total Expenditures	486,653	-	486,653
Excess (Deficiency) of Revenues Over (Under) Expenditures	(51,324)	303,240	251,916
Net Change in Fund Balance	(51,324)	303,240	251,916
Fund Balance, July 1	168,463	-	168,463
Fund Balance, June 30	$ 117,139	$ 303,240	$ 420,379

PLEASANT VIEW SCHOOL DISTRICT
LOCAL EDUCATION AGENCY
ORGANIZATION STRUCTURE
JUNE 30, 2019

TABLE D-1

Pleasant View School District was established in 1875. There were no changes in the boundaries of the District during the current year. The District consists of two sites, Pleasant View West, serving grades 4-8 and Pleasant View Elementary, which opened in January 2007. Pleasant View Elementary is serving grades K-3.

Governing Board

Name	Office	Term and Term Expiration
Michael Smith	President	Four year term expires 12/2020
Alexander Garcia	Vice President	Four year term expires 12/2022
Thomas Barcellos	Member	Four year term expires 12/2022
Davy Gobel	Member	Four year term expires 12/2020
Rusty Gobel	Member	Four year term expires 12/2022

Administration

Name	Office	Tenure
Mark Odsather	Superintendent	Nine years
Niguel Baxter	Business Manager	Nine years

PLEASANT VIEW SCHOOL DISTRICT

TABLE D-2

SCHEDULE OF AVERAGE DAILY ATTENDANCE
YEAR ENDED JUNE 30, 2019

	Second Period Report	Annual Report
TK/K-3:		
Regular ADA	190.77	193.91
Grades 4-6:		
Regular ADA	148.49	149.24
Grades 7-8:		
Regular ADA	115.32	116.06
ADA Totals	454.58	459.21

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.

Grade Level	Ed. Code 46207(a) Minutes Requirement	2018-19 Actual Minutes	Number of Days Traditional Calendar	Status
Kindergarten	36,000	58,505	180	Complied
Grade 1	50,400	55,805	180	Complied
Grade 2	50,400	55,805	180	Complied
Grade 3	50,400	55,805	180	Complied
Grade 4	54,000	55,805	180	Complied
Grade 5	54,000	54,980	180	Complied
Grade 6	54,000	54,980	180	Complied
Grade 7	54,000	55,930	180	Complied
Grade 8	54,000	55,930	180	Complied

School districts must maintain their instructional minutes as defined in Education Code Section 46207(a) or 46201(b). This schedule is required of all districts, including basic aid districts.

The District has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day. This schedule presents information on the amount of the instruction time offered by the District and whether the District complied with the provisions of Education Code Sections 46200 through 46208. The District has met its LCFF target funding.

PLEASANT VIEW SCHOOL DISTRICT

TABLE D-4

SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
YEAR ENDED JUNE 30, 2019

General Fund	Budget 2020 (see note 1)	2019	2018	2017
Revenues and other financial sources	$ 6,334,189	$ 6,501,470	$ 6,190,717	$ 5,972,007
Expenditures	6,284,410	6,663,620	5,832,215	6,147,145
Other uses and transfers out	-	-	-	-
Total outgo	6,284,410	6,663,620	5,832,215	6,147,145
Change in fund balance (deficit)	49,779	(162,150)	358,502	(175,138)
Ending fund balance	$ 2,945,020	$ 2,895,241	$ 3,057,391	$ 2,698,889
Available reserves (see note 2)	$ 2,773,780	$ 2,728,001	$ 2,795,234	$ 2,442,054
Available reserves as a percentage of total outgo	44.1%	40.9%	47.9%	39.7%
Total long-term debt (see note 3)	$ 12,820,847	$ 12,965,847	$ 13,525,281	$ 10,590,863
Average daily attendance at P-2	455	455	459	470

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

The General Fund balance has increased by $196,352 (7.28%) over the past two years. The fiscal year 2019-20 budget projects an increase of $49,779 (1.72%). For a district of this size, the State recommends available reserves of at least five percent of total General Fund expenditures, transfers out and other uses (total outgo).

The District has suffered operating defecits for two of the past three years but projects a surplus during the 2019-20 fiscal year. Total long-term debt has increased by $2,374,984 over the past two years as a result of implementing GASB Statement No. 75.

Average daily attendance has decreased by 15 over the past two years. ADA is anticipated to remain the same during the fiscal year 2019-20.

NOTES:

(1) Budget 2020 is included for analytical purposes only and has not been subjected to audit.

(2) Available reserves consist of all unassigned fund balances and all funds reserved for economic uncertainties contained within the General Fund.

(3) Long-term debt includes net pension liability and total OPEB liability.

This schedule provides the information necessary to reconcile the fund balance of all funds as reported on the SACS report to the audited financial statements. None of the funds required adjustments at June 30, 2019.

PLEASANT VIEW SCHOOL DISTRICT
SCHEDULE OF CHARTER SCHOOLS
YEAR ENDED JUNE 30, 2019

TABLE D-6

No charter schools are chartered by Pleasant View School District

Charter Schools	Included in Audit?
None	N/A

PLEASANT VIEW SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2019

TABLE D-7

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
Passed Through California Department of Education:			
Child Nutrition: School Programs (School Breakfast Needy)	10.553	13526	$ 97,094
Child Nutrition: School Programs (School Lunch)	10.555	13524	280,326
Food Commodities	10.555	13524	17,313
Total CFDA 10.555			297,639
Total Child Nutrition Cluster			394,733
Total Passed Through California Department of Education			394,733
Total U.S. Department of Agriculture			394,733
U.S. DEPARTMENT OF EDUCATION			
Direct Program:			
ESEA (ESSA): Title VI, Small Rural School Achievement Program	84.358A	N/A	25,904
Total Direct Program			25,904
Passed Through Tulare County Office of Education:			
ESEA (ESSA): Title I, Part C, Migrant Education (Regular and Summer)	84.011	14326	306
Total Passed Through Tulare County Office of Education			306
Passed Through California Department of Education:			
ESEA (ESSA): Title I, Part A, Basic Grants Low-Income & Neglected	84.010	14329	344,528
Other Federal: California State Gear Up Program	84.334A	10088	3,993
ESEA (ESSA): Title III, Limited English Learner Student Program	84.365	14346	19,637
ESEA (ESSA): Title II, Part A, Supporting Effective Instruction Local Grants	84.367	14341	63,739
Total Passed Through California Department of Education			431,897
Total U.S. Department of Education			458,107
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed Through California Department of Education:			
Medi-Cal Administrative Activities	93.778	10060	21,072
Total Passed Through California Department of Education			21,072
Total U.S. Department of Health and Human Services			21,072
TOTAL EXPENDITURES OF FEDERAL AWARDS			$ 873,912

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Pleasant View School District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations (CRF)* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.*

Note 2 - De Minimis Cost Rate

The District did not elect to use the 10% de minimis cost rate.

Note 3 - Subrecipients

Of the federal expenditures presented in the Schedule, the District had no subrecipients that were provided with federal funds.

Other Independent Auditors' Report

Tulare
Visalia
Lindsay
Hanford

M. Green and Company LLP

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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*

Independent Auditors' Report

Board of Trustees
Pleasant View School District

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 Pleasant View School District, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Pleasant View School District's basic financial statements, and have issued our report thereon dated December 4, 2019.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

We noted certain matters that we reported to management of Pleasant View School District in a separate letter dated December 4, 2019.

Purpose of this Report

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

M. Green and Company, LLP

Visalia, California
December 4, 2019

M. Green and Company LLP

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Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

Independent Auditors' Report

Board of Trustees
Pleasant View School District

Report on Compliance for Each Major Federal Program

We have audited Pleasant View School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on Pleasant View School District's major federal program for the year ended June 30, 2019. Pleasant View School District's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

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

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

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

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

M'Daen and Company, LLP

Visalia, California
December 4, 2019

M. Green and Company LLP

Tulare
Visalia
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Independent Auditors' Report on State Compliance

Board of Trustees
Pleasant View School District

Report on State Compliance

We have audited the District's compliance with the types of compliance requirements described in the *2018-19 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the California Education Audit Appeals Panel that could have a direct and material effect on each of the District's state programs identified below for the year ended June 30, 2019.

Management's Responsibility for State Compliance

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its state programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each applicable program as identified in the State's audit guide, *2018-19 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting,* published by the Education Audit Appeals Panel. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the State's audit guide, *2018-19 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting,* published by the Education Audit Appeals Panel. Those standards and audit guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on the state programs noted below occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the District's compliance with those requirements.

In connection with the audit referred to above, we selected and tested transactions and records to determine the District's compliance with the state laws and regulations applicable to the following items:

Compliance Requirements	Procedures in Audit Guide Performed
LOCAL EDUCATION AGENCIES OTHER THAN CHARTER SCHOOLS:	
Attendance Accounting:	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	N/A
Continuation Education	N/A
Instructional Time	Yes

Instructional Materials	Yes
Ratios of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	N/A
GANN Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	N/A
Middle or Early College High Schools	N/A
K-3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	Yes
Apprenticeship: Related and Supplemental Instruction	N/A
Comprehensive School Safety Plan	Yes
District of Choice	No (See Below)
SCHOOL DISTRICTS, COUNTY OFFICES OF EDUCATION AND CHARTER SCHOOLS:	
California Clean Energy Jobs Act	Yes
After/Before School Education and Safety Program:	
General Requirements	N/A
After School	N/A
Before School	N/A
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study-Course Based	N/A
CHARTER SCHOOLS:	
Attendance	N/A
Mode of Instruction	N/A
Nonclassroom-Based Instruction/Independent Study for Charter Schools	N/A
Determination of Funding for Nonclassroom-Based Instruction	N/A
Annual Instructional Minutes – Classroom Based	N/A
Charter School Facility Grant Program	N/A

The term "N/A" is used above to mean either the District did not offer the program during the current fiscal year or the program applies to a different type of local education agency.

We did not perform testing for District of Choice since the District did not elect to operate as a district of choice.

Opinion on State Compliance

In our opinion, Pleasant View School District complied, in all material respects, with the compliance requirements referred to above that are applicable to the statutory requirements listed in the schedule above for the year ended June 30, 2019.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance outside of the items tested as noted above. This report is an integral part of an audit performed in accordance with the *2018-19 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel in considering the entity's compliance. Accordingly, this communication is not suitable for any other purpose.

M Dermand Company, LLP

Visalia, California
December 4, 2019

Findings and Recommendations Section

A. Summary of Auditors' Results

1. Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
One or more material weaknesses identified?	____ Yes __X__ No
One or more significant deficiencies identified that are not considered to be material weaknesses?	____ Yes __X__ None Reported
Noncompliance material to financial statements noted?	____ Yes __X__ No

2. Federal Awards

Internal control over major programs:	
One or more material weaknesses identified?	____ Yes __X__ No
One or more significant deficiencies identified that are not considered to be material weaknesses?	____ Yes __X__ None Reported
Type of auditors' report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a) of Uniform Guidance?	____ Yes __X__ No

Identification of major program:

CFDA Number	Name of Federal Program or Cluster
84.010	ESEA (ESSA): Title I, Part A, Basic Grants Low-Income & Neglected

Dollar threshold used to distinguish between type A and type B programs:	$ 750,000
Auditee qualified as low-risk auditee?	__X__ Yes ____ No

3. State Awards

Internal control over state programs:	
One or more material weaknesses identified?	____ Yes __X__ No
One or more significant deficiencies identified that are not considered to be material weaknesses?	____ Yes __X__ None Reported
Type of auditors' report issued on compliance for state programs:	Unmodified

B. Financial Statement Findings

NONE

C. Federal Award Findings and Questioned Costs

NONE

D. State Award Findings and Questioned Costs

NONE

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Letter to Management

Board of Trustees
Pleasant View School District

We have completed our audit of Pleasant View School District for the year ended June 30, 2019. The following items came to our attention which we are providing for your consideration:

Other Postemployment Benefits

A new actuarial valuation for Other Postemployment Benefits must be completed every two years in accordance with GASB Statement No. 75. We recommend the District contact their actuary and obtain a new actuarial valuation for the 2019-20 fiscal year to be in compliance with GASB Statement No. 75

Cafeteria Revenue

During our review of federal and state meal reimbursements we noted that the meal claim for the seamless summer at year end was not recorded. This resulted in an understatement of accounts receivable and federal/state revenue in the Cafeteria Fund. We recommend the District obtain and record the amount expected to be received at year end to more accurately reflect the accounts receivable balance.

Prior Year Issues

Cafeteria Inventory: The District did not adjust stores inventory in the general ledger to the actual inventory count at year end. We recommended the District adjust this account at year end once the physical inventory count had been taken to properly reflect the account balance in the general ledger. Our recommendation has been implemented.

Cash Clearing: During our review of cash accounts, we noted differences in the cash clearing general ledger balance compared to the bank balance. We also noted the account had not been cleared out to a zero balance at year end. This resulted in an understatement of cash and overstatement of accounts receivable at year end. We recommended the District clear this account at year end to ensure all accounts are properly reflected on the general ledger. Our recommendation has been implemented.

Interfund Balances: During our review of interfund balances, we noted that two prior year interfund balances had not been cleared in the current fiscal year. The nature of these balances was short-term and should have been cleared at year end. We recommended the balances be reviewed and cleared, or repaid within one year. Our recommendation has been implemented.

We would like to thank management and all of the office personnel for the excellent cooperation we received during our audit. We look forward to working with you again in 2020 and beyond.

Very truly yours,

M. Green and Company, LLP

M. GREEN AND COMPANY LLP
Certified Public Accountants

December 4, 2019

Finding/Recommendation	Current Status	Management's Explanation If Not Implemented
2018-001 The District expended $96,264 for home-to-school transportation in the 2017-18 school year, which was less than the required amount of $105,160 (lesser of the transportation expenditures of $139,918 expended in the 2012-13 fiscal year or the transportation revenue $105,160 received in the 2013-14 fiscal year). We recommended the District maintain the level of transportation budget and services to meet the level of the transportation expenditure in the 2012-13 fiscal year or the lesser of the amount received in the 2013-14 fiscal year.	Implemented	

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APPENDIX C

GENERAL INFORMATION ABOUT THE CITY OF PORTERVILLE AND THE COUNTY OF TULARE

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

General

Founded in 1852, the County of Tulare is located in California's San Joaquin Valley, a large agriculturally rich basin that runs through the center of the State. The County is the second top agricultural producing county in the nation. It is surrounded by Fresno County to the north, Inyo County to the east, Kern County to the south and Kings County to the west. Almost half the entire county area is devoted to national parks and forests, including the famous Sequoia and Kings Canyon National Parks, Inyo and Sequoia National Forests. These natural resources provide year-round recreational opportunities for hiking, fishing, skiing and camping.

Population

The following sets forth the City and County population estimates as of January 1 for the years 2016 through 2020.

COUNTY OF TULARE AND CITY OF PORTERVILLE
Estimated Population

	2016	2017	2018	2019	2020
Dinuba	24,660	24,883	25,229	25,689	25,994
Exeter	10,836	10,880	10,967	11,009	11,030
Farmersville	11,145	11,247	11,360	11,396	11,399
Lindsay	12,758	12,796	12,873	13,153	13,154
Porterville	**58,720**	**58,680**	**59,475**	**59,490**	**59,655**
Tulare	62,856	63,868	65,032	66,457	67,834
Visalia	132,397	133,872	135,892	137,696	138,649
Woodlake	7,595	7,603	7,620	7,691	7,773
Balance of County	144,577	144,906	144,467	144,007	144,489
Incorporated	320,967	323,829	328,448	332,581	335,488
County Total	465,544	468,735	472,915	476,588	479,977

Source: State of California Department of Finance, Demographic Research Unit.

Taxable Transactions

A summary of historic taxable sales within the City and County during the past five years in which data is available is shown in the following table.

Total taxable sales during calendar year 2019 in the City were reported to be $575,953,000, a 0.50% increase over the total taxable sales of $573,102,000 reported during calendar year 2018.

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

	Retail Stores		Total All Outlets	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2015(1)	807	$467,139	1,093	$528,439
2016	786	483,102	1,085	544,290
2017	776	501,918	1,078	563,595
2018	769	512,588	1,087	573,102
2019	790	516,055	1,140	575,953

(1) Permit figures for calendar year 2015 are not comparable to that of prior years due to outlet counts in these reports including the number of outlets that were active during the reporting period. Retailers that operate part-time are now tabulated with store retailers.
Source: State Board of Equalization. Taxable Sales in California (Sales & Use Tax) for years 2013-2016. State Department of Tax and Fee Administration for years 2017 through 2019.

Total taxable sales during calendar year 2019 in the County were reported to be $7,935,857,490, a 2.47% increase over the total taxable sales of $7,744,728,000 reported during calendar year 2018.

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

	Retail Stores		Total All Outlets	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2015(1)	3,071	$3,998,589	9,284	$6,275,434
2016	6,124	4,377,472	9,232	6,688,260
2017	6,005	4,810,563	9,081	7,105,732
2018	5,828	5,069,186	9,151	7,744,728
2019	5,985	5,322,674	9,524	7,935,857

(1) Permit figures for calendar year 2015 are not comparable to that of prior years due to outlet counts in these reports including the number of outlets that were active during the reporting period. Retailers that operate part-time are now tabulated with store retailers.
Source: State Board of Equalization. Taxable Sales in California (Sales & Use Tax) for years 2013-2016. State Department of Tax and Fee Administration for years 2017 through 2019.

Employment and Industry

The District and the City are included in the Visalia-Porterville Metropolitan Statistical Area ("**MSA**"). The unemployment rate in Tulare County was 13.1% in August 2020, down from a revised 16.1% in July 2020, and above the year-ago estimate of 9.2%. This compares with an unadjusted unemployment rate of 11.6% for California and 8.5% for the nation during the same period.

The following table lists employment by industry for the Visalia-Porterville MSA for the past five years.

VISALIA-PORTERVILLE MSA
(TULARE COUNTY)
Civilian Labor Force, Employment and Unemployment
(March 2019 Benchmark)

	2015	2016	2017	2018	2019
Civilian Labor Force (1)	202,200	203,400	204,800	204,600	204,000
Employment	178,700	180,700	183,500	184,900	184,400
Unemployment	23,500	22,700	21,400	19,600	19,600
Unemployment Rate	11.6%	11.2%	10.4%	9.6%	9.6%
Wage and Salary Employment: (2)					
Agriculture	39,100	38,800	38,700	39,300	38,400
Mining, Logging and Construction	4,900	5,300	5,700	6,100	6,300
Manufacturing	12,300	12,800	12,800	13,000	12,800
Wholesale Trade	3,900	4,100	4,200	4,300	4,400
Retail Trade	15,900	16,200	16,200	16,300	16,200
Trans., Warehousing and Utilities	6,900	6,900	7,300	7,400	7,200
Information	1,000	1,000	900	900	900
Financial Activities	4,000	4,100	4,100	4,000	4,000
Professional and Business Services	10,900	11,100	12,000	11,000	11,100
Educational and Health Services	13,800	14,400	15,500	16,200	17,100
Leisure and Hospitality	11,100	11,500	11,500	11,700	12,100
Other Services	3,400	3,500	3,500	3,500	3,500
Federal Government	1,000	1,000	1,000	1,100	1,100
State Government	1,700	1,800	1,800	1,700	1,700
Local Government	27,500	28,500	29,000	29,500	30,300
Total, All Industries (3)	157,600	160,900	164,100	165,900	167,100

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

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Major Employers

The following chart presents the major employers in the County as of September 2020.

TULARE COUNTY
Major Employers
September 2020

Employer Name	Location	Industry
American Inc	Visalia	Construction Companies
College of the Sequoias	Visalia	Junior-Community College-Tech Institutes
Eagle Mountain Casino	Porterville	Casinos
Family Tree Farms	Reedley	Farms
Haagen-Dazs Shop	Tulare	Ice Cream Parlors
Jostens	Visalia	Graduation Supplies & Services
Kings Canyon National Park	Kings Cyn. Nat. Park	Government Offices-US
Latino Farm Labor Svc	Visalia	Contractors
Monrovia Nursery Co	Woodlake	Nurseries-Plants Trees & Etc-Wholesale
Porterville Developmental Ctr.	Porterville	Hospitals
Ruiz Food Products Inc.	Dinuba	Mexican Food Products-Manufacturers
Saputo Cheese USA Inc.	Tulare	Cheese Processors (mfrs)
Sierra View Medical Ctr.	Porterville	Hospitals
Solid Waste Collection	Tulare	Public Works Department
Tulare County Child Care Prgm.	Visalia	Child Care Service
Tulare County Lake Patrol	Visalia	Government Offices-County
Tulare County Resource Mgmt.	Visalia	Government Offices-County
Tulare County Sheriff	Visalia	Government Offices-County
Tulare High School District	Tulare	School Districts
Tulare Local Healthcare District	Tulare	Health Care Management
US Cotton Classing Office	Visalia	Government Offices-Us
Valley Labor Svc.	Dinuba	Labor Contractors
Visalia Public Works Admin.	Visalia	Government Offices-City/Village & Twp
Walmart Distribution Ctr.	Porterville	Distribution Centers (whls)
Wawona Packing Co.	Cutler	Fruits & Vegetables-Growers & Shippers

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

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Construction Activity

Provided below are the building permits and valuations for the City and the County for calendar years 2015 through 2019.

CITY OF PORTERVILLE
Building Permit Valuation
(Valuation in Thousands of Dollars)

	2015	2016	2017	2018	2019
Permit Valuation					
New Single-family	$12,768.0	$9,260.0	$9,545.0	$17,396.9	$25,586.3
New Multi-family	0.0	0.0	1,270.0	2,081.9	12,375.8
Res. Alterations/Additions	1,161.4	2,535.6	1,386.2	1,578.1	1,547.2
Total Residential	13,929.4	11,795.6	12,201.2	21,056.9	39,509.3
New Commercial	706.5	4,566.0	6,205.1	7,149.0	198.0
New Industrial	0.0	0.0	290.0	0.0	0.0
New Other	2,137.2	4,443.9	978.7	3,653.6	7,160.4
Com. Alterations/Additions	8,990.2	3,019.4	15,342.1	16,930.0	9,551.1
Total Nonresidential	11,833.9	12,029.3	22,815.9	27,732.6	16,909.5
New Dwelling Units					
Single Family	57	43	38	72	117
Multiple Family	0	0	8	13	52
TOTAL	57	43	46	85	169

Source: Construction Industry Research Board, Building Permit Summary.

COUNTY OF TULARE
Building Permit Valuation
(Valuation in Thousands of Dollars)

	2015	2016	2017	2018	2019
Permit Valuation					
New Single-family	$242,048.5	$435,293.6	$246,860.6	$253,174.2	$334,633.5
New Multi-family	14,041.5	13,595.9	30,428.9	36,987.8	54,029.7
Res. Alterations/Additions	14,690.6	19,569.3	14,274.9	27,136.5	20,579.9
Total Residential	270,780.6	468,458.8	291,564.4	317,298.5	409,243.1
New Commercial	30,008.4	137,763.5	50,633.2	64,998.8	111,930.3
New Industrial	892.0	9,571.2	4,528.3	5,639.5	7,119.9
New Other	71,771.9	125,445.8	43,334.0	57,187.4	45,954.0
Com. Alterations/Additions	46,290.8	31,746.2	59,058.3	61,637.4	41,474.6
Total Nonresidential	148,963.1	304,526.7	157,553.8	189,463.1	206,478.8
New Dwelling Units					
Single Family	1,129	1,159	1,136	1,173	1,612
Multiple Family	132	156	220	347	427
TOTAL	1,261	1,315	1,356	1,520	2,039

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 City, the County, the State and the United States for calendar years 2016 through 2020.

CITY OF PORTERVILLE, COUNTY OF TULARE,
STATE OF CALIFORNIA, AND UNITED STATES
Effective Buying Income
2016 through 2020

Year	Area	Total Effective Buying Income (000's Omitted)	Median Household Effective Buying Income
2016	Porterville	$709,915	$35,580
	Tulare County	6,387,143	36,155
	California	981,231,666	53,589
	United States	7,757,960,399	46,738
2017	Porterville	$807,365	$38,564
	Tulare County	7,199,514	40,423
	California	1,036,142,723	55,681
	United States	8,132,748,136	48,043
2018	Porterville	$811,711	$37,480
	Tulare County	7,393,927	41,277
	California	1,113,648,181	59,646
	United States	8,640,770,229	50,735
2019	Porterville	$842,378	$40,561
	Tulare County	7,753,456	43,691
	California	1,183,264,399	62,637
	United States	9,017,967,563	52,841
2020	Porterville	$901,312	$40,960
	Tulare County	8,272,743	45,271
	California	1,243,564,816	65,870
	United States	9,487,165,436	55,303

Source: The Neilson Company (US), Inc for years 2015 through 2018; Claritas, LLC for 2019 through 2020.

Transportation

Situated on Highway 99, the County offers excellent transportation access routes throughout California and the Western United States. There are 200 major carriers within 45 minutes of the City of Visalia that provide interstate trucking services. Many communities in the County offer airports for corporate service. Air service is available approximately 45 minutes north at Fresno Yosemite International Airport. San Francisco International Airport is about 3-1/2 hours driving time away.

State Routes 65 and 190 provide vehicular access to many cities throughout the State. Tulare County Area Transit offers transit services in the District and smaller communities throughout the County.

Union-Southern Pacific, Burlington Northern-Santa Fe Railroads are the San Joaquin Valley Rail companies serve Tulare County with extensive spur track, piggyback service, reciprocal switching, and refrigerated shipping.

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APPENDIX D

FORM OF OPINION OF SPECIAL COUNSEL

December 1, 2020

Board of Trustees
Pleasant View School District
14004 Road 184
Porterville, California 93274

OPINION: $3,770,000 2020 Refunding Certificates of Participation Evidencing the Direct, Undivided Fractional Interests of the Owners Thereof in Lease Payments to be Made by the Pleasant View School District to Local Facilities Finance Corporation

Members of the Governing Board:

We have acted as special counsel in connection with the delivery by the Pleasant View School District (the "District"), of the Lease Agreement dated as of November 1, 2020 (the "Lease Agreement") between the Local Facilities Finance Corporation (the "Corporation"), as lessor, and the District, as lessee. Pursuant to the Trust Agreement dated as of November 1, 2020 (the "Trust Agreement") between the District, the Corporation and Wilmington Trust, National Association, as trustee thereunder (the "Trustee"), the Trustee has executed and delivered $3,770,000 aggregate principal amount of 2020 Refunding Certificates of Participation (the "Certificates") evidencing the direct, undivided fractional interests of the owners thereof in lease payments to be made by the District pursuant to the Lease Agreement (the "Lease Payments") which have been assigned by the Corporation to the Trustee pursuant to the Assignment Agreement dated as of November 1, 2020 (the "Assignment Agreement") between the Corporation and the Trustee. 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 District contained in the Lease Agreement and the Trust Agreement, and in certified proceedings and other certifications of public officials and others furnished to us, without undertaking to verify the same by independent investigation.

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

1. The District is a school district duly organized and validly existing under the laws of the State of California with the full power to enter into the Lease Agreement and the Trust Agreement and to perform the agreements on its part contained therein.

2. The Lease Agreement and the Trust Agreement have been duly approved by the District and constitute valid and binding obligations of the District enforceable against the District in accordance with their respective terms.

3. The Certificates have been validly executed and delivered by the Trustee pursuant to the Trust Agreement and, by virtue of the assignment made pursuant to the Assignment Agreement, the owners of the Certificates are entitled to the benefits of the Lease Agreement.

4. The portion of the Lease Payments designated as and comprising interest and received by the owners of the Certificates 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 Lease Agreement is a "qualified tax-exempt obligation" within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986 (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 with respect to the Certificates. The opinions set forth in the preceding sentences are subject to the condition that the District comply with all requirements of the Internal Revenue Code of 1986 that must be satisfied subsequent to the delivery of the Lease Agreement in order that such interest be, or continue to be, excluded from gross income for federal income tax purposes. The District has covenanted in the Lease Agreement and the Trust Agreement and other instruments relating to the Certificates to comply with each of such requirements. Failure to comply with certain of such requirements may cause the inclusion of such interest in gross income for federal income tax purposes to be retroactive to the date of delivery of the Lease Agreement. We express no opinion regarding other federal tax consequences arising with respect to the Lease Agreement and the Certificates.

5. The portion of the Lease Payments designated as and comprising interest and received by the owners of the Certificates is exempt from personal income taxation imposed by the State of California.

The rights of the owners of the Certificates and the enforceability of the Lease Agreement, the Trust Agreement and the Assignment Agreement may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors’ rights heretofore or hereafter enacted and may also be subject to the exercise of judicial discretion in accordance with principles of equity or otherwise in appropriate cases.

Respectfully submitted,

A Professional Law Corporation

APPENDIX E

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This CONTINUING DISCLOSURE CERTIFICATE (the "Disclosure Certificate") is executed and delivered by the Pleasant View School District (the "District") in connection with the execution and delivery of $3,770,000 Pleasant View School District 2020 Refunding Certificates of Participation (the "Certificates"). The Certificates are being executed and delivered pursuant to a Trust Agreement, dated as of November 1, 2020, between Wilmington Trust, National Association, as trustee, the District and the Local Facilities Finance Corporation (the "Trust Agreement"). The District covenants and agrees as follows:

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

Section 2. Definitions. In addition to the definitions set forth in the Trust Agreement, 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*" shall mean any Annual Report provided by the District pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"*Annual Report Date*" means the date not later than nine months (currently March 31) after the end of each fiscal year of the District (currently June 30^{th}).

"*Dissemination Agent*" shall mean 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 a written acceptance of such designation.

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

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

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

"*Participating Underwriter*" shall mean O'Connor & Company Securities, Inc., the original underwriter of the Certificates required to comply with the Rule in connection with offering of the Certificates.

"*Repository*" shall mean each National Repository and each State Repository.

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

Section 3. Provision of Annual Reports.

(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 of this Disclosure Certificate; provided that the audited financial statements of the District may be submitted separately from the balance of the Annual Report, and later than the Annual Report Date, if not available by that date. If the District's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(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 an electronic format as prescribed by the MSRB, a notice in substantially the form attached as Exhibit A, with a copy to the Paying Agent and Participating Underwriter.

(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, with a copy to the Paying Agent and the Participating Underwriter, certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, and stating the date it was provided.

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

(a) The District's 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 prior to Annual Report Date, financial information and operating data with respect to the District for the preceding fiscal year, substantially similar to that provided in the corresponding tables and charts in the Official Statement:

(i) adopted general fund budget;
(ii) average daily attendance;
(iii) outstanding debt;
(iv) information regarding total assessed valuation of taxable properties within the District;
(v) LCFF revenues per average daily attendance; and
(vi) information regarding secured tax charges and delinquencies on taxable properties within the District, so long as the Teeter Plan is not in place.

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

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

Section 5. Reporting of Significant Events.

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

(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-exempt 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 obligated person.

(13) The consummation of a merger, consolidation or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, 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 Certificates. If such termination occurs prior to the final maturity of the Certificates, 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 the District. 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 Certificates, 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 Certificates, 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 Certificates in the manner provided in the Trust Agreement for amendments to the Trust Agreement 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 Certificates.

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 Certificates 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 Trust Agreement, 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 Certificate holders 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 Certificates.

(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.

Dated: December 1, 2020

PLEASANT VIEW SCHOOL DISTRICT

By __________________________________

Superintendent/Principal

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer:	PLEASANT VIEW SCHOOL DISTRICT
Name of Issue:	$3,770,000 2020 Refunding Certificates of Participation Evidencing Direct, Undivided Fractional Interests of the Owners Thereof in Lease Payments to be made by the Pleasant View School District as the Rental for Certain Property Pursuant to a Lease Agreement with the Local Facilities Finance Corporation
Date of Issuance:	December 1, 2020

NOTICE IS HEREBY GIVEN NOTICE IS HEREBY GIVEN that the District has not provided an Annual Report with respect to the above-named Certificates as required by Section 10.06 of the Trust Agreement, dated as of November 1, 2020, by and among Wilmington Trust, National Association, as trustee, the District and the Local Facilities Finance Corporation. Continuing Disclosure Certificate, dated December 1, 2020. The District anticipates that the Annual Report will be filed by _____________.

Dated:_______________

PLEASANT VIEW SCHOOL DISTRICT

By ________________________________
Title: ______________________________

cc: Trustee

APPENDIX F

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 Certificates, payment of principal, interest and other payments on the Certificates to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interest in the Certificates and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC. Accordingly, no representations can be made concerning these matters and neither the DTC Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters, but should instead confirm the same with DTC or the DTC Participants, as the case may be.

Neither the issuer of the Certificates (the "Issuer") nor the trustee, fiscal agent or paying agent appointed with respect to the Certificates (the "Agent") take any responsibility for the information contained in this Appendix.

No assurances can be given that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Certificates, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Certificates, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Certificates, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the securities (the "Certificates"). The Certificates 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 certificate will be issued for the Certificates, in the aggregate principal amount of such issue, and will be deposited with DTC. If, however, the aggregate principal amount of any issue 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 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 2.2 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instrument 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, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation, and Emerging Markets Clearing Corporation (NSCC, FICC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. 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 Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

3. Purchases of Certificates under the DTC system must be made by or through Direct Participants, which will receive a credit for the Certificates on DTC's records. The ownership interest of each actual purchaser of each Certificate ("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 Certificates are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Certificates, except in the event that use of the book-entry system for the Certificates is discontinued.

4. To facilitate subsequent transfers, all Certificates 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 Certificates with DTC and their registration in the name of Cede & Co. or such other nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Certificates; DTC's records reflect only the identity of the Direct Participants to whose accounts such Certificates 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 Certificates may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Certificates, such as redemptions, tenders, defaults, and proposed amendments to the security documents. For example, Beneficial Owners of Certificates may wish to ascertain that the nominee holding the Certificates 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 shall be sent to DTC. If less than all of the Certificates 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 Certificates unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Certificates are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and interest payments on the Certificates will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from Issuer or Agent on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

10. Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, security certificates will be printed and delivered to DTC.

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

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APPENDIX G

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

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MUNICIPAL BOND INSURANCE POLICY

ISSUER: [NAME OF ISSUER]

Policy No: _____

MEMBER: [NAME OF MEMBER]

BONDS: $__________ in aggregate principal amount of [NAME OF TRANSACTION] [and maturing on]

Effective Date: _________

Risk Premium: $__________
Member Surplus Contribution: $ _________
Total Insurance Payment: $_________

BUILD AMERICA MUTUAL ASSURANCE COMPANY ("BAM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") for the Bonds named above (as set forth in the documentation providing for the issuance and securing of the Bonds), for the benefit of the Owners or, at the election of BAM, 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 first Business Day following the Business Day on which BAM shall have received Notice of Nonpayment, BAM will disburse (but without duplication in the case of duplicate claims for the same Nonpayment) to or for the benefit of each Owner of the Bonds, the face amount of principal of and interest on the Bonds that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by BAM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of such 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 BAM. 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 BAM is incomplete, it shall be deemed not to have been received by BAM for purposes of the preceding sentence, and BAM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, any of whom may submit an amended Notice of Nonpayment. Upon disbursement under this Policy in respect of a Bond and to the extent of such payment, BAM shall become the owner of such Bond, any appurtenant coupon to such Bond and right to receipt of payment of principal of or interest on such Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under such Bond. Payment by BAM either to the Trustee or Paying Agent for the benefit of the Owners, or directly to the Owners, on account of any Nonpayment shall discharge the obligation of BAM under this Policy with respect to said Nonpayment.

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 (as defined herein) 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 BAM 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 made to an Owner by or on behalf of the Issuer of principal or interest that is Due for Payment, which payment has been recovered from such Owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means delivery to BAM of a notice of claim and certificate, by certified mail, email or telecopy as set forth on the attached Schedule or other acceptable electronic delivery, in a form satisfactory to BAM, from and signed by an Owner, the Trustee or the Paying Agent, which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount, (d) payment instructions and (e) the date such claimed amount becomes or 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, the Member or any other person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

BAM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee, the Paying Agent, the Member and the Issuer 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, the Paying Agent, the Member or the Issuer (a) copies of all notices required to be delivered to BAM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to BAM and shall not be deemed received until received by both and (b) all payments required to be made by BAM under this Policy may be made directly by BAM or by the Insurer's Fiscal Agent on behalf of BAM. The Insurer's Fiscal Agent is the agent of BAM only, and the Insurer's Fiscal Agent shall in no event be liable to the Trustee, Paying Agent or any Owner for any act of the Insurer's Fiscal Agent or any failure of BAM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, BAM 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 BAM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy. This Policy may not be canceled or revoked.

This Policy sets forth in full the undertaking of BAM 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, 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. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW. THIS POLICY IS ISSUED WITHOUT CONTINGENT MUTUAL LIABILITY FOR ASSESSMENT.

In witness whereof, BUILD AMERICA MUTUAL ASSURANCE COMPANY has caused this Policy to be executed on its behalf by its Authorized Officer.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By: ____________________________________

Authorized Officer

Notices (Unless Otherwise Specified by BAM)

Email:
claims@buildamerica.com
Address:
200 Liberty Street, 27th floor
New York, New York 10281
Telecopy:
212-962-1524 (attention: Claims)

CALIFORNIA

ENDORSEMENT TO

MUNICIPAL BOND INSURANCE POLICY

NO.

This Policy is not covered by the California Insurance Guaranty Association established pursuant to Article 15.2 of Chapter 1 of Part 2 of Division 1 of the California Law.

Nothing herein shall be construed to waive, alter, reduce or amend coverage in any other section of the Policy. If found contrary to the Policy language, the terms of this Endorsement supersede the Policy language

IN WITNESS WHEREOF, BUILDAMERICA MUTUAL ASSURANCE COMPANY has caused this policy to be executed on its behalf by its Authorized Officer.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By

____

Authorized Officer