

*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, 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, 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.*

**\$13,590,000**  
**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.



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, in accordance with the Bond Purchase Agreement (as defined herein).*

**RAYMOND JAMES**

**MATURITY SCHEDULE**  
**BASE CUSIP<sup>†</sup>: 283065**

**\$13,590,000**  
**EL DORADO UNION HIGH SCHOOL DISTRICT**  
**(EL DORADO COUNTY, CALIFORNIA)**  
**GENERAL OBLIGATION REFUNDING BONDS, SERIES 2020**  
**(Forward Delivery)**

**\$12,160,000 Serial Refunding Bonds**

Maturity (August 1)	Principal Amount	Interest Rate	Yield	CUSIP Number <sup>†</sup>
2020	\$ 100,000	5.00%	1.90%	JG6
2022	100,000	5.00	2.02	JJ0
2023	100,000	5.00	2.03	JK7
2024	190,000	5.00	2.05	JL5
2025	230,000	5.00	2.10	JM3
2026	275,000	5.00	2.16	JN1
2027	325,000	5.00	2.22	JP6
2028	380,000	5.00	2.34 <sup>C</sup>	JQ4
2029	435,000	5.00	2.46 <sup>C</sup>	JR2
2030	505,000	5.00	2.58 <sup>C</sup>	JS0
2031	565,000	5.00	2.67 <sup>C</sup>	JT8
2034	4,395,000	5.00	2.80 <sup>C</sup>	JW1
2035	4,560,000	5.00	2.84 <sup>C</sup>	JX9

**\$1,430,000 5.000% Term Refunding Bonds due August 1, 2033 – Yield 2.75%<sup>C</sup> – CUSIP Number<sup>†</sup> JV3**

<sup>†</sup> 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© 2020 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.

<sup>C</sup> Yield to call at par on August 1, 2027.

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

**BOARD OF TRUSTEES**

Kevin W. Brown, *President*  
David J. Del Rio, *Clerk*  
Lori M. Veerkamp, *Member*  
Jessica K. Rodgers, *Member*  
Timothy M. Cary, *Member*

**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,” “intend” 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 overallocate 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.**

**\$13,590,000**  
**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 \$13,590,000 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, 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 2019-20 enrollment is approximately 6,813 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, 2019.”

### **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.

Pursuant to the Bond Purchase Agreement, the District has agreed to prepare this updated Official Statement (the “Official Statement”) updating the Official Statement delivered on June 19, 2019 (the “Initial 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 herein, in the light of the circumstances under which they were made, not misleading.

***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) this 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 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 Initial Official Statement as of the Closing Date, or this 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 has advised the District that the Refunding Bonds may be sold to investors who executed 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 is not 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 the Initial 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 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, 2027, are not subject to optional redemption prior to their respective stated maturity dates. The Refunding Bonds maturing on or after August 1, 2028, 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, 2027, 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 Refunding Bonds maturing on August 1, 2033 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
2032	\$680,000
2033 <sup>†</sup>	750,000

<sup>†</sup> Maturity.

The principal amount of the Refunding Bonds maturing on August 1, 2033, to be redeemed in each year shown above will be reduced proportionately, or as otherwise directed by the 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.

### SERIES 2010 BONDS TO BE REFUNDED

Maturity Date	Original Principal	Interest Rate	Redemption Date	Redemption Price	CUSIP Number <sup>†</sup>
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

<sup>†</sup> 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.

**UNREFUNDED SERIES 2010 BONDS**

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

**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	\$13,590,000.00
Plus Original Issue Premium	1,962,928.60
<b>Total Sources of Funds</b>	<b>\$15,552,928.60</b>

Uses of Funds:

Escrow Fund	\$15,230,686.19
Costs of Issuance <sup>(1)</sup>	233,907.41
Underwriter's Discount	88,335.00
<b>Total Uses of Funds</b>	<b>\$15,552,928.60</b>

<sup>(1)</sup> 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	\$ 100,000.00	\$ 162,325.00	\$ 262,325.00
2021	-	674,500.00	674,500.00
2022	100,000.00	674,500.00	774,500.00
2023	100,000.00	669,500.00	769,500.00
2024	190,000.00	664,500.00	854,500.00
2025	230,000.00	655,000.00	885,000.00
2026	275,000.00	643,500.00	918,500.00
2027	325,000.00	629,750.00	954,750.00
2028	380,000.00	613,500.00	993,500.00
2029	435,000.00	594,500.00	1,029,500.00
2030	505,000.00	572,750.00	1,077,750.00
2031	565,000.00	547,500.00	1,112,500.00
2032	680,000.00	519,250.00	1,199,250.00
2033	750,000.00	485,250.00	1,235,250.00
2034	4,395,000.00	447,750.00	4,842,750.00
2035	4,560,000.00	228,000.00	4,788,000.00
Total:	<u>\$13,590,000.00</u>	<u>\$8,782,075.00</u>	<u>\$22,372,075.00</u>

**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.

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## Aggregate Debt Service

The following table sets forth the annual aggregate debt service requirements of all outstanding bonds of the District, including the Refunding Bonds, 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<sup>(1)</sup>

Year Ending (August 1),	Series 2010 Bonds <sup>(1)</sup>	Series 2012 Bonds	2016 Refunding Bonds	Refunding Bonds	Aggregate Total Debt Service
2020	\$ 435,797.50	\$ 342,500.00	\$ 2,850,087.50	\$ 262,325.00	\$ 3,890,710.00
2021	-	367,500.00	2,924,087.50	674,500.00	3,966,087.50
2022	-	392,500.00	3,000,087.50	774,500.00	4,167,087.50
2023	-	387,500.00	2,332,587.50	769,500.00	3,489,587.50
2024	-	367,500.00	2,178,337.50	854,500.00	3,400,337.50
2025	-	392,500.00	2,268,087.50	885,000.00	3,545,587.50
2026	-	397,500.00	2,359,837.50	918,500.00	3,675,837.50
2027	-	402,500.00	2,458,087.50	954,750.00	3,815,337.50
2028	-	402,500.00	2,557,087.50	993,500.00	3,953,087.50
2029	-	362,500.00	2,664,500.00	1,029,500.00	4,056,500.00
2030	-	342,500.00	2,771,400.00	1,077,750.00	4,191,650.00
2031	-	357,500.00	2,888,050.00	1,112,500.00	4,358,050.00
2032	-	352,500.00	2,969,000.00	1,199,250.00	4,520,750.00
2033	-	352,500.00	3,095,150.00	1,235,250.00	4,682,900.00
2034	-	597,500.00	-	4,842,750.00	5,440,250.00
2035	-	897,500.00	-	4,788,000.00	5,685,500.00
2036	-	5,322,500.00	-	-	5,322,500.00
2037	-	5,462,500.00	-	-	5,462,500.00
2038	-	5,662,500.00	-	-	5,662,500.00
2039	-	5,867,500.00	-	-	5,867,500.00
2040	-	6,072,500.00	-	-	6,072,500.00
2041	-	6,292,500.00	-	-	6,292,500.00
2042	-	6,137,500.00	-	-	6,137,500.00
	<u>\$435,797.50</u>	<u>\$47,532,500.00</u>	<u>\$37,316,387.50</u>	<u>\$22,372,075.00</u>	<u>\$107,656,760.00</u>

<sup>(1)</sup> Reflects the planned 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 property taxes. Once collected, the county auditor-controller apportions and distributes the taxes to the various taxing entities and related funds and accounts. The county treasurer-tax collector, the superintendent of schools of which has jurisdiction over the school district, holds school district funds, including taxes collected for payment of bonds issued by school districts 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 2019-20 assessed value of \$23,910,603,217. 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 2019-20.

**EL DORADO UNION HIGH SCHOOL DISTRICT**  
**(El Dorado County, California)**  
**Assessed Valuations**  
**Fiscal Years 2011-12 through 2019-20**

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
2019-20	23,430,586,629	421,305	479,595,283	23,910,603,217

Source: California Municipal Statistics, Inc.

***Risk of Decline in Property Values.*** 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, including potential market declines caused by the effects of a pandemic, 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, landslide, liquefaction, levee failure, fire, toxic dumping, etc. For more information on the impact of the COVID-19 pandemic, see “APPENDIX A – DISTRICT FINANCIAL MATTERS – *Infectious Disease Outbreak.*” 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.

***Risk of Changing Economic Conditions.*** Property values could be reduced by factors beyond the District’s control, including a depressed real estate market due to general economic conditions in the County, the region, and the State. With the outbreak of Coronavirus Disease 2019 (“COVID-19”), the world is currently experiencing a global pandemic. The pandemic may result in an economic recession or depression that causes a general market decline in property values therefore affecting the assessed value of property in the District. For more information on the impact of the COVID-19 pandemic, see “APPENDIX

***Risk of Earthquake.*** Property values could be reduced by the complete or partial destruction of taxable property as a result of an earthquake. The District is located in a seismically active region. Notable earthquake faults include the Cleveland Hills and Sierra Nevada faults and the San Joaquin Fault Zone.

***Drought.*** In recent years the State has experienced severe drought conditions. In January 2014, the Governor declared a state-wide Drought State of Emergency due to the State facing serious water shortfalls due to the driest year in recorded history in the State and the resultant record low levels measured in State rivers and reservoirs. The California State Water Resources Control Board (the “State Water Board”) subsequently issued a Statewide notice of water shortages and potential future curtailment of water right diversions. In April 2017, the Governor of the State lifted the drought emergency declaration, while retaining a prohibition on wasteful practices and advancing conservation measures. It is not possible for the District to make any representation regarding the extent to which drought conditions could cause reduced economic activity within the boundaries of the District or the extent to which the drought has had or may have in the future on the value of taxable property within the District.

***Wildfire.*** In recent years, portions of California, including the County and adjacent counties, have experienced wildfires that have burned thousands of acres and destroyed thousands of homes and structures. Property damage due to wildfire could result in a significant decrease in the assessed value of property in the District. It is not possible for the District to make any representation regarding the extent to which wildfires could cause reduced economic activity within the boundaries of the District or the extent to which wildfires may impact the value of taxable property within the District.

***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. Any base year appeal must be made within four years of the change of ownership or new construction date.

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 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 XIII A of the State Constitution provides that the full cash value base of real property used in determining taxable value may be adjusted from year to year to reflect the inflationary rate, not to exceed a 2% increase for any given year, or may be reduced to reflect a reduction in the consumer price index or comparable local data. This 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 XIII A 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 2019-20 gross bonding capacity (also commonly referred to as the “bonding limit” or “debt limit”) is approximately \$298.88 million and its net bonding capacity is approximately \$240.36 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)  
2019-20 Assessed Valuation by Jurisdiction**

Jurisdiction:	Assessed Valuation in District	% of District	Assessed Valuation of Jurisdiction	% of Jurisdiction in District
City of Placerville	\$ 1,191,501,865	4.98%	\$ 1,191,501,865	100.00%
Unincorporated El Dorado County	22,719,101,352	95.02	28,454,136,631	79.84
Total District	\$23,910,603,217	100.00%		
El Dorado County	\$23,910,603,217	100.00%	\$34,754,837,370	68.80%

Source: California Municipal Statistics, Inc.

[Remainder of page left intentionally blank.]

**Assessed Valuation by Land Use.** The following table sets forth a distribution of taxable property located in the District on the fiscal year 2019-20 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)  
2019-20 Assessed Valuation and Parcels by Land Use**

	2019-20 Assessed Valuation <sup>(1)</sup>	% of Total	No. of Parcels	% of Total
<b>Non-Residential:</b>				
Agricultural/Timber	\$ 21,330,296	0.09%	695	1.07%
Commercial	891,534,502	3.81	785	1.21
Vacant Commercial	63,093,290	0.27	285	0.44
Industrial	884,259,737	3.77	844	1.30
Vacant Industrial	62,865,046	0.27	270	0.42
Recreational	143,927,541	0.61	152	0.23
Government/ Social/Institutional	11,842,320	0.05	94	0.15
Miscellaneous	30,743,855	0.13	54	0.08
Subtotal Non-Residential	<u>\$ 2,109,596,587</u>	<u>9.00%</u>	<u>3,179</u>	<u>4.91%</u>
<b>Residential:</b>				
Single Family Residence	\$19,575,653,419	83.55%	47,986	74.05%
Condominium/Townhouse	105,536,987	0.45	680	1.05
Mobile Home	515,863,019	2.20	3,333	5.14
2-3 Residential Units	119,630,154	0.51	462	0.71
4+ Residential Units/Apartments	354,798,125	1.51	301	0.46
Miscellaneous Residential	52,717,179	0.22	566	0.87
Vacant Residential	596,791,159	2.55	8,297	12.80
Subtotal Residential	<u>\$21,320,990,042</u>	<u>91.00%</u>	<u>61,625</u>	<u>95.09%</u>
<b>Total</b>	<b>\$23,430,586,629</b>	<b>100.00%</b>	<b>64,804</b>	<b>100.00%</b>

<sup>(1)</sup> 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 2019-20, including the median and average assessed valuation of single-family parcels.

**EL DORADO UNION HIGH SCHOOL DISTRICT  
(El Dorado County, California)  
2019-20 Per Parcel Assessed Valuation of Single Family Homes**

	Number of Parcels	2019-20 Assessed Valuation	Average Assessed Valuation	Median Assessed Valuation
Single Family Residential	47,986	\$19,575,653,419	\$407,945	\$363,516

2019-20 Assessed Valuation	No. of Parcels <sup>(1)</sup>	% of Total	Cumulative % of Total	Total Valuation	% of Total	Cumulative % of Total
\$0 - \$49,999	565	1.177%	1.177%	\$ 20,254,129	0.103%	0.103%
\$50,000 - \$99,999	1,933	4.028	5.206	149,662,179	0.765	0.868
\$100,000 - \$149,999	2,948	6.143	11.349	374,224,360	1.912	2.780
\$150,000 - \$199,999	3,941	8.213	19.562	691,438,574	3.532	6.312
\$200,000 - \$249,999	4,597	9.580	29.142	1,036,822,485	5.296	11.608
\$250,000 - \$299,999	4,703	9.801	38.943	1,291,476,434	6.597	18.206
\$300,000 - \$349,999	4,241	8.838	47.781	1,376,637,505	7.032	25.238
\$350,000 - \$399,999	3,912	8.152	55.933	1,464,811,543	7.483	32.721
\$400,000 - \$449,999	3,602	7.506	63.439	1,531,031,207	7.821	40.542
\$450,000 - \$499,999	3,276	6.827	70.266	1,554,612,923	7.942	48.484
\$500,000 - \$549,999	3,125	6.512	76.779	1,640,552,619	8.381	56.864
\$550,000 - \$599,999	2,622	5.464	82.243	1,505,107,604	7.689	64.553
\$600,000 - \$649,999	2,038	4.247	86.490	1,269,542,325	6.485	71.038
\$650,000 - \$699,999	1,538	3.205	89.695	1,036,190,476	5.293	76.331
\$700,000 - \$749,999	1,121	2.336	92.031	811,025,377	4.143	80.474
\$750,000 - \$799,999	849	1.769	93.800	655,952,038	3.351	83.825
\$800,000 - \$849,999	602	1.255	95.055	496,008,092	2.534	86.359
\$850,000 - \$899,999	493	1.027	96.082	430,476,576	2.199	88.558
\$900,000 - \$949,999	366	0.763	96.845	338,236,017	1.728	90.286
\$950,000 - \$999,999	240	0.500	97.345	233,746,667	1.194	91.480
\$1,000,000 and greater	1,274	2.655	100.000	1,667,844,289	8.520	100.000
Total	47,986	100.000%		\$19,575,653,419	100.000%	

<sup>(1)</sup> 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 2019-20 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 2019-20 Local Secured Taxpayers**

Property Owner	Primary Land Use	2019-20 Assessed Valuation	Percent of Total <sup>(1)</sup>
1. WIM Core Portfolio Owner	Industrial/Office	\$ 54,770,400	0.23%
2. California Physicians Service	Office Building	53,463,196	0.23
3. Lennar Homes of CA	Residential Development	52,254,867	0.22
4. SI 48 LLC	Apartments	35,594,110	0.15
5. WRI Golden State LLC	Shopping Center	30,460,882	0.13
6. Oakmont Prop Lesarra	Residential Development	30,244,267	0.13
7. Sunset Tartesso AZ LLC	Shopping Center	29,835,000	0.13
8. Safeway Inc.	Supermarket	27,318,171	0.12
9. EDH Retirement Residence	Assisted Living Facility	26,603,451	0.11
10. EDH Waterfront	Shopping Center	25,440,631	0.11
11. Target Corporation	Shopping Center	24,779,990	0.11
12. Marketplace at Town Center	Shopping Center	24,420,000	0.10
13. Sterling Ranch Associates	Apartments	24,000,000	0.10
14. El Dorado Hills Theatre	Movie Theater	23,628,196	0.10
15. CPSL SPE	Apartments	22,400,354	0.10
16. Serrano Associates LLC	Residential/Golf	21,366,458	0.09
17. Toll CA X	Residential Development	20,766,059	0.09
18. Lake Forest Apartments LLC	Apartments	20,119,966	0.09
19. Sierra Pacific Industries	Industrial	20,031,288	0.09
20. WFC Cameron Park LLC	Supermarket	19,625,000	0.08
		\$587,122,286	2.51%

<sup>(1)</sup> 2019-20 Local Secured Assessed Valuation: \$23,430,586,629  
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), pandemic or the complete or partial destruction of taxable property caused by natural or manmade disaster, such as earthquake, flood, drought, 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 6.44% of the total assessed value of the District for fiscal year 2019-20.

**EL DORADO UNION HIGH SCHOOL DISTRICT  
(El Dorado County, California)  
Typical Total Tax Rates per \$100 of Assessed Valuation (TRA 100-013)  
Fiscal Years 2015-16 through 2019-20**

	2015-16	2016-17	2017-18	2018-19	2019-20
General	1.000000	1.000000	1.000000	1.000000	1.000000
Rescue Union School District	.032600	.031200	.029400	.026798	.029378
El Dorado Union High School District	.019600	.018300	.016400	.014688	.015724
Los Rios Community College District	.009100	.014100	.013000	.013100	.023200
Total All Property	1.061300	1.063600	1.058800	1.054586	1.068302
El Dorado Irrigation District	.009300	.008900	.003800	.004000	.000000
Total Land Only	.009300	.008900	.003800	.004000	.000000

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

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. As a result of the recent outbreak of COVID-19, property owners within the County directly affected by COVID-19 may submit a penalty cancellation request after April 11, 2020 to have penalties and costs cancelled.

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 2014-15 through 2018-19.

**EL DORADO UNION HIGH SCHOOL DISTRICT  
(El Dorado County, California)  
Secured Tax Charges and Delinquencies  
Fiscal Years 2014-15 through 2018-19**

	Secured Tax Charge <sup>(1)</sup>	Amount Delinquent June 30	% Delinquent June 30
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
2018-19	387,940,232.00	5,388,387.00	1.39

<sup>(1)</sup> 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.

Property tax delinquencies may be impacted by economic and other factors beyond the District’s control, including the ability or willingness of property owners to pay property taxes during an economic recession or depression. An economic recession or depression can be caused by many factors outside the control of the District, including high interest rates, reduced consumer confidence, reduced real wages or reduced economic activity as a result of a natural or manmade disaster, such as earthquake, drought, flood, fire, toxic dumping or pandemic. It is not possible for the District to make any representation regarding the extent to which an economic recession or depression could impact the ability or willingness of property owners within the District to pay property taxes in the future. For more information on the impact of the COVID-19 pandemic, see “APPENDIX A – DISTRICT FINANCIAL MATTERS – State Funding of Education; State Budget Process – *Infectious Disease Outbreak*.” If delinquencies increase substantially as a result of the unprecedented events of the COVID-19 pandemic or other events outside the control of the District, the County does have the authority to increase allowances for annual reserves in the tax levy to avoid fluctuating tax levies.

In connection with the recent outbreak of COVID-19, the California Association of County Treasurers and Tax Collectors issued a statement indicating that, to the extent April 10 remains the deadline for the second installment of property taxes, counties anticipate waiving penalties, costs or other charges resulting from tax delinquency due to reasonable cause and circumstances related to the pandemic, for fiscal year 2019-20. The District cannot predict whether the April 10 deadline will remain in effect, the extent of delinquencies and delayed tax collections, or the resulting impact on the District’s financial condition or operations. While the District cannot predict the extent of delinquencies and delayed tax collections or the resulting impact on the District’s financial condition or operations, the County has adopted the Teeter Plan (defined herein), according to which the County distributes to the District the amount levied on the secured and supplemental tax rolls, instead of the amount actually collected. See “– Teeter Plan” below.

**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. There can be no assurances that the County will have sufficient funds available to distribute the full amount of the District’s share of property tax collections to the District. However, State law requires the County to levy *ad valorem* property taxes sufficient to pay the Refunding Bonds when due.

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 24 is a schedule of direct and overlapping debt prepared by California Municipal Statistics Inc. effective March 25, 2020 for debt outstanding as of April 1, 2020. The table is included for general information purposes only. The District has not reviewed this table for completeness or accuracy and makes no representations in connection therewith. The first column in the table names each public agency which has outstanding debt as of the date of the schedule and whose territory overlaps the District in whole or in part. Column two 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**

March 25, 2020

2019-20 Assessed Valuation: \$23,910,603,217

	% Applicable	Debt 4/1/20
<b><u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u></b>		
Los Rios Community College District	11.512%	\$ 52,438,887
Sierra Joint Unified School District School Facilities Improvement District No. 4	0.002	1,600
El Dorado Union High School District	100.000	58,527,303 <sup>(1)</sup>
Buckeye Union School District	100.000	23,775,000
Camino Union School District	100.000	3,820,000
Gold Oak Union School District	100.000	2,182,344
Gold Trail Union School District	100.000	885,000
Mother Lode Union School District	100.000	6,955,000
Placerville Union School District	100.000	3,794,987
Pollock Pines School District	100.000	8,493,004
Rescue Union School District	100.000	20,556,282
Cameron Park Community Services District	100.000	6,575,000
El Dorado County Community Facilities Districts	100.000	122,675,000
Statewide Communities Infrastructure Program (SCIP) 1915 Act Bonds	100.000	12,572,192
<b>TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT</b>		<b>\$323,251,599</b>
<b><u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u></b>		
El Dorado County Certificates of Participation	68.798%	\$ 39,311,177
Sierra Joint Community College District Certificates of Participation	0.001	32
El Dorado Union High School District Certificates of Participation	100.000	5,866,002
Buckeye Union School District Certificates of Participation	100.000	16,535,000
Placerville Union School District General Fund Obligations	100.000	1,450,000
Rescue Union School District Certificates of Participation	100.000	11,500,000
<b>TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT</b>		<b>\$ 74,662,211</b>
<b>COMBINED TOTAL DEBT</b>		<b>\$397,913,810<sup>(2)</sup></b>

Ratios to 2019-20 Assessed Valuation:

Direct Debt (\$58,527,303) .....	0.24%
Combined Direct Debt (\$64,393,305) .....	0.27%
Total Direct and Overlapping Tax and Assessment Debt .....	1.35%
Combined Total Debt .....	1.66%

<sup>(1)</sup> Excludes the Refunding Bonds; includes the Prior Bonds.

<sup>(2)</sup> 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 19, 2019, KBRA announced it had affirmed AGM’s insurance financial strength rating of “AA+” (stable outlook). AGM can give no assurance as to any further ratings action that KBRA may take.

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

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

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

### *Capitalization of AGM*

At December 31, 2019:

- The policyholders’ surplus of AGM was approximately \$2,691 million.
- The contingency reserves of AGM and its indirect subsidiary Municipal Assurance Corp. (“MAC”) (as described below) were approximately \$986 million. Such amount includes 100% of AGM’s contingency reserve and 60.7% of MAC’s contingency reserve.

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

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

#### *Incorporation of Certain Documents by Reference*

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

All consolidated financial statements of AGM and all other information relating to AGM included in, or as exhibits to, documents filed by AGL with the SEC pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, excluding Current Reports or portions thereof "furnished" under Item 2.02 or Item 7.01 of Form 8-K, after the filing of the last document referred to above and before the termination of the offering of the 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, 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 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 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 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 has not given any opinion or assurance about the future activities of the District or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The District has covenanted, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the Refunding Bonds ends 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 all 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 assigns 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 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 \$15,464,593.60 (representing the aggregate principal amount of the Refunding Bonds, plus an original issue premium of \$1,962,928.60, and less an Underwriter's discount of \$88,335.00). 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: \_\_\_\_\_ /s/ Ron Carruth  
Superintendent

**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 2019-20 enrollment is approximately 6,813 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**

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

## **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 Whittier 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*") 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*"). In addition, school districts may be eligible for other special categorical funding from State and federal government programs. The District has projected to receive approximately 48.25% 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), projected at approximately \$37.74 million in fiscal year 2019-20. 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 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*” 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 2019-20 State budget on June 27, 2019.

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](http://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](http://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](http://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.

**2019-20 State Budget.** The Governor signed the fiscal year 2019-20 State Budget (the “2019-20 State Budget”) on June 27, 2019. Since the 2019-20 State Budget preceded the COVID-19 pandemic, it did not take into account the significant adverse impacts it will have on the State’s financial condition beginning in fiscal year 2019-20. The State has indicated that the projections of revenues and expenditures in the 2019-20 State Budget are no longer operative and will be significantly revised in the Governor’s May revision of the fiscal year 2020-21 State budget and the final fiscal year 2020-21 budget. Certain limited information from the 2019-20 State Budget relating to the funding of education is provided herein as a historical baseline solely for context and reference.

The 2019-20 State Budget sets forth a balanced budget for fiscal year 2019-20 that projects approximately \$143.8 billion in revenues, and \$91.9 billion in non-Proposition 98 expenditures and \$55.9 billion in Proposition 98 expenditures. The 2019-20 State Budget includes a \$1.4 billion reserve in the Special Fund for Economic Uncertainties (the “SFEU”). To provide immediate and long-term relief to

school districts facing rising pension costs, the 2019-20 State Budget includes a \$3.15 billion non-Proposition 98 General Fund payment to the California State Teachers' Retirement System ("CalSTRS") and the California Public Employees' Retirement System ("CalPERS") Schools Pool. Of this amount, an estimated \$850 million will buy down the employer contribution rates in fiscal years 2019-20 and 2020-21. The 2019-20 State Budget includes total funding of \$103.4 billion (\$58.8 billion General Fund and \$44.6 billion other funds) for all K-12 education programs. The 2019-20 State Budget provides \$1.9 billion in new Proposition 98 funding for the LCFF, reflecting a 3.26% cost of living adjustment. The 2019-20 State Budget also includes a constitutionally required deposit into the Public School System Stabilization Account (also referred to as the Proposition 98 Rainy Day Fund) in the amount of \$376.5 million. Such deposit to the Public School System Stabilization Account does not initiate any school district reserve caps, as the amount in the Public School System Stabilization Account (which is equal to the fiscal year 2019-20 deposit) is not equal to or greater than 3% of the total K-12 share of the Proposition 98 Guarantee (approximately \$2.1 billion).

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

- Special Education. The 2019-20 State Budget includes \$645.3 million ongoing Proposition 98 General Fund resources for special education, including \$152.6 million to provide for all Special Education Local Plan Areas with at least the statewide target rate for base special education funding, and \$492.7 million allocated based on the number of children ages 3 to 5 years with exceptional needs that the school district is serving.
- After School Education and Safety Program. The 2019-20 State Budget includes \$50 million ongoing Proposition 98 General Fund resources to provide an increase of approximately 8.3% to the per-pupil daily rate for the After School Education and Safety Program.
- Longitudinal Data System. The 2019-20 State Budget includes \$10 million one-time non-Proposition 98 General Fund resources to plan and develop a longitudinal data system to improve coordination across data systems and better track the impacts of State investments on achieving educational goals.
- Retaining and Supporting Well-Prepared Educators. The 2019-20 State Budget includes \$89.8 million one-time non-Proposition 98 General Fund resources to provide up to 4,487 grants of \$20,000 for students enrolled in a professional teacher preparation program who commit to working in a high-need field at a priority school for at least four years. The 2019-20 State Budget also includes \$43.8 million one-time non-Proposition 98 General Fund resources to provide training and resources for classroom educators, including teachers and paraprofessionals, to build capacity around key state priorities. Finally, the 2019-20 State Budget includes \$13.8 million ongoing federal funds to establish the 21st Century California Leadership Academy, to provide professional learning opportunities for public K-12 administrators and school leaders to acquire the knowledge, skills, and competencies necessary to successfully support the diverse student population served in California public schools.
- Broadband Infrastructure. The 2019-20 State Budget includes \$7.5 million one-time non-Proposition 98 General Fund resources to assist school districts in need of infrastructure and updates to meet the growing bandwidth needs of digital learning.
- School Facilities Bond Funds. The 2019-20 State Budget assumes \$1.5 billion Proposition 51 bond funds, an increase of \$906 million over the prior year, to support school construction projects.

- Full-Day Kindergarten. The 2019-20 State Budget includes \$300 million one-time non-Proposition 98 General Fund resources to construct new or retrofit existing facilities to support full-day kindergarten programs, which will increase participation in kindergarten by addressing barriers to access.
- Proposition 98 Settle-Up. The 2019-20 State Budget includes an increase of \$686.6 million for K-12 schools and community colleges to pay the balance of past year Proposition 98 funding owed through fiscal year 2017-18.
- Classified School Employees Summer Assistance Program. The 2019-20 State Budget includes an increase of \$36 million 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.
- Wildfire-Related Cost Adjustments. The 2019-20 State Budget includes an increase of \$2 million one-time Proposition 98 General Fund resources to reflect adjustments in the estimate for property tax backfill for basic aid school districts impacted by 2017 and 2018 wildfires. Additionally, the 2019-20 State Budget includes an increase of \$727,000 one-time Proposition 98 General Fund resources to reflect adjustments to the State’s student nutrition programs resulting from wildfire-related losses. Further, the 2019-20 State Budget holds both school districts and charter schools impacted by the wildfires harmless for State funding for two years.

The complete 2019-20 State Budget is available from the California Department of Finance website at [www.dof.ca.gov](http://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 2020-21 State Budget.*** The Governor released his proposed State budget for fiscal year 2020-21 (the “Proposed 2020-21 State Budget”) on January 10, 2020. The Proposed 2020-21 State Budget preceded the COVID-19 pandemic, and therefore did not take into account the significant adverse impacts it will have on the State’s financial condition. The State has indicated that the projections of revenues and expenditures in the Proposed 2020-21 State Budget are no longer operative and will be significantly revised in the Governor’s May revision of the fiscal year 2020-21 State budget and the final fiscal year 2020-21 budget. Certain limited information from the Proposed 2020-21 State Budget relating to the funding of education is provided herein solely for context and reference.

The Proposed 2020-21 State Budget sets forth a balanced budget for fiscal year 2020-21. However, the Governor cautions that although California’s economy is strong, economic inequality persists throughout the State and continued growth is uncertain due to the instability in global economic markets and the nation’s political climate. The Proposed 2020-21 State Budget estimates that total resources available in fiscal year 2019-20 totaled approximately \$155.0 billion (including a prior year balance of approximately \$8.5 billion) and total expenditures in fiscal year 2019-20 totaled approximately \$149.7 billion. The Proposed 2020-21 State Budget projects total resources available for fiscal year 2020-21 of approximately \$156.9 billion, inclusive of revenues and transfers of approximately \$151.6 billion and a prior year balance of \$5.2 billion. The Proposed 2020-21 State Budget projects total expenditures of \$153.1 billion, inclusive of non-Proposition 98 expenditures of approximately \$95.5 billion and Proposition 98 expenditures of approximately \$57.6 billion. The Proposed 2020-21 State Budget proposes to allocate approximately \$2.1 billion of the general fund’s projected fund balance to the Reserve for Liquidation of Encumbrances and \$1.6 billion of such fund balance to the State’s Special Fund for Economic Uncertainties. In addition, the Proposed 2020-21 State Budget estimates the Rainy Day Fund will have a fund balance of approximately \$18.0 billion.

Certain budgeted adjustments for K-12 education set forth in the Proposed 2020-21 State Budget include the following:

- Local Control Funding Formula. The Proposed 2020-21 State Budget includes an increase of \$1.2 billion in Proposition 98 general fund resources for the LCFF.
- Proposition 98 Rainy Day Fund (also known as the Public School System Stabilization Account). The Proposed 2020-21 State Budget projects that a \$524.2 million deposit into the Proposition 98 Rainy Day Fund will be required in fiscal year 2019-20, representing an increase of \$147.7 million of the deposit projected in the 2019-20 State Budget, and that a \$37.6 million withdrawal from the Proposition 98 Rainy Day Fund will be required in fiscal year 2020-21.
- Educator Workforce Investment Grants. The Proposed 2020-21 State Budget includes an increase of \$350 million of one-time Proposition 98 general fund resources to augment the funding provided in the 2019-20 State Budget for the Educator Workforce Investment Grants, which support competitive grants for professional learning opportunities for teachers and paraprofessionals across the State.
- California Collaborative for Educational Excellence. The Proposed 2020-21 State Budget includes an increase of \$18 million of one-time Proposition 98 general fund resources for the California Collaborative for Educational Excellence to bolster awareness of available services and supports for all local educational agencies to strengthen the capacity of local educational agencies to improve student outcomes in State priority areas.
- Workforce Development Grant Program. The Proposed 2020-21 State Budget includes an increase of \$193 million of one-time Proposition 98 general fund resources for the Workforce Development Grant Program to address workforce shortages in high-need subjects and areas.
- Teacher Residency Program. The Proposed 2020-21 State Budget includes an increase of \$175 million of one-time Proposition 98 general fund resources to expand the Teacher Residency Program, which supports locally sponsored, one-year intensive, mentored, clinical teacher preparation programs dedicated to preparing and retaining teachers in high-need subject areas in high-need communities.
- California Teacher Credential Award Program. The Proposed 2020-21 State Budget includes an increase of \$100 million of one-time Proposition 98 general fund resources for the California Teacher Credential Award Program for \$20,000 stipends for fully credentialed teachers who complete four years of teaching service in a high-need subject at a high-need school.
- California Classified School Employees Credentialing Program. The Proposed 2020-21 State Budget includes an increase of \$64.1 million of one-time Proposition 98 general fund resources to expand the California Classified School Employees Credentialing Program, which provides grants to K-12 local educational agencies to recruit non-certificated school employees to become certificated classroom teachers.
- Special Education. The Proposed 2020-21 State Budget proposes a three-phase, multi-year process to improve special education finance, services and student outcomes. The Proposed 2020-21 State Budget proposes a new special education base formula that uses a three-year rolling average of local educational agency average daily attendance and includes a 15% increase in the Proposition 98 general fund contribution to the base formula funding over the amount provided in the 2019-20 State Budget. In addition to the new base rate funding formula, the Proposed 2020-21 Budget

includes (i) an additional \$250 million of Proposition 98 general fund resources on an ongoing basis based on the number of children ages 3 to 5 years with exceptional needs served; (ii) an increase of \$500,000 of one-time Proposition 98 general fund resources for a study of the current Special Education Local Plan Area governance and accountability structure; (iii) an increase of \$600,000 of one-time Proposition 98 general fund resources for two workgroups to study improved accountability for special education service delivery and student outcomes; and (iv) an increase of \$4 million of one-time Proposition 98 general fund resources for dyslexia research, training, and a statewide conference.

- Community Schools. The Proposed 2020-21 State Budget includes an increase of \$300 million of one-time Proposition 98 general fund resources to establish community school grants for local educational agencies supporting innovative community school models.
- Opportunity Grants. The Proposed 2020-21 State Budget includes an increase of \$300 million of one-time Proposition 98 general fund resources to establish opportunity grants for the State's lowest performing schools and school districts, and to expand the capacity of the California Collaborative for Educational Excellence in its role within the statewide system of support.
- Computer Science. The Proposed 2020-21 State Budget includes (i) an increase of \$15 million of one-time Proposition 98 general fund resources for grants to local educational agencies to support the preparation of approximately 10,000 K-12 teachers to earn a supplementary authorization on their credential to teach computer science; (ii) an increase of \$2.5 million of one-time Proposition 98 general fund resources for a county office of education within the statewide system of support to identify, compile, and share computer science resources for professional development, curriculum, and best practices; and (iii) an increase of \$1.3 million of one-time Proposition 98 general fund resources to develop a new UC Subject Matter Project in computer science, and \$340,000 of non-Proposition 98 general fund resources for one cohort of approximately 1,200 educators to participate in the new project.
- School Nutrition. The Proposed 2020-21 State Budget includes (i) an increase of \$60 million of Proposition 98 general fund resources for school nutrition; (ii) an increase of \$10 million of Proposition 98 general fund resources to provide training for school food service workers to promote healthier and more nutritious meals; and (iii) an increase of \$10 million of non-Proposition 98 general fund resources and \$1.5 million annually thereafter for the California Department of Food and Agriculture to establish a Farm to School Grant Program to support California farmers and expand healthy food access by providing grants to schools.
- School District Average Daily Attendance. The Proposed 2020-21 State Budget includes a decrease of \$268.5 million of Proposition 98 general fund resources in fiscal year 2019-20 for school districts as a result of a decrease in projected average daily attendance from the 2019-20 State Budget, and a decrease of \$175.1 million of Proposition 98 general fund resources in fiscal year 2020-21 for school districts as a result of further projected decline in average daily attendance for fiscal year 2020-21.
- Local Property Tax Adjustments. The Proposed 2020-21 State Budget includes an increase of \$7.3 million of Proposition 98 general fund resources for school districts and county offices of education in fiscal year 2019-20 as a result of decreased offsetting property tax revenues, and a decrease of \$1.1 billion of Proposition 98 general fund resources for school districts and county offices of education in fiscal year 2020-21 as a result of increased offsetting property taxes.

- Cost-of-Living Adjustments. The Proposed 2020-21 State Budget includes an increase of \$122.4 million of Proposition 98 general fund resources to reflect a 2.29% cost-of-living adjustment for categorical programs that remain outside of the LCFF, including Special Education, Child Nutrition, State Preschool, Youth in Foster Care, the Mandates Block Grant, the Adults in Correctional Facilities Program, American Indian Education Centers, and the American Indian Early Childhood Education Program.

The complete Proposed 2020-21 State Budget is available from the California Department of Finance website at [www.dof.ca.gov](http://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 2020-21 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 2020-21 State Budget entitled “The 2020-21 Budget: Overview of the Governor’s Budget” on January 13, 2020, which it revised on January 20, 2020 (collectively, the “2020-21 Proposed Budget Overview”). The 2020-21 Proposed Budget Overview preceded the COVID-19 pandemic, and therefore did not take into account the significant adverse impacts it will have on the State’s financial condition. As noted previously, the State has indicated that the projections of revenues and expenditures in the Proposed 2020-21 State Budget are no longer operative and will be significantly revised in the Governor’s May revision of the fiscal year 2020-21 State budget and the final fiscal year 2020-21 budget. Certain limited information from the LAO’s 2020-21 Proposed Budget Overview is provided herein solely for context and reference.

In the 2020-21 Proposed Budget Overview, the LAO summarizes the condition of the Proposed 2020-21 State Budget in light of uncertainties such as federal decisions surrounding healthcare financing and risks associated with a cooling economy. The LAO also highlights key features of the Proposed 2020-21 State Budget, which include a wide array of one-time programmatic spending and new policy goals.

The LAO notes that, under the Proposed 2020-21 State Budget, the State would end fiscal year 2020-21 with approximately \$20.5 billion in total reserves, representing an increase of \$1.7 billion from the 2019-20 State Budget. The LAO summarizes that the Budget Stabilization Account (the “BSA”) would reach a balance of approximately \$18.0 billion at the end of fiscal year 2020-21 (representing a net increase of \$1.5 billion relative to enacted 2019-20 amount), the SFEU would reach a balance of approximately \$1.6 billion at the end of fiscal year 2020-21 (representing an increase of \$230.0 million relative to enacted fiscal year 2019-20 amount), and the Safety Net Reserve would maintain a balance of approximately \$900.0 million at the end of fiscal year 2020-21. Despite the overall increase in State reserves, the LAO observes the Proposed 2020-21 State Budget does not continue the State Legislature’s practice of dedicating a sizeable portion of available surpluses to building discretionary reserves. The LAO warns that reserves are the most important tool for the State to insulate programs from the adverse effects of budget shortfalls, and encourages the State Legislature to consider providing a target level of reserves, and consider whether it is satisfied with the proposed level of reserves.

The LAO estimates that the Governor had a \$6.0 billion surplus to allocate in the Proposed 2020-21 State Budget, and that the Governor allocated approximately \$2.6 billion to one-time spending, approximately \$1.6 billion to maintain discretionary reserves, and approximately \$1.6 billion to ongoing spending. The LAO observes that most one-time spending is allocated to reducing homelessness, while most ongoing spending is allocated to universities and healthcare programs. The LAO notes, however, that the \$4.1 billion of discretionary spending is divided among approximately 140 distinct proposals, 95% of which will cost less than \$100 million in fiscal year 2020-21. The LAO recommends that the State Legislature consider whether to address a large array of proposals with relatively small dollar amounts or

dedicate larger amounts to a smaller number of priorities to ensure that proposals have a significant impact. Nevertheless, the LAO remarks that by focusing nearly 75% of the estimated surplus on one-time spending, the Proposed 2020-21 State Budget allows the State to maintain control of a key tool for responding to a potential recession.

The LAO observes that in addition to maintaining discretionary reserves, another critical tool to insulate programs from budget shortfalls is the State's operating surplus. The LAO notes that it recently recommended that the State commit no more than \$1.0 billion to ongoing spending in order to avoid budget shortfalls and maintain a positive operating surplus. As described above, however, the LAO estimates that the Governor allocated approximately \$1.6 billion to ongoing spending, which could cost the State approximately \$1.9 billion annually to fully implement the proposed multiyear programs. The LAO notes that given the maturity of the recent economic expansion, the elimination of the operating surplus is particularly risky. Therefore, the LAO recommends that the Legislature consider preserving a positive operating balance in its own proposals.

The LAO notes that, as in recent years, the State's overall budget condition continues to be positive. Despite the positive near-term picture, however, the LAO warns that the multiyear outlook is subject to considerable uncertainty. The LAO recognizes that the Proposed 2020-21 State Budget provides for an operating surplus of approximately \$400.0 million in fiscal year 2023-24, but that the surplus depends on the suspension of certain program augmentations by July 1, 2023. If such suspensions do not occur, the budget could face an operating deficit of nearly \$2.0 billion in fiscal year 2023-24. Moreover, the LAO notes that the federal government released draft regulations in late 2019 with significant implications for State costs related to its Medi-Cal program. The LAO indicates that although the federal regulations, if adopted, would limit the State's ability to continue certain Medi-Cal financing mechanisms, the Proposed 2020-21 State Budget does not assume any fiscal impact from the draft regulations. Finally, although the LAO views the Governor's overall revenue estimates as reasonable, it points out that slowing economic growth and uncertainty regarding the cause of recent increases in corporate tax collections create a risk that overall revenues will be lower than anticipated.

The 2020-21 Proposed Budget Overview is available on the LAO website at [www.lao.ca.gov](http://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.

***State and School District Reserves.*** On April 5, 2020, the LAO published an Update on State and School District Reserves, addressing the current levels of state and local reserves in light of the COVID-19 outbreak. The LAO indicates that State revenues will be lower than estimated in the Proposed 2020-21 State Budget, and that economic and budget conditions continue to rapidly evolve. The LAO indicates that the State currently has \$17.5 billion in reserves, including \$16.5 billion in the BSA and \$900 million in the Safety Net Reserve. The LAO explains that the balance of the SFEU is nearly zero because the State recently transferred \$1.3 billion from the SFEU to its disaster fund to address the effects of COVID-19. The LAO also notes, however, that the State will likely be reimbursed by the federal government for most of the funds transferred from the SFEU.

The LAO also addressed the accessibility of funds in the BSA, recounting that the State can make a withdrawal from the BSA in the case of a budget emergency that is declared by the Governor and approved by both houses of the State Legislature. A budget emergency may be declared if either (i) the estimated resources in the current or upcoming fiscal year are insufficient to maintain spending at the highest level of the last three enacted budgets; or (ii) it is made in response to a natural or man-made emergency. The LAO notes that if the State faces a budget deficit in either fiscal year 2019-20 or 2020-21, the conditions for the declaration of a budget emergency will likely exist. If a budget emergency exists and the State elects to



make a withdrawal from the BSA, the State may withdraw the lesser of (i) the amount needed to maintain General Fund spending at the highest level of the past three enacted budget acts; and (ii) fifty percent of the balance of the BSA.

The LAO also analyzed two sources of reserves that school districts in the State may use to mitigate some of the reduction in state revenue that is likely to occur as a result of the COVID-19 outbreak: the State-level reserve for schools and local school district reserves. The LAO notes that the State made its first deposit into the State-level reserve for schools in connection with the 2019-20 State Budget. That deposit was only approximately \$377 million, representing less than one percent of State spending on schools in fiscal year 2019-20. School districts, however, may also hold reserves in their local operating accounts, and although there is significant variation in the level of reserves held by the various school districts, the LAO indicates that school district reserves average seventeen percent of school funding statewide. According to the LAO, the median school district holds reserves equal to approximately twenty-two percent of its expenditures, although about twenty-five percent of school districts hold reserves that account for less than fourteen percent of their expenditures. As of January 31, 2020, the District currently holds \$855,945 in unrestricted and non-earmarked reserves.

***Changes in State Budget.*** The State has indicated that the final fiscal year 2020-21 State budget, which requires approval by a majority vote of each house of the State Legislature, and the Governor’s May revision of the fiscal year 2020-21 State budget will differ substantially from the Proposed 2020-21 State Budget as a result of the COVID-19 pandemic and the adverse impacts it has had and will have on the State’s financial condition. On March 24, 2020, the California Department of Finance released Budget Letter 20-08 explaining that it anticipates a severe drop in economic activity as a result of the COVID-19 pandemic, which could negatively impact anticipated revenue levels in fiscal year 2019-20, and will certainly produce impacts on the final fiscal year 2020-21 State budget. The State has further indicated that the calculation of the Proposition 98 minimum guarantee in fiscal years 2019-20 and 2020-21 is sensitive to changes in the State’s general fund revenues. According to the State, any material change in state revenue, as a result of the COVID-19 pandemic, will reduce the Proposition 98 minimum guarantee by roughly 40 percent of the change in revenues. At this time, the District cannot predict the impact that the final fiscal year 2020-21 State budget, or subsequent budgets, will have on its finances and operations. For additional information about the current impacts of COVID-19 on the District, see “ – State Funding of Education; State Budget Process – *Infectious Disease Outbreak.*”

***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”). 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 a 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 2019-20, the LCFF provided to school districts and charter schools: (a) a Target Base Grant for each LEA equivalent to \$8,503 per A.D.A. for kindergarten through grade 3; (b) a Target Base Grant for each LEA equivalent to \$7,818 per A.D.A. for grades 4 through 6; (c) a Target Base Grant for each LEA equivalent to \$8,050 per A.D.A. for grades 7 and 8; (d) a Target Base Grant for each LEA equivalent to \$9,572 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 a costs-of-living adjustment of 3.26% authorized by the 2019-20 State Budget.
- 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 2015-16 through 2019-20, 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 2015-16 through 2019-20**

Fiscal Year		A.D.A./Base Grant		Enrollment <sup>(9)</sup>	
		9-12	Total A.D.A.	Total Enrollment	Unduplicated Percentage of EL/LI Students
2015-16	A.D.A. <sup>(1)</sup> :	6,399.18	6,399.18	6,688	19.34%
	Targeted Base Grant <sup>(2)(3)</sup> :	\$8,801	--	--	--
2016-17	A.D.A. <sup>(1)</sup> :	6,316.49	6,316.49	6,649	18.64%
	Targeted Base Grant <sup>(2)(4)</sup> :	\$8,801	--	--	--
2017-18	A.D.A. <sup>(1)</sup> :	6,308.86	6,308.86	6,665	19.73%
	Targeted Base Grant <sup>(2)(5)</sup> :	\$8,939	--	--	--
2018-19	A.D.A. <sup>(1)</sup> :	6,338.50	6,338.50	6,739	20.54%
	Targeted Base Grant <sup>(2)(6)</sup> :	\$9,269	--	--	--
2019-20	A.D.A. <sup>(7)</sup> :	6,417.18	6,417.18	6,813	21.60%
	Targeted Base Grant <sup>(2)(8)</sup> :	\$9,572	--	--	--

<sup>(1)</sup> A.D.A. for the second period of attendance, typically in mid-April of each school year, which does not reflect subsequent revisions related to days deemed later by the California Department of Education to have a “material decrease” in attendance or attendance at Saturday school.

<sup>(2)</sup> 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 was fully implemented as of fiscal year 2018-19, two years ahead of its anticipated implementation.

<sup>(3)</sup> 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.

<sup>(4)</sup> 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.

<sup>(5)</sup> 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.

<sup>(6)</sup> 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.

<sup>(7)</sup> Figures are estimates.

<sup>(8)</sup> Targeted fiscal year 2019-20 Base Grant amount reflects a 3.26% cost-of-living adjustment from targeted fiscal year 2018-19 Base Grant amounts.

<sup>(9)</sup> Reflects enrollment as of October report submitted to the California Department of Education through California Longitudinal Pupil Achievement Data System. For purposes of calculating Supplemental and Concentration Grants, a school district’s percentage of unduplicated EL/LI Students is 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 \$62.91 million in aggregate revenues reported under LCFF sources in fiscal year 2018-19, and has projected to receive approximately \$65.97 million in aggregate revenues under the LCFF in fiscal year 2019-20 (or approximately 84.34% of its general fund revenues in fiscal year 2019-20). Such amount includes supplemental grants projected to be approximately \$2.65 million in fiscal year 2019-20.

***Infectious Disease Outbreak.*** In general, the outbreak of a highly contagious disease or epidemic disease could harm the District’s financial results or result in a temporary shutdown of the District’s facilities. As discussed above, school districts in California are funded based on the LCFF, which allocates a base grant per unit of average daily attendance with additional supplemental grants based on certain factors. For more information on the LCFF, see “- *Allocation of State Funding to School Districts; Local Control Funding Formula.*” Thus, a temporary shutdown of a school or an entire school district would reduce the average daily attendance and could impact the funding a school district receives unless the State legislature or California Department of Education takes action to exclude such days from the calculations for funding purposes. Further, any impact on the State’s tax and other revenue receipts as a result of a highly contagious or epidemic disease may in turn impact other educational funding that the District receives from the State. See “-*Changes in State Budget.*” In addition, the District may incur increased operational costs to clean, sanitize and maintain its facilities either before or after an outbreak of an infectious disease.

As a result of the outbreak of COVID-19, the District closed its schools effective March 17, 2020 through the end of the school year. On April 1, 2020, the Governor and the State Superintendent of Public Instruction announced that all California schools will remain closed to students through the end of the current school year due to the COVID-19 pandemic. The District is currently receiving guidance on the coronavirus from County health officials and the El Dorado County Office of Education which is monitoring the coronavirus situation in accordance with coronavirus guidelines for schools published by the Centers for Disease Control and Prevention.

On March 17, 2020, the Governor signed Senate Bill 117 (“SB 117”) as urgency legislation effective immediately. For purposes of school district funding for fiscal year 2019-20, SB 117 limits the average daily attendance reported to the California Department of Education to include the full school months from July 1, 2019, to February 29, 2020. This condensed ADA period applies to school districts that comply with Executive Order N-26-20, which provides that school districts that initiate a school closure to address COVID-19 will continue to receive State funding to support certain enumerated school functions during the period of closure. SB 117 further states the intent of the State Legislature that a school district’s employees and contractors are paid during the period of a school closure due to COVID-19. SB 117 also waives instructional time penalties that would otherwise accrue, as long as the school district superintendent, county superintendent or charter school administrator certify that the closure due to COVID-19 caused the school district to fall below applicable instructional time requirements. SB 117 also includes \$100 million in additional funding to school districts for certain costs incurred as a result of COVID-19. Further, to mitigate the economic effects of the COVID-19 outbreak, the State may be able to access certain reserves. See “DISTRICT HISTORY, OPERATION AND FINANCIAL INFORMATION – State Funding of Education; State Budget Process– *State and School District Reserves.*”

On March 27, 2020, the U.S. House of Representatives approved and President Trump signed into law the Coronavirus Aid, Relief and Economic Security Act (the “Cares Act”). The Cares Act provides \$30 billion to education, specifically \$3 billion allocated to state governors to be used at their discretion to address the emergency, \$13.5 billion for K-12 education, and \$14.25 billion for postsecondary institutions. School districts will be able to use their share of the \$13.5 billion K-12 education allocation under the Cares Act, which will be based on the proportion of Title I funding received for the most recent fiscal year, for purposes authorized by federal law and other specified uses.

On March 22, 2020, President Trump approved the Major Disaster Declaration for the State of California's COVID-19 pandemic, authorizing federal emergency aid related to COVID-19. Local educational agencies may submit a request for public assistance through the California Office of Emergency Services for reimbursement of certain costs incurred as a result of COVID-19. The District submitted a request for public assistance, but it cannot predict the amount of federal emergency aid it will receive.

While SB 117, the Cares Act, and the federal emergency aid will provide some immediate relief to school districts, including the District, the short-term and long-term impacts of the COVID-19 outbreak are unknown as the situation is rapidly evolving. Due to the COVID-19 pandemic, the District is currently incurring costs with respect to providing meals to students and families and purchasing technology equipment for students to engage in distance learning. However, the District expects to receive federal and State reimbursements for much of such costs. Given the current estimated costs and anticipated reimbursements, the District does not expect actual results for fiscal year 2019-20 to vary significantly from the District's fiscal year 2019-20 second interim report. Nonetheless, the situation continues to evolve, and the District cannot predict the full impact of COVID-19 on its actual results for fiscal year 2019-20 or future fiscal years. The District cannot predict whether the State will access its reserves and whether any of such funds will be provided to school districts, including the District. The District also cannot predict whether similar legislation would be enacted in the event the outbreak of COVID-19 continues into fiscal year 2020-21 or beyond or a similar or other outbreak of a highly contagious disease or epidemic disease were to occur in the future.

### **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 a 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*" for more information about the LCFF.

Local property tax revenues account for approximately 51.97% of the District's aggregate revenues reported under LCFF sources and are projected to be approximately \$34.28 million, or 43.83% of total general fund revenues in fiscal year 2019-20.

For information about the property taxation system in California and the District's property tax base, see "–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 a 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 a community funded district, the opposite is generally true: increasing enrollment increases the amount to which the district would be entitled were it a LCFF district, but since all LCFF income (and more) is already generated by local property taxes, there is no increase in State income, other than the \$120 per student in basic aid, as described above. 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 2.67% (or approximately \$2.09 million) of the District’s general fund projected revenues for fiscal year 2019-20.

***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 7.74% (or approximately \$6.06 million) of the District’s general fund projected revenues for fiscal year 2019-20.

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 projected at approximately \$1.41 million for fiscal year 2019-20.

***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 5.25% (or approximately \$4.10 million) of the District’s general fund projected revenues for fiscal year 2019-20.

## **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 2018-19 was 110 students and is projected to be approximately 107 students in fiscal year 2019-20. The District’s audited financial statements for fiscal year 2018-19, 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, 2019, 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 2014-15 and 2015-16, and by the District’s current independent auditor, Crowe LLP, Certified Public Accountants (“Crowe LLP”), Sacramento, California, for fiscal years 2016-17 through 2018-19. 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 2014-15 and 2015-16, and fiscal years 2016-17 through 2018-19 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 2014-15 and 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 through 2018-19.

**EL DORADO UNION HIGH SCHOOL DISTRICT**  
**(El Dorado County, California)**  
**Statement of General Fund Revenues, Expenditures and Changes in Fund Balance**  
**Fiscal Years 2014-15 and 2015-16**

	Fiscal Year 2014-15	Fiscal Year 2015-16
<u>Revenues</u>		
LCFF Sources		
State Apportionments	\$25,503,715	\$27,707,346
Local Sources	26,093,800	28,078,228
Total LCFF Sources	51,597,515	55,785,574
Federal Revenue	1,739,207	1,673,314
Other State Revenue	4,480,722	9,148,680
Other Local Revenue	4,778,180	4,444,549
Total Revenues	62,595,624	71,052,117
<u>Expenditures</u>		
Certificated Salaries	29,828,682	31,656,320
Classified Salaries	10,843,133	11,491,778
Employee Benefits	12,584,016	14,143,019
Books and Supplies	3,981,446	3,067,029
Services and Other Operating Expenditures	6,217,615	7,261,315
Capital Outlay	583,293	453,403
Debt Service:		
Principal Retirement	-	-
Interest and Fiscal Charges	-	-
Other Outgo	2,396,815	1,233,631
Total Expenditures	66,435,000	69,306,495
Excess of Revenues Over (Under) Expenditures	(3,839,376)	1,745,622
Other Financing Sources (Uses):		
Operating Transfers In	-	-
Operating Transfers Out	(489,178)	(410,000)
Total Other Financing Sources (Uses)	(489,178)	(410,000)
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	(4,328,554)	1,335,622
Fund Balances – July 1	15,419,837	11,091,283
Fund Balances – June 30	\$11,091,283	\$12,426,905

Source: El Dorado Union High School District Audited Financial Reports for fiscal years 2014-15 and 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 through 2018-19**

	Fiscal Year 2016-17 <sup>(1)</sup>	Fiscal Year 2017-18 <sup>(1)</sup>	Fiscal Year 2018-19 <sup>(1)</sup>
<b>Revenues:</b>			
<b>LCFF:</b>			
State apportionment	\$27,544,198	\$26,973,542	\$30,012,035
Local sources	29,835,874	31,708,155	32,899,087
Total LCFF	<u>57,380,072</u>	<u>58,681,697</u>	<u>62,911,122</u>
Federal sources	1,862,686	1,866,363	2,029,206
Other state sources	7,085,278	6,368,782	9,343,488
Other local sources	4,571,792	5,580,093	4,756,373
Total revenues	<u>70,899,828</u>	<u>72,496,935</u>	<u>79,040,189</u>
<b>Expenditures:</b>			
<b>Current:</b>			
Certificated salaries	31,540,611	32,204,750	32,593,941
Classified salaries	11,593,470	11,876,006	12,336,040
Employee benefits	16,018,656	17,109,069	21,322,392
Books and supplies	3,717,387	3,002,926	3,292,303
Contract services and operating expenditures	8,004,488	8,238,383	8,793,437
Other Outgo:	1,512,682	1,495,151	1,732,188
Capital outlay	979,416	2,492,334	409,868
Debt service:			
Principal retirement	-	-	82,241
Interest	-	-	33,768
Total expenditures	<u>73,366,710</u>	<u>76,418,619</u>	<u>80,596,178</u>
(Deficiency) excess of revenues (under) over expenditures	<u>(2,466,882)</u>	<u>(3,921,684)</u>	<u>(1,555,989)</u>
<b>Other Financing Sources (Uses):</b>			
Transfers in	72,789	68,909	83,210
Transfers out	-	-	-
Proceeds from capital leases	-	964,795	-
Total other financing sources (uses)	<u>72,789</u>	<u>1,033,704</u>	<u>83,210</u>
Change in fund balances	(2,394,093)	(2,887,980)	(1,472,779)
Fund Balances – July 1	<u>12,426,905</u>	<u>10,032,812</u>	<u>7,144,832</u>
Fund Balances – June 30	<u>\$10,032,812</u>	<u>\$ 7,144,832</u>	<u>\$ 5,672,053</u>

<sup>(1)</sup> The reduction in ending fund balances for fiscal years 2016-17 through 2018-19 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 through 2018-19.

The following table sets forth the general fund balance sheet of the District for fiscal years 2014-15 and 2015-16. The table on page A-23 sets forth the general fund balance sheet of the District for fiscal years 2016-17 through 2018-19.

**EL DORADO UNION HIGH SCHOOL DISTRICT**  
**(El Dorado County, California)**  
**Summary of General Fund Balance Sheet**  
**Fiscal Years 2014-15 and 2015-16**

	Fiscal Year 2014-15	Fiscal Year 2015-16
<u>Assets</u>		
Cash	\$ 9,471,903	\$11,676,312
Accounts Receivable	1,750,305	933,823
Due From Other Funds	973	82,406
Stores Inventory	21,085	9,216
Prepaid Expenditures	651,157	627,856
Total Assets	\$11,895,423	\$13,329,613
<u>Liabilities and Fund Balances</u>		
Liabilities:		
Accounts Payable	\$ 570,824	\$ 855,447
Unearned Revenue	11,266	47,261
Due to Other Funds	222,050	-
Total Liabilities	801,140	902,708
Fund Balances:		
Nonspendable	688,907	653,737
Restricted	719,343	2,312,487
Committed	489,390	186,904
Assigned	1,032,253	1,054,986
Unassigned	8,161,390	8,218,791
Total Fund Balances	11,091,283	12,426,905
Total Liabilities and Fund Balances	\$11,895,423	\$13,329,613

Source: El Dorado Union High School District Audited Financial Reports for fiscal years 2014-15 and 2015-16.

**EL DORADO UNION HIGH SCHOOL DISTRICT**  
**(El Dorado County, California)**  
**Summary of General Fund Balance Sheet**  
**Fiscal Years 2016-17 through 2018-19**

	Fiscal Year 2016-17	Fiscal Year 2017-18	Fiscal Year 2018-19
<b>ASSETS</b>			
Cash and investments:	-	-	-
Cash in County Treasury	\$ 9,169,487	\$6,154,534	\$3,338,695
Cash in revolving fund	16,665	16,665	16,665
Cash with Fiscal Agent	-	-	-
Receivables	943,618	1,165,043	2,421,418
Prepaid expenditures	638,483	462,445	490,652
Stores inventory	17,473	7,266	24,293
Due from other Funds	-	68,868	481,223
	<u>\$10,785,726</u>	<u>\$7,874,821</u>	<u>\$6,772,946</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 740,816	\$ 700,775	\$1,077,077
Unearned revenue	12,098	29,214	23,816
Due to other funds	-	-	-
	<u>752,914</u>	<u>729,989</u>	<u>1,100,893</u>
Fund balances:			
Nonspendable	672,621	486,376	531,610
Restricted	1,825,612	1,280,392	710,707
Assigned	979,910	1,015,539	623,400
Unassigned	6,554,669	4,362,525	3,806,336
	<u>10,032,812</u>	<u>7,144,832</u>	<u>5,672,053</u>
Total fund balances	<u>10,032,812</u>	<u>7,144,832</u>	<u>5,672,053</u>
Total liabilities and fund balances	<u>\$10,785,726</u>	<u>\$7,874,821</u>	<u>\$6,772,946</u>

Source: El Dorado Union High School District Audited Financial Reports for fiscal years 2016-17 through 2018-19.

**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 State 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 past 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 2017-18 through 2019-20, unaudited actuals for fiscal years 2017-18 and 2018-19, and second interim report for fiscal year 2019-20.

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

	2017-18 Original Budget	2017-18 Unaudited Actuals <sup>(1)(2)</sup>	2018-19 Original Budget	2018-19 Unaudited Actuals <sup>(1)(2)</sup>	2019-20 Original Budget	2019-20 Second Interim Report <sup>(1)(3)</sup>
<b>REVENUES</b>						
LCFF Sources	\$58,450,175.00	\$58,681,697.93	\$62,995,978.00	\$62,911,120.44	\$65,278,707.00	\$65,965,354.00
Federal Revenue	1,673,529.00	1,866,362.49	1,853,125.00	2,029,206.23	1,931,244.00	2,088,554.84
Other State Revenue	4,647,115.00	6,368,781.98	6,962,603.00	9,343,488.06	5,232,770.00	6,057,408.88
Other Local Revenue	4,584,349.00	5,580,090.90	4,074,855.00	4,756,376.40	4,013,959.00	4,104,818.50
<b>TOTAL REVENUES</b>	<b>69,355,168.00</b>	<b>72,496,933.30</b>	<b>75,886,561.00</b>	<b>79,040,191.13</b>	<b>76,456,680.00</b>	<b>78,216,136.22</b>
<b>EXPENDITURES</b>						
Certificated Salaries	31,399,674.00	32,204,749.54	31,926,239.00	32,593,941.91	33,349,564.00	33,179,694.00
Classified Salaries	11,698,266.00	11,876,005.11	11,814,751.00	12,336,041.18	12,508,927.00	12,523,775.25
Employee Benefits	16,877,994.00	17,009,069.35	18,318,133.00	21,322,389.84	19,829,769.00	19,639,056.66
Books and Supplies	2,483,178.00	3,002,926.50	2,357,693.00	3,292,302.32	2,246,629.00	3,514,424.05
Services, Other Operating Expenses	7,166,311.00	8,238,381.92	7,807,106.00	8,793,438.75	8,354,364.00	8,746,672.02
Capital Outlay	200,000.00	1,527,539.50	360,000.00	409,868.37	100,000.00	517,328.50
Other Outgo (excluding Direct Support/Indirect Costs)	1,597,118.00	1,495,150.53	1,740,932.00	1,848,197.48	1,847,893.00	1,883,000.00
Transfers of Direct Support/Indirect Costs	(69,179.00)	(68,909.00)	(85,967.00)	(83,210.00)	(84,411.00)	(84,411.00)
<b>TOTAL EXPENDITURES</b>	<b>71,353,362.00</b>	<b>75,284,913.45</b>	<b>74,238,887.00</b>	<b>80,512,969.85</b>	<b>78,152,735.00</b>	<b>79,919,539.48</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(1,998,194.00)</b>	<b>(2,787,980.15)</b>	<b>1,647,674.00</b>	<b>(1,472,778.72)</b>	<b>(1,696,055.00)</b>	<b>(1,703,403.26)</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Inter-fund Transfers Out	(100,000.00)	(100,000.00)	-	-	-	-
<b>TOTAL, OTHER FINANCING SOURCES (USES)</b>	<b>(100,000.00)</b>	<b>(100,000.00)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET INCREASE (DECREASE) IN FUND BALANCE</b>	<b>(2,098,194.00)</b>	<b>(2,887,980.15)</b>	<b>1,647,674.00</b>	<b>(1,472,778.72)</b>	<b>(1,696,055.00)</b>	<b>(1,703,403.26)</b>
<b>BEGINNING BALANCE, as of July 1</b>	<b>8,981,763.55</b>	<b>10,032,812.34</b>	<b>6,123,476.78</b>	<b>7,144,832.19</b>	<b>5,465,642.54</b>	<b>5,672,053.47</b>
<b>Audit Adjustments</b>						
<b>As of July 1 – Audited</b>	8,981,763.55	10,032,812.34	6,123,476.78	7,144,832.19	5,465,642.54	5,672,053.47
<b>Adjusted Beginning Balance</b>	<b>8,981,763.55</b>	<b>10,032,812.34</b>	<b>6,123,476.78</b>	<b>7,144,832.19</b>	<b>5,465,642.54</b>	<b>5,672,053.47</b>
<b>ENDING BALANCE</b>	<b>\$ 6,883,569.55</b>	<b>\$ 7,144,832.19</b>	<b>\$ 7,771,150.78</b>	<b>\$ 5,672,053.47</b>	<b>\$ 3,769,587.54</b>	<b>\$ 3,968,650.21</b>
<b>Unrestricted Balance</b>	<b>\$ 6,545,208.70</b>	<b>\$ 5,864,440.34</b>	<b>\$ 7,486,694.51</b>	<b>\$ 4,961,346.05</b>	<b>\$ 3,606,138.96</b>	<b>\$ 3,814,192.05</b>
<b>Restricted Balance</b>	<b>\$ 338,360.85</b>	<b>\$ 1,280,391.85</b>	<b>\$ 284,456.27</b>	<b>\$ 710,717.42</b>	<b>\$ 163,448.58</b>	<b>\$ 154,458.16</b>

<sup>(1)</sup> The District engaged in deficit spending in fiscal years 2017-18 and 2018-19, and the District plans to continue to deficit spending in fiscal years 2019-20 and 2020-21. The deficit spending is due in part to increasing pension costs and planned one-time expenditures.

<sup>(2)</sup> The figures reflected in the District's unaudited actuals for fiscal year 2017-18 differ from the District's audited financial statement for this fiscal year due to the inclusion of the capital lease for buses into Capital Outlay. The figures reflected in the District's unaudited actuals for fiscal year 2018-19 differ from the District's audited financial statement for this fiscal year due to the aggregation of principal and interest payments into Other Outgo in the unaudited financials.

<sup>(3)</sup> Figures are projections.

Source: El Dorado Union High School District adopted general fund budgets for fiscal years 2017-18 through 2019-20; unaudited actuals for fiscal years 2017-18 and 2018-19; and second interim report for fiscal year 2019-20.



## District Debt Structure

**Long-Term Debt Summary.** A schedule of changes in the District’s long-term obligations for the year ended June 30, 2019, consisted of the following:

Long-Term Debt	Balance, July 1, 2018	Additions	Deletions	Balance, June 30, 2019	Amounts Due Within One Year
General Obligation Bonds <sup>(1)</sup>	\$ 61,901,010	-	\$1,648,589	\$ 60,252,421	\$1,725,118
Accreted interest	6,580,888	\$1,144,112	270,914	7,454,086	300,002
Unamortized premiums	3,162,490	-	197,656	2,964,834	197,656
Certificates of Participation <sup>(2)</sup>	6,461,379	-	405,497	6,055,882	374,880
Capitalized lease obligation	964,795	-	82,241	882,554	85,120
Net OPEB liability	2,836,736	106,339	-	2,943,075	-
Net pension liability	73,956,000	1,084,000	-	75,040,000	-
Compensated absences	758,211	87,505	-	845,716	-
Total	<u>\$156,621,509</u>	<u>\$2,421,956</u>	<u>\$2,604,897</u>	<u>\$156,438,568</u>	<u>\$2,682,776</u>

<sup>(1)</sup> Does not include the Refunding Bonds but includes the Prior Bonds.

<sup>(2)</sup> Excludes the 2019 Certificates (defined below). See “— Certificates of Participation” below for more information.

Source: El Dorado Union High School District Audited Financial Report for fiscal year 2018-19.

**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 two outstanding certificates of participation. On December 9, 2009, the District issued its 2009 Refunding Certificates of Participation (the “2009 Certificates”). The 2009 Certificates are comprised of current interest and capital appreciation certificates, maturing at various times through August 1, 2039. The 2009 Certificates were originally issued in the aggregate initial amount of \$9,004,153.65 to refund the District’s outstanding 1999 Refunding Certificates of Participation (Refunding and 1999 Capital Projects), 2001 Certificates of Participation, and 2002 Lease/Purchase.

On November 26, 2019, the District executed and delivered its Refunding Certificates of Participation, Series 2019 (the “2019 Certificates”), in an aggregate principal amount of \$2,660,000. The proceeds of the 2019 Certificates were used to (i) redeem a portion of the outstanding 2009 Certificates maturing on December 1 in the years 2036, 2037, 2038 and 2039, (ii) purchase a debt service reserve policy to satisfy the reserve requirement for the 2009 Certificates, and (iii) pay the costs incurred in connection with the execution and delivery of the 2009 Certificates. For more information about outstanding Certificates of Participation, see Note 5 to the District’s financial statements in APPENDIX B – “FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2019.”

**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 annually over 10 years.

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

Year Ending June 30,	Lease Payments
2020	\$ 116,009
2021	116,009
2022	116,009
2023	116,009
2024	116,009
2025-2029	464,036
Total payments	<u>1,044,081</u>
Less amount representing interest	<u>(161,527)</u>
Net present value of minimum payments	<u>\$ 882,554</u>

Source: El Dorado Union High School District Audited Financial Report for fiscal year 2018-19.

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, 2019.”

**Other Postemployment Benefits (OPEBs).** In addition to the retirement plan benefits with CalSTRS and CalPERS (defined below), the District provides other post-employment healthcare benefits (“OPEB”) 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 employees who retired after having achieved retirement eligibility requirements to continue receiving medical insurance coverage. The Board of Trustees has the authority to establish the requirements for paying the Plan’s benefits as they come due.

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.

The District offers limited post-employment retiree benefits to each of the three classes of employees. The major provisions of the Plan 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 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.
- *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 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.

- *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 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 Board of Trustees has the authority to change benefits. The Plan benefits through an agent multiple-employer OPEB plan that is administered by PARS.

At June 30, 2019, the benefit terms covered a total of 293 employees, which included 256 active employees and 37 inactive employees, covered spouses, or beneficiaries currently receiving benefits.

Contributions. 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 are 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 \$390,664 for fiscal year 2018-19. 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 6.00%, an inflation rate of 2.75%, a 4.00% 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 District's OPEB obligations and liabilities for fiscal year 2018-19, see Note 9 to the District's financial statements in APPENDIX B – "FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2019."

The following summarizes the changes in the total OPEB liability during the year ended June 30, 2019, for the measurement date of June 30, 2019:

	<b>Total OPEB Liability</b>	<b>Total Fiduciary Net Position</b>	<b>Net OPEB Liability</b>
<b>Balance at June 30, 2018</b>	\$5,265,260	\$2,428,524	\$2,836,736
Changes for the year:			
Service cost	273,990	-	273,990
Interest	312,415	-	312,415
Employer contributions	-	390,664	(390,664)
Net investment income	-	95,452	(95,452)
Administrative expense	-	(6,050)	6,050
Benefit payments	(390,664)	(390,664)	-
<b>Net change</b>	<b>195,741</b>	<b>89,402</b>	<b>106,339</b>
<b>Balance at June 30, 2019</b>	<b>\$5,461,001</b>	<b>\$2,517,926</b>	<b>\$2,943,075</b>

Source: El Dorado Union High School District Audited Financial Report for fiscal year 2018-19.

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”). OPEBs 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 Number 75 in its financial statements beginning with fiscal year 2017-18.

**Tax and Revenue Anticipation Notes.** The District did not issue tax and revenue anticipation notes (“TRANS”) in fiscal year 2018-19. The District currently expects to issue TRANS in fiscal year 2020-21 in order to supplement the District’s cash flow for such fiscal year. The District may issue TRANS or borrow funds in future fiscal years as and if necessary to supplement cash flow.

**Employment**

As of January 1, 2020, the District employed 643 employees, consisting of 320 non-management certificated employees, 45 certificated management employees, 259 classified non-management employees, and 19 classified management employees. For the year ended June 30, 2019, the total certificated and classified payrolls were \$32.59 million and \$12.34 million, respectively. For fiscal year 2019-20, the total certificated and classified payrolls are projected to be approximately \$33.18 million and \$12.52 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	250	June 30, 2019 <sup>(1)</sup>
California Teachers Association	308	June 30, 2020 <sup>(2)</sup>

<sup>(1)</sup> Negotiations are ongoing and the District expects to continue to operate under the terms of this bargaining agreement until a new contract is negotiated.

<sup>(2)</sup> 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.** The CalSTRS defined benefit pension plan provides retirement benefits (generally 2% of final compensation for each year of credited service) to participating employees based on hiring date, age, final compensation and years of credited service. The CalSTRS benefit pension plan is funded through a combination of investment earnings and statutorily set contributions from participating employees, employers (including the District) and the State. Prior to fiscal year 2014-15, the statutorily set rates did not vary annually to adjust for funding shortfalls or actuarial surpluses. As a result, the combined employee, employer and State contributions to CalSTRs were not sufficient to pay actuarially determined amounts. To address the shortfall and implement a new funding strategy, Governor Brown signed into law Assembly Bill 1469 on June 24, 2014, as part of the fiscal year 2014-15 State budget (the “2014-15 State Budget”). The 2014-15 State Budget introduced phased increases to employee, employer and State contributions to CalSTRs and sets forth a plan to eliminate CalSTRS’ unfunded liability by June 30, 2046.

The 2014-15 State Budget increased employee 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. On July 1, 2018, the rate increased to 10.250% of pay for employees hired on or after January 1, 2013. Employer contribution rates were also increased in fiscal year 2014-15 to 8.88% of payroll, with such rate increasing by 1.85% each year thereafter, plateauing at 19.10% of payroll in July 2020. However, due to supplemental payments of approximately \$850 million pursuant to the 2019-20 State Budget, employer contribution rates are expected to decrease from 18.13% to 17.10% in fiscal year 2019-20 and 19.10% to 18.40% in fiscal year 2020-21 (see table below). The State’s total contribution was increased from approximately 3% in fiscal year 2013-14 to 6.828% of payroll in fiscal year 2017-18, and to 10.328% of payroll in fiscal year 2019-20. The State’s contribution includes an annual payment of 2.5% of payroll pursuant to a supplemental inflation protection program.

Pursuant to the 2014-15 State Budget, employer contribution rates, including school districts’ 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	18.40*

\* Pursuant to the 2019-20 State Budget, an estimated \$850 million will be used to buy down employer contribution rates in fiscal years 2019-20 and 2020-21, resulting in decreased employer contribution rates of 17.10% and 18.40% in fiscal years 2019-20 and 2020-21, respectively. See “DISTRICT FINANCIAL MATTERS – State Funding of Education; State Budget Process – 2019-20 State Budget.”

Source: Assembly Bill 1469.

The following table sets forth the District’s employer contributions to CalSTRS as well as the State’s non-employer contributions to CalSTRS on behalf of the District for fiscal years 2015-16 through 2018-19 and the projected 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 Contribution	State 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	5,092,350	4,748,024
2019-20 <sup>(1)</sup>	5,510,674	2,894,102

<sup>(1)</sup> Second interim report 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 2018-19 were equal to 100% of the required contributions for each year. Pursuant to the 2014-15 State Budget, beginning in fiscal year 2021-22, the State Teachers Retirement Board is required to increase or decrease employer contribution rates to the rates designed to eliminate the CalSTRS unfunded liability by June 30, 2046. A decrease in investment earnings may result in increased employer contribution rates in order to timely eliminate the CalSTRS unfunded liability. As the world is currently experiencing a pandemic, the District cannot predict the impact of the outbreak of COVID-19 on investment earnings and employer contribution rates. See “DISTRICT FINANCIAL MATTERS – State Funding of Education; State Budget Process – Infectious Disease Outbreak.” However, under existing law, the State Teachers Retirement Board may not increase the employer contribution rate by more than 1% in any fiscal year, up to a maximum employer contribution rate of 20.25%. The State Teachers Retirement Board may also adjust the State’s contribution rate by a maximum of 0.5% from year to year, based on the funding status of the CalSTRS actuarially determined unfunded liability.

As of June 30, 2018, an actuarial valuation (the “2018 CalSTRS Actuarial Valuation”) for the entire CalSTRS defined benefit program showed an estimated unfunded actuarial liability of \$107.2 billion, a decrease of approximately \$0.1 billion from the June 30, 2017 valuation. The funded ratios of the actuarial value of valuation assets over the actuarial accrued liabilities as of June 30, 2018 and June 30, 2017, based on the actuarial assumptions, were approximately 64.0% and 62.6%, respectively. Future estimates of the actuarial unfunded liability may change due to market performance, legislative actions and other experience that may differ from the actuarial assumptions used for the CalSTRS valuation. The following are certain of the actuarial assumptions set forth in the 2018 CalSTRS Actuarial Valuation: measurement of accruing costs by the “Entry Age Normal Actuarial Cost Method,” an assumed 7.00% investment rate of return for measurements subsequent to June 30, 2016, 3.00% interest on member accounts, 3.50% projected wage growth, and 2.75% projected inflation and demographic assumptions relating to mortality rates, length of service, rates of disability, rates of withdrawal, probability of refund, and merit salary increases. The 2018 CalSTRS Actuarial Valuation also assumes that all members hired on or after January 1, 2013 are subject to the provisions of PEPRA (as defined herein). See “–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.

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. All school districts contributing to CalPERS participate in the same plan and share the same contribution rate in each year. However, unlike contributions to CalSTRS, which incrementally increase at statutorily set rates, 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 of CalPERS. 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.

CalPERS is funded by employee contributions and investment earnings, with the balance of the funding provided by employer contributions. School districts' contributions decrease when investment earnings rise and increase when investment earnings decline. As a result, declines in investment earnings may result in substantial increases in school district contributions. The District cannot make any predictions as to the effect of a global pandemic, including the outbreak of COVID-19, on investment earnings and school district contributions. See "DISTRICT FINANCIAL MATTERS – State Funding of Education; State Budget Process – Infectious Disease Outbreak" for more information about the impact of COVID-19. Participating employees enrolled in CalPERS prior to January 1, 2013 contribute 7.00% of their respective salaries, while participating employees enrolled after January 1, 2013 contribute the higher of fifty percent of normal costs of benefits or an actuarially determined rate of 7.00% in fiscal year 2019-20. School districts are required to contribute to CalPERS at an actuarially determined rate, which was 18.062% of eligible salary expenditures for fiscal year 2018-19, and is 20.733% for fiscal year 2019-20.

On April 17, 2019, the CalPERS Board established the employer contribution rates and released certain information from the CalPERS Schools Pool Actuarial Valuation as of June 30, 2018 (the "2018 CalPERS Schools Pool Actuarial Valuation"). The actuarial funding method used in the 2018 CalPERS Schools Pool Actuarial Valuation is the "Entry Age Normal Cost Method." The 2018 CalPERS Schools Pool Actuarial Valuation assumes, among other things, 2.625% inflation and payroll growth of 2.875% compounded annually. The 2018 CalPERS Schools Pool Actuarial Valuation reflects a discount rate of 7.25% compounded annually (net of administrative expenses) as of June 30, 2018 and 7.00% compounded annually (net of administrative expenses) as of June 30, 2019. The CalPERS Board adopted new demographic assumptions on December 19, 2017, including a reduction in the inflation assumption from 2.625% as of June 30, 2018 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. Based on the changes in the discount rate, inflation rate, payroll growth rate and demographic assumptions, the addition of \$904 million contributed by the State in July 2019, along with expected reductions in normal cost due to the continuing transition of active members from those employees hired prior to January 1, 2013, to those hired after such date, the projected employer contribution (as a percentage of payroll) is 22.8% and 24.9% for fiscal year 2020-21 and fiscal year 2021-22, respectively.

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

**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	2,214,317
2019-20 <sup>(1)</sup>	2,372,976

<sup>(1)</sup> Second interim report for fiscal year 2019-20.  
Source: El Dorado Union High School District.

The District’s total employer contributions to CalPERS for fiscal years 2015-16 through 2018-19 were equal to 100% of the required contributions for each year.

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 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 \$137,300 for 2020, 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.

CalSTRS and CalPERS are more fully described in Notes 7 and 8 to the District’s financial statements in APPENDIX B – “FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2019.”

**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 in APPENDIX B— "FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2019" 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 XIII A to the State Constitution ("Article XIII A"). Article XIII A 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 XIII A 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 XIII A 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 XIII A. 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 XIII A.*** Legislation has been enacted and amended a number of times since 1978 to implement Article XIII A. Under current law, local agencies are no longer permitted to levy directly any property tax (except to pay voter-approved indebtedness). The 1% property tax is automatically levied by the 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 XIII B 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 XIII B to the State Constitution (“Article XIII B”). Under Article XIII B 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 XIII B 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 XIII B, 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 XIII C and Article XIII D of the California Constitution**

On November 5, 1996, the voters of the State of California approved Proposition 218, popularly known as the “Right to Vote on Taxes Act.” Proposition 218 added to the California Constitution Articles XIII C and XIII D (“Article XIII C” and “Article XIII D,” 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 XIII C establishes that every tax is either a “general tax” (imposed for general governmental purposes) or a “special tax” (imposed for specific purposes), prohibits special purpose government agencies such as school districts from levying general taxes, and prohibits any local agency from imposing, extending or increasing any special tax beyond its maximum authorized rate without a two-thirds vote; and also provides that the initiative power will not be limited in matters of reducing or repealing local taxes, assessments, fees and charges. Article XIII C further provides that no tax may be assessed on property other than *ad valorem* property taxes imposed in accordance with Articles XIII and XIII A of the California Constitution and special taxes approved by a two-thirds vote under Article XIII A, Section 4. Article XIII D deals with assessments and property-related fees and charges, and explicitly provides that nothing in Article XIII C or XIII D will be construed to affect existing laws relating to the imposition of fees or charges as a condition of property development.

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

## **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 XIII B 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 XIII B 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 XIII B 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.

The 2019-20 State Budget includes a constitutionally required deposit into the Public School System Stabilization Account in the amount of \$376.5 million. Such deposit to the Public School System Stabilization Account does not initiate any school district reserve caps under SB 858 or SB 751 (described below), as the amount in the Public School System Stabilization Account (which is equal to the fiscal year 2019-20 deposit) is not equal to or greater than 3% of the total K-12 share of the Proposition 98 Guarantee (approximately \$2.1 billion). For more information, see “DISTRICT FINANCIAL MATTERS – State Funding of Education; State Budget Process – 2019-20 State Budget.”

**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 XIII A, Article XIII B, Article XIII C, Article XIII D, 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.

**APPENDIX B**

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

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**EL DORADO UNION HIGH SCHOOL DISTRICT**

**FINANCIAL STATEMENTS**

June 30, 2019

EL DORADO UNION HIGH SCHOOL DISTRICT

FINANCIAL STATEMENTS  
WITH SUPPLEMENTARY INFORMATION  
For the Year Ended June 30, 2019  
(Continued)

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EL DORADO UNION HIGH SCHOOL DISTRICT

FINANCIAL STATEMENTS  
WITH SUPPLEMENTARY INFORMATION  
For the Year Ended June 30, 2019

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## 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, 2019, 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, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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(Continued)

## **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, 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 52 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 Awards* 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 other 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.

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(Continued)

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2019 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, 2019

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**(Client to Provide - Pages 4 - \_\_)**

## **BASIC FINANCIAL STATEMENTS**



EL DORADO UNION HIGH SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
June 30, 2019

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash and investments (Note 2)	\$ 16,398,670
Receivables	2,515,130
Prepaid expenses	490,652
Stores inventory	24,293
Non-depreciable capital assets (Note 4)	4,512,879
Depreciable capital assets, net of accumulated depreciation (Note 4)	<u>108,484,251</u>
Total assets	<u>132,425,875</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows of resources - refunding debt	490,066
Deferred outflows of resources - OPEB (Note 9)	40,062
Deferred outflows of resources - pensions (Notes 7 and 8)	<u>19,947,562</u>
Total deferred outflows of resources	<u>20,477,690</u>
<b>LIABILITIES</b>	
Accounts payable	1,983,717
Unearned revenue	84,025
Long-term liabilities (Note 5):	
Due within one year	2,682,776
Due after one year	<u>153,755,792</u>
Total liabilities	<u>158,506,310</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows of resources - pensions (Notes 7 and 8)	<u>7,138,000</u>
<b>NET POSITION</b>	
Net investment in capital assets	48,272,730
Restricted:	
Legally restricted programs	1,091,577
Capital projects	3,617,906
Debt service	3,630,317
Unrestricted	<u>(69,353,275)</u>
Total net position	<u>\$ (12,740,745)</u>

See accompanying notes to financial statements.

EL DORADO UNION HIGH SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2019

		Program Revenues			Net (Expense) Revenue and Changes in Net Position
Expenses	Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
Governmental activities:					
Instruction	\$ 42,596,675	\$ 293,637	\$ 5,769,767	\$ -	\$ (36,533,271)
Instruction-related services:					
Supervision of instruction	5,947,455	21,037	3,868,180	-	(2,058,238)
Instructional library, media and technology	882,169	21	91,248	-	(790,900)
School site administration	5,818,320	-	456,931	-	(5,361,389)
Pupil services:					
Home-to-school transportation	3,442,619	433	100,060	-	(3,342,126)
Food services	1,822,616	1,028,203	656,791	-	(137,622)
All other pupil services	7,112,947	349	820,246	-	(6,292,352)
General administration:					
Data processing	853,291	-	32,905	-	(820,386)
All other general administration	4,166,048	60,454	346,127	-	(3,759,467)
Plant services	9,984,460	144,243	428,808	-	(9,411,409)
Ancillary services	1,590,097	16,274	77,160	-	(1,496,663)
Community services	33,557	-	-	-	(33,557)
Other outgo	1,732,188	588,572	959,940	-	(183,676)
Depreciation (unallocated) (Note 4)	5,665,049	-	-	-	(5,665,049)
Interest on long-term liabilities	3,260,945	-	-	-	(3,260,945)
	<u>\$ 94,908,436</u>	<u>\$ 2,153,223</u>	<u>\$ 13,608,163</u>	<u>\$ -</u>	<u>(79,147,050)</u>
Total governmental activities					
General revenues:					
Taxes and subventions:					
Taxes levied for general purposes				33,696,942	
Taxes levied for debt service				3,693,055	
Taxes levied for other specific purposes				2,018,237	
Federal and state aid not restricted to specific purposes				31,968,830	
Interest and investment earnings				57,868	
Miscellaneous				1,709,404	
				<u>73,184,398</u>	
					Change in net position
					(5,962,652)
					Net position, July 1, 2018
					<u>(6,778,093)</u>
					Net position, June 30, 2019
					<u>\$ (12,740,745)</u>

See accompanying notes to financial statements.

EL DORADO UNION HIGH SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2019

	General Fund	Capital Facilities Fund	El Dorado Schools Financing Authority CFD No. 1 Fund	Bond Interest and Redemption Fund	All Non-Major Funds	Total Govern- mental Funds
<b>ASSETS</b>						
Cash and investments:						
Cash in County Treasury	\$ 3,338,695	\$ 2,468,307	\$ -	\$ 2,821,381	\$ 2,381,471	\$ 11,009,854
Cash in revolving fund	16,665	-	-	-	3,385	20,050
Cash with Fiscal Agent - restricted	-	-	5,368,766	-	-	5,368,766
Receivables	2,421,418	-	35,957	-	57,755	2,515,130
Prepaid expenditures	490,652	-	-	-	-	490,652
Stores inventory	24,293	-	-	-	-	24,293
Due from other funds	<u>481,223</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>481,223</u>
Total assets	<u>\$ 6,772,946</u>	<u>\$ 2,468,307</u>	<u>\$ 5,404,723</u>	<u>\$ 2,821,381</u>	<u>\$ 2,442,611</u>	<u>\$ 19,909,968</u>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Accounts payable	\$ 1,077,077	\$ 916	\$ -	\$ -	\$ 24,356	\$ 1,102,349
Unearned revenue	23,816	-	-	-	60,209	84,025
Due to other funds	<u>-</u>	<u>-</u>	<u>463,498</u>	<u>-</u>	<u>17,725</u>	<u>481,223</u>
Total liabilities	<u>1,100,893</u>	<u>916</u>	<u>463,498</u>	<u>-</u>	<u>102,290</u>	<u>1,667,597</u>
Fund balances:						
Nonspendable	531,610	-	-	-	3,385	534,995
Restricted	710,707	2,467,391	4,941,225	2,821,381	2,336,936	13,277,640
Assigned	623,400	-	-	-	-	623,400
Unassigned	<u>3,806,336</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,806,336</u>
Total fund balances	<u>5,672,053</u>	<u>2,467,391</u>	<u>4,941,225</u>	<u>2,821,381</u>	<u>2,340,321</u>	<u>18,242,371</u>
Total liabilities and fund balances	<u>\$ 6,772,946</u>	<u>\$ 2,468,307</u>	<u>\$ 5,404,723</u>	<u>\$ 2,821,381</u>	<u>\$ 2,442,611</u>	<u>\$ 19,909,968</u>

See accompanying notes to financial statements.

EL DORADO UNION HIGH SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET -  
TO THE STATEMENT OF NET POSITION  
June 30, 2019

Total fund balances - Governmental Funds		\$ 18,242,371
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 \$191,298,057 and the accumulated depreciation is \$78,300,927 (Note 4).		
		112,997,130
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.		
		(881,368)
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, 2019 consisted of (Note 5):		
General Obligation Bonds	\$ (60,252,421)	
Accreted interest	(7,454,086)	
Unamortized premiums	(2,964,834)	
Certificates of Participation	(6,055,882)	
Capitalized lease obligation	(882,554)	
Net OPEB liability (Note 9)	(2,943,075)	
Net pension liability (Notes 7 and 8)	(75,040,000)	
Compensated absences	<u>(845,716)</u>	
		(156,438,568)
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.		
		490,066
In government funds, deferred outflows and inflows of resources relating to pensions and OPEB are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions and OPEB are reported (Notes 7, 8 and 9).		
Deferred outflows of resources relating to pensions	\$ 19,947,562	
Deferred outflows of resources relating to OPEB	40,062	
Deferred inflows of resources relating to pensions	<u>(7,138,000)</u>	
		<u>12,849,624</u>
Total net position - governmental activities		<u>\$ (12,740,745)</u>

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, 2019

	General Fund	Capital Facilities 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	\$ 30,012,035	\$ -	\$ -	\$ -	\$ -	\$ 30,012,035
Local sources	<u>32,899,087</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>32,899,087</u>
Total LCFF	<u>62,911,122</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>62,911,122</u>
Federal sources	2,029,206	-	-	-	600,685	2,629,891
Other state sources	9,343,488	-	-	-	72,952	9,416,440
Other local sources	<u>4,756,373</u>	<u>1,139,070</u>	<u>2,111,011</u>	<u>3,724,971</u>	<u>1,327,037</u>	<u>13,058,462</u>
Total revenues	<u>79,040,189</u>	<u>1,139,070</u>	<u>2,111,011</u>	<u>3,724,971</u>	<u>2,000,674</u>	<u>88,015,915</u>
Expenditures:						
Current:						
Certificated salaries	32,593,941	-	-	-	-	32,593,941
Classified salaries	12,336,040	27,104	-	-	730,578	13,093,722
Employee benefits	21,322,392	11,020	-	-	255,404	21,588,816
Books and supplies	3,292,303	3,813	4,849	-	1,455,666	4,756,631
Contract services and operating expenditures	8,793,437	57,944	78,492	-	258,550	9,188,423
Other outgo	1,732,188	-	-	-	-	1,732,188
Capital outlay	409,868	272,459	687,681	-	684,081	2,054,089
Debt service:						
Principal retirement	82,241	331,190	74,307	1,648,589	-	2,136,327
Interest	<u>33,768</u>	<u>324,099</u>	<u>72,716</u>	<u>2,164,368</u>	<u>-</u>	<u>2,594,951</u>
Total expenditures	<u>80,596,178</u>	<u>1,027,629</u>	<u>918,045</u>	<u>3,812,957</u>	<u>3,384,279</u>	<u>89,739,088</u>
(Deficiency) excess of revenues (under) over expenditures	<u>(1,555,989)</u>	<u>111,441</u>	<u>1,192,966</u>	<u>(87,986)</u>	<u>(1,383,605)</u>	<u>(1,723,173)</u>
Other financing sources (uses):						
Transfers in	83,210	-	-	-	-	83,210
Transfers out	-	-	-	-	(83,210)	(83,210)
Proceeds from capital leases	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>301,277</u>	<u>301,277</u>
Total other financing sources (uses)	<u>83,210</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>218,067</u>	<u>301,277</u>
Change in fund balances	<u>(1,472,779)</u>	<u>111,441</u>	<u>1,192,966</u>	<u>(87,986)</u>	<u>(1,165,538)</u>	<u>(1,421,896)</u>
Fund balances, July 1, 2018	<u>7,144,832</u>	<u>2,355,950</u>	<u>3,748,259</u>	<u>2,909,367</u>	<u>3,505,859</u>	<u>19,664,267</u>
Fund balances, June 30, 2019	<u>\$ 5,672,053</u>	<u>\$ 2,467,391</u>	<u>\$ 4,941,225</u>	<u>\$ 2,821,381</u>	<u>\$ 2,340,321</u>	<u>\$ 18,242,371</u>

See accompanying notes to financial statements.

EL DORADO UNION HIGH SCHOOL DISTRICT  
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, 2019

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Net change in fund balances - Total Governmental Funds	\$ (1,421,896)
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).	\$ 2,236,272
Depreciation of capital assets is an expense that is not recorded in the governmental funds (Note 4).	(5,665,049)
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).	2,136,327
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).	(873,198)
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.	26,939
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 (Notes 5, 7 and 8):	(2,412,123)
In the statement of activities, expenses related to the net OPEB liability 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).	(66,277)

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(Continued)

EL DORADO UNION HIGH SCHOOL DISTRICT  
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, 2019

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In the statement of activities, expenses related to 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 (Note 5).

\$ (87,505)    \$ (4,540,756)

Change in net position of governmental activities

\$ (5,962,652)

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See accompanying notes to financial statements.

EL DORADO UNION HIGH SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION  
AGENCY FUND  
June 30, 2019

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	<u>Student Body</u>
<b>ASSETS</b>	
Cash and investments (Note 2):	
Cash on hand and in banks	<u>\$ 789,655</u>
<b>LIABILITIES</b>	
Due to student groups	<u>\$ 789,655</u>

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See accompanying notes to financial statements.



EL DORADO UNION HIGH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2019

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**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.

The El Dorado Union High School District (the "District") has financial and operational relationships with the El Dorado School Financing Community Facilities District (the "Agency") and the El Dorado Union High School District Facilities Corporation (the "Corporation"). The Agency meets the definition of a joint venture. The Corporation meets the reporting entity definition criteria of the GASB Codification of Governmental Accounting and Financial Reporting Standards, Section 2100, for inclusion of the Corporation as a component unit of the District. Accordingly, the financial activities of the Agency and the Corporation are required to be included in the financial statements of the District.

El Dorado School Financing Community Facilities District: The El Dorado School Financing Community Facilities District No. 2007-1 (Agency) was formed by a Joint Powers Agreement among the Buckeye Union School District, Rescue 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 and collecting 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 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 and is designated as a joint venture for financial reporting purposes. The District's financial statements must include the Mello-Roos activity on behalf of the District in this joint venture. This information is presented in these financial statements as the Community Facilities District 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.

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(Continued)

EL DORADO UNION HIGH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2019

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**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.

Basis of Presentation - Financial Statements: 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.

Basis of Presentation - Government-Wide Financial Statements: 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.

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(Continued)

EL DORADO UNION HIGH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2019

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**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.

*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.

*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.

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(Continued)

EL DORADO UNION HIGH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2019

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B - Other Funds**

*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.

*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 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, 2019.

Stores Inventory: Inventories in the General and Cafeteria Funds are valued at average cost. Inventory recorded in the General Fund 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.

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(Continued)

EL DORADO UNION HIGH SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2019

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**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 and net OPEB liability reported in the Statement of Net Position.

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:

	<u>STRP</u>	<u>PERF B</u>	<u>Total</u>
Deferred outflows of resources	<u>\$ 13,719,245</u>	<u>\$ 6,228,317</u>	<u>\$ 19,947,562</u>
Deferred inflows of resources	<u>\$ 6,065,000</u>	<u>\$ 1,073,000</u>	<u>\$ 7,138,000</u>
Net pension liability	<u>\$ 51,920,000</u>	<u>\$ 23,120,000</u>	<u>\$ 75,040,000</u>
Pension expense	<u>\$ 11,045,896</u>	<u>\$ 4,858,292</u>	<u>\$ 15,904,188</u>

Compensated Absences: Compensated absences totaling \$845,716 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.

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(Continued)

EL DORADO UNION HIGH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2019

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**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 appropriate 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, 2019, the District had no committed fund balances.

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(Continued)

EL DORADO UNION HIGH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2019

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**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, 2019, 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.

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(Continued)

EL DORADO UNION HIGH SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2019

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**NOTE 2 - CASH AND INVESTMENTS**

Cash and investments at June 30, 2019 are reported at fair value and consisted of the following:

	<u>Governmental Activities</u>	<u>Fiduciary Activities</u>
Pooled Fund:		
Cash in County Treasury	\$ 11,009,854	\$ -
Deposits:		
Cash on hand and in banks	-	789,655
Cash in revolving fund	20,050	-
Investments:		
Cash with Fiscal Agent	<u>5,368,766</u>	<u>-</u>
Total cash and investments	<u>\$ 16,398,670</u>	<u>\$ 789,655</u>

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, 2019, the carrying amount of the District's accounts was \$809,705 and the bank balance was \$830,343, of which, \$67,560 was uninsured.

Investments: Cash with Fiscal Agent in the El Dorado Schools Financing Authority CFD No. 1 represents debt proceeds that have been restricted for capital projects and the repayment of long-term liabilities. These amounts are held by a third party custodian in the District's name.

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, 2019, 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, 2019, the District had no concentration of credit risk.

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(Continued)



EL DORADO UNION HIGH SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2019

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**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, 2019 were as follows:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Major Fund:		
General	\$ 481,223	\$ -
El Dorado School Financing Authority CFD No. 1	-	463,498
Non-Major Fund:		
Cafeteria	-	17,725
Totals	\$ 481,223	\$ 481,223

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

Transfer from the Cafeteria Fund to the General Fund for indirect costs. \$ 83,210

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(Continued)

EL DORADO UNION HIGH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2019

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**NOTE 4 - CAPITAL ASSETS**

A schedule of changes in capital assets for the year ended June 30, 2019 is shown below:

	Balance July 1, <u>2018</u>	Transfers and <u>Additions</u>	Transfers and <u>Deductions</u>	Balance June 30, <u>2019</u>
Non-depreciable:				
Land	\$ 3,518,854	\$ -	\$ -	\$ 3,518,854
Work-in-process	688,998	305,027	-	994,025
Depreciable:				
Buildings	152,146,561	567,599	-	152,714,160
Equipment	12,331,422	691,897	181,980	12,841,339
Site improvements	<u>20,557,930</u>	<u>671,749</u>	<u>-</u>	<u>21,229,679</u>
Totals, at cost	<u>189,243,765</u>	<u>2,236,272</u>	<u>181,980</u>	<u>191,298,057</u>
Less accumulated depreciation:				
Buildings	(53,720,669)	(4,175,919)	-	(57,896,588)
Equipment	(8,364,891)	(556,988)	(181,980)	(8,739,899)
Site improvements	<u>(10,732,298)</u>	<u>(932,142)</u>	<u>-</u>	<u>(11,664,440)</u>
Total accumulated depreciation	<u>(72,817,858)</u>	<u>(5,665,049)</u>	<u>(181,980)</u>	<u>(78,300,927)</u>
Capital assets, net	<u>\$ 116,425,907</u>	<u>\$ (3,428,777)</u>	<u>\$ -</u>	<u>\$ 112,997,130</u>

Depreciation expense was charged to governmental activities as follows:

Depreciation - unallocated	<u>\$ 5,665,049</u>
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(Continued)

EL DORADO UNION HIGH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2019

**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.

	Interest Rate %	Maturity Date Ending August 1	Amount of Original Issue	Outstanding July 1, 2018	Issued (Redeemed) Current Year	Outstanding June 30, 2019
Series 2010	2.00%- 4.50%	2035	\$ 17,300,000	\$ 15,650,000	\$ (655,000)	\$ 14,995,000
Series 2012	2.00%- 5.45%	2042	14,999,904	14,696,010	(93,589)	14,602,421
Series 2016 (refunding)	2.00%- 5.00%	2034	<u>33,195,000</u>	<u>31,555,000</u>	<u>(900,000)</u>	<u>30,655,000</u>
			<u>\$ 65,494,904</u>	<u>\$ 61,901,010</u>	<u>\$ (1,648,589)</u>	<u>\$ 60,252,421</u>

The annual requirements to amortize the general obligation bonds payable, outstanding as of June 30, 2019 are as follows:

Year Ended June 30,	Principal	Interest	Total
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	1,763,946	1,797,712	3,561,658
2025-2029	11,006,930	7,741,582	18,748,512
2030-2034	16,793,384	5,320,486	22,113,870
2035-2039	13,746,684	13,828,566	27,575,250
2040-2043	<u>8,978,287</u>	<u>15,270,462</u>	<u>24,248,749</u>
	<u>\$ 60,252,421</u>	<u>\$ 51,997,950</u>	<u>\$ 112,250,371</u>

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.

(Continued)

EL DORADO UNION HIGH SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2019

**NOTE 5 - LONG-TERM LIABILITIES** (Continued)

The outstanding certificates of participation at June 30, 2019 are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 374,880	\$ 427,433	\$ 802,313
2021	344,896	457,416	802,312
2022	315,790	486,522	802,312
2023	292,307	510,005	802,312
2024	269,920	532,392	802,312
2025-2029	1,053,796	2,957,767	4,011,563
2030-2034	676,784	3,334,779	4,011,563
2035-2039	1,947,509	2,065,461	4,012,970
2040	<u>780,000</u>	<u>22,425</u>	<u>802,425</u>
	<u>\$ 6,055,882</u>	<u>\$ 10,794,200</u>	<u>\$ 16,850,082</u>

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:

<u>Year Ending June 30,</u>	<u>Lease Payments</u>
2020	\$ 116,009
2021	116,009
2022	116,009
2023	116,009
2024	116,009
2025-2029	<u>464,036</u>
Total payments	1,044,081
Less amount representing interest	<u>(161,527)</u>
Net present value of minimum payments	<u>\$ 882,554</u>

The capitalized value of the buses under lease was a cost of \$964,795 with an accumulated depreciation of \$100,467 as of June 30, 2019.

(Continued)

EL DORADO UNION HIGH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2019

**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, 2019 is shown below:

	<u>Balance, July 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2019</u>	<u>Amounts Due Within One Year</u>
<u>Debt:</u>					
General Obligation Bonds	\$ 61,901,010	\$ -	\$ 1,648,589	\$ 60,252,421	\$ 1,725,118
Accreted interest	6,580,888	1,144,112	270,914	7,454,086	300,002
Unamortized premiums	3,162,490	-	197,656	2,964,834	197,656
<u>Other Long-Term Liabilities:</u>					
Certificates of Participation	6,461,379	-	405,497	6,055,882	374,880
Capitalized lease obligation	964,795	-	82,241	882,554	85,120
Net OPEB liability (Note 9)	2,836,736	106,339	-	2,943,075	-
Net pension liability (Notes 7 and 8)	73,956,000	1,084,000	-	75,040,000	-
Compensated absences	<u>758,211</u>	<u>87,505</u>	<u>-</u>	<u>845,716</u>	<u>-</u>
Total	<u>\$ 156,621,509</u>	<u>\$ 2,421,956</u>	<u>\$ 2,604,897</u>	<u>\$ 156,438,568</u>	<u>\$ 2,682,776</u>

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 Capital Facilities and the El Dorado Schools Financing Authority CFD No. 1 Funds. Payments on capitalized lease obligations will be made from the General Fund.

(Continued)

EL DORADO UNION HIGH SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2019

**NOTE 6 - FUND BALANCES**

Fund balances, by category, at June 30, 2019 consisted of the following:

	General Fund	Capital Facilities Fund	El Dorado Schools Financing Authority CFD No.1 Fund	Bond Interest and Redemption Fund	All Non-Major Funds	Total
<b>Nonspendable:</b>						
Revolving cash fund	\$ 16,665	\$ -	\$ -	\$ -	\$ 3,385	\$ 20,050
Prepaid expenditures	490,652	-	-	-	-	490,652
Stores inventory	<u>24,293</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,293</u>
Subtotal non-spendable	<u>531,610</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,385</u>	<u>534,995</u>
<b>Restricted:</b>						
Legally restricted programs	710,707	-	-	-	377,485	1,088,192
Capital projects	-	2,467,391	4,941,225	-	1,150,515	8,559,131
Debt service	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,821,381</u>	<u>808,936</u>	<u>3,630,317</u>
Subtotal restricted	<u>710,707</u>	<u>2,467,391</u>	<u>4,941,225</u>	<u>2,821,381</u>	<u>2,336,936</u>	<u>13,277,640</u>
<b>Assigned:</b>						
Certificated column increase	69,000	-	-	-	-	69,000
Medi-Cal Administrative	80,000	-	-	-	-	80,000
Activities funds	<u>474,400</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>474,400</u>
Site/department carryover	<u>623,400</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>623,400</u>
Subtotal assigned	<u>623,400</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>623,400</u>
<b>Unassigned:</b>						
Reserve for economic uncertainty	2,415,400	-	-	-	-	2,415,400
Undesignated	<u>1,390,936</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,390,936</u>
Subtotal unassigned	<u>3,806,336</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,806,336</u>
Total fund balances	<u>\$ 5,672,053</u>	<u>\$ 2,467,391</u>	<u>\$ 4,941,225</u>	<u>\$ 2,821,381</u>	<u>\$ 2,340,321</u>	<u>\$ 18,242,371</u>

(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.

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(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.

In June 2019, California Senate Bill 90 (SB 90) was signed into law and appropriated approximately \$2.2 billion in fiscal year 2018–19 from the state's General Fund as contributions to CalSTRS on behalf of employers. The bill requires portions of the contribution to supplant the amounts remitted by employers such that the amounts remitted will be 1.03 and 0.70 percentage points less than the statutorily required amounts due for fiscal years 2019–20 and 2020–21, respectively. The remaining portion of the contribution is allocated to reduce the employers' share of the unfunded actuarial obligation of the Defined Benefit Program.

The employer contribution rates set in statute by the CalSTRS Funding Plan were not changed by the passage of SB 90. 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 2018-19. Under CalSTRS 2% at 62, members contribute 50 percent of the normal cost of their retirement plan, which resulted in a contribution rate of 10.205 percent of applicable member earnings for fiscal year 2018-19.

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.

*Employers* – 16.28 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.

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(Continued)



EL DORADO UNION HIGH SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2019

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

The CalSTRS employer contribution rate increases effective for fiscal year 2018-19 through fiscal year 2045-46 are summarized in the table below:

<u>Effective Date</u>	<u>Prior Rate</u>	<u>Increase</u>	<u>Total</u>
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 \$5,098,245 to the plan for the fiscal year ended June 30, 2019.

*State* - 9.828 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 state's base contribution to the Defined Benefit Program is calculated based on creditable compensation from two fiscal years prior. The state rate will increase to 5.811% on July 1, 2019, 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. Additionally, the enactment of SB 90 will result in future supplemental contributions to be made by the state to pay down its portion of the unfunded actuarial obligation of the Defined Benefit Program in fiscal years 2019–20 through 2022–23. The CalSTRS state contribution rates effective for fiscal year 2018-19 and beyond are summarized in the table below.

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(Continued)

EL DORADO UNION HIGH SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2019

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

<u>Effective Date</u>	<u>Base Rate</u>	<u>AB 1469 Increase For 1990 Benefit Structure</u>	<u>SBMA Funding(1)</u>	<u>Total State Appropriation to DB Program</u>
July 01, 2018	2.017%	5.311%	2.50%	9.828%
July 01, 2019	2.017%	5.811%(2)	2.50%	10.328%(3)
July 01, 2020 to June 30, 2046	2.017%	(4)	2.50%	(4)
July 01, 2046 and thereafter	2.017%	(5)	2.50%	4.517%(5)

- (1) This rate does not include the \$72 million reduction in accordance with Education Code Section 22954.
- (2) In May 2019, the board of CalSTRS exercised its limited authority to increase the state contribution rate by 0.5 percent of the payroll effective July 1, 2019.
- (3) This rate does not include the \$2.2 billion supplemental state contribution on behalf of employers pursuant to SB 90.
- (4) 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.
- (5) 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.

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

At June 30, 2019, the District reported a 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	\$ 51,920,000
State’s proportionate share of the net pension liability associated with the District	<u>29,727,000</u>
Total	<u><u>\$ 81,647,000</u></u>

The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017. 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, 2018, the District’s proportion was 0.056 percent, which was a decrease of 0.001 from its proportion measured as of June 30, 2017.

(Continued)

EL DORADO UNION HIGH SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2019

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

For the year ended June 30, 2019, the District recognized pension expense of \$11,045,896 and revenue of \$5,393,026 for support provided by the State. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 161,000	\$ 754,000
Changes of assumptions	8,066,000	-
Net differences between projected and actual earnings on investments	-	1,999,000
Changes in proportion and differences between District contributions and proportionate share of contributions	394,000	3,312,000
Contributions made subsequent to measurement date	<u>5,098,245</u>	<u>-</u>
Total	<u>\$ 13,719,245</u>	<u>\$ 6,065,000</u>

\$5,098,245 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ended <u>June 30,</u>	
2020	\$ 1,290,700
2021	\$ 541,700
2022	\$ (821,300)
2023	\$ 390,033
2024	\$ 1,187,033
2025	\$ (32,166)

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, 2018 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.

(Continued)

EL DORADO UNION HIGH SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2019

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

**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, 2017, and rolling forward the total pension liability to June 30, 2018. The financial reporting actuarial valuation as of June 30, 2017, used the following actuarial methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2017
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.

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:

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Long-Term* Expected Real Rate of Return</u>
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

(Continued)

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

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.

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	<u>\$ 76,057,000</u>	<u>\$ 51,920,000</u>	<u>\$ 31,909,000</u>
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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:

<https://www.calpers.ca.gov/docs/forms-publications/cafr-2018.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.

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(Continued)

EL DORADO UNION HIGH SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2019

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

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, 2019 were as follows:

*Members* - The member contribution rate was 6.50 or 7.50 percent of applicable member earnings for fiscal year 2018-19.

*Employers* - The employer contribution rate was 18.062 percent of applicable member earnings.

The District contributed \$2,214,317 to the plan for the fiscal year ended June 30, 2019.

*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 \$23,120,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017. 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, 2018, the District’s proportion was 0.087 percent, which was a decrease of 0.003 percent from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the District recognized pension expense of \$4,858,292 and revenue of \$786,480 for support provided by the State. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 1,516,000	\$ -
Changes of assumptions	2,308,000	-
Net differences between projected and actual earnings on investments	190,000	-
Changes in proportion and differences between District contributions and proportionate share of contributions	-	1,073,000
Contributions made subsequent to measurement date	<u>2,214,317</u>	<u>-</u>
Total	<u>\$ 6,228,317</u>	<u>\$ 1,073,000</u>

(Continued)

EL DORADO UNION HIGH SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2019

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

\$2,214,317 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ended <u>June 30,</u>		
2020		\$ 1,920,167
2021		\$ 1,349,167
2022		\$ (191,834)
2023		\$ (136,500)

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 4 years as of the June 30, 2018 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, 2017, and rolling forward the total pension liability to June 30, 2018. The financial reporting actuarial valuation as of June 30, 2017, used the following actuarial methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2017
Experience Study	June 30, 1997 through June 30, 2015
Actuarial Cost Method	Entry age normal
Investment Rate of Return	7.15%
Consumer Price Inflation	2.50%
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 2.50% thereafter

The mortality table used was developed based on CalPERS specific data. The table includes 15 years of mortality improvements using Society of Actuaries 90% of scale MP 2016. For more details on this table, please refer to the 2017 experience study report.

All other actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from 1997 to 2015, including updates to salary increase, mortality and retirement rates. Further details of the Experience Study can be found at CalPERS’ website.

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(Continued)

EL DORADO UNION HIGH SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2019

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

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.

<u>Asset Class</u>	<u>Long-Term* Assumed Asset Allocation</u>	<u>Expected Real Rate of Return Years 1 - 10 (1)</u>	<u>Expected Real Rate of Return Years 11+ (2)</u>
Global Equity	50%	4.80%	5.98%
Fixed Income	28	1.00	2.62
Inflation Assets	-	0.77	1.81
Private Equity	8	6.30	7.23
Real Estate	13	3.75	4.93
Liquidity	1	-	(0.92)

\* 10-year geometric average

(1) An expected inflation rate of 2.00% used for this period

(2) An expected inflation rate of 2.92% used for this period

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.

(Continued)



EL DORADO UNION HIGH SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2019

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**NOTE 8 – NET PENSION LIABILITY – PUBLIC EMPLOYER’S RETIREMENT FUND B (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 7.15 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	<u>\$ 33,661,000</u>	<u>\$ 23,120,000</u>	<u>\$ 14,374,000</u>

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

**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.

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(Continued)

EL DORADO UNION HIGH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2019

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

*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")."

Employees Covered by Benefit Terms: The following is a table of plan participants at June 30, 2019;

	<u>Number of Participants</u>
Inactive Plan members, covered spouses, or beneficiaries currently receiving benefits	37
Active employees	<u>256</u>
	<u><u>293</u></u>

Contributions: Eligible employees are not permitted to make contributions to the Plan. 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 \$390,664 for the year ended June 30, 2019. 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.

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(Continued)

EL DORADO UNION HIGH SCHOOL DISTRICT  
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June 30, 2019

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

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, 2019
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.

Changes in the Net OPEB Liability

	<u>Increase (Decrease)</u>		
	Total OPEB Liability (a)	Total Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance, July 1, 2018	\$ 5,265,260	\$ 2,428,524	\$ 2,836,736
Changes for the year:			
Service cost	273,990	-	273,990
Interest	312,415	-	312,415
Employer contributions	-	390,664	(390,664)
Net investment income	-	95,452	(95,452)
Administrative expense	-	(6,050)	6,050
Benefit payments	(390,664)	(390,664)	-
Net change	<u>195,741</u>	<u>89,402</u>	<u>106,339</u>
Balance, June 30, 2019	<u>\$ 5,461,001</u>	<u>\$ 2,517,926</u>	<u>\$ 2,943,075</u>

(Continued)

EL DORADO UNION HIGH SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2019

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

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	<u>\$ 3,284,346</u>	<u>\$ 2,943,075</u>	<u>\$ 2,619,093</u>

The following table presents the Net OPEB liability calculated using the health 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	<u>\$ 2,591,417</u>	<u>\$ 2,943,075</u>	<u>\$ 3,282,559</u>

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

For the year ended June 30, 2019, the District recognized OPEB expense of \$50,080. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ -
Changes of assumptions	-	-
Net differences between projected and actual earnings on investments	40,062	-
Changes in proportion and differences between District contributions and proportionate share of contributions	-	-
Contributions made subsequent to measurement date	<u>-</u>	<u>-</u>
Total	<u>\$ 40,062</u>	<u>\$ -</u>

(Continued)

EL DORADO UNION HIGH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2019

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

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

Years Ended <u>June 30,</u>		
2020	\$	10,016
2021	\$	10,016
2022	\$	10,016
2023	\$	10,014

The effect of net differences between projected and actual earnings on investments are amortized over a closed period of 4 years as of the June 30, 2019 measurement date.

**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 (the most recent information available):

Total assets	\$	156,009,265
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.

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

**REQUIRED SUPPLEMENTARY INFORMATION**

EL DORADO UNION HIGH SCHOOL DISTRICT  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
For the Year Ended June 30, 2019

	Budget		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Revenues:				
Local Control Funding Formula:				
State apportionment	\$ 31,697,601	\$ 30,012,035	\$ 30,012,035	\$ -
Local sources	<u>31,298,377</u>	<u>32,899,087</u>	<u>32,899,087</u>	<u>-</u>
Total LCFF	<u>62,995,978</u>	<u>62,911,122</u>	<u>62,911,122</u>	<u>-</u>
Federal sources	1,853,125	2,029,206	2,029,206	-
Other state sources	6,962,603	9,343,488	9,343,488	-
Other local sources	<u>4,074,855</u>	<u>4,756,373</u>	<u>4,756,373</u>	<u>-</u>
Total revenues	<u>75,886,561</u>	<u>79,040,189</u>	<u>79,040,189</u>	<u>-</u>
Expenditures:				
Current:				
Certificated salaries	31,926,239	32,593,941	32,593,941	-
Classified salaries	11,814,751	12,336,040	12,336,040	-
Employee benefits	18,318,133	21,322,392	21,322,392	-
Books and supplies	2,357,693	3,292,303	3,292,303	-
Contract services and operating expenditures	7,807,106	8,793,437	8,793,437	-
Other outgo	1,538,956	1,732,188	1,732,188	-
Capital outlay	360,000	409,868	409,868	-
Debt service:				
Principal retirement	82,241	82,241	82,241	-
Interest	<u>33,768</u>	<u>33,768</u>	<u>33,768</u>	<u>-</u>
Total expenditures	<u>74,238,887</u>	<u>80,596,178</u>	<u>80,596,178</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,647,674</u>	<u>(1,555,989)</u>	<u>(1,555,989)</u>	<u>-</u>
Other financing sources:				
Transfers in	<u>-</u>	<u>83,210</u>	<u>83,210</u>	<u>-</u>
Total other financing sources	<u>-</u>	<u>83,210</u>	<u>83,210</u>	<u>-</u>
Change in fund balance	1,647,674	(1,472,779)	(1,472,779)	-
Fund balance, July 1, 2018	<u>7,144,832</u>	<u>7,144,832</u>	<u>7,144,832</u>	<u>-</u>
Fund balance, June 30, 2019	<u>\$ 8,792,506</u>	<u>\$ 5,672,053</u>	<u>\$ 5,672,053</u>	<u>\$ -</u>

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, 2019

Last 10 Fiscal Years	<u>2018</u>	<u>2019</u>
<b>TOTAL OPEB LIABILITY</b>		
Service cost	\$ 266,657	\$ 273,990
Interest	300,910	312,415
Changes of assumptions	-	-
Benefit payments	<u>(375,638)</u>	<u>(390,664)</u>
Net change in total OPEB liability	191,929	195,741
Total OPEB liability - beginning of year (a)	<u>5,073,331</u>	<u>5,265,260</u>
Total OPEB liability - end of year (b)	<u>\$ 5,265,260</u>	<u>\$ 5,461,001</u>
<b>PLAN FIDUCIARY NET POSITION</b>		
Contributions - employer	\$ 477,483	\$ 390,664
Net investment income	127,038	95,452
Administrative expenses	(5,873)	(6,050)
Benefit payments	<u>(375,638)</u>	<u>(390,664)</u>
Change in plan fiduciary net position	223,010	89,402
Fiduciary trust net position - beginning of year (c)	<u>2,205,514</u>	<u>2,428,524</u>
Fiduciary trust net position - end of year (d)	<u>\$ 2,428,524</u>	<u>\$ 2,517,926</u>
Net OPEB liability - ending (b) - (d)	<u>\$ 2,836,736</u>	<u>\$ 2,943,075</u>
Plan fiduciary net position as a percentage of the total OPEB liability	46.1%	46.1%
Covered employee payroll	\$ 29,255,902	\$ 27,539,742
Net OPEB liability as a percentage of covered employee payroll	9.70%	10.69%

*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.*

See accompanying note to required supplementary information.



EL DORADO UNION HIGH SCHOOL DISTRICT  
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE  
 SHARE OF THE NET PENSION LIABILITY  
 For the Year Ended June 30, 2019

State Teachers' Retirement Plan  
 Last 10 Fiscal Years

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
District's proportion of the net pension liability	0.062%	0.063%	0.061%	0.057%	0.056%
District's proportionate share of the net pension liability	\$ 36,231,000	\$ 42,453,000	\$ 49,682,000	\$ 52,447,000	\$ 51,920,000
State's proportionate share of the net pension liability associated with the District	<u>24,437,000</u>	<u>22,439,000</u>	<u>28,286,000</u>	<u>31,027,000</u>	<u>29,727,000</u>
Total net pension liability	<u>\$ 60,668,000</u>	<u>\$ 64,892,000</u>	<u>\$ 77,968,000</u>	<u>\$ 83,474,000</u>	<u>\$ 81,647,000</u>
District's covered payroll	\$ 29,489,000	\$ 29,250,000	\$ 30,613,000	\$ 30,057,000	\$ 30,914,000
District's proportionate share of the net pension liability as a percentage of its covered payroll	122.86%	145.14%	162.29%	174.49%	174.66%
Plan fiduciary net position as a percentage of the total pension liability	76.52%	74.02%	70.04%	69.46%	70.99%

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)

EL DORADO UNION HIGH SCHOOL DISTRICT  
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE  
 SHARE OF THE NET PENSION LIABILITY  
 For the Year Ended June 30, 2019

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Public Employer's Retirement Fund B  
 Last 10 Fiscal Years

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
District's proportion of the net pension liability	0.096%	0.098%	0.097%	0.090%	0.087%
District's proportionate share of the net pension liability	\$ 10,841,575	\$ 14,418,596	\$ 19,127,000	\$ 21,509,000	\$ 23,120,000
District's covered payroll	\$ 10,024,000	\$ 10,733,000	\$ 11,619,000	\$ 11,488,000	\$ 11,672,000
District's proportionate share of the net pension liability as a percentage of its covered payroll	108.16%	134.34%	164.62%	187.12%	198.08%
Plan fiduciary net position as a percentage of the total pension liability	83.38%	79.43%	73.89%	71.87%	70.85%

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.

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See accompanying note to required supplementary information.

EL DORADO UNION HIGH SCHOOL DISTRICT  
 SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS  
 For the Year Ended June 30, 2019

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State Teachers' Retirement Plan  
 Last 10 Fiscal Years

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Contractually required contribution	\$ 2,597,444	\$ 3,284,778	\$ 3,781,171	\$ 4,460,871	\$ 5,098,245
Contributions in relation to the contractually required contribution	<u>(2,597,444)</u>	<u>(3,284,778)</u>	<u>(3,781,171)</u>	<u>(4,460,871)</u>	<u>(5,098,245)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 29,250,000	\$ 30,613,000	\$ 30,057,000	\$ 30,914,000	\$ 31,316,000
Contributions as a percentage of covered payroll	8.88%	10.73%	12.58%	14.43%	16.28%

All years prior to 2015 are not available.

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(Continued)

EL DORADO UNION HIGH SCHOOL DISTRICT  
 SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS  
 For the Year Ended June 30, 2019

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Public Employer's Retirement Fund B  
 Last 10 Fiscal Years

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Contractually required contribution	\$ 1,263,245	\$ 1,376,449	\$ 1,595,683	\$ 1,812,812	\$ 2,214,317
Contributions in relation to the contractually required contribution	<u>(1,263,245)</u>	<u>(1,376,449)</u>	<u>(1,595,683)</u>	<u>(1,812,812)</u>	<u>(2,214,317)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 10,733,000	\$ 11,619,000	\$ 11,488,000	\$ 11,672,000	\$ 12,260,000
Contributions as a percentage of covered payroll	11.77%	11.85%	13.89%	15.53%	18.06%

All years prior to 2015 are not available.

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See accompanying note to required supplementary information.

EL DORADO UNION HIGH SCHOOL DISTRICT  
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION  
June 30, 2019

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**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 (PERF B) was 7.50, 7.65, 7.65, 7.15, and 7.15 percent in the June 30, 2013, 2014, 2015, 2016 and 2017 actuarial reports, respectively.

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

<u>Assumption</u>	<u>As of June 30, 2018</u>	<u>As of June 30, 2017</u>	<u>As of June 30, 2016</u>	<u>As of June 30, 2015</u>
Consumer price inflation	2.75%	2.75%	3.00%	3.00%
Investment rate of return	7.10%	7.10%	7.60%	7.60%
Wage growth	3.50%	3.50%	3.75%	3.75%

**SUPPLEMENTARY INFORMATION**

EL DORADO UNION HIGH SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 ALL NON-MAJOR FUNDS  
 June 30, 2019

	<u>Cafeteria Fund</u>	<u>Special Reserve for Capital Outlay Projects Fund</u>	<u>EDUHSD Financing Corporation Debt Service Fund</u>	<u>Total</u>
<b>ASSETS</b>				
Cash and investments:				
Cash in County Treasury	\$ 421,653	\$ 1,150,882	\$ 808,936	\$ 2,381,471
Cash in revolving fund	3,385	-	-	3,385
Receivables	<u>57,755</u>	<u>-</u>	<u>-</u>	<u>57,755</u>
Total assets	<u>\$ 482,793</u>	<u>\$ 1,150,882</u>	<u>\$ 808,936</u>	<u>\$ 2,442,611</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 23,989	\$ 367	\$ -	\$ 24,356
Unearned revenue	60,209	-	-	60,209
Due to other funds	<u>17,725</u>	<u>-</u>	<u>-</u>	<u>17,725</u>
Total liabilities	<u>101,923</u>	<u>367</u>	<u>-</u>	<u>102,290</u>
Fund balances:				
Nonspendable	3,385	-	-	3,385
Restricted	<u>377,485</u>	<u>1,150,515</u>	<u>808,936</u>	<u>2,336,936</u>
Total fund balances	<u>380,870</u>	<u>1,150,515</u>	<u>808,936</u>	<u>2,340,321</u>
Total liabilities and fund balances	<u>\$ 482,793</u>	<u>\$ 1,150,882</u>	<u>\$ 808,936</u>	<u>\$ 2,442,611</u>

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, 2019

	Cafeteria Fund	Special Reserve for Capital Outlay Projects Fund	EDUHSD Financing Corporation Debt Service Fund	Total
<b>Revenues:</b>				
Federal sources	\$ 600,685	\$ -	\$ -	\$ 600,685
Other state sources	72,952	-	-	72,952
Other local sources	<u>1,095,140</u>	<u>232,032</u>	<u>(135)</u>	<u>1,327,037</u>
Total revenues	<u>1,768,777</u>	<u>232,032</u>	<u>(135)</u>	<u>2,000,674</u>
<b>Expenditures:</b>				
<b>Current:</b>				
Classified salaries	730,578	-	-	730,578
Employee benefits	255,404	-	-	255,404
Books and supplies	641,706	813,960	-	1,455,666
Contract services and operating expenditures	128,080	130,470	-	258,550
Capital outlay	<u>-</u>	<u>684,081</u>	<u>-</u>	<u>684,081</u>
Total expenditures	<u>1,755,768</u>	<u>1,628,511</u>	<u>-</u>	<u>3,384,279</u>
Excess (deficiency) of revenues over (under) expenditures	<u>13,009</u>	<u>(1,396,479)</u>	<u>(135)</u>	<u>(1,383,605)</u>
<b>Other financing sources (uses):</b>				
Transfers out	(83,210)	-	-	(83,210)
Proceeds from disposal of asset	<u>-</u>	<u>301,277</u>	<u>-</u>	<u>301,277</u>
Total other financing sources (uses)	<u>(83,210)</u>	<u>301,277</u>	<u>-</u>	<u>218,067</u>
Net change in fund balances	(70,201)	(1,095,202)	(135)	(1,165,538)
Fund balances, July 1, 2018	<u>451,071</u>	<u>2,245,717</u>	<u>809,071</u>	<u>3,505,859</u>
Fund balances, June 30, 2019	<u>\$ 380,870</u>	<u>\$ 1,150,515</u>	<u>\$ 808,936</u>	<u>\$ 2,340,321</u>



EL DORADO UNION HIGH SCHOOL DISTRICT  
ORGANIZATION  
June 30, 2019

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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.

BOARD OF TRUSTEES

<u>Name</u>	<u>Office</u>	<u>Term Expires</u>
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. Rogers	Member	December 2020

ADMINISTRATION

Ron Carruth  
Superintendent

Robert Whittenberg  
Assistant Superintendent, Business Services

Christopher Moore  
Assistant Superintendent, Educational Services

Tony Deville  
Assistant Superintendent, Human Resources

Pam Bartlett  
Senior Director, Student Success

Chuck Palmer  
Senior Director, Student Services and Innovation

EL DORADO UNION HIGH SCHOOL DISTRICT  
 SCHEDULE OF AVERAGE DAILY ATTENDANCE  
 For the Year Ended June 30, 2019

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	<u>Second Period Report</u>	<u>Annual Report</u>
<u>District:</u>		
Certificate Number:	118480A6	5F965206
Regular ADA:		
Ninth through Twelfth	6,250	6,174
Special Education	19	21
Continuation School	<u>82</u>	<u>84</u>
District ADA total	<u><u>6,351</u></u>	<u><u>6,279</u></u>
	<u>Second Period Report</u>	<u>Annual Report</u>
<u>Charter School - Nonclassroom-Based</u>		
Certificate Number:	12B0CA36	365E157D
El Dorado Union High School District Virtual Academy at Shenandoah		
Ninth through Twelfth	<u><u>105</u></u>	<u><u>104</u></u>

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See accompanying notes to supplementary information.

EL DORADO UNION HIGH SCHOOL DISTRICT  
SCHEDULE OF INSTRUCTIONAL TIME  
For the Year Ended June 30, 2019

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<u>Grade Level</u>	<u>Statutory Minutes Require- ment</u>	<u>2018-2019 Actual Minutes</u>	<u>Number of Days Traditional Calendar</u>	<u>Status</u>
Grade 9	64,800	65,059	180	In Compliance
Grade 10	64,800	65,059	180	In Compliance
Grade 11	64,800	65,059	180	In Compliance
Grade 12	64,800	65,059	180	In Compliance

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See accompanying notes to supplementary information.

EL DORADO UNION HIGH SCHOOL DISTRICT  
 SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS  
 For the Year Ended June 30, 2019

<u>Federal Catalog Number</u>	<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Education - Passed through California Department of Education</u>			
84.365	ESEA: Title III, Limited English Proficiency Student Program	14346	\$ 17,405
<u>U.S. Department of Education - Passed through El Dorado County Office of Education</u>			
	Special Education Cluster:		
84.027	Special Ed: IDEA Basic and Local Assistance Entitlement, Part B, Sec 611	13379	647,423
84.027A	Special Ed: IDEA Mental Health Services, Part B, Sec 611	14468	<u>250,563</u>
	Subtotal Special Education Cluster		<u>897,986</u>
84.010	ESEA: Title I, Part A, Basic Grants Low-Income and Neglected	14329	675,118
84.367	ESEA: Title II, Part A, Improving Teacher Quality Local Grants	14341	152,060
84.196	ESEA: Subtitle B of Title VII of the McKinney-Vento Homeless Assistance Act	14332	2,220
84.048	Carl D. Perkins Career and Technical Education: Secondary, Section 131	14894	<u>115,966</u>
	Total U.S. Department of Education		<u>1,860,755</u>
<u>U.S. Department of Agriculture - Passed through El Dorado County Office of Education</u>			
	Forest Service Schools and Roads Cluster:		
10.665	Forest Reserve Funds	10044	120,882
<u>U.S. Department of Agriculture - Passed through California Department of Education</u>			
	Child Nutrition Cluster:		
10.555	Child Nutrition: School Programs	13523	447,635
10.553	School Breakfast Basic	13525	<u>153,050</u>
	Subtotal Child Nutrition Cluster		<u>600,685</u>
	U.S. Department of Agriculture		<u>721,567</u>

(Continued)

EL DORADO UNION HIGH SCHOOL DISTRICT  
 SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS  
 For the Year Ended June 30, 2019

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<u>Federal Catalog Number</u>	<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Pass- Through Entity Identifying Number</u>	<u>Federal Expend- itures</u>
<u>U.S. Department of Health and Human Services - Passed through California Department of Health Care Services</u>			
	Medicaid Cluster:		
93.778	Medi-Cal Billing Option - Medicaid Cluster	10013	\$ <u>96,546</u>
	Total Federal Awards		\$ <u><u>2,678,868</u></u>

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See accompanying notes to supplementary information.

EL DORADO UNION HIGH SCHOOL DISTRICT  
RECONCILIATION OF UNAUDITED ACTUAL FINANCIAL REPORT  
WITH AUDITED FINANCIAL STATEMENTS  
For the Year Ended June 30, 2019

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

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See accompanying notes to supplementary information.

EL DORADO UNION HIGH SCHOOL DISTRICT  
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS  
For the Year Ended June 30, 2019  
(UNAUDITED)

	(Budget) <u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<u>General Fund</u>				
Revenues and other financing sources	\$ <u>76,456,680</u>	\$ <u>79,123,399</u>	\$ <u>73,530,639</u>	\$ <u>70,972,617</u>
Expenditures	<u>78,152,735</u>	<u>80,596,178</u>	<u>76,418,619</u>	<u>73,366,710</u>
Total outgo	<u>78,152,735</u>	<u>80,596,178</u>	<u>76,418,619</u>	<u>73,366,710</u>
Change in fund balance	\$ <u>(1,696,055)</u>	\$ <u>(1,472,779)</u>	\$ <u>(2,887,980)</u>	\$ <u>(2,394,093)</u>
Ending fund balance	\$ <u>3,975,998</u>	\$ <u>5,672,053</u>	\$ <u>7,144,832</u>	\$ <u>10,032,812</u>
Available reserves	\$ <u>3,080,763</u>	\$ <u>3,806,336</u>	\$ <u>4,362,525</u>	\$ <u>6,554,669</u>
Designated for economic uncertainties	\$ <u>2,344,600</u>	\$ <u>2,415,400</u>	\$ <u>2,261,600</u>	\$ <u>2,193,300</u>
Undesignated fund balance	\$ <u>736,163</u>	\$ <u>1,390,936</u>	\$ <u>2,100,925</u>	\$ <u>4,361,369</u>
Available reserves as percentages of total outgo	<u>3.9%</u>	<u>4.7%</u>	<u>5.7%</u>	<u>8.9%</u>
<u>All Funds</u>				
Total long-term liabilities	\$ <u>153,755,792</u>	\$ <u>156,438,568</u>	\$ <u>156,621,509</u>	\$ <u>149,647,433</u>
Average daily attendance at P-2, excluding charter	<u>6,407</u>	<u>6,351</u>	<u>6,310</u>	<u>6,352</u>

The General Fund fund balance has decreased by \$6,754,852 over the past three years. The fiscal year 2019-2020 budget projects an decrease of \$1,696,055. 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, 2019, 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 2019-2020.

Total long-term liabilities have increased by \$6,791,135 over the past two years.

Average daily attendance has increased by 1 over the past two years. An increase of 56 ADA is projected for the 2019-2020 fiscal year.

See accompanying notes to supplementary information.

EL DORADO UNION HIGH SCHOOL DISTRICT  
SCHEDULE OF CHARTER SCHOOLS  
For the Year Ended June 30, 2019

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Charter Schools Chartered by District

0366 - El Dorado Union High School District Virtual  
Academy at Shenandoah

Included in District  
Financial Statements, or  
Separate Report

Included in the General Fund

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See accompanying notes to supplementary information.



EL DORADO UNION HIGH SCHOOL DISTRICT  
NOTES TO SUPPLEMENTARY INFORMATION  
June 30, 2019

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**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, 2019.

<u>Description</u>	<u>CFDA Number</u>	<u>Amount</u>
Total Federal revenues, Statement of Revenues, Expenditures and Change in Fund Balances		\$ 2,629,891
Add: Medi-Cal Billing Funds spent from prior year funds	93.778	<u>48,977</u>
Total Schedule of Expenditure of Federal Awards		<u>\$ 2,678,868</u>

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.

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(Continued)

EL DORADO UNION HIGH SCHOOL DISTRICT  
NOTES TO SUPPLEMENTARY INFORMATION  
June 30, 2019  
(Continued)

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**NOTE 1 - PURPOSE OF SCHEDULES** (Continued)

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 2019-2020 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, 2019, 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 *2018-19 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, 2019.

<u>Description</u>	<u>Procedures Performed</u>
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
Transportation Maintenance of Effort	Yes
Apprenticeship: Related and Supplemental Instruction	No, see below
Comprehensive School Safety Plan	Yes
District of Choice	No, see below
California Clean Energy Jobs Act	No, see below
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	Yes
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.

The District did not offer Apprenticeship: Related and Supplemental Instruction, therefore we did not perform any procedures related to Apprenticeship: Related and Supplemental Instruction.

The District did not elect to operate as a District of Choice, therefore, we did not perform any procedures related to District of Choice.

We did not perform the testing related to California Clean Energy Jobs Act because the District did not expend funds related to the California Clean Energy Jobs Act.

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 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 *2018-19 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.

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(Continued)

***Basis for Qualified Opinion on Compliance with State Laws and Regulations***

As described in Finding 2019-001 in the accompanying Schedule of Audit Findings and Questioned Costs, El Dorado Union High School District did not comply with requirements regarding Unduplicated Local Control Funding Formula Pupil Counts. Compliance with such requirements is necessary, in our opinion, for El Dorado Union High School District to comply with the requirements applicable to the state laws and regulations applicable to Unduplicated Local Control Funding Formula Pupil Counts.

***Qualified Opinion on Compliance with State Laws and Regulations***

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, 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, 2019.

***Other Matter***

El Dorado Union High School District's responses to the finding identified in our audit is included in the accompanying Schedule of Audit Findings and Questioned Costs. El Dorado Union High School District's response was not subjected to auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

***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 *2018-19 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

**Crowe LLP**

Crowe LLP

Sacramento, California  
December 13, 2019

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, 2019, 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, 2019.

### 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*.

## 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, 2019

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, 2019. 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 statutes, 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, 2019.



## ***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, 2019

## **FINDINGS AND RECOMMENDATIONS**

EL DORADO UNION HIGH SCHOOL DISTRICT  
 SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS  
 Year Ended June 30, 2019

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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:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
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: Qualified

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(Continued)

EL DORADO UNION HIGH SCHOOL DISTRICT  
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2019

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SECTION II - FINANCIAL STATEMENT FINDINGS

No matters were reported.

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(Continued)

EL DORADO UNION HIGH SCHOOL DISTRICT  
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2019

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SECTION III- FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

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(Continued)

EL DORADO UNION HIGH SCHOOL DISTRICT  
 SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS  
 Year Ended June 30, 2019

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

**2019-001 DEFICIENCY – STATE COMPLIANCE - UNDUPLICATED LOCAL CONTROL FUNDING FORMULA PUPIL COUNTS (40000)**

Criteria

A student is classified as an Free and Reduced-Price Meal (FRPM) for LCFF purposes if he or she meets the federal income eligibility criteria or is deemed to be categorically eligible for FRPM under the National School Lunch Program (NSLP).

Condition

One students listed on the 1.17 Report as FRPM and ELAS did not meet the federal income eligibility requirements to support the classification of FRPM-eligible.

Effect

The effect of this finding is 1 student overreported for CalPads.

	<u>Enrollment</u>	Free & Reduced Price Meal (FRPM)	English Learners (ELAS)	Both FRPM & ELAS
<u>El Dorado High School</u>				
As certified on CalPADS	1,095	413	32	422
Audit Adjustments	<u>-</u>	<u>-</u>	<u>1</u>	<u>(1)</u>
Adjusted counts	<u><u>1,095</u></u>	<u><u>413</u></u>	<u><u>33</u></u>	<u><u>421</u></u>
<u>District Wide</u>				
As certified on CalPADS	6,629	1,327	81	1,363
Audit Adjustments	<u>-</u>	<u>-</u>	<u>1</u>	<u>(1)</u>
Adjusted counts	<u><u>6,629</u></u>	<u><u>1,327</u></u>	<u><u>82</u></u>	<u><u>1,362</u></u>

Cause

The errors were the result of incomplete documentation for the designation of students as FRPM.

Fiscal Impact

The effect of the error had no impact on the District's unduplicated Pupil Percentage, resulting in no reduction in Local Control Funding Formula funding.

Recommendation

The District should ensure that all appropriate documentation is retained and updated for all FRPM students included in the CalPADS 1.17 reports.

Views of Responsible Officials and Planned Corrective Actions

The district will annually review procedures and applicable federal and state guidelines with staff to insure that students are classified correctly in the Free and Reduced-Price Meal (FRPM) program. Additionally, we will review record retention policies so that documentation is preserved as required.

**STATUS OF PRIOR YEAR  
FINDINGS AND RECOMMENDATIONS**

EL DORADO UNION HIGH SCHOOL DISTRICT  
STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS  
Year Ended June 30, 2019

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<u>Finding/Recommendation</u>	<u>Current Status</u>	<u>District Explanation If Not Implemented</u>
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 \$13,590,000 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”), 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 April 23, 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 \$13,590,000 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. Purpose of the Disclosure Certificate.** This Disclosure Certificate is being executed and delivered by the District for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5).

**Section 2. Definitions.** 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 June 19, 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. Provision of Annual Reports.** (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. Content of Annual Reports.** 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: May 5, 2020

**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: May 5, 2020

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 May 5, 2020. [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 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.

Authorized Investments	Maximum % of Portfolio	Purchase Restrictions	Maximum Term	Credit Quality
<b>U.S. Treasury Notes</b>	100%	None	5 Years	Guaranteed by U.S. Government
<b>U.S. Treasury Bonds</b>	100%	None	5 Years	Guaranteed by U.S. Government
<b>U.S. Treasury Bills</b>	100%	None	5 Years	Guaranteed by U.S. Government
<b>Cash Management Bills</b>	100%	None	5 Years	Guaranteed by U.S. Government
<b>U.S. Federal Agency or U.S. Government Sponsored Enterprise (GSE) obligations</b>	100%	No more than 25% of portfolio in any one Federal Agency*	5 Years	Guaranteed by U.S. Government
<b>Money Market Mutual Funds</b>	20%	No more than 10% of portfolio with any one issuer*, must maintain consistent net asset value (NAV) of \$1	Daily Liquidity	Rating category of AAA quality equivalent or better by two or more Nationally Recognized Statistical Ratings Organizations (NRSRO) or Advisor requirements
<b>Public Investment Money Market Accounts (Collateralized)</b>	30%	No more than 20% of portfolio with any one issuer*	Daily Liquidity	Secured with Collateral
<b>Certificates of Deposit, Non-negotiable</b>	30%	No more than 5% with any one issuer*	5 Years	Insured
<b>Collateralized Certificates of Deposit, Non-negotiable</b>	30%	No more than 5% with any one issuer*	5 Years	Secured with collateral

<b>Negotiable Certificates of Deposit</b>	30%	No more than 5% with any one issuer*	5 Years	Rating category of A-1, P-1, F-1 equivalent or better by a NRSRO
<b>Bankers Acceptances</b>	40%	No more than 5% with any one issuer*, Drawn on and accepted by a commercial bank	180 Days	Rating category of A-1, P-1, F-1 equivalent or better by a NRSRO
<b>Domestic Commercial Paper</b>	25%	No more than 10% with any one issuer*	270 Days	Rating category of A-1, P-1, F-1 equivalent or better by a NRSRO
<b>Repurchase Agreement (REPO)</b>	20%	No more than 5% with any one issuer*	1 Year	Secured with Collateral
<b>Medium Term Corporate Notes</b>	30%	No more than 10% with any one issuer*, Issued by corporations organized and operating within the United States, depository institutions licensed by the United States, or any state and operating within the United States	5 Years	Rating category of A equivalent or better
<b>State and Local Government Bonds</b>	20%	No more than 5% with any one issuer*, Issued by State and local governments in the United States	5 Years	Rating category of A equivalent or better by one NRSRO
<b>Local Agency Investment Fund (LAIF)**</b>	100%	\$75,000,000.00 Cap per State Treasurer	Daily Liquidity	Complies with CA Government Code §16429.1 and §16430
<b>Deposit Placement Services</b>	30%	Individual deposit no more than can be Federally insured	5 Years	Insured
<b>California Asset Management Program (CAMP)</b>	100%	2 x LAIF	Daily Liquidity	Complies with CA Government Code §53601
<b>Registered California State Warrants, or Treasury Notes, or Bonds</b>	100%	None	5 Years	Guaranteed by the State of California

\*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.

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 fund's 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.



**Daily Reports  
Portfolio Management  
Portfolio Summary  
April 20, 2020**

Investments	Par Value	Market Value	Book Value	% of Portfolio	Term	Days to Maturity	YTM 360 Equiv.
State of CA Local Agncy Invest Fund	75,000,000.00	75,000,000.00	75,000,000.00	13.37	1	1	1.886
Treasury Securities - Coupon	157,000,000.00	157,456,545.82	156,954,020.25	27.98	349	125	1.740
Treasury Securities - Discount	85,000,000.00	84,401,700.00	84,170,963.90	15.00	232	93	1.555
Certificates of Deposit - Bank	34,342,750.00	34,342,750.00	34,342,750.00	6.12	652	276	1.710
Commercial Paper - Discount	82,386,000.00	81,804,763.34	81,804,763.34	14.58	145	126	1.955
Federal Agency Issues - Coupon	63,000,000.00	63,232,489.44	63,090,593.62	11.25	1,452	1,389	1.426
Money Market Account	65,600,200.00	65,600,200.00	65,600,200.00	11.69	1	1	0.868
<b>Investments</b>	<b>562,328,950.00</b>	<b>561,838,448.60</b>	<b>560,963,291.11</b>	<b>100.00%</b>	<b>357</b>	<b>241</b>	<b>1.624</b>

Total Earnings	April 20 Month Ending	Fiscal Year To Date
Current Year	505,217.18	8,592,614.53
<b>Average Daily Balance</b>	<b>537,630,464.09</b>	<b>495,083,119.88</b>
<b>Effective Rate of Return</b>	<b>1.71%</b>	<b>2.15%</b>

560,947,908.37 G/L 510  
560,963,291.11 Book

(15,382.74)

4,487.48 Amort  
10,895.26 O/S PI

0.00

*Ref*

-686,998.81 G/L 612  
686,998.81 Int Recvd

0.00

0.00 Adj Acc Int/Purch This month

0.00

K. E. COLEMAN, TREASURER/TAX COLLECTOR

**Daily Reports**  
**Portfolio Management**  
**Portfolio Details - Investments**  
**April 20, 2020**

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	S&P	YTM	Days to Maturity	Maturity Date
<b>State of CA Local Agency Invest Fund</b>												
99-09-000	071-000000-1	STATE OF CALIFORNIA			75,000,000.00	75,000,000.00	75,000,000.00	1.912		1.912	1	
<b>Subtotal and Average</b>			<b>75,000,000.00</b>		<b>75,000,000.00</b>	<b>75,000,000.00</b>	<b>75,000,000.00</b>			<b>1.912</b>	<b>1</b>	
<b>Treasury Securities - Coupon</b>												
9128284J6	001-200430-1	US TREASURY		04/05/2019	20,000,000.00	20,033,600.00	19,999,892.10	2.375		2.050	9	04/30/2020
912828XE5	001-200531-1	US TREASURY		04/05/2019	20,000,000.00	19,990,600.00	19,980,376.18	1.500		2.397	40	05/31/2020
912828XU9	001-200615-1	US TREASURY		07/16/2019	20,000,000.00	19,993,800.00	19,984,479.94	1.500		2.023	55	06/15/2020
9128282J8	001-200715-1	US TREASURY		07/01/2019	5,000,000.00	4,998,650.00	4,994,757.40	1.500		1.958	85	07/15/2020
912828XM7	001-200731-1	US TREASURY		10/29/2019	17,000,000.00	17,002,720.00	16,999,270.97	1.625		0.950	101	07/31/2020
912828Y46	001-200731-2	US TREASURY		12/31/2019	10,000,000.00	10,050,800.00	10,028,895.25	2.625		1.572	101	07/31/2020
912828NT3	001-200815-1	US TREASURY		12/31/2019	10,000,000.00	10,054,300.00	10,032,791.94	2.625		1.583	116	08/15/2020
912828L32	001-200831-1	US TREASURY		10/31/2019	10,000,000.00	9,988,300.00	9,992,054.31	1.375		1.597	132	08/31/2020
912828M98	001-201130-1	US TREASURY		12/11/2019	15,000,000.00	15,015,575.82	15,006,221.62	1.625		1.637	223	11/30/2020
912828N89	001-210131-1	US TREASURY		12/10/2019	30,000,000.00	30,328,200.00	29,935,280.54	1.375		1.655	285	01/31/2021
<b>Subtotal and Average</b>			<b>166,047,920.01</b>		<b>157,000,000.00</b>	<b>157,456,545.82</b>	<b>156,954,020.25</b>			<b>1.765</b>	<b>125</b>	
<b>Treasury Securities - Discount</b>												
912796TW9	001-200528-1	US TREASURY		12/02/2019	25,000,000.00	24,878,500.00	24,807,166.67	1.560		1.594	37	05/28/2020
912796TX7	001-200604-1	US TREASURY		12/05/2019	30,000,000.00	29,846,100.00	29,769,466.67	1.520		1.553	44	06/04/2020
912796TN9	001-201008-1	US TREASURY		12/05/2019	20,000,000.00	19,797,200.00	19,746,755.56	1.480		1.515	170	10/08/2020
912796TU3	001-201203-1	US TREASURY		12/05/2019	10,000,000.00	9,879,900.00	9,847,575.00	1.508		1.546	226	12/03/2020
<b>Subtotal and Average</b>			<b>84,170,963.90</b>		<b>85,000,000.00</b>	<b>84,401,700.00</b>	<b>84,170,963.90</b>			<b>1.555</b>	<b>93</b>	
<b>Certificates of Deposit - Bank</b>												
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	51	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	59	06/19/2020
23605798	027-200626-1	FARMERS & MERCHANT BK LONG BCH		06/26/2019	3,000,000.00	3,000,000.00	3,000,000.00	1.900	A-1	1.900	66	06/26/2020
SYS027-201205-1	027-201205-1	FARMERS & MERCHANT BK LONG BCH		12/07/2019	5,000,000.00	5,000,000.00	5,000,000.00	1.750	A-1	1.750	229	12/06/2020
23605609-2	027-201218	FARMERS & MERCHANT BK LONG BCH		12/18/2019	3,000,000.00	3,000,000.00	3,000,000.00	1.750	A-1	1.750	241	12/18/2020
3677399904	028-201206-1	FIRST BANK		12/06/2019	7,000,000.00	7,000,000.00	7,000,000.00	1.600		1.600	229	12/06/2020
SYS028-210403-1	028-210403-1	FIRST BANK		04/03/2020	5,000,000.00	5,000,000.00	5,000,000.00	0.850		0.850	347	04/03/2021
1022965774	019-240824-1	RIVER CITY BANK		08/29/2019	1,400,000.00	1,400,000.00	1,400,000.00	1.850		1.850	1,584	08/22/2024
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	341	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	656	02/06/2022
<b>Subtotal and Average</b>			<b>38,842,750.00</b>		<b>34,342,750.00</b>	<b>34,342,750.00</b>	<b>34,342,750.00</b>			<b>1.711</b>	<b>276</b>	

**Daily Reports**  
**Portfolio Management**  
**Portfolio Details - Investments**  
**April 20, 2020**

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	S&P	YTM	Days to Maturity	Maturity Date
<b>Commercial Paper - Discount</b>												
2254EALG6	036-201116-1	Credit Suisse New York		04/14/2020	25,000,000.00	24,812,500.00	24,812,500.00	1.250	A-1	1.276	209	11/16/2020
54444UG99	005-200709-1	LAX		03/30/2020	12,386,000.00	12,311,288.34	12,311,288.34	2.150	A-1	2.193	79	07/09/2020
89233GEN2	069-200522-1	Toyota Motor Credit		03/26/2020	20,000,000.00	19,924,000.00	19,924,000.00	2.400	A-1	2.443	31	05/22/2020
30229AGM5	003-200721-1	Exxon Mobil Corp		03/23/2020	10,000,000.00	9,931,333.33	9,931,333.33	2.060	A-1	2.103	91	07/21/2020
30229AJH3	003-200917-1	Exxon Mobil Corp		03/31/2020	7,000,000.00	6,931,575.00	6,931,575.00	2.070	A-1	2.119	149	09/17/2020
30229ALD9	003-201113-1	Exxon Mobil Corp		03/31/2020	8,000,000.00	7,894,066.67	7,894,066.67	2.100	A-1	2.153	206	11/13/2020
<b>Subtotal and Average</b>			<b>65,676,638.34</b>		<b>82,386,000.00</b>	<b>81,804,763.34</b>	<b>81,804,763.34</b>			<b>1.955</b>	<b>126</b>	
<b>Federal Agency Issues - Coupon</b>												
3133ELWC4	030-250409-1	FEDERAL FARM CREDIT BANK		04/09/2020	12,000,000.00	12,000,000.00	12,000,000.00	1.150		1.150	1,814	04/09/2025
313370US5	029-200911-1	FEDERAL HOME LOAN BANK		11/20/2019	8,000,000.00	8,061,200.00	8,038,795.88	2.875		1.613	143	09/11/2020
3130AEWA4	029-201001-1	FEDERAL HOME LOAN BANK		11/20/2019	5,000,000.00	5,034,700.00	5,022,508.04	2.625		1.600	163	10/01/2020
313380GJ0	029-220909-1	FEDERAL HOME LOAN BANK		10/16/2019	3,000,000.00	3,042,420.00	3,025,720.26	2.000		1.630	871	09/09/2022
3134GVKK3	032-250417-1	FREDDIE MAC		04/17/2020	10,000,000.00	10,003,250.00	10,003,250.00	1.300		1.300	1,822	04/17/2025
3134GVLJ5	032-250417-2	FREDDIE MAC		04/17/2020	10,000,000.00	10,000,319.44	10,000,319.44	1.150		1.150	1,822	04/17/2025
3136G4UD3	002-241030-1	FANNIE MAE		01/30/2020	15,000,000.00	15,090,600.00	15,000,000.00	1.800		1.800	1,653	10/30/2024
<b>Subtotal and Average</b>			<b>42,291,991.83</b>		<b>63,000,000.00</b>	<b>63,232,489.44</b>	<b>63,090,593.62</b>			<b>1.446</b>	<b>1,389</b>	
<b>Money Market Account</b>												
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	0.550		0.550	1	
23701315	027-000000-1	FARMERS & MERCHANT BK LONG BCH		07/05/2011	90,000.00	90,000.00	90,000.00	1.000		1.000	1	
9425920805	028-000000-1	FIRST BANK		12/05/2014	1,600,000.00	1,600,000.00	1,600,000.00	0.500		0.500	1	
2505873	244-000000-1	Five Star Bank		11/02/2016	6,750,000.00	6,750,000.00	6,750,000.00	1.787		1.787	1	
0811105962-1	019-000000-1	RIVER CITY BANK		06/25/2015	13,203,500.00	13,203,500.00	13,203,500.00	1.910		1.910	1	
4861283598	079-000000-1	UMPQUA BANK		12/10/2015	15,250,000.00	15,250,000.00	15,250,000.00	0.250		0.250	1	
<b>Subtotal and Average</b>			<b>65,600,200.00</b>		<b>65,600,200.00</b>	<b>65,600,200.00</b>	<b>65,600,200.00</b>			<b>0.880</b>	<b>1</b>	
<b>Total and Average</b>			<b>537,630,464.09</b>		<b>562,328,950.00</b>	<b>561,838,448.60</b>	<b>560,963,291.11</b>			<b>1.638</b>	<b>241</b>	

## 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](http://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:

<u>Par Amount</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>CUSIP Number</u>	<u>Yield</u>	<u>Price</u>
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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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# 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