PRELIMINARY OFFICIAL STATEMENT DATED JUNE 12, 2019

NEW ISSUE — BOOK-ENTRY ONLY

Ratings: S&P (insured): "AA"
S&P (uninsured): "AA-"
(See "MISCELLANEOUS — Ratings" herein.)

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the District, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, and subject to the satisfaction of certain conditions and to the occurrence of certain events described herein under the heading "INTRODUCTION – Certain Considerations Regarding Forward Delivery of the Refunding Bonds," interest on the Refunding Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. In the further opinion of Bond Counsel, subject to those same conditions, interest on the Refunding Bonds is not a specific preference item for purposes of the federal alternative minimum tax. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Refunding Bonds. See "TAX MATTERS" herein.

$13,575,000*
EL DORADO UNION HIGH SCHOOL DISTRICT
(EL DORADO COUNTY, CALIFORNIA)
GENERAL OBLIGATION REFUNDING BONDS, SERIES 2020
(Forward Delivery)

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

This cover page is not a summary of this issue; it is only a reference to the information contained in this Official Statement. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

The El Dorado Union High School District (El Dorado County, California) General Obligation Refunding Bonds, Series 2020 (Forward Delivery) (the "Refunding Bonds"), are being issued by the El Dorado Union High School District (the "District") (i) to refund, on a current basis, a portion of the outstanding El Dorado Union High School District (El Dorado County, California) General Obligation Bonds, Election of 2008, Series 2010, and (ii) to pay costs of issuance of the Refunding Bonds. The Refunding Bonds are being issued under the laws of the State and pursuant to a resolution of the Board of Trustees of the District, adopted on June 11, 2019.

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

The Refunding Bonds will be issued as current interest bonds, all as set forth on the inside front cover hereof. Interest on the Refunding Bonds is payable on each February 1 and August 1 to maturity, commencing August 1, 2020. Principal of the Refunding Bonds is payable on August 1 in each of the years and in the amounts set forth on the inside front cover hereof.

The Refunding Bonds will be issued in denominations of $5,000 principal amount, or any integral multiple thereof as shown on the inside front cover hereof.

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

ASSURED GUARANTY MUNICIPAL

The Refunding Bonds will be issued in book-entry form only and will be initially issued and registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Refunding Bonds. Individual purchases of the Refunding Bonds will be made in book-entry form only. Purchasers will not receive physical delivery of the Refunding Bonds purchased by them. See "THE REFUNDING BONDS – Form and Registration" herein. Payments of the principal of and interest on the Refunding Bonds will be made by Zions Bancorporation, National Association, as paying agent, registrar and transfer agent with respect to the Refunding Bonds, to DTC for subsequent disbursement to DTC Participants, who will remit such payments to the beneficial owners of the Refunding Bonds. See "THE REFUNDING BONDS – Payment of Principal and Interest" herein.

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

The Refunding Bonds are offered when, as and if issued and accepted by the Underwriter, subject to the approving legal opinion of Orrick, Herrington & Sutcliffe LLP, Irvine, California, Bond Counsel to the District, and certain other conditions. Municipal Advisory Services are provided to the District by Fieldman, Rolapp & Associates, Inc., Irvine, California. Certain legal matters will be passed upon for the District by Orrick, Herrington & Sutcliffe LLP, as Disclosure Counsel and for the Underwriter by its counsel, Norton Rose Fulbright US LLP, Los Angeles, California. It is expected that the Refunding Bonds in definitive form will be available for delivery to the Underwriter through the facilities of DTC on or about May 5, 2020, subject to the satisfaction of certain conditions. Potential investors should carefully review the information under the caption "INTRODUCTION – Certain Considerations Regarding Forward Delivery of the Refunding Bonds." The Underwriter reserves the right to obligate investors purchasing the Refunding Bonds to execute and deliver to the Underwriter a Forward Delivery Contract, the form of which is included herein as APPENDIX G.

RAYMOND JAMES

Date of this Official Statement is __________, 2019

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* *Preliminary; subject to change.*

MATURITY SCHEDULE*
BASE CUSIP†: _____

$13,575,000*
EL DORADO UNION HIGH SCHOOL DISTRICT
(EL DORADO COUNTY, CALIFORNIA)
GENERAL OBLIGATION REFUNDING BONDS, SERIES 2020
(Forward Delivery)

Maturity (August 1)	Principal Amount	Interest Rate	Yield	CUSIP Number†
2020	$	%	%	
2021				
2022				
2023				
2024				
2025				
2026				
2027				
2028				
2029				
2030				
2031				
2032				
2033				
2034				
2035				

* *Preliminary; subject to change.*
† CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by S&P Capital IQ. CUSIP® data herein is provided by CUSIP Global Services. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only. None of the District, the Underwriter or their agents or counsel assume responsibility for the accuracy of such numbers.

EL DORADO UNION HIGH SCHOOL DISTRICT
(EL DORADO COUNTY, CALIFORNIA)

DISTRICT ADMINISTRATORS

Ron Carruth, *Superintendent*
Robert Whittenberg, *Assistant Superintendent, Business Services*

PROFESSIONAL SERVICES

Municipal Advisor

Fieldman, Rolapp & Associates, Inc.
Irvine, California

Bond Counsel and Disclosure Counsel

Orrick, Herrington & Sutcliffe LLP
Irvine, California

Paying Agent, Registrar and Transfer Agent and Escrow Bank

Zions Bancorporation, National Association
Los Angeles, California

Verification Agent

Causey Demgen & Moore P.C.
Denver, Colorado

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This Official Statement does not constitute an offering of any security other than the original offering of the Refunding Bonds by the District. No dealer, broker, salesperson or other person has been authorized by the District to give any information or to make any representations other than as contained in this Official Statement, and if given or made, such other information or representation not so authorized should not be relied upon as having been given or authorized by the District.

The Refunding Bonds are exempt from registration under the Securities Act of 1933, as amended, pursuant to Section 3(a)2 thereof. This Official Statement does not constitute an offer to sell or a solicitation of an offer to buy Refunding Bonds in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so, or to any person to whom it is unlawful to make such offer or solicitation.

The information set forth herein other than that furnished by the District, although obtained from sources which are believed to be reliable, is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by the District. The information and expressions of opinions herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District since the date hereof. This Official Statement is submitted in connection with the sale of the Refunding Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

The Underwriter has provided the following sentence for inclusion in this Official Statement: The Underwriter has reviewed the information in this Official Statement in accordance with, and as 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.

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

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements." Such statements are generally identifiable by the terminology used, such as "plan," "expect," "estimate," "budget" or other similar words. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The District does not plan to issue any updates or revisions to those forward-looking statements if or when their expectations, or events, conditions or circumstances on which such statements are based, occur.

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

In connection with this offering, the Underwriter may overallot or effect transactions which stabilize or maintain the market prices of the Refunding Bonds at levels above those that might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time. The Underwriter may offer and sell the Refunding Bonds to certain securities dealers and dealer banks and banks acting as agent at prices lower than the public offering prices stated on the inside front cover page hereof and said public offering prices may be changed from time to time by the Underwriter.

$13,575,000*
EL DORADO UNION HIGH SCHOOL DISTRICT
(EL DORADO COUNTY, CALIFORNIA)
GENERAL OBLIGATION REFUNDING BONDS, SERIES 2020
(Forward Delivery)

INTRODUCTION

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

General

This Official Statement, which includes the cover page and appendices hereto, is provided to furnish information in connection with the sale of $13,575,000* aggregate principal amount of El Dorado Union High School District (El Dorado County, California) General Obligation Refunding Bonds, Series 2020 (Forward Delivery) (the "Refunding Bonds"), all as indicated on the inside front cover hereof, to be offered by the El Dorado Union High School District (the "District").

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

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

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

Copies of documents referred to herein and information concerning the Refunding Bonds are available from the District by contacting: El Dorado Union High School District, 4675 Missouri Flat Road, Placerville, California 95667, Attention: Superintendent. The District may impose a charge for copying, handling and mailing such requested documents.

The District

The District is located in Northern California in the Sierra Nevada foothills between Sacramento and Lake Tahoe. The District was established in 1905 and occupies approximately 1,200 square miles,

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* *Preliminary; subject to change.*

including portions of the City of Placerville, El Dorado County, California (the "County"), and unincorporated portions of the County. The District operates four comprehensive high schools, one continuation high school, a virtual academy charter school, a career technical/regional occupational program and an independent study program. Total estimated fiscal year 2018-19 enrollment is approximately 6,739 students (not including enrollment at EDUHSD Virtual Academy at Shenandoah Charter School).

For additional information about the District, see APPENDIX A − "INFORMATION RELATING TO THE DISTRICT'S OPERATIONS AND BUDGET" and APPENDIX B − "FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2018."

Certain Considerations Regarding Forward Delivery of the Refunding Bonds

Forward Delivery. The District anticipates that the Refunding Bonds will be issued and delivered by the District to the Underwriter and purchased by the Underwriter (the "Settlement") on or about May 5, 2020* (the "Settlement Date"). The following is a description of certain provisions of the Forward Delivery Bond Purchase Agreement, to be dated on or about June 19, 2019* (the "Bond Purchase Agreement"), by between the District and the Underwriter with respect to the Refunding Bonds. This description is not to be considered a full statement of the terms of the Bond Purchase Agreement and accordingly is qualified by reference thereto and is subject to the full text thereof.

Until such time as the Refunding Bonds are issued and delivered by the District and purchased by the Underwriter on the Settlement Date, certain information contained in this Official Statement may change in a material respect. The District agrees in the Bond Purchase Agreement to update the Official Statement, if necessary in the judgment of the Underwriter or the District, so that the Official Statement as amended or supplemented does not contain any untrue statement of a material fact or omit to state a material fact that is necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading.

Additionally, the District agrees in the Bond Purchase Agreement to prepare an Updated Official Statement, dated a date not more than 25 days nor less than 10 days prior to the Settlement Date, which, as of such date, will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. References under "INTRODUCTION – Certain Considerations Regarding Forward Delivery of the Refunding Bonds" to the Official Statement as of a specific date shall mean (i) this Official Statement, at any point in time during the period from the date of this Official Statement to but not including the date of delivery of the Updated Official Statement to the Underwriter, and (ii) the Updated Official Statement, from and after the date of delivery of the Updated Official Statement, in each case as amended or supplemented.

Conditions of Settlement. The issuance and purchase of the Refunding Bonds on the Settlement Date are subject to the satisfaction of certain conditions set forth in the Bond Purchase Agreement, including, among other things, the delivery to the Underwriter of certain documents and legal opinions on and as of the initial closing date (the "Closing Date") and certain additional documents and legal opinions, and the satisfaction of other conditions, on and as of the Settlement Date, including the delivery to the Underwriter of: (i) the opinion of Bond Counsel, substantially in the form and to the effect set forth in APPENDIX C relating to the Refunding Bonds, (ii) the Updated Official Statement, and (iii) evidence that, as of the Settlement Date, S&P Global Ratings ("S&P") has rated the Refunding Bonds and that such

* *Preliminary; subject to change.*

Refunding Bonds are rated investment grade. Changes or proposed changes in federal or state laws, court decisions, regulations or proposed regulations or rulings of administrative agencies occurring or in effect prior to the Settlement Date or the failure by the District to provide closing documents of the type customarily required in connection with the issuance of state and local government tax-exempt bonds could prevent those conditions from being satisfied. None of the Refunding Bonds will be issued unless all of the Refunding Bonds are issued and delivered on the Settlement Date.

Termination of Bond Purchase Agreement. The Underwriter has the right to terminate its obligation to purchase the Refunding Bonds without liability therefor by written notification to the District if, in the reasonable judgment of the Underwriter, at any time on or after the date of the Bond Purchase Agreement and on or prior to the Settlement:

- There shall have been a Change in Law. A "Change in Law" means (i) any change in or addition to applicable federal or state law, whether statutory or as interpreted by the courts or by federal or state agencies, including any changes in or new rules, regulations or other pronouncements or interpretations by federal or state agencies, (ii) any legislation enacted by the Congress of the United States (if such enacted legislation has an effective date which is on or before the Settlement), (iii) any law, rule or regulation enacted by any governmental body, department or agency (if such enacted law, rule or regulation has an effective date that is on or before the Settlement) or (iv) any judgment, ruling or order issued by any court or administrative body, which in any such case would, (A) as to the Underwriter, prohibit the Underwriter from completing the underwriting of the Refunding Bonds or selling the Refunding Bonds or beneficial ownership interests therein to the public, or (B) as to the District, would make the completion of the issuance, sale or delivery of the Refunding Bonds illegal.

- As a result of any legislation, regulation, rule, order, release, court decision or judgment or action by the U.S. Department of the Treasury, the Internal Revenue Service, or any agency of the State either enacted, issued, effective, adopted or proposed (but only with respect to any such proposed legislation, regulation, ruling, order, release, court decision or judgment or action that continues to be proposed as of the Settlement), or for any other reason, Bond Counsel cannot issue an opinion to the effect that (a) the interest on the Refunding Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code"), and (b) the interest on the Refunding Bonds is exempt from State of California personal income taxes, as stated in the form of opinion of Bond Counsel set forth in APPENDIX C hereto.

- The Official Statement as of the Closing Date, or the Updated Official Statement as of the Settlement Date, contained or contains an untrue statement or misstatement of material fact or omitted or omits to state a material fact necessary in order to make the statements and information contained therein not misleading in any material respect.

- Legislation shall be enacted, or a decision by a court of the United States shall be rendered, or any action shall be taken by, or on behalf of, the SEC that, in the reasonable opinion of the Underwriter, following consultation with the District, has the effect of requiring the Refunding Bonds to be registered under the Securities Act of 1933, as amended, or requires the Resolution to be qualified under the Trust Indenture Act of 1939, as amended, or an event occurs that would cause the sale of the Refunding Bonds to be in violation of any provision of the federal or State of California securities laws.

- As of the Settlement, the Refunding Bonds are no longer rated investment grade by S&P.

Forward Delivery Contract. The Underwriter reserves the right to obligate investors purchasing the Refunding Bonds to execute a Forward Delivery Contract (the "Forward Delivery Contract") in substantially the form set forth in APPENDIX G. The Forward Delivery Contract provides that the purchaser will remain obligated to purchase the Refunding Bonds, even if the purchaser decides to sell the purchased bonds following the date of the Forward Delivery Contract. The District will not be a party to any Forward Delivery Contract, and the District is not in any way responsible for the performance thereof or for any representations or warranties contained therein. The rights and obligations under the Bond Purchase Agreement are not conditioned or dependent upon the performance of any Forward Delivery Contract.

Additional Risks Relating to Forward Delivery Period. Between the date of the Bond Purchase Agreement and the Settlement Date (the "Forward Delivery Period"), certain information contained in this Official Statement may change in material respects. Any changes in such information will not permit the Underwriter to terminate the Bond Purchase Agreement or release the purchasers of their obligation to purchase the Refunding Bonds unless the change reflects an event described under "Termination of Bond Purchase Agreement" above. In addition to the risks set forth above and under "INTRODUCTION – Investment Considerations," purchasers of the Refunding Bonds are subject to certain additional risks, some of which are described below.

Ratings Risk. No assurances can be given that the rating assigned to the Refunding Bonds on the Settlement Date will not be different from those currently assigned to the Refunding Bonds. Issuance of the Refunding Bonds and the Underwriter's obligations under the Bond Purchase Agreement are not conditioned upon the assignment of any particular ratings for the Refunding Bonds or the maintenance of the initial ratings of the Refunding Bonds, unless the Refunding Bonds are no longer rated investment grade by S&P on the Settlement Date, as described under "Termination of Bond Purchase Agreement" above.

Secondary Market Risk. The Underwriter is not obligated to make a secondary market for the Refunding Bonds, and no assurance can be given that a secondary market will exist for the Refunding Bonds during the Forward Delivery Period or at any time thereafter. Prospective purchasers of the Refunding Bonds should assume that there will be no secondary market for the Refunding Bonds during the Forward Delivery Period.

Market Value Risk. The market value of the Refunding Bonds as of the Settlement Date may be affected by a variety of factors, including, without limitation, general market conditions, the financial condition of the District and the State, and federal and state tax, securities and other laws. The market value of the Refunding Bonds as of the Settlement Date could therefore be higher or lower than the price to be paid by the initial purchasers of the Refunding Bonds, and that difference could be substantial. Neither the District nor the Underwriter makes any representations as to the expected market value of the Refunding Bonds as of the Settlement Date.

Tax Law Risk. Subject to the other conditions of Settlement and the Underwriter's rights of termination described above, the Bond Purchase Agreement obligates the District to deliver, and the Underwriter to accept, the Refunding Bonds if the District delivers an opinion of Bond Counsel substantially in the form and to the effect set forth in APPENDIX C relating to the Refunding Bonds. Notwithstanding that the enactment of new legislation, new court decisions or the promulgation of new regulations or rulings might diminish the value of, or otherwise affect, the exclusion from gross income of interest payable on "state or local bonds" (such as the Refunding Bonds) for federal income tax purposes, the District might be able to satisfy the requirements for the delivery of the Refunding Bonds. In such event, the purchasers would be required to accept delivery of the Refunding Bonds. Prospective purchasers are encouraged to consult their tax advisors regarding the likelihood of any such changes in tax law and the consequences of such changes to the purchasers. See "TAX MATTERS" herein.

THE REFUNDING BONDS

Authority for Issuance; Plan of Finance

The Refunding Bonds are issued by the District pursuant to the Constitution and laws of the State, including Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code and other applicable provisions of law, and pursuant to a resolution adopted by the Board of Trustees of the District on June 11, 2019, providing for the issuance of the Refunding Bonds (the "Resolution").

Proceeds from the Refunding Bonds are expected to be used (i) to refund, on a current basis, a portion of the outstanding El Dorado Union High School District (El Dorado County, California) General Obligation Bonds, Election of 2008, Series 2010 (as originally issued, the "Series 2010 Bonds"), and (ii) to pay costs of issuance of the Refunding Bonds. See "− Plan of Finance" and "− Estimated Sources and Uses of Funds" below.

Forward Delivery of Refunding Bonds

The District will deliver the Refunding Bonds on or about May 5, 2020*, in book-entry form. The forward delivery of the Refunding Bonds is necessary to comply with certain federal income tax requirements under the Code for a current refunding of the Prior Bonds (as defined herein; see "– Plan of Finance" below). There are certain risks associated with the forward delivery of the Refunding Bonds. See "INTRODUCTION – Certain Considerations Regarding Forward Delivery of the Refunding Bonds."

Bond Insurance Policy

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

Form and Registration

The Refunding Bonds will be issued in fully registered form only, without coupons, in denominations of $5,000 principal amount or integral multiples thereof. The Refunding Bonds will initially be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository of the Refunding Bonds. Purchases of Refunding Bonds under the DTC book-entry system must be made by or through a DTC participant, and ownership interests in Refunding Bonds will be recorded as entries on the books of said participants. Except in the event that use of this book-entry system is discontinued for the Refunding Bonds, beneficial owners ("Beneficial Owners") will not receive physical certificates representing their ownership interests. See APPENDIX F − "BOOK-ENTRY ONLY SYSTEM."

Payment of Principal and Interest

Interest. The Refunding Bonds will be dated as of their date of delivery, and bear interest at the rates set forth on the inside front cover page of this Official Statement, payable on February 1 and August 1 of each year (each, an "Interest Date"), commencing on August 1, 2020, computed on the basis of a 360-day year consisting of twelve 30-day months. Each Refunding Bond shall bear interest from the Interest Date next preceding the date of authentication thereof, unless it is authenticated after the close of business

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* *Preliminary; subject to change.*

on the 15th day of the calendar month immediately preceding an Interest Date (the "Record Date") and on or prior to the succeeding Interest Date, in which event it shall bear interest from such Interest Date, or unless it is authenticated on or before the Record Date preceding the first Interest Date, in which event it shall bear interest from its dated date; provided, however, that if, at the time of authentication of any Refunding Bond, interest is in default on any outstanding Refunding Bonds, such Refunding Bond shall bear interest from the Interest Date to which interest has previously been paid or made available for payment on the outstanding Refunding Bonds.

Payment of Refunding Bonds. The principal of the Refunding Bonds is payable in lawful money of the United States of America upon the surrender thereof at the principal corporate trust office of Zions Bancorporation, National Association, as paying agent (the "Paying Agent") at the maturity thereof.

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

Redemption*

Optional Redemption. The Refunding Bonds maturing on or before August 1, 20__, are not subject to optional redemption prior to their respective stated maturity dates. The Refunding Bonds maturing on or after August 1, 20__, are subject to redemption prior to their respective stated maturity dates, at the option of the District, from any source of available funds, as a whole or in part on any date on or after August 1, 20__, at a redemption price equal to the principal amount of the Refunding Bonds called for redemption, together with interest accrued thereon to the date of redemption, without premium.

Mandatory Sinking Fund Redemption. The $__________ term Refunding Bonds maturing on August 1, 20__ are subject to mandatory sinking fund redemption on August 1 in each of the years and in the respective principal amounts as set forth in the following schedule, at a redemption price equal to 100% of the principal amount thereof to be redeemed, together with interest accrued thereon to the date fixed for redemption, without premium:

Mandatory Sinking Fund Redemption Date (August 1)	Principal Amount to be Redeemed
	$
†	

† Maturity.

The principal amount of the $__________ term Refunding Bonds maturing on August 1, 20__, to be redeemed in each year shown above will be reduced proportionately, or as otherwise directed by the

* *Preliminary; subject to change.*

District, in integral multiples of $5,000, by any portion of such term Refunding Bonds optionally redeemed prior to the mandatory sinking fund redemption date.

Selection of Refunding Bonds for Redemption. If less than all of the Refunding Bonds are called for redemption, the Refunding Bonds of such series shall be redeemed in inverse order of maturities or as otherwise directed by the District. Whenever less than all of the outstanding Refunding Bonds of any one maturity are designated for redemption, the Paying Agent shall select the outstanding Refunding Bonds of such maturity and series to be redeemed by lot in any manner deemed fair by the Paying Agent. For purposes of such selection, each Refunding Bond shall be deemed to consist of individual Refunding Bonds of denominations of $5,000 principal amount or maturity value, as applicable, each, which may be separately redeemed.

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

Each notice of redemption will contain the following information: (i) the date of such notice; (ii) the name of the Refunding Bonds and the date of issue of the Refunding Bonds; (iii) the redemption date; (iv) the redemption price; (v) the dates of maturity or maturities of Refunding Bonds to be redeemed; (vi) if less than all of the Refunding Bonds of any maturity are to be redeemed, the distinctive numbers of the Refunding Bonds of each maturity to be redeemed; (vii) in the case of Refunding Bonds redeemed in part only, the respective portions of the principal amount of the Refunding Bonds of each maturity to be redeemed; (viii) the CUSIP number, if any, of each maturity of Refunding Bonds to be redeemed; (ix) a statement that such Refunding Bonds must be surrendered by the Owners at the principal corporate trust office of the Paying Agent or at such other place or places designated by the Paying Agent; (x) notice that further interest on such Refunding Bonds will not accrue after the designated redemption date; and (xi) in the case of a conditional notice, that such notice is conditioned upon certain circumstances and the manner of rescinding such conditional notice. The actual receipt by the Owner of any Refunding Bond or by any securities depository or information service of notice of redemption shall not be a condition precedent to redemption, and failure to receive such notice, or any defect in the notice given, shall not affect the validity of the proceedings for the redemption of such Refunding Bonds or the cessation of interest on the date fixed for redemption.

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

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

Defeasance of Refunding Bonds

The District may pay and discharge any or all of the Refunding Bonds by depositing in trust with the Paying Agent or an escrow agent at or before maturity, money and/or non-callable direct obligations of the United States of America (including zero interest bearing State and Local Government Series) or other non-callable obligations the payment of the principal of and interest on which is guaranteed by a pledge of the full faith and credit of the United States of America, in an amount which will, together with the interest to accrue thereon and available monies then on deposit in the interest and sinking fund of the District, be fully sufficient to pay and discharge the indebtedness on such Refunding Bonds (including all principal and interest) at or before their respective maturity dates.

Unclaimed Moneys

Any money held in any fund created pursuant to the Resolution, or by the Paying Agent or an escrow agent in trust, for the payment of the principal of or interest on the Refunding Bonds and remaining unclaimed for two years after the principal of all of such Refunding Bonds has become due and payable shall be transferred to any interest and sinking fund of the District for payment of any outstanding bonds of the District payable from the fund; or, if no such bonds of the District are at such time outstanding, the monies shall be transferred to the general fund of the District as provided and permitted by law.

Plan of Finance

The proceeds of the Refunding Bonds will be issued (i) to refund, on a current basis, a portion of the District's outstanding Series 2010 Bonds, maturing on August 1 in the years 2021 through 2032, inclusive, and 2035 (the "Prior Bonds"), and (ii) to pay certain costs of issuance of the Refunding Bonds.

The District and Zions Bancorporation, National Association, as escrow bank (the "Escrow Bank") will enter into the Escrow Agreement, to be dated on or about May 1, 2020* (the "Escrow Agreement"), with respect to the Prior Bonds being refunded, pursuant to which the District will deposit a portion of the proceeds from the sale of the Refunding Bonds into a special fund to be held by the Escrow Bank. The amounts deposited with the Escrow Bank with respect to the Prior Bonds, which will be held pursuant to the Escrow Agreement, will be used to purchase non-callable bonds or other obligations that as to principal and interest constitute direct obligations of, or are unconditionally guaranteed by, the United States of America, the principal of and interest on which (together with any uninvested amount) will be sufficient to enable the Escrow Bank to redeem the Prior Bonds on August 1, 2020 at a redemption price equal to 100% of the principal amount of the Prior Bonds without premium. See "ESCROW VERIFICATION" herein. Amounts on deposit with the Escrow Bank pursuant to the Escrow Agreement are not available to pay debt service on the Refunding Bonds.

* *Preliminary; subject to change.*

SERIES 2010 BONDS TO BE REFUNDED*

Maturity Date	Original Principal	Interest Rate	Redemption Date	Redemption Price	CUSIP Number†
8/1/2021	$ 90,000	4.000%	August 1, 2020	100%	283065FW5
8/1/2022	145,000	4.000	August 1, 2020	100	283065FX3
8/1/2023	185,000	4.000	August 1, 2020	100	283065FY1
8/1/2024	280,000	4.000	August 1, 2020	100	283065FZ8
8/1/2025	325,000	3.750	August 1, 2020	100	283065GA2
8/1/2026	370,000	4.000	August 1, 2020	100	283065GB0
8/1/2027	420,000	4.100	August 1, 2020	100	283065GC8
8/1/2028	475,000	4.250	August 1, 2020	100	283065GD6
8/1/2029	530,000	4.300	August 1, 2020	100	283065GE4
8/1/2030	600,000	4.375	August 1, 2020	100	283065GF1
8/1/2031	665,000	4.400	August 1, 2020	100	283065GH7
8/1/2032	780,000	4.500	August 1, 2020	100	283065GJ3
8/1/2035	10,020,000	5.000	August 1, 2020	100	283065GG9

UNREFUNDED SERIES 2010 BONDS*

Maturity Date	Original Principal	Interest Rate	CUSIP† Number
8/1/2019	$30,000	3.000%	283065FU9
8/1/2020	80,000	3.000	283065FV7

* *Preliminary; subject to change.*

† CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by S&P Capital IQ. Copyright© 2019 CUSIP Global Services. All rights reserved. CUSIP® data herein is provided by CUSIP Global Services. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only. None of the District, the Underwriter or their agents or counsel assume responsibility for the accuracy of such numbers.

Estimated Sources and Uses of Funds

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

EL DORADO UNION HIGH SCHOOL DISTRICT
(El Dorado County, California)
General Obligation Refunding Bonds, Series 2020
(Forward Delivery)

Estimated Sources and Uses of Funds

Sources of Funds:	
Aggregate Principal Amount of Refunding Bonds	$
[Plus/Less] [Net] Original Issue [Premium/Discount]	
Total Sources of Funds	$
Uses of Funds:	
Escrow Fund	$
Costs of Issuance(1)	
Underwriter's Discount	
Total Uses of Funds	$

(1) Includes legal fees, rating agency fees, municipal advisory fees, bond insurance premium, printing fees, verification agent fees and other miscellaneous expenses.

Debt Service

Debt service on the Refunding Bonds, assuming no early redemptions, is as set forth in the following table.

EL DORADO UNION HIGH SCHOOL DISTRICT
(El Dorado County, California)
General Obligation Refunding Bonds, Series 2020
(Forward Delivery)

Period Ending August 1,	Principal	Interest	Total Debt Service
2020	$	$	$
2021			
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
Total:	$	$	$

Outstanding Bonds

In addition to the Refunding Bonds (and not accounting for the planned refunding of the Prior Bonds with proceeds of the Refunding Bonds), the District has outstanding three additional series of general obligation bonds, each of which is secured by *ad valorem* taxes upon all property subject to taxation by the District on a parity with the Refunding Bonds.

1997 Authorization. At a special election held on June 3, 1997, the District received authorization under Measure E to issue bonds of the District in an aggregate principal amount not to exceed $17,180,000 for the purpose of constructing a new high school at the district-owned El Dorado Township site. The measure required approval by at least two-thirds of the votes cast by eligible voters within the District (the "1997 Authorization") and received an affirmative vote of approximately 68.6% of the votes cast by eligible voters within the District. On August 27, 1997, the District issued its General Obligation Bonds, Election of 1997, Series 1997A (the "Series 1997A Bonds") in the aggregate principal amount of $13,000,000, as its first series of bonds to be issued under the 1997 Authorization. On September 3, 1998, the District issued its General Obligation Bonds, Election of 1997, Series 1998 (the "Series 1998 Bonds") in the aggregate principal amount of $4,180,000, as its second and final series of bonds to be issued under the 1997 Authorization.

2008 Authorization. At an election held on June 3, 2008, the District received authorization under Measure Q to issue bonds of the District in an aggregate principal amount not to exceed $66,300,000 to improve student safety and the quality of education at every school by repairing, updating, constructing, furnishing and equipping school facilities, including technology, job training, science and health facilities, roofs, electrical, plumbing and heating systems. The measure required approval by at least 55% of the votes cast by eligible voters within the District (the "2008 Authorization") and received an affirmative vote of approximately 56.2% of the votes cast by eligible voters within the District. On September 30, 2008, the District issued its General Obligation Bonds, Election of 2008, Series 2008 (the "Series 2008 Bonds") in the aggregate principal amount of $34,000,000. The Series 2008 Bonds were issued as the first series of bonds to be issued under the 2008 Authorization. On August 4, 2010, the District issued its General Obligation Bonds, Election of 2008, Series 2010 (the "Series 2010 Bonds") in the aggregate principal amount of $17,300,000, as the second series of bonds to be issued under the 2008 Authorization. On August 16, 2012, the District issued its General Obligation Bonds, Election of 2008, Series 2012 (the "Series 2012 Bonds") in the aggregate initial principal amount of $14,999,903.90, consisting of current interest bonds and capital appreciation bonds. The Series 2012 Bonds were issued as the third and final series of bonds to be issued under the 2008 Authorization.

Refundings. On May 7, 2008, the District issued its 2008 General Obligation Refunding Bonds (the "2008 Refunding Bonds") in the aggregate principal amount of $12,340,000 to refund the then outstanding Series 1997A Bonds and Series 1998 Bonds.

On November 29, 2016, the District issued its 2016 General Obligation Refunding Bonds (the "2016 Refunding Bonds") in the aggregate principal amount of $33,195,000 to (i) refund, on a current basis, a portion of the then-outstanding Series 2008 Refunding Bonds, and (ii) refund, on a current basis, the then-outstanding Series 2008 Bonds.

A summary of the District's general obligation bonded debt is set forth on the following page.

Aggregate Debt Service

The following table sets forth the annual aggregate debt service requirements of all outstanding bonds of the District, assuming such general obligation bonds are not optionally redeemed prior to the respective stated date of maturity.

EL DORADO UNION HIGH SCHOOL DISTRICT
(El Dorado County, California)
General Obligation Bonds − Aggregate Debt Service(1)

Year Ending (August 1),	Series 2010 Bonds	Series 2012 Bonds	2016 Refunding Bonds	Refunding Bonds	Aggregate Total Debt Service
2019	$ 740,095.00	$ 322,500.00	$ 2,792,687.50	$	$
2020	789,195.00	342,500.00	2,850,087.50		
2021	796,795.00	367,500.00	2,924,087.50		
2022	848,195.00	392,500.00	3,000,087.50		
2023	882,395.00	387,500.00	2,332,587.50		
2024	969,995.00	367,500.00	2,178,337.50		
2025	1,003,795.00	392,500.00	2,268,087.50		
2026	1,036,607.50	397,500.00	2,359,837.50		
2027	1,071,807.50	402,500.00	2,458,087.50		
2028	1,109,587.50	402,500.00	2,557,087.50		
2029	1,144,400.00	362,500.00	2,664,500.00		
2030	1,191,610.00	342,500.00	2,771,400.00		
2031	1,230,360.00	357,500.00	2,888,050.00		
2032	1,316,100.00	352,500.00	2,969,000.00		
2033	1,351,000.00	352,500.00	3,095,150.00		
2034	4,958,500.00	597,500.00	-		
2035	4,903,500.00	897,500.00	-		
2036	-	5,322,500.00	-		
2037	-	5,462,500.00	-		
2038	-	5,662,500.00	-		
2039	-	5,867,500-.00	-		
2040	-	6,072,500.00	-		
2041	-	6,292,500.00	-		
2042	-	6,137,500.00	-		
	$25,343,937.50	$47,855,000.00	$40,109,075.00	$	$

(1) Does not reflect the refunding of the Prior Bonds from proceeds of the Refunding Bonds.
Source: Fieldman, Rolapp & Associates, Inc.

SECURITY AND SOURCE OF PAYMENT FOR THE REFUNDING BONDS

General

In order to provide sufficient funds for repayment of principal and interest when due on the Refunding Bonds, the Board of Supervisors of the County is empowered and is obligated to levy *ad valorem* taxes upon all property subject to taxation by the District, without limitation as to rate or amount (except as to certain personal property which is taxable at limited rates). Such taxes are in addition to other taxes levied upon property within the District. When collected, the tax revenues will be deposited by the County in the interest and sinking fund of the District, which is required to be maintained by the County and to be used solely for the payment of bonds of the District.

The Refunding Bonds are payable from *ad valorem* taxes to be levied within the District pursuant to the California Constitution and other State law, and are not a debt or obligation of the County. No fund of the County is pledged or obligated to repayment of the Refunding Bonds.

Statutory Lien on Taxes (Senate Bill 222)

Pursuant to Section 53515 of the California Government Code (which became effective on January 1, 2016), all general obligation bonds issued by local agencies, including refunding bonds, will be secured by a statutory lien on all revenues received pursuant to the levy and collection of the tax. Section 53515 provides that the lien will automatically arise, without the need for any action or authorization by the local agency or its governing board, and will be valid and binding from the time the bonds are executed and delivered. Section 53515 further provides that the revenues received pursuant to the levy and collection of the tax will be immediately subject to the lien, and the lien will immediately attach to the revenues and be effective, binding and enforceable against the local agency, its successor, transferees and creditors, and all others asserting rights therein, irrespective of whether those parties have notice of the lien and without the need for physical delivery, recordation, filing or further act.

Pledge of Tax Revenues

The District has pledged all revenues from the property taxes collected from the levy by the Board of Supervisors of the County for the payment of all bonds, including the Refunding Bonds (collectively, the "Bonds"), of the District heretofore or hereafter issued pursuant to voter-approved measures of the District and amounts on deposit in the interest and sinking fund of the District to the payment of the principal or redemption price of and interest on the Bonds. The Resolution provides that the property taxes and amounts held in the interest and sinking fund of the District shall be immediately subject to this pledge, and the pledge shall constitute a lien and security interest which shall immediately attach to the property taxes and amounts held in the interest and sinking fund of the District to secure the payment of the Bonds and shall be effective, binding, and enforceable against the District, its successors, creditors and all others irrespective of whether those parties have notice of the pledge and without the need of any physical delivery, recordation, filing, or further act. The Resolution provides that this pledge constitutes an agreement between the District and the owners of Bonds to provide security for the Bonds in addition to any statutory lien that may exist, and the Bonds secured by the pledge are or were issued to finance (or refinance) one or more of the projects specified in the applicable voter-approved measure.

Property Taxation System

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

Local property taxation is the responsibility of various county officers. School districts whose boundaries extend into more than one county are treated for property tax purposes as separate jurisdictions in each county in which they are located. For each school district located in a county, the county assessor computes the value of locally assessed taxable property. Based on the assessed value of property and the scheduled debt service on outstanding bonds in each year, the county auditor-controller computes the rate of tax necessary to pay such debt service, and presents the tax rolls (including rates of tax for all taxing jurisdictions in the county) to the county board of supervisors for approval. The county treasurer-tax collector prepares and mails tax bills to taxpayers and collects the taxes. Both the county auditor-controller and the county treasurer-tax collector have accounting responsibilities related to the collecting of the property taxes. Once collected, the county auditor-controller apportions and distributes the taxes to the various taxing entities and related funds and accounts. The treasurer-tax collector of the county, the superintendent of schools of which has jurisdiction over the school district, holds school district funds, including taxes collected for payment of school bonds, and is charged with payment of principal and interest on the bonds when due, as ex-officio treasurer of the school district.

Assessed Valuation of Property Within the District

Taxable property located in the District has a fiscal year 2018-19 assessed value of $22,944,302,597. All property (real, personal and intangible) is taxable unless an exemption is granted by the California Constitution or United States law. Under the State Constitution, exempt classes of property include household and personal effects, intangible personal property (such as bank accounts, stocks and bonds), business inventories, and property used for religious, hospital, scientific and charitable purposes. The State Legislature may create additional exemptions for personal property, but not for real property. Most taxable property is assessed by the assessor of the county in which the property is located. Some special classes of property are assessed by the State Board of Equalization, as described below.

Taxes are levied for each fiscal year on taxable real and personal property assessed as of the preceding January 1, at which time the lien attaches. The assessed value is required to be adjusted during the course of the year when property changes ownership or new construction is completed. State law also affords an appeal procedure to taxpayers who disagree with the assessed value of any property. When necessitated by changes in assessed value during the course of a year, a supplemental assessment is prepared so that taxes can be levied on the new assessed value before the next regular assessment roll is completed. See "*– Appeals of Assessed Valuation; Blanket Reductions of Assessed Values*" below.

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

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

The following table sets forth the assessed valuation of the various classes of property in the District's boundaries from fiscal year 2011-12 through 2018-19.

EL DORADO UNION HIGH SCHOOL DISTRICT
(El Dorado County, California)
Assessed Valuations
Fiscal Years 2011-12 through 2018-19

Fiscal Year	Local Secured	Utility	Unsecured	Total
2011-12	$16,874,516,161	$4,067,126	$393,486,497	$17,272,069,784
2012-13	16,852,102,109	4,067,126	402,942,117	17,259,111,352
2013-14	17,001,850,219	4,067,126	394,259,969	17,400,177,314
2014-15	17,935,766,735	4,067,126	405,320,863	18,345,154,724
2015-16	18,895,653,958	1,950,514	411,205,020	19,308,809,492
2016-17	19,966,845,613	1,950,514	418,802,793	20,387,598,920
2017-18	21,208,994,833	1,950,514	393,153,404	21,604,098,751
2018-19	22,497,227,906	1,950,514	445,124,177	22,944,302,597

Source: California Municipal Statistics, Inc.

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

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

The second type of appeal, commonly referred to as a Proposition 8 appeal (which Proposition 8 was approved by the voters in 1978), can result if factors occur causing a decline in the market value of the property to a level below the property's then-current taxable value (escalated base year value). Pursuant to State law, a property owner may apply for a Proposition 8 reduction of the property tax assessment for such owner's property by filing a written application, in the form prescribed by the State Board of Equalization, with the appropriate county board of equalization or assessment appeals board. A property owner desiring a Proposition 8 reduction of the assessed value of such owner's property in any one year must submit an application to the county assessment appeals board (the "Appeals Board"). Following a review of the application by the county assessor's office, the county assessor may offer to the property owner the opportunity to stipulate to a reduced assessment, or may confirm the assessment. If no stipulation is agreed to, and the applicant elects to pursue the appeal, the matter is brought before the Appeals Board (or, in some cases, a hearing examiner) for a hearing and decision. The Appeals Board generally is required to determine the outcome of appeals within two years of each appeal's filing date. Any reduction in the assessment ultimately granted applies only to the year for which application is made and during which the written application is filed. The assessed value increases to its pre-reduction level (such pre-reduction level escalated by the annual inflation rate of no more than 2%) following the year for which the reduction application is filed. However, the county assessor has the power to grant a reduction not only for the year for which application was originally made, but also for the then-current year and any intervening years as well. In practice, such a reduced assessment may and often does remain in effect beyond the year in which it is granted.

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

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

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

Bonding Capacity. As a high school district, the District may issue bonds in an amount up to 1.25% of the assessed valuation of taxable property within its boundaries. The District's fiscal year 2018-19 gross bonding capacity (also commonly referred to as the "bonding limit" or "debt limit") is approximately $286.80 million and its net bonding capacity is approximately $226.55 million (taking into account current outstanding debt before issuance of the Refunding Bonds and not accounting for the refunding of the Prior Bonds). Refunding bonds may be issued without regard to this limitation; however, once issued, the outstanding principal of any refunding bonds is included when calculating the District's bonding capacity.

Assessed Valuation by Jurisdiction. The following table describes a distribution of taxable real property located in the District by jurisdiction.

EL DORADO UNION HIGH SCHOOL DISTRICT
(El Dorado County, California)
2018-19 Assessed Valuation by Jurisdiction

Jurisdiction:	Assessed Valuation in District	% of District	Assessed Valuation of Jurisdiction	% of Jurisdiction in District
City of Placerville	$ 1,129,867,964	4.92%	$ 1,129,867,964	100.00%
Unincorporated El Dorado County	21,814,434,633	95.08	27,359,516,517	79.73
Total District	$22,944,302,597	100.00%		
El Dorado County	$22,944,302,597	100.00%	$33,372,428,240	68.75%

Source: California Municipal Statistics, Inc.

Assessed Valuation by Land Use. The following table sets forth a distribution of taxable property located in the District on the fiscal year 2018-19 tax roll by principal purpose for which the land is used, and the assessed valuation and number of parcels for each use.

EL DORADO UNION HIGH SCHOOL DISTRICT
(El Dorado County, California)
2018-19 Assessed Valuation and Parcels by Land Use

	2018-19 Assessed Valuation[1]	% of Total	No. of Parcels	% of Total
Non-Residential:				
Agricultural/Timber	$ 19,931,812	0.09%	700	1.09%
Commercial	841,991,075	3.74	780	1.22
Vacant Commercial	53,608,801	0.24	268	0.42
Industrial	892,941,327	3.97	846	1.32
Vacant Industrial	61,144,417	0.27	270	0.42
Recreational	144,230,125	0.64	156	0.24
Government/ Social/Institutional	11,128,517	0.05	86	0.13
Miscellaneous	56,726,317	0.25	422	0.66
Subtotal Non-Residential	$ 2,081,702,391	9.25%	3,528	5.51%
Residential:				
Single Family Residence	$18,699,746,816	83.12%	47,150	73.59%
Condominium/Townhouse	99,966,891	0.44	680	1.06
Mobile Home	507,023,505	2.25	3,364	5.25
2-3 Residential Units	116,015,025	0.52	459	0.72
4+ Residential Units/Apartments	333,353,806	1.48	297	0.46
Miscellaneous Residential	45,597,551	0.20	571	0.89
Vacant Residential	613,821,921	2.73	8,024	12.52
Subtotal Residential	$20,415,525,515	90.75%	60,545	94.49%
Total	$22,497,227,906	100.00%	64,073	100.00%

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

Assessed Valuation of Single-Family Homes. The following table sets forth the assessed valuation of single-family homes in the District's boundaries for fiscal year 2018-19, including the median and average assessed valuation of single-family parcels.

EL DORADO UNION HIGH SCHOOL DISTRICT
(El Dorado County, California)
2018-19 Per Parcel Assessed Valuation of Single Family Homes

	Number of Parcels	2018-19 Assessed Valuation	Average Assessed Valuation	Median Assessed Valuation
Single Family Residential	47,150	$18,699,746,816	$396,601	$353,446

2018-19 Assessed Valuation	No. of Parcels[(1)]	% of Total	Cumulative % of Total	Total Valuation	% of Total	Cumulative % of Total
$0 - $49,999	564	1.196%	1.196%	$ 20,021,936	0.107%	0.107%
$50,000 - $99,999	1,823	3.866	5.063	141,154,608	0.755	0.862
$100,000 - $149,999	3,030	6.426	11.489	384,021,623	2.054	2.916
$150,000 - $199,999	4,172	8.848	20.337	731,045,171	3.909	6.825
$200,000 - $249,999	4,821	10.225	30.562	1,086,663,636	5.811	12.636
$250,000 - $299,999	4,652	9.866	40.428	1,276,025,314	6.824	19.460
$300,000 - $349,999	4,241	8.995	49.423	1,375,475,370	7.356	26.815
$350,000 - $399,999	3,921	8.316	57.739	1,468,112,974	7.851	34.666
$400,000 - $449,999	3,581	7.595	65.334	1,521,619,455	8.137	42.803
$450,000 - $499,999	3,225	6.840	72.174	1,530,005,661	8.182	50.985
$500,000 - $549,999	2,988	6.337	78.511	1,566,209,294	8.376	59.361
$550,000 - $599,999	2,526	5.357	83.869	1,449,583,778	7.752	67.113
$600,000 - $649,999	1,899	4.028	87.896	1,183,161,051	6.327	73.440
$650,000 - $699,999	1,365	2.895	90.791	919,867,989	4.919	78.359
$700,000 - $749,999	1,015	2.153	92.944	734,134,044	3.926	82.285
$750,000 - $799,999	741	1.572	94.515	572,661,281	3.062	85.347
$800,000 - $849,999	531	1.126	95.642	437,542,634	2.340	87.687
$850,000 - $899,999	439	0.931	96.573	383,370,822	2.050	89.737
$900,000 - $949,999	296	0.628	97.200	273,153,428	1.461	91.198
$950,000 - $999,999	211	0.448	97.648	205,625,188	1.100	92.298
$1,000,000 and greater	1,109	2.352	100.000	1,440,291,559	7.702	100.000
Total	47,150	100.000%		$18,699,746,816	100.000%	

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

Largest Taxpayers in District. The following table sets forth the 20 taxpayers with the greatest combined ownership of taxable property in the District on the fiscal year 2018-19 tax roll, and the assessed valuation of all property owned by those taxpayers in all taxing jurisdictions within the District.

EL DORADO UNION HIGH SCHOOL DISTRICT
(El Dorado County, California)
Largest 2018-19 Local Secured Taxpayers

	Property Owner	Primary Land Use	2018-19 Assessed Valuation	Percent of Total[(1)]
1.	California Physicians Service	Office Building	$ 59,137,284	0.26%
2.	WIM Core Portfolio Owner	Industrial/Office	56,520,000	0.25
3.	Lennar Homes of CA	Residential Development	51,160,912	0.23
4.	SI 48 LLC	Apartments	35,642,412	0.16
5.	Safeway Inc.	Supermarket	34,995,459	0.16
6.	CSS Properties LLC	Office Building	34,292,294	0.15
7.	Town Center East LP	Shopping Center	31,395,089	0.14
8.	WRI Golden State LLC	Shopping Center	29,863,611	0.13
9.	Oakmont Prop Lesarra	Residential Development	29,651,372	0.13
10.	Sunset Tartesso LLC	Shopping Center	29,131,826	0.13
11.	EDH Retirement Residence	Assisted Living Facility	26,137,478	0.12
12.	Toll CA X	Residential Development	25,799,825	0.11
13.	LBA Realty Fund III	Office Building	24,600,001	0.11
14.	Target Corporation	Shopping Center	24,534,609	0.11
15.	Marketplace at Town Center	Shopping Center	24,420,000	0.11
16.	Sterling Ranch Associates	Apartments	24,000,000	0.11
17.	El Dorado Hills Theatre	Movie Theater	23,511,563	0.10
18.	CPSL SPE LLC	Assisted Living Facility	22,503,554	0.10
19.	Serrano Associates LLC	Residential/Golf	20,504,936	0.09
20.	WFC Cameron Park LLC	Shopping Center	20,106,961	0.09
			$627,909,186	2.79%

(1) 2018-19 Local Secured Assessed Valuation: $22,497,227,906
Source: California Municipal Statistics, Inc.

The more property (by assessed value) owned by a single taxpayer, the more tax collections are exposed to weakness, if any, in such taxpayer's financial situation and ability or willingness to pay property taxes in a timely manner. Furthermore, assessments may be appealed by taxpayers seeking a reduction as a result of economic and other factors beyond the District's control. See *"−Appeals of Assessed Valuation; Blanket Reductions of Assessed Values"* above.

Tax Rates

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

The rate of tax necessary to pay fixed debt service on the Refunding Bonds in a given year depends on the assessed value of taxable property in that year. (The rate of tax imposed on unsecured property for repayment of the Refunding Bonds is based on the prior year's secured property tax rate.) Economic and other factors beyond the District's control, such as a general market decline in property values, reclassification of property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by State and local agencies and property used for qualified educational, hospital, charitable or religious purposes), or the complete or partial destruction of taxable property caused by natural or manmade disaster, such as earthquake, flood, fire, toxic dumping, etc., could cause a reduction in the assessed value of taxable property within the District and necessitate a corresponding increase in the annual tax rate to be levied to pay the principal of and interest on the Refunding Bonds. Issuance of additional authorized bonds in the future might also cause the tax rate to increase.

Typical Tax Rate Area. The following table sets forth *ad valorem* property tax rates for the last five fiscal years in a typical Tax Rate Area of the District (TRA 100-013). This Tax Rate Area comprises approximately 6.41% of the total assessed value of the District for fiscal year 2018-19.

EL DORADO UNION HIGH SCHOOL DISTRICT
(El Dorado County, California)
Typical Total Tax Rates per $100 of Assessed Valuation (TRA 100-013)
Fiscal Years 2014-15 through 2018-19

	2014-15	2015-16	2016-17	2017-18	2018-19
General	1.0000	1.0000	1.0000	1.0000	1.000000
Rescue Union School District	.0319	.0326	.0312	.0294	.026798
El Dorado Union High School District	.0199	.0196	.0183	.0164	.014688
Los Rios Community College District	.0113	.0091	.0141	.0130	.013100
Total All Property	1.0631	1.0613	1.0636	1.0588	1.054586
El Dorado Irrigation District	.0102	.0093	.0089	.0038	.00400
Total Land Only	.0102	.0093	.0089	.0038	.00400

Source: California Municipal Statistics, Inc.

Tax Charges and Delinquencies

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

The county treasurer-tax collector prepares the property tax bills. Property taxes on the regular secured assessment roll are due in two equal installments: the first installment is due on November 1, and becomes delinquent after December 10. The second installment is due on February 1 and becomes delinquent after April 10. If taxes are not paid by the delinquent date, a 10% penalty attaches and a $10.00 cost is added to unpaid second installments. If taxes remain unpaid by June 30, the tax is deemed to be in default, and a $15 state redemption fee applies. Interest then begins to accrue at the rate of 1.5% per month. The property owner has the right to redeem the property by paying the taxes, accrued penalties, and costs within five years of the date the property went into default. If the property is not redeemed within five years, it is subject to sale at a public auction by the county treasurer-tax collector.

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

The date on which taxes on supplemental assessments are due depends on when the supplemental tax bill is mailed.

The following table sets forth real property tax charges and corresponding delinquencies for the District's general obligation bond debt service levy, with respect to the property located in the District, for fiscal years 2013-14 through 2017-18.

EL DORADO UNION HIGH SCHOOL DISTRICT
(El Dorado County, California)
Secured Tax Charges and Delinquencies
Fiscal Years 2013-14 through 2017-18

	Secured Tax Charge[(1)]	Amount Delinquent June 30	% Delinquent June 30
2013-14	$178,419,979.30	$2,119,034.09	1.19%
2014-15	188,923,900.51	2,075,696.07	1.10
2015-16	196,245,925.31	1,187,130.92	0.60
2016-17	208,396,564.61	1,896,299.69	0.91
2017-18	218,499,966.80	2,135,078.29	0.98

(1) All secured *ad valorem* taxes collected by the County for property located within the District except for El Dorado Irrigation District *ad valorem* tax for land only property.
Source: California Municipal Statistics, Inc.

Teeter Plan. The County has adopted the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the "Teeter Plan"), as provided for in Section 4701 and following of the California Revenue and Taxation Code. Under the Teeter Plan, each participating local agency levying property taxes in the County, including the District, receives the full amount of uncollected *ad valorem* secured roll taxes credited to its fund (including delinquent taxes, if any), in the same manner as if the full amount due from taxpayers had been collected. In return, the County receives and retains delinquent payments, penalties and interest as collected that would have been due the local agency. The County applies the Teeter Plan to secured roll taxes levied for repayment of general obligation bonds, inclusive of school and community college district bonds.

The Teeter Plan is to remain in effect unless the Board of Supervisors of the County orders its discontinuance or unless, prior to the commencement of any fiscal year of the County (which commences on July 1), the Board of Supervisors of the County receives a petition for its discontinuance from two-thirds of the participating revenue districts in the County. The Board of Supervisors of the County may also, after holding a public hearing on the matter, discontinue the Teeter Plan with respect to any tax levying agency or assessment levying agency in the County if the rate of secured tax delinquency in that agency in any year exceeds 3% of the total of all taxes and assessments levied on the secured roll in that agency.

Direct and Overlapping Debt

Set forth on the page 23 is a schedule of direct and overlapping debt prepared by California Municipal Statistics Inc. effective April 12, 2019 for debt outstanding as of May 1, 2019. The table is included for general information purposes only. The District has not reviewed this table for completeness or accuracy and makes no representations in connection therewith. The first column in the table names each public agency which has outstanding debt as of the date of the schedule and whose territory overlaps the District in whole or in part. Column two sets forth the percentage of each overlapping agency's assessed value located within the boundaries of the District. This percentage, multiplied by the total outstanding debt of each overlapping agency (which is not set forth in the table) produces the amount set forth in column three, which is the apportionment of each overlapping agency's outstanding debt to taxable property in the District.

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

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EL DORADO UNION HIGH SCHOOL DISTRICT
(El Dorado County, California)
Statement of Direct and Overlapping Bonded Debt

April 12, 2019

2018-19 Assessed Valuation: $22,944,302,597

	% Applicable	Debt 5/1/19
DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:		
Los Rios Community College District	11.729%	$ 46,469,125
El Dorado Union High School District	100.000	60,252,421[1]
Buckeye Union School District	100.000	24,455,000
Camino Union School District	100.000	3,850,000
Gold Oak Union School District	100.000	2,327,344
Gold Trail Union School District	100.000	965,000
Mother Lode Union School District	100.000	7,100,000
Placerville Union School District	100.000	4,299,987
Pollock Pines School District	100.000	4,640,000
Rescue Union School District	100.000	21,155,447
Cameron Park Community Services District	100.000	6,946,000
El Dorado Irrigation District	99.966	244,917
El Dorado County Community Facilities Districts	100.000	115,340,000
Statewide Communities Infrastructure Program (SCIP) 1915 Act Bonds	100.000	12,020,112
Other 1915 Act Bonds	100.000	80,000
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		$310,145,353
DIRECT AND OVERLAPPING GENERAL FUND DEBT:		
El Dorado County Certificates of Participation	68.752%	$ 39,284,893
Sierra Joint Community College District Certificates of Participation	0.001	37
El Dorado Union High School District Certificates of Participation	100.000	6,055,882[2]
Buckeye Union School District Certificates of Participation	100.000	20,155,000
Placerville Union School District General Fund Obligations	100.000	1,450,000
Rescue Union School District Certificates of Participation	100.000	11,905,000
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT		$ 78,850,812
COMBINED TOTAL DEBT		$388,996,165[3]

Ratios to 2018-19 Assessed Valuation:
Direct Debt ($60,252,421) 0.26%
Combined Direct Debt ($66,308,303) 0.29%
Total Direct and Overlapping Tax and Assessment Debt 1.35%
Combined Total Debt 1.70%

(1) Excludes the Refunding Bonds; includes the Prior Bonds.
(2) Excludes the El Dorado Union High School District Refunding Certificates of Participation, Series 2019 (the "Series 2019 Certificates") which the District expects to execute and deliver on or about September 5, 2019. See "District Debt Structure – Certificates of Participation" in Appendix A for more information.
(3) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.
Source: California Municipal Statistics, Inc.

BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the Refunding Bonds, AGM will issue its Policy for the Refunding Bonds. The Policy guarantees the scheduled payment of principal of and interest on the Refunding Bonds when due as set forth in the form of the Policy included as APPENDIX H to this Official Statement.

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

Assured Guaranty Municipal Corp.

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

AGM's financial strength is rated "AA" (stable outlook) by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"), "AA+" (stable outlook) by Kroll Bond Rating Agency, Inc. ("KBRA") and "A2" (stable outlook) by Moody's Investors Service, Inc. ("Moody's"). Each rating of AGM should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AGM in its sole discretion. In addition, the rating agencies may at any time change AGM's long-term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any security guaranteed by AGM. AGM only guarantees scheduled principal and scheduled interest payments payable by the issuer of bonds insured by AGM on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the relevant insurance policy), and does not guarantee the market price or liquidity of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

Current Financial Strength Ratings

On December 21, 2018, KBRA announced it had affirmed AGM's insurance financial strength rating of "AA+" (stable outlook). AGM can give no assurance as to any further ratings action that KBRA may take.

On June 26, 2018, S&P announced it had affirmed AGM's financial strength rating of "AA" (stable outlook). AGM can give no assurance as to any further ratings action that S&P may take.

On May 7, 2018, Moody's announced it had affirmed AGM's insurance financial strength rating of "A2" (stable outlook). AGM can give no assurance as to any further ratings action that Moody's may take.

For more information regarding AGM's financial strength ratings and the risks relating thereto, see AGL's Annual Report on Form 10-K for the fiscal year ended December 31, 2018.

Capitalization of AGM

At March 31, 2019:

- The policyholders' surplus of AGM was approximately $2,523 million.

- The contingency reserves of AGM and its indirect subsidiary Municipal Assurance Corp. ("MAC") (as described below) were approximately $1,054 million. Such amount includes 100% of AGM's contingency reserve and 60.7% of MAC's contingency reserve.

- The net unearned premium reserves and net deferred ceding commission income of AGM and its subsidiaries (as described below) were approximately $1,848 million. Such amount includes (i) 100% of the net unearned premium reserve and deferred ceding commission income of AGM, (ii) the net unearned premium reserves and net deferred ceding commissions of AGM's wholly owned subsidiary Assured Guaranty (Europe) plc ("AGE"), and (iii) 60.7% of the net unearned premium reserve of MAC.

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

Incorporation of Certain Documents by Reference

Portions of the following documents filed by AGL with the Securities and Exchange Commission (the "SEC") that relate to AGM are incorporated by reference into this Official Statement and shall be deemed to be a part hereof:

(i) the Annual Report on Form 10-K for the fiscal year ended December 31, 2018 (filed by AGL with the SEC on March 1, 2019); and

(ii) the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2019 (filed by AGL with the SEC on May 10, 2019).

All consolidated financial statements of AGM and all other information relating to AGM included in, or as exhibits to, documents filed by AGL with the SEC pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, excluding Current Reports or portions thereof "furnished" under Item 2.02 or Item 7.01 of Form 8-K, after the filing of the last document referred to above and before the termination of the offering of the Refunding Bonds shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC's website at **http://www.sec.gov**, at AGL's website at **http://www.assuredguaranty.com**, or will be provided upon request to Assured Guaranty Municipal Corp.: 1633 Broadway, New York, New York 10019, Attention: Communications Department (telephone (212) 974-0100). Except for the information referred to above, no information available on or through AGL's website shall be deemed to be part of or incorporated in this Official Statement.

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

Miscellaneous Matters

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

TAX MATTERS

In the opinion of Orrick, Herrington & Sutcliffe LLP, bond counsel to the District ("Bond Counsel"), based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, and subject to satisfaction of certain conditions and to the occurrence of certain events described herein under the heading "INTRODUCTION – Certain Considerations Regarding Forward Delivery of the Refunding Bonds," interest on the Refunding Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Code and is exempt from State of California personal income taxes. Bond Counsel is of the further opinion that, subject to those same conditions, interest on the Refunding Bonds is not a specific preference item for purposes of the federal alternative minimum tax. A complete copy of the proposed form of opinion of Bond Counsel is set forth in APPENDIX C hereto.

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

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

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

Although Bond Counsel is of the opinion, subject to satisfaction of certain conditions and to the occurrence of certain events described herein under the heading "INTRODUCTION – Certain Considerations Regarding Forward Delivery of the Refunding Bonds," that interest on the Refunding Bonds is excluded from gross income for federal income tax purposes and is exempt from State of California personal income taxes, the ownership or disposition of, or the accrual or receipt of amounts treated as interest on, the Refunding Bonds may otherwise affect a Beneficial Owner's federal, state or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the Beneficial Owner or the Beneficial Owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

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

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

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

OTHER LEGAL MATTERS

Legal Opinion

The validity of the Refunding Bonds and certain other legal matters are subject to the approving opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the District. Bond Counsel expects to deliver an opinion with respect to the Refunding Bonds at the time of issuance substantially in the form set forth in APPENDIX C hereto. Bond Counsel, as such, undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement. Certain legal matters will be passed upon for the District by Orrick, Herrington & Sutcliffe LLP, as Disclosure Counsel to the District, and for the Underwriter by Norton Rose Fulbright US LLP, Los Angeles, California.

Legality for Investment in California

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

Continuing Disclosure

The District has covenanted for the benefit of the holders and Beneficial Owners of the Refunding Bonds to provide, or to cause to be provided, to the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access system or such other electronic system designated by the Municipal Securities Rulemaking Board (the "EMMA System") certain annual financial information and operating data relating to the District (the "Annual Report") by not later than 290 days following the end of the District's fiscal year (currently ending June 30), commencing with the report for the 2019-20 fiscal year (which is due no later than April 15, 2021) and notice of the occurrence of certain enumerated events ("Notice Events") in a timely manner not in excess of ten business days after the occurrence of such a Notice Event. The specific nature of the information to be contained in the Annual Report and the notices of Notice Events is set forth in APPENDIX D − "FORM OF CONTINUING DISCLOSURE CERTIFICATE." These covenants have been made in order to assist the Underwriter in complying with Rule 15c2-12(b)(5) (the "Rule") of the SEC.

Fieldman, Rolapp & Associates, Inc., doing business as Applied Best Practices, currently serves as the District's dissemination agent for each of its continuing disclosure undertakings pursuant to the Rule.

Recent Payment Delinquencies

General Obligation Bonds. On February 1, 2017, there was a payment default with respect to the District's Series 2010 Bonds and Series 2012 Bonds, due to the District's delayed receipt of an invoice from the paying agent (the "Prior Paying Agent") for the Series 2010 Bonds and Series 2012 Bonds. The District received the invoices for the debt service payments on February 1, 2017 and caused such payments to be made to the Prior Paying Agent on February 7, 2017. The Prior Paying Agent made the payments due on the Series 2010 Bonds and the Series 2012 Bonds to DTC on February 10, 2017.

The District cannot provide any assurances as to the timely receipt of invoices in the future. Subsequent to such payment delinquency, the Paying Agent was appointed for the Series 2010 Bonds and the Series 2012 Bonds.

Certificates of Participation. On May 1, 2019, the County issued a check at the request and on behalf of the District for the rental payment related to the District's 2009 Refunding Certificates of Participation (the "2009 Certificates") due on June 1, 2019; however it was not received by the trustee (the "Trustee") for the 2009 Certificates. The Trustee timely made the interest payment evidenced by the 2009 Certificates to DTC, and carried an overdraft balance on the District's account until June 5, 2019, when the District caused the County to reissue the rental payment via an automated clearing house ("ACH") payment to the Trustee.

In order to avoid administrative issues related to check remittance, the District is working with the County to send the future rental payments evidenced by the 2009 Certificates by ACH payment or wire transfer as opposed to issuing a check.

Litigation

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

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

ESCROW VERIFICATION

The arithmetical accuracy of certain computations included in the schedules provided by the Underwriter relating to the computation of projected receipts of principal and interest on the defeasance securities, and the projected payments of principal, redemption premium, if any, and interest to retire the Prior Bonds to be refunded will be verified by Causey, Demgen & Moore P.C., Denver, Colorado (the "Verification Agent"). Such computations will be based solely on assumptions and information supplied by the District and the Underwriter. The Verification Agent will restrict its procedures to verifying the arithmetical accuracy of certain computations and will not make any study to evaluate the assumptions and information on which the computations are based, and will express no opinion on the data used, the reasonableness of the assumptions or the achievability of the projected outcome.

MISCELLANEOUS

Ratings

S&P has assigned its rating of "AA-" to the Refunding Bonds. Rating agencies generally base their ratings on their own investigations, studies and assumptions as well as information and materials furnished to them (which may include information and materials from the District, which are not included in this Official Statement). The rating reflects only the view of the rating agency furnishing the same, and any explanation of the significance of such rating should be obtained only from the rating agency providing the same. Such rating is not a recommendation to buy, sell or hold the Refunding Bonds. There is no assurance that any rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by the rating agency providing the same, if, in the judgment of such rating agency, circumstances so warrant. Any such downward revision or withdrawal of a rating may have an adverse effect on the market price of the Refunding Bonds. Neither the Underwriter nor the District has undertaken any responsibility after the offering of the Refunding Bonds to assure the maintenance of the rating or to oppose any such revision or withdrawal.

In addition, S&P is expected to assign its rating of “AA” to the Refunding Bonds with the understanding that, upon delivery of the Refunding Bonds, the Policy will be delivered by AGM. See “BOND INSURANCE.” Such rating is expected to be assigned solely as a result of the issuance of the Policy and will reflect only the rating agency’s view of the claims-paying ability and financial strength of AGM. Neither the District nor the Underwriter have made any independent investigation of the claims-paying ability of AGM and no representation is made that any insured rating of the Refunding Bonds based upon the purchase of the Policy will remain higher than the rating agency’s underlying rating of the Refunding Bonds described above, which did not take bond insurance into account. The existence of the Policy will not, of itself, negatively affect such underlying rating. Thus, when making an investment decision, potential investors should carefully consider the ability of the District to pay principal and interest on the Refunding Bonds and the claims paying ability of AGM, particularly over the life of the investment. Without regard to any bond insurance, the Refunding Bonds are payable from the proceeds of an *ad valorem* tax approved by the voters of the District pursuant to all applicable laws and constitutional requirements, and required to be levied by the County on property within the District in an amount sufficient for the timely payment of principal of and interest on the Refunding Bonds. See “SECURITY AND SOURCE OF PAYMENT FOR THE REFUNDING BONDS.” However, any downward revision or withdrawal of any rating of AGM may have an adverse effect on the market price or marketability of the Refunding Bonds.

Professionals Involved in the Offering

Orrick, Herrington & Sutcliffe LLP is acting as Bond Counsel and Disclosure Counsel with respect to the Refunding Bonds, and will receive compensation from the District contingent upon the sale and delivery of the Refunding Bonds. Fieldman, Rolapp & Associates, Inc. is acting as the District’s Municipal Advisor with respect to the Refunding Bonds. Norton Rose Fulbright US LLP is acting as Underwriter’s counsel with respect to the Refunding Bonds and will receive compensation from the Underwriter. Payment of the fees and expenses of the Municipal Advisor is also contingent upon the sale and delivery of the Refunding Bonds.

Underwriting

The Refunding Bonds are being purchased for reoffering to the public by Raymond James & Associates, Inc. (the “Underwriter”), pursuant to the terms of the Bond Purchase Agreement, for delivery of the Refunding Bonds on or after May 5, 2020, the Settlement Date. The Underwriter has agreed to purchase the Refunding Bonds at a price of $__________ (representing the aggregate principal amount of the Refunding Bonds, [plus/less] [a/an] [net] original issue [premium/discount] of $__________, and less an Underwriter’s discount of $__________). The Bond Purchase Agreement provides that the Underwriter will purchase all of the Refunding Bonds if any are purchased, subject to certain terms and conditions set forth in the Bond Purchase Agreement. See also “INTRODUCTION – Certain Considerations Regarding Forward Delivery of the Refunding Bonds” herein.

ADDITIONAL INFORMATION

The purpose of this Official Statement is to supply information to purchasers of the Refunding Bonds. Quotations from and summaries and explanations of the Refunding Bonds and of the statutes and documents contained herein do not purport to be complete, and reference is made to such documents and statutes for full and complete statements of their provisions.

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 Refunding Bonds.

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

EL DORADO UNION HIGH SCHOOL DISTRICT

By: ____________________________________
Superintendent

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APPENDIX A

INFORMATION RELATING TO THE DISTRICT'S OPERATIONS AND BUDGET

The information in this appendix concerning the operations of the El Dorado Union High School District (the "District"), the District's finances, and State of California (the "State") funding of education, is provided as supplementary information only, and it should not be inferred from the inclusion of this information in this Official Statement that the principal of or interest on the Refunding Bonds is payable from the general fund of the District or from State revenues. The Refunding Bonds are payable from the proceeds of an ad valorem tax approved by the voters of the District pursuant to all applicable laws and State Constitutional requirements, and required to be levied by the County of El Dorado on property within the District in an amount sufficient for the timely payment of principal of and interest on the Refunding Bonds. See "SECURITY AND SOURCE OF PAYMENT FOR THE REFUNDING BONDS" in the front portion of the Official Statement.

THE DISTRICT

Introduction

The El Dorado Union High School District (the "District") is located in Northern California in the Sierra Nevada foothills between Sacramento and Lake Tahoe. The District was established in 1905 and occupies approximately 1,200 square miles, including portions of the City of Placerville, El Dorado County, California (the "County"), and unincorporated portions of the County. The District operates four comprehensive high schools, one continuation high school, a virtual academy charter school, a career technical/regional occupational program and an independent study program. Total estimated fiscal year 2018-19 enrollment is approximately 6,739 students (not including enrollment at EDUHSD Virtual Academy at Shenandoah Charter School ("Shenandoah Virtual Academy")).

Board of Trustees

The District is governed by a five-member Board of Trustees (the "Board of Trustees"), each member of which is elected by voters within the District to serve four-year terms. Elections for positions to the Board of Trustees are held every two years, alternating between two and three available positions. Each December the Board elects a President and Clerk to serve one-year terms. Current members of the Board of Trustees, together with their office and the date their current term expires, are set forth in the table below.

EL DORADO UNION HIGH SCHOOL DISTRICT
(El Dorado County, California)

Board of Trustees

Name	Office	Term Expires
Timothy M. Cary	President	December 2022
Kevin W. Brown	Clerk	December 2022
David J. Del Rio	Member	December 2020
Lori M. Veerkamp	Member	December 2020
Jessicca K. Rodgers	Member	December 2020

Superintendent and Business Services Personnel

The Superintendent of the District is appointed by the Board of Trustees and reports to the Board of Trustees. The Superintendent is responsible for management of the District's day-to-day operations and supervises the work of other key District administrators. Information concerning the Superintendent and Assistant Superintendent, Business Services is set forth below.

Ron Carruth, Superintendent. Mr. Carruth was appointed to serve as Superintendent of the District in April 2018. Previously, Mr. Carruth served as the Superintendent of the Whittier City School District in Whittier, California for ten years. Mr. Carruth also served as an Assistant Principal, Principal and Assistant Superintendent of Educational Services in the Whittier Union High School District. Mr. Carruth earned his Bachelor of Arts degree in English and Social Studies and his Master's degree in Educational Administration from Azusa Pacific University. In addition, Mr. Carruth earned his Doctorate degree in Organizational Development from the University of La Verne.

Robert Whittenberg, Assistant Superintendent, Business Services. Mr. Whittenberg was appointed to serve as Assistant Superintendent, Business Services of the District in June 2018. Previously, Mr. Whittenberg served as the Director of Business Services and Business Operations for the Whittier Union High School District for 11 years. Mr. Whittenberg also served as a teacher, tennis coach, department chair, and Assistant Principal in the Whitter Union High School District. Mr. Whittenberg is a graduate of the School Business Management Program from the University of Southern California Rossier School of Education. Mr. Whittenberg also holds a Master's degree in Educational Leadership from California Polytechnic State University and a Bachelor of Arts degree in English from Western Washington University.

DISTRICT FINANCIAL MATTERS

State Funding of Education; State Budget Process

General. As is true for all school districts in California, the District's operating income consists primarily of two components: a State portion funded from the State's general fund in accordance with the Local Control Funding Formula (the "Local Control Funding Formula" or "LCFF") (see "− *Allocation of State Funding to School Districts; Local Control Funding Formula*" herein) and a local portion derived from the District's share of the 1% local *ad valorem* tax authorized by the State Constitution (see "− Local Sources of Education Funding" herein). In addition, school districts may be eligible for other special categorical funding from State and federal government programs. The District has estimated to receive approximately 48.67% of its general fund revenues from State funds (not including the local portion derived from the District's share of the local *ad valorem* tax), estimated at approximately $37.24 million in fiscal year 2018-19. Such amount includes both the State funding provided under the LCFF as well as other State revenues (see "−*Allocation of State Funding to School Districts; Local Control Funding Formula*," and "–*Attendance and LCFF*" and "Other District Revenues – *Other State Revenues*" below). As a result, decreases or deferrals in State revenues, or in State legislative appropriations made to fund education, may significantly affect the District's revenues and operations.

Under Proposition 98, a constitutional and statutory amendment adopted by the State's voters in 1988 and amended by Proposition 111 in 1990 (now found at Article XVI, Sections 8 and 8.5 of the Constitution), a minimum level of funding is guaranteed to school districts, community college districts, and other State agencies that provide direct elementary and secondary instructional programs. Recent years have seen frequent disruptions in State personal income taxes, sales and use taxes, and corporate taxes, making it increasingly difficult for the State to meet its Proposition 98 funding mandate, which normally commands about 45% of all State general fund revenues, while providing for other fixed State costs and priority programs and services. Because education funding constitutes such a large part of the State's general fund expenditures, it is generally at the center of annual budget negotiations and adjustments.

In connection with the State Budget Act for fiscal year 2013-14, the State and local education agencies therein implemented the LCFF. Funding from the LCFF replaced the revenue limit funding system and most categorical programs. See "*– Allocation of State Funding to School Districts; Local Control Funding Formula*" herein for more information.

State Budget Process. According to the State Constitution, the Governor must propose a budget to the State Legislature no later than January 10 of each year, and a final budget must be adopted no later than June 15. The budget requires a simple majority vote of each house of the State Legislature for passage. The budget becomes law upon the signature of the Governor, who may veto specific items of expenditure. A two–thirds vote of the State Legislature is required to override any veto by the Governor. School district budgets must generally be adopted by July 1, and revised by the school board within 45 days after the Governor signs the budget act to reflect any changes in budgeted revenues and expenditures made necessary by the adopted State budget. The Governor signed the fiscal year 2018-19 State budget on June 27, 2018.

When the State budget is not adopted on time, basic appropriations and the categorical funding portion of each school district's State funding are affected differently. Under the rule of *White v. Davis* (also referred to as *Jarvis v. Connell*), a State Court of Appeal decision reached in 2002, there is no constitutional mandate for appropriations to school districts without an adopted budget or emergency appropriation, and funds for State programs cannot be disbursed by the State Controller until that time, unless the expenditure is (i) authorized by a continuing appropriation found in statute, (ii) mandated by the State Constitution (such as appropriations for salaries of elected State officers), or (iii) mandated by federal law (such as payments to State workers at no more than minimum wage). The State Controller has consistently stated that basic State funding for schools is continuously appropriated by statute, but that special and categorical funds may not be appropriated without an adopted budget. Should the State Legislature fail to pass a budget or emergency appropriation before the start of any fiscal year, the District might experience delays in receiving certain expected revenues. The District is authorized to borrow temporary funds to cover its annual cash flow deficits, and as a result of the *White v. Davis* decision, the District might find it necessary to increase the size or frequency of its cash flow borrowings, or to borrow earlier in the fiscal year. The District does not expect the *White v. Davis* decision to have any long-term effect on its operating budgets.

Aggregate State Education Funding. The Proposition 98 guaranteed amount for education is based on prior-year funding, as adjusted through various formulas and tests that take into account State proceeds of taxes, local property tax proceeds, school enrollment, per-capita personal income, and other factors. The State's share of the guaranteed amount is based on State general fund tax proceeds and is not based on the general fund in total or on the State budget. The local share of the guaranteed amount is funded from local property taxes. The total guaranteed amount varies from year to year and throughout the stages of any given fiscal year's budget, from the Governor's initial budget proposal to actual expenditures to post-year-end revisions, as better information regarding the various factors becomes available. Over the long run, the guaranteed amount will increase as enrollment and per capita personal income grow.

If, at year-end, the guaranteed amount is calculated to be higher than the amount actually appropriated in that year, the difference becomes an additional education funding obligation, referred to as "settle-up." If the amount appropriated is higher than the guaranteed amount in any year, that higher funding level permanently increases the base guaranteed amount in future years. The Proposition 98 guaranteed amount is reduced in years when general fund revenue growth lags personal income growth, and may be suspended for one year at a time by enactment of an urgency statute. In either case, in subsequent years when State general fund revenues grow faster than personal income (or sooner, as the Legislature may determine), the funding level must be restored to the guaranteed amount, the obligation to do so being referred to as "maintenance factor."

Although the California Constitution requires the State to approve a balanced State Budget Act each fiscal year, the State's response to fiscal difficulties in some years has had a significant impact upon the Proposition 98 minimum guarantee and the treatment of settle-up payments with respect to years in which the Proposition 98 minimum guarantee was suspended. The State has sought to avoid or delay paying settle-up amounts when funding has lagged the guaranteed amount. In response, teachers' unions, the State Superintendent and others sued the State or Governor in 1995, 2005, 2009 and 2011 to force them to fund schools in the full amount required. The settlement of the 1995 and 2005 lawsuits has so far resulted in over $4 billion in accrued State settle-up obligations. However, legislation enacted to pay down the obligations through additional education funding over time, including the Quality Education Investment Act of 2006, have also become part of annual budget negotiations, resulting in repeated adjustments and deferrals of the settle-up amounts.

The State has also sought to preserve general fund cash while avoiding increases in the base guaranteed amount through various mechanisms: by treating any excess appropriations as advances against subsequent years' Proposition 98 minimum funding levels rather than current year increases; by temporarily deferring apportionments of Proposition 98 funds from one fiscal year to the next; by permanently deferring apportionments of Proposition 98 funds from one fiscal year to the next; by suspending Proposition 98, as the State did in fiscal year 2004-05, fiscal year 2010-11, fiscal year 2011-12 and fiscal year 2012-13; and by proposing to amend the State Constitution's definition of the guaranteed amount and settle-up requirement under certain circumstances.

The District cannot predict how State income or State education funding will vary over the term to maturity of the Refunding Bonds, and the District takes no responsibility for informing owners of the Refunding Bonds as to actions the State Legislature or Governor may take affecting the current year's budget after its adoption. Information about the State budget and State spending for education is regularly available at various State-maintained websites. Text of proposed and adopted budgets may be found at the website of the Department of Finance, **www.dof.ca.gov**, under the heading "California Budget." An impartial analysis of the budget is posted by the Office of the Legislative Analyst at **www.lao.ca.gov**. In addition, various State of California official statements, many of which contain a summary of the current and past State budgets and the impact of those budgets on school districts in the State, may be found at the website of the State Treasurer, **www.treasurer.ca.gov**. The information referred to is prepared by the respective State agency maintaining each website and not by the District, and the District can take no responsibility for the continued accuracy of these internet addresses or for the accuracy, completeness or timeliness of information posted there, and such information is not incorporated herein by these references.

2018-19 State Budget. The Governor signed the fiscal year 2018-19 State Budget (the "2018-19 State Budget") on June 27, 2018. The 2018-19 State Budget sets forth a balanced budget for fiscal year 2018-19 that projects approximately $133.33 billion in revenues, and $83.82 billion in non-Proposition 98 expenditures and $54.87 billion in Proposition 98 expenditures. The 2018-19 State Budget includes a $1.96 billion reserve in the Special Fund for Economic Uncertainties. The 2018-19 State Budget uses dedicated proceeds from Proposition 2 to pay down approximately $1.75 billion in past budgetary borrowing and State employee pension liabilities. The 2018-19 State Budget includes total funding of $97.2 billion ($56.1 billion State general fund and $41.1 billion other funds) for all kindergarten through grade 12 ("K-12") education programs. The 2018-19 State Budget provides $3.7 billion in new funding for the LCFF, which fully implements the school district and charter school formula two years earlier than originally scheduled, including both a 2.71% cost of living adjustment and an additional $570 million above the cost of living adjustment as an ongoing increase to the formula. The 2018-19 State Budget also provides $300 million one-time Proposition 98 general fund resources for the Low-Performing Students Block Grant, which will provide resources in addition to LCFF funds to local educational agencies with students who perform at the lowest levels on the State's academic assessments and do not generate supplemental LCFF funds or State or federal special education resources.

Certain budgeted adjustments for K-12 education set forth in the 2018-19 State Budget include the following:

- Statewide System of Support. The 2018-19 State Budget includes $57.8 million in Proposition 98 general fund resources for county offices of education to provide technical assistance to school districts, of which $4 million will go towards geographical regional leads to build systemwide capacity to support school district improvement.

- Multi-Tiered Systems of Support (MTSS). The 2018-19 State Budget includes $15 million one-time Proposition 98 general fund resources to expand the State's MTSS framework to foster positive school climate in both academic and behavioral areas.

- Community Engagement Initiative. The 2018-19 State Budget includes $13.3 million one-time Proposition 98 general fund resources for the California Collaborative for Educational Excellence and a co-lead county office of education to help school districts build capacity for community engagement in the local control and accountability plan ("LCAP") process.

- California Collaborative for Educational Excellence. The 2018-19 State Budget includes $11.5 million Proposition 98 general fund resources to support the California Collaborative for Educational Excellence in its role within the statewide system of support.

- Special Education Local Plan Area (SELPA) Technical Assistance. The 2018-19 State Budget includes $10 million Proposition 98 general fund resources for SELPAs to assist county offices of education in providing technical assistance to school districts identified for differentiated assistance (specific to students with exceptional needs) within the statewide system of support.

- Strong Workforce Program. The 2018-19 State Budget includes $164 million ongoing Proposition 98 general fund resources to establish a K-12 specific component within the Strong Workforce Program designed to encourage local educational agencies to offer high-quality career technical education programs that are aligned with needed industry skills and regional workforce development efforts occurring through the existing Strong Workforce Program.

- Career Technical Education Incentive Grant Program. The 2018-19 State Budget includes $150 million ongoing Proposition 98 general fund resources to make permanent the Career Technical Education Incentive Grant Program.

- Inclusive Early Education Expansion Program. The 2018-19 State Budget creates the Inclusive Early Education Expansion Program, providing $167.2 million one-time Proposition 98 general fund resources through a competitive grant program to increase the availability of inclusive early education and care for children aged zero to five years old, especially in low-income areas and in areas with relatively low access to care.

The complete 2018-19 State Budget is available from the California Department of Finance website at **www.dof.ca.gov**. The District can take no responsibility for the continued accuracy of this internet address or for the accuracy, completeness or timeliness of information posted therein, and such information is not incorporated herein by such reference.

Proposed 2019-20 State Budget. The Governor released his proposed State budget for fiscal year 2019-20 (the "Proposed 2019-20 State Budget") on January 10, 2019. The Proposed 2019-20 State Budget sets forth a balanced budget for fiscal year 2019-20. However, the Governor cautions that there are uncertainties that must be considered as the budget is revised, including the impact of the global political and economic climate, changes to federal policy, rising costs and risk of recession. The Proposed 2019-20 State Budget estimates that total resources available in fiscal year 2018-19 totaled approximately $149.32 billion (including a prior year balance of approximately $12.38 billion) and total expenditures in fiscal year 2018-19 totaled approximately $144.08 billion. The Proposed 2019-20 State Budget projects total resources available for fiscal year 2019-20 of approximately $147.86 billion, inclusive of revenues and transfers of approximately $142.62 billion and a prior year balance of $5.24 billion. The Proposed 2019-20 State Budget projects total expenditures of $144.20 billion, inclusive of non-Proposition 98 expenditures of approximately $88.90 billion and Proposition 98 expenditures of approximately $55.30 billion. The Proposed 2019-20 State Budget proposes to allocate approximately $1.39 billion of the general fund's projected fund balance to the Reserve for Liquidation of Encumbrances and $2.28 billion of such fund balance to the State's Special Fund for Economic Uncertainties. In addition, the Proposed 2019-20 State Budget estimates the Rainy Day Fund will have a fund balance of $15.30 billion.

Certain budgeted adjustments for K-12 education set forth in the Proposed 2019-20 State Budget include the following:

- Local Control Funding Formula. The Proposed 2019-20 State Budget includes an increase of $2 billion in Proposition 98 general fund resources for the LCFF.

- CalSTRS Pension Costs. The Proposed 2019-20 State Budget includes a $3 billion one-time payment of non-Proposition 98 general fund resources to CalSTRS to reduce long-term liabilities for local educational agencies and community colleges, of which $700 million will go towards buying down employer contribution rates in fiscal years 2019-20 and 2020-21. The remaining $2.3 billion will be allocated to the employers' long-term unfunded liability.

- Statewide System of Support. The Proposed 2019-20 State Budget includes an increase of $20.2 million of Proposition 98 general fund resources for county offices of education to provide technical assistance to school districts, consistent with the formula adopted in the 2018-19 State Budget.

- Special Education. The Proposed 2019-20 State Budget includes $576 million of Proposition 98 general fund resources, of which $186 million is on a one-time basis, to support expanded special education services and school readiness supports at local educational agencies with high percentages of both students with disabilities and unduplicated students who are low-income, youth in foster care, and English language learners.

- Access to Full-Day Kindergarten Programs. The Proposed 2019-20 State Budget includes an increase of $750 million of one-time non-Proposition 98 general fund resources to increase participation in kindergarten programs by constructing new or retrofitting existing facilities for full-day kindergarten programs.

- Longitudinal Education Data. The Proposed 2019-20 State Budget includes an increase of $10 million of one-time non-Proposition 98 general fund resources for the development of a longitudinal data system to improve coordination across educational data systems and track the impact of state investments on achieving educational goals. This system will host student information from early education providers, K-12 schools, higher education institutions, employers, other workforce entities, and health and human services agencies. Stakeholder meetings will be held to consider data reliability and ways to improve data quality at each education segment.

- Proposition 98 Certification. The Proposed 2019-20 State Budget proposes to revise the Proposition 98 certification process to eliminate the cost allocation schedule and prohibit the State from adjusting Proposition 98 funding levels for a prior fiscal year in order to protect local educational agencies from unanticipated revenue drops in past fiscal years.

- School District Average Daily Attendance. The Proposed 2019-20 State Budget includes a decrease of $388 million of Proposition 98 general fund resources in 2018-19 for school districts as a result of a decrease in projected average daily attendance from the 2018-19 State Budget, and a decrease of $187 million of Proposition 98 general fund resources in 2019-20 for school districts as a result of further projected decline in average daily attendance for 2019-20.

- Local Property Tax Adjustments. The Proposed 2019-20 State Budget includes a decrease of $283 million of Proposition 98 general fund resources for school districts and county offices of education in 2018-19 as a result of higher offsetting property tax revenues, and a decrease of $1.25 billion of Proposition 98 general fund resources for school districts and county offices of education in 2019-20 as a result of increased offsetting property taxes

- Cost-of-Living Adjustments. The Proposed 2019-20 State Budget includes an increase of $187 million of Proposition 98 general fund resources to support a 3.46% cost-of-living adjustment for categorical programs that remain outside of the LCFF, including Special Education, Child Nutrition, State Preschool, Youth in Foster Care, the Mandates Block Grant, American Indian Education Centers, and the American Indian Early Childhood Education Program.

- CalWORKs Stages 2 and 3 Child Care. The Proposed 2019-20 State Budget includes a net increase of $119.4 million of non-Proposition 98 general fund resources in 2019-20 to reflect increases in the number of CalWORKs child care cases. Total costs for Stage 2 and Stage 3 child care are $597 million and $482.2 million, respectively.

- Full-Year Implementation of Prior Year State Preschool Slots. The Proposed 2019-20 State Budget includes an increase of $26.8 million of Proposition 98 general fund resources to reflect full-year costs of 2,959 full-day State Preschool slots implemented part-way through fiscal year 2018-19.

- County Offices of Education. The Proposed 2019-20 State Budget includes an increase of $9 million of Proposition 98 general fund resources for county offices of education to reflect a 3.46% cost-of-living adjustment and average daily attendance changes applicable to the LCFF.

- Emergency Readiness, Response and Recovery Grant. The Proposed 2019-20 State Budget includes an increase of $50 million of one-time non-Proposition 98 general fund resources to commence a comprehensive, statewide education campaign on disaster preparedness and safety.

The complete Proposed 2019-20 State Budget is available from the California Department of Finance website at **www.dof.ca.gov**. The District can take no responsibility for the continued accuracy of this internet address or for the accuracy, completeness or timeliness of information posted therein, and such information is not incorporated herein by such reference.

LAO Overview of Proposed 2019-20 State Budget. The Legislative Analyst's Office ("LAO"), a nonpartisan State office which provides fiscal and policy information and advice to the State Legislature, released its report on the Proposed 2019-20 State Budget entitled "The 2019-20 Budget: Overview of the Governor's Budget" on January 14, 2019 (the "2019-20 Proposed Budget Overview"). In the 2019-20 Proposed Budget Overview, the LAO summarizes the condition of the Proposed 2019-20 State Budget in light of uncertainties such as market volatility, rising costs and risk of recession. The LAO also highlights key features of the Proposed 2019-20 State Budget, which include prioritizing debt repayments and one-time programmatic spending and the early introduction of new policy goals.

The LAO notes that the Proposed 2019-20 State Budget is in a positive position, based in large part on the availability of significant discretionary resources in the amount of $20.6 billion. The LAO explains that this is due to the administration's higher revenue assumptions and lower-than-expected spending in health and human services programs. The LAO anticipates that capital gains revenues will likely be lower than the Proposed 2019-20 State Budget assumes due to the recent volatility of the financial market, including the sharp decline in stock prices at the end of 2018. However, the LAO suggests that any losses in capital gains revenues would likely be off-set by lower constitutionally required spending and reserve deposits. As a result, the LAO explains that under current conditions, the net effect on discretionary resources would be less than the full revenue decline. Although the LAO maintains a positive outlook on the Proposed 2019-20 State Budget, the LAO recognizes that the current financial market and economic conditions can change significantly and affect revenues in the May Revision of the Proposed 2019-20 State Budget.

The LAO summarizes that the Proposed 2019-20 State Budget allocates $20.6 billion in discretionary resources among a variety of priorities, including $9.7 billion for reducing debts and liabilities on a one-time basis, $5.1 billion for programmatic spending on a one-time basis, $2.7 billion for ongoing spending and $3 billion for reserves. The LAO points out that the Proposed 2019-20 State Budget uses a significant portion of discretionary resources for debt repayment and prioritizes one-time spending for programmatic expansions. The LAO finds this allocation prudent even though the Proposed 2019-20 State Budget apportions a smaller share of resources for reserves than recent budgets. The LAO explains that this approach benefits the budget in future years and in some cases reduces ongoing spending growth.

The LAO notes that the Proposed 2019-20 State Budget apportions $2.7 billion for ongoing spending, which will reach an estimated $3.5 billion under full implementation as costs grow over time. The LAO explains that these expenditure levels are in line with estimates of available ongoing resources. However, the LAO cautions that these costs could grow due to various uncertainties not captured in the spending proposals, such as increased costs for CalWORKs grants in case of recession and costs for disaster mitigation, response and recovery. The LAO further notes that while the Proposed 2019-20 State Budget includes mostly one-time spending for these purposes, they are more likely to be ongoing costs.

The LAO explains that the Proposed 2019-20 State Budget establishes a number of policy goals, including developing a plan for implementing universal preschool, negotiating existing state prescription drug prices and reviewing related negotiation and procurement practices, and expanding paid family leave. The LAO notes that these proposals are still in the process of development and, therefore, are not reflected in the administration's budget bottom line. The LAO finds that by proposing these policy goals at the beginning of the budget process, the Governor gives the State Legislature the opportunity to collaborate with the administration to shape these policies.

The 2019-20 Proposed Budget Overview is available on the LAO website at **www.lao.ca.gov**. The District can take no responsibility for the continued accuracy of this internet address or for the accuracy, completeness or timeliness of information posted therein, and such information is not incorporated herein by such reference.

May Revision to the 2019-20 Proposed State Budget. The Governor released the May Revision to the proposed fiscal year 2019-20 State budget (the "2019-20 May Revision") on May 9, 2019. The 2019-20 May Revision proposes a balanced budget for fiscal year 2019-20. The 2019-20 May Revision projects an increase of $3.2 billion in short-term general fund revenues as compared to the Proposed 2019-20 State Budget. However, most of the increased revenues are constitutionally obligated to reserves, debt repayments and schools. Therefore, the budget surplus remains relatively unchanged. The 2019-20 May Revision estimates that total resources available in fiscal year 2018-19 will be approximately $149.47 billion (including revenues and transfers of $138.05 billion and a prior year balance of $11.42 billion) and total expenditures in fiscal year 2018-19 will be approximately $143.24 billion. The 2019-20 May Revision projects total resources available for fiscal year 2019-20 of approximately $150.06 billion, inclusive of revenues and transfers of approximately $143.84 billion and a prior year balance of approximately $6.22 billion. The 2019-20 May Revision projects total expenditures of approximately $147.03 billion, inclusive of non-Proposition 98 expenditures of $91.13 billion and Proposition 98 expenditures of $55.90 billion. The 2019-20 May Revision proposes to allocate approximately $1.39 billion of the State general fund's projected fund balance to the Reserve for Liquidation of Encumbrances and approximately $1.65 billion of such fund balance to the State's special fund for economic uncertainties. In addition, the 2019-20 May Revision estimates that the State's Proposition 2 rainy day fund (the "Rainy Day Fund") will have a fund balance of approximately $16.52 billion.

The 2019-20 May Revision assumes slow economic expansion and a balanced budget through fiscal year 2019-20, although its forecasts are limited by growing uncertainty related to the global political and economic climate, federal policies, rising costs and the duration of the current economic expansion. The 2019-20 May Revision projects that the Rainy Day Fund will reach its maximum of 10% of general fund revenues in fiscal year 2020-21. By the end of fiscal year 2022-23, the 2019-20 May Revision projects that the Rainy Day Fund balance will have a balance of $18.7 billion.

The 2019-20 May Revision includes total funding of $101.8 billion for all K-12 education programs, including $58.9 billion from the general fund and $42.9 billion from other funds.

Certain adjustments and budgetary proposals for K-12 education set forth in the 2019-20 May Revision include the following:

- Proposition 98 Minimum Guarantee. The 2019-20 May Revision projects increased Proposition 98 funding by $78.4 million in fiscal year 2017-18, $278.8 million in fiscal year 2018-19 and $389.3 million in fiscal year 2019-20, due to increase in general fund revenues, an increase in the minimum guarantee funding level in fiscal year 2017-18 and a slightly slower decline in ADA than projected in the Proposed 2019-20 State Budget.

- Public School System Stabilization Account. For the first time, the 2019-20 May Revision projects that a deposit is required to the Public School System Stabilization Account in the amount of $389.3 million in Proposition 98 resources.

- Special Education. The 2019-20 May Revision proposes to allocate $696.2 million in ongoing Proposition 98 general fund resources to special education, $119.2 million more than set forth in the Proposed 2019-20 State Budget, to increase coordination between local general education and special education programs, and for program governance and accountability for special education student outcomes.

- Retaining Well-Prepared Educators. The 2019-20 May Revision includes $89.8 million in one-time non-Proposition 98 general fund resources for loan repayments of newly credentialed teachers to work in high-need schools. The 2019-20 May Revision also includes $44.8 million in one-time non-Proposition 98 general fund resources to provide training and resources for classroom educators, including teachers and paraprofessionals, and $13.9 million in ongoing federal funds for professional learning opportunities for public school administrators supporting diverse student populations in State public schools.

- Access to Computer Science Education. The 2019-20 May Revision includes $15 million in one-time Proposition 98 general fund resources for broadband infrastructure and $1 million in one-time non-Proposition 98 general fund resources for the State Board of Education to establish a State Computer Science Coordinator.

- CalSTRS Employer Contribution Rate. The 2019-20 May Revision includes $150 million in one-time non-Proposition 98 general fund resources to reduce the employer contribution rate to 16.7% in fiscal year 2019-20.

- Local Control Funding Formula Adjustments. The 2019-20 May Revision proposes an increase of $70 million in Proposition 98 general fund resources in fiscal year 2018-19 and a decrease of $63.9 million in Proposition 98 general fund resources in fiscal year 2019-20 for school districts, charter schools and county offices of education to reflect changes in ADA and cost-of-living in fiscal year 2019-20 that affect the LCFF calculation.

- Classified School Employees Summer Assistance Program. The 2019-20 May Revision includes an increase of $36 million in one-time Proposition 98 general fund resources to provide an additional year of funding for the Classified School Employees Summer Assistance Program, which provides a State match for classified employee savings used to provide income during summer months.

- Local Property Tax Adjustments. The 2019-20 May Revision proposes an increase of $146.6 million of Proposition 98 general fund resources in fiscal year 2018-19 and $142.1 million in fiscal year 2019-20 for school districts, special education local plan areas, and county offices of education as a result of lower offsetting property tax revenues in these years.

- Wildfire-Related Cost Adjustments. The 2019-20 May Revision proposes an increase of $2 million in one-time Proposition 98 general fund resources to reflect adjustments in the estimate for property tax backfill for basic aid school districts impacted by wildfires in 2017 and 2018. The 2019-20 May Revision also proposes an increase of $727,000 in one-time Proposition 98 general fund resources to reflect adjustments to the State's student nutrition programs resulting from wildfire-related losses.

- Categorical Program Cost-of-Living Adjustments. The 2019-20 May Revision proposes to decrease the Proposition 98 general fund by $7.4 million for selected categorical programs during fiscal year 2019-20. Such decrease reflects a change in the cost-of-living set forth in the Proposed 2019-20 State Budget of 3.46% to 3.26% in the 2019-20 May Revision.

- Categorical Program Growth. The 2019-20 May Revision proposes to increase the Proposition 98 general fund by $7.6 million for selected categorical programs, based on updated estimates of ADA growth.

The complete 2019-20 May Revision is available from the California Department of Finance website at **www.dof.ca.gov**. The District can take no responsibility for the continued accuracy of this internet address or for the accuracy, completeness or timeliness of information posted therein, and such information is not incorporated herein by such reference.

LAO Analysis of the May Revision of 2019-20 Proposed State Budget Education Proposals. The LAO released its analyses of the education proposals included in the 2019-20 May Revision entitled, "Overview of the May Revision Proposition 98 Package" on May 13, 2019 and "The 2019-20 May Revision: Analysis of the May Revision Education Proposals" on May 15, 2019 (together, the "May Revise Analysis"). In the May Revise Analysis, the LAO notes that the 2019-20 May Revision contains many new policy proposals and major revisions to the Proposed 2019-20 State Budget. The LAO highlights large policy proposals in the 2019-20 May Revision, which include creating an emergency child care program, creating rapid re-housing programs for homeless college students and offering loan forgiveness to teachers working in shortage areas. The LAO also summarizes major modifications to the Proposed 2019-20 State Budget, which include reducing proposed funding for kindergarten facility grants and increasing ongoing funding for special education concentration grants.

The LAO explains that the 2019-20 May Revision calculations of the Proposition 98 minimum guarantee are reasonable. Compared to the 2019-20 May Revision, the LAO estimates general fund revenues to be $200 million lower in fiscal year 2017-18 and $400 million higher in fiscal years 2018-19 and 2019-20, primarily due to the availability of more recent data. The LAO estimates local property tax revenues to be comparable in fiscal year 2017-18 and $134 million higher than the administration's estimates across fiscal years 2018-19 and 2019-20 combined. The LAO points out that these differences are minor. The LAO notes that its estimate of the Proposition 98 minimum guarantee is identical to the administration's estimates in fiscal year 2017-18 and only $250 million higher across fiscal years 2018-19 and 2019-20 combined. As a result, the LAO finds that the administration's estimates of the Proposition 98 minimum guarantee are reasonable and appropriate for budget deliberations.

The LAO notes that the 2019-20 May Revision contemplates a $389 million deposit in the Rainy Day Fund. The LAO finds this calculation to be consistent with the administration's estimate of the relevant factors. The LAO explains that although a $389 million deposit is relatively small compared to the Proposition 98 minimum guarantee, the reserve could provide fiscal relief during recessions and periods in which districts face greater difficulty balancing their local budgets.

The LAO notes that the Proposed 2019-20 State Budget created a deficit in the Proposition 98 minimum guarantee budget for fiscal year 2020-21 by allocating nearly $80 million in one-time funds to pay for ongoing programs. The LAO points out that the 2019-20 May Revision eliminates this deficit. The LAO explains that although the 2019-20 May Revision relies upon $250 million in one-time funds to pay for ongoing programs, it also contains $400 million in one-time allocations, mainly deposited in the Rainy Day Fund. The LAO calculates that these allocations provide the Proposition 98 minimum guarantee a net surplus of about $150 million in fiscal year 2020-2021. The LAO cautions, however, that the $150 million cushion is the smallest it has been in seven years. The LAO points out that over the past six years, the State has set aside an average of $700 million each year for one-time activities (excluding settle-up payments and repurposing unspent prior-year funds). The LAO warns that even a modest recession could reduce the

Proposition 98 minimum guarantee by a few billion dollars and quickly deplete the $150 million cushion. As a result, the LAO suggests that the State Legislature shift even more funding toward one-time activities in its final budget package.

The LAO notes that the 2019-20 May Revision proposes to increase ongoing funding for special education grants. The LAO cautions that this proposal may conflict with its intended goal of reducing the number of students identified for special education services. The LAO points out that funding is based in part on the number of students identified with a disability and school districts with above-average identification rates would benefit, while school districts that successfully reduce identification rates would lose substantial funding. The LAO suggests that the State Legislature focus instead on equalizing existing special education funding rates or modifying the special education funding formula to allocate funding specifically for preschool special education, a service that schools are required to provide, but for which they currently receive no State funding.

According to the LAO, the 2019-20 May Revision proposes to limit eligibility for kindergarten facility grants to school districts that are converting their part-day program to a full-day program. The LAO finds this approach reasonable since the recipients of kindergarten facility grants in fiscal year 2018-19 were primarily school districts that already had full-day programs. The LAO explains that the 2019-20 May Revision also proposes to lower the required local match for kindergarten facility grants in order to encourage low-income school districts to apply. Although the LAO suggests that these policy modifications further the State's goal to increase full-day kindergarten programs, the LAO questions whether the proposed funding level of $600 million is too high and overestimates the number of eligible school districts interested in converting their programs.

The May Revise Analysis is available on the LAO website at **www.lao.ca.gov**. The District can take no responsibility for the continued accuracy of this internet address or for the accuracy, completeness or timeliness of information posted therein, and such information is not incorporated herein by such reference.

Changes in State Budget. The final fiscal year 2019-20 State budget, which requires approval by a majority vote of each house of the State Legislature, may differ substantially from the Governor's budget proposal. Accordingly, the District cannot provide any assurances that there will not be any changes in the final fiscal year 2019-20 State budget from the Proposed 2019-20 State Budget or the May revision of the Proposed 2019-20 State Budget. Additionally, the District cannot predict the impact that the final fiscal year 2019-20 State budget, or subsequent budgets, will have on its finances and operations. The final fiscal year 2019-20 State budget may be affected by national and State economic conditions and other factors which the District cannot predict.

Future Budgets and Budgetary Actions. The District cannot predict what future actions will be taken by the State Legislature and the Governor to address changing State revenues and expenditures or the impact such actions will have on State revenues available in the current or future years for education. The State budget will be affected by national and State economic conditions and other factors beyond the District's ability to predict or control. Certain actions could result in a significant shortfall of revenue and cash, and could impair the State's ability to fund schools during fiscal year 2019-20 and in future fiscal years. Certain factors, like an economic recession, could result in State budget shortfalls in any fiscal year and could have a material adverse financial impact on the District. As the Refunding Bonds are payable from *ad valorem* property taxes, the State budget is not expected to have an impact on the payment of the Refunding Bonds.

Prohibitions on Diverting Local Revenues for State Purposes. Beginning in 1992-93, the State satisfied a portion of its Proposition 98 obligations by shifting part of the property tax revenues otherwise belonging to cities, counties, special districts, and redevelopment agencies, to school and community college districts through a local Educational Revenue Augmentation Fund ("ERAF") in each county. Local agencies, objecting to invasions of their local revenues by the State, sponsored a statewide ballot initiative intended to eliminate the practice. In response, the State Legislature proposed an amendment to the State Constitution, which the State's voters approved as Proposition 1A at the November 2004 election. That measure was generally superseded by the passage of an initiative constitutional amendment at the November 2010 election, known as "Proposition 22."

The effect of Proposition 22 is to prohibit the State, even during a period of severe fiscal hardship, from delaying the distribution of tax revenues for transportation, redevelopment, or local government projects and services. It prevents the State from redirecting redevelopment agency property tax increment to any other local government, including school districts, or from temporarily shifting property taxes from cities, counties and special districts to schools, as in the ERAF program. This is intended to, among other things, stabilize local government revenue sources by restricting the State's control over local property taxes. One effect of this amendment has been to deprive the State of fuel tax revenues to pay debt service on most State bonds for transportation projects, reducing the amount of State general fund resources available for other purposes, including education.

Prior to the passage of Proposition 22, the State invoked Proposition 1A to divert $1.935 billion in local property tax revenues in 2009-10 from cities, counties, and special districts to the State to offset State general fund spending for education and other programs, and included another diversion in the adopted 2009-10 State budget of $1.7 billion in local property tax revenues from local redevelopment agencies, which local redevelopment agencies have now been dissolved (see "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Assembly Bill No. 26 & *California Redevelopment Association v. Matosantos*" herein). Redevelopment agencies had sued the State over this latter diversion. However, the lawsuit was decided against the California Redevelopment Association on May 1, 2010. Because Proposition 22 reduces the State's authority to use or shift certain revenue sources, fees and taxes for State general fund purposes, the State will have to take other actions to balance its budget in some years − such as reducing State spending or increasing State taxes, and school and community college districts that receive Proposition 98 or other funding from the State will be more directly dependent upon the State's general fund.

Allocation of State Funding to School Districts; Local Control Funding Formula. Prior to the implementation of the Local Control Funding Formula in fiscal year 2013-14, under California Education Code Section 42238 and following, each school district was determined to have a target funding level: a "base revenue limit" per student multiplied by the district's student enrollment measured in units of average daily attendance. The base revenue limit was calculated from the district's prior-year funding level, as adjusted for a number of factors, such as inflation, special or increased instructional needs and costs, employee retirement costs, especially low enrollment, increased pupil transportation costs, etc. Generally, the amount of State funding allocated to each school district was the amount needed to reach that district's base revenue limit after taking into account certain other revenues, in particular, locally generated property taxes. This is referred to as State "equalization aid." To the extent local tax revenues increased due to growth in local property assessed valuation, the additional revenue was offset by a decline in the State's contribution; ultimately, a school district whose local property tax revenues exceeded its base revenue limit was entitled to receive no State equalization aid, and received only its special categorical aid, which is deemed to include the "basic aid" of $120 per student per year guaranteed by Article IX, Section 6 of the Constitution. Such districts were known as "basic aid districts," which are now referred to as "community funded districts." School districts that received some equalization aid were commonly referred to as "revenue limit districts," which are now referred to as "LCFF districts." The District is an LCFF district.

Beginning in fiscal year 2013-14, the LCFF replaced the revenue limit funding system and most categorical programs, and distributes combined resources to school districts through a base grant ("Base Grant") per unit of average daily attendance ("A.D.A.") with additional supplemental funding (the "Supplemental Grant") allocated to local educational agencies based on their proportion of English language learners, students from low-income families and foster youth. The LCFF was projected to have an eight year implementation program to incrementally close the gap between actual funding and the target level of funding, as described below, but achieved full implementation ahead of schedule in fiscal year 2018-19. The LCFF includes the following components:

- A Base Grant for each local education agency ("LEA"). The Base Grants are based on four uniform, grade-span base rates. For fiscal year 2018-19, the LCFF provided to school districts and charter schools: (a) a Target Base Grant for each LEA equivalent to $8,235 per A.D.A. for kindergarten through grade 3; (b) a Target Base Grant for each LEA equivalent to $7,571 per A.D.A. for grades 4 through 6; (c) a Target Base Grant for each LEA equivalent to $7,796 per A.D.A. for grades 7 and 8; (d) a Target Base Grant for each LEA equivalent to $9,269 per A.D.A. for grades 9 through 12. However, the amount of actual funding allocated to the Base Grant, Supplemental Grants and Concentration Grants will be subject to the discretion of the State. This amount includes an adjustment of 10.4% to the Base Grant to support lowering class sizes in grades K-3, and an adjustment of 2.6% to reflect the cost of operating career technical education programs in grades 9-12. Further, this amount also includes the higher costs-of-living adjustment of 3.70% authorized by the 2018-19 State Budget, which is known as "super COLA."

- A 20% Supplemental Grant for the unduplicated number of English language learners, students from low-income families and foster youth to reflect increased costs associated with educating those students.

- An additional Concentration Grant of up to 50% of a LEA's Base Grant, based on the number of English language learners, students from low-income families and foster youth served by the LEA that comprise more than 55% of enrollment.

- An Economic Recovery Target (the "ERT") that is intended to ensure that almost every LEA receives at least their pre-recession funding level (i.e., the fiscal year 2007-08 revenue limit per unit of A.D.A.), adjusted for inflation, at full implementation of the LCFF in fiscal year 2018-19. Upon full implementation in fiscal year 2018-19, LEAs now receive the greater of the Base Grant or the ERT.

Under LCFF, for community funded districts, local property tax revenues would be used to offset up to the entire allocation under the new formula. However, community funded districts would continue to receive the same level of State aid as allocated in fiscal year 2012-13.

Local Control Accountability Plans. A feature of the LCFF is a system of support and intervention for local educational agencies. School districts, county offices of education and charter schools are required to develop, implement and annually update a three-year LCAP. Each LCAP must be developed with input from teachers, parents and the community, and should describe local goals as they pertain to eight areas identified as state priorities, including student achievement, parent engagement and school climate, as well as detail a course of action to attain those goals. Moreover, the LCAPs must be designed to align with the district's budget to ensure adequate funding is allocated for the planned actions.

Each school district must submit its LCAP annually on or before July 1 for approval by its county superintendent. The county superintendent then has until August 15 to seek clarification regarding the contents of the LCAP, and the school district must respond in writing. The county superintendent can submit recommendations for amending the LCAP, and such recommendations must be considered, but are not mandatory. A school district's LCAP must be approved by its county superintendent by October 8 of each year if such superintendent finds (i) the LCAP adheres to the State template, and (ii) the district's budgeted expenditures are sufficient to implement the strategies outlined in the LCAP.

Performance evaluations are to be conducted to assess progress toward goals and guide future actions. County superintendents are expected to review and provide support to the school districts under their jurisdiction, while the State Superintendent of Public Instruction performs a corresponding role for county offices of education. The California Collaborative for Education Excellence (the "Collaborative"), a newly established body of educational specialists, was created to advise and assist local education agencies in achieving the goals identified in their LCAPs. For local education agencies that continue to struggle in meeting their goals, and when the Collaborative indicates that additional intervention is needed, the State Superintendent of Public Instruction would have authority to make changes to a local education agency's LCAP.

Attendance and LCFF. The following table sets forth the District's actual and budgeted A.D.A., enrollment (including percentage of students who are English language learners, from low-income families and/or foster youth (collectively, "EL/LI Students")), and targeted Base Grant per unit of A.D.A. for fiscal years 2013-14 through 2018-19, respectively. The A.D.A. and enrollment numbers reflected in the following table include special education and charter school attendance.

EL DORADO UNION HIGH SCHOOL DISTRICT
(El Dorado County, California)
Average Daily Attendance, Enrollment and Targeted Base Grant
Fiscal Years 2013-14 through 2018-19

		A.D.A./Base Grant		Enrollment[8]	
Fiscal Year		9-12	Total A.D.A.	Total Enrollment	Unduplicated Percentage of EL/LI Students
2013-14	A.D.A.[1]:	6,523.98	6,523.98	6,847	20.47%
	Targeted Base Grant[2]:	$8,638	--	--	--
2014-15	A.D.A.[1]:	6,473.64	6,473.64	6,810	19.93%
	Targeted Base Grant[2][3]:	$8,712	--	--	--
2015-16	A.D.A.[1]:	6,399.18	6,399.18	6,688	19.34%
	Targeted Base Grant[2][4]:	$8,801	--	--	--
2016-17	A.D.A.[1]:	6,316.49	6,316.49	6,649	18.64%
	Targeted Base Grant[2][5]:	$8,801	--	--	--
2017-18	A.D.A.[1]:	6,308.86	6,308.86	6,665	19.73%
	Targeted Base Grant[2][6]:	$8,939	--	--	--
2018-19	A.D.A.[1]:	6,336.81	6,425.53	6,739	20.55%
	Targeted Base Grant[2][7]:	$9,269	--	--	--

(1) A.D.A. for the second period of attendance, typically in mid-April of each school year.
(2) Such amounts represent the targeted amount of Base Grant per unit of A.D.A., and include the grade span adjustment, but do not include any supplemental and concentration grants under the LCFF. Such amounts were not expected to be fully funded in fiscal years shown above. However, the LCFF is now fully implemented as of the current fiscal year 2018-19, two years ahead of its anticipated implementation.
(3) Targeted fiscal year 2014-15 Base Grant amount reflects a 0.85% cost-of-living adjustment from targeted fiscal year 2013-14 Base Grant amounts.
(4) Targeted fiscal year 2015-16 Base Grant amount reflects a 1.02% cost-of-living adjustment from targeted fiscal year 2014-15 Base Grant amounts.
(5) Targeted fiscal year 2016-17 Base Grant amount reflects a 0.00% cost-of-living adjustment from targeted fiscal year 2015-16 Base Grant amounts.
(6) Targeted fiscal year 2017-18 Base Grant amount reflects a 1.56% cost-of-living adjustment from targeted fiscal year 2016-17 Base Grant amounts.
(7) Targeted fiscal year 2018-19 Base Grant amount reflects a 3.70% cost-of-living adjustment from targeted fiscal year 2017-18 Base Grant amounts. This "super COLA" amount was authorized by the 2018-19 State Budget and exceeds the statutory 2.71% cost-of-living adjustment.
(8) Reflects enrollment as of October report submitted to the California Department of Education through CBEDS for the 2013-14 and 2014-15 school years and California Longitudinal Pupil Achievement Data System ("CALPADS") for the 2015-16 through 2017-18 school year. For purposes of calculating Supplemental and Concentration Grants, a school district's fiscal year 2013-14 percentage of unduplicated EL/LI Students was expressed solely as a percentage of its fiscal year 2013-14 total enrollment. For fiscal year 2014-15, the percentage of unduplicated EL/LI Students enrollment was based on the two-year average of EL/LI Students enrollment in fiscal years 2013-14 and 2014-15. Beginning in fiscal year 2015-16, a school district's percentage of unduplicated EL/LI Students was based on a rolling average of such school district's EL/LI Students enrollment for the then-current fiscal year and the two immediately preceding fiscal years.

Source: El Dorado Union High School District.

The District received approximately $58.68 million in aggregate revenues reported under LCFF sources in fiscal year 2017-18, and has estimated to receive approximately $63.03 million in aggregate revenues under the LCFF in fiscal year 2018-19 (or approximately 82.37% of its general fund revenues in fiscal year 2018-19). Such amount includes supplemental grants estimated to be approximately $2.52 million in fiscal year 2018-19.

Local Sources of Education Funding

The principal component of local revenues is a school district's property tax revenues, i.e., each 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. California Education Code Section 42238(h) itemizes the local revenues that are counted towards the amount allocated under the LCFF (and formerly, the base revenue limit) before calculating how much the State must provide in State aid. The more local property taxes a district receives, the less State aid it is entitled to receive. Prior to the implementation of the LCFF, a school district whose local property tax revenues exceeded its base revenue limit was entitled to receive no State aid, and received only its special categorical aid which is deemed to include the "basic aid" of $120 per student per year guaranteed by Article IX, Section 6 of the Constitution. Such districts were known as "basic aid districts," which are now referred to as "community funded districts." School districts that received some State equalization aid were commonly referred to as "revenue limit districts." The District was a revenue limit district and is now referred to as an LCFF district.

Under the LCFF, local property tax revenues are used to offset up to the entire State aid collection under the new formula; however, community funded districts would continue to receive, at a minimum, the same level of State aid as allotted in fiscal year 2012-13. See "State Funding of Education; State Budget Process – *Allocation of State Funding to School Districts; Local Control Funding Formula*" herein for more information about the LCFF.

Local property tax revenues account for approximately 51.42% of the District's aggregate revenues reported under LCFF sources and are estimated to be approximately $32.41 million, or 42.36% of total general fund revenues in fiscal year 2018-19.

For information about the property taxation system in California and the District's property tax base, see the sections titled "–Property Taxation System," "–Assessed Valuation of Property Within the District," and "–Tax Charges and Delinquencies," under the caption "SECURITY AND SOURCE OF PAYMENT FOR THE REFUNDING BONDS" in the front portion of the Official Statement.

For a discussion of legal limitations on the ability of the District to raise revenues through local property taxes, see "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS" below.

Effect of Changes in Enrollment. Changes in local property tax income and A.D.A. affect LCFF districts and community funded districts differently.

In an LCFF district, such as the District, increasing enrollment increases the total amount distributed under the LCFF and thus generally increases a district's entitlement to State equalization aid, while increases in property taxes do nothing to increase district revenues, but only offset the State funding requirement of equalization aid. Operating costs increase disproportionately slowly to enrollment growth; and only at the point where additional teachers and classroom facilities are needed. Declining enrollment has the reverse effect on LCFF districts, generally resulting in a loss of State equalization aid, while operating costs decrease slowly and only when, for example, the district decides to lay off teachers or close schools.

In community funded districts, the opposite is generally true: increasing enrollment increases the amount to which the district would be entitled were it an LCFF district, but since all LCFF income (and more) is already generated by local property taxes, there is no increase in State income. Meanwhile, as new students impose increased operating costs, property tax income is stretched further. Declining enrollment does not reduce property tax income, and has a negligible impact on State aid, but eventually reduces operating costs, and thus can be financially beneficial to a community funded district.

Other District Revenues

Federal Revenues. The federal government provides funding for several District programs, including special education programs. Federal revenues, most of which are restricted, comprise approximately 2.73% (or approximately $2.09 million) of the District's general fund estimated revenues for fiscal year 2018-19.

Other State Revenues. In addition to State apportionments for Proposition 98 funding through the Local Control Funding Formula, the District receives other State revenues, consisting primarily of restricted revenues designed to implement State mandated programs. Beginning in fiscal year 2013-14, categorical spending restrictions associated with a majority of State mandated programs were eliminated, and funding for these programs was folded into LCFF. Categorical funding for certain programs was excluded from LCFF, and school districts will continue to receive restricted State revenues to fund these programs. Other State revenues comprise approximately 8.65% (or approximately $6.62 million) of the District's general fund estimated revenues for fiscal year 2018-19.

A portion of such other State revenues are amounts the District expects to receive from State lottery funds, a portion of which may not be used for non-instructional purposes, such as the acquisition of real property, the construction of facilities, or the financing of research. School districts receive lottery funds proportional to their total A.D.A. The District's State lottery revenue is estimated at approximately $1.42 million for fiscal year 2018-19.

Other Local Revenues. In addition to *ad valorem* property taxes, the District receives additional local revenues from sources, such as interest income, leases and rentals, educational foundations, donations and sales of property. Other local revenues comprise approximately 6.24% (or approximately $4.77 million) of the District's general fund estimated revenues for fiscal year 2018-19.

Charter Schools

Charter schools are largely independent schools operating as part of the public school system created pursuant to Part 26.8 (beginning with Section 47600) of Division 4 of Title 2 of the California Education Code (the "Charter School Law"). A charter school is usually created or organized by a group of teachers, parents and community leaders, or a community-based organization, and may be approved by an existing local public school district, a county board of education or the State Board of Education. A charter school is generally exempt from the laws governing school districts, except where specifically noted in the law. The Charter School Law acknowledges that among its intended purposes are to (a) provide parents and students with expanded choices in the types of educational opportunities that are available within the public school system, (b) hold schools accountable for meeting measurable pupil outcomes and provide schools a way to shift from a rule-based to a performance-based system of accountability, and (c) provide competition within the public school system to stimulate improvements in all public schools.

A school district has certain fiscal oversight and other responsibilities with respect to both dependent and independent charter schools. However, independent charter schools that receive their funding directly from the State are generally not included in a school district's financial reports and audited financial statements and function like independent agencies, including having control over their staffing and budgets, which are received directly from the State. Dependent charter schools receive their funding from the school district and would generally be included in the school district's financial reports and audited financial statements.

There is currently one charter school, Shenandoah Virtual Academy, operating in the District. In 2001, the District approved a charter petition for Shenandoah Virtual Academy, which began operations in 2002. Shenandoah Virtual Academy is a dependent charter school, which serves grades 9 through 12. Enrollment in fiscal year 2017-18 was 90 students and is estimated to be approximately 110 students in fiscal year 2018-19. The District's audited financial statements for fiscal year 2017-18, which are included as Appendix B, include the operations of Shenandoah Virtual Academy.

The District can make no representation as to whether any additional charter schools will be established within the territory of the District, or as to the impact Shenandoah Virtual Academy or any other charter school developments may have on the District's enrollment, A.D.A. or finances in future years.

Significant Accounting Policies and Audited Financial Reports

The State Department of Education imposes by law uniform financial reporting and budgeting requirements for K-12 districts. Financial transactions are accounted for in accordance with the Department of Education's California School Accounting Manual. This manual, according to Section 41010 of the Education Code, is to be followed by all California school districts, including the District. Significant accounting policies followed by the District are explained in Note 1 to the District's audited financial statements for the fiscal year ended June 30, 2018, which are included as Appendix B.

Independently audited financial reports are prepared annually in conformity with generally accepted accounting principles for educational institutions. The annual audit report is generally available about six months after the June 30 close of each fiscal year.

The following tables contain data abstracted from financial statements prepared by the District's former independent auditor, Goodell, Porter, Sanchez & Bright, LLP ("GPSB"), Certified Public Accountants, Sacramento, California, for fiscal years 2013-14 through 2015-16, and by the District's current independent auditor, Crowe LLP, Certified Public Accountants ("Crowe LLP"), Sacramento, California, for fiscal years 2016-17 and 2017-18. The District's contract with GPSB terminated at the end of fiscal year 2015-16 and subsequently, pursuant to a selection process involving requests for proposals from multiple accounting firms, Crowe LLP was selected as the District's auditor.

The change in auditors in fiscal year 2016-17 resulted in the District presenting certain financial information differently in its audited financial statements. Thus, the information presented in the tables below for fiscal years 2013-14 through 2015-16 and fiscal years 2016-17 and 2017-18 are categorized differently. Although historical total revenue and expenditure figures are comparatively consistent, the categorical breakdown of revenues and expenditures is different for the revised accounting formats and is not directly comparable.

GPSB and Crowe LLP have not been requested to consent to the use or to the inclusion of their respective reports in this Official Statement, and they have not audited or reviewed this Official Statement. The District is required by law to adopt its audited financial statements after a public meeting to be conducted no later than January 31 following the close of each fiscal year.

The following table sets forth the statement of revenues, expenditures and changes in fund balances for the District's general fund for the fiscal years 2013-14 through 2015-16. The table on page A-21 sets forth the statement of revenues, expenditures and changes in fund balances for the District's general fund for fiscal years 2016-17 and 2017-18.

EL DORADO UNION HIGH SCHOOL DISTRICT
(El Dorado County, California)
Statement of General Fund Revenues, Expenditures and Changes in Fund Balance
Fiscal Years 2013-14 through 2015-16

	Fiscal Year 2013-14	Fiscal Year 2014-15	Fiscal Year 2015-16
Revenues			
LCFF Sources			
State Apportionments	$23,415,156	$25,503,715	$27,707,346
Local Sources	24,604,867	26,093,800	28,078,228
Total LCFF Sources	48,020,023	51,597,515	55,785,574
Federal Revenue	1,677,056	1,739,207	1,673,314
Other State Revenue	3,899,916	4,480,722	9,148,680
Other Local Revenue	6,063,171	4,778,180	4,444,549
Total Revenues	59,660,166	62,595,624	71,052,117
Expenditures			
Certificated Salaries	28,377,738	29,828,682	31,656,320
Classified Salaries	9,897,266	10,843,133	11,491,778
Employee Benefits	10,349,127	12,584,016	14,143,019
Books and Supplies	3,450,571	3,981,446	3,067,029
Services and Other Operating Expenditures	5,993,834	6,217,615	7,261,315
Capital Outlay	1,519,945	583,293	453,403
Debt Service:			
Principal Retirement	-	-	-
Interest and Fiscal Charges	33	-	-
Other Outgo	2,215,799	2,396,815	1,233,631
Total Expenditures	61,804,313	66,435,000	69,306,495
Excess of Revenues Over (Under) Expenditures	(2,144,147)	(3,839,376)	1,745,622
Other Financing Sources (Uses):			
Operating Transfers In	120,495	-	-
Operating Transfers Out	(1,079,392)	(489,178)	(410,000)
Total Other Financing Sources (Uses)	(958,897)	(489,178)	(410,000)
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	(3,103,044)	(4,328,554)	1,335,622
Fund Balances – July 1	18,522,881	15,419,837	11,091,283
Fund Balances – June 30	$15,419,837	$11,091,283	$12,426,905

Source: El Dorado Union High School District Audited Financial Reports for fiscal years 2013-14 through 2015-16.

EL DORADO UNION HIGH SCHOOL DISTRICT
(El Dorado County, California)
Statement of General Fund Revenues, Expenditures and Changes in Fund Balance
Fiscal Years 2016-17 and 2017-18

	Fiscal Year 2016-17[1]	Fiscal Year 2017-18[1]
Revenues:		
LCFF:		
State apportionment	$27,544,198	$26,973,542
Local sources	29,835,874	31,708,155
Total LCFF	57,380,072	58,681,697
Federal sources	1,862,686	1,866,363
Other state sources	7,085,278	6,368,782
Other local sources	4,571,792	5,580,093
Total revenues	70,899,828	72,496,935
Expenditures:		
Current:		
Certificated salaries	31,540,611	32,204,750
Classified salaries	11,593,470	11,876,006
Employee benefits	16,018,656	17,109,069
Books and supplies	3,717,387	3,002,926
Contract services and operating expenditures	8,004,488	8,238,383
Other outgo	1,512,682	1,495,151
Capital outlay	979,416	2,492,334
Total expenditures	73,366,710	76,418,619
(Deficiency) excess of revenues (under) over expenditures	(2,466,882)	(3,921,684)
Other financing sources (uses):		
Transfers in	72,789	68,909
Transfers out	-	-
Proceeds from capital leases	-	964,795
Total other financing sources (uses)	72,789	1,033,704
Change in fund balances	(2,394,093)	(2,887,980)
Fund Balances – July 1	12,426,905	10,032,812
Fund Balances – June 30	$10,032,812	$7,144,832

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[1] The reduction in ending fund balances for fiscal years 2016-17 and 2017-18 is due to deficit spending as a result of increasing pension costs and planned one-time expenditures.
Source: El Dorado Union High School District Audited Financial Reports for fiscal years 2016-17 and 2017-18.

The following table sets forth the general fund balance sheet of the District for fiscal years 2013-14 through 2015-16. The table on page A-23 sets forth the general fund balance sheet of the District for fiscal years 2016-17 and 2017-18.

EL DORADO UNION HIGH SCHOOL DISTRICT
(El Dorado County, California)
Summary of General Fund Balance Sheet
Fiscal Years 2013-14 through 2015-16

	Fiscal Year 2013-14	Fiscal Year 2014-15	Fiscal Year 2015-16
Assets			
Cash	$11,060,383	$9,471,903	$11,676,312
Accounts Receivable	5,427,207	1,750,305	933,823
Due From Other Funds	104	973	82,406
Stores Inventory	7,647	21,085	9,216
Prepaid Expenditures	581,830	651,157	627,856
Total Assets	$17,077,171	$11,895,423	$13,329,613
Liabilities and Fund Balances			
Liabilities:			
Accounts Payable	$1,592,830	$570,824	$855,447
Unearned Revenue	64,504	11,266	47,261
Due to Other Funds	-	222,050	-
Total Liabilities	1,657,334	801,140	902,708
Fund Balances:			
Nonspendable	606,142	688,907	653,737
Restricted	1,808,894	719,343	2,312,487
Committed	585,900	489,390	186,904
Assigned	1,070,083	1,032,253	1,054,986
Unassigned	11,348,818	8,161,390	8,218,791
Total Fund Balances	15,419,837	11,091,283	12,426,905
Total Liabilities and Fund Balances	$17,077,171	$11,895,423	$13,329,613

Source: El Dorado Union High School District Audited Financial Reports for fiscal years 2013-14 through 2015-16.

EL DORADO UNION HIGH SCHOOL DISTRICT
(El Dorado County, California)
Summary of General Fund Balance Sheet
Fiscal Years 2016-17 and 2017-18

	Fiscal Year 2016-17	Fiscal Year 2017-18
ASSETS		
Cash and investments:	-	-
Cash in County Treasury	$9,169,487	$6,154,534
Cash in revolving fund	16,665	16,665
Cash with Fiscal Agent	-	-
Receivables	943,618	1,165,043
Prepaid expenditures	638,483	462,445
Stores inventory	17,473	7,266
Due from other Funds	-	68,868
Total Assets	$10,785,726	$7,874,821
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts payable	$740,816	$700,775
Unearned revenue	12,098	29,214
Due to other funds	-	-
Total Liabilities	752,914	729,989
Fund balances:		
Nonspendable	672,621	486,376
Restricted	1,825,612	1,280,392
Assigned	979,910	1,015,539
Unassigned	6,554,669	4,362,525
Total fund balances	10,032,812	7,144,832
Total liabilities and fund balances	$10,785,726	$7,874,821

Source: El Dorado Union High School District Audited Financial Reports for fiscal years 2016-17 and 2017-18.

District Budget Process and County Review

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

Under current law, a school district governing board must adopt and file with the county superintendent of schools a tentative budget by July 1 in each fiscal year. The District is under the jurisdiction of the County of El Dorado Superintendent of Schools.

The county superintendent must review and approve, conditionally approve or disapprove the budget no later than September 15. The county superintendent is required to 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 with the established standards. In the event that the county superintendent conditionally approves or disapproves the school district's budget, the county superintendent will submit to the governing board of the school district no later than September 15 of such year written recommendations regarding revisions of the budget and the reasons for the recommendations, including, but not limited to, the amounts of any budget adjustments needed before the county superintendent can approve that budget.

The governing board of the school district, together with the county superintendent, must review and respond to the recommendations of the county superintendent on or before October 8 at a regular meeting of the governing board of the school district. The county superintendent will examine and approve or disapprove of the revised budget by November 8 of such year. If the county superintendent disapproves a revised budget, the county superintendent will call for the formation of a budget review committee. By December 31 of each year, every school district must have an adopted budget, or the Superintendent of Public Instruction (the "State Superintendent") may impose a budget and will report such school district to the State Legislature and the Department of Finance.

Subsequent to approval, the county superintendent will monitor each school district under its jurisdiction throughout the fiscal year pursuant to its adopted budget to determine on an ongoing basis if the school district can meet its current or subsequent year financial obligations.

If, after taking various remedial actions, the county superintendent determines that a school district cannot meet its current or the subsequent year's obligations, the county superintendent will notify the school district's governing board, the State Superintendent and the president of the State board (or the president's designee) of the determination and take at least one of the following actions, and all actions that are necessary to ensure that the school district meets its financial obligations: (a) develop and impose, after also consulting with the State Superintendent and the school district's governing board, revisions to the budget that will enable the school district to meet its financial obligations in the current fiscal year, (b) stay or rescind any action inconsistent with the ability of the school district to meet its obligations for the current or subsequent fiscal year, (c) assist in developing, in consultation with the school district's governing board, a financial plan that will enable the school district to meet its future obligations, (d) assist in developing, in consultation with the school district's governing board, a budget for the subsequent fiscal year, and (e) as necessary, appoint a fiscal advisor to perform the aforementioned duties. The county superintendent will also make a report to the State Superintendent and the president of the State board or the president's designee about the financial condition of the school district and the remedial actions proposed by the county superintendent. However, the county superintendent may not abrogate any provision of a collective bargaining agreement that was entered into prior to the date upon which the county superintendent assumed authority.

A State law adopted in 1991 (known as "A.B. 1200") imposed additional financial reporting requirements on school districts, and established guidelines for emergency State aid apportionments. Under the provisions of A.B. 1200 and the Education Code (Section 42100 et. seq.), each school district is required to file two interim certifications with the county superintendent (on December 15, for the period ended October 31, and by mid-March for the period ended January 31) as to its ability to meet its financial obligations for the remainder of the then-current fiscal year and, based on current forecasts, for the subsequent fiscal year. 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, based on then current projections, will meet its financial obligations for the current fiscal year and the subsequent two fiscal years. A negative certification is assigned to any school district that, based on then current projections, will be unable to meet its financial obligations for the remainder of the fiscal year or the subsequent fiscal year. A qualified certification is assigned to any school district that, based on then current projections, will not meet its financial obligations for the current fiscal year or the two subsequent fiscal years. A certification may be revised to a negative or qualified certification by the county superintendent, as appropriate. A school district that receives a qualified or negative certification for its second interim report must provide to the county superintendent, the State Controller and the Superintendent no later than

June 1, financial statement projections of the school district's fund and cash balances through June 30 for the period ending April 30.

Any school district that receives 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 and revenue anticipation notes, revenue bonds or any other debt instruments that do not require the approval of the voters of the school district, unless the county superintendent determines that the school district's repayment of indebtedness is probable. In the last five years, the District has not received a negative or qualified certification for an interim financial report.

For school districts under fiscal distress, the county superintendent is authorized to take a number of actions to ensure that the school district meets its financial obligations, including budget revisions. However, the county superintendent is not authorized to approve any diversion of revenue from ad valorem property taxes levied to pay debt service on district general obligation bonds. A school district that becomes insolvent may, upon the approval of a fiscal plan by the county superintendent, request an emergency appropriation from the State, in which case the county superintendent, the State Superintendent and the president of the State board or the president's designee will appoint a trustee to serve the school district until it has adequate fiscal systems and controls in place. The acceptance by a school district of an emergency apportionment exceeding 200% of the reserve recommended for that school district constitutes an agreement that the county superintendent will assume control of the school district in order to ensure the school district's return to fiscal solvency.

In the event the State elects to provide an emergency apportionment to a school district, such apportionment will constitute an advance payment of apportionments owed to the school district from the State School Fund and the Education Protection Account. The emergency apportionment may be accomplished in two ways. First, a school district may participate in a two-part financing in which the school district receives an interim loan from the State General Fund, with the agreement that the school district will subsequently enter into a lease financing with the California Infrastructure and Economic Development Bank for purposes of financing the emergency apportionment, including repaying such amounts advanced to the State General Fund. State law provides that so long as bonds from such lease financing are outstanding, the recipient school district (via its administrator) cannot file for bankruptcy. As an alternative, a school district may receive an emergency apportionment from the State General Fund that must be repaid in 20 years. Each year, the State Superintendent will withhold from the apportionments to be made to the school district from the State School Fund and the Education Protection Account an amount equal to the emergency apportionment repayment that becomes due that year. The determination as to whether the emergency apportionment will take the form of a lease financing or an emergency apportionment from the State General Fund will be based upon the availability of funds within the State General Fund.

The table on the following page sets forth the District's adopted general fund budgets for fiscal years 2016-17 through 2019-20, unaudited actuals for fiscal years 2016-17 and 2017-18, and estimated actuals for fiscal year 2018-19.

EL DORADO UNION HIGH SCHOOL DISTRICT
(El Dorado County, California)
General Fund Budgets for Fiscal Years 2016-17 through 2019-20, Unaudited Actuals for Fiscal Years 2016-17 and 2017-18 and Estimated Actuals for Fiscal Year 2018-19

	2016-17 Original Budget	2016-17 Unaudited Actuals[(1)(2)]	2017-18 Original Budget	2017-18 Unaudited Actuals[(1)(2)]	2018-19 Original Budget	2018-19 Estimated Actuals[(3)]	2019-20 Original Budget
REVENUES							
LCFF Sources	$57,365,582.00	$57,380,071.10	$58,450,175.00	$58,681,697.93	$62,995,978.00	$63,031,879.00	$65,278,707.00
Federal Revenue	1,694,404.00	1,862,686.34	1,673,529.00	1,866,362.49	1,853,125.00	2,090,489.97	1,931,244.00
Other State Revenue	5,764,962.00	7,085,277.99	4,647,115.00	6,368,781.98	6,962,603.00	6,622,070.03	5,232,770.00
Other Local Revenue	4,604,051.00	4,571,549.53	4,584,349.00	5,580,090.90	4,074,855.00	4,773,939.90	4,013,959.00
TOTAL REVENUES	69,428,999.00	70,899,584.96	69,355,168.00	72,496,933.30	75,886,561.00	76,518,378.90	76,456,680.00
EXPENDITURES							
Certificated Salaries	31,585,502.00	31,540,610.18	31,399,674.00	32,204,749.54	31,926,239.00	32,492,498.00	33,349,564.00
Classified Salaries	11,569,615.00	11,593,469.39	11,698,266.00	11,876,005.11	11,814,751.00	12,193,948.00	12,508,927.00
Employee Benefits	15,428,774.00	15,918,655.84	16,877,994.00	17,009,069.35	18,318,133.00	18,715,381.00	19,829,769.00
Books and Supplies	3,013,163.00	3,717,387.60	2,483,178.00	3,002,926.50	2,357,693.00	3,916,417.89	2,246,629.00
Services, Other Operating Expenses	6,419,011.00	7,817,340.88	7,166,311.00	8,238,381.92	7,807,106.00	8,755,978.66	8,354,364.00
Capital Outlay	471,029.00	979,416.05	200,000.00	1,527,539.50	360,000.00	407,373.00	100,000.00
Other Outgo (excluding Direct Support/Indirect Costs)	1,426,369.00	1,512,682.43	1,597,118.00	1,495,150.53	1,740,932.00	1,799,597.00	1,847,893.00
Transfers of Direct Support/Indirect Costs	(71,952.00)	(72,789.00)	(69,179.00)	(68,909.00)	(85,967.00)	(83,625.00)	(84,411.00)
TOTAL EXPENDITURES	69,841,511.00	73,106,773.37	71,353,362.00	75,284,913.45	74,238,887.00	78,197,568.55	78,152,735.00
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(412,512.00)	(2,107,188.41)	(1,998,194.00)	(2,787,980.15)	1,647,674.00	(1,679,189.65)	(1,696,055.00)
OTHER FINANCING SOURCES (USES)							
Inter-fund Transfers Out	-	(100,000.00)	(100,000.00)	(100,000.00)	-	-	-
TOTAL, OTHER FINANCING SOURCES (USES)	-	(100,000.00)	(100,000.00)	(100,000.00)	-	-	-
NET INCREASE (DECREASE) IN FUND BALANCE	(412,512.00)	(2,207,188.41)	(2,098,194.00)	(2,887,980.15)	1,647,674.00	(1,679,189.65)	(1,696,055.00)
BEGINNING BALANCE, as of July 1	10,806,739.70	12,240,000.75	8,981,763.55	10,032,812.34	6,123,476.78	7,144,832.19	5,465,642.54
Audit Adjustments							
As of July 1 – Audited	10,806,739.70	12,240,000.75	8,981,763.55	10,032,812.34	6,123,476.78	7,144,832.19	5,465,642.54
Adjusted Beginning Balance	10,806,739.70	12,240,000.75	8,981,763.55	10,032,812.34	6,123,476.78	7,144,832.19	5,465,642.54
ENDING BALANCE	$10,394,227.70	$10,032,812.34	$6,883,569.55	$7,144,832.19	$7,771,150.78	$5,465,642.54	$3,769,587.54
Unrestricted Balance	$10,026,129.76	$8,207,200.31	$6,545,208.70	$5,864,440.34	$7,486,694.51	$5,202,079.96	$3,606,138.96
Restricted Balance	$368,097.94	$1,825,612.03	$338,360.85	$1,280,391.85	$284,456.27	$263,562.58	$163,448.58

(1) The District engaged in deficit spending in fiscal years 2016-17 and 2017-18, and the District plans to continue to deficit spending in fiscal year 2018-19 and 2019-20. The deficit spending is due in part to increasing pension costs and planned one-time expenditures.
(2) The figures reflected in the District's unaudited actuals for fiscal years 2016-17 and 2017-18 differ from the District's audited financial statements for these fiscal years due to the inclusion of the financial activity of the Deferred Maintenance Fund in the audited financial statements.
(3) Figures are projections.
Source: El Dorado Union High School District adopted general fund budgets for fiscal years 2016-17 through 2019-20; unaudited actuals for fiscal years 2016-17 and 2017-18; and estimated actuals for fiscal year 2018-19.

District Debt Structure

Long-Term Debt Summary. A schedule of changes in the District's long-term obligations for the year ended June 30, 2018, consisted of the following:

Long-Term Debt	Balance, July 1, 2017, as Restated	Additions	Deductions	Balance, June 30, 2018	Amounts Due Within One Year
General Obligation Bonds[1]	$ 64,179,904	-	$2,278,894	$ 61,901,010	$1,648,589
Accreted interest	5,698,648	$1,117,578	235,338	6,580,888	270,914
Unamortized premiums	3,360,146	-	197,656	3,162,490	197,656
Certificates of Participation[2]	6,902,147	-	440,768	6,461,379	405,497
Capitalized lease obligation	-	964,795	-	964,795	82,241
Net OPEB liability	2,867,817	-	31,081	2,836,736	-
Net pension liability	68,809,000	5,147,000	-	73,956,000	-
Compensated absences	706,199	52,012	-	758,211	-
Total	$152,523,861	$7,281,385	$3,183,737	$156,621,509	$2,604,897

(1) Does not include the Refunding Bonds but includes the Prior Bonds.
(2) Excludes the Series 2019 Certificates. See "—Certificates of Participation" below for more information.
Source: El Dorado Union High School District Audited Financial Report for fiscal year 2017-18.

General Obligation Bonds. Prior to the issuance of the Refunding Bonds, the District has outstanding three additional series of general obligation bonds, each of which is secured by *ad valorem* taxes levied upon all property subject to taxation by the District on a parity with the Refunding Bonds.

See "THE REFUNDING BONDS – Outstanding Bonds" and " – Aggregate Debt Service" in the front portion of the Official Statement for more information about such outstanding bonds.

Certificates of Participation. The District has one outstanding certificates of participation from 2009. This outstanding certificate is comprised of current interest and capital appreciation certificates, bears interest between 3.75% and 7.625% and is schedule to mature at various times through August 1, 2039.

The District has defeased various certificates of participation by creating separate irrevocable trust funds. New debt has been issued and the proceeds have been used to purchase U.S. Government Securities that were placed in the trust funds. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the advance refunding met the requirements of an in-substance debt defeasance and therefore the unearned debt was removed as a liability from the District's government-wide financial statements. As of June 30, 2018, all refunded issuances have been fully repaid.

For more information about outstanding Certificates of Participation, see Note 5 to the District's financial statements attached hereto as APPENDIX B − "FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2018."

Certificates of Participation	Interest Rate	Maturity Date	Amount of Original Issue	Outstanding July 1, 2017	Issued (Redeemed) Current Year	Outstanding June 30, 2018
Series 2009	3.75% - 7.625%	2039	$9,004,154	$6,902,147	($440,768)	$6,461,379

Source: El Dorado Union High School District Audited Financial Report for fiscal year 2017-18.

The outstanding Certificates at June 30, 2018 are as follows:

Year Ending June 30,	Principal	Interest	Total
2019	$ 405,497	$ 396,815	$ 802,312
2020	374,880	427,433	802,313
2021	344,896	457,416	802,312
2022	315,790	486,522	802,312
2023-2027	1,248,852	2,762,711	4,011,563
2028-2032	808,112	3,203,452	4,011,564
2033-2037	748,352	3,260,736	4,009,088
2038-2040	2,215,000	195,931	2,410,931
Total	$6,461,379	$11,191,016	$17,652,395

Source: El Dorado Union High School District Audited Financial Report for fiscal year 2017-18.

On or about September 5, 2019, the District expects to execute and deliver its Series 2019 Certificates in an aggregate principal amount of $3,000,000. The proceeds of the Series 2019 Certificates will be used to (i) redeem a portion of the outstanding El Dorado Union High School District (El Dorado County, California) 2009 Refunding Certificates of Participation, (ii) purchase a debt service reserve policy to satisfy the reserve requirement for the Series 2019 Certificates, and (iii) pay the costs incurred in connection with the execution and delivery of the Series 2019 Certificates.

Capital Leases. In November 2017, the District entered into a capital lease agreement with Santander Bank for the purchase of six buses. The lease is for $964,795 to be repaid in 120 monthly installments that represent principal and interest.

The following is a summary of future payments on the capital lease:

Year Ending June 30,	Lease Payments
2019	$ 116,009
2020	116,009
2021	116,009
2022	116,009
2023	116,009
2024-2028	580,045
Total payments	1,160,090
Less amount representing interest	(195,295)
Net present value of minimum payments	$ 964,795

Source: El Dorado Union High School District Audited Financial Report for fiscal year 2017-18.

For more information about Capital Leases, see Note 5 to the District's financial statements attached hereto as APPENDIX B − "FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2018."

Other Postemployment Benefits (OPEBs). In addition to the retirement plan benefits with CalSTRS and CalPERS (described below), the District provides healthcare benefits to eligible employees who retire from the District, as part of a single-employer defined benefit postemployment health care plan (the "Plan"). The Plan is administered by the District and allows the employees who retired after having achieved retirement eligibility requirements to continue receiving medical insurance coverage. The

District's Board of Trustees has the authority to establish the requirements for paying for the Plan's benefits as they come due.

In June 2015, the Governmental Accounting Standards Board ("GASB") issued Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions ("Statement Number 75"). Other post-employment benefits (meaning other than pension benefits) ("OPEB") generally include post-employment health benefits (medical, dental, vision, prescription drug and mental health), life insurance, disability benefits and long term care benefits. The objective of Statement Number 75 is to improve accounting and financial reporting by the State and local governments for OPEB by requiring the recognition of entire OPEB liability, a more comprehensive measure of OPEB expense, new note disclosures and certain required supplementary information. In addition, Statement Number 75 sets forth additional accounting methods to improve the usefulness of information about OPEB included in the general purpose external financial reports of State and local governmental OPEB plans for making decisions and assessing accountability. Statement Number 75 results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency. Statement Number 75 replaces GASB Statements Number 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as amended, and Number 57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans. The District has implemented Statement No. 75 beginning with its audited financial statements for fiscal year 2017-18.

The District participates in the California School Boards Association (CSBA) GASB 45 Solutions Program (the "Solutions Program") to pre-fund OPEB liabilities. The Solutions Program is an agent multiple-employer plan consisting of an aggregation of single-employer plans. Public Agency Retirement Services ("PARS") was appointed as administrator for the Solutions Program and U.S. Bank was appointed as trustee. The Solutions Program serves as a qualified irrevocable trust for the accumulation of assets of member districts to ensure that funds are dedicated to service the needs of employees and retirees. The District's contributions to the irrevocable trust established by the Solutions Program is included in the Public Agencies Post-Employment Benefits Trust financial statements.

Benefits Provided. The District offers limited post-employment retiree benefits to each of the three classes of employees. The major provisions of the plans are as follows:

<u>Represented Certificated Staff</u> who have at least 10 years with the District and have reached age 55 are eligible to receive the same benefit cap the District provides to current employees for health insurance for a period of five years or to age 65, whichever is first. Additionally they may work 18 days a year for a payment of $4,000. This provision will remain active for employees hired on or before June 30, 2012, and will not be in effect for employees hired beyond this date.

<u>Represented Classified Staff</u> who have at least 15 years with the District and have reached age 50 are eligible to receive the same benefit cap the District provides to current employees for health insurance for a period of five years or until they reach Medicare eligibility, whichever is first. This provision will remain active for employees hired on or before June 30, 2012, and will not be in effect for any employees hired beyond this date.

<u>Management Staff</u> members who had at least 10 years with the District and had reached age 50 and who retire after October 1, 2005 will be eligible for one-time payments ranging from $10,000 to $30,000 depending on their length of their service. There will be no continued annual payments to them or guaranteed days of work. This provision will remain active for employees hired on or before July 1, 2010, and will not be in effect for any employee hired beyond this date.

Expenditures for post-retirement healthcare benefits are recognized as the premiums are paid. Benefits are provided by the District on a pay-as-you-go basis. The District's Board of Trustees has the authority to change benefits. The Plan benefits through an agent multiple-employer OPEB plan that is administered by PARS.

Eligible employees are not permitted to make contributions to the Plan. The Plan administrator will, on behalf of the employer, make all contributions to the trustee. All contributions will be paid to the trustee for investment and reinvestment pursuant to the terms of the trust agreement. The District does not have contractually required contribution rates but contributes in an amount sufficient to fully fund the net OPEB obligation over a period not-to-exceed 30 years. Contributions to the trust from the District were $477,483 for fiscal year 2017-18. Employees are not required to contribute to the Plan.

Total Compensation Systems, Inc., Westlake Village, California, has prepared an actuarial report dated as of November 29, 2018. According to the actuarial report, as of June 30, 2018, the District had a total OPEB liability of $5,265,260. The District has set aside funds to cover retiree health liabilities in a Statement Number 75 qualifying trust. The Fiduciary Net Position of this trust, at June 30, 2018, was $2,428,524, leaving a Net OPEB Liability of $2,836,736. As of June 30, 2018, a discount rate of 6.0%, an inflation rate of 2.75%, a 4.0% health care cost trend rate and 2.75% payroll increase, were used. The Plan consisted of 37 inactive Plan members (covering spouses or beneficiaries currently receiving benefits) and 256 active employees in fiscal year 2017-18. For more information regarding the actuarial valuation, see Note 9 to the District's financial statements attached hereto as APPENDIX B − "FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2018."

Tax and Revenue Anticipation Notes. The District did not issue tax and revenue anticipation notes ("TRANS") in fiscal year 2018-19 and does not expect to issue TRANS in fiscal year 2019-20. The District may issue TRANS or borrow funds in future fiscal years as and if necessary to supplement cash flow.

Employment

As of May 24, 2019, the District employed 611 employees, consisting of 309 non-management certificated employees, 46 certificated management employees, 237 classified non-management employees, and 19 classified management employees. For the year ended June 30, 2019, the total certificated and classified payrolls were estimated to be $32.49 million and $12.19 million, respectively. For fiscal year 2019-20, the total certificated and classified payrolls are budgeted to be approximately $33.35 million and $12.51 million, respectively. These employees, except management and some part-time employees, are represented by the bargaining units as noted below:

Name of Bargaining Unit	Number of FTEs Represented	Current Contract Expiration Date
El Dorado Union High School District California School Employees Association Chapter No. 267	237	June 30, 2019[1]
California Teachers Association	309	June 30, 2019[1]

[1] The District expects to continue to operate under the terms of this bargaining agreement until a new contract is negotiated.

Source: El Dorado Union High School District.

Retirement Benefits

The District participates in retirement plans with CalSTRS, which covers all full-time certificated District employees, including teachers and administrators, and CalPERS, which covers certain classified employees. Classified school personnel who are employed four or more hours per day may participate in CalPERS.

CalSTRS. Contributions to CalSTRS are fixed in statute. For fiscal year 2013-14, covered employees contributed 8.00% of salary to CalSTRS, while school districts contributed 8.25%. In addition to the teacher and school contributions, the State contributed 4.517% of teacher payroll to CalSTRS (calculated on payroll data from two fiscal years ago). Prior to fiscal year 2014-15 and unlike typical defined benefit programs such as those administered by CalPERS, neither the CalSTRS employer nor the State contribution rate varied annually to make up funding shortfalls or assess credits for actuarial surpluses. The State does pay a surcharge when the member and school district contributions are not sufficient to fully fund the basic defined benefit pension (generally consisting of 2% of salary for each year of service at age 60 referred to herein as "pre-enhancement benefits") within a 30-year period. However, this surcharge does not apply to system-wide unfunded liability resulting from recent benefit enhancements.

As part of the 2014-15 State Budget, the Governor signed Assembly Bill 1469 which implemented a new funding strategy for CalSTRS and increased the employer contribution rate in fiscal year 2014-15 from 8.25% to 8.88% of covered payroll. Such rate increased by 1.85% beginning in fiscal year 2015-16 until the employer contribution rate is 19.10% of covered payroll as further described below. AB 1469 increased member contributions, which were previously set at 8.00% of pay, to 10.25% of pay for members hired on or before December 31, 2012 and 9.205% of pay for members hired on or after January 1, 2013 effective July 1, 2016. However, on July 1, 2018, for members hired on or after January 1, 2013, the rate increased from 9.205% of pay to 10.250% of pay. The State's total contribution also increased from approximately 3% in fiscal year 2013-14 to 6.828% of payroll in fiscal year 2017-18, plus the continued payment of 2.5% of payroll annual for a supplemental inflation protection program for a total of 9.328%. In addition, AB 1469 provides the State Teachers Retirement Board with authority to modify the percentages paid by employers and employees for fiscal year 2021-22 and each fiscal year thereafter to eliminate the CalSTRS unfunded liability by June 30, 2046. The State Teachers Retirement Board would also have authority to reduce employer and State contributions if they are no longer necessary.

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

As of June 30, 2017, an actuarial valuation (the "2017 CalSTRS Actuarial Valuation") for the entire CalSTRS defined benefit program showed an estimated unfunded actuarial liability of $107.3 billion, an increase of approximately $10.6 million from the June 30, 2016 valuation. The funded ratios of the actuarial value of valuation assets over the actuarial accrued liabilities as of June 30, 2017, June 30, 2016 and June 30, 2015, based on the actuarial assumptions, were approximately 62.6%, 63.7% and 68.5%, respectively. Future estimates of the actuarial unfunded liability may change due to market performance, legislative actions and other experience that may differ from the actuarial assumptions. The following are certain of the actuarial assumptions set forth in the 2017 CalSTRS Actuarial Valuation: measurement of accruing costs by the "Entry Age Normal Actuarial Cost Method," a 7.00% investment return assumption consistent with the State Teachers' Retirement Board's decision on February 1, 2017, 3.00% interest on member accounts, projected 3.50% wage growth, projected 2.75% inflation and demographic assumptions relating to mortality rates, length of service, rates of disability, rates of withdrawal, probability of refund, and merit salary increases. The 2017 CalSTRS Actuarial Valuation also assumes that all members hired on or after January 1, 2013 are subject to the provisions of PEPRA (as defined herein). See "*−Governor's Pension Reform*" below for a discussion of the pension reform measure signed by the Governor in August

2012 expected to help reduce future pension obligations of public employers with respect to employees hired on or after January 1, 2013. Future estimates of the actuarial unfunded liability may change due to market performance, legislative actions, changes in actuarial assumptions and other experiences that may differ from the actuarial assumptions.

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

Effective Date (July 1)	School District Contribution Rate
2014	8.88%
2015	10.73
2016	12.58
2017	14.43
2018	16.28
2019	17.10
2020	18.10

Source: Assembly Bill 1469.

The following table sets forth the District's employer contributions to CalSTRS as well as the State's required non-employer contributions for fiscal years 2015-16 through 2017-18, the estimated contributions for fiscal year 2018-19 and the budgeted contributions for fiscal year 2019-20.

EL DORADO UNION HIGH SCHOOL DISTRICT
(El Dorado County, California)
Contributions to CalSTRS for Fiscal Years 2015-16 through 2019-20

Fiscal Year	District's Contribution	State's On-Behalf Contribution
2015-16	$3,284,778	$1,952,392
2016-17	3,839,157	3,185,397
2017-18	4,460,871	3,083,165
2018-19(1)	5,136,294	2,743,611
2019-20(2)	5,443,260	2,894,102

(1) Estimated actuals for fiscal year 2018-19.
(2) Original adopted budget for fiscal year 2019-20.
Source: El Dorado Union High School District.

The District's total employer contributions to CalSTRS for fiscal years 2015-16 through 2017-18 were equal to 100% of the required contributions for each year. With the implementation of AB 1469, the District anticipates that its contributions to CalSTRS will increase in future fiscal years as compared to prior fiscal years.

The District, nonetheless, is unable to predict all factors or any changes in law that could affect its required contributions to CalSTRS in future fiscal years.

CalSTRS produces a comprehensive annual financial report and actuarial valuations which include financial statements and required supplementary information. Copies of the CalSTRS comprehensive annual financial report and actuarial valuations may be obtained from CalSTRS. The information presented in these reports is not incorporated by reference in this Official Statement.

CalPERS. All qualifying classified employees of K-12 school districts in the State are members in CalPERS, and all of such districts participate in the same plan. As such, all such school districts share the same contribution rate in each year. However, unlike school districts' participating in CalSTRS, the school districts' contributions to CalPERS fluctuate each year and include a normal cost component and a component equal to an amortized amount of the unfunded liability. Accordingly, the District cannot provide any assurances that the District's required contributions to CalPERS in future years will not significantly vary from any current projected levels of contributions to CalPERS.

School districts are currently required to contribute to CalPERS at an actuarially determined rate, which was 11.847%, 13.888% and 15.531% of eligible salary expenditures for fiscal years 2015-16, 2016-17, and 2017-18, respectively, and 18.062% of eligible salary expenditures for fiscal year 2018-19. Plan participants enrolled in CalPERS prior to January 1, 2013 contribute 7% of their respective salaries, while participants enrolled after January 1, 2013 contribute at an actuarially determined rate, which was 6% of their respective salaries in fiscal years 2015-16 and 2016-17, 6.50% in fiscal year 2017-18 and 7.00% in fiscal year 2018-19.

Since the June 30, 2015 valuation, CalPERS has employed an amortization and smoothing policy that apportions all gains and losses over a fixed 30-year period with the increases or decreases in the rate spread directly over a five-year period. In contrast, the previous policy spread investment returns over a 15-year period with experience gains and losses spread over a rolling 30-year period. On December 21, 2016, the CalPERS Board of Administration lowered the discount rate from 7.50 percent to 7.00 percent using a three-year phase-in beginning with the CalPERS Schools Pool Actuarial Valuation as of June 30, 2017 (the "2017 CalPERS Schools Pool Actuarial Valuation"). The amounts of the pension/award benefit obligation or UAAL will vary from time to time depending upon actuarial assumptions, and actual rates of return on investments, salary scales, and levels of contribution.

The actuarial funding method used in the 2017 CalPERS Schools Pool Actuarial Valuation is the "Entry Age Normal Cost Method". The 2017 CalPERS Schools Pool Actuarial Valuation assumes, among other things, 2.75% inflation and payroll growth of 3.00% compounded annually. The 2017 CalPERS Schools Pool Actuarial Valuation reflects a discount rate of 7.375% compounded annually (net of administrative expenses) as of June 30, 2017, 7.25% compounded annually (net of administrative expenses) as of June 30, 2018, and 7.0% compounded annually (net of administrative expenses) as of June 30, 2019. The first reduction in the investment rate of return will impact the District's employer contribution rates beginning in fiscal year 2018-19. The CalPERS Board also adopted new demographic assumptions on December 19, 2017, including a reduction in the inflation assumption from 2.75% as of June 30, 2017, to 2.625% as of June 30, 2018, and finally to 2.50% as of June 30, 2019. The reduction in the inflation assumption results in decreases in both the normal cost and the accrued liabilities in the future. The overall payroll growth will be reduced from 3.0% annually as of June 30, 2017, to 2.875 as of June 30, 2018, and finally to 2.75% as of June 30, 2019.

On April 16, 2019, the PERS Board established the employer contribution rates for fiscal year 2019-20 and released certain information from the CalPERS Schools Pool Actuarial Valuation as of June 30, 2018, ahead of its summer 2019 release date. Based on the changes in the discount rate, inflation rate, payroll growth rate and demographic assumptions, along with expected reductions in normal cost due to the continuing transition of active members from those employees hired prior to the Implementation Date, to those hired after such date, the projected contribution for fiscal year 2020-21 is projected to be 23.6%, with annual increases and decreases thereafter, resulting in a projected 26.5% employer contribution rate for fiscal year 2025-26.

The following table sets forth the District's total employer contributions to CalPERS for fiscal years 2015-16 through 2017-18, estimated contributions for fiscal year 2018-19 and budgeted contributions for fiscal year 2019-20.

EL DORADO UNION HIGH SCHOOL DISTRICT
(El Dorado County, California)
Contributions to CalPERS for Fiscal Years 2015-16 through 2019-20

Fiscal Year	Contribution
2015-16	$1,407,695
2016-17	1,596,425
2017-18	1,812,812
2018-19[1]	2,109,854
2019-20[2]	2,480,553

(1) Estimated actuals for fiscal year 2018-19.
(2) Original adopted budget for fiscal year 2019-20.
Source: El Dorado Union High School District.

The District's total employer contributions to CalPERS for fiscal years 2014-15 through 2017-18 were equal to 100% of the required contributions for each year. With the change in actuarial assumptions described above, the District anticipates that its contributions to CalPERS will increase in future fiscal years as the increased costs are phased in. The implementation of PEPRA (see "−*Governor's Pension Reform*" below), however, is expected to help reduce certain future pension obligations of public employers with respect to employees hired on or after January 1, 2013. The District cannot predict the impact these changes will have on its contributions to CalPERS in future years.

CalPERS produces a comprehensive annual financial report and actuarial valuations that include financial statements and required supplementary information. Copies of the CalPERS comprehensive annual financial report and actuarial valuations may be obtained from CalPERS Financial Services Division. The information presented in these reports is not incorporated by reference in this Official Statement.

Governor's Pension Reform. On August 28, 2012, Governor Brown and the State Legislature reached agreement on a new law that reforms pensions for State and local government employees. AB 340, which was signed into law on September 12, 2012, established the California Public Employees' Pension Reform Act of 2012 ("PEPRA") which governs pensions for public employers and public pension plans on and after January 1, 2013. For new employees, PEPRA, among other things, caps pensionable salaries at the Social Security contribution and wage base, which is $127,200 for 2017, or 120% of that amount for employees not covered by Social Security, increases the retirement age by two years or more for all new public employees while adjusting the retirement formulas, requires state employees to pay at least half of their pension costs, and also requires the calculation of benefits on regular, recurring pay to stop income spiking. For all employees, changes required by PEPRA include the prohibition of retroactive pension increases, pension holidays and purchases of service credit. PEPRA applies to all State and local public retirement systems, including county and district retirement systems. PEPRA only exempts the University of California system and charter cities and counties whose pension plans are not governed by State law. Although the District anticipates that PEPRA would not increase the District's future pension obligations, the District is unable to determine the extent of any impact PEPRA would have on the District's pension obligations at this time. Additionally, the District cannot predict if PEPRA will be challenged in court and, if so, whether any challenge would be successful.

The District is unable to predict what the amount of State pension liabilities will be in the future, or the amount of the contributions which the District may be required to make. CalSTRS and CalPERS are more fully described in Notes 7 and 8 to the District's financial statements attached hereto as APPENDIX B – "FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2018."

GASB 67 and 68. In June 2012, the Governmental Accounting Standards Board approved a pair of related statements, Statement Number 67, Financial Reporting for Pension Plans ("Statement Number 67"), which addresses financial reporting for pension plans, and Statement Number 68, Accounting and Financial Reporting for Pensions ("Statement Number 68"), which establishes new accounting and financial reporting requirements for governments that provide their employees with pensions. The guidance contained in these statements will change how governments calculate and report the costs and obligations associated with pensions. Statement Number 67 replaces the current requirements of Statement Number 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans, for most public employee pension plans, and Statement Number 27 replaces the current requirements of Statement Number 27, Accounting for Pensions by State and Local Governmental Employers, for most government employers. The new statements also replace the requirements of Statement Number 50, Pension Disclosures, for those governments and pension plans. Certain of the major changes include: (i) the inclusion of unfunded pension liabilities on the government's balance sheet (such unfunded liabilities were typically included as notes to the government's financial statements); (ii) full pension costs are shown as expenses regardless of actual contribution levels; (iii) lower actuarial discount rates are required to be used for most plans for certain purposes of the financial statements, resulting in increased liabilities and pension expenses; and (iv) shorter amortization periods for unfunded liabilities are required to be used for certain purposes of the financial statements, which generally increases pension expenses. Statement Number 67 became effective beginning in fiscal year 2013-14, and Statement Number 68 became effective beginning in fiscal year 2014-15.

Insurance, Risk Pooling and Joint Powers Agreements and Joint Ventures

The District is a member with other school districts of a joint powers authority ("JPA"), Schools Insurance Authority (SIA), for the operation of a common risk management and insurance program for property and liability and workers' compensation coverage. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. There have been no significant reductions in insurance coverage in the prior year.

The relationship between the District and the JPA is such that the JPA is not component unit of the District for financial reporting purposes.

See Note 10 to the District's financial statements attached hereto as APPENDIX B— "FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2018" for more information.

CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS

Limitations on Revenues

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) 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) 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.

County of Orange v. Orange County Assessment Appeals Board No. 3. Section 51 of the Revenue and Taxation Code permits county assessors who have reduced the assessed valuation of a property as a result of natural disasters, economic downturns or other factors, to subsequently "recapture" such value (up to the pre-decline value of the property) at an annual rate higher than 2%, depending on the assessor's measure of the restoration of value of the damaged property. The constitutionality of this procedure was challenged in a lawsuit brought in 2001 in the Orange County Superior Court, and in similar lawsuits brought in other counties, on the basis that the decrease in assessed value creates a new "base year value" for purposes of Proposition 13 and that subsequent increases in the assessed value of a property by more than 2% in a single year violate Article XIIIA. On appeal, the California Court of Appeal upheld the recapture practice in 2004, and the State Supreme Court declined to review the ruling, leaving the recapture law in place.

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 1989.

Increases of assessed valuation resulting from reappraisals of property due to new construction, change in ownership or from the 2% annual adjustment 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.

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

Article XIIIB of the California Constitution

An initiative to amend the State Constitution entitled "Limitation of Government Appropriations" was approved on September 6, 1979, thereby adding Article XIIIB to the State Constitution ("Article XIIIB"). Under Article XIIIB state and local governmental entities have an annual "appropriations limit" and are not permitted to spend certain moneys which are called "appropriations subject to limitation" (consisting of tax revenues, state subventions and certain other funds) in an amount higher than the "appropriations limit." Article XIIIB does not affect the appropriation of moneys which are excluded from the definition of "appropriations subject to limitation," including debt service on indebtedness existing or authorized as of January 1, 1979, or bonded indebtedness subsequently approved by the voters. In general terms, the "appropriations limit" is to be based on certain 1978-79 expenditures, and is to be adjusted annually to reflect changes in consumer prices, populations, and services provided by these entities. Among other provisions of Article XIIIB, if these entities' revenues in any year exceed the amounts permitted to be spent, the excess would have to be returned by revising tax rates or fee schedules over the subsequent two years. Any proceeds of taxes received by the District in excess of the allowable limit are absorbed into the State's allowable limit.

Article XIIIC and Article XIIID of the California Constitution

On November 5, 1996, the voters of the State of California approved Proposition 218, popularly known as the "Right to Vote on Taxes Act." Proposition 218 added to the California Constitution Articles XIIIC and XIIID ("Article XIIIC" and "Article XIIID," respectively), 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. 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.

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

Statutory Limitations

On November 4, 1986, State voters approved Proposition 62, an initiative statute limiting the imposition of new or higher taxes by local agencies. The statute (a) requires new or higher general taxes to be approved by two-thirds of the local agency's governing body and a majority of its voters; (b) requires the inclusion of specific information in all local ordinances or resolutions proposing new or higher general or special taxes; (c) penalizes local agencies that fail to comply with the foregoing; and (d) required local agencies to stop collecting any new or higher general tax adopted after July 31, 1985, unless a majority of the voters approved the tax by November 1, 1988.

Appellate court decisions following the approval of Proposition 62 determined that certain provisions of Proposition 62 were unconstitutional. However, the California Supreme Court upheld Proposition 62 in its decision on September 28, 1995 *in Santa Clara County Transportation Authority v.*

Guardino. This decision reaffirmed the constitutionality of Proposition 62. Certain matters regarding Proposition 62 were not addressed in the Supreme Court's decision, such as whether the decision applies retroactively, what remedies exist for taxpayers subject to a tax not in compliance with Proposition 62, and whether the decision applies to charter cities.

Proposition 98 and Proposition 111

On November 8, 1988, voters approved Proposition 98, a combined initiative constitutional amendment and statute called the "Classroom Instructional Improvement and Accountability Act" (the "Accountability Act"). The Accountability Act changed State funding of public education below the university level, and the operation of the State's Appropriations Limit. The Accountability Act guarantees State funding for K-12 districts and community college districts (collectively, "K-14 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, which percentage is equal to 40.9%, or (b) the amount actually appropriated to such districts from the general fund in the previous fiscal year, adjusted for growth in enrollment and inflation.

Since the Accountability Act is unclear in some details, there can be no assurance that the Legislature or a court might not interpret the Accountability Act to require a different percentage of general fund revenues to be allocated to K-14 districts than the 40.9%, or to apply the relevant percentage to the State's budgets in a different way than is proposed in the Governor's Budget. In any event, the Governor and other fiscal observers expect the Accountability Act to place increasing pressure on the State's budget over future years, potentially reducing resources available for other State programs, especially to the extent the Article XIIIB spending limit would restrain the State's ability to fund such other programs by raising taxes.

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 districts. Such transfer would be excluded from the Appropriations Limit for K-14 districts and the K-14 districts Appropriations Limits 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 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 schools is 4% of the minimum State spending for education mandated by the Accountability Act, as described above.

On June 5, 1990, California voters approved Proposition 111 (Senate Constitutional Amendment 1), which further modified the Constitution to alter the spending limit and education funding provisions of Proposition 98. Most significantly, Proposition 111 (1) liberalized the annual adjustments to the spending limit by measuring the "change in the cost of living" by the change in State per capita personal income rather than the Consumer Price Index, and specified that a portion of the State's spending limit would be adjusted to reflect changes in school attendance; (2) provided that 50% of the "excess" tax revenues, determined based on a two-year cycle, would be transferred to K-14 districts with the balance returned to taxpayers (rather than the previous 100% but only up to a cap of 4% of the districts' minimum funding level), and that any such transfer to K-14 districts would not be built into the school districts' base expenditures for calculating their entitlement for State aid in the following year and would not increase the State's appropriations limit; (3) excluded from the calculation of appropriations that are subject to the limit appropriations for certain "qualified capital outlay projects" and certain increases in gasoline taxes, sales and use taxes, and receipts from vehicle weight fees; (4) provided that the Appropriations Limit for each unit of government, including the State, would be recalculated beginning in the 1990-91 fiscal year, based on the actual limit for fiscal year 1986-87, adjusted forward to 1990-91 as if Senate Constitutional

Amendment 1 had been in effect; and (5) adjusted the Proposition 98 formula that guarantees K-14 districts a certain amount of general fund revenues, as described below.

Under prior law, K-14 districts were guaranteed the greater of (a) 40.9% of general fund revenues (the "first test") or (b) 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, school districts would receive the greater of (a) the first test, (b) the second test or (c) a third test, which would replace the second test in any year when growth in per capita general fund revenues from the prior year was less than the annual growth in State per capita personal income. Under the third test, school districts would receive the amount appropriated in the prior year adjusted for change in enrollment and per capita general fund revenues, plus an additional small adjustment factor. If the third test were used in any year, the difference between the third test and the second test would become a "credit" to be paid in future years when general fund revenue growth exceeds personal income growth.

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

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

It is possible that there will be additional legislation proposed and/or enacted to clarify various inconsistencies contained in AB1X 26 and there may be additional legislation proposed and/or enacted in the future affecting the current scheme of dissolution and winding up of redevelopment agencies currently contemplated by AB1X 26. For example, AB 1484 was signed by the Governor on June 27, 2012, to clarify and amend certain aspects of AB1X 26. AB 1484, among other things, attempts to clarify the role and requirements of successor agencies, provides successor agencies with more control over agency bond proceeds and properties previously owned by redevelopment agencies and adds other new and modified requirements and deadlines. AB 1484 also provides for a "tax claw back" provision, wherein the State is authorized to withhold sales and use tax revenue allocations to local successor agencies to offset payment of property taxes owed and not paid by such local successor agencies to other local taxing agencies. This "tax claw back" provision has been challenged in court by certain cities and successor agencies. The District cannot predict the outcome of such litigation and what effect, if any, it will have on the District. Additionally, no assurances can be given as to the effect of any such future proposed and/or enacted legislation on the District.

Proposition 30 and Proposition 55

On November 6, 2012, voters approved Proposition 30, also referred to as the Temporary Taxes to Fund Education, Guaranteed Local Public Safety Funding, Initiative Constitutional Amendment. Proposition 30 temporarily (a) increased the personal income tax on certain of the State's income taxpayers by one to three percent for a period of seven years beginning with the 2012 tax year and ending with the 2019 tax year, and (b) increased the sales and use tax by one-quarter percent for a period of four years beginning on January 1, 2013 and ending with the 2016 tax year. The revenues generated from such tax increases are included in the calculation of the Proposition 98 minimum funding guarantee (see "– Proposition 98 and Proposition 111" above). The revenues generated from such temporary tax increases are deposited into a State account created pursuant to Proposition 30 (the Education Protection Account), and 89% of the amounts therein are allocated to school districts and 11% of the amounts therein are allocated to community college districts.

The Proposition 30 sales and use tax increases expired at the end of the 2016 tax year. Under Proposition 30, the personal income tax increases were set to expire at the end of the 2018 tax year. However, the California Tax Extension to Fund Education and Healthcare Initiative ("Proposition 55"), approved by the voters on November 8, 2016, extends by 12 years the temporary personal income tax increases on incomes over $250,000 that was first enacted by Proposition 30; Proposition 55 did not extend the sales and use tax increases imposed by Proposition 30. Revenues from the income tax increase under Proposition 55 will be allocated to school districts and community colleges in the State.

Applications of Constitutional and Statutory Provisions

The application of Proposition 98 and other statutory regulations has become increasingly difficult to predict accurately in recent years. For a discussion of how the provisions of Proposition 98 have been applied to school funding see "DISTRICT FINANCIAL MATTERS — State Funding of Education; State Budget Process."

Proposition 2

General. Proposition 2, which included certain constitutional amendments to the Rainy Day Fund and, upon its approval, triggered the implementation of certain provisions which could limit the amount of reserves that may be maintained by a school district, was approved by the voters in the November 2014 election.

Rainy Day Fund. The Proposition 2 constitutional amendments related to the Rainy Day Fund (i) require deposits into the Rainy Day Fund whenever capital gains revenues rise to more than 8% of general fund tax revenues; (ii) set the maximum size of the Rainy Day Fund at 10% of general fund revenues; (iii) for the next 15 years, require half of each year's deposit to be used for supplemental payments to pay down the budgetary debts or other long-term liabilities and, thereafter, require at least half of each year's deposit to be saved and the remainder used for supplemental debt payments or savings; (iv) allow the withdrawal of funds only for a disaster or if spending remains at or below the highest level of spending from the past three years; (v) require the State to provide a multiyear budget forecast; and (vi) create a Proposition 98 reserve (the "Public School System Stabilization Account") to set aside funds in good years to minimize future cuts and smooth school spending. The State may deposit amounts into such account only after it has paid all amounts owing to school districts relating to the Proposition 98 maintenance factor for fiscal years prior to fiscal year 2014-15. The State, in addition, may not transfer funds to the Public School System Stabilization Account unless the State is in a Test 1 year under Proposition 98 or in any year in which a maintenance factor is created.

SB 858. Senate Bill 858 ("SB 858") became effective upon the passage of Proposition 2. SB 858 includes provisions which could limit the amount of reserves that may be maintained by a school district in certain circumstances. Under SB 858, in any fiscal year immediately following a fiscal year in which the State has made a transfer into the Public School System Stabilization Account, any adopted or revised budget by a school district would need to contain a combined unassigned and assigned ending fund balance that (a) for school districts with an A.D.A. of less than 400,000, is not more than two times the amount of the reserve for economic uncertainties mandated by the Education Code, or (b) for school districts with an A.D.A. that is more than 400,000, is not more than three times the amount of the reserve for economic uncertainties mandated by the Education Code. In certain cases, the county superintendent of schools may grant a school district a waiver from this limitation on reserves for up to two consecutive years within a three-year period if there are certain extraordinary fiscal circumstances.

The District, which has an A.D.A. of less than 400,000, is required to maintain a reserve for economic uncertainty in an amount equal to 3% of its general fund expenditures and other financing uses.

SB 751. Senate Bill 751 ("SB 751"), enacted on October 11, 2017, alters the reserve requirements imposed by SB 858. Under SB 751, in a fiscal year immediate after a fiscal year in which the amount of moneys in the Public School System Stabilization Account is equal to or exceeds 3% of the combined total general fund revenues appropriated for school districts and allocated local proceeds of taxes for that fiscal year, a school district budget that is adopted or revised cannot have an assigned or unassigned ending fund balance that exceeds 10% of those funds. SB 751 excludes from the requirements of those provisions basic aid school districts (also known as community funded districts) and small school districts having fewer than 2,501 units of average daily attendance.

The Refunding Bonds are payable from *ad valorem* taxes to be levied within the District pursuant to the California Constitution and other State law. Accordingly, the District does not expect SB 858 or SB 751 to adversely affect its ability to pay the principal of and interest on the Refunding Bonds as and when due.

Future Initiatives

Article XIIIA, Article XIIIB, Article XIIIC, Article XIIID, as well as Propositions 2, 30, 55, 62, 98, 111 and 218, were each adopted as measures that qualified for the ballot pursuant to the State's initiative process. From time to time other initiative measures could be adopted, further affecting District revenues or the District's ability to expend revenues.

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APPENDIX B

FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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EL DORADO UNION HIGH SCHOOL DISTRICT

FINANCIAL STATEMENTS
June 30, 2018

EL DORADO UNION HIGH SCHOOL DISTRICT

FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2018
(Continued)

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EL DORADO UNION HIGH SCHOOL DISTRICT

FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2018

CONTENTS

Crowe LLP
Independent Member Crowe Global

INDEPENDENT AUDITOR'S REPORT

Board of Education
El Dorado Union High School District
Placerville, California

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

(Continued)

Emphasis of Matter

s discussed in Note 1 to the financial statements, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 75, "Accounting for Financial Reporting for Postemployment Benefits Other than Pensions". This resulted in a restatement of the beginning net position of ($2,876,428). Note disclosures and required supplementary information requirements about OPEB are also discussed. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis* on pages 4 to 14 and other Required Supplementary Information, such as the General Fund Budgetary Comparison Schedule, Cafeteria Fund Budgetary Comparison Schedule, Schedule of Changes in the District's Net Other Postemployment Benefits (OPEB) Liability, Schedule of the District's Proportionate Share of the Net Pension Liability, and Schedule of the District's Contributions on pages 51 to 57 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise El Dorado Union High School District's basic financial statements. The accompanying Schedule of Expenditure of Federal Awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Award*s and the other supplementary information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Expenditure of Federal Awards and supplementary information as listed in the table of contents 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, except for the Schedule of Financial Trends and Analysis, 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 Expenditure of Federal Awards and other supplementary information as listed in the table of contents, except for the Schedule of Financial Trends and Analysis, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Schedule of Financial Trends and Analysis has 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 it.

(Continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2018 on our consideration of El Dorado Union High 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering El Dorado Union High School District's internal control over financial reporting and compliance.

CROWE LLP

Crowe LLP

Sacramento, California
December 13, 2018

The discussion and analysis of El Dorado Union High School District's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2018. The intent of this discussion and analysis is to look at the District's financial performance as a whole. To provide a complete understanding of the District's financial performance, please read it in conjunction with the Independent Auditor's Report on page 1, notes to the basic financial statements and the District's financial statements, as listed in the table of contents.

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.

FINANCIAL HIGHLIGHTS

- General Fund expenditures and other uses exceed revenues and other sources by $2,887,980 ending the year with a fund balance of $7.1 million and available reserves of $4.4 million.

- The total of the District's fixed assets, land, site, buildings and equipment, valued on an acquisition cost basis was $189 million. After depreciation, the June 30, 2018 book value for fixed assets totaled $116 million.

- In complying with GASB 68, the District recognized its portion of the unfunded STRS and PERS pension liabilities for the first time in 2014-2015. These liabilities are based on the most recent actuarial valuations. The District's portion of the unfunded STRS and PERS pension liability increased $5.1 million in 2017-2018 and is reported in the Statement of Net Position.

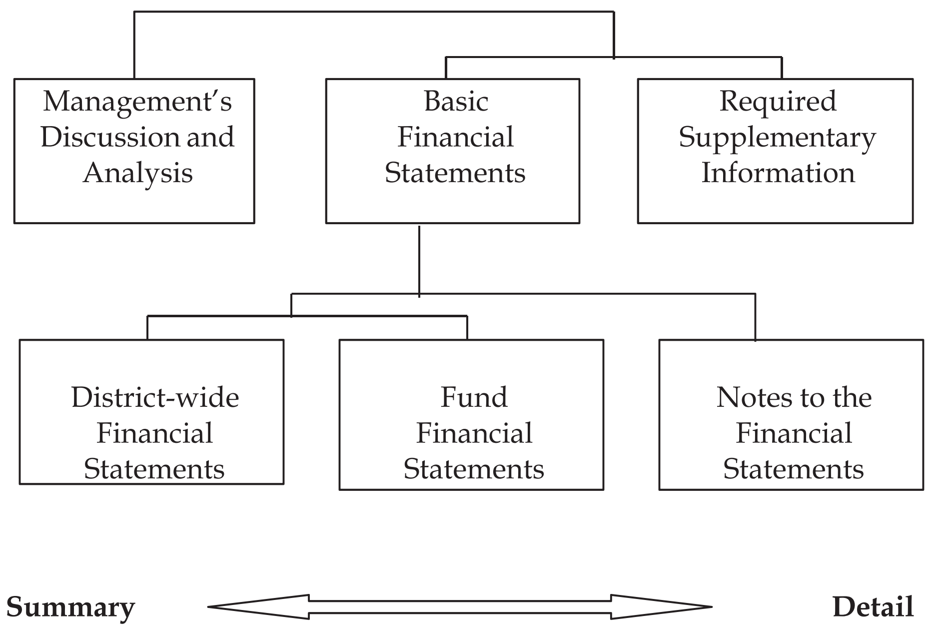
- With the implementation of GASB 75, the District recognized the entire unfunded net OPEB liability in the current year. This liability is based on the most recent actuarial valuation. The District's unfunded net OPEB liability restated the beginning net position by a reduction of $2.8 million. The current year activity was an additional decrease of the net OPEB liability of $0.31 million and is reported in the Statement of Net Position.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts – management's discussion and analysis (this section), the basic financial statements, and required supplementary information. These statements are organized so the reader can understand the El Dorado Union High School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Components of the Financial Section



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

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

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

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

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

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

OVERVIEW OF THE FINANCIAL STATEMENTS (CONCLUDED)

Reporting the District's Most Significant Funds

Fund Financial Statements

The fund financial statements provide more detailed information about the District's most significant funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs. Some funds are required to be established by State law. However, the District establishes other funds to control and manage money for specific purposes.

- Governmental Funds

  All of the District's activities are reported in governmental funds. The major governmental funds of the District are the General Fund, Cafeteria Fund, Capital Facilities Fund, Special Reserve for Capital Outlay Projects Fund, El Dorado Schools Financing Authority CFD No. 1 Fund and the Bond Interest and Redemption Fund. Governmental funds focus on how money flows into and out of the funds and the balances that remain at the end of the year. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's operations and services that help determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

- Fiduciary Funds

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

FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS

The District as a Whole

The District's net position was a deficit $6.8 million at June 30, 2018. This amount includes an unrestricted deficit of $65.0 million. Net investment in capital assets, account for $48.1 million of the total net position. A comparative analysis of government-wide data is presented in Table 1.

Table 1
Comparative Statement of Net Position

	Governmental Activities	
	2018	2017
ASSETS		
Cash	$ 18,745,055	$ 17,850,463
Receivables	1,253,210	1,842,179
Prepaid Expenses	462,445	638,483
Stores inventory	7,266	17,473
Capital assets	116,425,907	118,260,283
Total assets	136,893,883	138,608,881
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows on pensions	21,453,683	13,835,582
Deferred payments on debt refunding	523,864	557,661
Total deferred outflows of resources	21,977,547	14,393,243
LIABILITIES		
Accounts payable	1,628,311	1,823,446
Unearned revenue	83,703	59,051,
Long-term liabilities	156,621,509	149,647,433
Total liabilities	158,333,523	151,532,930
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows on pensions	7,316,000	2,808,000
NET POSITION		
Net investment in capital assets	48,077,479	45,560,059
Restricted	10,182,445	10,020,499
Unrestricted (deficit)	(65,038,017)	(56,919,364)
Total net position	$ (6,778,093)	$ (1,338,806)

FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS (CONTINUED)

The District's net position decreased $2.6 million this fiscal year (See Table 2). The District's expenses for instructional and pupil services represented 70% of total expenses. The administrative activities of the District accounted for 6% of total costs. The remaining 24% was spent in the areas of plant services and other expenses, interest on long-term debt, other outgo and unallocated depreciation expense. (See Figure 2).

Table 2
Comparative Statement of Change in Net Position

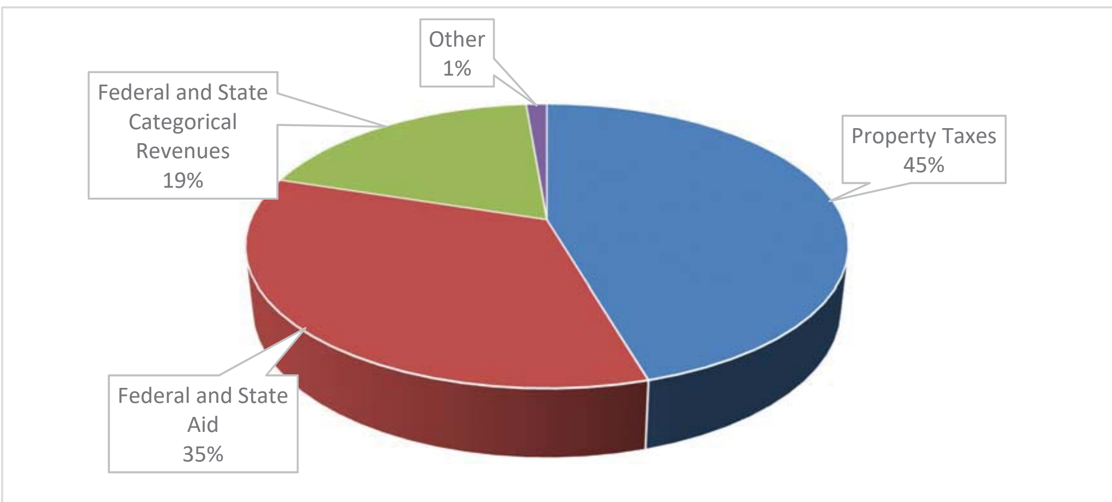
	Governmental Activities	
	2018	2017
REVENUES		
Program revenues	$ 15,713,685	$ 13,585,332
General revenues		
Taxes levied for general purposes	32,228,536	30,327,807
Taxes levied for debt service	3,941,555	4,046,035
Taxes levied for other specific purposes	1,954,198	1,914,910
Federal and State aid not restricted to specific purposes	28,919,685	29,838,619
Interest and investment earnings	72,385	51,300
Interagency revenues	64,519	53,331
Miscellaneous	974,418	1,555,229
Total revenues	83,868,981	81,372,663
EXPENSES		
Instruction	42,135,420	41,370,841
Instruction related services	8,178,435	8,128,672
Pupil support services	10,534,271	10,982,537
General administration	4,787,082	4,571,138
Plant services	9,021,113	8,824,985
Other	11,775,519	11,962,501
Total expenses	86,431,840	85,840,674
Total expenses	$ (2,562,859)	$ (4,468,011)

FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS (CONCLUDED)

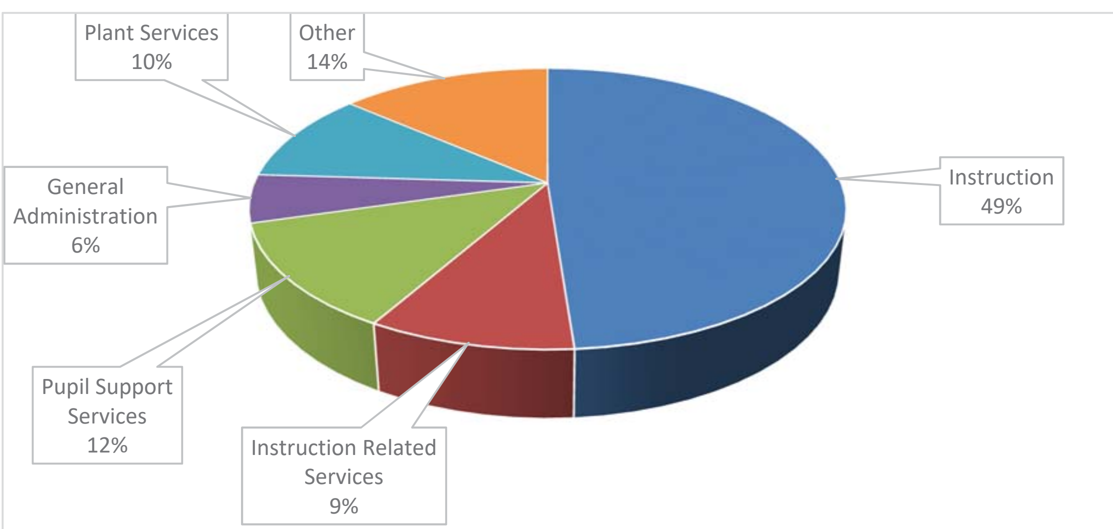
Governmental Activities

As reported in the Statement of Activities, the revenues of all of the District's governmental activities this year was $83.9 million. The amount that our local taxpayers financed for these activities through property taxes was $38.1 million. Federal and State aid not restricted to specific purposes totaled $28.9 million. State and Federal Categorical revenue totaled $15.7 million. Other miscellaneous revenues and interest totaled $1.1 million (See Figure 1).

Sources of Revenue for the 2017-2018 Fiscal Year
Figure 1



Expenses for the 2017-2018 Fiscal Year
Figure 2



FINANCIAL ANALYSIS OF THE FUND STATEMENTS

The fund financial statements focus on individual parts of the District's operations in more detail than the government-wide statements. The District's individual fund statements provide information on inflows and outflows and balances of spendable resources. The District's Governmental Funds reported a combined fund balance of $19.7 million, an increase of $0.25 million from the previous fiscal year. The General Fund balance decreased $2.9 million.

General Fund Budgetary Highlights

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

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

The final revised budget for the General Fund reflected a net decrease to the ending balance of $2.9 million.

The District ended the year with $7.1 million in the General Fund ending balance, of which $2.3 million is reserved for economic uncertainties and $2.1 million is undesignated. The remaining balance is made up of restricted and assigned fund balances. The State recommends an ending reserve for economic uncertainties of 3 percent of total expenditures and other outgo. The District's ending reserve for economic uncertainties for 2017-2018 was 5.7 percent.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

By the end of the 2017-2018 fiscal year, the District had invested $189.2 million in a broad range of capital assets, including school buildings, athletic facilities, administrative buildings, site improvements, vehicles, and equipment. The capital assets net of depreciation were $116.4 million at June 30, 2018, which is a decrease of $1.8 million from the previous year.

CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)

Capital Assets (Concluded)

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

	2018	2017	Difference Increase (Decrease)
Land	$ 3,518,854	$ 3,518,854	$ -
Site Improvements	9,825,632	10,723,637	(898,005)
Buildings	98,425,892	98,392,088	33,804
Machinery and Equipment	3,966,531	3,204,301	762,230
Work in Process	688,998	2,421,402	(1,732,404)
Totals	$ 116,425,907	$ 118,260,282	$ (1,834,375)

Current year additions include the completion of various projects at various sites and purchases of various equipment items. Work in Process was completed on multiple projects and was capitalized.

Long-Term Debt

At June 30, 2018, the District had $156.6 million in long-term debt outstanding.

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

	2018	2017, restated
General Obligation Bonds	$ 61,901,010,	$ 64,179,904
Accreted interest	6,580,888	5,698,648
Unamortized premiums	3,162,490	3,360,146
Certificates of Participation	6,461,379	6,902,147
Capitalized lease obligation	964,795	-
Other postemployment benefits	2,836,736	2,867,817
Compensated absences	758,211	706,199
Net pension liability	73,956,000	68,809,000
Totals	$ 156,621,509	$ 152,523,861

CAPITAL ASSET AND DEBT ADMINISTRATION (CONCLUDED)

Long-Term Debt (Concluded)

The District's share of the STRS and PERS unfunded liability increased $5.1 million in 2017-2018. Additionally, with the implementation of GASB 75, the District's beginning net OPEB liability was restated by an increase of $2.9 million to a balance of $2.9.

FACTORS BEARING ON THE DISTRICT'S FUTURE

State funding for schools is governed largely by Proposition 98, passed by voters in 1988 and modified in 1990. Economic indicators such as energy prices, interest rates and unemployment rate remain positive although there are signs that the economy is slowing. California has enjoyed steady General Fund growth since 2008-09. The current economic expansion is currently in its 113st month (as of November 2018) the second longest in history. However, unlike previous expansions, growth in the Gross Domestic Product (GDP) has not exceeded 3% in any month during this time. The condition of the state budget depends on many volatile and unpredictable economic conditions including fluctuations in the stock market.

On November 8th, 2016 the voters of California approved Proposition 55 which extended taxes upon the top wage earners in California. While this brings additional revenue into the state's coffers, it does mean that state remains reliant on a volatile source of revenue contingent upon the good fortunes of the top 1% income earners. Overall, the state appears to have adequate reserves to cover a mild recession, when it occurs, without having to cut funding to schools although the legislature and the Governor would have the final say on any cuts to state funding.

For El Dorado Union High School District, the focus in FY 2017-18 was the continued comprehensive process to reach out to various stakeholders to review and evaluate progress on the local control and accountability plan (LCAP). The LCAP is now the most important consideration in the allocation of resources. As such, it is the blueprint that enables the Board and staff to achieve its goal of improving student achievement.

FACTORS BEARING ON THE DISTRICT'S FUTURE (CONCLUDED)

The District, much like all districts in California, is facing severe pressure from rising pension costs. For EDUHSD, this resulted in an annual increased cost of over $760,000. The District completed the year with a decrease in fund balance of $2,888,000 as a result of its operations and an ending Fund Balance of $7,145,000. The structural deficit appears to have been negated although the district still needs to take proactive measures to reduce expenses. One such measure is the upcoming implementation of solar energy at each of the four comprehensive school sites. This could generate significant savings on an ongoing basis. Additionally the district is also in the planning stages of enacting an energy savings program to further realize savings. There is some positive news in the short term on the enrollment front as the latest demographic report projects an increase in enrollment of 152 students over the next three years.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, parents, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact Marti Zizek, Director of Fiscal Services, El Dorado Union High School District at mzizek@eduhsd.net.

BASIC FINANCIAL STATEMENTS

STATEMENT OF NET POSITION
June 30, 2018

	Governmental Activities
ASSETS	
Cash and investments (Note 2)	$ 18,745,055
Receivables	1,253,210
Prepaid expenses	462,445
Stores inventory	7,266
Non-depreciable capital assets (Note 4)	4,207,852
Depreciable capital assets, net of accumulated depreciation (Note 4)	112,218,055
Total assets	136,893,883
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources - refunding debt	523,864
Deferred outflows of resources - pensions (Notes 7 and 8)	21,453,683
Total deferred outflows of resources	21,977,547
LIABILITIES	
Accounts payable	1,628,311
Unearned revenue	83,703
Long-term liabilities (Note 5):	
Due within one year	2,604,897
Due after one year	154,016,612
Total liabilities	158,333,523
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources - pensions (Notes 7 and 8)	7,316,000
NET POSITION	
Net investment in capital assets	48,077,479
Restricted:	
Legally restricted programs	1,731,463
Capital projects	4,732,544
Debt service	3,718,438
Unrestricted	(65,038,017)
Total net position	$ (6,778,093)

See accompanying notes to financial statements.

EL DORADO UNION HIGH SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2018

	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
Governmental activities:					
Instruction	$ 42,135,420	$ 157,499	$ 6,361,542	$ 2,117,150	$ (33,499,229)
Instruction-related services:					
Supervision of instruction	1,978,709	3,617	414,468	-	(1,560,624)
Instructional library, media and technology	815,158	199	34,634	-	(780,325)
School site administration	5,384,568	-	274,656	-	(5,109,912)
Pupil services:					
Home-to-school transportation	2,206,184	187	4,470	-	(2,201,527)
Food services	1,725,939	980,644	617,208	-	(128,087)
All other pupil services	6,602,148	86	721,171	-	(5,880,891)
General administration:					
Data processing	753,954	-	-	-	(753,954)
All other general administration	4,033,128	67,772	273,613	-	(3,691,743)
Plant services	9,021,113	73,776	505,461	-	(8,441,876)
Ancillary services	1,299,654	23,263	72,157	-	(1,204,234)
Community services	31,583	-	-	-	(31,583)
Other outgo	1,495,151	1,459,153	1,550,959	-	1,514,961
Depreciation (unallocated) (Note 4)	5,665,049	-	-	-	(5,665,049)
Interest on long-term liabilities	3,284,082	-	-	-	(3,284,082)
Total governmental activities	$ 86,431,840	$ 2,766,196	$ 10,830,339	$ 2,117,150	(70,718,155)

General revenues:	
Taxes and subventions:	
Taxes levied for general purposes	32,228,536
Taxes levied for debt service	3,941,555
Taxes levied for other specific purposes	1,954,198
Federal and state aid not restricted to specific purposes	28,919,685
Interest and investment earnings	72,385
Interagency revenues	64,519
Miscellaneous	974,418
Total general revenues	68,155,296
Change in net position	(2,562,859)
Net position, July 1, 2017	(1,338,806)
Cumulative affect of the implementation of GASB 75	(2,876,428)
Net position, July 1, 2017, as restated	(4,215,234)
Net position, June 30, 2018	$ (6,778,093)

See accompanying notes to financial statements.

EL DORADO UNION HIGH SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2018

	General Fund	Cafeteria Fund	Capital Facilities Fund	Special Reserve for Capital Outlay Projects Fund	El Dorado Schools Financing Authority CFD No. 1 Fund	Bond Interest and Redemption Fund	All Non-Major Funds	Total Govern-mental Funds
ASSETS								
Cash and investments:								
Cash in County Treasury	$ 6,154,534	$ 516,263	$ 2,360,138	$ 2,246,036	$ 111,328	$ 2,909,367	$ 886	$ 14,298,552
Cash in revolving fund	16,665	3,385	-	-	-	-	-	20,050
Cash with Fiscal Agent	-	-	-	-	3,617,382	-	809,071	4,426,453
Receivables	1,165,043	68,618	-	-	19,549	-	-	1,253,210
Prepaid expenditures	462,445	-	-	-	-	-	-	462,445
Stores inventory	7,266	-	-	-	-	-	-	7,266
Due from other funds	68,868	-	-	886	-	-	-	69,754
Total assets	$ 7,874,821	$ 588,266	$ 2,360,138	$ 2,246,922	$ 3,748,259	$ 2,909,367	$ 809,957	$ 20,537,730
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	$ 700,775	$ 13,838	$ 4,188	$ 1,205	$ -	$ -	$ -	$ 720,006
Unearned revenue	29,214	54,489	-	-	-	-	-	83,703
Due to other funds	-	68,868	-	-	-	-	886	69,754
Total liabilities	729,989	137,195	4,188	1,205	-	-	886	873,463
Fund balances:								
Nonspendable	486,376	3,385	-	-	-	-	-	489,761
Restricted	1,280,392	447,686	2,355,950	2,245,717	3,748,259	2,909,367	809,071	13,796,442
Assigned	1,015,539	-	-	-	-	-	-	1,015,539
Unassigned	4,362,525	-	-	-	-	-	-	4,362,525
Total fund balances	7,144,832	451,071	2,355,950	2,245,717	3,748,259	2,909,367	809,071	19,664,267
Total liabilities and fund balances	$ 7,874,821	$ 588,266	$ 2,360,138	$ 2,246,922	$ 3,748,259	$ 2,909,367	$ 809,957	$ 20,537,730

See accompanying notes to financial statements.

Total fund balances - Governmental Funds		$ 19,664,267
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used for governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. The cost of the assets is $189,243,765 and the accumulated depreciation is $72,817,858 (Note 4).		116,425,907
In governmental funds, interest on long-term debt is not recognized until the period in which it matures and is paid. In the government-wide statements, it is recognized in the period that it is incurred.		(908,305)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. Long-term liabilities at June 30, 2018 consisted of (Note 5):		
General Obligation Bonds	$ (61,901,010)	
Accreted interest	(6,580,888)	
Unamortized premiums	(3,162,490)	
Certificates of Participation	(6,461,379)	
Capitalized lease obligation	(964,795)	
Net OPEB liability (Note 9)	(2,836,736)	
Net pension liability (Notes 7 and 8)	(73,956,000)	
Compensated absences	(758,211)	
		(156,621,509)
Losses on the refunding of debt are recognized as expenditures in the period they are incurred. In the government-wide statements, they are categorized as deferred outflows and are amortized over the life of the related debt.		523,864
In government funds, deferred outflows and inflows of resources relating to pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions are reported (Notes 7 and 8).		
Deferred outflows of resources relating to pensions	$ 21,453,683	
Deferred inflows of resources relating to pensions	(7,316,000)	
		14,137,683
Total net position - governmental activities		$ (6,778,093)

See accompanying notes to financial statements.

EL DORADO UNION HIGH SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGE IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2018

	General Fund	Cafeteria Fund	Capital Facilities Fund	Special Reserve for Capital Outlay Projects Fund	El Dorado Schools Financing Authority CFD No. 1 Fund	Bond Interest and Redemption Fund	All Non-Major Funds	Total Govern-mental Funds
Revenues:								
Local Control Funding Formula (LCFF):								
State apportionment	$ 26,973,542	$ -	$ -	$ -	$ -	$ -	$ -	$ 26,973,542
Local sources	31,708,155	-	-	-	-	-	-	31,708,155
Total LCFF	58,681,697	-	-	-	-	-	-	58,681,697
Federal sources	1,866,363	593,069	-	-	-	-	-	2,459,432
Other state sources	6,368,782	45,104	-	-	-	-	2,117,150	8,531,036
Other local sources	5,580,093	1,029,913	1,767,035	61,885	1,982,299	3,958,524	3,380	14,383,129
Total revenues	72,496,935	1,668,086	1,767,035	61,885	1,982,299	3,958,524	2,120,530	84,055,294
Expenditures:								
Current:								
Certificated salaries	32,204,750	-	-	-	-	-	-	32,204,750
Classified salaries	11,876,006	723,747	33,289	-	-	-	-	12,633,042
Employee benefits	17,109,069	206,325	11,557	-	-	-	-	17,326,951
Books and supplies	3,002,926	586,294	314	207,484	-	-	-	3,797,018
Contract services and operating expenditures	8,238,383	126,269	86,958	53,137	57,060	-	-	8,561,807
Other outgo	1,495,151	-	-	-	-	-	-	1,495,151
Capital outlay	2,492,334	17,758	61,750	794,555	56,750	-	-	3,423,147
Debt service:								
Principal retirement	-	-	-	-	-	2,278,894	440,768	2,719,662
Interest	-	-	-	-	-	2,244,760	361,545	2,606,305
Total expenditures	76,418,619	1,660,393	193,868	1,055,176	113,810	4,523,654	802,313	84,767,833
(Deficiency) excess of revenues (under) over expenditures	(3,921,684)	7,693	1,573,167	(993,291)	1,868,489	(565,130)	1,318,217	(712,539)
Other financing sources (uses):								
Transfers in	68,909	-	-	2,118,036	-	-	802,313	2,989,258
Transfers out	-	(68,909)	(655,290)	-	(147,023)	-	(2,118,036)	(2,989,258)
Proceeds from capital leases	964,795	-	-	-	-	-	-	964,795
Total other financing sources (uses)	1,033,704	(68,909)	(655,290)	2,118,036	(147,023)	-	(1,315,723)	964,795
Change in fund balances	(2,887,980)	(61,216)	917,877	1,124,745	1,721,466	(565,130)	2,494	252,256
Fund balances, July 1, 2017	10,032,812	512,287	1,438,073	1,120,972	2,026,793	3,474,497	806,577	19,412,011
Fund balances, June 30, 2018	$ 7,144,832	$ 451,071	$ 2,355,950	$ 2,245,717	$ 3,748,259	$ 2,909,367	$ 809,071	$ 19,664,267

See accompanying notes to financial statements.

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS - TO THE STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2018

Net change in fund balances - Total Governmental Funds		$ 252,256
Amounts reported for governmental activities in the statement of activities are different because:		
Acquisition of capital assets is an expenditure in the governmental funds, but increases capital assets in the statement of net position (Note 4).	$ 3,510,691	
Depreciation of capital assets is an expense that is not recorded in the governmental funds (Note 4).	(5,665,049)	
Donated capital assets are not reported because they do not affect current financial resources. In the government-wide statements, donated capital assets are reported as revenue and as increases to capital assets at their fair value on the date of donation (Note 4).	319,983	
Repayment of principal on long-term liabilities is an expenditure in the governmental funds, but decreases the long-term liabilities in the statement of net position (Note 5).	2,719,662	
Issuance of long-term liabilities is an other financing source in governmental funds, but increase the long-term liabilities in the statement of net position (Note 5).	(964,795)	
Accreted interest is not accrued in the governmental funds, but is recognized over the life of the debt in the government-wide financial statements (Note 5).	(882,240)	
Unmatured interest on long-term liabilities is not recorded in the governmental funds until it becomes due, but increases the liabilities in the statement of net position.	40,605	

(Continued)

In governmental funds, debt issued at a premium is recognized as an other financing source in the year of issuance. In the government-wide statements, debt issued at a premium is amortized as interest over the life of the debt (Note 5).	$ 197,656	
In government-wide statements, any deferred gain or loss from debt refunding, is amortized as interest over the life of the debt. Deferred gain or loss from debt refunding, for the period is:	(33,798)	
In government funds, pension costs are recognized when employer contributions are made. In the statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual-basis pension costs and actual employer contributions was:	(2,036,899)	
In the statement of activities, expenses related to the net OPEB liability and compensated absences are measured by the amounts earned during the year. In the governmental funds, expenditures are measured by the amount of financial resources used (Notes 5 and 9)	(20,931)	(2,815,115)
Change in net position of governmental activities		$ (2,562,859)

EL DORADO UNION HIGH SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUND
June 30, 2018

	Student Body
ASSETS	
Cash and investments (Note 2):	
Cash on hand and in banks	$ 866,389
LIABILITIES	
Due to student groups	$ 866,389

See accompanying notes to financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

El Dorado Union High School District (the "District") accounts for its financial transactions in accordance with the policies and procedures of the Department of Education's California School Accounting Manual. The accounting policies of the District conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA).

Reporting Entity: The Board of Trustees is the level of government which has governance responsibilities over all activities related to public school education in the District. The Board is not included in any other governmental "reporting entity" as defined by the Governmental Accounting Standards Board since Board members have decision-making authority, the power to designate management, the responsibility to significantly influence operations and primary accountability for fiscal matters.

El Dorado Schools Financing Community Facilities District: The El Dorado Schools Financing Community Facilities District No. 1 (Agency) was formed by a Joint Powers Agreement among the Rescue Union School District, Buckeye Union School District and El Dorado Union High School District pursuant to the Mello-Roos Community Facilities Act of 1982. The Agency was formed for the purpose of administering special taxes for its member districts. The Agency has no employees or property and equipment, and its powers are limited to the implementation of the Mello-Roos financing plan contemplated in the Joint Powers Agreement.

The following are those aspects of the relationship between the District and the Agency, which satisfy GASB Codification Section 2100 criteria.

Manifestations of Oversight

The Agency is governed by an elected board consisting of one representative from each member district. Board members are elected by the participating districts' governing boards and have decision–making authority, the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters.

Oversight responsibility; the ability to conduct independent financial affairs, issue debt instruments, approve budgets, sign contracts, levy taxes, and otherwise influence operations and account for fiscal matters, is exercised by the Agency's Governing Board. Accordingly, the Agency is considered to be a separate legal entity from the school district, but the District's financial statements must include the Mello-Roos activity as a component unit. This information is presented in these financial statements as the El Dorado Schools Financing Authority CFD No. 1 Fund.

El Dorado Union High School District Financing Corporation: The El Dorado Union High School District Financing Corporation (Corporation) is a nonprofit, public benefits corporation, incorporated under the laws of the State of California and recorded by the Secretary of State in 1991. The Corporation was formed for the sole purpose of providing financial assistance to the district by financing the design, development, acquisition, construction, improvement and remodeling of facilities and equipment, together with site acquisition, development, landscaping, utilities, furnishings, improvements, parking and all appurtenant and related facilities. When the Corporation's Certificates of Participation have been paid with State reimbursements or other available District funds, title to all Corporation property will pass to the District for no additional consideration.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The following are those aspects of the relationship between the District and the Corporation, which satisfy GASB Codification Section 2100 criteria.

Manifestations of Oversight

The Corporation is governed by the elected Board of Trustees of the El Dorado Union High School District ex officio. Board members have decision-making authority, the power to designate management, the ability to significantly influence operations, and primary accountability for fiscal matters. The Corporation has no employees. The District's Superintendent and Associate Superintendent of Business Services function as agents of the Corporation. Neither individual receives additional compensation for work performed in this capacity. The District exercises significant influence over operations of the Corporation as it is anticipated that the District will always be the sole lessee of all facilities owned by the Corporation. All major financing arrangements, contracts and financial transactions of the Corporation must have the consent of the District.

Accountability for Fiscal Matters

It is anticipated that the District's lease payments will be the sole revenue source of the Corporation. Any deficit incurred by the Corporation will be reflected in the lease payments of the District. Any surpluses of the Corporation revert to the District at the end of the lease period. The District has assumed a "moral obligation," and potentially a legal obligation, for any debt incurred by the Corporation.

Scope of Public Service

The Corporation was created for the sole purpose of financially assisting the District. The District has entered into a long-term agreement with the Corporation whereby the Corporation leases land from the District; and, the District occupies the facilities (a portion of the El Dorado Union High School District) under a lease-purchase agreement with the Corporation. The District's annual lease payments are factored to meet the Corporation's operating expenses and bond retirement costs.

Accordingly, the Corporation is considered to be a separate legal entity from the school district, but the District's financial statements must include the related financing activities as a component unit. This information is presented in these financial statements as the El Dorado Union High School District Financing Corporation Debt Service Fund.

<u>Basis of Presentation - Financial Statements</u>: The basic financial statements include a Management's Discussion and Analysis (MD & A) section providing an analysis of the District's overall financial position and results of operations, financial statements prepared using full accrual accounting for all of the District's activities, including infrastructure, and a focus on the major funds.

<u>Basis of Presentation - Government-Wide Financial Statements</u>: The Statement of Net Position and the Statement of Activities displays information about the reporting government as a whole. Fiduciary funds are not included in the government-wide financial statements. Fiduciary funds are reported only in the Statement of Fiduciary Net Position at the fund financial statement level.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Statement of Net Position and the Statement of Activities are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of Governmental Accounting Standards Board Codification Section (GASB Cod. Sec.) N50.118-.121.

Program revenues: Program revenues included in the Statement of Activities derive directly from the program itself or from parties outside the District's taxpayers or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the District's general revenues.

Allocation of indirect expenses: The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Depreciation expense and interest on general long-term liabilities is considered an indirect expense and is reported separately on the Statement of Activities.

Basis of Presentation - Fund Accounting: The accounts of the District are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. District resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

A - Major Funds

General Fund: The General Fund is the general operating fund of the District and accounts for all revenues and expenditures of the District not encompassed within other funds. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures and the capital improvement costs that are not paid through other funds are paid from the General Fund. The activities of the Deferred Maintenance Fund been included in the General Fund for financial reporting purposes.

Cafeteria Fund: The Cafeteria Fund is a special revenue fund used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Capital Facilities Fund: The Capital Facilities Fund is a capital projects fund used to account for resources used for the acquisition or construction of capital facilities by the District.

Special Reserve Fund for Capital Outlay Projects: The Special Reserve Fund for Capital Outlay Projects is a capital projects fund used to account for resources assigned to improvements and maintenance projects as determined by the Governing Board of the District.

El Dorado Schools Financing Authority CFD No. 1 Fund: The El Dorado Schools Financing Authority CFD No. 1 Fund is a capital projects fund used to account for resources used for the acquisition or construction of capital facilities by the District.

Bond Interest and Redemption Fund: The Bond Interest and Redemption Fund is a debt service fund used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B - Other Funds

County School Facilities Fund: The County School Facilities Fund is a capital projects fund used primarily to account for new school facility construction, modernization projects, and facility hardship grants.

El Dorado Union High School District Financing Corporation-Debt Service Fund: The El Dorado Union High School District Financing Corporation Debt Service Fund is a debt service fund used to account for the financing of resources used for the acquisition or construction of capital facilities by the District.

Agency Funds: The Student Body Funds are used to account for revenues and expenditures of the various student body organizations. All cash activity, assets and liabilities of the various student bodies of the District are accounted for in Student Body Funds.

Basis of Accounting: Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the basic financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

Accrual: The governmental activities in the government-wide financial statements and the fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Modified Accrual: The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term liabilities, if any, is recognized when due.

Budgets and Budgetary Accounting: By state law, the Board of Trustees must adopt a final budget by July 1. A public hearing is conducted to receive comments prior to adoption. The Board of Trustees complied with these requirements.

Receivables: Receivables are made up principally of amounts due from the State of California and Categorical programs. The District has determined that no allowance for doubtful accounts was needed as of June 30, 2018.

Stores Inventory: Inventories in the General and Cafeteria Funds are valued at average cost. Inventory recorded in the General and Cafeteria Funds consists mainly of school supplies and consumable supplies. Inventories are recorded as an expenditure at the time the individual inventory items are transferred from the warehouse to schools and offices.

Capital Assets: Capital assets purchased or acquired, with an original cost of $5,000 or more, are recorded at historical cost or estimated historical cost. Contributed assets are reported at acquisition value for the contributed asset. Additions, improvements and other capital outlay that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Capital assets are depreciated using the straight-line method over 5 - 50 years depending on asset types.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Outflows/Inflows of Resources: In addition to assets, the Statement of Net Position includes a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s), and as such will not be recognized as an outflow of resources (expense/expenditures) until then. A deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter life of the refunded or refunding debt. Additionally, the District has recognized a deferred outflow of resources related to the recognition of the net pension liability reported in the Statement of Net Position.

Deferred Outflows/Inflows of Resources: In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and as such, will not be recognized as an inflow of resources (revenue) until that time. The District has recognized a deferred inflow of resources related to the recognition of the net pension liability reported which is in the Statement of Net Position.

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 State Teachers' Retirement Plan (STRP) and Public Employers Retirement Fund B (PERF B) and additions to/deductions from STRP's and PERF B's fiduciary net position have been determined on the same basis as they are reported by STRP and PERF B. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Certain investments are reported at fair value. The following is a summary of pension amounts in the aggregate:

	STRP	PERF B	Total
Deferred outflows of resources	$ 14,895,871	$ 6,557,812	$ 21,453,683
Deferred inflows of resources	$ 6,160,000	$ 1,156,000	$ 7,316,000
Net pension liability	$ 52,447,000	$ 21,509,000	$ 73,956,000
Pension expense	$ 7,668,321	$ 3,725,424	$ 11,393,745

Compensated Absences: Compensated absences totaling $758,211 are recorded as a liability of the District. The liability is for the earned but unused benefits.

Accumulated Sick Leave: Sick leave benefits are not recognized as liabilities of the District. The District's policy is to record sick leave as a operating expenditure or 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 for certain STRP and PERF B employees, when the employee retires.

Unearned Revenue: Revenue from federal, state, and local special projects and programs is recognized when qualified expenditures have been incurred. Funds received but not earned are recorded as unearned revenue until earned.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position: Net position is displayed in three components:

1. Net Investment in Capital Assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances (excluding unspent bond proceeds) of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

2. Restricted Net Position - Restrictions of the ending net position indicate the portions of net position not appropriable for expenditure or amounts legally segregated for a specific future use. The restriction for legally restricted programs represents the portion of net position restricted to specific program expenditures. The restriction for capital projects represents the portion of net position restricted for capital projects. The restriction for debt service represents the portion of net position available for the retirement of debt. It is the District's policy to use restricted net position first when allowable expenditures are incurred.

3. Unrestricted Net Position – All other net position that do not meet the definitions of "restricted" or "net investment in capital assets".

Fund Balance Classifications: Governmental Accounting Standards Board Codification Sections 1300 and 1800, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB Cod. Sec. 1300 and 1800) implements a five-tier fund balance classification hierarchy that depicts the extent to which a government is bound by spending constraints imposed on the use of its resources. The five classifications, discussed in more detail below, are nonspendable, restricted, committed, assigned and unassigned.

A - Nonspendable Fund Balance:

The nonspendable fund balance classification reflects amounts that are not in spendable form, such as revolving fund cash, prepaid expenditures and stores inventory.

B - Restricted Fund Balance:

The restricted fund balance classification reflects amounts subject to externally imposed and legally enforceable constraints. Such constraints may be imposed by creditors, grantors, contributors, or laws or regulations of other governments, or may be imposed by law through constitutional provisions or enabling legislation. These are the same restrictions used to determine restricted net position as reported in the government-wide statements.

C - Committed Fund Balance:

The committed fund balance classification reflects amounts subject to internal constraints self-imposed by formal action of the Board of Trustees. The constraints giving rise to committed fund balance must be imposed no later than the end of the reporting period. The actual amounts may be determined subsequent to that date but prior to the issuance of the financial statements. Formal action by the Board of Trustees is required to remove any commitment from any fund balance. At June 30, 2018, the District had no committed fund balances.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance Classifications:

D - Assigned Fund Balance:

The assigned fund balance classification reflects amounts that the District's Board of Trustees has approved to be used for specific purposes, based on the District's intent related to those specific purposes. The Board of Trustees can designate personnel with the authority to assign fund balances. The Chief Business Official of the District has been given authority to assign fund balances.

E - Unassigned Fund Balance:

In the General Fund only, the unassigned fund balance classification reflects the residual balance that has not been assigned to other funds and that is not restricted, committed, or assigned to specific purposes.

In any fund other than the General Fund, a positive unassigned fund balance is never reported because amounts in any other fund are assumed to have been assigned, at least, to the purpose of that fund. However, deficits in any fund, including the General Fund that cannot be eliminated by reducing or eliminating amounts assigned to other purposes are reported as negative unassigned fund balance.

Fund Balance Policy: The District has an expenditure policy relating to fund balances. For purposes of fund balance classifications, expenditures are to be spent from restricted fund balances first, followed in order by committed fund balances (if any), assigned fund balances and lastly unassigned fund balances.

While GASB Cod. Sec. 1300 and 1800 do not require districts to establish a minimum fund balance policy or a stabilization arrangement, GASB Cod. Sec. 1300 and 1800 do require the disclosure of a minimum fund balance policy and stabilization arrangements, if they have been adopted by the Board of Trustees. At June 30, 2018, the District has established a minimum General Fund fund balance policy of 3% of General Fund total outgo.

Property Taxes: Secured property taxes are attached as an enforceable lien on property as of March 1. Taxes are due in two installments on or before December 10 and April 10. Unsecured property taxes are due in one installment on or before August 31. The County of El Dorado bills and collects taxes for the District. Tax revenues are recognized by the District when received.

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. All encumbrances are liquidated as of June 30.

Eliminations and Reclassifications: In the process of aggregating data for the Statement of Net Position and the Statement of Activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

Estimates: The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Accordingly, actual results may differ from those estimates.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

New Accounting Pronouncement: In June 2015, the Government Accounting Standards Board (GASB) issued GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions. This Statement improves accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). Is also improves information provided by stat and local government employers about financial support for OPEB the is provided by other entities. The provisions in GASB Statement No. 75 are effective for fiscal years beginning after June 15, 2017. Based on the implementation of Statement No. 75, the District's July 1, 2017 net position was restated by ($2,876,428) because of the recognition of the net OPEB liability.

NOTE 2 - CASH AND INVESTMENTS

Cash and investments at June 30, 2018 are reported at fair value and consisted of the following:

	Governmental Activities	Fiduciary Activities
Pooled Fund:		
Cash in County Treasury	$ 14,298,552	$ -
Deposits:		
Cash on hand and in banks	-	866,389
Cash in revolving fund	20,050	-
Investments:		
Cash with Fiscal Agent	4,426,453	-
Total cash and investments	$ 18,745,055	$ 866,389

Pooled Funds: In accordance with Education Code Section 41001, the Office of Education maintains substantially all of its cash in the interest bearing El Dorado County Treasurer's Pooled Investment Fund. The Office of Education is considered to be an involuntary participant in an external investment pool. The fair value of the Office of Education’s investment in the pool is reported in the financial statements at amounts based upon the Office of Education’s prorata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

Deposits - Custodial Credit Risk: The District limits custodial credit risk by ensuring uninsured balances are collateralized by the respective financial institution. Cash balances held in banks are insured up to $250,000 by the Federal Deposit Insurance Corporation (FDIC) and are collateralized by the respective financial institution. At June 30, 2018, the carrying amount of the District's accounts was $886,439 and the bank balance was $794,645, of which, $30,193 was uninsured.

Investments: The Cash with Fiscal Agent of $4,426,453 in the El Dorado Schools Financing Authority CFD No. 1 and EDUHSD Financing Corporation Debt Service Funds represents debt proceeds that have been set aside for capital projects and the repayment of long-term liabilities. These amounts are held by a third party custodian in the District's name.

(Continued)

NOTE 2 - CASH AND INVESTMENTS (Continued)

Interest Rate Risk: The District does not have a formal investment policy that limits cash and investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. At June 30, 2018, the District had no significant interest rate risk related to cash and investments held.

Credit Risk: The District does not have a formal investment policy that limits its investment choices other than the limitations of state law.

Concentration of Credit Risk: The District does not place limits on the amount it may invest in any one issuer. At June 30, 2018, the District had no concentration of credit risk.

NOTE 3 - INTERFUND TRANSACTIONS

Interfund Activity: Transactions between funds of the District are recorded as transfers. The unpaid balances at year end, as a result of such transactions, are shown as due to and due from other funds.

Interfund Receivables/Payables: Individual interfund receivable and payable balances at June 30, 2018 were as follows:

Fund	Interfund Receivables	Interfund Payables
Major Funds:		
General Fund	$ 68,868	$ -
Cafeteria Fund	-	68,868
Special Reserve for Capital Outlay Projects Fund	886	-
Non-Major Fund:		
County School Facilities Fund	-	886
Totals	$ 69,754	$ 69,754

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

Transfers for the 2017-2018 fiscal year were as follows:

Transfer from the County School Facilities Fund to the Special Reserve for Capital Outlay Projects Fund for excess local portion of a closed modernization project.	$ 2,118,036
Transfer from the Cafeteria Fund to the General Fund for transfer of indirect costs.	68,909
Transfer from the Capital Facilities Fund to the EDUHSD Financing Corporation Debt Service Fund for transfer of debt service payment activities.	655,290
Transfer from the El Dorado Schools Financing Authority CFD No. 1 Fund to the EDUHSD Financing Corporation Debt Service Fund for transfer of debt service payment activities.	147,023
	$ 2,989,258

(Continued)

NOTE 4 - CAPITAL ASSETS

A schedule of changes in capital assets for the year ended June 30, 2018 is shown below:

Governmental Activities	Balance July 1, 2017	Transfers and Additions	Transfers and Deductions	Balance June 30, 2018
Non-depreciable:				
Land	$ 3,518,854	$ -	$ -	$ 3,518,854
Work-in-process	2,421,402	-	1,732,404	688,998
Depreciable:				
Buildings	147,936,838	4,209,723	-	152,146,561
Equipment	11,435,548	1,319,218	423,344	12,331,422
Site improvements	20,523,793	34,137	-	20,557,930
Totals, at cost	185,836,435	5,563,078	2,155,748	189,243,765
Less accumulated depreciation:				
Buildings	(49,544,750)	(4,175,919)	-	(53,720,669)
Equipment	(8,231,247)	(556,988)	(423,344)	(8,364,891)
Site improvements	(9,800,156)	(932,142)	-	(10,732,298)
Total accumulated depreciation	(67,576,153)	(5,665,049)	(423,344)	(72,817,858)
Capital assets, net	$ 118,260,282	$ (101,971)	$ 1,732,404	$ 116,425,907

Depreciation expense was charged to governmental activities as follows:

Depreciation - unallocated	$ 5,665,049

NOTE 5 - LONG-TERM LIABILITIES

General Obligation Bonds: The District has three outstanding bond issuances from prior years. These outstanding obligations are comprised of current interest and capital appreciation bonds, bear interest between 2.00 and 8.00 percent and are scheduled to mature at various times through August 1, 2042.

The District has defeased various General Obligation Bonds issues by creating separate irrevocable trust funds. New debt has been issued and the proceeds have been used to purchase U.S. Government Securities that were placed in the trust funds. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the advanced refunding met the requirements of an in-substance debt defeasance and was, therefore, removed as liability from the District's government-wide financial statements. As of June 30, 2018, all refunded issuances have been fully repaid.

NOTE 5 - LONG-TERM LIABILITIES (Continued)

	Interest Rate %	Maturity Dater Ending August 1	Amount of Original Issue	Outstanding July 1, 2017	Issued (Redeemed) Current Year	Outstanding June 30, 2018
Series 2010	2.00%- 4.50%	2035	$ 17,300,000	$ 16,165,000	$ (515,000)	$ 15,650,000
Series 2012	2.00%- 5.45%	2042	14,999,904	14,819,904	(123,894)	14,696,010
Series 2016 (refunding)	2.00%- 5.00%	2034	33,195,000	33,195,000	(1,640,000)	31,555,000
			$ 65,494,904	$ 64,179,904	$ (2,278,894)	$ 61,901,010

The annual requirements to amortize the general obligation bonds payable, outstanding as of June 30, 2018 are as follows:

Year Ended June 30,	Principal	Interest	Total
2019	$ 1,648,589	$ 2,164,018	$ 3,812,607
2020	1,725,118	2,113,415	3,838,533
2021	1,877,491	2,060,092	3,937,583
2022	2,061,766	1,977,817	4,039,583
2023	2,298,815	1,887,818	4,186,633
2024-2028	10,105,821	8,169,060	18,274,881
2029-2033	15,565,156	5,851,677	21,416,833
2034-2038	16,263,449	10,381,626	26,645,075
2039-2043	10,354,805	19,556,445	29,911,250
	$ 61,901,010	$ 54,161,968	$ 116,062,978

Certificates of Participation (COP): The District has one outstanding certificates of participation from prior years. This outstanding certificate is comprised of current interest and capital appreciation certificates, bears interest between 3.75 and 7.625 percent and is scheduled to mature at various times through August 1, 2039.

The District has defeased various certificates of participation by creating separate irrevocable trust funds. New debt has been issued and the proceeds have been used to purchase U.S. Government Securities that were placed in the trust funds. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the advance refunding met the requirements of an in-substance debt defeasance and therefore the unearned debt was removed as a liability from the District's government-wide financial statements. As of June 30, 2018, all refunded issuances have been fully repaid.

	Interest Rate	Maturity Date	Amount of Original Issue	Outstanding July 1, 2017	Issued (Redeemed) Current Year	Outstanding June 30, 2018
Series 2009	3.75%- 7.625%	2039	$ 9,004,154	$ 6,902,147	$ (440,768)	$ 6,461,379

NOTE 5 - LONG-TERM LIABILITIES (Continued)

The outstanding certificates of participation at June 30, 2018 are as follows:

Year Ended June 30,	Principal	Interest	Total
2019	$ 405,497	$ 396,815	$ 802,312
2020	374,880	427,433	802,313
2021	344,896	457,416	802,312
2022	315,790	486,522	802,312
2023-2027	1,248,852	2,762,711	4,011,563
2028-2032	808,112	3,203,452	4,011,564
2033-2037	748,352	3,260,736	4,009,088
2038-2040	2,215,000	195,931	2,410,931
	$ 6,461,379	$ 11,191,016	$ 17,652,395

Capital Leases: In November 2017, the District entered into a capital lease agreement with Santander Bank for the purchase of six buses. The lease is for $964,795 to be repaid in 120 monthly installments that represent principal and interest. The following is a summary of future payments on the capital lease:

Year Ending June 30,	Lease Payments
2019	$ 116,009
2020	116,009
2021	116,009
2022	116,009
2023	116,009
2024-2028	580,045
Total payments	1,160,090
Less amount representing interest	(195,295)
Net present value of minimum payments	$ 964,795

The capitalized value of the buses under lease was a cost of $964,795 with an accumulated depreciation of $36,152 as of June 30, 2018.

(Continued)

NOTE 5 - LONG-TERM LIABILITIES (Continued)

Schedule of Changes in Long-Term Liabilities: A schedule of changes in long-term liabilities for the year ended June 30, 2018 is shown below:

	Balance July 1, 2017, as Restated	Additions	Deletions	Balance June 30, 2018	Amounts Due Within One Year
Governmental activities:					
General Obligation Bonds	$ 64,179,904	$ -	$ 2,278,894	$ 61,901,010	$ 1,648,589
Accreted interest	5,698,648	1,117,578	235,338	6,580,888	270,914
Unamortized premiums	3,360,146	-	197,656	3,162,490	197,656
Certificates of Participation	6,902,147	-	440,768	6,461,379	405,497
Capitalized lease obligation	-	964,795	-	964,795	82,241
Net OPEB liability (Note 9)	2,867,817	-	31,081	2,836,736	-
Net pension liability (Notes 7 and 8)	68,809,000	5,147,000	-	73,956,000	-
Compensated absences	706,199	52,012	-	758,211	-
Total	$ 152,523,861	$ 7,281,385	$ 3,183,737	$ 156,621,509	$ 2,604,897

The compensated absences, net pension liability and net OPEB liability will be paid from the General Fund. Payments on the General Obligation Bonds will be made from the Bond Interest and Redemption Fund. Payments on the Certificates of Participation will be made from the El Dorado Union High School District Financing Corporation Debt Service Fund and the Capital Facilities Fund.

(Continued)

NOTE 6 - FUND BALANCES

Fund balances, by category, at June 30, 2018 consisted of the following:

	General Fund	Cafeteria Fund	Capital Facilities Fund	Special Reserve for Capital Outlay Projects Fund	El Dorado Schools Financing Authority CFD No.1 Fund	Bond Interest and Redemption Fund	All Non-Major Funds	Total
Nonspendable:								
Revolving cash fund	$ 16,665	$ 3,385	$ -	$ -	$ -	$ -	$ -	$ 20,050
Prepaid expenditures	462,445	-	-	-	-	-	-	462,445
Stores inventory	7,266	-	-	-	-	-	-	7,266
Subtotal non-spendable	486,376	3,385	-	-	-	-	-	489,761
Restricted:								
Legally restricted programs	1,280,392	447,686	-	-	-	-	-	1,728,078
Capital projects	-	-	2,355,950	2,245,717	3,748,259	-	-	8,349,926
Debt service	-	-	-	-	-	2,909,367	809,071	3,718,438
Subtotal restricted	1,280,392	447,686	2,355,950	2,245,717	3,748,259	2,909,367	809,071	13,796,442
Assigned:								
Certificated column increase	75,000	-	-	-	-	-	-	75,000
Medi-Cal Administrative Activities funds	378,009	-	-	-	-	-	-	378,009
Site/department carryover	562,530	-	-	-	-	-	-	562,530
Subtotal assigned	1,015,539	-	-	-	-	-	-	1,015,539
Unassigned:								
Reserve for economic uncertainty	2,261,600	-	-	-	-	-	-	2,261,600
Undesignated	2,100,925	-	-	-	-	-	-	2,100,925
Subtotal unassigned	4,362,525	-	-	-	-	-	-	4,362,525
Total fund balances	$ 7,144,832	$ 451,071	$ 2,355,950	$ 2,245,717	$ 3,748,259	$ 2,909,367	$ 809,071	$ 19,664,267

(Continued)

NOTE 7 – NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN

General Information about the State Teachers' Retirement Plan

Plan Description: Teaching-certified employees of the District are provided with pensions through the State Teachers' Retirement Plan (STRP) – a cost-sharing multiple-employer defined benefit pension plan administered by the California State Teachers' Retirement System (CalSTRS). The Teachers' Retirement Law (California Education Code Section 22000 et seq.), as enacted and amended by the California Legislature, established this plan and CalSTRS as the administrator. The benefit terms of the plan may be amended through legislation. CalSTRS issues a publicly available financial report that can be obtained at http://www.calstrs.com/comprehensive-annual-financial-report.

Benefits Provided: The STRP Defined Benefit Program has two benefit formulas:

- CalSTRS 2% at 60: Members first hired on or before December 31, 2012, to perform service that could be creditable to CalSTRS.
- CalSTRS 2% at 62: Members first hired on or after January 1, 2013, to perform service that could be creditable to CalSTRS.

The Defined Benefit (DB) Program provides retirement benefits based on members' final compensation, age and years of service credit. In addition, the retirement program provides benefits to members upon disability and to survivors/beneficiaries upon the death of eligible members. There are several differences between the two benefit formulas which are noted below.

CalSTRS 2% at 60

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

CalSTRS calculates retirement benefits based on a one-year final compensation for members who retired on or after January 1, 2001, with 25 or more years of credited service, or for classroom teachers with less than 25 years of credited service if the employer elected to pay the additional benefit cost prior to January 1, 2014. One-year final compensation means a member's highest average annual compensation earnable for 12 consecutive months calculated by taking the creditable compensation that a member could earn in a school year while employed on a full time basis, for a position in which the person worked. For members with less than 25 years of credited service, final compensation is the highest average annual compensation earnable for any three consecutive years of credited service.

CalSTRS 2% at 62

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

All CalSTRS 2% at 62 members have their final compensation based on their highest average annual compensation earnable for three consecutive years of credited service.

(Continued)

NOTE 7 – NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN (Continued)

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

A summary of statutory contribution rates and other sources of contributions to the Defined Benefit Program are as follows:

Members - Under CalSTRS 2% at 60, the member contribution rate was 10.25 percent of applicable member earnings for fiscal year 2017-18. Under CalSTRS 2% at 62, members contribute 50 percent of the normal cost of their retirement plan, which resulted in a contribution rate of 9.205 percent of applicable member earnings for fiscal year 2017-18.

In general, member contributions cannot increase unless members are provided with some type of "comparable advantage" in exchange for such increases. Under previous law, the Legislature could reduce or eliminate the 2 percent annual increase to retirement benefits. As a result of AB 1469, effective July 1, 2014, the Legislature cannot reduce the 2 percent annual benefit adjustment for members who retire on or after January 1, 2014, and in exchange for this "comparable advantage," the member contribution rates have been increased by an amount that covers a portion of the cost of the 2 percent annual benefit adjustment.

According to current law, the contribution rate for CalSTRS 2% at 62 members is adjusted if the normal cost increases or decreases by more than 1 percent since the last time the member contribution rate was set. Based on the June 30, 2017, valuation adopted by the board in May 2018, the increase in normal cost was greater than 1 percent. Therefore, contribution rates for CalSTRS 2% as 62 members will increase by 1 percent effective July 1, 2018.

Employers – 14.43 percent of applicable member earnings.

Pursuant to AB 1469, employer contributions will increase from a prior rate of 8.25 percent to a total of 19.1 percent of applicable member earnings phased in over seven years starting in 2014. The new legislation also gives the CalSTRS board limited authority to adjust employer contribution rates from July 1, 2021 through June 2046 in order to eliminate the remaining unfunded actuarial obligation related to service credited to members prior to July 1, 2014. The CalSTRS board cannot adjust the rate by more than 1 percent in a fiscal year, and the total contribution rate in addition to the 8.25 percent cannot exceed 12 percent.

(Continued)

NOTE 7 – NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN (Continued)

The CalSTRS employer contribution rate increases effective for fiscal year 2017-18 through fiscal year 2045-46 are summarized in the table below:

Effective Date	Prior Rate	Increase	Total
July 01, 2017	8.25%	6.18%	14.43%
July 01, 2018	8.25%	8.03%	16.28%
July 01, 2019	8.25%	9.88%	18.13%
July 01, 2020	8.25%	10.85%	19.10%
July 01, 2021 to June 30, 2046	8.25%	*	*
July 01, 2046	8.25%	Increase from prior rate ceases in 2046-47	

* The Teachers' Retirement Board (the "board") cannot adjust the employer rate by more than 1 percent in a fiscal year, and the increase to the contribution rate above the 8.25 percent base contribution rate cannot exceed 12 percent for a maximum of 20.25 percent.

The District contributed $4,460,871 to the plan for the fiscal year ended June 30, 2018.

State - 9.328 percent of the members' creditable earnings from the fiscal year ending in the prior calendar year.

Also as a result of AB 1469, the additional state appropriation required to fully fund the benefits in effect as of 1990 by 2046 is specific in subdivision (b) of Education Code Section 22955.1. The increased contributions end as of fiscal year 2045-2046. The CalSTRS state contribution rates effective for fiscal year 2017-18 and beyond are summarized in the table below.

As shown in the subsequent table, the state rate will increase to 5.311 percent on July 1, 2018, to continue paying down the unfunded liabilities associated with the benefits structure that was in place in 1990 prior to certain enhancements in benefits and reductions in contributions.

Effective Date	Base Rate	AB 1469 Increase For 1990 Benefit Structure	SBMA Funding(1)	Total State Appropriation to DB Program
July 01, 2018	2.017%	5.311%(2)	2.50%	9.828%
July 01, 2019 to June 30, 2046	2.017%	(3)	2.50%	(3)
July 1, 2046 and thereafter	2.017%	(4)	2.50%	4.517%(3)

(1) This rate does not include the $72 million reduction in accordance with Education Code Section 22954.
(2) In May 2018, the board of CalSTRS exercised its limited authority to increase the state contribution rate by 0.5 percent of the payroll effective July 1, 2018.
(3) The CalSTRS board has limited authority to adjust state contribution rates annually through June 30, 2046 in order to eliminate the remaining unfunded actuarial obligation associated with the 1990 benefit structure. The board cannot increase the rate by more than 0.50 percent in a fiscal year, and if there is no unfunded actuarial obligation, the contribution rate imposed to pay for the 1990 benefit structure would be reduced to 0 percent.
(4) From July 1, 2046, and thereafter, the rates in effect prior to July 1, 2014, are reinstated if necessary to address any remaining 1990 unfunded actuarial obligation.

NOTE 7 – NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN (Continued)

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

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

District's proportionate share of the net pension liability	$ 52,447,000
State's proportionate share of the net pension liability associated with the District	31,027,000
Total	$ 83,474,000

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating school Districts and the State. At June 30, 2017, the District's proportion was 0.057 percent, which was a decrease of 0.004 percent from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the District recognized pension expense of $7,668,321 and revenue of $3,083,165 for support provided by the State. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 194,000	$ 915,000
Changes of assumptions	9,716,000	-
Net differences between projected and actual earnings on investments	-	1,397,000
Changes in proportion and differences between District contributions and proportionate share of contributions	525,000	3,848,000
Contributions made subsequent to measurement date	4,460,871	-
Total	$ 14,895,871	$ 6,160,000

(Continued)

NOTE 7 – NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN (Continued)

$4,460,871 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ended June 30,	
2019	$ (267,700)
2020	$ 1,773,300
2021	$ 1,021,300
2022	$ (346,700)
2023	$ 869,300
2024	$ 1,225,500

Differences between expected and actual experience and changes in assumptions are amortized over a closed period equal to the average remaining service life of plan members, which is 7 years as of the June 30, 2017 measurement date. Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed 5-year period.

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

Valuation Date	June 30, 2016
Experience Study	July 1, 2010 through June 30, 2015
Actuarial Cost Method	Entry age normal
Investment Rate of Return	7.10%
Consumer Price Inflation	2.75%
Wage Growth	3.50%
Post-retirement Benefit Increases	2.00% simple for DB Not applicable for DBS/CBB

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

NOTE 7 – NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN (Continued)

During the 2016-17 measurement period, CalSTRS completed an experience study for the period starting July 1, 2010, and ending June 30, 2015. The experience study was adopted by the board in February 2017. As a result of the study, certain assumptions used in determining the NPL of the STRP changed, including the price inflation, wage growth, discount rate and the mortality tables used in the actuarial valuation of the NPL. The changes to the assumptions as a result of the experience study follow:

	Measurement Period	
Assumption	As of June 30, 2017	As of June 30, 2016
Consumer price inflation	2.75%	3.00%
Investment rate of return	7.10%	7.60%
Wage growth	3.50%	3.75%

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

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

* 20-year geometric average

Discount Rate: The discount rate used to measure the total pension liability was 7.10 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at statutory contribution rates in accordance with the rate increase per AB 1469. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.10 percent) and assuming that contributions, benefit payments, and administrative expense occur midyear. Based on those assumptions, the STRP's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

(Continued)

NOTE 7 – NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN (Continued)

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.10 percent, 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 (6.10 percent) or 1-percentage-point higher (8.10 percent) than the current rate:

District's proportionate share of the net pension liability	$ 77,008,000	$ 52,447,000	$ 32,513,000

Pension Plan Fiduciary Net Position: Detailed information about the pension plan's fiduciary net position is available in the separately issued CalSTRS financial report.

NOTE 8 – NET PENSION LIABILITY – PUBLIC EMPLOYER'S RETIREMENT FUND B

General Information about the Public Employer's Retirement Fund B

Plan Description: The schools cost-sharing multiple-employer defined benefit pension plan Public Employer's Retirement Fund B (PERF B) is administered by the California Public Employees' Retirement System (CalPERS). Plan membership consists of non-teaching and non-certified employees of public schools (K-12), community college districts, offices of education, charter and private schools (elective) in the State of California.

The Plan was established to provide retirement, death and disability benefits to non-teaching and noncertified employees in schools. The benefit provisions for Plan employees are established by statute. CalPERS issues a publicly available financial report that can be obtained at obtained at:

https://www.calpers.ca.gov/docs/forms-publications/cafr-2017.pdf

Benefits Provided: The benefits for the defined benefit plans are based on members' years of service, age, final compensation, and benefit formula. Benefits are provided for disability, death, and survivors of eligible members or beneficiaries. Members become fully vested in their retirement benefits earned to date after five years (10 years for State Second Tier members) of credited service.

Contributions: The benefits for the defined benefit pension plans are funded by contributions from members and employers, and earnings from investments. Member and employer contributions are a percentage of applicable member compensation. Member contribution rates are defined by law and depend on the respective employer's benefit formulas. Employer contribution rates are determined by periodic actuarial valuations or by state statute. Actuarial valuations are based on the benefit formulas and employee groups of each employer. Employer contributions, including lump sum contributions made when districts first join PERF B, are credited with a market value adjustment in determining contribution rates.

The required contribution rates of most active plan members are based on a percentage of salary in excess of a base compensation amount ranging from zero dollars to $863 monthly.

Required contribution rates for active plan members and employers as a percentage of payroll for the year ended June 30, 2018 were as follows:

Members - The member contribution rate was 6.50 or 7.50 percent of applicable member earnings for fiscal year 2017-18.

NOTE 8 – NET PENSION LIABILITY – PUBLIC EMPLOYER'S RETIREMENT FUND B (Continued)

Employers - The employer contribution rate was 15.531 percent of applicable member earnings.

The District contributed $1,812,812 to the plan for the fiscal year ended June 30, 2018.

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

At June 30, 2018, the District reported a liability of $21,509,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating school Districts. At June 30, 2017, the District's proportion was 0.090 percent, which was a decrease of 0.007 percent from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the District recognized pension expense of $3,725,424. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 771,000	$ -
Changes of assumptions	3,142,000	253,000
Net differences between projected and actual earnings on investments	745,000	-
Changes in proportion and differences between District contributions and proportionate share of contributions	87,000	903,000
Contributions made subsequent to measurement date	1,812,812	-
Total	$ 6,557,812	$ 1,156,000

$1,812,812 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ended June 30,	
2019	$ 996,500
2020	$ 1,797,500
2021	$ 1,202,500
2022	$ (407,500)

(Continued)

NOTE 8 – NET PENSION LIABILITY – PUBLIC EMPLOYER'S RETIREMENT FUND B (Continued)

Differences between expected and actual experience and changes in assumptions are amortized over a closed period equal to the average remaining service life of plan members, which is 4 years as of the June 30, 2017 measurement date. Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed 5-year period.

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

Valuation Date	June 30, 2016
Experience Study	June 30, 1997 through June 30, 2011
Actuarial Cost Method	Entry age normal
Investment Rate of Return	7.15%
Consumer Price Inflation	2.75%
Wage Growth	Varies by entry age and service
Post-retirement Benefit Increases	Contract COLA up to 2.00% until Purchasing Power Protection Allowance Floor on Purchasing Power applies 2.75% thereafter

The mortality table used was developed based on CalPERS specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 experience study report.

All other actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. Further details of the Experience Study can be found at CalPERS' website.

During the 2016-17 measurement period, the financial reporting discount rate for the Plan was lowered from 7.65 percent to 7.15 percent.

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation.

Asset Class	Long-Term* Assumed Asset Allocation	Expected Real Rate of Return Years 1 - 10 (1)	Expected Real Rate of Return Years 11+ (2)
Global Equity	47%	4.90%	5.38%
Fixed Income	19	0.80	2.27
Inflation Assets	6	0.60	1.39
Private Equity	12	6.60	6.63
Real Estate	11	2.80	5.21
Infrastructure & Forestland	3	3.90	5.36
Liquidity	2	(0.40)	(0.90)

* 10-year geometric average
(1) An expected inflation rate of 2.50% used for this period
(2) An expected inflation rate of 3.00% used for this period

(Continued)

NOTE 8 – NET PENSION LIABILITY – PUBLIC EMPLOYER'S RETIREMENT FUND B (Continued)

Discount Rate: The discount rate used to measure the total pension liability was 7.15 A projection of the expected benefit payments 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 Plan. The results of the crossover testing for the Plan are presented in a detailed report that can be obtained at CalPERS' website.

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected cash flows of the Plan. 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. Using historical returns of all the Plan's asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.15 percent, 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 (6.15 percent) or 1-percentage-point higher (8.15 percent) than the current rate:

	1% Decrease (6.15%)	Current Discount Rate (7.15%)	1% Increase (8.15%)
District's proportionate share of the net pension liability	$ 31,647,000	$ 21,509,000	$ 13,099,000

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

(Continued)

NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description: In addition to the pension benefits described in Notes 7 and 8, the District provides healthcare benefits to eligible employees who retire from the District, as part of a single-employer defined benefit postemployment health care plan (Plan). The Plan is administered by the District and allows employees who retired after having achieved retirement eligibility requirements to continue receiving medical insurance coverage. The District's Board of Education has the authority to establish the requirements for paying for the Plan's benefits as they come due.

The District participates in the California School Boards Association (CSBA) GASB 45 Solutions Program to pre-fund OPEB liabilities. The CSBA GASB 45 Solutions Program is an agent multiple-employer plan consisting of an aggregation of single-employer plans. Public Agency Retirement Services (PARS) was appointed as administrator for the CSBA GASB 45 Solutions Program, and U.S. Bank was appointed as trustee. The CSBA GASB 45 Solutions Program serves as a qualified irrevocable trust for the accumulation of assets of member districts, to ensure that funds are dedicated to service the needs of employees and retirees. The District's contributions to the irrevocable trust established by the CSBA GASB 45 Solutions Program is included in the Public Agencies Post-Employment Benefits Trust financial statements. Copies of the Public Agencies Post-Employment Benefits Trust independent financial statements may be obtained from the Public Agency Retirement Services – 4350 Von Karman Ave – Newport Beach, CA 92660.

Benefits Provided: The District offers limited post-employment retiree benefits to each of the three classes of employees. The major provisions of the plans are as follows:

Represented Certificated Staff who have at least 10 years with the district and have reached age 55 are eligible to receive the same benefit cap the district provides to current employees for health insurance for a period of 5 years or to age 65 whichever is first. Additionally they may work 18 days a year for a payment of $4,000. This article will remain active for employees hired on or before June 30, 2012, and will not be in effect for any employees hired beyond this date.

Represented Classified Staff who have at least 15 years with the district and have reached age 50 are eligible to receive the same benefit cap the district provides to current employees for health insurance for a period of 5 years or until they reach Medicare eligibility, whichever is first. This article will remain active for employees hired on or before June 30, 2012, and will not be in effect for any employees hired beyond this date.

Management Staff members who had at least 10 years with the district and had reached age 50 and who retire after October 1, 2005, will be eligible for one-time payments ranging from $10,000 to $30,000 depending on their length of their service. There will be no continued annual payments to them or guaranteed days of work. This article will remain active for employees hired on or before July 1, 2010, and will not be in effect for any employee hired beyond this date.

Expenditures for post-retirement healthcare benefits are recognized as the premiums are paid. Benefits are provided by the District on a pay-as-you-go basis. The District's Board of Education has the authority to change benefits. The Plan benefits through an agent multiple-employer OPEB plan that is administered by the Public Agency Retirement Services ("PARS")."

(Continued)

NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Employees Covered by Benefit Terms: The following is a table of plan participants at June 30, 2018;

	Number of Participants
Inactive Plan members, covered spouses, or beneficiaries currently receiving benefits	37
Inactive employees/dependents entitled to but not yet receiving benefits	-
Active employees	256
	293

Contributions: Eligible employees are not permitted to make contributions to the Plant. The Plan administrator shall, on behalf of the employer, make all contributions to the Trustee. All contributions shall be paid to the Trustee for investment and reinvestment pursuant to the terms of the trust agreement. The District does not have contractually required contributions rates, but contributes in an amount sufficient to fully fund the Net OPEB obligation over a period not to exceed 30 years. Contributions to the Trust from the District were $477,483 for the year ended June 30, 2018. Employees are not required to contribute to the OPEB plan.

OPEB Plan Investments: The plan discount rate of 6.0% was determined using the long-term expected rate of return on plan investments based upon the PARS Balanced Investment Policy asset allocation.

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

Valuation date	June 30, 2018
Measurement date	June 30, 2018
Actuarial cost methods	Entry age actuarial cost method
Inflation rate	2.75%
Investment rate of return	6.00%
Discount rate	6.00%
Health care cost trend rate	4.00%
Payroll increase	2.75%
Mortality	For certificated employees the 2009 CalSTRS mortality tables were used. For classified employees the 2009 CalPERS active mortality for miscellaneous employees were used.

NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Total Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance, July 1, 2017	$ 5,073,331	$ 2,205,514	$ 2,867,817
Changes for the year:			
Service cost	266,657	-	266,657
Interest	300,910	-	300,910
Employer contributions	-	477,483	(477,483)
Net investment income	-	127,038	(127,038)
Administrative expense	-	(5,873)	5,873
Benefit payments	(375,638)	(375,638)	-
Net change	191,929	223,010	(31,081)
Balance, June 30, 2018	$ 5,265,260	$ 2,428,524	$ 2,836,736

Fiduciary Net Position as a % of the Total OPEB Liability, at June 30, 2018: 46.1%

Sensitivity of the Net OPEB Liability to Assumptions: The following presents the Net OPEB liability calculated using the discount rate of 6.0 percent. The schedule also shows what the Net OPEB liability would be if it were calculated using a discount rate that is 1 percent lower (5.0 percent) and 1 percent higher (7.0):

	Discount Rate 1% Lower (5.0%)	Valuation Discount Rate (6.0%)	Discount Rate 1% Higher (7.0%)
Net OPEB liability	$ 3,158,891	$ 2,836,736	$ 2,529,369

The following table presents the Net OPEB liability calculated using the heath care cost trend rate of 6.0 percent. The schedule also shows what the Net OPEB liability would be if it were calculated using a health care cost trend rate that is 1 percent lower (5.0 percent) and 1 percent higher (7.0 percent):

	Health Care Trend Rate 1% Lower (3.0%)	Valuation Health Care Trend Rate (4.0%)	Health Care Trend Rate 1% Higher (5.0%)
Net OPEB liability	$ 2,568,767	$ 2,836,736	$ 3,073,690

(Continued)

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

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

For the year ended June 30, 2018, the District recognized OPEB expense of $446,402. At June 30, 2018, there were no deferred outflows of resources and deferred inflows of resources related to OPEB as this was the initial year of measurement under GASB 75.

NOTE 10 - JOINT POWERS AGREEMENT

Schools Insurance Authority: The District is a member with other school districts of a Joint Powers Authority, Schools Insurance Authority (SIA), for the operation of a common risk management and insurance program for property and liability and workers' compensation coverage. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. There have been no significant reductions in insurance coverage in the prior year.

The following is a summary of financial information for SIA at June 30, 2018:

Total assets	$	156,099,265
Total deferred outflows of resources	$	2,183,259
Total liabilities	$	78,395,474
Total deferred inflows of resources	$	438,183
Total net position	$	79,448,867
Total revenues	$	64,932,531
Total expenses	$	59,366,494
Change in net position	$	5,566,037

The relationship between the District and the Joint Powers Authority is such that the Joint Powers Authority is not component unit of the District for financial reporting purposes.

NOTE 11 - CONTINGENCIES

The District is subject to legal proceedings and claims which arise in the ordinary course of business. In the opinion of management, the amount of ultimate liability with respect to these actions will not materially affect the financial position or results of operations of the District.

The District has received federal and state funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could result in expenditure disallowances under terms of the grants, it is management's opinion that any required reimbursements of future revenue offsets subsequently determined will not have a material effect on the District's financial position or results of operations.

REQUIRED SUPPLEMENTARY INFORMATION

EL DORADO UNION HIGH SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2018

	Budget Original	Budget Final	Actual	Variance Favorable (Unfavorable)
Revenues:				
Local Control Funding Formula:				
State apportionment	$ 29,019,566	$ 26,973,542	$ 26,973,542	$ -
Local sources	29,571,578	31,708,155	31,708,155	-
Total LCFF	58,591,144	58,681,697	58,681,697	-
Federal sources	2,053,853	1,866,363	1,866,363	-
Other state sources	5,663,987	6,368,782	6,368,782	-
Other local sources	4,573,769	5,580,093	5,580,093	-
Total revenues	70,882,753	72,496,935	72,496,935	-
Expenditures:				
Current:				
Certificated salaries	31,756,615	32,204,750	32,204,750	-
Classified salaries	11,683,341	11,876,006	11,876,006	-
Employee benefits	17,045,966	17,109,069	17,109,069	-
Books and supplies	4,322,809	3,002,926	3,002,926	-
Contract services and operating expenditures	7,248,092	8,238,383	8,238,383	-
Other outgo	1,597,114	1,495,151	1,495,151	-
Capital outlay	927,670	1,527,539	2,492,334	(964,795)
Total expenditures	74,581,607	75,453,824	76,418,619	(964,795)
Deficiency of revenues under expenditures	(3,698,854)	(2,956,889)	(3,921,684)	(964,795)
Other financing sources:				
Transfers in	69,189	68,909	68,909	-
Proceeds from capital lease	-	-	964,795	964,795
Total other financing sources	69,189	68,909	1,033,704	964,795
Change in fund balance	(3,629,665)	(2,887,980)	(2,887,980)	-
Fund balance, July 1, 2017	10,032,812	10,032,812	10,032,812	-
Fund balance, June 30, 2018	$ 6,403,147	$ 7,144,832	$ 7,144,832	$ -

See accompanying note to required supplementary information.

EL DORADO UNION HIGH SCHOOL DISTRICT
CAFETERIA FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2018

	Budget			Variance
	Original	Final	Actual	Favorable (Unfavorable)
Revenues:				
Federal sources	555,000	593,069	593,069	
Other state sources	41,500	45,104	45,104	-
Other local sources	983,750	1,029,913	1,029,913	-
Total revenues	1,580,250	1,668,086	1,668,086	-
Expenditures:				
Current:				
Classified salaries	749,501	723,747	723,747	-
Employee benefits	201,818	206,325	206,325	-
Books and supplies	577,600	586,294	586,294	-
Contract services and operating expenditures	127,745	126,269	126,269	-
Capital outlay	-	17,758	17,758	-
Total expenditures	1,656,664	1,660,393	1,660,393	-
Deficiency of revenues under expenditures	(76,414)	7,693	7,693	-
Other financing uses:				
Transfers out	(69,189)	(68,909)	(68,909)	-
Change in fund balance	(145,603)	(61,216)	(61,216)	-
Fund balance, July 1, 2017	512,287	512,287	512,287	-
Fund balance, June 30, 2018	$ 366,684	$ 451,071	$ 451,071	$ -

See accompanying note to required supplementary information.

EL DORADO UNION HIGH SCHOOL DISTRICT
SCHEDULE OF CHANGES IN THE DISTRICT'S NET OTHER POSTEMPLOYMENT BENEFITS (OPEB) LIABILITY
For the Year Ended June 30, 2018

Last 10 Fiscal Years

	2018
TOTAL OPEB LIABILITY	
Service cost	$ 266,657
Interest on total OPEB liability	300,910
Changes of assumptions	-
Benefit payments	(375,638)
Net change in total OPEB liability	191,929
Total OPEB liability - beginning of year (a)	5,073,331
Total OPEB liability - end of year (b)	$ 5,265,260
PLAN FIDUCIARY NET POSITION	
Contributions - employer	$ 477,483
Net investment income	127,038
Administrative expenses	(5,873)
Benefit payments	(375,638)
Change in plan fiduciary net position	223,010
Fiduciary trust net position - beginning of year (c)	2,205,514
Fiduciary trust net position - end of year (d)	$ 2,428,524
Net OPEB liability - ending (b) - (d)	$ 2,836,736
Plan fiduciary net position as a percentage of the total OPEB liability	46.1%
Covered employee payroll	$29,255,902
Net OPEB liability as a percentage of covered employee payroll	9.70%

This is a 10 year schedule, however the information in this schedule is not required to be presented retrospectively. The amounts presented for each fiscal year were determined as of the year end that occurred one year prior. All years prior to 2018 are not available.

State Teachers' Retirement Plan
Last 10 Fiscal Years

	2015	2016	2017	2018
District's proportion of the net pension liability	0.062%	0.063%	0.061%	0.057%
District's proportionate share of the net pension liability	$ 36,231,000	$ 42,453,000	$ 49,682,000	$ 52,447,000
State's proportionate share of the net pension liability associated with the District	24,437,000	22,439,000	28,286,000	31,027,000
Total net pension liability	$ 60,668,000	$ 64,892,000	$ 77,968,000	$ 83,474,000
District's covered payroll	$ 29,489,000	$ 29,250,000	$ 30,613,000	$ 30,057,000
District's proportionate share of the net pension liability as a percentage of its covered payroll	122.86%	145.14%	162.29%	174.49%
Plan fiduciary net position as a percentage of the total pension liability	76.52%	74.02%	70.04%	69.46%

The amounts presented for each fiscal year were determined as of the year-end that occurred one year prior.

All years prior to 2015 are not available.

(Continued)

Public Employer's Retirement Fund B
Last 10 Fiscal Years

	2015	2016	2017	2018
District's proportion of the net pension liability	0.096%	0.098%	0.097%	0.090%
District's proportionate share of the net pension liability	$ 10,841,575	$ 14,418,596	$ 19,127,000	$ 21,509,000
District's covered payroll	$ 10,024,000	$ 10,733,000	$ 11,619,000	$ 11,488,000
District's proportionate share of the net pension liability as a percentage of its covered payroll	108.16%	134.34%	164.62%	187.12%
Plan fiduciary net position as a percentage of the total pension liability	83.38%	79.43%	73.89%	71.87%

The amounts presented for each fiscal year were determined as of the year-end that occurred one year prior.

All years prior to 2015 are not available.

State Teachers' Retirement Plan
Last 10 Fiscal Years

	2015	2016	2017	2018
Contractually required contribution	$ 2,597,444	$ 3,284,778	$ 3,781,171	$ 4,460,871
Contributions in relation to the contractually required contribution	(2,597,444)	(3,284,778)	(3,781,171)	(4,460,871)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered payroll	$ 29,250,000	$ 30,613,000	$ 30,057,000	$ 30,914,000
Contributions as a percentage of covered payroll	8.88%	10.73%	12.58%	14.43%

All years prior to 2015 are not available.

(Continued)

Public Employer's Retirement Fund B
Last 10 Fiscal Years

	2015	2016	2017	2018
Contractually required contribution	$ 1,263,245	$ 1,376,449	$ 1,595,683	$ 1,812,812
Contributions in relation to the contractually required contribution	(1,263,245)	(1,376,449)	(1,595,683)	(1,812,812)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered payroll	$ 10,733,000	$ 11,619,000	$ 11,488,000	$ 11,672,000
Contributions as a percentage of covered payroll	11.77%	11.85%	13.89%	15.53%

All years prior to 2015 are not available.

NOTE 1 - PURPOSE OF SCHEDULES

A - Budgetary Comparison Schedule

The District employs budget control by object codes and by individual appropriation accounts. Budgets are prepared on the modified accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board. The budgets are revised during the year by the Board of Education to provide for revised priorities. Expenditures cannot legally exceed appropriations by major object code. The originally adopted and final revised budgets for the General Fund and Cafeteria Fund are presented as Required Supplementary Information. The basis of budgeting is the same as GAAP.

B - Schedule of Changes in the District's Net Other Postemployment Benefits (OPEB) Liability

The Schedule of Changes in the District's Net OPEB Liability presents multi-year information which illustrates the changes in the net OPEB liability for each year presented.

C - Schedule of the District’s Proportionate Share of the Net Pension Liability

The Schedule of the District’s Proportionate Share of the Net Pension Liability is presented to illustrate the elements of the District’s Net Pension Liability. There is a requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

D – Schedule of the District's Contributions

The Schedule of the District's Contributions is presented to illustrate the District’s required contributions relating to the pensions. There is a requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

E – Changes of Benefit Terms

There are no changes in benefit terms reported in the Required Supplementary Information.

F - Changes of Assumptions

The discount rate for Public Employer's Retirement Fund B was 7.50, 7.65, 7.65 and 7.15 percent in the June 30, 2013, 2014, 2015 and 2016 actuarial reports, respectively.

The following are the assumptions for State Teachers' Retirement Plan:

	Measurement Period		
Assumption	As of June 30, 2017	As of June 30, 2016	As of June 30, 2015
Consumer price inflation	2.75%	3.00%	3.00%
Investment rate of return	7.10%	7.60%	7.60%
Wage growth	3.50%	3.75%	3.75%

SUPPLEMENTARY INFORMATION

COMBINING BALANCE SHEET
ALL NON-MAJOR FUNDS
June 30, 2018

	County School Facilities Fund	EDUHSD Financing Corporation Debt Service Fund	Total
ASSETS			
Cash and investments:			
Cash in County Treasury	$ 886	$ -	$ 886
Cash with Fiscal Agent	-	809,071	809,071
Total assets	$ 886	$ 809,071	$ 809,957
LIABILITIES AND FUND BALANCES			
Liabilities:			
Due to other funds	$ 886	$ -	$ 886
Fund balances:			
Restricted	-	809,071	809,071
Total liabilities and fund balances	$ 886	$ 809,071	$ 809,957

EL DORADO UNION HIGH SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES
ALL NON-MAJOR FUNDS
For the Year Ended June 30, 2018

	County School Facilities Fund	EDUHS Financing Corporation Debt Service Fund	Total
Revenues:			
Other state sources	$ 2,117,150	$ -	$ 2,117,150
Other local sources	886	2,494	3,380
Total revenues	2,118,036	2,494	2,120,530
Expenditures:			
Debt service:			
Principal retirement	-	440,768	440,768
Interest	-	361,545	361,545
Total expenditures	-	802,313	802,313
Excess (deficiency) of revenues over (under) expenditures	2,118,036	(799,819)	1,318,217
Other financing sources (uses):			
Transfers in	-	802,313	802,313
Transfers out	(2,118,036)	-	(2,118,036)
Total other financing sources (uses)	(2,118,036)	802,313	(1,315,723)
Net change in fund balances	-	2,494	2,494
Fund balances, July 1, 2017	-	806,577	806,577
Fund balances, June 30, 2018	$ -	$ 809,071	$ 809,071

El Dorado Union High School District, is located in El Dorado County, California and operated four comprehensive high schools, two continuation schools, and one charter school. The District also offers Independent Study and Regional Occupation Programs.

ADMINISTRATION

Steve Wehr
Superintendent
Executive Secretary to the Board

Christopher Moore
Assistant Superintendent, Educational Services

Tony Deville
Assistant Superintendent, Human Resources

Steve Volmer
Assistant Superintendent, Student Services

Pam Batlett
Director, Special Education

Marti Zizek
Director, Fiscal Services

SCHEDULE OF AVERAGE DAILY ATTENDANCE

For the Year Ended June 30, 2018

	Second Period Report	Revised Second Period Report	Annual Report
District:			
Certificate Number:	3A98438B	D20A05DE	93F31725
Regular ADA:			
Ninth through Twelfth	6,187	6,197	6,163
Special Education	23	22	24
Continuation School	94	91	94
District ADA total	6,304	6,310	6,281

	Second Period Report	Annual Report
Charter School - Nonclassroom-Based		
Certificate Number:	B5BC459E	4C8B1A01
El Dorado Union High School District Virtual Academy at Shenandoah		
Ninth through Twelfth	85	86

See accompanying notes to supplementary information.

SCHEDULE OF INSTRUCTIONAL TIME

For the Year Ended June 30, 2018

Grade Level	Statutory Minutes Require-ment	2017-2018 Actual Minutes	Number of Days Traditional Calendar	Status
Grade 9	64,800	65,038	180	In Compliance
Grade 10	64,800	65,038	180	In Compliance
Grade 11	64,800	65,038	180	In Compliance
Grade 12	64,800	65,038	180	In Compliance

See accompanying notes to supplementary information.

EL DORADO UNION HIGH SCHOOL DISTRICT
SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS
For the Year Ended June 30, 2018

Federal Catalog Number	Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Pass-Through Entity Identifying Number	Federal Expend-itures
	U.S. Department of Education - Passed through California Department of Education		
84.365	ESEA: Title III, Limited English Proficiency Student Program	14346	$ 9,666
84.365	ESEA: Title III, Immigrant Education Program	15146	1,263
	Subtotal English Language Acquisition		10,929
	U.S. Department of Education - Passed through El Dorado County Office of Education		
	Special Education Cluster:		
84.027	Special Ed: IDEA Basic and Local Assistance Entitlement, Part B, Sec 611	13379	618,106
84.027A	Special Ed: IDEA Mental Health Services, Part B, Sec 611	14468	247,404
	Subtotal Special Education Cluster		865,510
84.010	ESEA: Title I, Part A, Basic Grants Low-Income and Neglected	14329	570,148
84.330B	ESEA: Title I, Part G, Advance Placement Test Fee Reimbursement	14831	2,062
84.367	ESEA: Title II, Part A, Improving Teacher Quality Local Grants	14341	105,311
84.196	ESEA: Subtitle B of Title VII of the McKinney-Vento Homeless Assistance Act	14332	2,755
84.048	Carl D. Perkins Career and Technical Education: Secondary, Section 131	14894	107,234
	Total U.S. Department of Education		1,663,949
	U.S. Department of Agriculture - Passed through El Dorado County Office of Education		
	Forest Service Schools and Roads Cluster:		
10.665	Forest Reserve Funds	10044	135,150

(Continued)

Federal Catalog Number	Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Pass-Through Entity Identifying Number	Federal Expend-itures
U.S. Department of Agriculture - Passed through California Department of Education			
	Child Nutrition Cluster:		
10.555	Child Nutrition: School Programs	13523/13524	$ 423,549
10.553	School Breakfast Basic	13525	61,707
10.553	School Breakfast Needy	13526	107,813
	Subtotal Child Nutrition Cluster		593,069
	U.S. Department of Agriculture		728,219
U.S. Department of Health and Human Services - Passed through California Department of Health Care Services			
	Medicaid Cluster:		
93.778	Medi-Cal Billing Option - Medicaid Cluster	10013	120,791
	Total Federal Awards		$ 2,512,959

See accompanying notes to supplementary information.

There were no audit adjustments proposed to any funds of the District.

General Fund	(Budget) 2019	2018	2017	2016
Revenues and other financing sources	$ 75,612,713	$ 73,530,639	$ 70,972,617	$ 71,052,117
Expenditures	76,442,119	76,418,619	73,366,710	69,306,495
Other uses and transfers out	-	-	-	410,000
Total outgo	76,442,119	76,418,619	73,366,710	69,716,495
Change in fund balance	$ (829,406)	$ (2,887,980)	$ (2,394,093)	$ 1,335,622
Ending fund balance	$ 6,315,426	$ 7,144,832	$ 10,032,812	$ 12,426,905
Available reserves	$ 5,485,152	$ 4,362,525	$ 6,554,669	$ 8,218,791
Designated for economic uncertainties	$ 2,290,700	$ 2,261,600	$ 2,193,300	$ 2,082,500
Undesignated fund balance	$ 3,194,452	$ 2,100,925	$ 4,361,369	$ 6,136,291
Available reserves as percentages of total outgo	7.2%	5.7%	8.9%	11.8%
All Funds				
Total long-term liabilities	$ 154,016,612	$ 156,621,509	$ 149,647,433	$ 138,003,850
Average daily attendance at P-2,	6,320	6,310	6,352	6,346

The General Fund fund balance has decreased by $3,946,451 over the past three years. The fiscal year 2018-2019 budget projects an decrease of $829,406. For a district this size, the state recommends available reserves of at least 3% of total General Fund expenditures, transfers out, and other uses. For the year ended June 30, 2018, the District met this requirement.

The District has incurred an operating deficit in two of the past three years, and anticipates an operating deficit in fiscal year 2018-2019 .

Total long-term liabilities have increased by $18,617,659 over the past two years.

Average daily attendance has decreased by 36 over the past two years. An increase of 10 ADA is projected for the 2018-2019 fiscal year.

EL DORADO UNION HIGH SCHOOL DISTRICT
SCHEDULE OF CHARTER SCHOOLS
For the Year Ended June 30, 2018

Charter Schools Chartered by District	Included in District Financial Statements, or Separate Report
0366 - El Dorado Union High School District Virtual Academy at Shenandoah	Included in the General Fund

See accompanying notes to supplementary information.

NOTE 1 - PURPOSE OF SCHEDULES

A - Schedule of Average Daily Attendance

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

B - Schedule of Instructional Time

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

C - Schedule of Expenditure of Federal Awards

The Schedule of Expenditure of Federal Awards includes the federal award activity of the District and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The District has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

The following schedule provides a reconciliation between revenues reported on the Statement of Revenues, Expenditures and Change in Fund Balances and the related expenditures reported on the Schedule of Expenditure of Federal Awards. The reconciling amounts represent Federal funds that have been recorded as revenues that have not been expended by June 30, 2018.

Description	CFDA Number	Amount
Total Federal revenues, Statement of Revenues, Expenditures and Change in Fund Balances		$ 2,459,432
Add: Medi-Cal Billing Funds spent from prior year funds	93.778	53,527
Total Schedule of Expenditure of Federal Awards		$ 2,512,959

D - Reconciliation of Unaudited Actual Financial Report with Audited Financial Statements

This schedule provides the information necessary to reconcile the Unaudited Actual Financial Report to the audited financial statements.

(Continued)

NOTE 1 - PURPOSE OF SCHEDULES

E - Schedule of Financial Trends and Analysis - Unaudited

This schedule provides information on the District's financial condition over the past three years and its anticipated condition for the 2018-2019 fiscal year, as required by the State Controller's Office.

F - Schedule of Charter Schools

This schedule provides information for the California Department of Education to monitor financial reporting by Charter Schools.

NOTE 2 - EARLY RETIREMENT INCENTIVE PROGRAM

Education Code Section 14502 requires certain disclosure in the financial statements of districts which adopt Early Retirement Incentive Programs pursuant to Education Code Sections 22714 and 44929. For the fiscal year ended June 30, 2018, the District did not adopt this program.

INDEPENDENT AUDITOR'S REPORT
ON COMPLIANCE WITH STATE LAWS AND REGULATIONS

Board of Education
El Dorado Union High School District
Placerville, California

Report on Compliance with State Laws and Regulations

We have audited El Dorado Union High School District's compliance with the types of compliance requirements described in the State of California's *2017-18 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* (the "Audit Guide") applicable to the state laws and regulations listed below for the year ended June 30, 2018.

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

(Continued)

We did not perform testing for Kindergarten Continuance because the District is only services grades 9 - 12.

We did not perform any procedures related to the Early Retirement Incentive Program because the District did not offer this program in the current year.

We did not perform procedures related to Juvenile Court Schools because the District does not offer Juvenile Court Schools.

We did not perform procedures related to Middle or Early College High Schools because the District does not offer Middle or Early College High Schools.

We did not perform procedures related to K-3 Grade Span Adjustment because the District did not expend funds related to the K-3 Grade Span Adjustment.

We did not perform procedures related to Apprenticeship: Related and Supplemental Instruction because the District does not offer Apprenticeship: Related and Supplemental Instruction.

We did not perform procedures related to the After School Education and Safety Program, as the District does not operate an After School Education and Safety Program.

We did not perform procedures related to the Independent Study-Course Based Program, as the District does not operate an Independent Study-Course Based Program.

We did not perform procedures for the Classroom-based charter school sections because the District did not claim any Classroom-based charter school ADA.

We did not perform procedures related to Charter School Facility Grant Program because the District did not expend funds related to the Charter School Facility Grant Program.

Management's Responsibility

Management is responsible for compliance with the requirements of state laws and regulations, as listed above.

Auditor's Responsibility

Our responsibility is to express an opinion on El Dorado Union High School District's compliance with state laws and regulations, as listed above of 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 State of California's *2017-18 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* (Audit Guide). Those standards and the 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 material effect on El Dorado Union High School District's compliance with the state laws and regulations listed above occurred. An audit includes examining, on a test basis, evidence about El Dorado Union High School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance with state laws and regulations. However, our audit does not provide a legal determination of El Dorado Union High School District's compliance.

Opinion on Compliance with State Laws and Regulations

In our opinion, El Dorado Union High School District complied, in all material respects, with the compliance requirements referred to above that are applicable to the state laws and regulations referred to above for the year ended June 30, 2018.

(Continued)

Purpose of this Report

The purpose of this report on compliance is solely to describe the scope of our testing of compliance and the results of that testing based on the requirements of the State of California's *2017-18 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

Crowe LLP

Crowe LLP

Sacramento, California
December 13, 2018

Crowe

Crowe LLP
Independent Member Crowe Global

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

Board of Education
El Dorado Union High School District
Placerville, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of El Dorado Union High School District as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise El Dorado Union High School District's basic financial statements, and have issued our report thereon dated December 13, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered El Dorado Union High 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 El Dorado Union High School District's internal control. Accordingly, we do not express an opinion on the effectiveness of El Dorado Union High School District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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 El Dorado Union High School District's financial statements are free of 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*.

(Continued)

Purpose of this Report

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

Crowe LLP

Crowe LLP

Sacramento, California
December 13, 2018

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Board of Education
El Dorado Union High School District
Placerville, California

Report on Compliance for Each Major Federal Program

We have audited El Dorado Union High 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 El Dorado Union High School District's major federal programs for the year ended June 30, 2018. El Dorado Union High School District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of El Dorado Union High School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States;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 El Dorado Union High School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, El Dorado Union High 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, 2018.

(Continued)

Report on Internal Control Over Compliance

Management of El Dorado Union High 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 El Dorado Union High School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of El Dorado Union High 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 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.

Crowe LLP

Crowe LLP

Sacramento, California
December 13, 2018

FINDINGS AND RECOMMENDATIONS

SECTION I - SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

Type of auditor's report issued:	Unmodified	
Internal control over financial reporting:		
Material weakness(es) identified?	______ Yes	X No
Significant deficiency(ies) identified not considered to be material weakness(es)?	______ Yes	X None reported
Noncompliance material to financial statements noted?	______ Yes	X No

FEDERAL AWARDS

Internal control over major programs:		
Material weakness(es) identified?	______ Yes	X No
Significant deficiency(ies) identified not considered to be material weakness(es)?	______ Yes	X None reported
Type of auditor's report issued on compliance for major programs:	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	______ Yes	X No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
84.027, 84.027A	Special Education Cluster

Dollar threshold used to distinguish between Type A and Type B programs:	$ 750,000	
Auditee qualified as low-risk auditee?	X Yes	______ No

STATE AWARDS

Type of auditor's report issued on compliance for state programs:	Unmodified

(Continued)

SECTION II - FINANCIAL STATEMENT FINDINGS

No matters were reported.

(Continued)

SECTION III- FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

(Continued)

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

STATUS OF PRIOR YEAR

FINDINGS AND RECOMMENDATIONS

Finding/Recommendation	Current Status	District Explanation If Not Implemented

No matters were reported.

APPENDIX C

PROPOSED FORM OF OPINION OF BOND COUNSEL

Subject to satisfaction of certain conditions and to the occurrence of certain events described under the heading "INTRODUCTION – Certain Considerations Regarding Forward Delivery of the Refunding Bonds" and "THE REFUNDING BONDS – Forward Delivery of Refunding Bonds," Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the District, expects to be able to render on the Settlement Date its final approving opinion with respect to the Refunding Bonds in substantially the following form:

[Date of Delivery]

El Dorado Union High School District
Placerville, California

El Dorado Union High School District
(El Dorado County, California)
General Obligation Refunding Bonds, Series 2020 (Forward Delivery)
(Final Opinion)

Ladies and Gentlemen:

We have acted as bond counsel to the El Dorado Union High School District (the "District"), which is located in the County of El Dorado (the "County"), in connection with the issuance by the District of $__________ aggregate principal amount of El Dorado Union High School District (El Dorado County, California) General Obligation Refunding Bonds, Series 2020 (Forward Delivery) (the "Refunding Bonds"), pursuant to a resolution of the Board of Trustees of the District adopted on June 11, 2019 (the "Resolution"). Capitalized undefined terms used herein have the meanings ascribed thereto in the Resolution.

In such connection, we have reviewed the Resolution, the Tax Certificate of the District, dated the date hereof (the "Tax Certificate"), certificates of the District, the County and others, and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof. Accordingly, this letter speaks only as of its date and is not intended to, and may not, be relied upon or otherwise used in connection with any such actions, events or matters. Our engagement with respect to the Refunding Bonds has concluded with their issuance, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the District. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents referred to in the second paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Resolution and the Tax Certificate, including, without limitation, covenants and agreements compliance with which is necessary to ensure that future actions, omissions or events will not cause interest on the Refunding Bonds to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Refunding Bonds, the Resolution and the Tax Certificate and their enforceability may be subject to bankruptcy, insolvency, receivership, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against school districts or counties in the State of California. We express no opinion with respect to any indemnification, contribution, liquidated damages, penalty (including any remedy deemed to constitute a penalty), right of set-off, arbitration, judicial reference, choice of law, choice of forum, choice of venue, non-exclusivity of remedies, waiver or severability provisions contained in the foregoing documents, nor do we express any opinion with respect to the state or quality of title to or interest in any of the assets described in or as subject to the lien of the Resolution, or the accuracy or sufficiency of the description contained therein of, or the remedies available to enforce liens on, any such assets. Our services did not include financial or other non-legal advice. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement, dated __________, 2020, or other offering material relating to the Refunding Bonds and express no opinion with respect thereto.

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

1. The Refunding Bonds constitute valid and binding obligations of the District.

2. The Resolution has been duly and legally adopted and constitutes a valid and binding obligation of the District.

3. The Board of Supervisors of the County has power and is obligated to levy *ad valorem* taxes without limitation as to rate or amount upon all property within the District's boundaries subject to taxation by the District (except certain personal property which is taxable at limited rates) for the payment of the Refunding Bonds and the interest thereon.

4. Interest on the Refunding Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. Interest on the Refunding Bonds is not a specific preference item for purposes of the federal alternative minimum tax. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Refunding Bonds.

Faithfully yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

APPENDIX D

FORM OF CONTINUING DISCLOSURE CERTIFICATE

THIS CONTINUING DISCLOSURE CERTIFICATE (this "Disclosure Certificate") is executed and delivered by the El Dorado Union High School District (the "District") in connection with the issuance of $__________ aggregate principal amount of El Dorado Union High School District (El Dorado County, California) General Obligation Refunding Bonds, Series 2020 [(Forward Delivery)] (the "Bonds"). The Bonds are being issued pursuant to a resolution adopted by the Board of Trustees of the District on June 11, 2019 (the "Resolution"). The District covenants and agrees as follows:

Section 1. <u>Purpose of the Disclosure Certificate</u>. This Disclosure Certificate is being executed and delivered by the District for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5).

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

"Annual Report" shall mean any Annual Report provided by the District pursuant to, and as described in, Sections 3 and 4 hereof.

"Beneficial Owner" shall mean any person which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries).

"Dissemination Agent" shall mean Fieldman, Rolapp & Associates, Inc. doing business as Applied Best Practices, or any successor Dissemination Agent designated in writing by the District and which has filed with the District a written acceptance of such designation.

"Financial Obligation" shall mean, for the purposes of the Listed Events set out in Section 5 (a)(x) and 5(b)(viii), 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 defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

"Holder" shall mean the person in whose name any Bond shall be registered.

"Listed Events" shall mean any of the events listed in Section 5(a) or (b) hereof.

"MSRB" shall mean the Municipal Securities Rulemaking Board or any other entity designated or authorized by the Securities and Exchange Commission to receive reports pursuant to the Rule. Until otherwise designated by the MSRB or the Securities and Exchange Commission, filings with the MSRB are to be made through the Electronic Municipal Market Access (EMMA) website of the MSRB, currently located at http://emma.msrb.org.

"Official Statement" shall mean the Official Statement, dated March 20, 2019 (including all exhibits or appendices thereto), relating to the offer and sale of Bonds.

"Participating Underwriter" shall mean the original underwriter(s) of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"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. **<u>Provision of Annual Reports</u>.** (a) The District shall, or shall cause the Dissemination Agent to, not later than 290 days after the end of the District's fiscal year (which due date shall be April 15 of each year, so long as the District's fiscal year ends on June 30), commencing with the report for the 2019-2020 Fiscal Year (which is due not later than April 15, 2021), provide to the MSRB an Annual Report which is consistent with the requirements of Section 4 hereof. The Annual Report must be submitted in electronic format, accompanied by such identifying information as is prescribed by the MSRB, and may cross-reference other information as provided in Section 4 hereof; provided, however, that the audited financial statements of the District may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the District's fiscal year changes, it shall give notice of such change in a filing with the MSRB. The Annual Report shall be submitted on a standard form in use by industry participants or other appropriate form and shall identify the Bonds by name and CUSIP number.

(b) Not later than 15 business days prior to the date specified in subsection (a), the District shall provide the Annual Report to the Dissemination Agent (if other than the District). If the District is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the District shall, in a timely manner, send or cause to be sent to the MSRB a notice in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall:

(i) (if the Dissemination Agent is other than the District), provide any Annual Report received by it to the MSRB as provided herein; and

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

Section 4. **<u>Content of Annual Reports</u>.** The District's Annual Report shall contain or include by reference the following:

(a) Audited financial statements of the District for the preceding fiscal year, prepared in accordance with the laws of the State of California and including all statements and information prescribed for inclusion therein by the Controller of the State of California. If the District's audited financial statements are not available by the time the Annual Report is required to be provided to the MSRB pursuant to Section 3(a) hereof, 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 provided to the MSRB in the same manner as the Annual Report when they become available.

(b) To the extent not included in the audited financial statements of the District, the Annual Report shall also include the following:

(i) The adopted budget of the District for the then-current fiscal year.

(ii) Assessed value of taxable property (secured, unsecured and total) in the District for the then-current fiscal year as shown on the most recent equalized assessment role.

(iii) If the County of El Dorado (the "County") no longer includes the tax levy for payment of the Bonds in its Teeter Plan, the property tax levies, collections, and delinquencies for the District for the most recently completed fiscal year.

(iv) The top twenty property owners in the District for the then-current fiscal year, as measured by secured assessed valuation, the amount of their respective taxable value and their percentage of total secured assessed value, if provided by the County.

Any or all of the items listed above may be set forth in one or a set of documents or may be included by specific reference to other documents, including official statements of debt issues of the District or related public entities, which have been made available to the public on the MSRB's website. 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 events with respect to the Bonds in a timely manner not later than ten business days after the occurrence of the event:

(i) principal and interest payment delinquencies;

(ii) unscheduled draws on debt service reserves reflecting financial difficulties;

(iii) unscheduled draws on credit enhancements reflecting financial difficulties;

(iv) substitution of credit or liquidity providers or their failure to perform;

(v) adverse tax opinions or issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB);

(vi) tender offers;

(vii) defeasances;

(viii) rating changes;

(ix) bankruptcy, insolvency, receivership or similar event of the obligated person; or

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

For the purposes of the event identified in subparagraph (ix), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(b) The District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material, in a timely manner not later than ten business days after the occurrence of the event:

(i) unless described in paragraph 5(a)(v), other material notices or determinations by the Internal Revenue Service with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;

(ii) modifications to rights of Bond Holders;

(iii) Bond calls;

(iv) release, substitution, or sale of property securing repayment of the Bonds;

(v) non-payment related defaults;

(vi) 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;

(vii) appointment of a successor or additional paying agent or the change of name of a paying agent; or

(viii) incurrence of a Financial Obligation of the District, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the District, any of which affect security holders.

(c) The District shall give, or cause to be given, in a timely manner, notice of a failure to provide the annual financial information on or before the date specified in Section 3 hereof, as provided in Section 3(b) hereof.

(d) Upon the occurrence of a Listed Event described in Section 5(a), or upon the occurrence of a Listed Event described in Section 5(b) which the District determines would be material under applicable federal securities laws, the District shall within ten business days of occurrence file a notice of such occurrence with the MSRB. Notwithstanding the foregoing, notice of the Listed Event described in subsection (b)(iii) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Holders of affected Bonds pursuant to the Resolution.

(e) The District intends to comply with the Listed Events described in subsection (a)(x) and subsection (b)(viii), and the definition of "Financial Obligation" in Section 2, with reference to the Rule, any other applicable federal securities laws and the guidance provided by the Commission in Release No. 34-83885, dated August 20, 2018 (the "2018 Release"), and any further amendments or written guidance provided by the Securities and Exchange Commission or its staff with respect to the amendments to the Rule effected by the 2018 Release.

Section 6. Format for Filings with MSRB. Any report or filing with the MSRB pursuant to this Disclosure Certificate must be submitted in electronic format, accompanied by such identifying information as is prescribed by the MSRB.

Section 7. Termination of Reporting Obligation. The District's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the District shall give notice of such termination in a filing with the MSRB.

Section 8. Dissemination Agent. The District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the District pursuant to this Disclosure Certificate. The initial Dissemination Agent shall be Fieldman, Rolapp & Associates, Inc. doing business as Applied Best Practices.

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 Section 3(a) hereof, Section 4 hereof, or Section 5(a) or (b) hereof, it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) the undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the proposed amendment or waiver either (i) is approved by the Holders in the same manner as provided in the Resolution for amendments to the Resolution with the consent of Holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the District shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the District. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in a filing with the MSRB, and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 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 required to be filed pursuant to this Disclosure Certificate, 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 in addition to that which is specifically required by this Disclosure Certificate, the District shall have no obligation under this Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event or any other event required to be reported.

Section 11. Default. In the event of a failure of the District to comply with any provision of this Disclosure Certificate, any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Certificate; provided, that any such action may be instituted only in Superior Court of the State of California in and for the County or in U.S. District Court in or nearest to the County. A default under this Disclosure Certificate shall not be deemed an event of default under the Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance.

Section 12. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and (if the Dissemination Agent is other than the District), the District agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

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: __________, 20__

EL DORADO UNION HIGH SCHOOL DISTRICT

By: ___________________________________

ACCEPTED AND AGREED TO:

FIELDMAN, ROLAPP & ASSOCIATES, INC. DOING BUSINESS AS APPLIED BEST PRACTICES, as Dissemination Agent

By: ___________________________________
Authorized Signatory

EXHIBIT A

NOTICE TO THE MUNICIPAL SECURITIES RULEMAKING BOARD OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer:	EL DORADO UNION HIGH SCHOOL DISTRICT
Name of Issue:	El Dorado Union High School District (El Dorado County, California) General Obligation Refunding Bonds, Series 2020 (Forward Delivery)
Date of Issuance:	__________, 20__

NOTICE IS HEREBY GIVEN that the District has not provided an Annual Report with respect to the above-named Bonds as required by Section 4 of the Continuing Disclosure Certificate of the District, dated __________, 20__. [The District anticipates that the Annual Report will be filed by _____________.]

Dated:_______________

EL DORADO UNION HIGH SCHOOL DISTRICT

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APPENDIX E

EL DORADO COUNTY INVESTMENT POLICY AND DESCRIPTION OF INVESTMENT POOL

The following information has been furnished by the Office of the Treasurer-Tax Collector (the "County Treasurer"), County of El Dorado. It describes (i) the policies applicable to investment of District funds, including bond proceeds and tax levies, and funds of other agencies held by the County Treasurer and (ii) the composition, carrying amount, market value and other information relating to the investment pool. Further information may be obtained directly from the Treasurer-Tax Collector, 360 Fair Lane, Placerville, California, 95667, (530) 621-5800. Neither the District, the Underwriter, nor the Municipal Advisor has reviewed or confirmed the following information.

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EL DORADO COUNTY
POOLED INVESTMENTS
STATEMENT OF INVESTMENT POLICY

The County of El Dorado is a Charter County which invests its funds in accordance with the California Government Code (GC) §27000 et seq. and §53635 et seq.

In accordance with GC §27000.5 the criteria of selecting investments and the order of priority are:

1. Safety of principal
2. Liquidity
3. Public Trust
4. Yield

Government bills, notes, and government agency paper guaranteed by the full faith and credit of the United States Government are considered to be the highest quality investments available.

For the uninsured portion of any investment, banks and savings and loans are required to pledge either blocks of Federal securities as collateral at 110% of the County's investment, or banks and savings and loans are required to pledge blocks of real estate mortgages as collateral at 150% of the investment.

While the County recognizes that all investments carry a certain degree of risk, the Treasury attempts to minimize the risks relative to safety of principal.

The County attempts to schedule its maturities to meet anticipated cash needs.

All participants in the investment process shall seek to act responsibly as custodians of the public trust.

To maximize yields, El Dorado County utilizes computerized cash management reporting systems and compares offerings from more than one source. All measures of return on investment shall be based upon the overall portfolio performance, with individual investment (or investment type) performance being of secondary regard. Proper diversification should support this rationale.

Reporting

On no less than a quarterly basis, the Treasury shall submit to the Board of Supervisors, , and the Chief Administrative Officer a report of investments pursuant to GC §53646(b).

Investments

Permissible investments for a local agency that are addressed in GC, §53601, §53635 et seq., §53637, §53638, §53651, §53652, and §53653.

The County investment pool operates within State and self-imposed constraints. The County ensures all minimum credit requirements listed in California Government Code 53601 are adhered to annually. The Treasury does not buy stocks or deal in futures or options. The Treasury does not invest in inverse floaters, range notes, or interest-only strips that are derived from a pool of mortgages. Proceeds from Tax Revenue Anticipation Notes or Grant Anticipation Notes shall not be invested for a term exceeding the term of the note. No investment may exceed five years to maturity nor have an underlying investment in excess of five years without express permission of the Board of Supervisors. FDIC insured instruments and all instruments backed by the full faith and credit of the United States Government are permitted investments.

Permitted Investments	Maximum Percentage/Portfolio	Term
a) US Treasury Notes, Bonds, Bills	Unlimited %	Maximum 5 year term
b) Bankers Acceptances	40%, no more than 5% with any one bank*	Maximum 180 day term
c) Domestic Commercial Paper	20% maximum, no more than 5% with any single issuing corporation*	Maximum 31 day term
d) Negotiable Certificates of Deposit	30%, no more than 5% with any one bank*	Maximum 5 year term
e) Certificates of Deposit, Non-negotiable	Unlimited %	Maximum 5 year term
f) Repurchase Agreement	Unlimited %, no more than 5% with any one company*	Maximum 1 year term
g) Agencies	Unlimited %, no more than 5% with any one agency*	Maximum 3 year term
h) Demand Deposit Savings Accounts	Unlimited %	Maximum 5 year term
i) State Warrants	Unlimited %	Maximum 1 year term
j) Local Agency Investment Fund **	Unlimited %	N/A
k) Medium-Term notes of U.S. Corporations & Depository Institutions	30%	Maximum 3 year term

l) Commercial Paper under FDIC Temporary Liquidity Guarantee Program	40%	Maximum 270 day term
m) Fully Collateralized Bank Deposits	Unlimited %*	N/A
n) Deposits placed with Private Sector Entity (Deposit Placement Services)	30%, individual deposit no more than can be federally insured	Maximum 5 year term

*Per issuer limitations applies at time of purchase of an investment.

** LAIF operates under GC §16429.1 and §16430, with investment policies and regulations that may differ from El Dorado County's.

Certificates of deposit, savings accounts, repurchase agreements, and bankers acceptances are insured or secured with collateral. Only domestic Commercial Paper with the highest letter and numerical ratings is purchased. The County recognizes that all investments carry a certain degree of risk.

Safekeeping

All securities purchased shall be held in safekeeping by a third party custodian pursuant to an agreement between the custodian and the County Treasury pursuant to GC §53608. "Delivery versus payment" shall be used for securities transactions, and no security will be held by the broker/dealer from whom purchased.

Criteria for Broker Selection

In accordance with GC §27133(c) any broker, brokerage, dealer, or securities firm that has, within any consecutive 48-month period following January 1, 1996, made a political contribution in an amount exceeding the limitations contained in Rule G-37 of the Municipal Securities Rulemaking Board to the local treasurer, any member of the governing board of the local agency, or a candidate for those offices, shall not sell to (or purchase from) the County Treasury securities or other instruments.

Criteria for Considering Agency Request to Withdraw from Pool

Pursuant to GC §27136, depositors who seek to withdraw funds for investing or depositing those funds outside the County Treasury pool shall first submit the request for withdrawal to the County Treasurer in writing.

The County Treasurer will honor all requests to withdraw funds for normal cash flow purposes that are approved by the El Dorado County Auditor-Controller at a one-dollar net asset value.

Any requests to withdraw funds for purposes other than cash flow, such as external investing, shall be subject to the consent of the County Treasurer. In accordance with GC §27136 et seq. and §27133(h) et seq., such requests for withdrawals must first be made in writing to the County Treasurer. These requests are subject to the County Treasurer's consideration of the stability and predictability of the Pooled Investment Fund.

Assessment of the effect of a proposed withdrawal on the stability and predictability of the investments in the Pooled Investment Fund will be based on the following criteria:

1) Size of withdrawal
2) Size of remaining balance of:
   a) Pool
   b) Agency
3) Current market conditions
4) Duration of withdrawal
5) Effect on predicted cash flows
6) A determination if there will be sufficient balances remaining to cover costs
7) Adequate information has been supplied to the County Treasurer in order to make a proper finding that other pool participants will not be adversely affected

Note: To accommodate agencies with their own boards and with a desire for flexibility, withdrawals for the purpose of investing outside the County Pool will be permitted if an agency's balance of funds outside the County Treasury Pool does not exceed a total of $115,000.00 at any time during the year. These small balances will be considered as not affecting the other pool participants. This total "not to exceed" is the total for the agency, not a total by fund. The balance remaining in the Treasury must not be in a negative (deficit) position or all funds must be immediately returned to the Treasury, and the privilege to withdraw any amount will be revoked and not reinstated for a period of six months. Any agency withdrawing funds must comply with all government code sections related to withdrawal of funds, investment of funds, and bonding, as applicable.

For outside investors who utilize GC §53684, where the County Treasurer does not serve as the agency's treasurer, any withdrawal request must be made in writing 30 days in advance per GC §53684(d).

In no event shall funds be withdrawn that, in the judgement of the County Treasurer, will adversely affect the interest of the other participants in the pool.

Criteria for Non-Statutory Agency Request to Participate in Pool

All entities qualifying under GC §27133(g) may deposit funds for investment purposes providing the following has been accomplished:

- The agency's administrative body has requested in writing the privilege, has agreed to all terms, conditions, rules, and regulations of existing participants as prescribed by the County Treasurer, and has delivered to the County Treasury a resolution identifying the authorized officer(s) acting on behalf of the agency.

Apportioning Treasury Cost

As authorized under GC § 27013, the actual administrative cost of investing, depositing, cash handling, and other management costs associated with the accounting of funds, the deposit of funds, the reconciling of accounts, the interest apportionment, and the investment of funds for the pool will be apportioned among the depositors on the basis of each entity's average daily cash balance. For ease of accounting, all costs are offset against the interest earned before the interest is apportioned.

Apportioning Investment Losses

Given the inherent risk of any investment, in the event of a loss, it will be recorded by apportioning the amount among the depositors on the basis of each funds investment earnings in the twelve month period immediately prior to and including the month of recognition. If a subsequent recovery occurs, either partial or complete, the recovery will be distributed among the depositors in the same proportion as the original loss was apportioned.

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Investments	Par Value	Market Value	Book Value	% of Portfolio	Term	Days to Maturity	YTM 360 Equiv.
State of CA Local Agncy Invest Fund	60,000,000.00	60,000,000.00	60,000,000.00	11.44	1	1	2.412
Treasury Securities - Coupon	388,000,000.00	385,666,303.60	385,976,455.02	73.57	363	176	1.944
Certificates of Deposit - Bank	40,090,544.00	40,090,544.00	40,090,544.00	7.64	636	276	2.269
Money Market Account	38,600,200.00	38,600,200.00	38,600,200.00	7.36	1	1	2.440
Investments	**526,690,744.00**	**524,357,047.60**	**524,667,199.02**	**100.00%**	**316**	**151**	**2.059**

Total Earnings	June 7 Month Ending	Fiscal Year To Date
Current Year	249,047.82	9,801,010.71
Average Daily Balance	**524,055,644.73**	**432,412,716.86**
Effective Rate of Return	**2.48%**	**2.42%**

K. E. COLEMAN, TREASURER/TAX COLLECTOR

524,496,568.75 G/L 510
524,667,199.02 Book

(170,630.27)

93,626.67 Amort
77,003.60 O/S PI

0.00

(34,908.39) G/L 612
34,908.39 Int Recvd

0.00

0.00 Adj Acc Int/Purch This month

0.00

Reporting period 06/01/2019-06/07/2019
Data Updated: SET_100: 06/07/2019 12:08
Run Date: 06/07/2019 - 12:08

Portfolio CNTY
NL! AC
PM1 (PRF_PM1) 7.3.0
Report Ver. 7.3.3b

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CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	S&P	YTM	Days to Maturity	Maturity Date
State of CA Local Agncy Invest Fund												
99-09-000	071-000000-1	STATE OF CALIFORNIA			60,000,000.00	60,000,000.00	60,000,000.00	2.445		2.445	1	
		Subtotal and Average	**59,428,571.43**		**60,000,000.00**	**60,000,000.00**	**60,000,000.00**			**2.445**	**1**	
Treasury Securities - Coupon												
912828R85	001-190615-1	US TREASURY		02/23/2018	8,000,000.00	7,984,560.00	7,998,133.52	0.875		2.114	7	06/15/2019
912828R85	001-190615-2	US TREASURY		07/02/2018	10,000,000.00	9,980,700.00	9,997,234.20	0.875		2.341	7	06/15/2019
912828XV7	001-190631-1	US TREASURY		04/05/2018	7,000,000.00	6,986,000.00	6,996,091.84	1.250		2.192	22	06/30/2019
912828S43	001-190715-1	US TREASURY		02/27/2018	21,000,000.00	20,926,080.00	20,970,251.85	0.750		2.173	37	07/15/2019
912828TH3	001-190731-1	US TREASURY		08/31/2018	6,000,000.00	5,976,360.00	5,986,648.34	0.875		2.432	53	07/31/2019
912828TH3	001-190731-2	US TREASURY		10/01/2018	10,000,000.00	9,960,600.00	9,975,743.86	0.875		2.571	53	07/31/2019
9128282B5	001-190815-1	US TREASURY		09/26/2018	15,000,000.00	14,924,400.00	14,949,917.76	0.750		2.572	68	08/15/2019
9128282T6	001-190831-1	US TREASURY		04/05/2018	14,000,000.00	13,939,800.00	13,969,106.36	1.250		2.231	84	08/31/2019
912828TN0	001-190831-2	US TREASURY		04/11/2019	15,000,000.00	14,942,719.57	14,967,207.60	1.000		2.469	84	08/31/2019
9128282G4	001-190915-1	US TREASURY		10/29/2018	14,000,000.00	13,917,400.00	13,934,559.00	0.875		0.000	99	09/15/2019
912828TR1	001-190930-1	US TREASURY		12/06/2018	15,000,000.00	14,909,700.00	14,922,892.20	1.000		2.675	114	09/30/2019
912828T59	001-191015-1	US TREASURY		11/26/2018	20,000,000.00	19,871,200.00	19,882,993.90	1.000		0.000	129	10/15/2019
912828F62	001-191031-1	US TREASURY		12/27/2018	15,000,000.00	14,929,650.00	14,934,624.21	1.500		0.000	145	10/31/2019
912828U32	001-191115-1	US TREASURY		11/15/2018	10,000,000.00	9,921,900.00	9,925,856.17	1.000		2.726	160	11/15/2019
912828UB4	001-191130-1	US TREASURY		12/27/2018	15,000,000.00	14,874,600.00	14,885,326.14	1.000		2.624	175	11/30/2019
912828G61	001-191130-2	US TREASURY		04/22/2019	10,000,000.00	9,944,500.00	9,953,811.23	1.500		2.477	175	11/30/2019
912828UF5	001-191231-1	US TREASURY		12/10/2018	12,000,000.00	11,894,040.00	11,894,681.83	1.125		2.713	206	12/31/2019
912828UF5	001-191231-2	US TREASURY		04/26/2019	10,000,000.00	9,947,749.72	9,963,337.00	1.125		2.436	206	12/31/2019
912828V31	001-200115-1	US TREASURY		11/28/2018	20,000,000.00	19,851,600.00	19,834,868.72	1.375		2.770	221	01/15/2020
912828V31	001-200115-2	US TREASURY		12/03/2018	10,000,000.00	9,925,800.00	9,917,903.65	1.375		2.762	221	01/15/2020
912828H52	001-200131-1	US TREASURY		12/03/2018	15,000,000.00	14,867,550.00	14,854,909.99	1.250		2.775	237	01/31/2020
912828H52	001-200131-2	US TREASURY		01/02/2019	5,000,000.00	4,955,850.00	4,957,235.49	1.250		2.595	237	01/31/2020
912828W22	001-200215-1	US TREASURY		01/31/2019	10,000,000.00	9,919,100.00	9,919,954.77	1.375		0.000	252	02/15/2020
912828J50	001-200229-1	US TREASURY		02/28/2019	20,000,000.00	19,827,400.00	19,834,204.23	1.375		2.537	266	02/29/2020
912828J50	001-200229-2	US TREASURY		04/15/2019	5,000,000.00	4,965,443.75	4,969,953.62	1.375		2.455	266	02/29/2020
912828W63	001-200315-1	US TREASURY		03/27/2019	16,000,000.00	15,899,038.26	15,918,185.18	1.625		2.372	281	03/15/2020
912828J84	001-200331-1	US TREASURY		04/09/2019	20,000,000.00	19,818,562.30	19,840,375.75	1.375		2.418	297	03/31/2020
9128284J6	001-200430-1	US TREASURY		04/05/2019	20,000,000.00	19,993,800.00	19,996,079.76	2.375		2.050	327	04/30/2020
912828XE5	001-200531-1	US TREASURY		04/05/2019	20,000,000.00	19,810,200.00	19,824,366.85	1.500		0.000	358	05/31/2020
		Subtotal and Average	**385,936,329.30**		**388,000,000.00**	**385,666,303.60**	**385,976,455.02**			**1.971**	**176**	

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CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	S&P	YTM	Days to Maturity	Maturity Date
Certificates of Deposit - Bank												
0150030492-1	221-190902-1	Banner Bank		09/01/2015	248,594.00	248,594.00	248,594.00	1.000		1.000	86	09/02/2019
23605798-1	027-190626-1	FARMERS & MERCHANT BK LONG BCH		06/26/2018	3,000,000.00	3,000,000.00	3,000,000.00	2.330	A-1	2.330	18	06/26/2019
23605900-2	027-191206-1	FARMERS & MERCHANT BK LONG BCH		12/06/2018	5,000,000.00	5,000,000.00	5,000,000.00	2.618	A-1	2.618	181	12/06/2019
23605609-1	027-191218-1	FARMERS & MERCHANT BK LONG BCH		12/18/2018	3,000,000.00	3,000,000.00	3,000,000.00	2.560	A-1	2.560	193	12/18/2019
23605918-1	027-200611-1	FARMERS & MERCHANT BK LONG BCH		12/11/2018	1,693,000.00	1,693,000.00	1,693,000.00	2.590	A-1	2.590	369	06/11/2020
23605552	027-200618-1	FARMERS & MERCHANT BK LONG BCH		06/19/2015	4,000,000.00	4,000,000.00	4,000,000.00	1.500	A-1	1.500	377	06/19/2020
3467257424	028-191206-1	FIRST BANK		12/06/2018	7,000,000.00	7,000,000.00	7,000,000.00	2.550		2.550	181	12/06/2019
3689615766	028-200403-1	FIRST BANK		04/03/2019	5,000,000.00	5,000,000.00	5,000,000.00	2.200		2.200	300	04/03/2020
3257474344	028-200411-1	FIRST BANK		04/19/2019	5,000,000.00	5,000,000.00	5,000,000.00	2.200		2.200	316	04/19/2020
274090000	233-190826-1	Fremont Bank		08/26/2014	249,800.00	249,800.00	249,800.00	1.090		1.090	79	08/26/2019
03300400012	019-190827-1	RIVER CITY BANK		08/27/2014	1,400,000.00	1,400,000.00	1,400,000.00	1.144		1.144	80	08/27/2019
702010257	243-191022-1	Summit State Bank		10/22/2014	249,400.00	249,400.00	249,400.00	0.950		0.950	136	10/22/2019
992521773-1	079-210328-1	UMPQUA BANK		03/28/2019	4,000,000.00	4,000,000.00	4,000,000.00	2.500		2.500	659	03/28/2021
992522169-1	079-220206-1	UMPQUA BANK		02/06/2019	249,750.00	249,750.00	249,750.00	2.500		2.500	974	02/06/2022
		Subtotal and Average	**40,090,544.00**		**40,090,544.00**	**40,090,544.00**	**40,090,544.00**			**2.269**	**276**	
Money Market Account												
35301666	021-000000-1	CITIZENS BUSINESS BANK		05/01/2011	106,700.00	106,700.00	106,700.00	0.300		0.300	1	
8003014936	025-000000-1	EAST WEST BANK		06/29/2011	28,600,000.00	28,600,000.00	28,600,000.00	2.530		2.530	1	
23701315	027-000000-1	FARMERS & MERCHANT BK LONG BCH		07/05/2011	90,000.00	90,000.00	90,000.00	0.200		0.200	1	
9425920805	028-000000-1	FIRST BANK		12/05/2014	1,100,000.00	1,100,000.00	1,100,000.00	2.000		2.000	1	
2505873	244-000000-1	Five Star Bank		11/02/2016	5,750,000.00	5,750,000.00	5,750,000.00	2.445		2.445	1	
0811105962-1	019-000000-1	RIVER CITY BANK		06/25/2015	2,703,500.00	2,703,500.00	2,703,500.00	2.450		2.450	1	
4861283598	079-000000-1	UMPQUA BANK		12/10/2015	250,000.00	250,000.00	250,000.00	0.880		0.880	1	
		Subtotal and Average	**38,600,200.00**		**38,600,200.00**	**38,600,200.00**	**38,600,200.00**			**2.474**	**1**	
		Total and Average	**524,055,644.73**		**526,690,744.00**	**524,357,047.60**	**524,667,199.02**			**2.085**	**151**	

APPENDIX F

BOOK-ENTRY ONLY SYSTEM

The information in this appendix has been provided by DTC for use in securities offering documents, and the District takes no responsibility for the accuracy or completeness thereof. The District cannot and does not give any assurances that DTC, DTC Participants or Indirect Participants will distribute the Beneficial Owners either (a) payments of interest, principal or premium, if any, with respect to the Refunding Bonds or (b) certificates representing ownership interest in or other confirmation of ownership interest in the Refunding Bonds, or that they will so do on a timely basis or that DTC, DTC Direct Participants or DTC Indirect Participants will act in the manner described in this Official Statement.

1. The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Refunding Bonds (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for each maturity of the Securities, 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 securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at **www.dtcc.com**.

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or the Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to the District or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

10. The District may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, 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 the District believes to be reliable, but the District takes no responsibility for the accuracy thereof.

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APPENDIX G

FORM OF DELAYED DELIVERY CONTRACT

_________________, 2019

Raymond James & Associates, Inc.
880 Carillion Parkway
Tower 3, Third Floor
St. Petersburg, Florida 33716

Re: El Dorado Union High School District
(El Dorado County, California)
General Obligation Refunding Bonds (the "Bonds")

Ladies and Gentlemen:

The undersigned (the "Purchaser") hereby agrees to purchase from Raymond James & Associates, Inc. (the "Underwriter"), when, as and if issued and delivered to the Underwriter by the El Dorado Union High School District (the "District"), and the Underwriter agrees to sell to the Purchaser:

Par Amount	Maturity Date	Interest Rate	CUSIP Number	Yield	Price

of the above-referenced Bonds (the "Purchased Bonds") offered by the District under the Preliminary Official Statement dated June 12, 2019 (the "Preliminary Official Statement"), and the Official Statement relating to the Bonds dated _________, 2019 (the "Official Statement"), at the purchase price and with the interest rates, principal amounts, and maturity dates shown above, and on the further terms and conditions set forth in this Delayed Delivery Contract. Capitalized terms used but not defined herein have the meanings ascribed thereto in the Official Statement. The Bonds are being purchased by the Underwriter pursuant to the Forward Delivery Bond Purchase Agreement between the District and the Underwriter (the "Forward Delivery Bond Purchase Agreement").

The Purchaser hereby confirms that it has received and reviewed the Preliminary Official Statement and the Official Statement (including, without limitation, the section entitled "INTRODUCTION – Certain Considerations Regarding Forward Delivery of the Refunding Bonds" and "THE REFUNDING BONDS - Forward Delivery of Refunding Bonds"), has considered the risks associated with purchasing the Purchased Bonds and is duly authorized to purchase the Purchased Bonds. The Purchaser acknowledges and agrees that the Purchased Bonds are being sold on a "forward" basis, and the Purchaser hereby purchases and agrees to accept delivery of the Purchased Bonds from the Underwriter on or about [May 5, 2020] (the "Settlement Date"), as they may be issued and delivered in accordance with the Forward Delivery Bond Purchase Agreement.

Payment for the Purchased Bonds on the Settlement Date shall be made to the Underwriter or upon its order on the Settlement Date upon delivery to the Purchaser of the Purchased Bonds through the book-entry system of The Depository Trust Company. The Purchaser agrees that in no event shall the Underwriter be responsible or liable for any claim or loss, whether direct or consequential, that the Purchaser may suffer in the event the District does not for any reason issue and deliver the Bonds.

Upon issuance by the District of the Bonds and purchase thereof by the Underwriter, the obligation of the Purchaser to take delivery of the Purchased Bonds hereunder shall be unconditional, except in the event that between the date of this Delayed Delivery Contract and the Settlement Date one of the following events shall have occurred:

1. There is a Change in Law (defined below);

2. As a result of any legislation, regulation, rule, order, release, court decision or judgment or action by the U.S. Department of the Treasury, the Internal Revenue Service, or any agency of the State either enacted, issued, effective, adopted or proposed (but only with respect to any such proposed legislation, regulation, ruling, order, release, court decision or judgment or action that continues to be proposed as of the Settlement Date), or for any other reason, Bond Counsel cannot issue an opinion to the effect that (a) the interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, and (b) the interest on the Bonds is exempt from State of California personal income taxes, as stated in the form of opinion attached to the Official Statement as Appendix C;

3. The Official Statement as of the date of Closing (as defined in the Forward Delivery Bond Purchase Agreement), which is expected to occur on or about _______, 2019, or the Updated Official Statement to be provided by the District pursuant to the terms of the Forward Delivery Bond Purchase Agreement as of the Settlement Date, contained or contains an untrue statement or misstatement of material fact or omitted or omits to state a material fact necessary in order to make the statements and information contained therein not misleading in any material respect;

4. Legislation is enacted, or a decision by a court of the United States is rendered, or any action is taken by, or on behalf of, the Securities Exchange Commission that, in the reasonable opinion of the Underwriter, following consultation with the District, has the effect of requiring the Bonds to be registered under the Securities Act of 1933, as amended, or requires the qualification of the Paying Agent Agreement under the Trust Indenture Act of 1939, as amended, or an event occurs that would cause the sale of the Bonds to be in violation of any provision of the federal or State of California securities laws; or

5. As of the Settlement Date, the Bonds are no longer rated investment grade by S&P Global Ratings.

The Underwriter shall notify the Purchaser promptly in the event that the Underwriter becomes aware of the occurrence of any of the events described in clauses 1 through 5 above.

A "Change in Law" means (i) any change in or addition to applicable federal or state law, whether statutory or as interpreted by the courts or by federal or state agencies, including any changes in or new rules, regulations or other pronouncements or interpretations by federal or state agencies; (ii) any legislation enacted by the Congress of the United States (if such enacted legislation has an effective date that is on or before the Settlement Date), (iii) any law, rule or regulation enacted by any governmental body, department or agency (if such enacted law, rule, or regulation has an effective date that is on or before the Settlement Date) or (iv) any judgment, ruling or order issued by any court or administrative body that in any such case would, (A) as to the Underwriter, prohibit the Underwriter from completing the underwriting of the Bonds or selling the Bonds or the beneficial ownership interests therein to the public or, (B) as to the District, make the completion of the issuance, sale, or delivery of the Bonds illegal.

If the Change of Law eliminates the exclusion from gross income for federal income tax purposes of interest payable on "state or local bonds," the Underwriter would not be obligated to purchase the Bonds from the District, and the Purchaser would not be required to accept delivery of the Purchased Bonds from the Underwriter.

The Purchaser acknowledges and agrees that the Purchased Bonds are being sold on a "forward" or "delayed delivery" basis for delivery on the Settlement Date and that the Purchaser is obligated to take up and pay for the Purchased Bonds on the Settlement Date unless one of the events described above occurs. The Purchaser acknowledges that it will not be able to withdraw its order as described herein, and will not otherwise be excused from performance of its obligations to take up and pay for the Purchased Bonds on the Settlement Date because of market or credit changes, including specifically, but not limited to (a) changes in the ratings assigned to the Bonds between the date of Closing and the Settlement Date (except as described in paragraph 5 above) or changes in the credit associated with the Bonds generally, and (b) changes in the financial condition, operations, performance, properties or prospects of the District from the date hereof to the Settlement Date. The Purchaser acknowledges and agrees that it will remain obligated to purchase the Purchased Bonds in accordance with the terms hereof, even if the Purchaser decides to sell the Purchased Bonds following the date hereof, unless the Purchaser sells the Purchased Bonds to another institution with the prior written consent of the Underwriter and such institution provides a written acknowledgment of confirmation of purchase order and a delayed delivery contract in the same respective forms as that executed by the Purchaser.

The Purchaser represents and warrants that, as of the date of this Delayed Delivery Contract, the Purchase is not prohibited from purchasing the Purchased Bonds hereby agreed to be purchased by it under the laws of the jurisdiction to which the Purchaser is subject. Each of the undersigned parties represents and warrants that it has the power and authority to enter into this Delayed Delivery Contract and to perform its obligations hereunder.

The Purchaser agrees that it will at all times satisfy the minimum initial and maintenance margin requirements of Regulation T of the Board of Governors of the Federal Reserve System, Rule 431 of the New York Governors of the Federal Reserve System, Rule 4210 of the Financial Industry Regulatory Authority and any other margin regulations applicable to the Underwriter.

This Delayed Delivery Contract will inure to the benefit of and be binding upon the parties hereto and their respective successors, but will not be assignable by either party without the prior written consent of the other.

The Purchaser acknowledges that the Underwriter is entering into the Forward Delivery Bond Purchase Agreement with the District to purchase the Bonds in reliance in part on the performance by the Purchaser of its obligations hereunder.

This Delayed Delivery Contract may be executed by either of the parties hereto in any number of counterparts, each of which shall be deemed to be an original, but all such counterparts shall together constitute one and the same instrument.

It is understood that the acceptance by the Underwriter of any Delayed Delivery Contract (including this one) is in the Underwriter's sole discretion and that, without limiting the foregoing, acceptances of such contracts need not be on a first-come, first-served basis. If this Delayed Delivery Contract is acceptable to the Underwriter, it is requested that the Underwriter sign the form of acceptance below and mail, e-mail, or otherwise deliver one of the counterparts hereof to the Purchaser at its address set forth below. This will become a binding contract between the Underwriter and the Purchaser when such counterpart is so mailed, e-mailed or otherwise delivered by the Underwriter. This Delayed Delivery Contract does not constitute a customer confirmation pursuant to Rule G-15 of the Municipal Securities Rulemaking Board.

This Delayed Delivery Contract shall be construed and administered under the laws of the State of New York.

[PURCHASER]

By:____________________________________
Name:__________________________________
Title:___________________________________
Address:________________________________
Telephone:______________________________

Accepted:

RAYMOND JAMES & ASSOCIATES, INC.

By:__________________________________
Name:________________________________
Title:_________________________________

APPENDIX H

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

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ASSURED GUARANTY MUNICIPAL

MUNICIPAL BOND INSURANCE POLICY

ISSUER: Policy No: -N

BONDS: $ in aggregate principal amount of Effective Date:

Premium: $

ASSURED GUARANTY MUNICIPAL CORP. ("AGM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of AGM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which AGM shall have received Notice of Nonpayment, AGM will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by AGM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in AGM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by AGM is incomplete, it shall be deemed not to have been received by AGM for purposes of the preceding sentence and AGM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, AGM shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by AGM hereunder. Payment by AGM to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AGM under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless AGM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the

United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to AGM which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

AGM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to AGM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to AGM and shall not be deemed received until received by both and (b) all payments required to be made by AGM under this Policy may be made directly by AGM or by the Insurer's Fiscal Agent on behalf of AGM. The Insurer's Fiscal Agent is the agent of AGM only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of AGM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, AGM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to AGM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of AGM, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, ASSURED GUARANTY MUNICIPAL CORP. has caused this Policy to be executed on its behalf by its Authorized Officer.

ASSURED GUARANTY MUNICIPAL CORP.

By ______________________________
Authorized Officer

A subsidiary of Assured Guaranty Municipal Holdings Inc.
1633 Broadway, New York, N.Y. 10019
(212) 974-0100