

PRELIMINARY OFFICIAL STATEMENT DATED APRIL 16, 2026

NEW ISSUE – FULL BOOK-ENTRY

RATING: MOODY'S: "Aa2"

(See "RATING" herein)

In the opinion of Lozano Smith, LLP, Sacramento, California, Bond Counsel to the District, subject, however to certain qualifications described herein, under existing law, the interest on the Bonds is excluded from gross income for federal income tax purposes. In addition, such interest is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, interest on the Bonds is taken into account in determining annual adjusted financial statement income for the purpose of computing the alternative minimum tax imposed on certain corporations. In the further opinion of Bond Counsel, interest on the Bonds is exempt from California personal income taxes. Bond Counsel expresses no other opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual, or receipt of interest on, the Bonds. See "TAX MATTERS" herein.



\$16,330,000*

ENTERPRISE ELEMENTARY SCHOOL DISTRICT
(Shasta County, California)
2026 GENERAL OBLIGATION REFUNDING BONDS

Dated: Date of Delivery

Due: August 1, as shown herein

Issuance. The 16,330,000* 2026 General Obligation Refunding Bonds (the "Bonds") are being issued by the Enterprise Elementary School District (the "District"), located in Shasta County (the "County"), California, pursuant to a resolution of the District adopted on March 11, 2026 (the "Bond Resolution"), and certain provisions of the Government and Education Codes of the State of California (the "State").

Authority. The Bonds are being issued by the District pursuant to the provisions of Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, commencing with sections 53550 and 53580, respectively, thereof (the "Refunding Bond Law").

Purpose. The Bonds are being issued to (i) refund all or a portion of the District's outstanding 2008 Series C Bonds (defined herein); (ii) refund all or a portion of the District's outstanding 2018 Series A Bonds (defined herein); (iii) refund all or a portion of the District's outstanding 2018 Series B Bonds (defined herein)*; (iv) refund all or a portion of the District's outstanding 2016 General Obligation Refunding Bonds (defined herein)*; and (v) pay for costs of issuance of the Bonds. The Prior Bonds (defined herein) were issued to finance or refinance the construction of improvements to the facilities of the District. See "THE BONDS – Authority for Issuance" and "PLAN OF REFINANCING" herein.

Security. The Bonds are general obligations of the District, payable solely from *ad valorem* taxes to be levied within the District pursuant to the California Constitution and other State law. The Board of Supervisors of the County is empowered and obligated to levy and collect *ad valorem* taxes upon all property within the District's boundaries 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 District's payment of principal of and interest on the Bonds, all as more fully described herein. See "SECURITY AND SOURCE OF PAYMENT FOR THE BONDS" herein.

Book-Entry Only. The Bonds will be issued in book-entry only form and will be initially issued and registered in the name of Cede & Co., as nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds. Individual purchases of Bonds will be made in book-entry only form. Purchasers will not receive physical delivery of the Bonds purchased by them.

Payments. The Bonds are dated the date of delivery and are being issued as current interest bonds. The Bonds shall be issued in denominations of \$5,000 principal amount, and integral multiples thereof, and shall accrue interest from the dated date at the rates set forth on the inside cover page hereof, semiannually on each February 1 and August 1 until maturity or earlier redemption, commencing August 1, 2026*. Payments of principal of and interest on the Bonds will be paid by U.S. Bank Trust Company, National Association, as paying agent (the "Paying Agent") to DTC for subsequent disbursement to DTC Participants who will remit such payments to the beneficial owners of the Bonds.

MATURITY SCHEDULE
(See Inside Front Cover)

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

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

The Bonds will be offered when, as and if issued by the District and received by the Underwriter, subject to the approval of legality by Lozano Smith, LLP, Sacramento, California, Bond Counsel to the District, and certain other conditions. Certain legal matters will be passed upon for the District by Lozano Smith, LLP, as Disclosure Counsel to the District, and for the Underwriter by Kutak Rock LLP, Denver, Colorado. It is anticipated that the Bonds, in definitive form, will be available for delivery through the facilities of DTC in New York, New York, on or about May _____, 2026.

STIFEL

The date of this Official Statement is _____, 2026.

* Preliminary, subject to change.

This Preliminary Official Statement and the information contained herein are subject to completion and amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

MATURITY SCHEDULE

\$16,330,000*

ENTERPRISE ELEMENTARY SCHOOL DISTRICT
(Shasta County, California)
2026 GENERAL OBLIGATION REFUNDING BONDS

BASE CUSIP[†]: 29368P

\$ _____ * Serial Bonds

Maturity Date (August 1)	Principal Amount	Interest Rate	Yield	CUSIP [†]
2026				
2027				
2028				
2029				
2030				
2031				
2032				
2033				
2034				
2035				
2036				
2037				
2038				
2039				
2040				
2041				
2042				
2043				
2044				
2045				
2046				
2047				
2048				
2049				

*Preliminary, subject to change.

[†] CUSIP[®] is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. Copyright© 2026 CUSIP Global Services. All rights reserved. CUSIP[®] numbers are provided for convenience of reference only. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. Neither the Underwriter, the District, the County, Bond Counsel, Disclosure Counsel, nor the Municipal Advisor are responsible for the selection or correctness of the CUSIP[®] numbers set forth above.

GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

Use of Official Statement. This Official Statement is submitted in connection with the sale of the Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose. This Official Statement is not a contract between any bond owner and the District or the Underwriter.

No Offering except by This Official Statement. No dealer, broker, salesperson, or other person has been authorized by the District or the Underwriter to give any information or to make any representations other than those contained in this Official Statement and, if given or made, such other information or representation must not be relied upon as having been authorized by the District or the Underwriter.

No Unlawful Offers or Solicitations. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor may there be any sale of the Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

Information in Official Statement. The information set forth in this Official Statement has been furnished by the District and other sources that are believed to be reliable, but it is not guaranteed as to accuracy or completeness.

Estimates and Forecasts. When used in this Official Statement and in any continuing disclosure by the District in any press release and in any oral statement made with the approval of an authorized officer of the District or any other entity described or referenced herein, the words or phrases “will likely result,” “are expected to,” “will continue,” “is anticipated,” “estimate,” “project,” “forecast,” “expect,” “intend,” and similar expressions identify “forward looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Any forecast is subject to such uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, give rise to any implication that there has been no change in the affairs of the District or any other entity described or referenced herein since the date hereof.

Involvement of Underwriter. The Underwriter is expected to provide a statement substantially in the following form, for inclusion in the 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.

Changes to Offering Prices. The Underwriter may offer and sell the Bonds to certain securities dealers, dealer banks and banks acting as agent at prices lower than the public offering prices stated on the inside cover page of this Official Statement, and those public offering prices may be changed from time to time by the Underwriter.

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

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

Rule 15c2-12. For purposes of compliance with Rule 15c2-12 of the United States Securities and Exchange Commission (“Rule 15c2-12”), this Preliminary Official Statement constitutes an “official statement” of the District with respect to the Bonds that has been deemed “final” by the District as of its date except for the omission of no more than the information permitted by Rule 15c2-12.

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

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

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

DISTRICT BOARD OF EDUCATION

Troy Wright, *President, Trustee Area 1*
Bonnie Hyatt, *Clerk; Trustee Area 2*
Andrew Shaddix, *Trustee Area 3*
Robin Littau, *Trustee Area 4*
Gloria Valles, *Trustee Area 5*

DISTRICT ADMINISTRATION

Heather Armelino, *Superintendent*
Deborah Williams, *Chief Business Official*

PROFESSIONAL SERVICES

MUNICIPAL ADVISOR

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

BOND COUNSEL and DISCLOSURE COUNSEL

Lozano Smith, LLP
Sacramento, California

PAYING AGENT and ESCROW AGENT

U.S. Bank Trust Company, National Association
San Francisco, California

UNDERWRITER'S COUNSEL

Kutak Rock LLP
Denver, Colorado

VERIFICATION AGENT

Causey Public Finance, LLC
Denver, Colorado

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\$16,330,000*

**ENTERPRISE ELEMENTARY SCHOOL DISTRICT
(Shasta County, California)
2026 GENERAL OBLIGATION REFUNDING BONDS**

INTRODUCTION

This Introduction is not a summary of the Official Statement. It is only a brief description of, and guide to, and is qualified by, more complete and detailed information contained in the remainder of the Official Statement and the documents summarized or described in this Official Statement. The offering of the Bonds to potential investors is made only by means of the entire Official Statement, and potential investors should thoroughly review it prior to purchasing the captioned Bonds.

General

The purpose of this Official Statement, which includes the cover pages, the inside cover pages, and all appendices hereto (the “Official Statement”), is to provide certain information concerning the issuance, sale and delivery of the Enterprise Elementary School District (Shasta County, California) (the “District”), 2026 General Obligation Refunding Bonds (the “Bonds”).

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 “CONTINUING DISCLOSURE” herein.

This Official Statement is not to be construed as a contract with the purchasers of the Bonds. Statements contained in this Official Statement that involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of fact. The summaries and references to documents, statutes, and constitutional provisions referred to herein do not purport to be comprehensive or definitive, and are qualified in their entireties by reference to each of such documents, statutes, and constitutional provisions.

The information set forth herein has been obtained from official sources that are believed to be reliable but 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 Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

Copies of documents referred to herein and information concerning the Bonds are available from the office of the Municipal Advisor (the “Municipal Advisor”), Isom Advisors, A Division of Urban Futures, Inc., 1470 Maria Lane, Suite 315, Walnut Creek, California 94596, telephone: (925) 478-7450, or from the

**Preliminary, subject to change.*

Superintendent, Enterprise Elementary School District, 1155 Mistletoe Lane, Redding, California, 96002, telephone: (530) 224-4100. The District may impose a charge for copying, mailing, and handling.

The District

The District was formed in 1868 and is located in the City of Redding (the “City”), in Shasta County (the “County”), State of California (the “State”). The District serves the east side of the City and parts of unincorporated Shasta County. The District is the largest elementary school district in the County, with eight schools and one dependent charter school in operation. The District serves an enrollment of approximately 3,450 students from an estimated population of approximately 34,000 residents. The District operates nine schools including six elementary schools (four serving transitional kindergarten (TK) through 5th grade and two serving TK through 8th grade), one middle school (serving grades 6th through 8th), one alternative school program (serving grades kindergarten through 8th), and one dependent charter school (serving grades kindergarten through 12th). In addition, the District serves preschool students in three District-operated preschools. After completing 8th grade, District students attend the Shasta Union High School District.

The District is governed by a five-member Board of Education (the “District Board”), each member of which is elected to a four-year term. Elections for positions on the District Board are held every two years, alternating between two and three available positions. Beginning in November 2024, the District started the process of transitioning from at-large elections to electing District Board members by area from five trustee areas within the District. The transition to the by-trustee area election system will be complete following the November 2026 elections. The management and policies of the District are administered by a Superintendent appointed by the District Board who is responsible for day-to-day District operations as well as the supervision of the District’s other personnel.

For additional information about the District, see APPENDIX A – “INFORMATION RELATING TO THE DISTRICT’S FINANCES AND OPERATIONS” and APPENDIX C – “AUDIT REPORT OF THE DISTRICT FOR FISCAL YEAR ENDED JUNE 30, 2025.”

Continuing Disclosure

The District has covenanted for the benefit of the holders and Owners of the Bonds to provide certain financial information and operating data relating to the District (the “Annual Report”) by no later than nine months following the end of the District’s fiscal year, and to provide notices of the occurrence of certain enumerated events. See “CONTINUING DISCLOSURE” and APPENDIX E – “FORM OF CONTINUING DISCLOSURE CERTIFICATE” herein.

Tax Matters

In the opinion of Lozano Smith, LLP, Sacramento, California, Bond Counsel to the District, subject, however to certain qualifications described herein, under existing law, the interest on the Bonds is excluded from gross income for federal income tax purposes. In addition, such interest is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, interest on the Bonds is taken into account in determining annual adjusted financial statement income for the purpose of computing the alternative minimum tax imposed on certain corporations. In the further opinion of Bond Counsel, interest on the Bonds is exempt from California personal income taxes. Bond Counsel expresses no other opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual, or receipt of interest on, the Bonds. See "TAX MATTERS" herein.

THE BONDS

Authority for Issuance

The Bonds are being issued under the provisions of Articles 9 and 11 (commencing with sections 53550 and 53580, respectively) of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (the "Refunding Bond Law"), and a resolution adopted by the District Board on March 11, 2026, providing for the issuance of the Bonds (the "Bond Resolution").

Capitalized undefined terms used in this Official Statement have the meanings ascribed thereto in the Bond Resolution.

Purpose of Issue

The Bonds are being issued to (i) refund all or a portion of the District's outstanding Election of 2008 General Obligation Bonds, Series C (the "2008 Series C Bonds"); (ii) refund all or a portion of the District's outstanding General Obligation Bonds, Election of 2018, Series A (the "2018 Series A Bonds"); (iii) refund all or a portion of the District's outstanding General Obligation Bonds, Election of 2018, Series B (the "2018 Series B Bonds"); (iv) refund all or a portion of the District's outstanding 2016 General Obligation Refunding Bonds (the "2016 Refunding Bonds and, together with the 2008 Series C Bonds, 2018 Series A Bonds, and 2018 Series B Bonds, the "Prior Bonds"); and (v) pay for costs of issuance of the Bonds. See "THE BONDS – Authority for Issuance," "PLAN OF REFINANCING" herein.

Form and Registration

The Bonds consist of current interest bonds, including serial and term bonds, all as shown beginning on the inside cover pages hereof.

**Preliminary, subject to change.*

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

Payment of Principal and Interest

The Bonds will be dated as of their Delivery Date and shall bear interest at the rates set forth on the inside front cover pages of this Official Statement, payable on February 1 and August 1 of each year, commencing on August 1, 2026* (each, an “Interest Payment Date”), computed on the basis of a 360-day year of twelve 30-day months. Each Bond shall bear interest from its Delivery Date; provided, however, that if, at the time of authentication of any Bond, interest is in default on any outstanding Bonds, such Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment on the outstanding Bonds.

The principal of the Bonds (including either the payment upon maturity or early redemption) is payable in lawful money of the United States of America to the Owner thereof upon surrender thereof at the principal corporate trust office of the Paying Agent. Interest on the Bonds is payable on each Interest Payment Date in lawful money of the United States of America to the Owner thereof. So long as the Bonds are held by Cede & Co., as nominee of DTC, payments of principal and interest shall be made by the Paying Agent to DTC for subsequent disbursement to DTC Participants who will remit such payments to the Beneficial Owners.

Paying Agent

U.S. Bank Trust Company, National Association, San Francisco, California, will act as the registrar, transfer agent, and paying agent for the Bonds (the “Paying Agent”) and will act as escrow agent for the Prior Bonds being refunded (in such capacity, the “Escrow Agent”). As long as DTC is the registered owner of the Bonds and DTC’s book-entry method is used for the Bonds, the Paying Agent will send any notice of redemption or other notices to owners only to DTC. Any failure of DTC to advise any DTC Participant, or of any DTC Participant to notify any Beneficial Owner, of any such notice and its content or effect will not affect the validity or sufficiency of the proceedings relating to the redemption of the Bonds called for redemption or of any other action covered by such notice.

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

*Preliminary, subject to change.

Redemption

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

Mandatory Sinking Fund Redemption*. The Bonds maturing on August 1, 20__ (the "Term Bonds"), are subject to mandatory sinking fund redemption, in part by lot, on August 1 in each of the years and in the respective principal amounts as set forth in the following schedule(s), at a redemption price equal to the principal amount thereof to be redeemed, together with interest accrued thereon to the date fixed for redemption, without premium

Term Bond Maturing August 1, 20__	
Redemption Date (August 1)	Principal Amount to be Redeemed
+	\$
Total	\$

† Maturity

The principal amount 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 Bonds optionally redeemed prior to the mandatory sinking fund redemption date.

Selection of Bonds for Redemption. If less than all of the Bonds are called for redemption, the Bonds will be redeemed as directed by the District. Whenever less than all of the outstanding Bonds of any one maturity are designated for redemption, the Paying Agent shall select the outstanding Bonds of such maturity to be redeemed by lot in any manner determined by the District. For purposes of such selection, each Bond will be deemed to consist of individual Bonds of denominations of \$5,000 principal amount which may be separately redeemed.

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

*Preliminary, subject to change.

Each notice of redemption shall state: (i) the date of such notice; (ii) the name of the Bonds and the date of issue of the Bonds; (iii) the redemption date; (iv) the redemption price; (v) the Bonds and the dates of maturity or maturities of Bonds to be redeemed; (vi) if less than all of the Bonds of any maturity are to be redeemed, the distinctive numbers of the Bonds of each maturity to be redeemed; (vii) in the case of Bonds redeemed in part only, the respective portions of the principal amount of the Bonds of each maturity to be redeemed; (viii) the CUSIP number, if any, of each maturity of Bonds to be redeemed; (ix) a statement that such Bonds must be surrendered by the Owners at the principal corporate trust office of the Paying Agent, or at such other place or places designated by the Paying Agent; (x) notice that further interest on such Bonds will not accrue after the designated redemption date; and (xi) in the case of a conditional notice, that such notice is conditioned upon certain circumstances and the manner of rescinding such conditional notice. Neither the failure of the Owners of any Bonds or by any securities depository or Information Service to receive notice of redemption, nor any defect in such notice will affect the sufficiency of the proceedings for the redemption of such Bonds or the cessation of interest on the date fixed for redemption.

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

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

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

Transfer and Exchange

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

Defeasance of Bonds

The District may pay and discharge any or all of the Bonds by irrevocably depositing in trust with the Paying Agent at or before maturity, money or Federal Securities maturing as to principal and interest in such amounts and at such times as will, in the opinion of a certified public accountant, provide money sufficient to pay the principal or redemption price of and all unpaid interest to maturity, or to the redemption date, as the case may be, on the Bonds to be paid or redeemed, as such principal or redemption price and interest become due. "Federal Securities" means United States Treasury notes, bonds, bills, or certificates of indebtedness (including zero interest bearing State and Local Government Series) or obligations issued by any agency or department of the United States, which are secured, directly or indirectly, by the full faith and credit of the United States (including obligations issued or held in book-entry form on the books of the Department of the Treasury of the United States of America), and which are not callable by the issuer thereof prior to maturity.

Unclaimed Monies

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

Security for the Bonds

The Bonds are payable from *ad valorem* property taxes to be levied within the District pursuant to the California Constitution and other State law. The Board of Supervisors of the County is empowered and obligated to levy *ad valorem* property taxes, within their respective jurisdictions, upon all property within the District's boundaries subject to taxation by the District, without limitation as to rate or amount (except as to certain personal property which is taxable at limited rates), for the payment of principal of and

interest on the Bonds. The proceeds of the levy shall be deposited to the credit of the Interest and Sinking Fund and shall be applied for the payment of principal of and interest on the Bonds. Moneys in the Interest and Sinking Fund will be invested on behalf of the District in any one or more investments generally permitted to school districts authorized pursuant to Section 53601 et seq. or Section 53635 et seq. of the California Government Code, and consistent with the investment policy of the County. See “APPENDIX G – SHASTA COUNTY INVESTMENT POLICY AND POOLED INVESTMENT REPORT.” The proceeds on deposit in the Interest and Sinking Fund are pledged to the repayment of the Bonds. See also “SECURITY AND SOURCE OF PAYMENT FOR THE BONDS” below.

PLAN OF REFINANCING

Application and Investment of Bond Proceeds

The net proceeds from the sale of the Bonds (net of costs of issuance) will be deposited with the Escrow Agent for the defeasance and redemption of the Prior Bonds being refunded. See “Refunding Plan” below for a more detailed discussion of application and investment of the proceeds of the Bonds.

Estimated Sources and Uses of Funds

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

Table No. 1
ENTERPRISE ELEMENTARY SCHOOL DISTRICT
(Shasta County, California)
2026 GENERAL OBLIGATION REFUNDING BONDS
Estimated Sources and Uses of Funds

Sources of Funds:

Principal Amount of Bonds

Plus/Less [Net] Original Issue Premium/Discount

Total Sources of Funds

Uses of Funds:

Deposit to Escrow Funds

Underwriter’s Discount

Costs of Issuance ⁽¹⁾

Total Uses of Funds

⁽¹⁾ Includes Bond Counsel fees, Disclosure Counsel fees, rating agency fees and costs, Municipal Advisor fees, Escrow Agent and Paying Agent fees, Verification Agent fees, printing fees, and other miscellaneous expenses.

Refunding Plan

The District will use the net proceeds of the sale of the Bonds to refund all or a portion of the outstanding Prior Bonds, as further described below.

Escrow Fund Deposits. The District will deliver the net proceeds of the Bonds to the Escrow Agent for deposit into four escrow funds: one for the 2008 Series C Bonds (the “2008 Series C Bonds Escrow Fund”), one for the 2018 Series A Bonds (the “2018 Series A Bonds Escrow Fund”), one for the 2018 Series B Bonds (the “2018 Series B Bonds Escrow Fund”), and one for the 2016 Refunding Bonds (the “2016 Refunding Bonds Escrow Fund and, together with the 2008 Series C Bonds Escrow Fund, 2018 Series A Bonds Escrow Fund, and 2018 Series B Bonds Escrow Fund, the “Escrow Funds”), each established under escrow agreements between the District and the Escrow Agent (together, the “Escrow Agreements”).

Redemption of 2008 Series C Bonds*. The funds deposited in the 2008 Series C Bonds Escrow Fund will be used to redeem the specific maturities of the 2008 Series C Bonds identified in the following table (the “Refunded 2008 Series C Bonds”), on the redemption date listed below (the “2008 Series C Bonds Redemption Date”), at a price equal to the principal amount of the Refunded 2008 Series C Bonds, plus interest accrued thereon to the 2008 Series C Bonds Redemption Date, without premium (the “2008 Series C Bonds Redemption Price”).

Identification of Refunded 2008 Series C Bonds*

Maturity Date (August 1)	Principal Amount	Redemption Date	Redemption Price	CUSIP [†]
2027	\$35,000	August 1, 2026	100.00	29368P CU1
2028	40,000	August 1, 2026	100.00	29368P CV9
2029	45,000	August 1, 2026	100.00	29368P CW7
2030	50,000	August 1, 2026	100.00	29368P CX5
2031	55,000	August 1, 2026	100.00	29368P CY3
2036 [†]	375,000	August 1, 2026	100.00	29368P CZ0
Total	\$600,000			

[†] Term Bond.

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The 2008 Series C Bonds maturing on the dates specified below will be paid when due and not refunded with proceeds of the Bonds.

Identification of Unrefunded 2008 Series C Bonds*

Maturity Date (August 1)	Principal Amount	CUSIP[†]
2026	\$ 30,000	29368P CT4
2041 [†]	610,000	29368P DA4
2045 [†]	705,000	29368P DB2
Total	\$1,345,000	

[†]Term Bond.

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Redemption of 2018 Series A Bonds*. The funds deposited in the 2018 Series A Bonds Escrow Fund will be used to redeem the specific maturities of the 2018 Series A Bonds identified in the following table (the “Refunded 2018 Series A Bonds”), on the redemption date listed below (the “2018 Series A Bonds Redemption Date”), at a price equal to the principal amount of the Refunded 2018 Series A Bonds, plus interest accrued thereon to the 2018 Series A Bonds Redemption Date, without premium (the “2018 Series A Bonds Redemption Price”).

Identification of Refunded 2018 Series A Bonds*

Maturity Date (August 1)	Principal Amount	Redemption Date	Redemption Price	CUSIP[†]
2029	\$135,000	August 1, 2026	100.00	29368P DE6
2030	160,000	August 1, 2026	100.00	29368P DF3
2031	185,000	August 1, 2026	100.00	29368P DG1
2032	210,000	August 1, 2026	100.00	29368P DH9
2033	240,000	August 1, 2026	100.00	29368P DJ5
2034	270,000	August 1, 2026	100.00	29368P DK2
2035	305,000	August 1, 2026	100.00	29368P DL0
2036	340,000	August 1, 2026	100.00	29368P DM8
2037	375,000	August 1, 2026	100.00	29368P DN6
2038	415,000	August 1, 2026	100.00	29368P DP1
2039	455,000	August 1, 2026	100.00	29368P DQ9
2048	945,000	August 1, 2026	100.00	29368P DS5
Total	\$4,035,000			

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*Preliminary, subject to change.

The 2018 Series A Bonds maturing on the dates specified below will be paid when due and not refunded with proceeds of the Bonds.

Identification of Unrefunded 2018 Series A Bonds*

Maturity Date (August 1)	Principal Amount	CUSIP[†]
2044 [†]	\$2,990,000	29368P DR7
2047 [†]	2,460,000	29368P DT3
Total	\$5,450,000	

[†] Term Bond.

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Redemption of 2018 Series B Bonds*. The funds deposited in the 2018 Series B Bonds Escrow Fund will be used to redeem the specific maturities of the 2018 Series B Bonds identified in the following table (the “Refunded 2018 Series B Bonds”), on the redemption date listed below (the “2018 Series B Bonds Redemption Date”), at a price equal to the principal amount of the Refunded 2018 Series B Bonds, plus interest accrued thereon to the 2018 Series B Bonds Redemption Date (the “2018 Series B Bonds Redemption Price”).

Identification of Refunded 2018 Series B Bonds*

Maturity Date (August 1)	Principal Amount	Redemption Date	Redemption Price	CUSIP[†]
2030 [†]	\$440,000 ⁽¹⁾	August 1, 2026	100.00	29368P DX4
2049 [†]	9,130,000	August 1, 2026	100.00	29368P EA3
Total	\$9,570,000			

[†] Term Bond.

⁽¹⁾ The scheduled August 1, 2026 mandatory sinking fund redemption payment of the 2030 maturity of the 2018 Series B Bonds will be paid when due with funds on hand, and not from proceeds of the Bonds. The balance of the outstanding principal of the 2030 maturity, in the amount of \$440,000, will be optionally redeemed pursuant to the refunding described herein.

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Redemption of 2016 Refunding Bonds*. The funds deposited in the 2016 Refunding Bonds Escrow Fund will be used to redeem the specific maturities of the 2016 Refunding Bonds identified in the following table (the “Refunded 2016 Refunding Bonds” and, together with the Refunded 2008 Series C Bonds, Refunded 2018 Series A Bonds, and Refunded 2018 Series B Bonds, the “Refunded Bonds”), on the redemption date listed below (the “2016 Refunding Bonds Redemption Date”), at a price equal to the

*Preliminary, subject to change.

principal amount of the Refunded 2016 Refunding Bonds, plus interest accrued thereon to the 2016 Refunding Bonds Redemption Date (the “2016 Refunding Bonds Redemption Price”).

Identification of Refunded 2016 Refunding Bonds*

Maturity Date (August 1)	Principal Amount	Redemption Date	Redemption Price	CUSIP [†]
2027	\$390,000	August 1, 2026	100.00	29368P CH0
2028	440,000	August 1, 2026	100.00	29368P CJ6
2029	500,000	August 1, 2026	100.00	29368P CK3
2030	555,000	August 1, 2026	100.00	29368P CL1
2031	615,000	August 1, 2026	100.00	29368P CM9
2032	680,000	August 1, 2026	100.00	29368P CN7
2033	275,000	August 1, 2026	100.00	29368P CP2
Total	\$3,455,000			

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The 2016 Refunding Bonds maturing on the dates specified below will be paid when due and not refunded with proceeds of the Bonds.

Identification of Unrefunded 2016 Refunding Bonds*

Maturity Date (August 1)	Principal Amount	CUSIP [†]
2026	\$340,000	29368P CG2

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Escrow Sufficiency. The sufficiency of amounts deposited in the Escrow Funds, respectively, including escrow securities and/or cash, together with realizable interest and earnings thereon, to pay (i) the 2008 Series C Bonds Redemption Price on the 2008 Series C Bonds Redemption Date, (ii) the 2018 Series A Bonds Redemption Price on the 2018 Series A Bonds Redemption Date, (iii) the 2018 Series B Bonds Redemption Price on the 2018 Series B Bonds Redemption Date, and (iv) the 2016 Refunding Bonds Redemption Price on the 2016 Refunding Bonds Redemption Date, will be verified by Causey Public Finance, LLC (the “Verification Agent”). As a result of the deposits and the applications of funds, and assuming the accuracy of the Verification Agent’s computations, the Refunded Bonds will be defeased on the delivery date of the Bonds, and redeemed on the respective redemption dates shown above, and the obligation of the County to levy and collect *ad valorem* property taxes for payment of the Refunded Bonds will terminate.

^{*}Preliminary, subject to change.

See also "OTHER LEGAL MATTERS – Escrow Verification."

Any proceeds of sale of the Bonds not needed to redeem the Refunded Bonds or to pay costs of issuance of the Bonds will be transferred by the Paying Agent to the County Treasurer for deposit in the Interest and Sinking Fund maintained by the County Treasurer for the District to be used only for payment of principal of and interest on the Bonds.

DEBT SERVICE SCHEDULES

The following table shows the annual debt service schedule for the Bonds, assuming no early optional redemptions.

Table No. 2
ENTERPRISE ELEMENTARY SCHOOL DISTRICT
(Shasta County, California),
2026 GENERAL OBLIGATION REFUNDING BONDS

Period Ending (August 1)	Principal	Interest	Total Annual Debt Service
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
2041			
2042			
2043			
2044			
2045			
2046			
2047			
2048			
2049			
Total			

Other General Obligation Bonds

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

2008 Authorization. At an election held on February 5, 2008, the voters of the District authorized the issuance of \$34,000,000 aggregate principal amount of general obligation bonds (the “2008 Authorization”) for the purpose of financing the construction, repair, modernization, acquisition, and equipping of school classrooms, facilities, and school sites within the District. The District has issued four series of bonds under the 2008 authorization. \$10,323,067.70 in principal amount of issuance authority remains to be issued under the 2008 Authorization.

2008 Series A Bonds. On May 15, 2008, the District issued the first series of bonds under the 2008 Authorization, in the aggregate initial principal amount of \$7,999,828.50 (the “2008 Series A Bonds”). The callable portion (\$5,345,000) of the 2008 Series A Bonds was refunded by the 2016 Refunding Bonds on June 15, 2016. The unrefunded portion of the 2008 Series A Bonds have since matured and are no longer outstanding.

2008 Series B Bonds. On November 10, 2010, the District issued its second series of bonds under the 2008 Authorization, in the aggregate initial principal amount of \$8,999,687.05 (the “2008 Series B Bonds”). The 2008 Series B Bonds are currently outstanding in the initial principal amount (denominational amount) of \$6,613,104.45, including capital appreciation bonds with a maturity value of \$33,240,000, and convertible capital appreciation bonds which converted to bonds accruing current interest on August 1, 2021, with a conversion value of \$5,055,000.

2008 Series C Bonds. On June 15, 2016, the District issued the third series of bonds under the 2008 Authorization in the aggregate principal amount of \$2,000,000. The 2008 Series C Bonds are currently outstanding in the principal amount of \$1,945,000. The 2008 Series C Bonds maturing in the years 2027 through 2045, inclusive, will be redeemed with the proceeds of the Bonds*.

2008 Series D Bonds. On January 7, 2025, the District issued its fourth series of bonds under the 2008 Authorization, in the aggregate initial principal amount of \$4,677,416.75 (the “2008 Series D Bonds”). The 2008 Series D Bonds are currently outstanding in the initial principal amount (denominational amount) of \$4,677,416.75, including current interest bonds in the principal amount of \$130,000, and capital appreciation bonds in the denominational amount of \$4,547,416.75 with a maturity value of \$11,625,000.

2016 Refunding Bonds. On June 15, 2016, the District issued \$5,130,000 in aggregate principal amount of its 2016 Refunding Bonds in order to refund the callable portion of the 2008 Series A Bonds. The 2016 Refunding Bonds remain outstanding in the amount of \$3,795,000. The 2016 Refunding Bonds maturing in the years 2027 through 2033, inclusive, will be redeemed with the proceeds of the Bonds*.

2018 Authorization. At an election held on November 6, 2018, the voters of the District authorized the issuance of \$26,000,000 in aggregate principal amount of general obligation bonds (the “2018 Authorization”) for the purpose of financing the construction, repair, modernization, acquisition, and equipping of the District’s facilities. The District has issued three series of bonds under the 2018 authorization, and no issuance authority remains under the 2018 Authorization.

*Preliminary, subject to change.

2018 Series A Bonds. On February 28, 2019, the District issued its first series of bonds under the 2018 Authorization, in the principal amount of \$10,500,000. The 2018 Series A Bonds are currently outstanding in the principal amount of \$9,485,000. The 2018 Series A Bonds maturing in the years 2029 through 2048, inclusive, will be redeemed with the proceeds of the Bonds*.

2018 Series B Bonds. On April 15, 2020, the District issued its second series of bonds under the 2018 Authorization, in the principal amount of \$10,000,000 (the “2018 Series B Bonds”). The 2018 Series B Bonds are currently outstanding in the principal amount of \$9,655,000. The 2018 Series B Bonds maturing in the years 2030 and 2049 will be redeemed with the proceeds of the Bonds*.

2018 Series C Bonds. On June 16, 2022, the District issued its third and final series of bonds under the 2018 Authorization, in the principal amount of \$5,500,000 (the “2018 Series C Bonds”). The 2018 Series C Bonds are currently outstanding in the principal amount of \$5,400,000.

Aggregate Debt Service

Table No. 3 on the following page shows the annual debt service on all of the District’s outstanding General Obligation Bonds, together with the Bonds, taking into account the refunding and redemption of the Refunded Bonds as described herein, assuming no other early optional redemptions.

*Preliminary, subject to change.

Table No. 3
ENTERPRISE ELEMENTARY SCHOOL DISTRICT
Combined Annual Debt Service Schedule
General Obligation Bonds

Period Ending August 1⁽¹⁾	2008 Series B Bonds⁽³⁾	2008 Series C Bonds^{(2) (3)}	2016 Refunding Bonds^{(2) (3)}	2018 Series A Bonds^{(2) (3)}	2018 Series B Bonds^{(2) (3)}	2018 Series C Bonds⁽³⁾	2008 Series D Bonds⁽³⁾	The Bonds	Aggregate Debt Service
2026	\$646,053	\$93,275	\$491,800	\$381,725	\$567,750	\$233,850	\$61,500		
2027	662,905	97,375	528,200	381,725	598,500	233,850	78,750		
2028	684,984	101,325	562,600	381,725	632,500	233,850	80,000		
2029	699,048	105,125	605,000	516,725	534,500	233,850	85,000		
2030	723,410	108,775	640,000	536,325	551,000	278,850	90,000		
2031	748,410	112,275	677,800	554,925	571,500	286,600	90,000		
2032	776,440	115,625	718,200	572,525	590,750	298,850	95,000		
2033	1,281,060	118,525	280,500	592,025	613,750	305,350	100,000		
2034	1,662,510	126,250	-	612,425	635,250	316,350	70,000		
2035	1,736,370	128,625	-	636,625	655,250	326,600	80,000		
2036	1,814,881	140,825	-	659,425	678,750	336,100	75,000		
2037	1,895,886	142,500	-	680,825	700,500	354,850	85,000		
2038	1,983,986	149,000	-	705,825	725,500	362,350	85,000		
2039	2,070,637	155,150	-	729,225	753,500	374,100	95,000		
2040	2,165,000	165,950	-	756,025	779,250	389,850	95,000		
2041	2,262,787	171,225	-	781,025	807,750	404,350	100,000		
2042	2,364,261	176,150	-	809,225	833,750	417,600	105,000		
2043	2,472,866	186,500	-	835,425	867,250	429,600	105,000		
2044	2,581,173	191,400	-	869,625	892,750	443,200	120,000		
2045	2,697,033	206,000	-	896,425	925,500	460,800	115,000		
2046	2,821,316	-	-	928,875	955,000	482,200	335,000		
2047	725,000	-	-	959,150	991,250	497,200	2,575,000		
2048	-	-	-	992,250	1,028,750	511,000	3,445,000		
2049	-	-	-	-	1,097,250	1,523,600	3,600,000		
Totals⁽³⁾	\$35,476,015	\$2,791,875	\$4,504,100	\$15,770,075	\$17,987,500	\$9,734,800	\$11,765,250		

⁽¹⁾ Period ending August 1 includes February 1 and August 1 debt service payments of the same calendar year (if any).

⁽²⁾ This table includes debt service on the Refunded Bonds and does not account for the refunding and redemption on August 1, 2026, of the Refunded Bonds. For further discussion regarding the plan of refinancing, see "PLAN OF REFINANCING" above.

⁽³⁾ Columns may not sum to totals due to rounding.

SECURITY AND SOURCE OF PAYMENT FOR THE BONDS

General

In order to provide sufficient funds for the District's repayment of principal of and interest on the Bonds when due, the Board of Supervisors of the County is empowered and obligated to levy and collect *ad valorem* taxes upon all property within the District's boundaries and 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 so collected by the County, 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 general obligation bonds of the District. The Bonds are payable by the District 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 a pledge of the full faith and credit) or obligation of the County. No funds or any account of the County are pledged or obligated to repayment of the Bonds. Amounts on deposit in the Interest and Sinking Fund are pledged for the payment of the principal and redemption price of and interest on the Bonds.

Property Taxation System

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

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

Pledge of Tax Revenues and Statutory Lien

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

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

Pursuant to Section 53515 of the California Government Code, the Bonds will be secured by a statutory lien on all revenues received pursuant to the levy and collection of *ad valorem* property taxes for the District's payment thereof. Such lien automatically attaches, without further actions or authorization by the District Board, and is valid and binding from the time the Bonds are executed and delivered. The revenues received pursuant to the levy and collection of the *ad valorem* property tax will be immediately subject to the lien, and such lien will be enforceable against the District, its successors, transferees and creditors, and all other parties asserting rights therein, irrespective of whether such parties have notice of the lien and without the need for physical delivery, recordation, filing or further act. This statutory lien secures not only the Bonds, but also any other bonds of the District payable, as to both principal and interest, from the proceeds of *ad valorem* taxes that may be levied pursuant to paragraphs (2) and (3) of subdivision (b) of Section 1 of Article XIII A of the State Constitution. The statutory lien provision does not specify the relative priority of obligations so secured or a method of allocation in the event that the revenues received pursuant to the levy and collection of the tax are insufficient to pay all amounts then due and owing that are secured by the statutory lien.

Assessed Valuation of Property

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

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

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

The assessed valuation of property in the District is established by the County Assessor, except for public utility property that is assessed by the State Board of Equalization. Assessed valuations are reported at 100% of the “full value” of the property, as defined in Article XIII A of the California Constitution. The full value may be adjusted annually to reflect inflation at a rate not to exceed 2% per year, or the consumer price index or comparable data for the area if such rate is less than 2%, or to reflect declines in property value caused by substantial damage, destruction or other factors, including assessment appeals filed by property owners. For a discussion of how properties currently are assessed, see APPENDIX A - “CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS.”

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

State Board of Equalization is responsible for the review, equalization, or adjustment of property tax assessment, and the measurement of county assessment levels and adjustment of secured local assessment rolls. The California Department of Tax and Fee Administration (“CDTFA”) is responsible for maintaining tax-rate area maps and special district boundary maps.

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

Classification of Locally Taxed Property. Locally taxed property is classified either as “secured” or “unsecured,” and is listed accordingly on separate parts of the assessment roll. The “secured roll” is that

part of the assessment roll containing State-assessed property and property (real or personal) for which there is a lien on real property sufficient, in the opinion of the county assessor, to secure payment of the taxes. All other property is “unsecured,” and is assessed on the “unsecured roll.” Secured property assessed by the State Board of Equalization is commonly identified for taxation purposes as “utility” property.

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

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

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

well. In practice, such a reduced assessment may and often does remain in effect beyond the year in which it is granted.

In addition, Article XIII A of the State Constitution provides that the full cash value base of real property used in determining taxable value may be adjusted from year to year to reflect the inflationary rate, not to exceed a 2% increase for any given year, or may be reduced to reflect a reduction in the consumer price index or comparable local data. This measurement is computed on a calendar year basis.

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 FINANCES AND OPERATIONS – CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Limitations on Revenues” for a discussion of other limitations on the valuation of real property with respect to *ad valorem* taxes.

Risk of Impact to Assessed Value Due to Disaster. As shown in Table No. 5 below, assessed valuation of property in the District is subject to change in each year. Lower assessed values could necessitate a corresponding increase in the annual tax rate to be levied to pay the principal of and interest on the Bonds. Increases or decreases in assessed value result from a variety of factors including but not limited to general economic conditions, supply and demand for real property in the area, government regulations such as zoning, property reclassifications, and man-made or natural disasters such as earthquakes, fires, floods and droughts.

Disasters can affect assessed value both through the destruction of taxable property, and through a resulting depression of the real estate market should a disaster impact economic conditions in the County, the region, and/or the State. In recent years, notable disasters in the State included drought conditions statewide, numerous wildfires in different regions of the State, and related flooding and mudslides.

City of Redding Local Hazard Mitigation Plan. The City maintains a Local Hazard Mitigation Plan discussing the vulnerability of areas of the City to hazards and other natural disasters and the mitigation measures in place to reduce the impact of such events. The Hazard Mitigation Plan is updated every 5 years. The City’s 2023 Local Hazard Mitigation Plan (“LHMP”) can be viewed on the City’s website at: https://files.cityofredding.gov/Document%20Center/Departments/Fire/Community%20Risk%20Reduction/Emergency%20Preparedness/City%20of%20Redding%20LHMP_02232.pdf. The LHMP is not incorporated herein by this reference.

The LHMP classifies certain types of risks as either “high” or “moderate.” High risk is defined as “Higher magnitude, frequency, vulnerability, and probability. Past occurrences have resulted in extensive loss of life and/ or property.” Moderate risk is defined as “Medium probability of occurrence. Medium severity resulting in moderate loss of life and/ or property.”

A summary of the high and moderate risks described in the City’s LHMP is contained in the table below. Discussion of the “high” risks facing the City follows. For additional information concerning environmental risk factors, see the City’s LHMP.

Table No. 4
CITY OF REDDING
“High” and “Moderate” risks identified in the City’s LHMP

Hazard	Risk	Explanation
<i>Wildfire</i>	High	Past events experienced by the City. The City encompasses and is adjacent to many natural open-space areas.
<i>Flood</i>	High	Past events experienced in the City. Portions of the City are located within the 100-year floodplain.
<i>Severe Weather</i>	High	Past events experienced by the City. The City on average experiences 12 heat waves annually.
<i>Earthquake</i>	Moderate	Proximity to the San Andreas fault places the City at some risk, but past history reveals that the magnitude may be low.
<i>Hazardous Material</i>	Moderate	A major rail line and interstate highway are within the City.
<i>CBRNE</i>	Moderate	Probability is present, but low.
<i>Pandemic</i>	Moderate	Some probability, but low.
<i>Aviation</i>	Moderate	Some probability, but low.

Wildfire. Hills and mountains surround the westerly portion of the City of Redding, which is covered mostly with grasses, brush, Manzanita, oak trees, and gray pines. The climate in this area is generally referred to as “Mediterranean,” with rainfall concentrated during the cool winter months. The rains usually cease sometime in April and resume in November. Summer drought causes vegetation to become extremely dry, and a regional weather phenomenon, the northerly winds, can aggravate an already hazardous fire situation. The hillside areas of the western portion of the City have, therefore, been classified as a very high fire hazard severity zone. With extreme dryness, relative humidity often 10 percent or less, high temperatures over 100 degrees, and 20 to 40 mph winds, a wildfire can become uncontrolled, spreading through vegetative fuels and exposing and possibly consuming structures.

In general, wildfire is not a major threat in the flat, developed areas of Redding when adequate emergency resources are available. However, fire is a major problem in the fringe-urban and hill areas on the west side of Redding and those additional areas, approximately 39 percent, of the City that are identified as very high fire severity zone. This increased risk is due primarily to a predominance of the north-facing slopes that are characteristically more vegetated than those of the southern aspect. Within the west side, the highest fire risk areas are located in the hilly populated regions. All major determinants of fire risk point to this area as the most critical area for the City of Redding.

In July of 2018 the Carr Fire burned approximately 229,000 acres and entered the City of Redding causing mandatory evacuations and power outages. The fire destroyed 1,604 structures and Redding residents were evacuated from the west side of the City. In September of 2020 the Zogg fire burned over 56,000 acres and destroyed 204 structures.

No District facilities have been damaged by recent wildfires, including by the Carr Fire discussed above.

Flood Risk. The City is partially bisected by the Sacramento River. In addition, a number of major creeks flow through the City and meet the Sacramento River within, or just outside, the City's limits. The FEMA 100-year floodplain for the creeks and the Sacramento River totals approximately 4,425 acres, or 6.9 square miles. This is approximately 11 percent of the City's land base.

The Sacramento River corridor occupies a relatively narrow and steep channel in the north, which begins to broaden somewhat in the central Redding area and becomes a fairly broad farmland floodplain at the southern limits of the City and beyond. The northern and western areas of the City are hilly, with well-defined canyons and stream corridors. The eastern and southeastern sections of the City sit atop a plateau above the Sacramento River, but are relatively flat with moderate to minor hills and broader, less defined stream channels.

Flooding along the Sacramento River typically arises due to increased flows from Shasta Dam and Keswick Dam. Shasta Dam regulates and controls mass storage of prolonged periods of rainfall from the rivers and watersheds above the dam, including the Upper Sacramento River, the Pit River, Squaw Creek, and numerous smaller creeks. Keswick Dam (immediately downstream from Shasta Dam) acts as an after-bay to more finely regulate the flows directly into the river. These two dams act in concert to deliver precise and well-regulated flows to the Sacramento River directly north of Redding. Local drainage flooding occurs primarily due to infrequent, high-intensity rainfall events and to debris or obstructions.

In February 2019, the Redding area experienced a heavy rainstorm. Approximately 60 homes, including the Safari Mobile Home Park, were evacuated in the south Redding area off Jewell Lane just west of Highway 273 as the water rose to about 3 feet in the neighborhood. The heavy rains also caused a portion of the roof at a local grocery store to collapse. In December 2019, the south Redding area experienced about an inch of rain in a one-hour period. This resulted in pockets of flooding throughout the south Redding area. A stretch of South Market Street, a major arterial, was temporarily shut down.

In December 2025, heavy rain from a powerful atmospheric river caused localized flash flooding in some areas of the City, particularly low lying areas and areas with steep slopes. The flooding prompted evacuations, caused property damage, knocked out power, caused significant traffic disruptions and stranded vehicles. Several of the District's classrooms and the District's office were damaged by the rain. As of February 2026, all of the rain damage to the District's facilities has been repaired.

Severe Weather. Severe weather includes extreme heat, extreme cold, heavy snowfall, ice storms, winter storms, and/or strong winds. Extreme heat may result in utility disruption and winter storms may result in other hazards such as flooding, severe thunderstorms, tornadoes, or extreme winds.

The City of Redding typically experiences severe weather during the months of June through September and in the months of December and January. Period of extreme heat are a result of prevailing winds typically blowing from the North, down the Klamath Mountain slopes into the northern valley. These winds are warm and dry with compression as they descend towards the valley floor. The natural setting of the City with mountains on all sides retains this warm and dry wind resulting in extreme temperatures. Storms with strong southerly winds with or without heavy rain are relatively common

during these months and typically occur several times per year. Wind speeds of 40 to 50 mph and peak gusts up to 60 mph occur with some regularity. On the other hand, snowstorms are not as common an occurrence for the City.

Redding routinely experiences the hottest summer temperatures anywhere in California north of the Mojave Desert. The natural setting of the City with mountains on all sides creates a rugged backdrop and walls it off from any tempering ocean influence. This condition of adiabatic warming where the dry heat does not leave the system but tends to keep the nighttime temperatures in the 80s or the low 90s during intense heat days leaves Redding extremely dry and prone to a serious risk of fire.

Effect of Future Disasters on the District is Unknown. The District cannot predict future disasters or make any representations regarding the effects that any disasters and related conditions may have on the value of taxable property within the District, the District's ability to pay debt service on the Bonds, or to what extent the effects of said disasters might have on economic activity in the District or throughout the State.

Assessed Valuation of Property in the District. The following table shows a historical summary of assessed valuations for the District for the Fiscal Years 2009-10 to 2025-26.

Table No. 4
ENTERPRISE ELEMENTARY SCHOOL DISTRICT
(Shasta County, California)
Assessed Valuations Summary
Fiscal Years 2009-10 through 2025-26

Year	Local Secured	Utility	Unsecured	Total	Annual Percent Change
2009-10	\$ 2,590,854,013	\$ -	\$ 149,232,851	\$ 2,740,086,864	n/a
2010-11	2,415,834,343	-	138,742,863	2,554,577,206	(6.77%)
2011-12	2,277,002,500	-	135,505,949	2,412,508,449	(5.56)
2012-13	2,215,581,059	-	131,293,787	2,346,874,846	(2.72)
2013-14	2,289,708,177	-	127,659,659	2,417,367,836	3.00
2014-15	2,415,744,235	-	127,086,134	2,542,830,369	5.19
2015-16	2,556,969,667	-	127,278,731	2,684,248,398	5.56
2016-17	2,683,913,306	-	130,818,944	2,814,732,250	4.86
2017-18	2,849,239,318	-	132,657,804	2,981,897,122	5.94
2018-19	2,989,981,007	-	134,849,290	3,124,830,297	4.79
2019-20	3,147,458,600	-	136,767,988	3,284,226,588	5.10
2020-21	3,297,836,778	-	135,849,631	3,433,686,409	4.55
2021-22	3,485,074,672	-	147,661,294	3,632,735,966	5.80
2022-23	3,659,040,080	-	161,909,876	3,820,949,956	5.18
2023-24	3,873,343,745	-	184,562,926	4,057,906,671	6.20
2024-25	4,014,610,937	-	201,213,271	4,215,824,208	3.89
2025-26	4,170,166,527	-	212,409,535	4,382,576,062	3.96

Source: California Municipal Statistics, Inc.

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Assessed Valuation by Jurisdiction. The following table shows the District’s fiscal year 2025-26 assessed valuation of property by amount and percentage within each taxing jurisdiction.

Table No. 5
ENTERPRISE ELEMENTARY SCHOOL DISTRICT
Fiscal Year 2025-26 Assessed Valuation by Jurisdiction

Jurisdiction	2025-26 Assessed Valuation in District	% of District	2025-26 Assessed Valuation of Jurisdiction	% of Jurisdiction in District
City of Redding	\$4,327,707,705	98.75%	\$13,238,733,149	32.69%
Unincorporated Shasta County	54,868,357	1.25	10,120,632,847	0.54%
Total District	\$4,382,576,062	100.00%		
Shasta County	\$4,382,576,062	100.00%	\$25,594,366,567	17.12%

Source: California Municipal Statistics, Inc.

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Assessed Valuation by Land Use. The following table gives a distribution of taxable property located in the District for fiscal year 2025-26, by principal purpose for which the land is used, as measured by assessed valuation and number of parcels.

Table No. 6
ENTERPRISE ELEMENTARY SCHOOL DISTRICT
Fiscal Year 2025-26 Assessed Valuation of Parcels by Land Use

	2025-26			
	Assessed	% of	No. of	% of
	Valuation ⁽¹⁾	Total	Parcels	Total
<u>Non-Residential:</u>				
Commercial	\$1,399,663,846	33.56%	1,042	8.54%
Vacant Commercial	33,871,654	0.81	216	1.77
Industrial	9,467,123	0.23	16	0.13
Vacant Industrial	916,022	0.02	5	0.04
Government/Social/Institutional	191,506	0.00	1,149	9.42
Miscellaneous	1,797,386	0.04	12	0.10
Subtotal Non-Residential	1,445,907,537	34.67%	2,440	20.00%
<u>Residential:</u>				
Single Family Residence	2,171,598,278	52.07%	7,992	65.52%
Condominium	45,149,717	1.08	205	1.68
Mobile Home	7,986,859	0.19	327	2.68
Mobile Home Park	15,683,973	0.38	7	0.06
2-4 Residential Units	203,109,319	4.87	587	4.81
5+ Residential Units/Apartments	255,873,668	6.14	220	1.80
Miscellaneous Residential	11,030,182	0.26	46	0.38
Vacant Residential	13,826,994	0.33	373	3.06
Subtotal Residential	2,724,258,990	65.33%	9,757	80.00%
Total	\$4,170,166,527	100.00%	12,197	100.00%

⁽¹⁾ Local Secured Assessed Valuation, excluding tax-exempt property.

Source: California Municipal Statistics, Inc.

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Assessed Valuation of Single-Family Homes. The following table shows the distribution of assessed valuation of single-family homes in the District among various categories of value for fiscal year 2025-26, including mean and median value per parcel. Single-family homes collectively represented 52.07% of the local secured assessed valuation of the District in fiscal year 2025-26.

Table No. 7
ENTERPRISE ELEMENTARY SCHOOL DISTRICT
Fiscal Year 2025-26 Per Parcel Assessed Valuation of Single-Family Homes

	<u>No. of Parcels</u>	<u>2025-26 Assessed Valuation</u>	<u>Average Assessed Valuation</u>	<u>Median Assessed Valuation</u>
Single Family Residential	7,992	\$2,171,598,278	\$271,722	\$256,330

<u>2025-26 Assessed Valuation</u>	<u>No. of Parcels ⁽¹⁾</u>	<u>% of Total</u>	<u>Cumulative % of Total</u>	<u>Total Valuation</u>	<u>% of Total</u>	<u>Cumulative % of Total</u>
\$0 - \$49,999	57	0.713%	0.713%	\$ 1,849,671	0.085%	0.085%
\$50,000 - \$99,999	375	4.692	5.405	28,768,988	1.325	1.410
\$100,000 - \$149,999	907	11.349	16.754	115,323,056	5.311	6.720
\$150,000 - \$199,999	1,262	15.791	32.545	221,157,666	10.184	16.905
\$200,000 - \$249,999	1,206	15.090	47.635	272,424,875	12.545	29.449
\$250,000 - \$299,999	1,279	16.004	63.639	349,883,913	16.112	45.561
\$300,000 - \$349,999	1,088	13.614	77.252	352,108,201	16.214	61.776
\$350,000 - \$399,999	744	9.309	86.562	276,789,936	12.746	74.521
\$400,000 - \$449,999	417	5.218	91.779	175,813,046	8.096	82.617
\$450,000 - \$499,999	223	2.790	94.570	105,579,643	4.862	87.479
\$500,000 - \$549,999	154	1.927	96.496	80,802,192	3.721	91.200
\$550,000 - \$599,999	82	1.026	97.523	47,034,499	2.166	93.366
\$600,000 - \$649,999	77	0.963	98.486	48,031,166	2.212	95.578
\$650,000 - \$699,999	43	0.538	99.024	29,064,123	1.338	96.916
\$700,000 - \$749,999	27	0.338	99.362	19,461,586	0.896	97.812
\$750,000 - \$799,999	17	0.213	99.575	13,132,147	0.605	98.417
\$800,000 - \$849,999	6	0.075	99.650	4,971,997	0.229	98.646
\$850,000 - \$899,999	6	0.075	99.725	5,286,143	0.243	98.890
\$900,000 - \$949,999	5	0.063	99.787	4,593,850	0.212	99.101
\$950,000 - \$999,999	4	0.050	99.837	3,907,291	0.180	99.281
\$1,000,000 and greater	13	0.163	100.000	15,614,289	0.719	100.000
Total	7,992	100.000%		\$2,171,598,278	100.000%	

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

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

The table below summarizes the total *ad valorem* tax rates levied by all taxing entities in a typical tax rate area located in the District (TRA 1-002) for the past five fiscal years.

Table No. 8
ENTERPRISE ELEMENTARY SCHOOL DISTRICT
Typical Total Tax Rates as a percentage of Assessed Valuation (TRA 1-002)⁽¹⁾
Fiscal Years 2021-22 through 2025-26

	Fiscal Year Ending June 30,				
	2022	2023	2024	2025	2026
General	1.0000%	1.0000%	1.0000%	1.0000%	1.0000%
Enterprise Elementary School District	0.0344	0.496	0.0531	0.0514	0.0522
Shasta Union High School District	0.0249	0.0281	0.0295	0.0270	0.0229
Shasta-Tehama-Trinity Community College District	0.0159	0.0135	0.0182	0.0157	0.0139
Total	1.0752%	1.0912%	1.1008%	1.0941%	1.0890%

⁽¹⁾ 2025-26 assessed valuation of TRA 1-002 is \$1,320,955,196, which is 30.14% of the District’s total assessed valuation.

Source: California Municipal Statistics, Inc.

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Largest Secured Property Taxpayers in District

The following table shows the top 20 largest secured property taxpayers in the District as determined by secured assessed valuation in fiscal year 2025-26. Each taxpayer listed below is a name listed on the tax rolls. The District cannot make any representation as to whether individual persons, corporations or other organizations are liable for tax payments with respect to multiple properties held in various names that in aggregate may be larger than is suggested by the table below. A large concentration of ownership in a single individual or entity results in a greater amount of tax collections which are dependent upon that property owner's ability or willingness to pay property taxes.

Table No. 9
ENTERPRISE ELEMENTARY SCHOOL DISTRICT
Fiscal Year 2025-26 Largest Secured Taxpayers

			2025-26	
	Property Owner	Primary Land Use	Assessed Valuation	% of Total ⁽¹⁾
1.	Shasta Realty LLC	Shopping Center	\$ 48,528,089	1.16%
2.	Costco Wholesale Corp	Commercial Store	46,885,531	1.12
3.	Wal-Mart Real Estate Business Trust	Commercial Store	23,500,000	0.56
4.	Shasta Station LLC	Shopping Center	22,212,146	0.53
5.	Well OSL Redding LLC	Assisted Living Facility	21,059,418	0.51
6.	Fazio Mountain LLC	Apartments	20,442,271	0.49
7.	ARGO Rimrock LLC	Commercial Store	20,183,760	0.48
8.	PAPF Redding LLC	Commercial Store	17,635,031	0.42
9.	ACE Corporation	Hotel	17,339,369	0.42
10.	Marx Family Living Trust	Apartments	16,818,860	0.40
11.	BHZ Trust	Apartments	16,581,242	0.40
12.	Nationwide Health Properties Inc.	Assisted Living Facility	16,500,000	0.40
13.	Lowes HIW Inc.	Commercial Store	16,400,000	0.39
14.	Winco Foods LLC	Supermarket	15,768,785	0.38
15.	California Physicians Service	Office Building	14,927,420	0.36
16.	Lithia Real Estate Inc.	Auto Dealership	14,791,865	0.35
17.	Save Mart Supermarkets	Supermarket	14,448,921	0.35
18.	Kohl's Department Stores Inc.	Commercial Store	14,416,204	0.35
19.	Mygrant Trust	Apartments	14,185,967	0.34
20.	Parker Place Group LLC	Commercial Store	14,087,587	0.34
	Total Top 20		\$406,712,466	9.75%

⁽¹⁾ 2025-26 local secured assessed valuation: \$4,170,166,527.

Source: California Municipal Statistics, Inc.

All of the top 20 secured property taxpayers in the District collectively represent 9.75% of the total secured assessed valuation in the District. The top 5 secured property taxpayers collectively represent 3.89% of the total secured assessed valuation in the District.

Property Tax Collections and Delinquencies

Teeter Plan. The Board of Supervisors of 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 *et seq.* of the California Revenue and Taxation Code. Under the Teeter Plan, each entity levying property taxes in the County may draw on the amount of uncollected secured taxes credited to its fund, in the same manner as if the amount credited had been collected. The District participates in the Teeter Plan, and thus receives 100% of secured property taxes levied in exchange for forgoing any interest and penalties collected on delinquent taxes. The District’s participation in the Teeter Plan makes more certain the availability of sufficient funds for the District’s repayment of the Bonds. So long as the Teeter Plan remains in effect, and the County continues to include the District in the Teeter Plan, the District’s receipt of revenues with respect to the levy of *ad valorem* property taxes will not be dependent upon actual collections of the *ad valorem* property taxes by the County. Under the statute creating the Teeter Plan, however, the County Board of Supervisors can under certain circumstances terminate the Teeter Plan in part or in its entirety with respect to the entire county and, in addition, the County Board of Supervisors can terminate the Teeter Plan with respect to the District if the delinquency rate for all *ad valorem* property taxes levied within the District in any year exceeds 3%. Notwithstanding any possible future change to or discontinuation of the Teeter Plan, State law requires the County to levy *ad valorem* property taxes sufficient to pay the Bonds when due.

The property tax collection procedures described above are subject to amendment based on legislation or executive order, which may be enacted by the State legislature or declared by the Governor from time to time. The District cannot predict changes in law or orders of State officials that might occur in the future.

Delinquencies. 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, all of which are 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, or outbreak of disease such as the COVID-19 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. If delinquencies increase substantially as a result of such events outside the control of the District, the County has the authority to increase allowances for annual reserves in the tax levy to avoid fluctuating tax levies.

The table below shows the secured tax charge and delinquency rate for the *ad valorem* taxes levied by the County for the payment of the District’s outstanding General Obligation Bonds for fiscal years 2020-21 through 2024-25. See “Teeter Plan” above for a discussion of the application of the Teeter Plan in the County which provides the District with 100% of the secured property tax levy irrespective of delinquencies.

Table No. 10
ENTERPRISE ELEMENTARY SCHOOL DISTRICT
Secured Tax Charge and Delinquencies
Fiscal Years 2020-2021 through 2024-25

District Debt Service Levy Only

Fiscal Year		Amount	%
Ending June 30,	Secured Tax Charge	Delinquent	Delinquent
2021	\$916,748.09	\$8,188.01	0.89%
2022	1,186,602.49	13,271.96	1.12
2023	1,806,960.20	28,009.16	1.55
2024	2,047,102.36	25,232.94	1.23
2025	2,060,384.94	28,551.99	1.39

Source: California Municipal Statistics, Inc.

Overlapping Debt Obligations

Set forth below is a direct and overlapping debt report (the “Debt Report”) prepared by California Municipal Statistics, Inc., displaying debt as of March 1, 2026. The Debt Report is included for general information purposes only. The District has not reviewed the Debt Report for completeness or accuracy and makes no representation in connection therewith. The Debt Report generally includes long-term obligations sold in the public credit markets by public agencies whose boundaries overlap the boundaries of the District in whole or in part. Such long-term obligations generally are not payable from revenues of the District (except as indicated) nor are they necessarily obligations secured by land within the District. In many cases, long-term obligations issued by a public agency are payable only from the general fund or other revenues of such public agency.

Table No. 11
ENTERPRISE ELEMENTARY SCHOOL DISTRICT
Statement of Direct and Overlapping Bonded Debt
Dated as of March 1, 2026

ENTERPRISE ELEMENTARY SCHOOL DISTRICT

2025-26 Assessed Valuation: \$4,382,576,062

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt 3/1/26</u>
Shasta-Tehama-Trinity Community College District	12.182%	\$16,422,554
Shasta Union High School. District	29.509	22,301,709
Enterprise Elementary School District	100.000	41,570,520 ⁽¹⁾
California Statewide Communities Development Authority		
Assessment District 23-01 Redding Sonata	100.000	<u>1,050,000</u>
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		\$81,344,783
 <u>OVERLAPPING GENERAL FUND DEBT:</u>		
Shasta County Certificates of Participation	17.123%	\$ 2,498,246
Shasta Regional Transportation Agency General Fund Obligations	17.123	59,129
Shasta-Tehama-Trinity Community College District Certificates of Participation	12.182	411,752
City of Redding General Fund Obligations	32.690	<u>7,206,510</u>
TOTAL OVERLAPPING GENERAL FUND DEBT		\$10,175,637
 <u>OVERLAPPING TAX INCREMENT (Successor Agencies):</u>		 \$271,275
 COMBINED TOTAL DEBT		 \$91,791,695 ⁽²⁾

Ratios to 2025-26 Assessed Valuation:

Direct Debt (\$41,570,520)	0.95%
Total Direct and Overlapping Tax and Assessment Debt	1.86%
Combined Total Debt	2.09%

Ratio to Redevelopment Successor Agency Incremental Valuation (\$1,606,408,083):

Total Overlapping Tax Increment Debt	0.02%
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Source: California Municipal Statistics, Inc.

- (1) Excludes the Bonds to be issued as described herein. Includes the Refunded Bonds to be refunded as described herein.
- (2) Excludes tax and revenue anticipation notes, revenue, mortgage revenue and non-bonded capital lease obligations.

SHASTA COUNTY INVESTMENT POOL

The following information concerning the Shasta County Investment Pool (the “Investment Pool” or “Pool”) has been obtained from the Shasta County website (<https://www.shastacounty.gov/treasurer>) and has not been confirmed or verified by the District or the Underwriter. The website is not incorporated herein by reference. No representation is made herein as to the accuracy or adequacy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof or that the information contained or incorporated hereby by reference is correct as of any time subsequent to its date.

The County Treasurer manages the Investment Pool in which certain funds of the County and certain funds of other participating entities are invested pending disbursement. Pool participants are those government agencies within the County, including the District, for which the County Treasurer is statutorily designated as the custodian of such funds. The County Board of Supervisors approved the County’s 2026 Investment Policy Statement, on November 18, 2025 (the “Investment Policy”), effective January 1, 2026 (See APPENDIX G – “SHASTA COUNTY INVESTMENT POLICY AND POOLED INVESTMENT REPORT”). Funds held in the Investment Pool are invested by the County Treasurer in accordance with State law and the Investment Policy. This is an annual delegation given to the County Treasurer by the County Board of Supervisors each year and can be revoked by the County Board of Supervisors at any time.

The Investment Policy applies to all financial assets deposited and retained in the Investment Pool. According to the Investment Policy, the primary objectives of investment Pool funds is to maintain the principal of such funds (safety) in investment vehicles which are easily converted to cash (liquidity) while obtaining a competitive market rate of return (yield) for the risk taken at the time of investing.

In accordance with the Investment Policy, the County Treasurer presents a quarterly summary of investments in the Investment Pool to the County Board of Supervisors (the “Quarterly Investment Report”). The latest available Quarterly Investment Report, dated as of January 30, 2026, is included in APPENDIX G to this Official Statement. Current and historical Quarterly Investment Reports are available on the County Treasury website at the address listed above. (See APPENDIX G – “SHASTA COUNTY INVESTMENT POLICY AND POOLED INVESTMENT REPORT”).

The value of the various investments in the Pool will fluctuate on a daily basis as a result of a multitude of factors, including generally prevailing interest rates and other economic conditions. Additionally, the County Treasurer, with the consent of the County Board of Supervisors, may change the Investment Policy at any time. Therefore, there can be no assurance that the values of the various investments in the Pool will not vary significantly from the values described herein.

TAX MATTERS

Tax Exemption

Federal and California Tax Status. In the opinion of Lozano Smith, LLP, Sacramento, California, Bond Counsel to the District, subject, however, to certain qualifications set forth below, under existing law, the interest on the Bonds is excluded from gross income for federal income tax purposes. In addition, such interest is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, interest on the Bonds is taken into account in determining annual adjusted financial statement income for the purpose of computing the alternative minimum tax imposed on certain corporations. Bond Counsel is of the further opinion that interest on the Bonds is exempt from State of California personal income taxes.

Tax Treatment of Original Issue Discount and Premium. The opinions set forth in the preceding paragraph are subject to the condition that the District comply with all requirements of the Internal Revenue Code of 1986, as amended (the "Tax Code") and other laws that must be satisfied subsequent to the issuance of the Bonds in order that such interest be, or continue to be, excluded from gross income for federal income tax purposes. The District has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of such interest in gross income for federal income tax purposes to be retroactive to the date of issuance of the Bonds.

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

Bonds purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) ("Premium Bonds") will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of bonds, like the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. The amount of tax-exempt interest received and a Beneficial Owner's basis in a Premium Bond, however, 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.

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

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

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

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

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

Form of Opinion

The proposed form of opinion of Bond Counsel regarding the Bonds is attached hereto as APPENDIX D.

CONTINUING DISCLOSURE

The District has covenanted for the benefit of the holders and Beneficial Owners of the Bonds to provide, or to cause to be provided, to the Municipal Securities Rulemaking Board ("MSRB") through its Electronic Municipal Market Access system or such other electronic system designated by the MSRB (the "EMMA System") certain annual financial information and operating data relating to the District (the "Annual Reports") by not later than the March 31 following the end of the District's fiscal year (currently ending June 30), commencing with the report for fiscal year 2025-26 (which is due no later than March 31, 2027) and notice of the occurrence of certain enumerated events ("Listed Events") within ten (10) business days after the occurrence of such a Listed Event. The specific nature of the information to be contained in the Annual Reports and the notices of Listed Events is set forth in APPENDIX E - "FORM OF CONTINUING DISCLOSURE CERTIFICATE." These covenants have been made in order to assist the Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5) (the "Rule") promulgated by the Securities and Exchange Commission (the "SEC").

The District has existing disclosure obligations pursuant to the Rule. In the five -year period previous to the date of this Official Statement, the District timely and completely filed each Annual Report and notices of all Listed Events with respect to its prior continuing disclosure undertakings.

The District has retained Isom Advisors, A Division of Urban Futures, Inc. as its dissemination agent with respect to the Bonds and all continuing disclosure undertakings with respect to the District's outstanding debt issuances.

A failure by the District to comply with an undertaking will not constitute an event of default with respect to the Bonds. Nevertheless, such a failure must be reported in accordance with the Rule and must be considered by any broker, dealer, or municipal securities dealer before recommending the purchase

or sale of the Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

The County shall not have any obligation or incur any liability whatsoever with respect to the performance of the District's duties regarding continuing disclosure.

OTHER LEGAL MATTERS

Legality for Investment

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

Absence of Material Litigation

There is no action, suit, or proceeding known to be pending or threatened, to restrain or enjoin the execution or delivery of the Bonds, or in any way contesting or affecting the validity of the Bonds or any proceedings of the District taken with respect thereto. The District is not aware of any litigation pending or threatened questioning the political existence of the District or contesting the District's ability to issue the Bonds.

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

Professionals Involved in the Offering

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

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

Kutak Rock LLP, Denver, Colorado, is acting as Underwriter's Counsel with respect to the Bonds, and will receive compensation contingent upon the sale of the Bonds.

Paying Agent. Pursuant to the Bond Resolution, the District has appointed U.S. Bank Trust Company, National Association, San Francisco, California (the "Paying Agent"), a national banking

association organized under the laws of the United States, to serve as Paying Agent. The Paying Agent is the paying agent for the Prior Bonds being refunded with proceeds of the Bonds, and is also acting as Escrow Agent in connection with the redemption of said Prior Bonds.

The Paying Agent agrees to carry out those duties assignable to it under the Bond Resolution and other documents related to the Bonds. Except for the contents of this section, the Paying Agent has not reviewed or participated in the preparation of this Official Statement and assumes no responsibility for the nature, contents, accuracy or completeness of the information set forth in this Official Statement or for the recitals contained in the Bond Resolution or the Bonds, or for the validity, sufficiency, or legal effect of any of such documents.

Except as set forth in documents executed by the Paying Agent, including the Escrow Agreements, the Paying Agent has no oversight responsibility, and is not accountable, for the use or application by the District of any of the Bonds authenticated or delivered pursuant to the Bond Resolution, or for the use or application of the proceeds of such Bonds by the District. The Paying Agent has not evaluated the risks, benefits, or propriety of any investment in the Bonds and makes no representation, and has reached no conclusions, regarding the value or condition of any assets or revenues pledged or assigned as security for the Bonds, the technical or financial feasibility of the Project, or the investment quality of the Bonds, about all of which the Paying Agent expresses no opinion and expressly disclaims the expertise to evaluate.

Additional information about the Paying Agent may be found at its website at www.usbank.com. Neither the information on the Paying Agent's website, nor any links to or from that website, is incorporated as a part of this Official Statement, nor should any such information be relied upon to make investment decisions regarding the Bonds.

Possible Limitations on Remedies

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

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

whether commingled *ad valorem* tax revenues can be identified, and the overall goal of the Bankruptcy Code to facilitate an adjustment of debts. A bankruptcy proceeding, if initiated on behalf of the District, could have an adverse effect on the liquidity and value of the Bonds.

The County, on behalf of the District, is expected to be in possession of the annual *ad valorem* property taxes and certain funds to repay the Bonds and may invest these funds in the Shasta County Investment Pool, as described in "SHASTA COUNTY INVESTMENT POOL" herein and APPENDIX G "SHASTA COUNTY INVESTMENT POLICY AND POOLED INVESTMENT REPORT," attached hereto. If the County goes into bankruptcy and has possession of tax revenues (whether collected before or after commencement of the bankruptcy), and if the County does not voluntarily pay such tax revenues to the owners of the Bonds, it is not entirely clear what procedures the owners of the Bonds would have to follow to attempt to obtain possession of such tax revenues, how much time it would take for such procedures to be completed, or whether such procedures would ultimately be successful. Further, should those investments suffer any losses, there may be delays or reductions in payments on the Bonds.

ESCROW VERIFICATION

The arithmetical accuracy of certain computations included in the schedules provided by the Underwriter relating to the computation of the projected payments of principal and interest to retire the Refunded Bonds will be verified by Causey Public Finance, LLC, Denver, Colorado. 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.

RATING

Moody's Investors Service ("Moody's") has assigned a rating of "Aa2" to the Bonds. Such rating, which appears on the front cover of this Official Statement, reflects only the views of Moody's, and an explanation of the significance of such rating may be obtained only from Moody's. Such rating is not a recommendation to buy, sell, or hold any of the Bonds. There is no assurance that such rating will continue for any given period of time or will not be revised downward or withdrawn entirely by Moody's if in their judgment circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds. Neither the Underwriter nor the District has undertaken any responsibility after the offering of the Bonds to assure the maintenance of the rating or to oppose any such revision or withdrawal.

UNDERWRITING

The Bonds are being purchased by Stifel, Nicolaus & Company, Incorporated (the "Underwriter"), for reoffering to the public pursuant to the terms of a bond purchase agreement for the Bonds, by and between the Underwriter and the District (the "Bond Purchase Agreement"). Pursuant to the Bond Purchase Agreement, the Underwriter has agreed to purchase the Bonds at a price of \$_____ (equal

to the aggregate principal amount of Bonds plus/less [net] original issue premium/discount of \$ _____, and less underwriter's discount of \$ _____).

The Bond Purchase Agreement provides that the Underwriter will purchase all of the Bonds (if any are purchased), subject to certain terms and conditions set forth in the Bond Purchase Agreement including the approval of certain legal matters by counsel. The Underwriter may offer and sell Bonds to certain dealers and others at prices lower than the offering prices stated on the inside cover pages hereof. The offering prices may be changed by the Underwriter.

Stifel and its affiliates comprise a full service financial institution engaged in activities which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Stifel and its affiliates may have provided, and may in the future provide, a variety of these services to the District and to persons and entities with relationships with the District, for which they received or will receive customary fees and expenses.

In the ordinary course of these business activities, Stifel and its affiliates may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the District (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the District.

Stifel and its affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire such assets, securities and instruments. Such investment and securities activities may involve securities and instruments of the District.

ADDITIONAL INFORMATION

Brief descriptions or summaries of the District, the Bond Resolution, the Bonds, and other documents, agreements, and laws are included in this Official Statement. The summaries or references herein to the Bond Resolution and other documents, agreements, and laws referred to herein, and the description of the Bonds included herein, do not purport to be comprehensive or definitive, and such summaries, references and descriptions are qualified in their entirety by reference to such documents and laws, and the description herein of the Bonds is qualified in its entirety by reference to the form thereof and the information with respect thereto included in the aforesaid documents and laws. Copies of such documents may be obtained at the principal corporate trust office of the Paying Agent.

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

All data contained herein has been taken or constructed from District records. Appropriate District officials, acting in their official capacities, have reviewed this Official Statement and have determined that, as of the date hereof, the information contained herein is, to the best of their knowledge and belief, true and correct in all material respects and does not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made herein, in light of the circumstances under which they were made, not misleading.

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

ENTERPRISE ELEMENTARY SCHOOL DISTRICT

By: _____
Heather Armelino,
Superintendent

APPENDIX A

INFORMATION RELATING TO THE DISTRICT'S FINANCES AND OPERATIONS

The information in this appendix concerning the operations of the District, the District's finances, and State funding of education, is provided as supplementary information only, and it should not be inferred from the inclusion of this information in this Official Statement that the principal of or interest on the Bonds is necessarily payable from the general fund of the District or from State revenues. Interest on the Bonds is payable from the proceeds of ad valorem taxes levied and collected by the County for that purpose in accordance with the Refunding Bond Law, other State law, and the Bond Resolution. See "SECURITY AND SOURCE OF PAYMENT FOR THE BONDS" in the front portion of this Official Statement.

THE DISTRICT

General Information

The District was formed in 1868 and is located in the City of Redding (the "City"), in Shasta County (the "County"), State of California (the "State"). The District serves the east side of the City and parts of unincorporated Shasta County. The District is the largest elementary school district in the County, with eight schools and one dependent charter school in operation. The District serves an enrollment of approximately 3,450 students from an estimated population of approximately 34,000 residents. The District operates nine schools including six elementary schools (four serving transitional kindergarten (TK) through 5th grade and two serving TK through 8th grade), one middle school (serving grades 6th through 8th), one alternative school program (serving grades kindergarten through 8th), and one dependent charter school (serving grades kindergarten through 12th). In addition, the District serves preschool students in three District-operated preschools. After completing 8th grade, District students attend the Shasta Union High School District.

Administration

The District is governed by a five-member Board of Education (the "District Board"), each member of which is elected to a four-year term. Elections for positions on the District Board are held every two years, alternating between two and three available positions. Beginning in November 2024, the District started the process of transitioning from at-large elections to electing District Board members by area from five trustee areas within the District. The transition to the by-trustee area election system will be complete following the November 2026 elections. The management and policies of the District are administered by a District Superintendent appointed by the District Board who is responsible for day-to-day District operations as well as the supervision of the District's other key personnel. Heather Armelino is the District Superintendent. See "*Superintendent and Administrative Personnel*" below.

Current members of the District Board, together with their office and the date their term expires, are listed below.

**ENTERPRISE ELEMENTARY SCHOOL DISTRICT
(Shasta County, California)
District Board**

<u>Name</u>	<u>Office / Trustee Area</u>	<u>Term Expires</u>
Troy Wright	President, Trustee Area 1	2028
Bonnie Hyatt	Clerk, Trustee Area 2	2026
Andrew Shaddix	Trustee Area 3	2026
Robin Littau	Trustee Area 4	2026
Gloria Valles	Trustee Area 5	2028

Superintendent and Administrative Personnel. The Superintendent of the District, appointed by the District Board, is responsible for management of the day-to-day operations and supervises the work of other District administrators. The Chief Business Official of the District is responsible for the administration, financial, and operations management of the District, and reports to the Superintendent of the District.

Heather Armelino, Superintendent. Heather Armelino was selected to be the Superintendent of the District beginning in July 2021. An educator since 1998, she considers herself a teacher first and foremost. Previous positions of assistant superintendent, principal, assistant principal, and teacher have prepared her well for leading a high-achieving district through complex times. Mrs. Armelino holds a Master’s of Science in School Leadership. She also serves as the president of the Shasta County School Administrators Association and is an Administrator Coach with UC Irvine.

Deborah Williams, Chief Business Official. Deborah Williams has worked in the accounting department for the District since 2006, initially as the Accounting Manager, and now as the Director of Business Services. Ms. Williams has been the District’s CBO since July 1, 2023. Prior to joining the District, Ms. Williams audited schools in California while working for a CPA firm for nine years. Ms. Williams has a Bachelor of Science degree in Business Administration with an emphasis in Accounting from CSU Chico.

DISTRICT FINANCIAL INFORMATION

The following selected financial information provides a brief overview of the District’s finances. This financial information has been extracted from the District’s Audit Reports and, in some cases, from unaudited information provided by the District. See also, APPENDIX C – “AUDIT REPORT OF THE DISTRICT FOR FISCAL YEAR ENDED JUNE 30, 2025.”

State Funding of Education

The following information concerning the State's funding of education and the State budget process has been compiled from publicly available information provided by the State. Neither the District, the Municipal Advisor, nor the Underwriter is responsible for the information relating to the State's budgets provided in this section. Further information is available from the State Department of Education and the Public Finance Division of the State Treasurer's Office.

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

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

The primary component of A.B. 97, as amended by S.B. 91, was the implementation of the Local Control Funding Formula ("LCFF"). Beginning in fiscal year 2013-14, the bulk of funding for school districts is being provided on the basis of target base funding grants per unit of ADA (each, a "Base Grant") assigned to each of four grade spans. Each Base Grant is subject to certain adjustments, as further described herein. According to a report published by the State Legislative Analyst's Office, the State general fund cost of fully implementing the LCFF in fiscal year 2013-14 would have been approximately \$18 billion more than what was spent on education in the prior fiscal year (assuming current levels of property tax revenue, ADA and enrollment). Given this cost, the LCFF was implemented over a span of six fiscal years, during which time school districts received annual funding increases based on the gap between their respective prior-year funding level and the target LCFF allocation following full implementation. In each year, each school district saw the same proportion of their funding gap closed, with dollar amounts varying depending on the size of a district's funding gap. The State's cost to fund the LCFF in each fiscal year fluctuates depending on a number of factors, including the provision of COLAs, fluctuations in ADA and student demographics, and growth in property tax revenues.

The specific Base Grants, beginning in fiscal year ended 2013-14, per unit of ADA, for each grade span were as follows: (a) \$6,845 for grades K-3; (b) \$6,947 for grades 4-6; (c) \$7,154 for grades 7-8; and (d) \$8,289 for grades 9-12. Beginning in fiscal year 2013-14, and in each subsequent year, the Base Grants have been adjusted for COLAs by applying the implicit price deflator for government goods and services. The provision of the COLAs is currently subject to appropriation for such adjustment in the annual State budget. The differences among Base Grants are linked to differentials in statewide average revenue limit

rates by district type and are intended to recognize the generally higher costs of education at higher grade levels. As of fiscal year 2018-19, school districts and charter schools are fully-funded under LCFF.

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

The adjusted Base Grants per unit of ADA for fiscal year 2025-26, accounting for the K-3 and 9-12 grade span adjustments, and accounting for the 2025-26 funded COLA (2.30%), are as follows: (a) \$11,323 per ADA for TK/kindergarten through grade 3; (b) \$10,411 per ADA for grades 4 through 6; (c) \$10,719 per ADA for grades 7 and 8; and (d) \$12,746 per ADA for grades 9 through 12. These amounts do not reflect Supplemental and Concentration Grants, or other add-ons and adjustments.

The State budget for fiscal year 2021-22 also implemented a plan intended to expand the LCFF to include Transitional Kindergarten (TK) to all four-year olds. This plan phased in cohorts of TK students over a four-year period, concluding in fiscal year 2025-26. This add-on is subject to COLA adjustments to the same degree as LCFF Base Grants. As a result, LCFF districts that serve TK students are eligible to receive an add-on equal to \$5,545 in fiscal year 2025-26, multiplied by such district's ADA for TK students for the current fiscal year.

For further discussion regarding school funding provisions in the most recent State budgets, see "California State Budgets" below.

School districts that serve students of limited English proficiency ("EL" students), students from low-income families that are eligible for free or reduced priced meals ("LI" students) and foster youth are eligible to receive additional funding grants. Enrollment counts are unduplicated, such that students may not be counted as both EL and LI. Foster youth automatically meet the eligibility requirements for free or reduced priced meals, and are therefore not discussed herein separately. LCFF authorizes a supplemental grant add-on (each, a "Supplemental Grant") for school districts that serve EL/LI students, equal to 20% of the applicable adjusted Base Grant multiplied by such districts' percentage of unduplicated EL/LI student enrollment. In addition, school districts whose EL/LI populations exceed 55% of their total enrollment are eligible for a concentration grant add-on (each, a "Concentration Grant") equal to 65% of the applicable adjusted Base Grant multiplied by the percentage of such district's unduplicated EL/LI student enrollment in excess of the 55% threshold.

The sum of a school district's adjusted Base, Supplemental and Concentration Grants will be multiplied by such district's funded ADA, which is equal to the greater of current, prior, or the average of the three most recent prior years' ADA (with certain adjustments applicable to small school districts). This funding amount, together with any applicable categorical block grant add-ons, will yield a district's total LCFF allocation. Generally, the amount of annual State apportionments received by a school district

will amount to the difference between such total LCFF allocation and such district's share of applicable local property taxes. Most school districts receive a significant portion of their funding from such State apportionments. As a result, decreases in State revenues may significantly affect appropriations made by the Legislature to school districts.

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

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

School districts are also required to adopt local control and accountability plans ("LCAPs") disclosing annual goals for all students, as well as certain numerically significant student subgroups, to be achieved in eight areas of State priority identified by A.B. 97. LCAPs may also specify additional local priorities. LCAPs must specify the actions to be taken to achieve each goal, including actions to correct identified deficiencies with regard to areas of State priority. LCAPs are required to be adopted every three years, beginning in fiscal year 2014-15, and updated annually thereafter. The CDE has adopted a template LCAP for use by school districts.

Support and Intervention. A.B. 97 establishes a new system of support and intervention to assist school districts to meet the performance expectations outlined in their respective LCAPs. School districts must adopt their LCAPs (or annual updates thereto) in tandem with their annual operating budgets, and not later than five days thereafter submit such LCAPs or updates to their respective county superintendents of schools. On or before August 15 of each year, a county superintendent may seek clarification regarding the contents of a district's LCAP (or annual update thereto), and the district is required to respond to such a request within 15 days. Within 15 days of receiving such a response, the county superintendent can submit non-binding recommendations for amending the LCAP or annual update, and such recommendations must be considered by the respective school district at a public hearing within 15 days. A district's LCAP or annual update must be approved by the county superintendent by October 8 of each year if the superintendent determines that (a) the LCAP or annual update adheres to the CDE template, and (b) the district's budgeted expenditures are sufficient to implement the actions and strategies outlined in the LCAP.

A school district is required to receive additional support if its respective LCAP or annual update thereto is not approved, if the district requests technical assistance from its respective county superintendent, or if the district does not improve student achievement across more than one State priority for one or more student subgroups. Such support can include a review of a district's strengths and weaknesses in the eight State priorities, or the assignment of an academic expert to assist the district to identify and implement programs designed to improve outcomes. Assistance may be provided by the California Collaborative for Educational Excellence, a state agency created by A.B. 97 and charged with assisting school districts to achieve the goals set forth in their LCAPs. In late 2015, the CDE developed rubrics to assess school district performance and the need for support and intervention.

A.B. 97 also authorizes the State Superintendent of Public Instruction (the "State Superintendent"), with the approval of the CDE, to intervene in the management of persistently underperforming school districts. The State Superintendent may intervene directly or assign an academic trustee to act on his or her behalf. In so doing, the State Superintendent is authorized to (a) modify a district's LCAP, (b) impose budget revisions designed to improve student outcomes, and (c) stay or rescind actions of the local governing board that would prevent such district from improving student outcomes; provided, however, that the State Superintendent is not authorized under A.B. 97 to rescind an action required by a local collective bargaining agreement.

District Student Enrollment

The District's average daily attendance ("ADA") is the primary determinant of State funding through the LCFF. See "State Funding of Education – *Local Control Funding Formula*," above. For fiscal years 2019-20, 2020-21, and 2021-22, the District remained funded at pre-pandemic ADA levels due to State bills passed in response to the COVID-19 pandemic and due to existing LCFF funding calculations. Starting with fiscal year 2022-23, in order to allow school districts to adjust to enrollment-related funding declines and minimize the impacts of a single-year drop in enrollment, the legislation enacting the 2022-23 State Budget amended the LCFF calculation to consider the greater of a school district's current year, prior year, or the average of three prior years' ADA.

The following table shows a breakdown of the District’s funded-basis ADA by grade span, for fiscal years 2016-17 through 2024-25, budgeted projections for fiscal year 2025-26, and total enrollment and the percentage of EL/LI student enrollment for the same period.

Table No. A-1
ENTERPRISE ELEMENTARY SCHOOL DISTRICT
ADA, Enrollment, and EL/LI Enrollment Percentage
Fiscal Years 2016-17 through 2025-26

Fiscal Year	Average Daily Attendance ⁽¹⁾				Enrollment ⁽²⁾		
	TK-3	4-6	7-8	9-12	Total ADA	Total Enrollment	% of EL/LI Enrollment ⁽³⁾
2016-17	1,708	1,108	639	-	3,457	3,786	70.1%
2017-18	1,618	1,140	637	-	3,396	3,597	72.0
2018-19	1,629	1,108	641	-	3,378	3,490	71.7
2019-20	1,603	1,158	655	-	3,477	3,584	71.4
2020-21	1,603	1,158	655	-	3,417	3,363	70.9
2021-22	1,603	1,158	655	-	3,417	3,356	70.5
2022-23	1,563	1,119	663	-	3,345	3,404	67.5
2023-24	1,518	1,066	646	-	3,231	3,317	73.6
2024-25	1,559	1,019	646	-	3,226	3,451	73.4
2025-26 ⁽³⁾	1,555	1,010	643	-	3,210	3,359	72.5

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

⁽²⁾ The percentage of unduplicated EL/LI students is based on a rolling average of EL/LI enrollment for the then-current fiscal year and the two immediately preceding fiscal years.

⁽³⁾ ADA from the CDE’s P-1 apportionment summary and enrollment from the District’s 2025-26 2nd Interim Report adopted March 11, 2026. 2025-26 data are budgeted projections.

Source: The District.

Recent Enrollment Trends. Enrollment in the District has remained generally flat in recent years, with a small decline experienced in the current 2025-26 fiscal year. The District is projecting a modestly increasing enrollment trend over the next three fiscal years.

Open Enrollment. Within Shasta County, students are able to enroll in a school that is outside of the district in which they reside, by interdistrict transfer. The District currently sees a net inflow of students from other districts. Approximately one quarter of the District’s students live outside of the District’s boundaries but attend the District’s schools pursuant interdistrict transfers.

Effect of Changes in Enrollment. Changes in local property tax income and ADA affect LCFF districts and community funded districts differently. In an LCFF district, such as the District, increasing enrollment increases the total amount distributed under the LCFF and thus generally increases an LCFF 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.

Federal Deportation Efforts and Potential Effects on Enrollment. Deportation efforts may contribute to declines in the District’s attendance and enrollment. For LCFF districts, such as the District, decreases in attendance directly decrease the total amount the District receives from the State under the LCFF. Decreases in attendance may additionally reduce the District’s counts of EL and LI students, which would reduce the District’s entitlement to State equalization aid. If undocumented students or students who have undocumented parents or caretakers cease attending the District’s schools or face deportation, the District may experience decreases in revenues that result from the LCFF. The District cannot predict potential changes to enrollment or attendance resulting from deportation efforts initiated by the current Presidential administration or the effect such changes to its enrollment or attendance would have upon the District’s future LCFF revenues.

Charter Schools. The District currently operates one fiscally-dependent charter school. The Redding Collegiate Academy serves kindergarten through grade 12, and had a 2024-25 enrollment of approximately 219 students. The financial activities of the charter school are included in the District’s financial statements, though accounted for separate and apart from the District’s general fund.

To the extent charter schools draw students from school districts and reduce school district enrollment, charter schools can adversely affect school district general fund revenues. Certain per-pupil expenditures of a school district also decrease based upon the number of students enrolled in charter schools. Pursuant to Proposition 39, school districts are required to provide facilities reasonably equivalent to those provided to regular district students for charter schools having a projected average daily attendance of at least 80 or more students from that district.

District Revenue Sources

The District categorizes its general fund revenues into four sources: LCFF sources; federal revenues; other State revenues; and other local revenues. Each of these revenue sources is described below.

LCFF Revenues. LCFF revenue is comprised of local property tax revenues (i.e., the district’s share of the local 1% property tax), supplemented by State aid.

Federal Revenues. The federal government provides funding for several District programs, such as Title I, Title II, Title III, Title IV, and special education funding.

The Trump Administration has issued a series of executive orders to, among other things, ensure that federal funds are used in a manner that is approved by the Trump Administration and to close the Department of Education (the “DOE”) to the maximum extent appropriate and permitted by law. The

DOE provides funding to local school districts nationwide, including the District, primarily for special education services and under Title I.

The District cannot predict with certainty the effects of the executive orders or other actions by the Trump Administration or the DOE on the District's federal funding or operations, including whether the amount of federal revenues that the District receives will be reduced, the extent of any such reduction, or whether any such reduction would occur in the current or any future fiscal year.

Other State Revenues. The District receives revenue from the State in addition to LCFF revenues. These "Other State Revenues" are primarily restricted funding for certain programs that were excluded from the LCFF's elimination of most categorical funding grants. In addition, the District receives reimbursement for services provided to State-funded preschool programs.

A portion of such Other State Revenues are amounts the District receives 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 ADA.

Other Local Revenues. In addition to property taxes, the District receives additional local revenues from items such as leasing of property owned by the District and interest earnings.

Accounting Practices

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

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

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

The Governmental Accounting Standards Board ("GASB") published its Statement No. 34 "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments" on June 30, 1999. Statement No. 34 provides guidelines to auditors, state and local governments and special purpose governments, such as school districts and public utilities, on new requirements for financial reporting for all governmental agencies in the United States. Generally, the basic financial

statements and required supplementary information should include (i) Management’s Discussion and Analysis, (ii) financial statements prepared using the economic measurement focus and the accrual basis of accounting, (iii) fund financial statements prepared using the current financial resources measurement focus and the modified accrual method of accounting, and (iv) required supplementary information. The District’s financial statements are prepared in accordance with Statement No. 34.

Audited Financial Statements

The CDE imposes by law uniform financial reporting and budgeting requirements for K-12 school districts. Financial transactions are accounted for in accordance with the CDE’s California School Accounting Manual. This manual, according to Section 41010 of the California Education Code, is to be followed by all California school districts, including the District.

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 District is normally required to provide its annual audit report for the previous fiscal year to the County Superintendent and to the State by no later than December 15. Following an approval process and any necessary adjustments, the annual audit report will be approved by the District Board, under normal circumstances.

The District’s most recent completed audit report, for fiscal year 2024-25, was prepared by Horton, McNulty & Saetern, LLP, Chino, California. The auditor has not participated in the preparation of this Official Statement and has not provided any update of the financial statements in connection with their inclusion in this Official Statement.

Audited financial statements for the District for the prior fiscal years are on file with the District and available for public inspection at the office of the Superintendent of the District. Copies of such financial statements will be mailed to prospective investors and their representatives upon written request to the District. The District may impose a charge for copying, mailing and handling. For the most recently completed audit, see APPENDIX C – “AUDIT REPORT OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2025.”

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General Fund Balance Sheet. The following table summarizes a five-year history of the District’s audited General Fund Balance Sheets for fiscal years 2020-21 through 2024-25.

TABLE No. A-2
ENTERPRISE ELEMENTARY SCHOOL DISTRICT
Historical Audited General Fund Balance Sheets
For Fiscal Years 2020-21 through 2024-25

	Fiscal Year Ending June 30,				
	2021	2022	2023	2024	2025
Assets					
Cash and investments	\$ 10,654,677	\$ 24,615,102	\$ 38,370,431	\$ 45,473,438	\$ 49,581,049
Accounts receivable	48,502	182,849	59,533	193,790	45,678
Due from other governments	10,929,970	5,255,584	3,738,824	2,446,715	3,317,595
Due from other funds	914,259	1,095,887	1,133,993	1,194,055	1,353,532
Other current assets	-	-	-	613	613
Prepaid Expenditures	254,966	565,654	330,916	848,912	669,679
Total Assets	22,802,374	31,715,076	43,633,697	50,157,523	54,968,146
Liabilities					
Accounts Payable	1,495,419	2,811,535	2,904,127	3,021,564	2,536,665
Due to other governments	88,194	3,239,536	1,367,881	1,390,047	3,277,416
Due to other funds	340,049	866,126	644,355	628,013	840,028
Advances from grantors	115,202	228,400	1,127,684	139,653	130,546
Total Liabilities	2,038,864	7,145,597	6,044,027	5,179,277	6,784,655
Fund Balance					
Nonspendable	269,966	580,654	345,916	863,912	684,679
Restricted	504,076	1,902,441	9,824,006	10,063,348	7,754,936
Assigned	18,576,099	20,235,405	25,502,893	30,460,930	37,016,712
Unassigned	1,413,369	1,850,979	1,916,855	3,590,056	2,727,164
Total Fund Balance	20,763,510	24,569,479	37,589,670	44,978,246	48,183,491
<u>Total Liabilities and Fund Balance</u>	<u>\$22,802,374</u>	<u>\$31,715,076</u>	<u>\$43,633,697</u>	<u>\$50,157,523</u>	<u>\$54,968,146</u>

Note: Totals may not add due to rounding.

Source: District Audit Reports for fiscal years 2020-21 through 2024-25.

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General Fund Revenues, Expenditures, and Changes in Fund Balances. The following table summarizes the audited income and expense statements for the District for fiscal years 2020-21 through 2024-25.

TABLE No. A-3
ENTERPRISE ELEMENTARY SCHOOL DISTRICT
Historical Audited General Fund Revenues, Expenditures and Changes in Fund Balance
For Fiscal Years 2020-21 through 2024-25 ^{(1) (2)}

	Fiscal Year Ending June 30,				
	2021	2022	2023	2024	2025
Revenues					
LCFF Sources	\$ 35,243,701	\$ 37,430,883	\$ 41,385,748	\$ 43,654,982	\$ 44,826,468
Federal Revenue	6,259,655	6,529,430	14,524,712	9,591,420	8,983,172
Other State Revenue	10,007,064	6,770,987	6,065,724	5,242,894	2,569,279
Other Local Revenue	2,919,013	2,294,264	4,403,636	6,471,946	6,721,052
Total Revenues	54,429,433	53,025,564	66,379,820	64,961,242	63,126,971
Expenditures					
Certificated Salaries	17,760,108	18,865,214	21,265,849	21,882,514	22,971,970
Classified Salaries	7,696,609	8,645,119	9,458,661	9,788,480	10,099,218
Employee Benefits	10,390,565	11,216,610	12,238,665	13,836,270	15,205,910
Books and Supplies	2,522,395	3,855,821	2,868,744	2,659,573	1,351,749
Services and Other Op. Ex.	4,650,410	5,360,005	6,241,377	7,465,923	8,957,252
Other Outgo	(41,544)	(55,819)	(129,394)	(61,917)	(33,650)
Direct Support/Indirect Costs	-	-	-	-	-
Capital Outlay	203,533	1,297,403	1,358,201	1,954,579	1,321,961
Debt Service – Principal	-	-	19,873	20,595	21,343
Debt Service – Interest	-	-	2,443	1,721	973
Total Expenditures	43,182,167	49,184,353	53,324,419	57,547,666	59,896,726
Revenues Over Expenditures	11,247,266	3,841,211	13,055,401	7,413,576	3,230,245
Other Financing Sources and Uses					
Other Sources	-	-	-	-	-
Transfers In	45,471	-	-	-	-
Transfers Out	(75,523)	(35,242)	(35,210)	(25,000)	(25,000)
Total Other Financing Sources	(30,052)	(35,242)	(35,210)	(25,000)	(25,000)
Net Change in Fund Balance	11,217,214	3,805,969	13,020,191	7,388,576	3,205,245
Beginning Fund Balance	9,546,296	20,763,510	24,569,479	37,589,670	44,978,246
Ending Fund Balance	<u>\$20,763,510</u>	<u>\$24,569,479</u>	<u>\$37,589,670</u>	<u>\$44,978,246</u>	<u>\$48,183,491</u>

⁽¹⁾ Restricted and Unrestricted General Fund Revenues.

⁽²⁾ Totals may not sum due to rounding.

Source: District Audit Reports for fiscal years 2019-20 through 2024-25.

Budget Process

The District is required by provisions of the State Education Code to maintain a balanced budget each year, in which the sum of expenditures and the ending fund balance cannot exceed the sum of revenues and the carry-over fund balance from the previous year. School districts' annual general fund expenditures are characterized in large part by multi-year expenditure commitments such as union contracts. Year-to-year fluctuations in State and local funding of school district general funds could result in revenue decreases which, if large enough, may not easily be offset by an equal reduction in expenditures until at least the following fiscal year.

School districts are required by State law to maintain minimum general fund reserves that can be drawn upon in the event of a resulting excess of expenditures over revenues for a given fiscal year. Under certain conditions, some school districts are also required to maintain reserves below a statutory maximum, known as a reserve cap. (See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Proposition 2.").

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, known as the "First Interim Report" and "Second Interim Report," with the county superintendent (on December 15, for the period ended October 31, and by mid-March for the period ended January 31) as to its ability to meet its financial obligations for the remainder of the then-current fiscal year and, based on current forecasts, for the subsequent fiscal year. The county superintendent reviews the certification and issues either a positive, negative, or qualified certification. A positive certification is assigned to any school district that, based on then current projections, will meet its financial obligations for the current fiscal year and the subsequent two fiscal years. A negative certification is assigned to any school district that, based on then current projections, will be unable to meet its financial obligations for the remainder of the fiscal year or the subsequent fiscal year. A qualified certification is assigned to any school district that, based on then current projections, will not meet its financial obligations for the current fiscal year or the two subsequent fiscal years. A certification may be revised to a negative or qualified certification by the county superintendent, as appropriate. A school district that receives a qualified or negative certification for its second interim report must provide to the county superintendent, the State Controller and the Superintendent no later than June 1, financial statement projections of the school district's fund and cash balances through June 30 for the period ending April 30.

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

The table below lists the District's interim report certification status for the most recent fiscal years.

TABLE No. A-4
ENTERPRISE ELEMENTARY SCHOOL DISTRICT
Recent History of District Interim Report Status
Fiscal Years 2020-21 to 2025-26

Fiscal Year	First Interim	Second Interim
2020-21	Positive	Positive
2021-22	Positive	Positive
2022-23	Positive	Positive
2023-24	Positive	Positive
2024-25	Positive	Positive
2025-26	Positive	Positive

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. The county superintendent, however, 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 of Education 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.

In the five fiscal years including and prior to 2025-26, the District has not had an adopted budget disapproved by the County Superintendent of Schools.

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The following table summarizes the District’s fiscal year 2025-26 adopted budget and full-year projections based on the District’s 2025-26 1st and 2nd Interim Reports.

TABLE No. A-5
ENTERPRISE ELEMENTARY SCHOOL DISTRICT
Summary of Budgeted General Fund Revenues, Expenditures and Changes in Fund Balance
For Fiscal Year 2025-26 ^{(1), (2)}

Revenues	Fiscal Year 2025-26		
	Adopted Budget	1 st Interim Report	2 nd Interim Report
LCFF Sources	\$ 45,191,753	\$ 45,272,693	\$45,161,573
Federal Revenue	2,734,786	2,777,383	2,814,841
Other State Revenue	8,064,171	11,316,855	11,284,857
Other Local Revenue	3,896,236	4,258,406	5,755,630
Total Revenues	59,886,946	63,625,337	65,016,901
Expenditures			
Certificated Salaries	22,827,934	24,823,967	24,756,601
Classified Salaries	11,270,453	11,544,170	11,746,014
Employee Benefits	15,377,529	15,318,396	15,383,439
Books and Supplies	2,441,719	2,460,782	2,926,081
Services and Other Operating Expenses	7,510,461	10,332,069	10,560,4830
Capital Outlay	5,365,000	4,662,032	5,531,648
Other Outgo (excl. Transfers of Indirect Costs)	174,000	174,000	180,000
Other Outgo - Transfers of Indirect Costs	(274,824)	(275,174)	(275,408)
Total Expenditures	64,692,272	69,040,242	70,808,858
Excess Of Revenues Over Expenditures	(4,805,326)	(5,414,905)	(5,791,957)
Other Financing Sources/Uses			
Other Sources			
Interfund Transfers In	3,925,000	3,265,000	3,586,857
Interfund Transfers Out	(25,000)	(50,000)	(50,000)
Total Other Financing Sources/Uses	3,900,000	3,215,000	3,536,857
Net Change in Fund Balances	(905,326)	(2,199,905)	(2,255,100)
Fund Balance Beginning ⁽³⁾	20,372,066	25,933,749	25,933,749
Fund Balance Ending ⁽³⁾	\$19,466,740	\$23,733,844	\$23,678,649

⁽¹⁾ Restricted and Unrestricted sources, combined.

⁽²⁾ Totals may not add due to rounding.

⁽³⁾ General fund balances reflected in budget reports may differ from prior year audited figures due to certain special funds being combined with the general fund for audit reporting purposes, but excluded from the general fund for budgetary reporting purposes. Anticipated 2025-26 General Fund deficits are primarily spend-downs of one-time funds.

Source: District’s 2025-26 1st and 2nd Interim Reports, as adopted on December 17, 2025 and March 11, 2026, respectively.

Employment

The District currently employs 213.5 full-time equivalent (“FTE”) certificated employees and 270.5 FTE classified employees. Included in the foregoing counts are approximately 22 FTE management employees. The District has budgeted certificated and classified salaries in the amounts of \$24.8 million and \$11.5 million, respectively.

Most District employees are represented by employee bargaining units. The Enterprise Elementary Teachers Association (the “Teachers Association”) represents non-administrator certificated employees and California Schools Employees Association, Chapter 384 (the “CSEA”) represents non-confidential classified employees. Administrative and confidential employees are not represented by a bargaining unit. The District’s current contracts with both the Teachers Association and CSEA, expire on June 30, 2028. By law, each contract is in effect until a new contract is approved. In the past ten years the District has not experienced any labor strikes.

District Retirement Systems

The information set forth below regarding the CalSTRS and CalPERS programs, other than the information provided by the District regarding its annual contributions thereto, has been obtained from publicly available sources which are believed to be reliable but are not guaranteed as to accuracy or completeness, and should not be construed as a representation by either the District or the Underwriter.

The District participates in retirement plans with the State Teachers’ Retirement System (“CalSTRS”), which covers all full-time District faculty members, and the State Public Employees’ Retirement System (“CalPERS”), which covers classified employees. Classified District personnel who are employed more than half of full-time service may participate in CalPERS.

Each of CalSTRS and CalPERS issues a separate comprehensive financial report that includes financial statements and required supplemental information. Copies of such financial reports may be obtained from each of CalSTRS and CalPERS as follows: (i) CalSTRS, P.O. Box 15275, Sacramento, California 95851-0275; (ii) CalPERS, P.O. Box 942703, Sacramento, California 94229-2703. Moreover, each of CalSTRS and CalPERS maintains a website, as follows: (i) CalSTRS: www.calstrs.com; (ii) CalPERS: www.calpers.ca.gov. *The information presented in such financial reports or on such websites is not incorporated into this Official Statement by any reference.*

District Contributions. The following table sets forth the District’s total contributions to CalSTRS and CalPERS for fiscal years 2017-18 through 2024-25 and the District’s projected (budgeted) contributions for fiscal year 2025-26. For more information regarding the District’s retirement benefits obligations, see APPENDIX C – “AUDIT REPORT OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2025, Note 16” herein.

TABLE No. A-6
ENTERPRISE ELEMENTARY SCHOOL DISTRICT
Aggregate Employer Contributions to CalSTRS and CalPERS
Fiscal Years 2017-18 through 2025-26

Fiscal Year	District CalSTRS Contributions ⁽¹⁾	District CalPERS Contributions ⁽¹⁾
2017-18	\$ 2,412,270	\$ 1,121,610
2018-19	2,817,832	1,424,990
2019-20	2,892,739	1,525,290
2020-21	2,743,806	1,575,961
2021-22	3,019,504	1,899,641
2022-23	3,774,387	2,460,236
2023-24	3,934,124	2,850,163
2024-25	4,147,234	3,103,634
2025-26 ⁽²⁾	4,690,709	3,164,795

⁽¹⁾ Reflects data for all District funds, including the District’s general fund. Except for CalSTRS contributions for fiscal year 2025-26, does not include on-behalf payments from the State.

⁽²⁾ 2025-26 budgeted projections from the District’s 2025-26 2nd Interim Report.

Source: The District’s Audit Report for fiscal year 2024-25, and the District’s 2025-26 2nd Interim Report, as adopted March 11, 2026.

CalSTRS. All full-time certificated employees, as well as certain classified employees, are members of CalSTRS. CalSTRS provides retirement, disability and survivor benefits to plan members and beneficiaries under a defined benefit program (the “CalSTRS Defined Benefit Program”). The CalSTRS Defined Benefit Program is funded through a combination of investment earnings and statutorily set contributions from three sources: employees, employers, and the State. Benefit provisions and contribution amounts are established by State statutes, as legislatively amended from time to time.

Employees, the State, and employers all contribute to CalSTRS. The funding plan enacted through Assembly Bill 1469 (“AB 1469”) in 2015, and related legislation, provides the State Teachers Retirement Board (the “STRS Board”) with authority to modify, based upon recommendations from its actuary, the percentages paid by employers and employees starting in 2021-22 and each fiscal year thereafter to eliminate the CalSTRS unfunded actuarial obligation by June 30, 2046, provided that the employer contribution rate cannot change in any fiscal year by more than 1% of creditable compensation upon which members’ contributions to CalSTRS are based; and provided further that such contribution rate cannot exceed a maximum of 20.25%. The STRS Board also has authority to reduce employer and State contributions if they are no longer necessary.

As shown in the below table, the employer contribution rate for fiscal year 2025-26 is 19.1% of covered payroll. The effective employer contribution rates, as adjusted/reduced by State appropriations, from

fiscal year 2016-17 through 2025-26, are shown in the following schedule. For some fiscal years, the contribution rates set forth below are less than the rates set by the CalSTRS Board due to supplemental payments made by the State on behalf of school districts for the purpose of reducing the effective contribution rates.

TABLE A-7
K-14 SCHOOL DISTRICT CONTRIBUTION RATES
CalSTRS (Defined Benefit Program)

Effective Date	Employer Contribution Rate ⁽¹⁾
July 1, 2016	12.58%
July 1, 2017	14.43
July 1, 2018	16.28
July 1, 2019	17.10 ⁽²⁾
July 1, 2020	16.15 ⁽³⁾
July 1, 2021	16.92 ⁽⁴⁾
July 1, 2022	19.10
July 1, 2023	19.10
July 1, 2024	19.10
July 1, 2025	19.10

⁽¹⁾ Expressed as a percentage of covered payroll.

The District’s total employer contributions to CalSTRS for fiscal years 2015-16 through 2024-25 were equal to 100% of the required contributions for each year (see Table A-6 above). The District is unable to predict all factors or any changes in law that could affect its required contributions to CalSTRS in future fiscal years.

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

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

School districts are required to contribute to CalPERS at an actuarially determined rate, including based on the changes in the discount rate, inflation rate, payroll growth rate and demographic assumptions, along with expected reductions in normal cost due to the continuing transition of active members from those employees hired prior to the Implementation Date (defined below), to those hired after such date. State legislation has, in some recent fiscal years, appropriated State contributions to the Schools Pool, resulting in adjusted CalPERS employer contribution rates reduced from the actuarially determined and adopted/projected rates.

On April 14, 2025, the CalPERS Board set the fiscal year 2025-26 school employer contribution rate at 26.81%. Employer contribution rates for fiscal years 2019-20 through the current fiscal year 2025-26, and projected for fiscal years 2026-27 through 2029-30 are shown in the following table.

**TABLE A-8
EMPLOYER CONTRIBUTION RATES
CALPERS**

Fiscal Year	Employer Contribution Rate ⁽¹⁾
2019-20	19.72%
2020-21	20.70
2021-22	22.91
2022-23	25.37
2023-24	26.68
2024-25	27.05
2025-26	26.81
2026-27 ⁽²⁾	26.40
2027-28 ⁽²⁾	26.90
2028-29 ⁽²⁾	26.10
2029-30 ⁽²⁾	25.30

Note: The CalPERS Board is expected to approve official employer contribution rates for each fiscal year, during the preceding fiscal year.

⁽¹⁾ Expressed as a percentage of covered payroll.

⁽²⁾ Projected.

Source: CalPERS

The District’s contributions to CalPERS for fiscal years 2019-20 through 2024-25 equaled 100% of the required contributions for each year (see Table A-6 above).

California Public Employees’ Pension Reform Act of 2013. The Governor signed the California Public Employees’ Pension Reform Act of 2013 (“PEPRA”) into law on September 12, 2012. PEPRA affects both CalSTRS and CalPERS, most substantially as they relate to new employees hired after January 1, 2013 (the “Implementation Date”). As it pertains to CalSTRS participants hired after the Implementation Date, PEPRA changes the normal retirement age, increasing the eligibility for the 2% “age factor” (the percent

of final compensation to which an employee is entitled to for each year of service) from age 60 to 62 and increasing the eligibility of the maximum age factor of 2.4% from age 63 to 65. For non-safety CalPERS participants hired after the Implementation Date, PEPRAs changes the normal retirement age by increasing the eligibility for the 2% age factor from age 55 to 62 and also increases the eligibility requirement for the maximum age factor of 2.5% to age 67.

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

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

The District's proportionate shares of the net pension liabilities, pension expense, deferred outflow of resources and deferred inflow of resources for CalSTRS and CalPERS, as of June 30, 2025, are as shown in the following table.

TABLE No. A-9
ENTERPRISE ELEMENTARY SCHOOL DISTRICT
District’s Proportionate Share of CalSTRS and CalPERS Net Pension Liability
Fiscal Year 2024-25

Pension Plan	Net Pension Liability
CalSTRS	\$20,926,449
CalPERS	19,046,593
Totals	\$39,973,042

The District’s Audit Report for fiscal year 2024-25.

Potential Impact of Market Conditions on Pension Liabilities; Effect on the District. Potential market downturns, a decline in the prices of equities, or related volatility in the U.S. and global stock markets could have a material impact on the investments in the State pension trusts, which could materially increase either or both CalSTRS’ and CalPERS’ unfunded pension liabilities. Increases in unfunded pension liabilities could result in material increases to the required employer contribution rates for participating public agencies in future fiscal years.

The District is unable to predict with certainty the effects of U.S. and global stock market volatility on the State pension trust investment portfolios, the effects on the District’s proportionate shares of the net pension liabilities of CalSTRS or CalPERS, and whether or to what extent the District’s employer contribution rates may change in future fiscal years as a result.

For further information regarding the District’s net pension liability, see also “APPENDIX C - AUDIT REPORT OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2025, Note 16” herein.

Other Post-Employment Benefits

In addition to the retirement plan benefits with CalSTRS and CalPERS discussed above, the District provides certain post-retirement healthcare benefits, in accordance with District employment contracts, through the California Employer’s Retiree Benefit Trust Fund (the “Trust”), which is an agent multiple-employer defined benefit plan (the “Plan”). The Plan is used to provide post-employment benefits other than pension benefits (“OPEB”) for eligible retirees and their spouses. District employee membership in the Plan, as of June 30, 2025, consists of 19 inactive employees currently receiving benefits, and 275 participating active employees entitled to, but not yet receiving benefits. The benefit payment requirements of the Plan members and the District are established and may be amended by the District and the employee labor groups. For fiscal year 2024-25, the District contributed \$1,139,597 to the Plan, which included premium payments on behalf of retired employees, and a contribution to the trust fund for future premium payments.

Net OPEB Liability. The District net OPEB liability for the Plan is measured as the total OPEB liability, less the District’s fiduciary net position held in the Trust. The District’s share of assets in the Trust as of June 30, 2025, was greater than the District’s total OPEB liability for the same period, resulting in a net OPEB *asset* of \$844,763 rather than a net liability. The Plan is currently overfunded, but the District anticipates additional Plan liabilities will be incurred as more retirees become eligible for Plan benefits.

The following table displays the changes to the District’s OPEB liability for the fiscal year ended June 30, 2025.

TABLE No. A-10
ENTERPRISE ELEMENTARY SCHOOL DISTRICT
Changes in Net OPEB Liability - Fiscal Year 2024-25

Total OPEB Liability – July 1, 2024	\$3,612,143
Service Cost	187,401
Interest	243,746
Diff. btw. expected and actual experience	(546,259)
Benefit Payments	(189,597)
Net Change in Total OPEB Liability	(304,709)
Total OPEB Liability – June 30, 2025	3,307,434
Fiduciary Net Position in GASB 75 Trust as of July 1, 2024	2,797,783
Employer contributions	1,139,597
Investment gains/losses	220,836
Diff. btw. expected and actual investment income	185,858
Actual benefit payments	(189,597)
Administrative Expenses	(2,280)
Net Change in Fiduciary Net Position	1,354,414
Fiduciary Net Position as of June 30, 2025	4,152,197
Net OPEB Liability (Total Liability less Fiduciary Net Position) – June 30, 2025	<u>\$(844,763)</u>

Source: The District’s Audit Report for fiscal years 2024-25.

For further information regarding the District’s OPEB liability, see also “APPENDIX C - AUDIT REPORT OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2025, Note 18” herein.

Public Entity Risk Pools and Joint Powers Authorities

The District participates in joint ventures under joint powers agreements with the following joint powers authorities (JPAs): California’s Valued Trust (CVT), Northern California Schools Insurance Group (NCSIG), Northern California Regional Excess Liability Fund (ReLiEF), Schools Excess Liability Fund (SELF), Tri-County Schools Insurance Group (TCSIG), and Shasta-Trinity Schools Insurance Group (STSIG). The relationship between the District and the JPAs is such that the JPAs are not component units of the District for financial reporting purposes.

The JPAs arrange for and provide property, liability, health care, workers' compensation, and excess liability coverage for their members. Each JPA is governed by a board consisting of representatives from the members. The boards control the operations of the JPAs, including selection of management and approval of operating budgets, independent of any influence by the members beyond their representation on the boards. Each member pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionate to its participation in the JPA.

For more information regarding the risk management pools, see APPENDIX C— "AUDIT REPORT OF THE DISTRICT FOR FISCAL YEAR ENDED JUNE 30, 2025," Note 13 and Note 15.

Cybersecurity

The District relies on technology infrastructure to conduct its operations. Further, the District routinely collects, processes, and distributes private, protected and personal information on students, staff, parents, visitors, and contractors. As custodian of such information, the District may face various cybersecurity threats including, but not limited to, hacking, viruses, malware and other attacks on computers and other sensitive digital networks and systems.

Within the last three years the District has not experienced a cybersecurity incident resulting in a material loss. The District maintains cybersecurity insurance in the event of an attack.

No assurances can be given that the security and operational control measures of the District will be successful in guarding against any and each cyber threat and attack. The results of any attack on the computer and information technology systems could have a material adverse impact on the operations of the District and damage the digital networks and systems. The District cannot predict the outcome of any such attack, nor the effect on the operations and finances of the District.

Long-Term Debt

The District’s long-term debt as of June 30, 2025, is summarized below.

Table No. A-11
ENTERPRISE ELEMENTARY SCHOOL DISTRICT
Long Term Debt ⁽¹⁾

	Balance			Balance
	July 1, 2024	Additions	Deductions	June 30, 2025
Compensated Absences	\$ 197,519	\$ 157,573	\$ -	\$ 355,092
General obligation bonds	37,660,334	4,677,417	345,600	41,992,151
Bond issuance premiums	1,801,078	6,662	162,094	1,645,646
Capitalized interest	8,591,078	784,875	239,400	9,136,553
Copier Lease liability	32,305	-	21,343	10,962
Net pension liability	44,890,430	-	4,917,388	39,973,042
Total	\$93,987,104	\$5,626,527	\$6,500,185	\$93,113,446

⁽¹⁾ Payments on the general obligation bonds are paid out of the Interest and Sinking Fund held by the County Treasurer and funded with local property tax revenues. Payments on the financed purchases are made from the General Fund. Payments on the compensated absences and early retirement incentives are made from the fund for which the related employee worked.

Source: *Audit Report of the District for fiscal year ended June 30, 2025.*

General Obligation Bonds. In addition to the Bonds, the District has other series of general obligation bonds currently outstanding, which are secured by *ad valorem* taxes upon all property subject to taxation by the District (collectively, the “General Obligation Bonds”). See “DEBT SERVICE SCHEDULES – Other General Obligation Bonds” in the front part of this official statement.

California State Budgets

The following information concerning recent State budgets has been obtained from publicly available information which the District believes to be reliable; however, the District does not guarantee the accuracy or completeness of this information and have not independently verified such information.

The State Budget Process. According to the State Constitution, the Governor of the State (the “Governor”) must propose a budget to the State Legislature no later than January 10 of each year. Statutorily, the Governor must also submit a revised version of the proposed budget by May 14, refining the initial budget plan to reflect any changes in projected revenues and incorporating any adjustments needed to address potential budget gaps. Under an initiative constitutional amendment approved by the State’s voters on November 2, 2010, as “Proposition 25,” a final budget must be adopted by a majority vote (rather than a supermajority, as was the case prior to the passage of Proposition 25) of each house of the Legislature no later than June 15, although this deadline has been breached in the past. Any tax increase provision of such final budget shall continue to require approval by a two-thirds majority vote of each house of the State Legislature. The budget becomes law upon the signature of the Governor, who

may veto specific items of expenditure. As discussed below, the Governor signed the most recent adopted State budget, for fiscal year 2025-26 (“2025-26 State Budget”) into law on June 27, 2025.

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

State Budget Process and Proposition 98 Education Funding. The Proposition 98 funding amount for education in a given year is calculated by comparing three main formulas known as “Test 1,” “Test 2,” and “Test 3.” Each test takes into account certain inputs, such as State General Fund revenue, per capita personal income, and K-12 student attendance. The calculation varies throughout the stages of the budget and appropriation process, from the Governor’s January budget proposal to the final adopted budget, and may continue to evolve even through actual expenditures and post-year-end revisions to the prior year budget.

If, at year-end, the guaranteed amount is calculated to be higher than the amount of Proposition 98 funding 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 years 2004-05 and 2010-11 through 2012-13; and by proposing to amend the State Constitution's definition of the guaranteed amount and settle-up requirement under certain circumstances.

For a description of Proposition 98 guarantee deferrals and suspensions in current or recent State budgets, see below under the heading "Fiscal Year 2025-26 State Budget." (See also, "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Propositions 98 and 111" in this Appendix A.)

Fiscal Year 2025-26 State Budget

On June 27, 2025, the Governor signed the legislative version of the State budget for fiscal year 2025-26 (the "2025-26 State Budget"). The 2025-26 State Budget reflects a revised economic and revenue forecast accounting for reduced growth relative to projections from January, and increased costs due to growth in Medi-Cal and other core State programs.

The 2025-26 State Budget reflects a decrease of \$11.0 billion in General Fund revenues from 2024-25 (\$215.7 billion in 2025-26 compared to \$226.7 billion in 2024-25) primarily due to projected decreases in corporation and personal income tax collections. The 2025-26 State Budget reflects a decrease in General Fund expenditures of \$5.2 billion from 2024-25 (\$228,366 billion in 2025-26 compared to \$233.5 billion in 2024-25) primarily reflecting broad spending decreases for all major spending categories with the exception of expenditures for health and human services, which sees a significant funding increase driven by the expansion of Medi-Cal.

Regarding the State's reserves and fund balances, the 2025-26 State Budget continues the drawing down of the State's Budget Stabilization account that began in fiscal year 2024-25 with a withdrawal of \$7.1 billion and completes the drawdown of the Public School System Stabilization Account with a withdrawal of the remaining \$0.4 billion.

The 2025-26 State Budget projects a \$11.8 billion General Fund shortfall after accounting for reserves drawdowns. The 2025-26 State Budget closes the budget gap through a combination of spending reductions (\$2.8 billion), revenue and borrowing solutions (\$7.8 billion), and funding shifts (\$1.2 billion). The specific solutions used to close the budget gap include the following:

- *Spending Reductions* - \$2.8 billion in spending reductions primarily related to Medi-Cal, including an enrollment freeze for Medi-Cal expansion for undocumented adults, increases to Medi-Cal premiums for undocumented adults, and the elimination of certain Medi-Cal benefits such as the elimination specialty drug coverage for weight loss.
- *Additional Revenues/Internal Borrowing* - \$7.8 billion in additional revenue sources and internal borrowing, including Medi-Cal rate increases, a loan from the medical providers interim payment fund, a loan from the unfair competition law fund, and a loan from the labor and workforce development fund.
- *Funding Shifts* - \$1.2 billion in funding shifts primarily related to the costs of CalFIRE operations from the General Fund to Greenhouse Gas Reduction Fund for Forestry and Fire Protection.

New discretionary commitments in the 2025-26 State Budget include the expansion of the California Food Assistance Program and an increase in funding for foster care.

K-12 Education Spending. The 2025-26 State Budget increases total funding for all K-12 education programs by \$3.8 billion over 2024-25 funding levels, with total expenditures of \$137.6 billion, including \$80.5 billion from the State general fund and \$57.1 billion from other sources.

The 2025-26 revised estimates of General Fund revenues result in notable adjustments to the Proposition 98 minimum funding guarantee for schools. The revised Proposition 98 guarantee for TK-14 schools is calculated to be \$98.5 billion in 2023-24, \$119.9 billion in 2024-25, and \$114.6 billion in 2025-26. These revised Proposition 98 levels represent an increase of approximately \$3.9 billion over the three-year period relative to the 2024-25 State Budget.

Due to the inherent risk in revenue projections, the 2025-26 State Budget appropriates the 2024-25 Proposition 98 guarantee at \$118 billion, instead of the currently calculated level of \$119.9 billion. The difference between the appropriated and the calculated levels is \$1.9 billion, which is referred to as “settle-up.” This is intended to mitigate the risk of potentially appropriating more resources to the guarantee than are ultimately available in the final calculation for 2024-25. The 2024-25 proposition 98 guarantee level will not be finalized until that fiscal year is certified—a process that will occur throughout the current budget year (2025-26).

The 2025-26 State Budget includes intent language that allocates any settle-up funds that are realized to reduce ongoing deficits and protect core program funding for school districts and community colleges, including funding for growth and cost-of-living adjustments. This includes paying down TK-14 deferrals.

The Proposition 98 guarantee is in a “Test 2” for 2023-24 (although suspended at \$98.5 billion) and continues to be in a Test 1 for 2024-25 and 2025-26. This means that the Proposition 98 minimum funding level for 2024-25 and 2025-26 is equal to roughly 40 percent of General Fund revenues, plus local property

tax revenues. Pursuant to the Proposition 98 formula, this percentage of General Fund revenues is not reduced to reflect enrollment adjustments—which further increases per pupil funding. (See above, “CALIFORNIA STATE BUDGETS - *State Budget Process and Proposition 98 Education Funding*” and below “CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS “– Proposition 98” and “- Proposition 111” for additional context.)

Other significant features of the 2025-26 State Budget relating to K-12 education funding include the following:

- *Local Control Funding Formula* - The 2025-26 State Budget includes an LCFF cost-of-living adjustment of 2.3 percent. When combined with population growth adjustments, this will result in an increase of approximately \$2.1 billion, as compared to the 2024-25 State Budget, in discretionary funds for local educational agencies (LEAs). To fully fund the LCFF, the 2025-26 State Budget uses \$405.3 million from the Proposition 98 Rainy Day Fund to support LCFF costs in 2025-26.
- *Budgetary Deferrals* - Budgetary deferrals of \$246.6 million for TK-12 education from the 2024-25 State Budget are fully repaid by the 2025-26 State Budget, however, to fully fund the LCFF and maintain the level of 2025-26 principal apportionments, the 2025-26 State Budget defers \$1.9 billion in LCFF funding from June 2026 to July 2026.
- *Universal TK* – The 2025-26 State Budget provides a total of \$2.1 billion ongoing Proposition 98 General Fund spending (inclusive of all prior years’ investments) to support the full implementation of universal TK, so that all children who turn four years old by September 1 can enroll in TK in the 2025-26 school year. The 2025-26 State Budget also provides an additional \$1.2 billion ongoing Proposition 98 General Fund support to further lower the average student-to-adult ratio from 12:1 to 10:1 in every TK classroom.
- *Expanded Learning Opportunities Program (ELOP)* –The 2025-26 State Budget provides \$515.1 million ongoing for the full implementation of the ELOP program by increasing the number of elementary schools that offer universal access to students, from all those in LEAs with an unduplicated pupil percentage of 75 percent to all those in LEAs with 55 percent unduplicated students. Additionally, the 2025-26 State Budget includes \$10.4 million to increase the minimum grant amount from \$50,000 to \$100,000 per LEA.
- *English Language Arts/English Language Development (ELA/ELD) Framework* – The 2025-26 State Budget provides \$480 million to support literacy instruction aligned with the ELA/ELD Framework.
- *Teacher Preparation and Professional Development* – The 2025-26 State Budget provides \$300 million in one-time Proposition 98 General Fund spending to establish the Student Teacher Stipend Program, which will provide \$10,000 grants to teacher candidates completing required student teaching hours.

- *Student Support and Professional Development Discretionary Block Grant* – The 2025-26 State Budget allocates \$1.7 billion in one-time Proposition 98 General Fund spending for the Student Support and Professional Development Discretionary Block Grant, to provide LEAs with additional discretionary fiscal support in recognition of rising costs, as well as fund statewide priorities including: (1) professional development for teachers on the ELA/ELD Framework and the Literacy Roadmap, with a focus on strategies to support literacy for English learners; (2) professional development for teachers on the Mathematics Framework; (3) teacher recruitment and retention strategies; and (4) career pathways and dual enrollment expansion efforts consistent with the Master Plan for Career Education.
- *Learning Recovery Emergency Block Grant*— The 2025-26 State Budget provides \$378.6 million in one-time Proposition 98 General Fund spending to support the Learning Recovery Emergency Block Grant. This block grant supports LEAs in establishing learning recovery initiatives.
- *Career Technical Education*— The 2025-26 State Budget provides \$150 million in one-time Proposition 98 General Fund spending for career technical education and career pathways programming, subject to pending legislation.
- *Universal School Meals Support Grant*— The 2025-26 State Budget provides in \$145 million one-time Proposition 98 General Fund spending for specialized kitchen equipment, infrastructure, training, and procurement of sustainably grown food to support schools in providing more freshly prepared meals.

Governor’s Fiscal Year 2026-27 State Budget Proposal

On January 9, 2026, the Governor released his proposed State budget for fiscal year 2026-27 (the “2026-27 Proposed State Budget”). The 2026-27 Proposed State Budget reflects an improved economic and revenue forecast accounting for increased General Fund revenues relative to projections from the 2025-26 State Budget, primarily due to higher cash receipts, higher stock market levels, and an improved economic outlook. The projected increase in General Fund revenues is nevertheless outpaced by projected increases in General Fund expenditures resulting in a projected shortfall of \$2.9 billion. As a result, the 2026-27 Proposed State Budget does not generally include new significant spending proposals.

The 2026-27 Proposed State Budget reflects an increase of \$2.3 billion in General Fund revenues from 2025-26 (\$230.4 billion in 2026-27 compared to \$228.1 billion in 2025-26) primarily due to projected increases in personal income tax and corporation tax collections. The 2026-27 Proposed State Budget reflects an increase in General Fund expenditures of \$10.6 billion from the 2025-26 (\$248.3 billion in 2026-27 compared to \$237.7 billion in 2025-26) primarily reflecting spending increases for K-12 Education, Health and Human Services, and Higher Education.

Regarding the State’s reserves and fund balances, the 2026-27 Proposed State Budget continues the drawing down of the State’s Special Fund for Economic Uncertainties with a withdrawal of \$20.9 billion, but projects a deposit of \$3.0 billion in the State’s Rainy Day Fund.

With regards to TK-12 Education, the 2026-27 Proposed State Budget includes an LCFF cost-of-living adjustment of 2.41 percent.

LAO Overview of the 2026-27 Proposed State Budget. On January 12, 2026, the LAO released its overview of the 2026-27 Proposed State Budget.

The LAO's Overview of the 2026-27 Proposed State Budget ("LAO Overview") notes that the revenue projections in the 2026-27 Proposed State Budget are highly dependent on recent stock market performance. The LAO Overview notes that should a stock market downturn occur, personal income tax revenues, the State's primary General Fund revenue source, would fall considerably and could result in a significant budget deficit.

The LAO Overview notes three categories of discretionary proposals in the 2026-27 Proposed State Budget. First, the 2026-27 Proposed State Budget includes about ten budget solutions—proposals that create budget capacity, improving the budget's bottom line—that total around \$9 billion. Second, the 2026-27 Proposed State Budget includes about 60 discretionary spending proposals—proposals that use budget capacity, eroding the budget's bottom line—that total about \$600 million. Finally, the 2026-27 Proposed State Budget sets the balance of the State's discretionary reserve to \$4.5 billion.

With regards to TK-12 Education, the LAO Overview notes that 2026-27 Proposed State Budget provides approximately \$2.4 billion for a 2.41 percent statutory cost-of-living adjustment for existing school and community college programs. The 2026-27 Proposed State Budget also provides \$1 billion ongoing to support the implementation of community schools. Additionally, the 2026-27 Proposed State Budget provides \$509 million to increase per-student funding rates for special education.

Separate from these larger proposals, the LAO Overview notes that the 2026-27 Proposed State Budget funds several smaller TK-12 initiatives, including (1) \$62 million to increase and stabilize funding rates for certain districts participating in the Expanded Learning Opportunities Program, (2) \$38 million for Calbright College to cover higher operational costs, and (3) \$32 million to fund 0.5 percent systemwide enrollment growth for the community colleges.

The LAO Overview notes that the largest TK-12 related one-time proposal in the 2026-27 Proposed State Budget is a \$2.8 billion discretionary block grant for schools. Another significant one-time proposal allocates \$2.3 billion to eliminate the school and community college payment deferrals the state implemented in the 2025-26 State Budget. The 2026-27 Proposed State Budget also funds several other activities, the most notable of which include \$757 million to restore the Learning Recovery Emergency Block Grant to its original level and \$250 million to support teacher residency programs. The LAO Overview notes that nearly all of the TK-12 spending proposals build on activities the State has funded in previous budgets.

The LAO Overview notes that the State expects to continue to face multiyear deficits, with estimates ranging from \$20 billion to \$35 billion annually. The LAO Overview notes that the state's negative fiscal

situation now appears chronic, that the structural deficits have grown, and that the deficits have persisted even as the State's economy and revenues have grown. Taken together, the LAO Overview notes that these trends raise serious concerns about the State's fiscal sustainability.

The LAO Overview concludes with its advice to the State Legislature to anticipate more conservative General Fund revenues than the 2026-27 Proposed State Budget as the basis for its negotiations, to maintain and grow reserves, and to consider spending reductions, revenue increases, or a combination of both to avoid future structural deficits.

Sensitivity of State Budget to Personal Income Tax Collections and Capital Gains Realizations; Effect on the District. Projections included in the 2024-25 State Budget and 2025-26 State Budget estimate that Personal Income Tax collections will constitute more than 50% of the State's General Fund revenues for each of the State's 2024-25 and 2025-26 fiscal years. Personal Income Tax collections are affected by numerous factors, including those that weigh upon the economy and stock market generally. The difficulty of projecting Personal Income Tax collections adds, as a matter of course, a layer of uncertainty to the State's budget forecasts. In that connection, a component of the State's revenues from Personal Income Tax collections are derived from capital gains realizations which are sensitive to U.S. and global stock market movements.

If the budget forecasts in the 2025-26 State Budget are revised and actual Personal Income Tax collections for fiscal year 2025-26 differ from the projections in the 2025-26 State Budget, changes to 2025-26 State Budget and future State budgets may be necessary to account for updated revenue forecasts. The District is unable to predict the final State revenues for 2025-26 or whether State spending adjustments may be needed to address any budget shortfalls or how the revenues that the District receives from State sources may be affected in current and future fiscal years.

Additional Information on State Finances. The full text of and further analysis regarding proposed and adopted State budgets may be found at the internet website of the California Department of Finance, www.dof.ca.gov, under the heading "California Budget." The Legislative Analyst's Office ("LAO") budget overviews and other analyses may be found at www.lao.ca.gov under the heading "Products." In addition, various State 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 or through the Municipal Securities Rulemaking Board's EMMA website at emma.msrb.org.

Periodic reports on revenues and/or expenditures during the fiscal year are issued by the Governor's Office, the State Controller's Office and the LAO. The State Department of Finance issues a monthly Bulletin, which reports the most recent revenue receipts as reported by state departments, comparing them to Budget projections. The Governor's Office also formally updates its budget projections three times during each fiscal year, in January, May and at budget enactment. These bulletins and other reports are available on the Internet.

The information referred to above 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. The State has not entered into any contractual commitment with the District, the County, the Underwriter nor the Owners of the Bonds to provide State budget information to the District or the Owners of the Bonds. Although they believe the State sources of information listed herein are reliable, none of the District, the Municipal Advisor or the Underwriter assumes any responsibility for the accuracy of the State budget information set forth or referred to herein or incorporated by reference herein.

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

CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS

The principal of and interest on the Bonds are payable from the proceeds of an *ad valorem* property tax levied by the County on all property within the District's boundaries subject to taxation by the District for the payment thereof as described herein, see "SECURITY AND SOURCE OF PAYMENT FOR THE BONDS." Articles XIII A, XIII B, XIII C and XIII D of the State Constitution, Propositions 98 and 111, and certain other provisions of law discussed below, are included in this section to describe the potential effect of these Constitutional and statutory measures on the ability of the District to levy taxes and spend tax proceeds for operating and other purposes, and it should not be inferred from the inclusion of such materials that these laws impose any limitation on the ability of the District to levy taxes for payment of the Bonds. The tax levied by the County for payment of Bonds was approved by the voters in compliance with Article XIII A, Article XIII C, and all applicable laws.

Article XIII A of the California Constitution

Article XIII A of the State Constitution ("Article XIII A") limits the amount of *ad valorem* taxes on real property to 1% of "full cash value" as determined by the county assessor. Article XIII A defines "full cash value" to mean "the county assessor's valuation of real property as shown on the 1975-76 bill under 'full cash value,' or thereafter, the appraised value of real property when purchased, newly constructed or a change in ownership has occurred after the 1975 assessment," subject to exemptions in certain circumstances of property transfer or reconstruction. Determined in this manner, the full cash value is also referred to as the "base year value." The full cash value is subject to annual adjustment to reflect

increases, not to exceed 2% for any year, or decreases in the consumer price index or comparable local data, or to reflect reductions in property value caused by damage, destruction or other factors.

Article XIII A has been amended to allow for temporary reductions of assessed value in instances where the fair market value of real property falls below the adjusted base year value described above. Proposition 8, approved by the voters in November of 1978, provides for the enrollment of the lesser of the base year value or the market value of real property, taking into account reductions in value due to damage, destruction, depreciation, obsolescence, removal of property, or other factors causing a similar decline. In these instances, the market value is required to be reviewed annually until the market value exceeds the base year value. Reductions in assessed value could result in a corresponding increase in the annual tax rates levied by the County to pay debt service on the Bonds. See "SECURITY AND SOURCE OF PAYMENT FOR THE BONDS" in the front part of this Official Statement.

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

Legislation Implementing Article XIII A

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

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

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

State-Assessed Utility Property

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

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

Article XIII B of the California Constitution

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

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

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

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

The appropriations of an entity of local government subject to Article XIII B limitations include the proceeds of taxes levied by or for that entity and the proceeds of certain state subventions to that entity.

“Proceeds of taxes” include, but are not limited to, all tax revenues and the proceeds to the entity from (a) regulatory licenses, user charges and user fees (but only to the extent that these proceeds exceed the reasonable costs in providing the regulation, product or service); and (b) the investment of tax revenues.

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

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

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

Article XIII C and Article XIII D of the California Constitution

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

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

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

Proposition 26

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

Propositions 98 and 111

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

increases in enrollment and changes in the cost of living. The Accountability Act permits the Legislature to suspend this formula for a one-year period.

The Accountability Act also changed how tax revenues in excess of the State appropriations limit are distributed. Any excess State tax revenues up to a specified amount are, instead of being returned to taxpayers, transferred to K-14 school districts. Any such transfer to K-14 school districts would be excluded from the appropriations limit for K-14 school districts and the K-14 school district appropriations limit for the next year is automatically increased by the amount of such transfer. These additional moneys would enter the base funding calculation for K-14 school districts for subsequent years, creating further pressure on other portions of the State budget, particularly if revenues decline in a year following an Article XIII B surplus. The maximum amount of excess tax revenues which can be transferred to K-14 school districts is 4% of the minimum State spending for education mandated by the Accountability Act.

Since the Accountability Act is unclear in some details, there can be no assurances that the Legislature or a court might not interpret the Accountability Act to require a different percentage of State general fund revenues to be allocated to K-14 school districts, or to apply the relevant percentage to a given State budget.

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

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

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

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

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

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

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

Proposition 39

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

The 55% vote requirement applies only if the local bond measure presented to the voters includes: (a) a requirement that the bond funds can be used only for construction, rehabilitation, equipping of school facilities, or the acquisition or lease of real property for school facilities; (b) a specific list of school projects to be funded and certification that the school board has evaluated safety, class size reduction, and information technology needs in developing the list; and (c) a requirement that the school board conduct annual, independent financial and performance audits until all bond funds have been spent to ensure that the bond funds have been used only for the projects listed in the measure. Legislation enacting Proposition 39, approved in June 2000, placed certain additional limitations on local school bonds to be approved by 55% of the voters. These provisions require that the tax rate levied as the result of any single election be no more than \$60 (for a unified school district), \$30 (for a high school or elementary school district), or \$25 (for a community college district), per \$100,000 of taxable property value, when assessed valuation is projected to increase in accordance with Article XIII A of the Constitution. These requirements are not part of Proposition 39 and can be changed with a majority vote of both houses of the Legislature and approval by the Governor. See also, "SECURITY AND SOURCE OF PAYMENT FOR THE BONDS - Tax Rates" herein.

Jarvis v. Connell

On May 29, 2002, the California Court of Appeal for the Second District decided the case of *Howard Jarvis Taxpayers Association, et al. v. Kathleen Connell* (as Controller of the State of California). The Court of Appeal held that either a final budget bill, an emergency appropriation, a self-executing authorization pursuant to State statutes (such as continuing appropriations) or the California Constitution or a federal mandate is necessary for the State Controller to disburse funds. The foregoing requirement could apply to amounts budgeted by the District as being received from the State. To the extent the holding in such case would apply to State payments reflected in the District's budget, the requirement that there be either a final budget bill or an emergency appropriation may result in the delay of such payments to the District if such required legislative action is delayed, unless the payments are self-executing authorizations or are subject to a federal mandate. On May 1, 2003, the California Supreme Court upheld the holding of the Court of Appeal, stating that the Controller is not authorized under State law to disburse funds prior to the enactment of a budget or other proper appropriation, but under federal law, the Controller is required, notwithstanding a budget impasse and the limitations imposed by State law, to timely pay those State employees who are subject to the minimum wage and overtime compensation provisions of the federal Fair Labor Standards Act.

Proposition 1A and Proposition 22

On November 2, 2004, California voters approved Proposition 1A, which amends the State Constitution to significantly reduce the State's authority over major local government revenue sources. Under Proposition 1A, the State cannot (a) reduce local sales tax rates or alter the method of allocating the revenue generated by such taxes, (b) shift property taxes from local governments to schools or community colleges, (c) change how property tax revenues are shared among local governments without two-third approval of both houses of the State Legislature, or (d) decrease Vehicle License Fee revenues without providing local governments with equal replacement funding. Proposition 1A does allow the

State to approve voluntary exchanges of local sales tax and property tax revenues among local governments within a county. Proposition 1A also amends the State Constitution to require the State to suspend certain State laws creating mandates in any year that the State does not fully reimburse local governments for their costs to comply with the mandates. This provision does not apply to mandates relating to schools or community colleges or to those mandates relating to employee rights.

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

Proposition 30

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

The California Children's Education and Health Care Protection Act of 2016 (also known as "Proposition 55") is a constitutional amendment approved by the voters of the State on November 8, 2016. Proposition 55 extends the increases to personal income tax rates for high-income taxpayers that

were approved as part of Proposition 30 through 2030. Proposition 55 did not extend the temporary State Sales and Use Tax rate increase enacted under Proposition 30, which expired as of January 1, 2017.

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

Proposition 2

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

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

For the first 15 year period ending with Fiscal Year 2029-30, Proposition 2 provides that half of any required transfer to the BSA, either annual or supplemental, must be appropriated to reduce certain State liabilities, including making certain payments owed to K-14 school districts, repaying State interfund borrowing, reimbursing local governments for State mandated services, and reducing or prefunding

accrued liabilities associated with State-level pension and retirement benefits. Following the initial 15-year period, the Governor and the Legislature are given discretion to apply up to half of any required transfer to the BSA to the reduction of such State liabilities. Any amount not applied towards such reduction must be transferred to the BSA or applied to infrastructure, as described above.

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

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

Senate Bill 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 PSSSA, 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 ADA 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 ADA 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.

Senate Bill 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 PSSSA 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, all basic aid school districts (also known as community funded districts) and all small school districts having fewer than 2,501 units of ADA.

Proposition 51

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

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

Proposition 19

On November 3, 2020, voters in the State approved a constitutional amendment entitled Property Tax Transfers, Exemptions and Revenue for Wildfire Agencies and Counties Amendment (“Proposition 19”), which: (i) expanded special rules that give property tax savings to homeowners that are over the age of 55, severely disabled, or whose property has been impacted by a natural disaster or contamination, when they buy a different home; (ii) narrowed existing special rules for inherited properties; and (iii) broadened the scope of legal entity ownership changes that trigger reassessment of properties. The District cannot make any assurance as to what effect the implementation of Proposition 19 will have on assessed valuation of real property in the District.

Proposition 2 (2024)

On November 5, 2025, voters in the State approved Proposition 2 (2024) which, among other things, authorizes the sale and issuance of \$10 billion in State general obligation bonds for the repair, upgrade and construction of facilities at K-12 public schools (including charter schools), community colleges and career technical education programs, including the improvement of health and safety conditions and classroom upgrades. Proposition 2 (2024) includes \$3.3 billion for the construction of new K-12 facilities and an additional \$4 billion for the modernization of existing K-12 facilities. Proceeds from the bonds authorized by Proposition 2 (2024) will be used in part to provide the State's portion of matching funds to K-12 districts for construction and modernization costs. The District cannot guarantee that it will qualify for or receive Proposition 2 (2024) State facilities funding.

Future Initiatives

Article XIII A, Article XIII B, Article XIII C and Article XIII D of the California Constitution and the above-described Propositions were each 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. The nature and impact of any potential future measures cannot be anticipated by the District.

[END OF SECTION]

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APPENDIX B

AREA ECONOMIC AND DEMOGRAPHIC INFORMATION

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

General Information

City of Redding. The City of Redding is the county seat for Shasta County and is located on the Sacramento River approximately 160 miles north of Sacramento, the state capital, and 150 miles east of the Pacific Ocean at the northernmost end of the Sacramento Valley. The City encompasses approximately 60 square miles within the corporate limits. The City is surrounded by mountains to the north, east, and west and fertile farmland to the south.

Extracting timber and the processing of wood by-products; along with agriculture, tourism, medical services, and government have historically been the pillars of the local economy. Over the past few decades, there has been a general shift toward a service-based economy.

Shasta County. The County of Shasta was established in 1850 as a general law county and was one of the State's original 27 counties. The County is located at the northern end of the Sacramento Valley and covers approximately 3,850 square miles and contains more than 2.46 million acres. The County is the 31st most populous county in the State. The City of Redding is the County seat. The County occupies the northern reaches of the Sacramento Valley, with portions extending into the southern reaches of the Cascade Range. The County was named after Mount Shasta as it was originally within the County, but it is now part of Siskiyou County, to the north. Its 14,179-foot (4,322 m) peak is visible throughout most of Shasta County.

Population

The table below summarizes the population of the City, County and the State for the last five years.

POPULATION OF CITY OF REDDING, SHASTA COUNTY and CALIFORNIA

Calendar Year	City of Redding	Shasta County	State of California
2021	93,779	181,768	39,369,530
2022	92,993	180,547	39,179,680
2023	92,584	179,587	39,228,444
2024	93,453	180,599	39,420,663
2025	93,534	180,201	39,529,101

Source: California Department of Finance, E-4 Population Estimate for Cities, Counties, and the State, 2021-25, with 2020 Census Benchmark.

Employment

The following table summarizes historical employment and unemployment for the County, the State, and the United States. These figures are county-wide statistics and may not necessarily accurately reflect employment trends in the District.

SHASTA COUNTY, CALIFORNIA, and UNITED STATES Civilian Labor Force, Employment and Unemployment (Annual Averages)

	Labor Force	Employment	Unemployment	Unemployment Rate ⁽¹⁾
2020				
Shasta County	72,800	66,500	6,300	8.7%
California	18,956,600	17,039,800	1,916,800	10.1
United States	160,742,000	147,795,000	12,947,000	8.1
2021				
Shasta County	72,800	67,800	5,000	6.8
California	18,954,600	17,564,900	1,389,700	7.3
United States	161,204,000	152,581,000	8,623,000	5.3
2022				
Shasta County	73,100	69,800	3,400	4.6
California	19,218,300	18,393,900	824,400	4.3
United States	164,287,000	158,291,000	5,996,000	3.6
2023				
Shasta County	73,900	70,100	3,800	5.1
California	19,471,000	18,551,800	919,200	4.7
United States	167,116,000	161,037,000	6,080,000	3.6
2024 ⁽²⁾				
Shasta County	79,300	75,000	4,200	5.3
California	19,644,100	18,600,900	1,043,100	5.3
United States	168,106,000	161,346,000	6,761,000	4.0

Source: California Employment Development Department, Monthly Labor Force Data for Counties, Annual Average 2010-24, and US Department of Labor.

⁽¹⁾ The unemployment rate is computed from unrounded data; therefore, it may differ from rates computed from rounded figures available in this table.

⁽²⁾ Latest available full-year data.

Largest Employers

The following table shows the principal employers in the City and the County as of June 30, 2025, by number of employees.

CITY OF REDDING and SHASTA COUNTY Principal Employers in 2025 (By numbers of employees)

CITY OF REDDING			SHASTA COUNTY		
Employer	Number of Employees	% of Total Employment	Employer	Number of Employees	% of Total Employment
Mercy Medical Center	2,239	2.92%	Mercy Medical Center	2,200	2.94%
Shasta County	1,779	2.32	Shasta County	2,113	2.82
City of Redding	961	1.25	City of Redding	1,248	1.67
Shasta Regional Medical Center	679	0.89	Shasta Community College	1,075	1.44
CA Transportation Department	599	0.78	Shasta Regional Medical Center	946	1.26
Shasta Union High School District	582	0.76	Redding Rancheria/Win River	862	1.15
Shasta Community College	521	0.68	Walmart	715	0.96
Shasta Community Health	500	0.65	CA Transportation Department	622	0.83
Redding Rancheria	366	0.48	Bethel Church	613	0.82
Win-River Casino	351	0.46	Shasta Union High School District	582	0.78
Total Top 10	8,577	11.19%	Total Top 10	10,976	14.67%

Source: City of Redding and Shasta County Annual Comprehensive Financial Reports for the fiscal year ended June 30, 2025.

Commercial Activity

A summary of taxable sales within Shasta County since 2016 is shown in the table. Annual figures for 2025 are not yet available.

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

Calendar Year	Retail & Food Services		Total All Outlets	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2016	5,571	\$2,163,068	8,229	\$2,985,531
2017	5,671	2,247,646	8,405	3,101,825
2018	5,521	2,326,970	8,405	3,210,927
2019	5,512	2,447,349	8,515	3,449,427
2020	5,525	2,571,704	8,623	3,593,630
2021	4,925	2,957,004	7,883	4,143,887
2022	4,905	2,911,008	8,034	4,203,262
2023	4,793	2,818,855	7,937	4,145,514
2024	4,647	2,765,741	7,763	4,104,031

Source: California Department of Tax and Fee Administration, Taxable Sales in California (Sales & Use Tax).

Construction Activity

Building permits and valuations for the past five years in the City and the County are shown in the following tables.

CITY OF REDDING Total Building Permit Valuations (Valuations in Thousands)

	2020	2021	2022	2023	2024 ⁽¹⁾
Building Permit Valuation					
Residential	\$72,303	\$55,101	\$94,476	\$45,692	\$63,445
Nonresidential	55,621	58,400	88,927	60,015	53,225
Total All Buildings	127,924	113,501	183,403	105,707	116,671
New Dwelling Units					
Single Family	240	134	235	106	131
Multiple Family	-	126	88	2	54
Total New Dwelling Units	240	260	323	108	185

COUNTY OF SHASTA Total Building Permit Valuations (Valuations in Thousands)

	2020	2021	2022	2023	2024 ⁽¹⁾
Building Permit Valuation					
Residential	\$124,612	\$108,908	\$156,995	\$73,391	\$94,116
Nonresidential	77,678	94,947	117,030	81,644	75,254
Total All Buildings	202,290	203,885	274,025	155,035	169,370
New Dwelling Units					
Single Family	407	310	394	176	217
Multiple Family	-	126	119	2	54
Total New Dwelling Units	407	436	513	407	271

Source: Construction Industry Research Board, Building Permit Summary

(1) Most recent available full-year data.

[END OF SECTION]

APPENDIX C

**AUDIT REPORT OF THE DISTRICT
FOR FISCAL YEAR ENDED JUNE 30, 2025**

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Enterprise Elementary School District

County of Shasta
Redding, California

FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS' REPORTS

June 30, 2025



Enterprise Elementary School District

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Enterprise Elementary School District

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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Enterprise Elementary School District (the District) as of and for the year ended June 30, 2025; and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2025, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

The District's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

INDEPENDENT AUDITORS' REPORT

(Continued)

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

INDEPENDENT AUDITORS' REPORT

(Continued)

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, the budgetary comparison schedules, and the required supplementary information listed on the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, 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 the District's basic financial statements. The accompanying supplementary information on pages 78 to 86, including the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the Uniform Guidance), are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements, or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information on pages 78 to 86 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

INDEPENDENT AUDITORS' REPORT

(Continued)

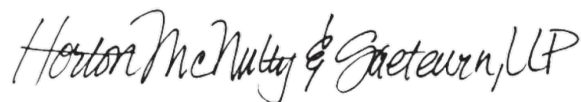
Other Information

Management is responsible for the other information included in the financial statements. The other information comprises the local educational agency organization structure but does not include the basic financial statements or our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 29, 2026, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



January 29, 2026
Chico, California

FINANCIAL SECTION

Required Supplementary Information

INTRODUCTION

An overview of the Enterprise Elementary School District's (the District) financial activities for the fiscal year ended June 30, 2025, is provided in this discussion and analysis of the District's financial performance.

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

USING THIS ANNUAL REPORT

This annual report consists of three parts – management's discussion and analysis (this section), the basic financial statements, and required supplementary information. Combined, these three parts provide a comprehensive overview of the District. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *government-wide financial statements* that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are *fund financial statements* that focus on individual parts of the District, reporting the District's operations in more detail than the government-wide statements. The District maintains governmental funds as follows:
 - *Governmental Funds*: Financial statements that provide information on how basic services like regular and special education were financed in the short term as well as what remains for future spending.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

The financial statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year.

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

FINANCIAL HIGHLIGHTS

Overall revenues reported on the statement of activities were \$75,250,545 for the year ended June 30, 2025. Revenues exceeded expenses by \$5,716,831. The District has not incurred an operating deficit in the General Fund in any of the past three years.

Total government-wide net position was \$33,997,358, an increase of 20.21% from the previous year. The General Fund reported a total fund balance of \$48,183,491.

Enrollment in the District increased by 135, or approximately 4.11% from the previous year.

Labor negotiations with certificated and classified employees are closed for the 2024-25 school year.

OVERVIEW OF THE FINANCIAL STATEMENTS

Government-Wide Financial Statements

The government-wide financial statements provide information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the District's assets owned less the liabilities owed, as well as all deferred outflows and inflows of resources. The statement of activities includes all of the current year's revenues and expenses regardless of when cash is received or paid. The two financial statements report the District's net position and how it has changed.

Net position, the difference between the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources is one way to measure the District's financial health. Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively. To assess the overall health of the District you need to consider additional nonfinancial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

The statement of net position and the statement of activities divide the District into two kinds of activities:

Governmental Activities: Represent the basic services provided by the District, such as regular and special education, administration, and transportation.

Business-Type Activities: Represent services for which the District charges fees to help cover the cost of certain services beyond the scope of normal district operations. The District does not have any of these types of activities at this time.

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

Fund Financial Statements

More detailed information about the District's most significant funds – not the District as a whole – is provided in the fund financial statements. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by bond covenants and by state law.
- Other funds are established by the District to control and manage money for particular purposes (such as repaying its long-term debts). Other funds may also show proper usage of certain revenues (such as federal grants).

Governmental Funds

Most of the District's basic services are included in governmental funds, which generally focus on:

- How cash and other financial assets can readily be converted to cash flow (in and out).
- The balances left at year end that are available for spending.

A detailed short-term view is provided by the governmental fund financial statements. These help determine whether there are more or fewer financial resources that can be spent in the near future for financing the District's programs. Because this information does not encompass the additional long-term focus of the government-wide financial statements, additional information is provided following the governmental fund financial statements that explains the differences (or relationships) between them.

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

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position

As shown in the following table, the District’s net position as of June 30, 2025, was \$33,997,358. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limits the Board of Trustees’ ability to use the net position for day-to-day operations. All District net position is the result of governmental activities.

June 30	Governmental Activities		Percentage
	2024	2025	Change
			2024-25
ASSETS			
Cash and other current assets	\$ 61,593,905	\$ 70,854,381	15.03%
Capital assets	53,578,797	54,429,874	1.59%
TOTAL ASSETS	115,172,702	125,284,255	8.78%
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources for OPEB	872,739	742,364	-14.94%
Deferred outflows of resources for pensions	15,167,458	13,949,236	-8.03%
TOTAL DEFERRED OUTFLOWS OF RESOURCES	16,040,197	14,691,600	-8.41%
LIABILITIES			
Current liabilities	6,176,663	7,324,932	18.59%
Long-term debt	93,987,104	93,113,446	-0.93%
TOTAL LIABILITIES	100,163,767	100,438,378	0.27%
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources for OPEB	250,554	814,436	225.05%
Deferred inflows of resources for pensions	2,518,051	4,725,683	87.67%
TOTAL DEFERRED INFLOWS OF RESOURCES	2,768,605	5,540,119	100.11%
NET POSITION			
Net investment in capital assets	7,173,795	6,310,654	-12.03%
Restricted	18,493,183	21,632,083	16.97%
Unrestricted	2,613,549	6,054,621	131.66%
TOTAL NET POSITION	\$ 28,280,527	\$ 33,997,358	20.21%

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

Change in Net Position

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

Total revenues decreased \$1,441,751 from the previous year to \$75,250,545. Property taxes and state aid funding accounted for most of the District's revenue, representing 68.26 cents of each dollar received. Another 26.73% came from federal and state aid for specific programs, and the remaining 5.01% came from fees charged for services and miscellaneous sources.

The total cost of all programs and services increased \$1,867,868 to \$69,533,714. Revenues exceeded the District's expenditures for the year by \$5,716,831. The District's expenses are primarily related to educating and caring for students (78.67%). Administrative activities of the District account for 6.00% of the total costs.

Years Ended June 30	Governmental Activities		Percentage
	2024	2025	Change 2024-25
REVENUES			
Program Revenues			
Charges for services	\$ 294,023	\$ 261,606	-11.03%
Federal and state categorical programs	22,807,101	20,116,643	-11.80%
General Revenues			
Property taxes	12,572,970	13,147,194	4.57%
State formula aid	37,741,207	38,221,762	1.27%
Other	3,276,995	3,503,340	6.91%
TOTAL REVENUES	76,692,296	75,250,545	-1.88%
EXPENSES			
Instruction-related services	42,669,209	44,348,034	3.93%
Student support services	9,807,273	10,357,193	5.61%
Plant services	7,062,713	6,807,458	-3.61%
Administration	3,872,044	4,170,213	7.70%
Other	4,254,607	3,850,816	-9.49%
TOTAL EXPENSES	67,665,846	69,533,714	2.76%
Change in Net Position	\$ 9,026,450	\$ 5,716,831	-36.67%

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

The District's total expenses were \$69,533,714; however, the net cost for these activities was \$49,155,465, after costs paid by those who benefited from the programs and amounts paid by other governments and organizations who subsidized certain programs with grants and contributions.

Years Ended June 30	Total Cost of Services		Percentage Change
	2024	2025	2024-25
Instruction	\$ 36,744,373	\$ 37,913,368	3.18%
Instruction-related services	5,924,836	6,434,666	8.60%
Pupil services	9,807,273	10,357,193	5.61%
Ancillary services	1,883,472	1,350,709	-28.29%
Community services	152	50	-67.11%
General administration	3,872,044	4,170,213	7.70%
Plant services	7,062,713	6,807,458	-3.61%
Other outgo	183,423	445,865	143.08%
Interest on long-term debt	2,187,560	2,054,192	-6.10%
Totals	\$ 67,665,846	\$ 69,533,714	2.76%

Years Ended June 30	Net Cost of Services		Percentage Change
	2024	2025	2024-24
Instruction	\$ 24,382,757	\$ 27,031,635	10.86%
Instruction-related services	5,414,276	5,740,374	6.02%
Pupil services	3,970,254	3,494,695	-11.98%
Ancillary services	396,499	289,715	-26.93%
Community services	-	-	0.00%
General administration	3,319,744	3,676,107	10.73%
Plant services	4,777,742	6,500,687	36.06%
Other	115,890	368,060	217.59%
Interest on long-term debt	2,187,560	2,054,192	-6.10%
Totals	\$ 44,564,722	\$ 49,155,465	10.30%

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

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Governmental Funds

The District's governmental funds reported a combined fund balance of \$64,213,203, an increase of \$7,888,174 from the previous year. Following is a summary of the District's fund balances.

June 30	Fund Balance		Increase (Decrease)
	2024	2025	
General	\$ 44,978,246	\$ 48,183,491	\$ 3,205,245
Student Activity Special Revenue	281,902	294,874	12,972
Charter Schools	565,403	628,643	63,240
Child Development	41,471	132,129	90,658
Cafeteria Special Revenue	3,869,352	4,153,031	283,679
Pupil Transportation Equipment	146,101	178,247	32,146
Building	1,679,793	5,510,855	3,831,062
Capital Facilities	313,162	590,050	276,888
County School Facilities	644,352	678,229	33,877
Special Reserve Capital Projects	1,757,278	1,637,454	(119,824)
Bond Interest and Redemption	2,047,969	2,226,200	178,231
Totals	\$ 56,325,029	\$ 64,213,203	\$ 7,888,174

The increase in the General Fund is due to one-time funds received that will be spent in subsequent years, and a decrease in personnel expenditures due to unfilled vacancies, interest earned, and unrealized market gains.

The increase in the Charter Schools Fund is due to one-time funds received that will be spent in subsequent years and a decrease in personnel expenditures due to unfilled vacancies.

The increase in the Child Development Fund is due to one-time funds received that will be spent in subsequent years and a decrease in personnel expenditures due to unfilled vacancies.

The increase in the Cafeteria Special Revenue Fund is due to increases in funding and a decrease in personnel expenditures due to unfilled vacancies.

The increase in the Building Fund is due to the issuance of bonds to fund capital projects.

The increase in the Capital Facilities Fund is due to the collection of developer fees exceeding current-year expenditures.

The decrease in the Special Reserve Capital Projects Fund is due to expenditures for capital projects.

The increase in the Bond Interest and Redemption Fund is due to property tax collections in excess of regularly scheduled debt service payments.

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

General Fund Budgetary Highlights

During the course of the year, the District revises its budget as information is available that results in changes in revenues and expenditures. A schedule showing the District's original and final budget amounts compared with the amounts actually paid and received for the General Fund is provided in the budgetary comparison schedule for the General Fund.

Budgeted revenues increased by \$2,417,829 and budgeted expenditures increased by \$2,314,920. The significant budget amendments fell into the following categories:

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

The District budgeted General Fund expenditures and other financing uses to exceed revenues and other financing sources by \$2,455,073. However, actual results for the year reflected an increase of \$3,205,245.

Actual revenues were \$3,581,180 more than budget, which is an increase of 6.01%.

Actual expenditures were \$2,079,138 less than budget. The District budgets to spend most restricted grant funds; however, as of June 30, 2025, there was \$1,643,889 unspent in restricted categorical programs that were included in budgeted expenditures. The District budgets to fully spend unrestricted funds allocated to sites and program managers; however, as of June 30, 2025, there was \$480,736 unspent to carryover to fiscal year 2025-26. These unspent funds will be carried forward and included in the 2025-26 budget.

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

CAPITAL ASSETS AND LONG-TERM DEBT ADMINISTRATION

Capital Assets

The District has invested \$100,906,667 in capital assets including land, site improvements, buildings, and equipment. During the year, the District invested \$3,158,053 in capital assets. Key additions included:

- Kitchen upgrades costing \$761,209
- New grounds equipment costing \$62,132
- New M&O vehicle costing \$63,059
- New signage and communication costing \$93,304
- Parking lot and land improvements costing \$285,420
- Student STEM equipment costing \$42,213
- Gym expansion and improvements costing \$172,710
- Playground renovations costing \$564,790
- HVAC and utility upgrades costing \$462,349
- After School Program Office construction costing \$626,940
- Classroom construction costing \$23,927

June 30	Governmental Activities		Percentage Change 2024-25
	2024	2025	
Land	\$ 1,418,711	\$ 1,418,711	0.00%
Buildings and improvements	80,193,926	85,046,775	6.05%
Equipment and vehicles	10,060,096	12,033,546	19.62%
Construction in progress	6,133,149	2,407,635	-60.74%
Totals	\$ 97,805,882	\$ 100,906,667	3.17%

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

Long-Term Debt

At year end, the District had \$93,113,446 in outstanding long-term debt. The most significant changes to long-term debt are due to the issuance of general obligation bonds and the annual adjustment to the District’s net pension liability.

June 30	Governmental Activities		Percentage
	2024	2025	Change 2024-25
General obligation bonds	\$ 37,660,334	\$ 41,992,151	11.50%
Bond issuance premiums	1,801,078	1,645,646	-8.63%
Capitalized interest	8,591,078	9,136,553	6.35%
Lease liability	32,305	10,962	-66.07%
Compensated absences	197,519	355,092	79.78%
Net OPEB liability	814,360	-	-100.00%
Net pension liability	44,890,430	39,973,042	-10.95%
Total	\$ 93,987,104	\$ 93,113,446	-0.93%

FACTORS BEARING ON THE DISTRICT’S FUTURE

After experiencing substantial growth in 2024-25, the District experienced declining enrollment in 2025-26.

The District has contracts with its certificated and classified bargaining groups through June 30, 2026. All contracts allow for renegotiation of compensation issues each year.

As we embrace the 2025-26 school year and look forward, we are anticipating recouping some lost ADA through Attendance Recovery. And while the State’s plan to balance its budget includes significant drawdowns from reserves, State revenues consistently have come in higher than anticipated. Fortunately, regardless of the State’s budget, the District has healthy reserves to help us weather the storm. We keep a watchful eye on the economic climate and political indicators, and maintain an active role in multi-year planning, developing contingencies, and adjusting our plans and budgets accordingly.

Notwithstanding the fiscal challenges, the District continues to expect excellence. Quality staff development continues with a focus on new standards, our unduplicated pupils, technology in classrooms, and strategies to help students through the various forms of trauma and barriers they individually face. Additionally, we are seeing increased and improved services for kids, including performing arts, electives, athletic programs, and STEM focused programs. We are student focused, and remain committed to spending resources consistent with what is best for our students’ needs and growth.

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

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

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

Basic Financial Statements

Enterprise Elementary School District

STATEMENT OF NET POSITION

June 30, 2025	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 64,888,422
Accounts receivable	58,445
Due from other governments	5,158,077
Inventories	33,680
Other current assets	613
Prepaid expenses	715,144
Nondepreciated capital assets	3,826,346
Depreciated capital assets - net	49,740,045
Leased assets - net	18,720
Net OPEB asset	844,763
TOTAL ASSETS	125,284,255
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources for OPEB	742,364
Deferred outflows of resources for pensions	13,949,236
TOTAL DEFERRED OUTFLOWS OF RESOURCES	14,691,600
LIABILITIES	
Accounts payable and other current liabilities	3,896,642
Due to other governments	3,297,744
Advances from grantors	130,546
Long-term obligations:	
Due within one year	845,696
Due beyond one year	92,267,750
TOTAL LIABILITIES	100,438,378
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources for OPEB	814,436
Deferred inflows of resources for pensions	4,725,683
TOTAL DEFERRED INFLOWS OF RESOURCES	5,540,119
NET POSITION	
Net investment in capital assets	6,310,654
Restricted for capital projects	6,779,134
Restricted for debt service	2,226,200
Restricted for educational programs	8,212,524
Restricted for other purposes	4,414,225
Unrestricted	6,054,621
NET POSITION	\$ 33,997,358

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

Enterprise Elementary School District
STATEMENT OF ACTIVITIES

Year Ended June 30, 2025	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Change in Net Position - Governmental Activities
FUNCTIONS/PROGRAMS				
Primary Government				
Governmental activities:				
Instruction	\$ 37,913,368	\$ 14,390	\$ 10,867,343	\$ (27,031,635)
Instruction-related services	6,434,666	13,582	680,710	(5,740,374)
Pupil services	10,357,193	232,864	6,629,634	(3,494,695)
Ancillary services	1,350,709	-	1,060,994	(289,715)
Community services	50	-	50	-
General administration	4,170,213	770	493,336	(3,676,107)
Plant services	6,807,458	-	306,771	(6,500,687)
Other outgo	445,865	-	77,805	(368,060)
Interest on long-term debt	2,054,192	-	-	(2,054,192)
Total Governmental Activities	\$ 69,533,714	\$ 261,606	\$ 20,116,643	(49,155,465)
GENERAL REVENUES				
Property taxes - levied for general purposes				10,703,780
Property taxes - levied for debt service				2,323,700
Property taxes - levied for other specific purposes				119,714
Federal and state aid not restricted to specific purposes				38,221,762
Unrestricted investment earnings				2,893,780
Interagency revenues				84,226
Miscellaneous				525,334
TOTAL GENERAL REVENUES				54,872,296
Change in Net Position				5,716,831
Net Position - Beginning of Year				28,280,527
Net Position - End of Year				\$ 33,997,358

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

Enterprise Elementary School District
BALANCE SHEET – GOVERNMENTAL FUNDS

June 30, 2025	General Fund	Charter Schools Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and investments	\$ 49,581,049	\$ 863,052	\$ 14,444,321	\$ 64,888,422
Accounts receivable	45,678	448	12,319	58,445
Due from other governments	3,317,595	284,399	1,556,083	5,158,077
Due from other funds	1,353,532	484,988	373,770	2,212,290
Inventories	-	-	33,680	33,680
Other current assets	613	-	-	613
Prepaid expenditures	669,679	45,465	-	715,144
TOTAL ASSETS	\$ 54,968,146	\$ 1,678,352	\$ 16,420,173	\$ 73,066,671
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable and other current liabilities	\$ 2,536,665	\$ 16,221	\$ 660,002	\$ 3,212,888
Due to other governments	3,277,416	20,328	-	3,297,744
Due to other funds	840,028	1,013,160	359,102	2,212,290
Advances from grantors	130,546	-	-	130,546
Total Liabilities	6,784,655	1,049,709	1,019,104	8,853,468
Fund Balances				
Nonspendable	684,679	45,465	33,680	763,824
Restricted	7,754,936	325,459	13,965,528	22,045,923
Assigned	37,016,712	257,719	1,401,861	38,676,292
Unassigned	2,727,164	-	-	2,727,164
Total Fund Balances	48,183,491	628,643	15,401,069	64,213,203
TOTAL LIABILITIES AND FUND BALANCES	\$ 54,968,146	\$ 1,678,352	\$ 16,420,173	\$ 73,066,671

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

Enterprise Elementary School District

RECONCILIATION OF GOVERNMENTAL FUND BALANCES TO GOVERNMENT-WIDE NET POSITION

June 30, 2025

Total Fund Balances - Governmental Funds	\$ 64,213,203
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Amounts reported for assets, deferred outflows of resources, liabilities, and deferred inflows of resources for governmental activities in the statement of net position are different from amounts reported in governmental funds because:

Capital assets: In governmental funds, only current assets are reported. In the statement of net position, all assets are reported, including capital assets and accumulated depreciation/amortization.

Capital assets at historical cost	\$ 100,906,667
Accumulated depreciation/amortization	(47,321,556)

Total Capital Assets - Net	53,585,111
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Unmatured interest on long-term debt: In governmental funds, interest on long-term debt is not recognized until the period in which it matures and is paid. In the government-wide statement of activities, it is recognized in the period that it is incurred. The additional liability for unmatrued interest owed at the end of the period was:

(683,754)

Long-term liabilities: In governmental funds, only current liabilities are reported. In the statement of net position, all liabilities, including long-term liabilities, are reported. Long-term liabilities relating to governmental activities consist of:

General obligation bonds	52,774,350
Net pension liability	39,973,042
Net OPEB asset	(844,763)
Compensated absences	355,092
Lease liability	10,962

Total Long-Term Liabilities	(92,268,683)
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Balance Forward	\$ 24,845,877
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The accompanying notes are an integral part of these financial statements.

Enterprise Elementary School District

RECONCILIATION OF GOVERNMENTAL FUND BALANCES TO GOVERNMENT-WIDE NET POSITION (Continued)

June 30, 2025

Balance Brought Forward \$ 24,845,877

Deferred outflows and inflows of resources relating to pensions: In governmental funds, deferred outflows and inflows of resources relating to pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions are reported:

Deferred outflows of resources relating to pensions	13,949,236
Deferred inflows of resources relating to pensions	(4,725,683)

Deferred outflows and inflows of resources relating to other postemployment benefits (OPEB): In governmental funds, deferred outflows and inflows of resources relating to OPEB are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to OPEB are reported:

Deferred outflows of resources relating to OPEB	742,364
Deferred inflows of resources relating to OPEB	(814,436)

Total Net Position - Governmental Activities **\$ 33,997,358**

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

Enterprise Elementary School District

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

Year Ended June 30, 2025	General Fund	Charter Schools Fund	Other Governmental Funds	Total Governmental Funds
Revenues				
Property taxes	\$ 10,703,780	\$ -	\$ 2,323,700	\$ 13,027,480
Local control funding formula sources	34,122,688	3,036,717	-	37,159,405
Other state revenue	8,983,172	311,027	2,443,378	11,737,577
Federal revenue	2,596,279	140	3,118,308	5,714,727
Other local revenue	6,721,052	57,309	1,542,191	8,320,552
Total Revenues	63,126,971	3,405,193	9,427,577	75,959,741
Expenditures				
Current:				
Instruction	35,659,390	2,324,824	585,816	38,570,030
Instruction-related services	5,721,830	465,586	60,527	6,247,943
Pupil services	6,491,385	63,300	4,364,857	10,919,542
Ancillary services	873,633	48,482	447,528	1,369,643
Community services	50	-	-	50
General administration	3,664,247	156,603	134,757	3,955,607
Plant services	6,128,013	283,158	218,280	6,629,451
Transfers between agencies	232,397	-	-	232,397
Debt service:				
Principal	21,343	-	345,600	366,943
Interest and other charges	973	-	1,893,871	1,894,844
Issuance costs and discounts	-	-	213,468	213,468
Capital outlay	1,103,465	-	1,252,263	2,355,728
Total Expenditures	59,896,726	3,341,953	9,516,967	72,755,646
Excess (Deficiency) of Revenues Over Expenditures	3,230,245	63,240	(89,390)	3,204,095
Other Financing Sources (Uses)				
Interfund transfers in	-	-	25,000	25,000
Interfund transfers out	(25,000)	-	-	(25,000)
Proceeds from sale of bonds	-	-	4,677,417	4,677,417
Other sources	-	-	6,662	6,662
Total Other Financing Sources and (Uses)	(25,000)	-	4,709,079	4,684,079
Net Change in Fund Balances	3,205,245	63,240	4,619,689	7,888,174
Fund Balances - Beginning of Year	44,978,246	565,403	10,781,380	56,325,029
Fund Balances - End of Year	\$ 48,183,491	\$ 628,643	\$ 15,401,069	\$ 64,213,203

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

Enterprise Elementary School District

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

Year Ended June 30, 2025

Total Net Change in Fund Balances - Governmental Funds	\$	7,888,174
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Amounts reported for governmental activities in the statement of activities are different from amounts reported in governmental funds because:

Capital outlay: In governmental funds, the costs of capital assets are reported as expenditures in the period when the assets are acquired. In the statement of activities, costs of capital assets are allocated over their estimated useful lives or their lease terms, as applicable, as depreciation and amortization expense. The difference between capital outlay expenditures and depreciation/amortization expense for the period is:

Expenditures for capital outlay	\$	3,158,053
Depreciation/amortization expense		(3,121,703)

Total Capital Outlay - Net		36,350
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Debt service: In governmental funds, repayments of long-term debt are reported as expenditures. In the government-wide statements, repayments of long-term debt are reported as reductions of liabilities. Expenditures for repayment of the principal portion of long-term debt were:

366,943

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

(4,684,079)

Gain or loss from disposal of capital assets: In governmental funds, the entire proceeds from disposal of capital assets are reported as revenue. In the statement of activities, only the resulting gain or loss is reported. The difference between the proceeds from disposal of capital assets and the resulting gain or loss is:

(30,036)

Balance Forward	\$	3,577,352
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The accompanying notes are an integral part of these financial statements.

Enterprise Elementary School District

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

(Continued)

Year Ended June 30, 2025

Balance Brought Forward	\$ 3,577,352
Unmatured interest on long-term debt: In governmental funds, interest on long-term debt is recognized in the period that it becomes due. In the government-wide statement of activities, it is recognized in the period that it is incurred. Unmatured interest owed at the end of the period, less matured interest paid during the period but owed from the prior period, was:	(321,442)
Compensated absences: In governmental funds, compensated absences are measured by the amounts paid during the period. In the statement of activities, compensated absences are measured by the amounts earned. The difference between compensated absences paid and compensated absences earned was:	(157,573)
Pensions: In government funds, pension costs are recognized when employer contributions are made. In the statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual basis pension costs and actual employer contributions was:	1,491,534
Other postemployment benefits (OPEB): In governmental funds, OPEB expenses are recognized when employer OPEB contributions are made. In the statement of activities, OPEB expenses are recognized on the accrual basis. This year, the difference between OPEB expenses and actual employer OPEB contributions was:	964,866
Amortization of debt issue premium or discount or deferred gain or loss from debt refunding: In governmental funds, if debt is issued at a premium or at a discount, the premium or discount is recognized as an other financing source or an other financing use in the period it is incurred. In the government-wide statements, the premium or discount, plus any deferred gain or loss from debt refunding, is amortized as interest over the life of the debt. Amortization of premium or discount, or deferred gain or loss from debt refunding, for the period is:	162,094
Change in Net Position of Governmental Activities	\$ 5,716,831

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

Enterprise Elementary School District

NOTES TO THE FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES

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

The District accounts for its financial transactions in accordance with the policies and procedures of the Department of Education's, *California School Accounting Manual*. The District's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies established in GAAP, and used by the District, are discussed below.

Implementation of New Accounting Standards

The District adopted the provisions of GASB Statement No. 101, *Compensated Absences*, as of July 1, 2024. This statement outlines a unified recognition and measurement model that results in a liability for compensated absences that more appropriately reflects when a government incurs an obligation. The model can be applied consistently to any type of compensated absence and eliminates potential comparability issues between governments that offer different types of leave. The model also results in a more robust estimate of the amount of compensated absences that a government will pay or settle, which enhances the relevance and reliability of information about the liability for compensated absences. This statement has been applied as of the beginning of the period of implementation. Upon analysis of the District's compensated absence accruals and policies, the District determined that the previous accounting for compensated absences resulted in a liability that is materially consistent with the liability estimated under GASB Statement No. 101. As such, no retrospective restatement is deemed necessary.

The District adopted the provisions of GASB Statement No. 102, *Certain Risk Disclosures*, as of July 1, 2024. This statement requires a government to assess whether a concentration or constraint makes the government vulnerable to the risk of a substantial impact. Additionally, this statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. If certain criteria are met, the government must disclose information in the notes to the financial statements to enable users of the financial statements to understand the nature of the circumstances disclosed and the government's vulnerability to the risk of a substantial impact. As a result of the statement, the District has presented additional disclosures in note 14.

Enterprise Elementary School District

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

Financial Reporting Entity

The District's financial reporting entity comprises the following:

Primary government

Enterprise Elementary School District

Blended component units

Redding Collegiate Academy (RCA)

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

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

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

Blended Component Units

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

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

Enterprise Elementary School District

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

Basis of Presentation

Government-Wide Financial Statements The statement of net position and statement of activities display information about the reporting entity as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed, in whole or in part, by fees charged to external parties for goods or services.

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

Fund Financial Statements Fund financial statements are organized by funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the District or meets the following criteria:

Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 10% of the corresponding total for all funds of that category or type; and

Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5% of the corresponding total for all governmental and enterprise funds combined.

The funds of the District are described below.

Governmental Funds

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

Special Revenue Funds Funds that are established to account for the proceeds from specific resources that are restricted to the financing of particular activities.

1. Student Activity Special Revenue Fund is used to account for the transactions of the associated student body in raising and expending money to promote the general welfare, morale, and educational experiences of the student body (*California Education Code, Section 48930-48938*).

Enterprise Elementary School District

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

2. Charter Schools Fund is used to report separately the activities of Redding Collegiate Academy charter school.
3. Child Development Fund is used to account separately for federal, state, and local revenues and the expenditure of those funds to operate child development programs (*California Education Code*, Section 8328).
4. Cafeteria Special Revenue Fund is used to account separately for federal, state, and local resources received to operate the District's food service program (*California Education Code*, Sections 38091 and 38100).
5. Pupil Transportation Equipment Fund is used to account separately for state and local revenues received for the acquisition, rehabilitation, or replacement of equipment used to transport students (*California Education Code*, Section 41852[b]).

Capital Projects Funds Funds that are established to account for financial resources to be used for the acquisition or construction of major capital facilities.

1. Building Fund exists primarily to account separately for proceeds from the sale of bonds (*California Education Code*, Section 15146).
2. Capital Facilities Fund is used primarily to account for funds received from fees levied on developers or others as a condition for approving development (*California Education Code*, Sections 17620-17626).
3. County School Facilities Fund is used to receive apportionments from the State School Facilities Fund authorized by the State Allocation Board for new school facility construction, modernization projects, and facility hardship grants, as provided in the Leroy F. Greene School Facilities Act of 1998 (*California Education Code*, Section 17070.10).
4. Special Reserve Fund is used to account for resources designated for capital outlay projects (*California Education Code*, Section 42840).

Debt Service Funds Funds that are established to account for the accumulation of resources for the payment of the principal and interest on long-term debt.

1. Bond Interest and Redemption Fund is used to account for the repayment of bonds (*California Education Code*, Sections 15125-15262).

Enterprise Elementary School District

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

Major and Nonmajor Funds

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

Major Governmental Funds:

- General Fund
- Charter Schools Fund

Nonmajor Governmental Funds:

- Student Activity Special Revenue Fund
- Child Development Fund
- Cafeteria Special Revenue Fund
- Pupil Transportation Equipment Fund
- Building Fund
- Capital Facilities Fund
- County School Facilities Fund
- Special Reserve Capital Projects Fund
- Bond Interest and Redemption Fund

Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

Measurement Focus On the government-wide statement of net position and the statement of activities, both governmental and business-like activities are presented using the “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Fund equity is classified as net position.

In the fund financial statements, governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

Basis of Accounting In the government-wide statement of net position and statement of activities, both governmental and business-like activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Enterprise Elementary School District

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

In the fund financial statements, governmental funds presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when “measurable and available.” Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within one year. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due.

Budgets and Budgetary Accounting

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

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

Formal budgetary integration was employed as a management control device during the year for all budgeted funds. The District employs budget control by minor object and by individual appropriation accounts. Expenditures legally cannot exceed appropriations by major object account.

Estimates

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

Cash, Cash Equivalents, and Investments

The District’s cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Cash and cash equivalents are combined with investments and displayed as cash and investments.

Highly liquid market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value. Market value is used as fair value for those securities for which market quotations are readily available.

Enterprise Elementary School District

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

In accordance with *California Education Code*, Section 41001, the District maintains substantially all of its cash in the Shasta County Treasury (the County) as part of the common investment pool. The County is restricted by *California Government Code*, Section 53635 pursuant to Section 53601, to invest in time deposits, U.S. government securities, state registered warrants, notes or bonds, State Treasurer's investment pool, bankers' acceptances, commercial paper, negotiable certificates of deposit, and repurchase or reverse repurchase agreements. The fair value of the District's investment in the pool is based on the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis. The pool has deposits and investments with a weighted-average maturity of more than one year. As of June 30, 2025, the fair value of the County pool was 101.38% of the carrying value and is deemed to represent a material difference. Information regarding the amount of dollars invested in derivatives with the County was not available. The County investment pool is subject to regulatory oversight by the Treasury Oversight Committee, as required by *California Government Code*, Section 27130. The District is considered to be an involuntary participant in the external investment pool.

The calculation of realized gains is independent of the calculation of the net increase in the fair value of investments. Realized gains and losses on investments that had been held in more than one fiscal year and sold in the current year may have been recognized as an increase or decrease in the fair value of investments reported in the prior year. The net increase in the fair value of investments during the year ended June 30, 2025, was \$1,391,844. This amount takes into account all changes in fair value (including purchases and sales) that occurred during the year. The unrealized loss on investments held at June 30, 2025, was \$870,324.

Accounts Receivable and Due From Other Governments

Accounts receivable represent amounts due from private persons, firms, or corporations based on contractual agreements or amounts billed, but not received, as of June 30, 2025. Amounts due from other governments include entitlements and grants from federal, state, and local governments that the District has earned or been allocated, but has not received, as of June 30, 2025. At June 30, 2025, no allowance for doubtful accounts was deemed necessary.

Balances Due To/From Other Funds

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Balances due to/from other funds between funds within governmental activities are eliminated in the statement of net position.

Inventories and Prepaid Expenses

Inventories consist of supplies and materials. Expenses are recorded as the supplies and materials are consumed. Inventories are valued on the average cost method for purchased supplies and materials. Donated commodities inventory is valued at its fair value at the time of donation. Prepaid expenses consist of operating expenses for which payment is due in advance and are expensed when the benefit is received.

Enterprise Elementary School District

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

Bond Premiums

On the government-wide financial statements, bond premiums are deferred and amortized over the term of the bond using the effective-interest method. Bond premiums are presented as an increase of the face amount of the bonds payable. In the governmental funds, these costs are reported as an other financing source when the related liability is incurred.

Fixed Assets

The accounting treatment over property, plant, and equipment (fixed assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

Government-Wide Statements

In the government-wide financial statements, fixed assets are accounted for as capital assets. Capital assets are defined by the District as assets with an initial, individual cost of \$15,000 or more and an estimated useful life in excess of one year, except for buildings and improvements for which a higher capitalization threshold of \$50,000 or more is used. All fixed assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated fixed assets, which are recorded at their estimated fair value at the date of donation. Actual historical cost was used to value the majority of the assets. Capital assets also include right-to-use leased assets, the measurement of which is described later in this section.

Depreciation of all exhaustible fixed assets is recorded as an allocated expense in the statement of activities with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. Amortization of all right-to-use assets is recorded as an allocated expense in the statement of activities with accumulated amortization reflected in the statement of net position. Amortization of right-to-use leased assets is provided over the shorter of the lease period or the assets' estimated useful lives. The range of estimated useful lives in years by type of asset is as follows:

School buildings	50
Portable classrooms	25
Site improvements	20-25
Equipment	5-20
Vehicles	8-15

Fund Financial Statements

In the fund financial statements, fixed assets used in governmental fund operations, including contracts giving the District the right to use leased assets, are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

Enterprise Elementary School District

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

Advances From Grantors

Cash received for federal and state special projects and programs is recognized as revenue to the extent that qualified expenditures have been incurred. Advances from grantors are recorded to the extent that cash received on specific projects and programs exceed qualified expenditures.

Long-Term Debt

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations, fiduciary fund operations, or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources is reported as liabilities in the government-wide statements. All long-term debt to be repaid from fiduciary resources is reported as liabilities in the fiduciary fund statements.

Long-term debt for governmental funds is not reported as a liability in the fund financial statements. The debt proceeds are reported as other financing sources, and payments of principal and interest are reported as expenditures.

Compensated Absences

The District accrues a liability for compensated absences when the benefits are attributable to services already rendered, the obligation has been earned but not yet used, and are more likely than not to be used or paid. The estimated liability is based on the District's leave policies and historical usage patterns. The estimated liability is recorded as long-term debt for compensated absences in the government-wide statements. The current portion of this debt is estimated based on historical trends. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position includes a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s), which will only be recognized as an outflow of resources (expense/expenditures) in the future. District contributions subsequent to the measurement date related to pension plans, are reported as deferred outflows of resources in the government-wide statement of net position. District contributions subsequent to the measurement date will be amortized during the next fiscal year.

In addition to liabilities, the statement of net position includes a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and would only be recognized as an inflow of resources (revenue) at that time.

Enterprise Elementary School District

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

Changes in proportion and differences between the District's contributions and proportionate share of pension contributions, the District's proportionate share of the net difference between projected and actual earnings on pension plan investments, changes in assumptions, and the differences between the District's expected and actual experience, are reported as deferred inflows of resources or deferred outflows of resources in the government-wide statement of net position. These amounts are amortized over the estimated service lives of the pension plan participants.

Differences between projected and actual earnings on OPEB plan investments, changes in assumptions, and the differences between the District's expected and actual experience, are reported as deferred inflows of resources or deferred outflows of resources in the government-wide statement of net position. These amounts are amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided OPEB through the OPEB plan.

Leases

Lessors At the commencement of a lease, the District initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term. Lease receivables and deferred inflows of resources are reported in the governmental funds balance sheet and the government-wide statement of net position.

Key estimates and judgments include how the District determines the discount rate it uses to discount the expected lease receipts to present value, the lease term, and lease receipts. The District uses the following key estimates and assumptions:

- The District uses its incremental borrowing rate as the discount rate for leases.
- The term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The District monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

The District currently has no lease receivables.

Lessee The District recognizes lease liabilities for equipment with an initial, individual value of \$15,000 or more, and \$50,000 for buildings and improvements. At the commencement of a lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The leased asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain indirect costs. Subsequently, the leased asset is amortized on a straight-line basis over the shorter of the asset's useful life or the life of the lease.

Enterprise Elementary School District

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

Key estimates and judgments related to leases include how the District determines the discount rate it uses to discount the expected lease payments to present value, the lease term, and the lease payments. The District uses the following key estimates and assumptions:

- The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the District is reasonably certain to exercise.

The District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Leased assets are reported with other capital assets and lease liabilities are reported with long-term debt in the government-wide statement of net position.

Equity Classifications

Government-Wide Statements Equity is classified as net position and displayed in three components:

Net Investment in Capital Assets: Consists of capital assets including restricted capital assets, net of accumulated depreciation, reduced by the outstanding balances of any bonds, leases, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted Net Position: Consists of net position with constraints placed on the use either by external groups such as creditors, grantors, contributors, laws or regulations of other governments, or laws through constitutional provisions or enabling legislation.

Unrestricted Net Position: Consists of any other net position that does not meet the definition of "restricted" or "net investment in capital assets."

Fund Statements Governmental fund equity is classified as fund balance. Fund balance is further classified and displayed in five components:

Nonspendable Fund Balance: Consists of amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted Fund Balance: Consists of amounts that can be spent only for specific purposes because of constraints that are externally imposed by groups such as creditors, grantors, contributors, laws or regulations of other governments, or because of laws through constitutional provisions or enabling legislation.

Enterprise Elementary School District

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

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

Assigned Fund Balance: Consists of amounts that the District intends to use for specific purposes. Assignments may be established either by the District's Board of Trustees or a designee of the District's Board of Trustees.

Unassigned Fund Balance: Consists of the residual balance in the General Fund that has not been assigned to other funds and that is not restricted, committed, or assigned to specific purposes.

The District is committed to maintaining a prudent level of financial resources to protect against the need to reduce service levels because of temporary revenue shortfalls or unpredicted expenditures. The District's minimum fund balance policy requires a reserve for economic uncertainties, consisting of unassigned amounts, equal to no less than \$1,250,000.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the District's Board of Trustees has provided otherwise in its commitment or assignment actions.

Local Control Funding Formula Grant and Property Tax

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

Shasta County is responsible for assessing, collecting, and apportioning property taxes. Taxes are levied for each fiscal year on taxable real and personal property in the County. Secured property taxes attach as an enforceable lien on property as of January 1. Property taxes on the secured roll are due on November 1 and February 1 and become delinquent after December 10 and April 10, respectively.

Secured property taxes are recorded as revenue when apportioned in the fiscal year of the levy. The County apportions secured property tax revenue in accordance with the alternate method of distribution prescribed by Section 4705 of the *California Revenue and Taxation Code*. This alternate method provides for crediting each applicable fund with its total secured taxes upon completion of the secured tax roll - approximately October 1 of each year.

Property taxes are recorded as LCFF sources by the District. The California Department of Education reduces the District's entitlement by the District's local property tax revenue. The balance is paid from the state's General Fund and is referred to as the state apportionment. The District's LCFF provides a base grant per average daily attendance (ADA), which varies by grade span, plus supplemental and concentration grants that reflect student demographic factors and categorical programs.

Enterprise Elementary School District

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

Revenue – Nonexchange Transactions

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, and entitlements. Revenue from grants and entitlements is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

Expenditures and Expenses

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities.

In the fund financial statements, expenditures are classified as follows:

- Governmental funds – by character:
 - Current (further classified by function)
 - Debt service
 - Capital outlay

In the fund financial statements, governmental funds report expenditures of financial resources.

OPEB

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

Pensions

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

Enterprise Elementary School District

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

Interfund Transfers

Permanent reallocation of resources between funds of the reporting entity are classified as interfund transfers. For purposes of the statement of activities, all interfund transfers between individual governmental funds have been eliminated.

2. CASH AND INVESTMENTS

The following is a summary of cash and investments:

June 30, 2025	Maturities	Fair Value
Deposits (1)		\$ 789,789
Investments That Are Not Securities (2)		
County treasurer's investment pool	20.3 months average	64,098,633
Total Cash and Investments Per Government-Wide Statement of Net Position		\$ 64,888,422

(1) **Deposits** The carrying amount of deposits includes checking accounts, savings accounts, nonnegotiable certificates of deposits, and money market accounts at financial institutions, if any.

(2) **Investments That Are Not Securities** A "security" is a transferable financial instrument that evidences ownership or creditorship, whether in physical or book-entry form. Investments that are not securities do not have custodial credit risk because they do not involve a transferable financial instrument. Thus, they are not categorized into custodial credit risk categories.

Custodial Credit Risk – Deposits

For deposits, custodial credit risk is the risk that, in the event of bank failure, the District's deposits may not be redeemed. The District does not have a deposit policy for custodial credit risk. As of June 30, 2025, \$310,648 of the District's bank balance of \$810,648 was exposed to custodial credit risk as follows:

	Bank Balance
Uninsured and uncollateralized	\$ 310,648

Credit Risk – Investments

California Government Code, Section 53601, limits investments in commercial paper to "prime" quality of the highest ranking or of the highest letter and numerical rating as provided by nationally recognized statistical rating organizations (NRSRO), and limits investments in medium-term notes to a rating of A or better. The District has no investment policy that would further limit its investment choices. The District's investment in the County investment pool is unrated.

Enterprise Elementary School District

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

Fair Value Measurements

The District categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; level 2 inputs are significant other observable inputs; and level 3 inputs are significant unobservable inputs.

The District has the following recurring fair value measurements as of June 30, 2025:

- County treasurer's investment pool of \$64,098,633 is valued using quoted prices for similar instruments in active markets and quoted prices for identical or similar instruments in markets that are not active (level 2 inputs).

Concentration of Credit Risk – Investments

California Government Code, Section 53635, places the following concentration limits on the County investment pool:

No more than 40% may be invested in eligible commercial paper and no more than 10% may be invested in the outstanding commercial paper of any single issuer.

California Government Code, Section 53601, places the following concentration limits on the District's investments:

No more than 10% may be invested in the securities of any one issuer, except the obligations of the U.S. government, U.S. government agencies, and U.S. government-sponsored enterprises and where otherwise noted; no more than 10% may be invested in any one mutual fund; no more than 25% may be invested in commercial paper; no more than 40% may be invested in bankers' acceptances and no more than 30% may be invested in bankers' acceptances of any one commercial bank; no more than 30% may be invested in negotiable certificates of deposit; no more than 20% may be invested in reverse repurchase agreements; no more than 30% may be invested in medium-term notes; no more than 20% may be invested in mortgage passthrough and related securities; and no more than 30% may be invested in certain unsecured, unsubordinated obligations.

3. ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following:

June 30, 2025	General Fund	Charter Schools Fund	Other Governmental Funds
Interest	\$ 5,061	\$ 423	\$ -
Other	40,617	25	12,319
Total	\$ 45,678	\$ 448	\$ 12,319

Enterprise Elementary School District

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

4. DUE FROM OTHER GOVERNMENTS

Due from other governments consisted of the following:

June 30, 2025	General Fund	Charter Schools Fund	Other Governmental Funds
Due From			
Federal government	\$ 1,131,210	\$ -	\$ 1,022,786
State government	1,766,708	284,399	509,417
Local governments	419,677	-	23,880
Total	\$ 3,317,595	\$ 284,399	\$ 1,556,083

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

Balances Due To/From Other Funds

Balances due to/from other funds in the fund financial statements are as follows:

Due From Other Funds	Due to Other Funds	
General	Cafeteria Special Revenue	\$ 132,148
General	Charter Schools	1,013,160
General	Child Development	188,414
General	Building	19,810
Charter Schools	General	484,988
Child Development	General	34,191
Cafeteria Special Revenue	General	176,135
Pupil Transportation Equipment	General	25,000
Special Reserve Capital Projects	General	119,714
Building Fund	Child Development	18,730
Total		\$ 2,212,290

The specific purposes of the interfund balances are as follows:

General Fund interfund receivable from the Cafeteria Special Revenue Fund for retiree health and welfare benefits from the General Fund, indirect costs, and correction of expenses;

General Fund interfund receivable from the Charter Schools Fund for allocation of health and welfare benefits and maintenance and operations expenses paid from the General Fund, indirect costs, and correction of expenses;

General Fund interfund receivable from the Child Development Fund for allocation of health and welfare benefits and maintenance and operations expenses paid from the General Fund, and indirect costs;

General Fund interfund receivable from the Building Fund for allocation for health and welfare benefits and correction of expenses;

Enterprise Elementary School District

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

Charter Schools Fund interfund receivable from the General Fund for allocation of federal and state funding, in-lieu of property tax funding, and adjustment to indirect costs;

Child Development Fund interfund receivable from the General Fund for contribution to the preschool program, and correction of expenses;

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

Pupil Transportation Equipment Fund interfund receivable from the General Fund related to budgeted transfer to save for future bus purchases;

Special Reserve Capital Projects Fund interfund receivable from the General Fund to move community redevelopment funds; and

Building Fund interfund receivable from the Child Development Fund to reimburse HVAC costs.

Interfund Transfers

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

Interfund transfers are as follows:

Interfund Transfer Out	Interfund Transfer In		
General	Pupil Transportation Equipment	\$	25,000

Transfers are used for the following:

To move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them; and

To use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

No transfers were not routine or inconsistent with the activities of the funds making the transfer.

Enterprise Elementary School District

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

6. CAPITAL ASSETS

Capital assets activity is as follows:

Year Ended June 30, 2025	Beginning Balance	Additions	Deductions	Ending Balance
GOVERNMENTAL ACTIVITIES				
Nondepreciated Capital Assets				
Land	\$ 1,418,711	\$ -	\$ -	\$ 1,418,711
Construction in progress	6,133,149	2,560,886	6,286,400	2,407,635
Total Nondepreciated Capital Assets	7,551,860	2,560,886	6,286,400	3,826,346
Depreciated Capital Assets				
Buildings	68,392,908	4,373,294	-	72,766,202
Site improvements	11,801,018	536,823	57,268	12,280,573
Equipment and vehicles	9,966,491	1,973,450	-	11,939,941
Total Depreciated Capital Assets	90,160,417	6,883,567	57,268	96,986,716
Less: Accumulated Depreciation				
Buildings	31,181,651	1,853,824	-	33,035,475
Site improvements	6,505,739	570,628	27,232	7,049,135
Equipment and vehicles	6,483,532	678,529	-	7,162,061
Total Accumulated Depreciation	44,170,922	3,102,981	27,232	47,246,671
Total Depreciated Capital Assets - Net	45,989,495	3,780,586	30,036	49,740,045
Leased Assets				
Equipment	93,605	-	-	93,605
Less: Accumulated amortization	56,163	18,722	-	74,885
Total Leased Assets - Net	37,442	(18,722)	-	18,720
GOVERNMENTAL ACTIVITIES				
CAPITAL ASSETS - NET	\$ 53,578,797	\$ 6,322,750	\$ 6,316,436	\$ 53,585,111

Enterprise Elementary School District

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

Depreciation and amortization expense was charged to governmental activities as follows:

Year Ended June 30, 2025

Governmental Activities

Instruction	\$	2,149,869
Instruction-related services		395,435
Pupil services		150,649
General administration		183,464
Plant services		242,286

Total Depreciation/Amortization Expense - Governmental Activities	\$	3,121,703
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7. ACCOUNTS PAYABLE

Accounts payable consisted of the following:

June 30, 2025	General Fund	Charter Schools Fund	Other Governmental Funds
Vendors	\$ 1,573,770	\$ 14,485	\$ 631,472
Salaries and benefits	958,325	1,295	28,381
Other	4,570	441	149
Total	\$ 2,536,665	\$ 16,221	\$ 660,002

8. DUE TO OTHER GOVERNMENTS

Due to other governments consisted of the following:

June 30, 2025	General Fund	Charter Schools Fund
Due to		
State government	\$ 3,103,281	\$ 20,328
Local governments	174,135	-
Total	\$ 3,277,416	\$ 20,328

Enterprise Elementary School District

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

9. BONDED DEBT

In February 2008, the District received authorization through an election held within the District, to issue \$34,000,000 of bonds. In November 2018, voters approved Measure E, a \$26,000,000 general obligation bond authorization for the District. The bonds are general obligations of the District, and the County is obligated to annually levy ad valorem taxes for the payment of the interest on, and the principal of, the bonds.

The outstanding general obligation bonded debt is as follows:

Issue Date	Interest Rate	Maturity Date	Amount of Original Issue	Outstanding July 1, 2024	Issued Current Year	Redeemed Current Year	Outstanding June 30, 2025
2008	2.00-3.50%	2046	\$ 2,000,000	\$ 1,985,000	\$ -	\$ 20,000	\$ 1,965,000
2010	2.00-6.75%	2048	8,999,687	6,730,334	-	60,600	6,669,734
2016	2.00-4.00%	2033	5,130,000	4,340,000	-	250,000	4,090,000
2019	3.63-5.00%	2048	10,500,000	9,485,000	-	-	9,485,000
2020	4.00-5.00%	2050	10,000,000	9,720,000	-	15,000	9,705,000
2022	3.15-5.00%	2050	5,500,000	5,400,000	-	-	5,400,000
2025	2.98-5.00%	2050	4,677,417	-	4,677,417	-	4,677,417
Total			\$ 46,807,104	\$ 37,660,334	\$ 4,677,417	\$ 345,600	\$ 41,992,151

The amount of interest cost incurred during the year ended June 30, 2025, was \$2,215,312, all of which was charged to expenses.

The annual requirements to amortize the general obligation bonds payable are as follows:

Year Ending June 30	Principal	Interest	Total
2026	\$ 421,631	\$ 1,898,779	\$ 2,320,410
2027	636,960	1,828,243	2,465,203
2028	745,467	1,822,638	2,568,105
2029	837,456	1,826,128	2,663,584
2030	991,339	1,817,784	2,809,123
2031-2035	6,865,242	8,848,568	15,713,810
2036-2040	7,176,128	12,087,460	19,263,588
2041-2045	9,583,809	13,956,503	23,540,312
2046-2050	14,734,119	13,425,817	28,159,936
Total	\$ 41,992,151	\$ 57,511,920	\$ 99,504,071

Enterprise Elementary School District

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

10. LEASE LIABILITY

The District has entered into a five-year lease agreement as lessee for the acquisition and use of copiers. At June 30, 2025, the value of the lease liability was \$10,962. The District has one remaining principal and interest payment of \$11,159. The lease has an interest rate of 3.6%. The agreement does not contain a purchase option. Conditions of the lease do not provide for variable payments or residual value guarantees. The equipment has a five-year estimated useful life. The value of the right-to-use assets as of June 30, 2025, was \$93,605 and had accumulated amortization of \$74,885. The amount of interest cost incurred during the year ended June 30, 2025, was \$973, all of which was charged to expenses. There were no variable or other payments recognized for the year ended June 30, 2025, that were not previously included in the measurement of the lease liability.

The future lease payments are as follows:

Year Ending June 30	Principal	Interest	Total
2026	\$ 10,962	\$ 197	\$ 11,159

11. CHANGES IN LONG-TERM DEBT

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

Year Ended June 30, 2025	Beginning Balance	Additions	Deductions	Ending Balance	Amounts Due Within One Year
Governmental Activities					
Compensated absences	\$ 197,519	\$ 157,573	\$ -	\$ 355,092	\$ -
General obligation bonds	37,660,334	4,677,417	345,600	41,992,151	421,631
Bond issuance premiums	1,801,078	6,662	162,094	1,645,646	154,734
Capitalized interest	8,591,078	784,875	239,400	9,136,553	258,369
Lease liability	32,305	-	21,343	10,962	10,962
Net OPEB liability	814,360	-	814,360	-	-
Net pension liability	44,890,430	-	4,917,388	39,973,042	-
Total	\$ 93,987,104	\$ 5,626,527	\$ 6,500,185	\$ 93,113,446	\$ 845,696

Enterprise Elementary School District

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

12. FUND BALANCES COMPONENTS

Fund balances are composed of the following:

June 30, 2025	General Fund	Charter Schools Fund	Other Governmental Funds
Nonspendable			
Reserved for:			
Revolving cash	\$ 15,000	\$ -	\$ -
Inventories	-	-	33,680
Prepaid expenditures	669,679	45,465	-
Total Nonspendable	\$ 684,679	\$ 45,465	\$ 33,680
Restricted			
Restricted for:			
Capital projects	\$ -	\$ -	\$ 7,192,974
Debt service	-	-	2,226,200
Student activities	-	-	294,874
Federal and state categoricals	7,754,936	325,459	4,251,480
Total Restricted	\$ 7,754,936	\$ 325,459	\$ 13,965,528
Assigned			
Assigned for:			
Board priorities	\$ 36,422,256	\$ -	\$ -
Deferred maintenance	564,335	-	-
Postemployment benefits	30,121	-	-
Transportation equipment	-	-	178,247
Charter schools	-	257,719	-
Capital projects	-	-	1,223,614
Total Assigned	\$ 37,016,712	\$ 257,719	\$ 1,401,861
Unassigned			
Designated for economic uncertainties	\$ 2,000,000	\$ -	\$ -
Unassigned	727,164	-	-
Total Unassigned	\$ 2,727,164	\$ -	\$ -

Enterprise Elementary School District

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

13. JOINT POWERS AUTHORITIES

The District participates in joint ventures under joint powers agreements with the following joint powers authorities (JPAs): California's Valued Trust (CVT), Northern California Schools Insurance Group (NCSIG), Northern California Regional Excess Liability Fund (ReLiEF), Schools Excess Liability Fund (SELF), Tri-County Schools Insurance Group (TCSIG), and Shasta-Trinity Schools Insurance Group (STSIG). The relationship between the District and the JPAs is such that the JPAs are not component units of the District for financial reporting purposes.

The JPAs arrange for and provide property, liability, workers' compensation, health care, and excess liability coverage for their members. Each JPA is governed by a board consisting of representatives from the members. The boards control the operations of the JPAs, including selection of management and approval of operating budgets, independent of any influence by the members beyond their representation on the boards. Each member pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionate to its participation in the JPA. The District's share of year-end assets, liabilities, or fund equity is not calculated by the JPAs. Separately issued financial statements can be requested from each JPA.

14. COMMITMENTS AND CONTINGENCIES

Federal and State Allowances, Awards, and Grants

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

Construction Project Commitments

Construction project commitments are as follows:

June 30, 2025	Remaining Construction Commitments
Alta Mesa asphalt	\$ 509,337
Lassen View bleachers	57,805
Shasta Meadows TK classrooms and playgrounds	101,978
Mistletoe TK classrooms and playgrounds	149,644
Total	\$ 818,764

Enterprise Elementary School District

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

Risks and Uncertainties

In accordance with GASB Statement No. 102, *Certain Risk Disclosures*, the District is required to disclose concentrations or vulnerabilities that are more likely than not to have a substantial impact on the District within 12 months of the date the financial statements are issued. Management has reviewed the District's operations, funding sources, contractual obligations, and other potential exposures, and determined that no concentrations or vulnerabilities currently meet the criteria for disclosure. The District continues to monitor potential risks as part of its ongoing financial management process.

15. RISK MANAGEMENT

The District is exposed to various risks, including loss or damage to property, general liability, and injuries to employees. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three years. No significant reductions in insurance coverage from the prior year have been made. As described above, the District participates in risk pools under joint powers agreements for property, liability, workers' compensation, health care, and excess liability coverage.

16. EMPLOYEE RETIREMENT SYSTEMS

Qualified employees are covered under cost-sharing multiple-employer defined benefit pension plans maintained by agencies of the state of California. Certificated employees are members of CalSTRS, and classified employees are members of CalPERS.

Summary

Net pension liability, deferred outflows or resources, deferred inflows of resources, and pension expense are reported as follows:

June 30, 2025	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalSTRS State Teachers' Retirement Plan	\$ 20,926,449	\$ 7,707,849	\$ 3,978,251	\$ 2,326,353
CalPERS School Employer Pool	19,046,593	6,241,387	747,432	3,432,981
Total	\$ 39,973,042	\$ 13,949,236	\$ 4,725,683	\$ 5,759,334

Net pension liability, deferred outflows of resources, and deferred inflows of resources are reported in the accompanying statement of net position; pension expense is reported in the accompanying statement of activities.

Enterprise Elementary School District

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

California State Teachers' Retirement System

Plan Description Certificated employees of the District participate in STRP, a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalSTRS. Benefit provisions are established by state statute, as legislatively amended, within the State Teachers' Retirement Law. CalSTRS issues publicly available financial reports that can be obtained at www.calstrs.com.

Benefits Provided STRP provides retirement, disability, and survivor benefits to beneficiaries. The defined benefit program provides retirement benefits based on members' final compensation, age, and years of service credit. In addition, the retirement program provides benefits to members upon disability and to survivors/beneficiaries upon the death of eligible members. The program has two benefit formulas:

- **CalSTRS 2% at 60** CalSTRS 2% at 60 members are eligible for normal retirement at age 60, with a minimum of five years of credited service. The normal retirement benefit is equal to 2.0% of final compensation multiplied by the number of years of credited service. Early retirement options are available at age 55 with five years of credited service or as early as age 50 with 30 years of credited service. The age factor for retirements after age 60 increases with each quarter year of age to a maximum of 2.4% at age 63 or older. Members who have 30 years or more of credited service receive an additional increase of up to 0.2% to the age factor, up to the 2.4% maximum.
- **CalSTRS 2% at 62** CalSTRS 2% at 62 members are eligible for normal retirement at age 62, with a minimum of five years of credited service. The normal retirement benefit is equal to 2.0% of final compensation multiplied by the number of years of credited service. An early retirement option is available at age 55. The age factor for retirement after age 62 increases with each quarter year of age to 2.4% at age 65 or older.

Contributions Required member, employer, and state contribution rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. Active plan members of the CalSTRS 2% at 60 formula are required to contribute 10.25% of their salary. Active plan members of the CalSTRS 2% at 62 formula are required to contribute 10.205% of their salary. The required employer contribution rate for fiscal year 2024-25 was 19.10% of annual payroll. The District's contributions to CalSTRS for the fiscal year ended June 30, 2025, were \$4,147,234.

Enterprise Elementary School District

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions At June 30, 2025, the District reported a net pension liability for its proportionate share of the net pension liability that reflected a reduction for state pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the District, were as follows:

June 30, 2025

District's proportionate share of the net pension liability	\$ 20,926,449
State's proportionate share of the net pension liability associated with the District	9,601,274
Total	\$ 30,527,723

The District's net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2023, rolled forward to June 30, 2024, using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers and the state, actuarially determined. At June 30, 2025, the District's proportion was 0.031%.

State Teachers' Retirement Law also requires the state to contribute 10.828% of the members' creditable earnings from the fiscal year ending in the prior calendar year. For the year ended June 30, 2025, the District recognized pension expense of \$1,229,475 and revenue of \$1,229,475 for support provided by the state. At June 30, 2025, 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	\$ 2,367,318	\$ 915,680
Net difference between projected and actual earnings on pension plan investments	-	85,497
Change in assumptions	91,604	1,429,070
Changes in proportion and differences between District contributions and proportionate share of contributions	1,101,693	1,548,004
District contributions subsequent to the measurement date	4,147,234	-
Total	\$ 7,707,849	\$ 3,978,251

Enterprise Elementary School District

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

The \$4,147,234 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	
2026	\$ (1,615,661)
2027	1,559,453
2028	(178,964)
2029	(165,103)
2030	244,690
Thereafter	(262,051)
Total	\$ (417,636)

Actuarial Assumptions The total pension liability in the June 30, 2023, actuarial valuation for CalSTRS was determined using the following actuarial assumptions and applied to all periods included in the measurement:

Valuation date	June 30, 2023
Measurement date	June 30, 2024
Actuarial cost method	Entry age normal
Actuarial assumptions:	
Investment rate of return	7.10%
Interest on accounts	3.00%
Wage growth	3.50%
Consumer price inflation	2.75%
Post-retirement benefit increases	2.00% simple

CalSTRS uses a generational mortality assumption, which is based off generational mortality tables that reflect expected future improvements in mortality and includes a base table and a projection table. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among the members. The projection table reflects the expected annual reduction in mortality rates at each age. The current mortality assumption uses a base year of 2023 and projected improvement is based on the MP-2021 Ultimate Projection Scale.

The actuarial assumptions used in the June 30, 2023, valuation were based on the results of an actuarial experience study for the period July 1, 2007, through June 30, 2022.

Enterprise Elementary School District

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class/strategy. Expected real rates of return are net of the 2.75% inflation assumption and are derived from best-estimate ranges of 20 to 30-year geometrically linked expected returns. These best-estimate ranges were developed using capital market assumptions from CalSTRS investment staff and investment consultants as inputs to the process. The actuarial investment rate of return assumption was adopted by the board in January 2024 in conjunction with the most recent experience study. For each current and future valuation, CalSTRS' independent consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. The assumed asset allocation and best estimates of the expected rates of return for each major asset class/strategy, are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Public equity	38%	5.25%
Private equity	14%	6.75%
Real estate	15%	4.05%
Inflation sensitive	7%	3.65%
Fixed income	14%	2.45%
Risk mitigating strategies	10%	2.25%
Cash/liquidity	2%	0.05%
Total	100%	

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

Enterprise Elementary School District

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.10%, as well as the District's proportionate share of the net pension liability if it was calculated using a discount rate that is one percentage point lower (6.10%) or one percentage point higher (8.10%) than the current rate:

June 30, 2025	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
District's proportionate share of the net pension liability	\$ 37,221,305	\$ 20,926,449	\$ 7,319,568

Pension Plan Fiduciary Net Position Detailed information about the pension plan's fiduciary net position is available in CalSTRS' separately issued *Annual Comprehensive Financial Report* (ACFR).

California Public Employees' Retirement System

Plan Description Classified employees of the District participate in the School Employer Pool (the Plan) under CalPERS, a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. Benefit provisions are established by state statute, as legislatively amended, within the Public Employees' Retirement Law. CalPERS issues a publicly available financial report that can be obtained at www.calpers.ca.gov.

Benefits Provided The plan provides retirement, disability, and death benefits to plan members and beneficiaries. The benefits are based on members' years of service, age, final compensation, and benefit formula. Members become fully vested in their retirement benefits earned to date after five years of credited service.

Contributions Member contribution rates are defined by law. Employer contribution rates are determined by periodic actuarial valuations. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. Active plan members that met the definition of a new member under the Public Employees' Pension Reform Act are required to contribute 8.00% of their salary. Classic employees are required to contribute 7.00% of their salary. The required employer contribution rate for the 2024-25 fiscal year was 27.05%. The District's contributions to CalPERS for the fiscal year ended June 30, 2025, were \$3,103,634.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions At June 30, 2025, the District reported a net pension liability of \$19,046,593 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2023, rolled forward to June 30, 2024, using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2025, the District's proportion was 0.0533%.

Enterprise Elementary School District

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

For the year ended June 30, 2025, the District recognized pension expense of \$3,432,981. At June 30, 2025, 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	\$ 1,596,778	\$ 136,316
Net difference between projected and actual earnings on pension plan investments	739,850	-
Change in assumptions	420,994	-
Changes in proportion and differences between District contributions and proportionate share of contributions	380,131	611,116
District contributions subsequent to the measurement date	3,103,634	-
Total	\$ 6,241,387	\$ 747,432

The \$3,103,634 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	
2026	\$ 953,109
2027	1,674,672
2028	(3,359)
2029	(234,101)
Total	\$ 2,390,321

Actuarial Assumptions The total pension liability in the June 30, 2023, actuarial valuation for CalPERS was determined using the following actuarial assumptions applied to all periods included in the measurement:

Valuation date	June 30, 2023
Measurement date	June 30, 2024
Actuarial cost method	Entry age normal
Actuarial assumptions:	
Discount rate	6.90%
Inflation	2.30%
Salary increases	Varies by entry age and service
Investment rate of return	6.90%

Enterprise Elementary School District

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

Post-retirement mortality rates are based on CalPERS' experience and include 15 years of projected ongoing mortality improvement using 80% of Scale MP 2020 published by the Society of Actuaries. These tables are used to estimate the value of benefits expected to be paid for service and disability retirements. For disability retirements, impaired longevity is recognized by a separate table.

The actuarial assumptions used in the June 30, 2023, valuation were based on the results of an actuarial experience study for the period June 30, 2000, through June 30, 2019.

In determining the long-term expected rate of return, CalPERS took into account 20-year market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated and, combined with risk estimates, are used to project compound (geometric) returns over the long term.

The tables below reflect long-term expected real rates of return by asset class.

	Assumed Asset Allocation	Real Rate of Return
Asset Class		
Global equity - cap-weighted	30%	4.54%
Global equity - non-cap-weighted	12%	3.84%
Private equity	13%	7.28%
Treasury	5%	0.27%
Mortgage-backed securities	5%	0.50%
Investment grade corporates	10%	1.56%
High yield	5%	2.27%
Emerging market debt	5%	2.48%
Private debt	5%	3.57%
Real assets	15%	3.21%
Leverage	-5%	-0.59%
Total	100%	

Discount Rate The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Enterprise Elementary School District

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 6.90%, as well as the District's proportionate share of the net pension liability if it was calculated using a discount rate that is one percentage point lower (5.90%) or one percentage point higher (7.90%) than the current rate:

June 30, 2025	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
District's proportionate share of the net pension liability	\$ 28,293,873	\$ 19,046,593	\$ 11,407,604

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

17. EARLY RETIREMENT INCENTIVE PROGRAM

The District did not enter into any early retirement incentive agreements during 2024-25, pursuant to *California Education Code*, Sections 22714 and 44929, whereby the service credit to eligible employees is increased by two years.

18. POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

Plan Description and Benefits Provided

The District provides postemployment health care benefits to employees who retire from the District on or after attaining age 55 with at least ten years of full-time service. The District contributes up to a monthly cap of \$900 for medical, dental, and vision benefits of eligible retirees, until the retiree reaches age 65.

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

Plan Fiduciary Net Position

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

Enterprise Elementary School District

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

Employees Covered

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

June 30, 2025	
Inactive Plan members or beneficiaries currently receiving benefit payments	19
Active Plan members	275
Total	294

Contributions

The District's agreement with employees is for monthly contributions for members who meet the eligibility criteria of their collective bargaining agreement and who retire during the term of the contract. The contribution requirements of Plan members and the District are established and may be amended by the District's board of trustees through the collective bargaining process. The members receiving benefits contributions vary depending on the level of coverage selected. For the fiscal year ended June 30, 2025, the District contributed \$1,139,597, representing premium payments on behalf of retired employees and a contribution to the trust to fund future premium payments.

Net OPEB Liability

The District's net OPEB liability for the Plan is measured as the total OPEB liability, less the Plan's fiduciary net position. The total OPEB liability of the Plan is measured as of June 30, 2025, using an annual actuarial valuation as of June 30, 2025. The June 30, 2025, total OPEB liability was based on the actuarial methods and assumptions as shown below.

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2025, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation date	June 30, 2025
Measurement date	June 30, 2025
Actuarial cost method	Entry age, percent level of pay
Actuarial assumptions:	
Salary increases	2.75%
Discount rate	6.75% ⁽¹⁾
Consumer price inflation	2.50%
Healthcare cost trend rate	4.00%

(1) Net of investment expenses, including inflation.

Enterprise Elementary School District

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

The mortality assumptions used in the June 30, 2025, valuation are as follows:

2020 CalSTRS Mortality	The mortality assumptions are based on the 2020 CalSTRS Mortality table created by CalSTRS. CalSTRS periodically studies mortality for participating agencies and establishes mortality tables that are modified versions of commonly used tables. This table incorporates mortality projection as deemed appropriate based on CalSTRS analysis.
2021 CalPERS Mortality for Miscellaneous and Schools Employees	The mortality assumptions are based on the 2021 CalPERS Mortality for Miscellaneous and Schools Employees table created by CalPERS. CalPERS periodically studies mortality for participating agencies and establishes mortality tables that are modified versions of commonly used tables. This table incorporates mortality projection as deemed appropriate based on CalPERS analysis.
2021 CalPERS Retiree Retiree Mortality for Miscellaneous and Schools Employees	The mortality assumptions are based on the 2021 CalPERS Retiree Mortality for Miscellaneous and Schools Employees table created by CalPERS. CalPERS periodically studies mortality for participating agencies and establishes mortality tables that are modified versions of commonly used tables. This table incorporates mortality projection as deemed appropriate based on CalPERS analysis.

Discount Rate

The discount rate used to measure the total OPEB liability was 6.75%. The discount rate is based on the long-term real rate of return expected for plan assets plus the long-term inflation assumption as the plan is fully funded.

Long-Term Expected Rate of Return

The long-term expected rate of return on plan investments was determined by the California Employer's Retiree Benefit Trust (CERBT) using a building-block method in which best-estimate ranges of expected future real rates of return on assets.

As of June 30, 2025, the long-term expected rate of return for CERBT Strategy 1 is 6.75%. The target allocation by investment class in the Plan's portfolio are as follows:

Investment Class	Target Allocation
Global equity	49.00%
Fixed income	23.00%
Treasury inflation-protected securities	5.00%
Real estate investment trusts	20.00%
Commodities	3.00%

Enterprise Elementary School District

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

Changes in the Net OPEB Liability (Asset)

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

Year Ended June 30, 2025

Total OPEB Liability	
Service cost	\$ 187,401
Interest	243,746
Difference between expected and actual experience	(546,259)
Benefit payments - including refunds of employee contributions	(189,597)
Net Change in Total OPEB Liability	(304,709)
Total OPEB Liability - Beginning of Year	3,612,143
Total OPEB Liability - End of Year (a)	3,307,434
Plan Fiduciary Net Position	
Contributions - employer	1,139,597
Net investment income	220,836
Difference between expected and actual investment income	185,858
Benefit payments - including refunds of employee contributions	(189,597)
Administrative expense	(2,280)
Net Change in Plan Fiduciary Net Position	1,354,414
Plan Fiduciary Net Position - Beginning of Year	2,797,783
Plan Fiduciary Net Position - End of Year (b)	4,152,197
Net OPEB Asset - End of Year ((a) - (b))	\$ (844,763)
Plan fiduciary net position as a percentage of the total OPEB liability	125.54%
Covered-employee payroll	\$ 36,146,013
District's net OPEB asset as a percentage of covered-employee payroll	-2.34%

Enterprise Elementary School District

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

Sensitivity of the Net OPEB Asset to Changes in the Discount Rate and Healthcare Cost Trend Rate

The following presents the District's net OPEB asset calculated using a discount rate assumption or healthcare cost trend rate assumption one percent higher and lower than the current assumption:

June 30, 2025	Discount Rate	Healthcare Cost Trend Rate
1% decrease in assumption	\$ (627,995)	\$ (1,136,988)
Current assumption	\$ (844,763)	\$ (844,763)
1% increase in assumption	\$ (1,047,275)	\$ (506,406)

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

For the year ended June 30, 2025, the District recognized OPEB expense of \$174,731. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 116,708	\$ 707,368
Net difference between projected and actual earnings on Plan investments	-	107,068
Change in assumptions	625,656	-
Total	\$ 742,364	\$ 814,436

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

Year Ending June 30

2026	\$ 30,901
2027	(63,043)
2028	(47,714)
2029	(29,063)
2030	8,107
Thereafter	28,740
Total	\$ (72,072)

Enterprise Elementary School District

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

19. SUBSEQUENT EVENTS

Construction Commitments

Subsequent to June 30, 2025, the District entered into additional construction agreements as follows:

	Subsequent Construction Commitments
Mistletoe TK classrooms and playgrounds	\$ 2,464,525
Boulder Creek after school classroom and playgrounds	998,900
Shasta Meadows TK classrooms and playgrounds	1,839,342
Total	\$ 5,302,767

20. FUTURE GASB IMPLEMENTATION

In April 2024, GASB issued Statement No. 103, *Financial Reporting Model Improvements*. This statement establishes accounting and financial reporting requirements, or modifies existing requirements relating to management's discussion and analysis; unusual or infrequent items; presentation of proprietary fund information; major component units; budgetary comparison information; and financial trends information. The District's management has not yet determined the impact that the implementation of this standard, which is required on July 1, 2025, will have on the District's financial statements, if any.

In September 2024, GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. The objective of this statement is to provide users of governmental financial statements with essential information about certain types of capital assets. The statement requires that lease assets and subscription assets be separately disclosed. The statement also requires additional disclosures for capital assets held for sale. The District's management has not yet determined the impact that the implementation of this standard, which is required on July 1, 2025, will have on the District's financial statements, if any.

Required Supplementary Information

Enterprise Elementary School District
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND

Year Ended June 30, 2025	Budgeted Amounts		Actual Amounts GAAP Basis	Variance With Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Property taxes	\$ 8,373,379	\$ 10,043,947	\$ 10,703,780	\$ 659,833
Local control funding formula sources	34,489,958	34,130,472	34,122,688	(7,784)
Other state revenue	8,453,708	8,149,944	8,983,172	833,228
Federal revenue	2,706,996	2,919,492	2,596,279	(323,213)
Other local revenue	3,103,921	4,301,936	6,721,052	2,419,116
Total Revenues	57,127,962	59,545,791	63,126,971	3,581,180
Expenditures				
Certificated salaries	22,172,223	23,381,498	22,971,970	409,528
Classified salaries	10,422,514	10,421,606	10,099,218	322,388
Employee benefits	14,700,032	15,068,465	15,205,910	(137,445)
Books and supplies	2,382,622	3,277,101	1,351,749	1,925,352
Services and other operating	8,667,388	8,794,245	8,957,252	(163,007)
Capital outlay	1,395,000	1,119,120	1,321,961	(202,841)
Other outgo	(78,835)	(86,171)	(33,650)	(52,521)
Debt service:				
Principal	-	-	21,343	(21,343)
Interest and other charges	-	-	973	(973)
Total Expenditures	59,660,944	61,975,864	59,896,726	2,079,138
Excess (Deficiency) of Revenues Over Expenditures	(2,532,982)	(2,430,073)	3,230,245	5,660,318
Other Financing Sources (Uses)				
Interfund transfers out	(67,871)	(25,000)	(25,000)	-
Net Change in Fund Balances	(2,600,853)	(2,455,073)	3,205,245	5,660,318
Fund Balances - Beginning of Year	44,978,246	44,978,246	44,978,246	-
Fund Balances - End of Year	\$ 42,377,393	\$ 42,523,173	\$ 48,183,491	\$ 5,660,318

See the accompanying notes to this budgetary comparison schedule.

Enterprise Elementary School District
BUDGETARY COMPARISON SCHEDULE – CHARTER SCHOOLS FUND

Year Ended June 30, 2025	Budgeted Amounts		Actual Amounts GAAP Basis	Variance With Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Local control funding formula sources	\$ 3,134,173	\$ 3,115,399	\$ 3,036,717	\$ (78,682)
Other state revenue	231,728	300,446	311,027	10,581
Federal revenue	1,600	2,944	140	(2,804)
Other local revenue	29,079	31,112	57,309	26,197
Total Revenues	3,396,580	3,449,901	3,405,193	(44,708)
Expenditures				
Certificated salaries	1,219,728	1,298,802	1,307,398	(8,596)
Classified salaries	124,394	132,908	244,147	(111,239)
Employee benefits	590,988	622,175	717,974	(95,799)
Books and supplies	211,233	299,642	139,165	160,477
Services and other operating	1,026,635	1,057,146	758,217	298,929
Capital outlay	-	-	42,213	(42,213)
Other outgo	128,843	126,413	132,839	(6,426)
Total Expenditures	3,301,821	3,537,086	3,341,953	195,133
Net Change in Fund Balances	94,759	(87,185)	63,240	150,425
Fund Balances - Beginning of Year	565,403	565,403	565,403	-
Fund Balances - End of Year	\$ 660,162	\$ 478,218	\$ 628,643	\$ 150,425

See the accompanying notes to this budgetary comparison schedule.

Enterprise Elementary School District
 NOTES TO THE BUDGETARY COMPARISON SCHEDULES

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The District’s Governing Board annually adopts budgets for the General Fund and each major special revenue fund of the District. All budgets are presented on the modified accrual basis of accounting. Accordingly, the accompanying budgetary comparison schedule of the General Fund and the special revenue funds present actual expenditures in accordance with the accounting principles generally accepted in the United States of America on a basis consistent with the legally adopted budgets, as amended. Unexpended appropriations on annual budgets lapse at the end of each fiscal year.

2. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

Expenditures exceeded appropriations by the following amounts:

June 30, 2025	General Fund	Charter Schools Fund
Certificated salaries	\$ -	\$ 8,596
Classified salaries	\$ -	\$ 111,239
Employee benefits	\$ 137,445	\$ 95,799
Services and other operating	\$ 163,007	\$ -
Capital outlay	\$ 202,841	\$ 42,213
Other outgo	\$ 52,521	\$ 6,426
Debt service - principal	\$ 21,343	\$ -
Debt service - interest and other charges	\$ 973	\$ -

These excess expenditures were offset by unexpended appropriations in other categories.

Enterprise Elementary School District

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

Years Ended June 30	2025	2024	2023	2022
Total OPEB Liability				
Service cost	\$ 187,401	\$ 182,385	\$ 90,705	\$ 88,277
Interest	243,746	227,579	161,273	160,167
Difference between expected and actual experience	(546,259)	-	150,377	-
Changes of assumptions	-	-	729,835	-
Benefit payments - including refunds of employee contributions	(189,597)	(156,324)	(235,115)	(231,446)
Net Change In Total OPEB Liability	(304,709)	253,640	897,075	16,998
Total OPEB Liability - Beginning of Year	3,612,143	3,358,503	2,461,428	2,444,430
Total OPEB Liability - End of Year (a)	3,307,434	3,612,143	3,358,503	2,461,428
Plan Fiduciary Net Position				
Contributions - employer	1,139,597	356,324	435,115	231,446
Difference between expected and actual investment income	185,858	93,257	-	(469,719)
Net investment income	220,836	164,754	133,311	156,674
Benefit payments - including refunds of employee contributions	(189,597)	(156,324)	(235,115)	(231,446)
Other	-	-	-	3,175
Administrative expense	(2,280)	(2,060)	(1,741)	(1,927)
Net Change in Plan Fiduciary Net Position	1,354,414	455,951	331,570	(311,797)
Plan Fiduciary Net Position - Beginning of Year	2,797,783	2,341,832	2,010,262	2,322,059
Plan Fiduciary Net Position - End of Year (b)	4,152,197	2,797,783	2,341,832	2,010,262
Net OPEB Liability (Asset) - End of Year ((a) - (b))	\$ (844,763)	\$ 814,360	\$ 1,016,671	\$ 451,166
Plan fiduciary net position as a percentage of total OPEB liability	125.54%	77.45%	69.73%	81.67%
Covered-employee payroll	\$ 36,146,013	\$ 34,413,322	\$ 26,434,600	\$ 24,625,743
District's net OPEB liability (asset) as a percentage of covered-employee payroll	-2.34%	2.37%	3.85%	1.83%

See the accompanying notes to the required supplementary information.

Enterprise Elementary School District

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

(Continued)

Years Ended June 30	2021	2020	2019	2018
Total OPEB Liability				
Service cost	\$ 81,691	\$ 79,312	\$ 81,797	\$ 79,415
Interest	189,084	193,964	180,402	171,163
Difference between expected and actual experience	(284,048)	(137,124)	20,762	-
Changes of assumptions	99,234	-	(47,057)	-
Benefit payments - including refunds of employee contributions	(183,823)	(147,717)	(135,830)	(137,048)
Net Change In Total OPEB Liability	(97,862)	(11,565)	100,074	113,530
Total OPEB Liability - Beginning of Year	2,542,292	2,553,857	2,453,783	2,340,253
Total OPEB Liability - End of Year (a)	2,444,430	2,542,292	2,553,857	2,453,783
Plan Fiduciary Net Position				
Contributions - employer	380,818	344,712	332,825	403,942
Difference between expected and actual investment income	133,990	(62,878)	-	-
Net investment income	325,040	122,148	74,527	68,468
Benefit payments - including refunds of employee contributions	(183,823)	(147,717)	(135,830)	(137,048)
Other	-	-	-	-
Administrative expense	(1,625)	(1,361)	(975)	(404)
Net Change in Plan Fiduciary Net Position	654,400	254,904	270,547	334,958
Plan Fiduciary Net Position - Beginning of Year	1,667,659	1,412,755	1,142,208	807,250
Plan Fiduciary Net Position - End of Year (b)	2,322,059	1,667,659	1,412,755	1,142,208
Net OPEB Liability - End of Year ((a) - (b))	\$ 122,371	\$ 874,633	\$ 1,141,102	\$ 1,311,575
Plan fiduciary net position as a percentage of total OPEB liability	94.99%	65.60%	55.32%	46.55%
Covered-employee payroll	\$ 23,455,578	\$ 21,970,370	\$ 21,153,668	\$ 20,537,542
District's net OPEB liability as a percentage of covered-employee payroll	0.52%	3.98%	5.39%	6.39%

See the accompanying notes to the required supplementary information.

Enterprise Elementary School District
SCHEDULE OF DISTRICT'S CONTRIBUTIONS – OPEB

Years Ended June 30	2025	2024	2023	2022
Contractually required contribution	\$ 189,597	\$ 156,324	\$ 235,115	\$ 231,446
Contributions in relation to the contractually required contribution	1,139,597	356,324	435,115	231,446
Contribution Deficiency (Excess)	\$ (950,000)	\$ (200,000)	\$ (200,000)	\$ -
Covered-employee payroll	\$ 36,146,013	\$ 34,413,322	\$ 26,434,600	\$ 24,625,743
Contributions as a percentage of covered-employee payroll	3.15%	1.04%	1.65%	0.94%

Years Ended June 30	2021	2020	2019	2018
Contractually required contribution	\$ 183,823	\$ 147,717	\$ 135,830	\$ 137,048
Contributions in relation to the contractually required contribution	380,818	344,712	332,825	403,942
Contribution Deficiency (Excess)	\$ (196,995)	\$ (196,995)	\$ (196,995)	\$ (266,894)
Covered-employee payroll	\$ 23,455,578	\$ 21,970,370	\$ 21,153,668	\$ 20,537,542
Contributions as a percentage of covered-employee payroll	1.62%	1.57%	1.57%	1.97%

See the accompanying notes to the required supplementary information.

Enterprise Elementary School District
SCHEDULE OF INVESTMENT RETURNS – OPEB

Years Ended June 30	2025	2024	2023	2022
Annual money-weighted rate of return - net of investment expense	10.85%	10.00%	6.03%	-6.01%

Years Ended June 30	2021	2020	2019	2018
Annual money-weighted rate of return - net of investment expense	19.77%	3.60%	6.24%	8.91%

Enterprise Elementary School District

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

Years Ended June 30	2025	2024	2023	2022	2021
District's proportion of the net pension liability (asset)	0.031%	0.033%	0.031%	0.032%	0.031%
District's proportionate share of the net pension liability (asset)	\$ 20,926,449	\$ 24,789,224	\$ 21,396,359	\$ 14,389,323	\$ 30,364,906
State's proportionate share of the net pension liability (asset) associated with the District	9,601,274	11,877,429	10,715,359	7,240,300	15,652,986
Total	\$ 30,527,723	\$ 36,666,653	\$ 32,111,718	\$ 21,629,623	\$ 46,017,892
District's covered-employee payroll	\$ 20,597,508	\$ 19,761,188	\$ 17,845,768	\$ 16,989,511	\$ 16,916,602
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	101.60%	125.44%	119.90%	84.70%	179.50%
Plan fiduciary net position as a percentage of the total pension liability	83.50%	80.60%	81.20%	87.20%	71.80%
<hr/>					
Years Ended June 30	2020	2019	2018	2017	2016
District's proportion of the net pension liability (asset)	0.032%	0.032%	0.029%	0.029%	0.030%
District's proportionate share of the net pension liability (asset)	\$ 28,901,120	\$ 29,410,240	\$ 26,819,200	\$ 23,455,490	\$ 20,197,200
State's proportionate share of the net pension liability (asset) associated with the District	15,767,618	16,838,820	15,866,141	13,354,758	10,682,064
Total	\$ 44,668,738	\$ 46,249,060	\$ 42,685,341	\$ 36,810,248	\$ 30,879,264
District's covered-employee payroll	\$ 17,308,550	\$ 16,717,048	\$ 15,826,645	\$ 14,610,913	\$ 13,757,095
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	166.98%	175.93%	169.46%	160.53%	146.81%
Plan fiduciary net position as a percentage of the total pension liability	72.60%	71.00%	69.00%	70.00%	74.00%

See the accompanying notes to the required supplementary information.

Enterprise Elementary School District

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

Years Ended June 30	2025	2024	2023	2022	2021
Contractually required contribution	\$ 4,147,234	\$ 3,934,124	\$ 3,774,387	\$ 3,019,504	\$ 2,743,806
Contributions in relation to the contractually required contribution	(4,147,234)	(3,934,124)	(3,774,387)	(3,019,504)	(2,743,806)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 20,597,508	\$ 19,761,188	\$ 17,845,768	\$ 16,989,511	\$ 16,916,602
Contributions as a percentage of covered-employee payroll	20.13%	19.91%	21.15%	17.77%	16.22%

Years Ended June 30	2020	2019	2018	2017	2016
Contractually required contribution	\$ 2,892,739	\$ 2,817,832	\$ 2,414,270	\$ 1,190,992	\$ 1,567,751
Contributions in relation to the contractually required contribution	(2,892,739)	(2,817,832)	(2,414,270)	(1,190,992)	(1,567,751)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 17,308,550	\$ 16,717,048	\$ 15,826,645	\$ 14,610,913	\$ 13,757,095
Contributions as a percentage of covered-employee payroll	16.71%	16.86%	15.25%	8.15%	11.40%

See the accompanying notes to the required supplementary information.

Enterprise Elementary School District

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

Years Ended June 30	2025	2024	2023	2022	2021
District's proportion of the net pension liability (asset)	0.05329%	0.05553%	0.05365%	0.05264%	0.05364%
District's proportionate share of the net pension liability (asset)	\$ 19,046,593	\$ 20,101,206	\$ 18,459,496	\$ 10,703,686	\$ 16,457,095
District's covered-employee payroll	\$ 10,682,770	\$ 9,697,422	\$ 8,291,755	\$ 7,613,338	\$ 7,734,344
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	178.29%	207.28%	222.62%	140.59%	212.78%
Plan fiduciary net position as a percentage of the total pension liability	72.30%	70.00%	69.80%	81.00%	70.00%
Years Ended June 30	2020	2019	2018	2017	2016
District's proportion of the net pension liability (asset)	0.05663%	0.05412%	0.05305%	0.05350%	0.05020%
District's proportionate share of the net pension liability (asset)	\$ 16,504,390	\$ 14,430,896	\$ 12,664,435	\$ 10,566,283	\$ 7,399,530
District's covered-employee payroll	\$ 7,889,436	\$ 7,221,750	\$ 6,744,492	\$ 6,282,814	\$ 5,551,117
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	209.20%	199.83%	187.77%	168.18%	133.30%
Plan fiduciary net position as a percentage of the total pension liability	70.00%	70.80%	71.90%	73.90%	79.40%

See the accompanying notes to the required supplementary information.

Enterprise Elementary School District

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

Years Ended June 30	2025	2024	2023	2022	2021
Contractually required contribution	\$ 3,103,634	\$ 2,850,163	\$ 2,460,236	\$ 1,899,641	\$ 1,575,961
Contributions in relation to the contractually required contribution	(3,103,634)	(2,850,163)	(2,460,236)	(1,899,641)	(1,575,961)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 10,682,770	\$ 9,697,422	\$ 8,291,755	\$ 7,613,338	\$ 7,734,344
Contributions as a percentage of covered-employee payroll	29.05%	29.39%	29.67%	24.95%	20.38%

Years Ended June 30	2020	2019	2018	2017	2016
Contractually required contribution	\$ 1,525,290	\$ 1,424,990	\$ 1,121,610	\$ 936,675	\$ 744,325
Contributions in relation to the contractually required contribution	(1,525,290)	(1,424,990)	(1,121,610)	(936,675)	(744,325)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 7,889,436	\$ 7,221,750	\$ 6,744,492	\$ 6,282,814	\$ 5,551,117
Contributions as a percentage of covered-employee payroll	19.33%	19.73%	16.63%	14.91%	13.41%

See the accompanying notes to the required supplementary information.

1. NET OPEB LIABILITY

Changes in Benefit Terms

There were no significant changes in benefit terms during the measurement period ended June 30, 2025.

Changes in Assumptions

There were no significant changes of assumptions during the measurement period ended June 30, 2025.

2. PENSION – CALIFORNIA STATE TEACHERS’ RETIREMENT SYSTEM

Changes in Benefit Terms

There were no significant changes of benefit terms during the measurement period ended June 30, 2024.

Changes in Assumptions

For the measurement period ended June 30, 2024, mortality assumptions were updated based on the actuarial experience study for the period July 1, 2007, through June 30, 2022, which was adopted by the Teachers’ Retirement Board in January 2024.

3. PENSION – CALIFORNIA STATE PUBLIC EMPLOYEES’ RETIREMENT SYSTEM

Changes in Benefit Terms

There were no significant changes of benefit terms during the measurement period ended June 30, 2024.

Changes in Assumptions

There were no significant changes in assumptions during the measurement period ended June 30, 2024.

OTHER SUPPLEMENTARY INFORMATION SECTION

Enterprise Elementary School District

SCHEDULE OF CHARTER SCHOOLS

Year Ended June 30, 2025

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

	Charter Number
Redding Collegiate Academy	#1864

See the accompanying note to the other supplementary information.

Enterprise Elementary School District
 SCHEDULE OF AVERAGE DAILY ATTENDANCE
 Year Ended June 30, 2025

	Originally Reported		Final	
	Second Period Report	Annual Report	Second Period Report	Annual Report
ELEMENTARY				
Regular ADA*				
Transitional kindergarten/ kindergarten through grade 3	1,559.33	1,561.26	1,559.33	1,561.26
Grades 4 through 6	1,016.61	1,011.99	1,016.61	1,011.99
Grades 7 through 8	640.30	638.24	640.30	638.24
Special Education - Nonpublic, Nonsectarian Schools				
Grades 4 through 6	0.43	0.74	0.43	0.74
Grades 7 through 8	1.07	1.03	1.07	1.03
Extended-Year Special Education Nonsectarian Schools				
Grades 4 through 6	0.18	0.18	0.18	0.18
Grades 7 through 8	0.13	0.13	0.13	0.13
ELEMENTARY TOTALS	3,218.05	3,213.57	3,218.05	3,213.57

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

Enterprise Elementary School District
 SCHEDULE OF AVERAGE DAILY ATTENDANCE
 Year Ended June 30, 2025
 (Continued)

	<u>Originally Reported</u>		<u>Final</u>	
	<u>Second Period Report</u>	<u>Annual Report</u>	<u>Second Period Report</u>	<u>Annual Report</u>
REDDING COLLEGIATE ACADEMY				
ELEMENTARY				
Regular ADA				
Transitional kindergarten/ kindergarten through grade 3	47.37	47.46	47.37	47.46
Grades 4 through 6	29.57	29.58	29.57	29.58
Grades 7 through 8	36.86	37.14	36.86	37.14
ELEMENTARY TOTALS	113.80	114.18	113.80	114.18
HIGH SCHOOL				
Regular ADA				
Grades 9 through 12	113.04	114.12	113.04	114.12
ADA TOTALS (All Full-Time Independent Study)	226.84	228.30	226.84	228.30

See the accompanying note to the other supplementary information.

Enterprise Elementary School District

SCHEDULE OF INSTRUCTIONAL TIME

Year Ended June 30, 2025

	Minutes Requirement	Days Requirement	Actual Minutes Offered	Actual Days Offered	Approved J-13A Credited Minutes*	Approved J-13A Credited Days*	Total Traditional Calendar Minutes	Total Traditional Calendar Days	Multitrack Calendar Days	Status
Traditional Schools										
Kindergarten	36,000	180	52,777	180	-	-	52,777	180	N/A	Complied
Grade 1	50,400	180	50,952	180	-	-	50,952	180	N/A	Complied
Grade 2	50,400	180	50,952	180	-	-	50,952	180	N/A	Complied
Grade 3	50,400	180	50,952	180	-	-	50,952	180	N/A	Complied
Grade 4	54,000	180	56,498	180	-	-	56,498	180	N/A	Complied
Grade 5	54,000	180	56,498	180	-	-	56,498	180	N/A	Complied
Grade 6	54,000	180	59,255	180	-	-	59,255	180	N/A	Complied
Grade 7	54,000	180	59,255	180	-	-	59,255	180	N/A	Complied
Grade 8	54,000	180	59,255	180	-	-	59,255	180	N/A	Complied

*The District did not apply for any Form J-13A emergency closure days.

See the accompanying note to the other supplementary information.

Enterprise Elementary School District

SCHEDULE OF INSTRUCTIONAL TIME

Year Ended June 30, 2025

(Continued)

	Days Requirement	Traditional Calendar Days Offered	Multitrack Calendar Days	Status
REDDING COLLEGIATE ACADEMY				
Kindergarten	175	180	N/A	Complied
Grade 1	175	180	N/A	Complied
Grade 2	175	180	N/A	Complied
Grade 3	175	180	N/A	Complied
Grade 4	175	180	N/A	Complied
Grade 5	175	180	N/A	Complied
Grade 6	175	180	N/A	Complied
Grade 7	175	180	N/A	Complied
Grade 8	175	180	N/A	Complied
Grade 9	175	180	N/A	Complied
Grade 10	175	180	N/A	Complied
Grade 11	175	180	N/A	Complied
Grade 12	175	180	N/A	Complied

See the accompanying note to the other supplementary information.

Enterprise Elementary School District
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS

Years Ended June 30	(Budget) 2026	2025	2024	2023
General Fund				
Revenues and other financial sources	\$ 60,344,446	\$ 63,126,971	\$ 64,961,242	\$ 66,379,820
Expenditures	64,818,272	59,896,726	57,547,666	53,324,419
Other uses and transfers out	25,000	25,000	25,000	35,210
Total Outgo	64,843,272	59,921,726	57,572,666	53,359,629
Change in Fund Balance	(4,498,826)	3,205,245	7,388,576	13,020,191
Ending Fund Balance	\$ 43,684,665	\$ 48,183,491	\$ 44,978,246	\$ 37,589,670
Available reserves	\$ 5,751,869	\$ 2,727,167	\$ 3,590,056	\$ 1,916,855
Designated for economic uncertainties	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 1,700,000
Undesignated fund balance	\$ 3,751,869	\$ 727,167	\$ 1,590,056	\$ 216,855
Available reserves as a percentage of total outgo	9%	5%	6%	4%
Total long-term debt	\$ 93,168,322	\$ 93,113,446	\$ 93,987,104	\$ 89,558,196
Average daily attendance at P-2	3,215	3,218	3,102	3,062

The General Fund balance has increased by \$10,593,821 over the past two years. The fiscal year 2025-26 budget projects an decrease of \$4,498,826 (-9.3%). For a district this size, the state recommends available reserves of at least 3% of total General Fund expenditures, transfers out, and other uses (total outgo).

The District has not incurred an operating deficit in any of the past three years. An operating deficit is anticipated during the 2025-26 fiscal year. Total long-term debt has increased by \$3,555,250 over the past two years.

Average daily attendance has increased by 156 over the past two years. The District anticipates ADA to decline by three during fiscal year 2025-26.

See the accompanying note to the other supplementary information.

Enterprise Elementary School District

RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT

WITH AUDITED FINANCIAL STATEMENTS

Year Ended June 30, 2025

The fund balances for all funds, as reported in the annual financial and budget report, equal the corresponding balances in the audited financial statements.

See the accompanying note to the other supplementary information.

Enterprise Elementary School District
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2025

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
FEDERAL PROGRAMS			
U.S. Department of Education			
Passed Through California Department of Education			
Special Education Cluster			
Special Education - IDEA Basic Local Assistance	84.027	13379	\$ 900,082
Special Education - IDEA Part B, Private School ISP's	84.027	10115	449
Special Education - IDEA Preschool	84.173	13430	145,657
Total Special Education Cluster			1,046,188
ESEA - Title III Grants			
ESEA - Title III, English Learner Student Program	84.365	14346	23,128
ESEA - Title III, Immigrant Education	84.365	15146	3,822
Total ESEA - Title III Grants			26,950
ESEA - Title II, Part A, Supporting Effective Instruction Local Grants	84.367	14341	143,533
ESEA - Title IV, Part A, Student Support and Academic Enrichment	84.424	15396	129,814
ESEA - Title I, Part A Basic Grants	84.010A	14329	1,241,322
Total U.S. Department of Education			2,587,807
U.S. Department of Agriculture			
Passed Through California Department of Education			
Child Nutrition Cluster			
School Breakfast	10.553	13390	778,238
National School Lunch	10.555	13391	2,023,823
Meal Supplements in NSLP	10.555	13755	91,063
Nonmonetary Assistance			
Food Donation	10.555		225,184
Total Child Nutrition Cluster			3,118,308
Passed Through Shasta County Office of Education			
Schools and Roads - Grants to Counties	10.666	10044	8,612
Total U.S. Department of Agriculture			3,126,920
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 5,714,727

See the accompanying note to the other supplementary information.

Enterprise Elementary School District

NOTE TO THE OTHER SUPPLEMENTARY INFORMATION

PURPOSE OF SCHEDULES

Schedule of Charter Schools

This schedule lists all charter schools sponsored by the District and indicates whether or not the charter school is included in the audit of the District.

Schedule of Average Daily Attendance

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

Schedule of Instructional Time

The District received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day. The District met or exceeded its local funding formula target. This schedule presents information on the amount of instructional time offered by the District and whether the District complied with the provisions of *California Education Code*, Sections 46200 through 46208, as well as the charter school provisions pursuant to *California Education Code*, Section 47612.

Schedule of Financial Trends and Analysis

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

Reconciliation of Annual Financial and Budget Report With Audited Financial Statements

This schedule provides the information necessary to reconcile the fund balance of each fund, as reported in the annual financial and budget report, to the audited financial statements.

Schedule of Expenditures of Federal Awards

This schedule includes the federal award activity of the District under programs of the federal government for the year ended June 30, 2025. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the Uniform Guidance).

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

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

OTHER INFORMATION SECTION

Enterprise Elementary School District

LOCAL EDUCATIONAL AGENCY ORGANIZATION STRUCTURE

June 30, 2025

The Enterprise Elementary School District was established in 1884 and is located in Shasta County. There were no changes in the boundaries of the District during the current year. The District is currently operating six elementary schools, one junior high school, and one community day school. Enterprise Elementary School District is the sponsoring local educational agency for one charter school.

GOVERNING BOARD

Name	Office	Term Expires
Bonnie Hyatt	President	2026
Robin Littau	Clerk	2026
Andrew Shaddix	Member	2026
Troy Wright	Member	2028
Gloria Valles	Member	2028

ADMINISTRATION

Heather Armelino
Superintendent

Deborah Williams
Chief Business Official

OTHER REPORTS SECTION

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States of America, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Enterprise Elementary School District (the District) as of and for the year ended June 30, 2025; and the related notes to the financial statements, which collectively comprise the District's basic financial statements; and have issued our report thereon dated January 29, 2026.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control over financial reporting 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 or significant deficiencies may exist that have not been identified.

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

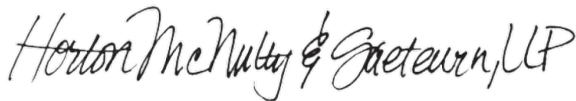
(Continued)

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



January 29, 2026
Chico, California

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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Enterprise Elementary School District's (the District) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2025. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provision of contracts or grant agreements applicable to the District's federal programs.

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

(Continued)

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

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

(Continued)

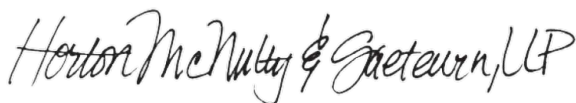
Report on Internal Control Over Compliance

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 Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that have not been identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.



January 29, 2026
Chico, California

INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE AND ON INTERNAL CONTROL OVER COMPLIANCE

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

Report on State Compliance

Opinion on State Compliance

We have audited the Enterprise Elementary School District's (the District) compliance with the requirements specified in the *2024-25 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel, as prescribed by Title 5, *California Code of Regulations*, Section 19810, applicable to the District's state program requirements identified below for the year ended June 30, 2025.

In our opinion, the District complied, in all material respects, with the laws and regulations of the state programs noted on pages 97 and 98 for the year ended June 30, 2025.

Basis for Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *2024-25 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the District's state programs.

INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE AND ON INTERNAL CONTROL OVER COMPLIANCE

(continued)

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our compliance audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the *2024-25 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of the state programs as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the *2024-25 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such procedures as we considered necessary in the circumstances;
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the *2024-25 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed; and
- Select and test transactions and records to determine the District's compliance with the state laws and regulations applicable to the following items:

**INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE AND ON
INTERNAL CONTROL OVER COMPLIANCE**

(Continued)

June 30, 2025		Procedures Performed
Local Education Agencies Other than Charter Schools:		
A.	Attendance	Yes
B.	Teacher certification and misassignments	Yes
D.	Independent study	No
E.	Continuation education	Not applicable
F.	Instructional time	Yes
G.	Instructional materials	Yes
H.	Ratio of administrative employees to teachers	Yes
I.	Classroom teacher salaries	Yes
J.	Early retirement incentive	No
K.	Gann limit calculation	Yes
L.	School accountability report card	Yes
M.	Juvenile court schools	Not applicable
N.	Middle and early college high schools or programs	No
O.	K-3 grade span adjustment	Yes
Q.	Apprenticeship: Related and supplemental instruction	No
R.	Comprehensive school safety plan	Yes
S.	District of choice	No
TT.	Home to school transportation reimbursement	Yes
School Districts, County Offices of Education, and Charter Schools:		
T.	Proposition 28 arts and music in schools	Yes
U.	After/Before school education and safety program:	
	After school	Yes
	Before school	No
	General requirements	Yes
V.	Proper expenditure of education protection account funds	Yes
W.	Unduplicated local control funding formula pupil counts	Yes
X.	Local control and accountability plan	Yes
Y.	Independent study-course based	No
Z.	Immunizations	Yes
AZ.	Educator effectiveness	Yes
BZ.	Expanded learning opportunities grant (ELO-G)	No
CZ.	Career technical education incentive grant	No
DZ.	Expanded learning opportunities program	Yes
EZ.	Transitional kindergarten	Yes
FZ.	Kindergarten continuance	Yes

**INDEPENDENT AUDITORS’ REPORT ON STATE COMPLIANCE AND ON
INTERNAL CONTROL OVER COMPLIANCE**

(Continued)

June 30, 2025	Procedures Performed
Charter Schools:	
AA. Attendance	Yes
BB. Mode of instruction	No
CC. Nonclassroom-based instruction/independent study	Yes
DD. Determination of funding for nonclassroom-based instruction	Yes
EE. Annual instructional minutes – classroom based	No
FF. Charter school facility grant program	No

Testing was not performed for independent study (D) because the ADA for this program was below the level which requires testing. District of choice (S) steps 2 and 3 were not performed because the board of the District did not elect to operate as a school district of choice. Testing for expanded learning opportunities grant (ELO-G) (BZ) was not performed because the District did not have any expenditures during 2024-25 from ELO-G funds.

Since the District did not participate in the following programs during 2024-25 or the program is not applicable to elementary school districts, all steps related to them were not performed:

- E. Continuation education
- J. Early retirement incentive
- M. Juvenile court schools
- N. Middle and early college high schools or programs
- Q. Apprenticeship: Related and supplemental instruction
- U. After/Before school education and safety program - before school
- Y. Independent study-course based
- CZ. Career technical education incentive grant

Since the District did not sponsor any charter schools that offered classroom-based instruction during 2024-25, all steps related to the following were not performed:

- BB. Mode of instruction
- EE. Annual instructional minutes - classroom based

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

INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE AND ON INTERNAL CONTROL OVER COMPLIANCE

(Continued)

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are described in the accompanying schedule of findings and questioned costs as items 2025-001, 2025-002, 2025-003, and 2025-004. Our opinion on state compliance is not modified with respect to these matters.

The District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the noncompliance findings identified in our compliance audit and described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

Report on 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 on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, such that there is a reasonable possibility that material noncompliance with a compliance requirement 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 that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

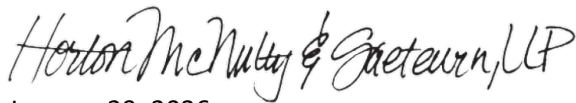
**INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE AND ON
INTERNAL CONTROL OVER COMPLIANCE**

(Continued)

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we considered to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that have not been identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 *2024-25 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.



January 29, 2026
Chico, California

FINDINGS AND QUESTIONED COSTS SECTION

Enterprise Elementary School District
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2025

SECTION I FINDINGS
SUMMARY OF AUDITORS' RESULTS

FINANCIAL STATEMENTS

Type of auditors' report issued:	Unmodified
Internal control over financial reporting: Are any material weaknesses identified?	No
Are any significant deficiencies identified?	None reported
Is any noncompliance material to financial statements noted?	No

FEDERAL AWARDS

Internal control over major programs: Are any material weaknesses identified?	No
Are any significant deficiencies identified?	None reported
Type of auditors' report issued on compliance for major program:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No
Identification of major programs: AL No. 84.010 Title I Grants to Local Educational Agencies AL Nos. 84.027 and 84.173 Special Education Cluster (IDEA)	
Threshold for distinguishing types A and B programs:	\$750,000
Auditee qualified as low-risk auditee?	Yes

STATE AWARDS

Internal control over state programs: Are any material weaknesses identified?	No
Are any significant deficiencies identified?	None reported
Type of auditors' report issued on compliance for state programs:	Unmodified

Enterprise Elementary School District
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2025
(Continued)

SECTION II FINDINGS
FINANCIAL STATEMENTS AUDIT

None.

SECTION III FINDINGS
FEDERAL AWARDS AUDIT

None.

Enterprise Elementary School District
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2025
(Continued)

SECTION IV FINDINGS
STATE AWARDS AUDIT

CLASSROOM TEACHER SALARIES
61000 (2025-001)

State Compliance

Condition The District is not in compliance with the required minimum percentage for payment of classroom teachers' compensation under *California Education Code*, Section 41372(b). The District's percentage of current expense of education for classroom teachers' compensation was 57.71% for the fiscal year ended June 30, 2025.

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

Effect The current expense of education for the District was \$52,103,283, and classroom teachers' compensation was \$30,070,106, resulting in a deficiency of \$1,193,165.

Cause The cause of the noncompliance is an increasing amount of expenditures from unrestricted funds under the local control funding formula, which makes meeting the required minimum percentage for payment of classroom teachers' compensation more difficult.

Context This is an annual required calculation.

Repeat Finding This is a repeat finding of item 2024-001 that was reported in the previous year and is listed in the summary schedule of prior audit findings.

Recommendation The District should implement procedures to ensure that a minimum of 60% of the current expense of education is for classroom teachers' compensation. We recommend that the District apply for an exemption with the County Superintendent of Schools, or deposit the deficiency of \$1,193,165 with the County Superintendent of Schools. If no application for exemption is approved, the District should add the deficiency of \$1,193,165 to the amounts to be expended for compensation of classroom teachers during the next fiscal year.

Response The District plans to apply for an exemption.

Enterprise Elementary School District
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2025
(Continued)

SCHOOL ACCOUNTABILITY REPORT CARD
72000 (2025-002)

State Compliance

Condition For one of four school sites selected for testing (Mistletoe Elementary), the information on safety, cleanliness, and adequacy of school facilities contained in the School Accountability Report Card (SARC) was inconsistent with the school facility inspection tool.

Criteria Pursuant to *California Education Code*, Section 33126, the SARC should provide certain data by which a parent can make a meaningful comparison between schools. Pursuant to *California Education Code*, Section 33126(b)(8), the SARC should include information on safety, cleanliness, and adequacy of school facilities, consistent with the information collected in the school facility inspection tool pursuant to *California Education Code*, Section 17002(d).

Effect The District is not in compliance with the requirements of *California Education Code*, Section 33126(b)(8).

Cause Due to clerical error, the SARC was not updated to agree to the school facility inspection tool.

Context The sample is statistically valid. This is an annual compliance requirement.

Repeat Finding No, this is not a repeat finding.

Recommendation We recommend that the District management ensure that the school facility tool agrees to the information reported in the SARC.

Response The District's administration will implement procedures during fiscal year 2025-26 to comply with the recommendation.

Enterprise Elementary School District
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2025
(Continued)

STATE COMPLIANCE (Expanded Learning Opportunities Program)
40000 (2025-003)

State Compliance

Condition The District contracted with a third party to operate the expanded learning opportunities program (ELOP) but did not require the third party to notify the District by the next working day following, and to subject a written report within seven days of, the occurrence of any health or safety-related issues, including, but not limited to, issues involving criminal background clearances for employees, building safety, and certain other events.

Criteria Pursuant to *California Education Code*, Section 8483.4(b), when a local educational agency contracts with a third party to operate ELOP, the local educational agency shall require the third party to notify the local educational agency by the next working day following, and to submit a written report within seven days of, the occurrence of any health or safety-related issues, including, but not limited to, issues involving criminal background clearances for employees, building safety, and any event specified in *California Education Code*, Section 8483.4(c).

Effect The District is not in compliance with *California Education Code*, Section 8483.4(b).

Cause Unknown.

Context This is an annual compliance requirement.

Repeat Finding No, this is not a repeat finding.

Recommendation We recommended the District require a third party operating ELOP to provide the required health and safety notifications by including the requirement in the contract with the third party.

Response The District's administration will adopt procedures during the 2025-26 fiscal year to comply with the recommendation.

Enterprise Elementary School District
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 June 30, 2025
 (Continued)

STATE COMPLIANCE (Transitional Kindergarten)
 40000 (2025-004)

State Compliance

Condition In the current year, of the three transitional kindergarten classes selected for testing, one class included an early enrollment student, and did not maintain a class size of less than 20 pupils as required pursuant to *California Education Code*, Section 48000.15(d)(3), and did not maintain an adult-to-pupil ratio of 1:10 pursuant to *California Education Code*, Section 48000.15(d)(1).

Criteria Pursuant to *California Education Code*, Section 48000.15(d)(3), transitional kindergarten classes that include early enrollment students, may not exceed 20 students. In addition, pursuant to *California Education Code*, Section 48000.15(d)(1), for those same classes, the District is required to maintain an average of at least one adult to every ten pupils enrolled.

Effect The District was not in compliance with the required classroom size for transitional kindergarten classes which included an early enrollment student. In accordance with *California Education Code*, Section 48000.15(e)(1)(B), the penalty is calculated as follows:

P-2 ADA for all TK classrooms with one or more early enrollment children (a)	20.83
TK/K-3 grade span adjustment rate (GSA rate) (b)	\$ 1,043
TK Average Class Size Penalty [(a) x (b)]	\$ 21,726

In addition, the District was not in compliance with the required transitional kindergarten classroom adult to pupil ratio. In accordance with *California Education Code*, Section 48000.15(e)(1)(A), the penalty is calculated as follows:

Average pupils enrolled per class	23.0
Average number of adults per class	2.0
Adult to Pupil Ratio	11.5
Sum of average pupils	22.5
Required ratio divisor	10.0
Adults Needed to Meet 10:1	2.5
Number of additional adults needed (a)	0.5
Twenty less the statewide absence rate of 6.18% (b)	18.8
Transitional kindergarten add-on rate (c)	\$ 3,077
Adult-to-Pupil Ratio Penalty [(a) x (b) x (c)]	\$ 28,924

Enterprise Elementary School District
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2025
(Continued)

Cause Unknown.

Context The sample is statistically valid. The item noted appears isolated.

Repeat Finding No, this is not a repeat finding.

Recommendation We recommend that funding totaling \$50,650 be returned to the California Department of Education. We also recommend that the District implement a mechanism to track their compliance with transitional kindergarten and early enrollment average and adult-to-pupil ratios throughout the year to monitor compliance with transitional kindergarten average class enrollment and adult-to-pupil ratio requirements.

Response The District's administration will implement procedures during the 2025-26 fiscal year to comply with the recommendation.

Enterprise Elementary School District

CORRECTIVE ACTION PLAN

June 30, 2025

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

Enterprise Elementary School District
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
June 30, 2025

CLASSROOM TEACHER SALARIES

61000 (2024-001)

State Compliance

Condition The District is not in compliance with the required minimum percentage for payment of classroom teachers' compensation under *California Education Code*, Section 41372(b). The District's percentage of current expense of education for classroom teachers' compensation was 56.86% for the fiscal year ended June 30, 2024.

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

Effect The current expense of education for the District was \$49,731,600, and classroom teachers' compensation was \$28,275,298, resulting in a deficiency of \$1,561,572.

Cause The cause of the noncompliance is an increasing amount of expenditures from unrestricted funds under the local control funding formula, which makes meeting the required minimum percentage for payment of classroom teachers' compensation more difficult.

Context This is an annual required calculation.

Repeat Finding This is a repeat finding of item 2023-002 that was reported in the 2022-23 schedule of findings and questioned costs.

Recommendation The District should implement procedures to ensure that a minimum of 60% of the current expense of education is for classroom teachers' compensation. The District should deposit the deficiency of \$1,561,572 with the County Superintendent of Schools. If no application for exemption is made, the District should add the deficiency of \$1,561,572 to the amounts to be expended for compensation of classroom teachers during the next fiscal year.

Current Status See current-year finding in the schedule of findings and questioned costs (item 2025-001).

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APPENDIX D
PROPOSED FORM OF OPINION OF BOND COUNSEL

Upon the delivery of the Bonds, Lozano Smith, LLP, Bond Counsel to the District, proposes to render its final approving opinion with respect to the Bonds in substantially the following form:

[LETTERHEAD OF LOZANO SMITH]

_____, 2026

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

\$ _____
ENTERPRISE ELEMENTARY SCHOOL DISTRICT
(Shasta County, California)
2026 GENERAL OBLIGATION REFUNDING BONDS

FINAL OPINION OF BOND COUNSEL

Ladies and Gentlemen:

We have acted as bond counsel to the Enterprise Elementary School District (the "District") in connection with the issuance by the District of its Enterprise Elementary School District (Sacramento County, California) 2026 General Obligation Refunding Bonds, in the aggregate principal amount of \$_____ (the "Bonds"), issued under Articles 9 and 11 of Chapter 3 (commencing with sections 53550 and 53580, respectively) of Division 2 of Title 5 of the California Government Code (the "Refunding Bond Law") and under a resolution adopted by the Board of Education of the District on March 11, 2026 (the "Bond Resolution"). The Bonds were sold to Stifel, Nicolaus & Company, Incorporated, as Underwriter (the "Underwriter") pursuant to a Bond Purchase Agreement for the Bonds, dated _____, 2026, between the District and the Underwriter (the "Bond Purchase Agreement").

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

The opinions and conclusions herein are based on an analysis of existing laws, regulations, rulings, and court decisions and cover certain matters not directly addressed by such authorities. Such opinions or conclusions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the

due and legal execution and delivery thereof by, and validity against, any parties other than the District. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions referred to in the second paragraph hereof. We have further assumed compliance with all covenants and agreements contained in such documents. In addition, we call attention to the fact that the rights and obligations under the Bonds, the Bond Resolution, the Tax Certificate, the Continuing Disclosure Certificate and the Bond Purchase Agreement and their enforceability may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases, and to the limitations on legal remedies against school districts in the State of California. We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum, choice of venue, waiver or severability provisions contained in the foregoing documents. We express no opinion herein regarding the accuracy, adequacy or completeness of the Official Statement relating to the Bonds, dated _____, 2026.

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

1. The Bond Resolution has been duly adopted by the Board of Education of the District and the Bond Resolution constitutes a valid and binding obligation of the District enforceable against the District in accordance with its terms.

2. The Bonds have been duly authorized, issued and sold by the District and are valid and binding general obligations of the District, and the Board of Supervisors of Shasta County is obligated and authorized under the laws of the State of California to levy and collect *ad valorem* taxes within its jurisdiction, without limit as to rate or amount (except with respect to certain personal property which is taxable at limited rates), upon the taxable property within the District's boundaries, for the payment when due of the principal of and interest on the Bonds.

3. Interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, interest on the Bonds is taken into account in determining annual adjusted financial statement income for the purpose of computing the alternative minimum tax imposed on certain corporations. The opinions set forth in the preceding sentence are subject to the condition that the District comply with all requirements of the Internal Revenue Code of 1986, as amended (the "Code") that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The District has covenanted in the Bond Resolution and the Tax Certificate and other instruments relating to the Bonds to comply with each of such requirements under the Code. Failure to comply with certain of such requirements under the Code may cause the inclusion of interest on the Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Bonds.

4. Interest on the Bonds is exempt from personal income taxation imposed by the State of California.

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

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

Very truly yours,

LOZANO SMITH, LLP

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APPENDIX E

FORM OF CONTINUING DISCLOSURE CERTIFICATE

§ _____

ENTERPRISE ELEMENTARY SCHOOL DISTRICT
(Shasta County, California)
2026 GENERAL OBLIGATION REFUNDING BONDS

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the Enterprise Elementary School District (the “District”) in connection with the issuance of the above-captioned bonds (the “Bonds”). The Bonds are being issued pursuant to the authorizing resolution adopted by the Board of Education of the District on March 11, 2026 (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 (“SEC”) Rule 15c2-12(b)(5) (the “Rule”).

Section 2. Definitions. In addition to the definitions set forth above, the definitions in the Resolution apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms have the following meanings:

“*Annual Report*” means any Annual Report provided by the District under and as described in Sections 3 and 4 hereof.

“*Annual Report Date*” means the date that is nine months after the end of the District’s fiscal year (currently March 31 based on the District’s fiscal year end of June 30).

“*Dissemination Agent*” means, initially, Isom Advisors, A Division of Urban Futures, Inc., or any successor Dissemination Agent designated in writing by the District and that has filed with the District a written acceptance of such designation. If at any time there is not any other designated Dissemination Agent, the District shall be the Dissemination Agent.

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

“Listed Events” means any of the events listed in Section 5(a).

“MSRB” means the Municipal Securities Rulemaking Board, which has been designated by the SEC as the sole repository of disclosure information for purposes of the Rule.

“Participating Underwriter” means the original underwriter of the Bonds, Stifel, Nicolaus & Company, Incorporated, required to comply with the Rule in connection with offering of the Bonds.

“Rule” means Rule 15c2-12(b)(5) adopted by the SEC under the Securities Exchange Act of 1934.

Section 3. Provision of Annual Reports.

(a) The District shall provide, or shall cause the Dissemination Agent to provide, to the MSRB in an electronic format as prescribed by the MSRB, not later than nine months after the end of the District’s fiscal year (that currently would be March 31), commencing no later than March 31, 2027, with the report for the 2025-26 fiscal year, an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than 15 Business Days prior to the Annual Report Date, the District shall provide the Annual Report to the Dissemination Agent (if other than the District). If by 15 Business Days prior to the Annual Report Date the Dissemination Agent (if other than the District) has not received a copy of the Annual Report, the Dissemination Agent shall contact the District to determine if the District is in compliance with the previous sentence. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the District may be submitted separately from the balance of the Annual Report, and later than the Annual Report Date, if not available by that date. If the District’s fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(b). The District shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by the District hereunder.

(b) If the District does not provide (or cause the Dissemination Agent to provide) an Annual Report by the Annual Report Date, the District shall provide in a timely manner (or cause the Dissemination Agent to provide in a timely manner) to the MSRB, in an electronic format as prescribed by the MSRB, a notice in substantially the form attached as *Exhibit A*.

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

- (1) determine each year prior to the Annual Report Date the then-applicable rules and electronic format prescribed by the MSRB for the filing of annual continuing disclosure reports; and

- (2) if the Dissemination Agent is other than the District, file a report with the District certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, and stating the date it was provided.

Section 4. **Content of Annual Reports.** The Annual Report shall contain or incorporate by reference the following:

(a) Audited financial statements prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the District's audited financial statements are not available by the Annual Report Date, then the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the Audit Report shall be filed in the same manner as the Annual Report when it becomes available.

(b) Unless otherwise provided in the Audit Report filed on or before the Annual Report Date, financial information and operating data with respect to the District for the most recently completed fiscal year, substantially similar to that provided in the corresponding tables in the Official Statement:

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

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

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

Section 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds:

- (1) Principal and interest payment delinquencies.
- (2) Non-payment related defaults, if material.
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties.
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties.
- (5) Substitution of credit or liquidity providers, or their failure to perform.
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security.
- (7) Modifications to rights of security holders, if material.
- (8) Bond calls, if material, and tender offers.
- (9) Defeasances.
- (10) Release, substitution, or sale of property securing repayment of the securities, if material.
- (11) Rating changes.
- (12) Bankruptcy, insolvency, receivership or similar event of the District.
- (13) The consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.
- (14) Appointment of a successor or additional paying agent or the change of name of a paying agent, if material.
- (15) Incurrence of a Financial Obligation of the District, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the District, any of which affect security holders, if material; and
- (16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the Financial Obligation of the District, any of which reflect financial difficulties.

(b) Whenever the District obtains knowledge of the occurrence of a Listed Event, and, if the Listed Event is described in sections (a)(2), (a)(6) (with respect to certain notices), (a)(7), (a)(8) (if the event is a bond call), (a)(10), (a)(13), (a)(14), or (a)(15) above, the District determines that knowledge of the occurrence of a Listed Event would be material under applicable Federal securities law, the District shall, or shall cause the Dissemination Agent (if not the District) to file a notice of such occurrence with the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of 10 business days after the occurrence of the Listed Event. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(8) and (9) above need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Bonds under the governing legal documents.

(c) The District acknowledges that the events described in subparagraphs (a)(2), (a)(6) (with respect to certain notices), (a)(7), (a)(8) (if the event is a bond call), (a)(10), (a)(13), (a)(14), and (a)(15) of this Section 5 contain the qualifier “if material.” The District shall cause a notice to be filed as set forth in paragraph (b) above with respect to any such event only to the extent that the District determines the event’s occurrence is material for purposes of U.S. federal securities law.

(d) For purposes of this Disclosure Certificate, any event described in paragraph (a)(12) above is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the District in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District.

Section 6. Identifying Information for Filings with the MSRB. All documents provided to the MSRB under the Disclosure Certificate shall be accompanied by identifying information as prescribed by the MSRB.

Section 7. Termination of Reporting Obligation. The District’s obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the District shall give notice of such termination in the same manner as for a Listed Event under Section 5(b).

Section 8. Dissemination Agent. The District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be Dale Scott & Company. Any Dissemination Agent (if not the District) may resign by providing 30 days’ written notice to the District.

Section 9. **Amendment; Waiver.** Notwithstanding any other provision hereof, the District may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

- (a) if the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the Bonds, or type of business conducted;
- (b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and
- (c) the proposed amendment or waiver either (i) is approved by holders of the Bonds in the manner provided in the Resolution for amendments to the Resolution with the consent of holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the holders or beneficial owners of the Bonds.

If the annual financial information or operating data to be provided in the Annual Report is amended under the provisions hereof, the first annual financial information filed pursuant hereto containing the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

If an amendment is made to the undertaking specifying the accounting principles to be followed in preparing financial statements, the annual financial information for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the District to meet its obligations. To the extent reasonably feasible, the comparison shall be quantitative. A notice of the change in the accounting principles shall be filed in the same manner as for a Listed Event under Section 5(b).

Section 10. **Additional Information.** Nothing in this Disclosure Certificate prevents the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the District chooses to include any information

in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the District shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 11. **Default.** If the District fails to comply with any provision of this Disclosure Certificate, the Participating Underwriter or any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance.

Section 12. **Duties, Immunities and Liabilities of Dissemination Agent.** The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the District agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities that it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorney's 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. **Notices.** Any notice or communications to be among any of the parties to this Disclosure Certificate may be given as follows:

To the Issuer: Enterprise Elementary School District
1155 Mistletoe Lane
Redding, CA 96002

To the Dissemination Agent: Isom Advisors
1470 Maria Lane, Suite 315
Walnut Creek, CA 94596

To the Participating Underwriter: Stifel Nicolaus & Company, Incorporated
One Montgomery Street, 35th Floor
San Francisco, CA 94104

Any person may, by written notice to the other persons listed above, designate a different address or telephone number(s) to which subsequent notices or communications should be sent.

Section 14. **Beneficiaries.** This Disclosure Certificate shall inure solely to the benefit of the District, the Dissemination Agent, the Participating Underwriter and holders and beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Date: _____, 2026

**ENTERPRISE ELEMENTARY SCHOOL
DISTRICT**

By: _____
Superintendent

Designation as Dissemination Agent Accepted:

ISOM ADVISORS, A DIVISION OF URBAN FUTURES, INC.

By _____
Its Authorized Officer

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Obligor: Enterprise Elementary School District

Name of Bond Issue: \$_____ Enterprise Elementary School District (Shasta County, California) 2026 General Obligation Refunding Bonds

Date of Issuance: _____, 2026

NOTICE IS HEREBY GIVEN that the District has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Certificate dated as of _____, 2026, executed by the District. The District anticipates that the Annual Report will be filed by _____.

Dated:[Form only] _____

ENTERPRISE ELEMENTARY SCHOOL DISTRICT

By: [Form Only – no signature required]
Authorized Officer

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APPENDIX F

DTC AND THE BOOK-ENTRY SYSTEM

The following description of the Depository Trust Company (“DTC”), the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal, interest and other payments on the Bonds to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interest in the Bonds and other related transactions between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC. Accordingly, no representations can be made concerning these matters and neither the DTC Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters, but should instead confirm the same with DTC or the DTC Participants, as the case may be.

Neither the District, the Underwriter nor the Paying Agent takes any responsibility for the information contained in this Section.

No assurances can be given that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Bonds, (b) Bonds representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this APPENDIX. The current “Rules” applicable to DTC are on file with the Securities and Exchange Commission and the current “Procedures” of DTC to be followed in dealing with DTC Participants are on file with DTC.

1. The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the securities (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 issue of the Securities, each 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 and www.dtc.org.

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except if use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain

that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to the Paying Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to the Paying Agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to the Paying Agent's DTC account.

10. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, if a successor depository is not obtained, Security certificates are required to be printed and delivered.

11. Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

12. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.

APPENDIX G

**SHASTA COUNTY INVESTMENT POLICY
AND POOLED INVESTMENT REPORT**

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SHASTA COUNTY TREASURY



INVESTMENT POLICY STATEMENT 2026

**Lori J. Scott
Treasurer**

About Shasta County

Shasta County offers a unique blend of opportunity, adventure, and community spirit.

Explore our county and discover why so many people choose to call Shasta County home.

Nestled in the northern part of the Sacramento Valley, Shasta County is a region known for its stunning natural beauty, vibrant communities, and a rich history rooted in the heart of Northern California. A gateway to the majestic landscapes of the Sierra Nevada and the Cascade Mountain Ranges, our county covers over 3,800 square miles of diverse terrain, from rolling hills and fertile valleys to towering peaks and lush forests, making it a haven for outdoor enthusiasts and nature lovers alike.

Shasta County is home to three incorporated cities: Redding, Anderson, and Shasta Lake.

Redding, the largest city, is the economic and cultural hub of the region, offering a blend of urban amenities and small-town charm. Anderson, with its close-knit community feel, is known for its agricultural heritage and warm hospitality. Shasta Lake, named after the stunning lake it borders, provides year-round recreational opportunities and picturesque views that attract visitors from near and far.

With a population of approximately 180,000 residents, Shasta County is a thriving community that values its natural resources, rich history, and forward-looking vision. Our county is proud to be recognized as a leader in outdoor recreation, offering endless opportunities for hiking, boating, fishing, and exploring our scenic parks and trails. Notably, Redding has earned acclaim for its Sundial Bridge—a world-renowned architectural marvel that spans the Sacramento River, symbolizing our connection to both nature and innovation.

Whether you're visiting, relocating, or looking to invest, Shasta County offers a unique blend of opportunity, adventure, and community spirit. We invite you to explore our county and discover why so many people choose to call Shasta County home.

County Facts: Shasta County...

- Is governed by a five-member Board of Supervisors
- Was created on February 18, 1850 as a General Law county
- Is one of California's original 27 counties
- Is an estimated 3,850 square miles in size
- Contains over two million acres
- Has over 1,191 miles of maintained County roads
- Is home to over 175,700 residents
- Contains the cities of Redding, Anderson, and Shasta Lake
- Has an economy based on agriculture, tourism, timber, medical services, and retail businesses

Board of Supervisors

The Board of Supervisors is the local governing body for Shasta County and is made up of five members who serve staggered four-year terms. Each Board Member is elected by, and

represents, a different geographic area of the County. In order to serve on the Board of Supervisors, a candidate must reside in and be a registered voter of the district from which the member is elected.

The Board is responsible to set policies and priorities for the County and to approve an annual budget that provides for programs and services to meet the needs of county residents. The Board oversees the County Executive Officer, who is tasked with carrying out county operations and administration of twenty departments who provide a wide range of services from Air Quality to Zoning. The Board also adopts ordinances, which are local laws related to health and safety, land use, and other issues that impact county residents. In addition to holding public meetings on Tuesdays to conduct county business, Board Members serve on a number of boards and committees at a local and state level to represent Shasta County's interests and advocate for residents.

The County of Shasta is a Charter County, and the County Board of Supervisors operates as both the legislative and executive authority of the county, as well as having quasi-judicial authorities, per Government Code Section 25000.

INVESTMENT POLICY STATEMENT



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PREFACE

Each issue addressed in this policy is considered to be of timely and significant importance to the administration of the investment portfolio. While some portions of this policy are a restatement of State law, these restatements are integral to the purpose and flow of this policy.

The following statements are intended to insure the achievement of the purpose, goals, and objectives of the investment strategy in an orderly, accurate manner. However, there is no guarantee that problems, errors, or losses will not arise in the course of administering the investment of funds.

Unforeseen factors may affect the achievement of the goals and objectives of the portfolio. A list of factors include, but are not limited to, the following: national or international events or crises, deviation of actual cash flow from forecasted cash flow, unexpected demands on cash flow, policies made with regard to investment in local depositories, and errors in data or impact local, national or international financial markets, economies or politics which in turn has a decided effect on the portfolio.

Keeping in mind the obstacles and deterrents in pursuing portfolio goals and objectives, this policy is designed to achieve a reasonable rate of return over an economic cycle, consistent with limited risk and prudent investment practices.

INVESTMENT POLICY STATEMENT OF THE SHASTA COUNTY TREASURER

APPLICATION AND SCOPE

The principles, parameters and/or restrictions contained in this policy apply to all activities of the treasurer relating to the management, investment and/or deposit of investable funds in the possession or under the control of the treasurer.

As used in this policy, "treasurer" includes the person elected to the office of Shasta County Treasurer-Tax Collector-Public Administrator, the Chief Deputy Treasurer-Public Administrator, Treasury Cashiers, and all other persons acting in their capacity as deputies or agents of the treasurer. The term "department head" means the person elected to the office of Shasta County Treasurer-Tax Collector-Public Administrator. The term "Investment Officer" means the person elected to office of the Shasta County Treasurer-Tax Collector-Public Administrator and/or the Chief Deputy Treasurer-Public Administrator.

Funds resulting from various statutorily authorized forms of financing may be subject to unique requirements imposed by statute or as incorporated in the debt instruments or documents authorizing the issuance thereof as approved by the authorizing legislative body. In the event of a conflict between any provision of this policy and any provision relating to the financing, the provision specific to the financing will prevail. Additionally, all funds overseen by the [designated official] are accounted for in the [entity's] Comprehensive Annual Financial Report (CAFR) Retirement and Other Post Employment Benefits (OPEB) are excluded from this Policy. (Note: Since bond proceeds may have different guidelines, they may be excluded from the entity's main policy and have a separate policy.)

PURPOSE

The purpose of the investment policy is to facilitate accomplishment of the goals and objectives of the Treasurer with regard to the investment of idle funds, to provide a framework within which to carry out the business of administering and investing the idle funds of the Treasury, to improve communications at all levels between those interested in the process of investing and administering the idle funds of the Treasury, and to ensure compliance with legal requirements and policies adopted by the Oversight Committee and Board of Supervisors.

LEGAL COMPLIANCE

All investing and investment decisions shall be made with full compliance to California Government Codes § 27000 et seq. and § 53600 et seq., as well as any forthcoming amendments or additions to the California Government Code in relation to the investment of local agency idle funds. In addition, the Treasurer may provide further restrictions and guidelines for the investment of idle funds through this Statement of Investment Policy.

GOALS & OBJECTIVES

PRIMARY GOALS

The Treasurer's primary goals for the investment of idle funds (the portfolio) are in order of priority:

1. Safety

Safety of Principal shall mean the safeguarding of capital through the selection of investments and investing procedures to best protect against loss arising from default, fraud, or error. To achieve preservation of principal the portfolio structure will be diversified to mitigate credit risk and market risk.

Credit Risk: The inherent risk of an issuer(s) ability and willingness to repay interest and principal, which shall be mitigated by diversifying the fund so that the failure of any one issuer would not unduly harm the Fund's cash flow.

Market Risk: The inherent risk of market value fluctuations due to changes in the general level of interest rates. Because longer maturity fixed-income securities have greater market risk than shorter maturity securities, market risk will be mitigated by establishing a limit for the weighted average maturity. It is recognized, in an active portfolio, occasional losses on individual securities are inevitable and must be considered within the context of the overall investment return.

2. Liquidity

Liquidity Maintenance shall mean to always have the ability to convert sufficient securities in the portfolio to cash, with little or no loss in value, to cover cash flow needs of the County and its investing agencies, to meet contingency needs.

3. Yield

Yield refers to earning a reasonable rate of return and shall take into consideration current market conditions, the present phase of the market cycle, both present and future cash flow needs, and the other primary goals of Safety and Liquidity Maintenance.

MAINTENANCE OF PUBLIC TRUST

As the Treasurer has been entrusted with the safekeeping of Public Monies received from Public Sources, the Treasurer in managing Investment Portfolios shall exercise a high degree of professionalism to insure and sustain public confidence, remembering that both the investment instruments and the methods of transacting investment business are subject to public review and scrutiny.

ETHICS AND CONFLICT OF INTEREST

The Treasurer and all investment personnel shall refrain from personal business activity which could create a conflict with proper execution of the investment program or could impair the ability to execute impartial investment decisions. The Treasurer and all investment personnel shall disclose to the Treasury Oversight Committee any material financial interests in financial institutions which conduct business with the County of Shasta and shall disclose any material financial investment positions which could be related in a conflicting manner to the performance of the County of Shasta investment portfolio.

TERM

This policy is effective January 1st of each year, and shall remain in effect until it is amended or replaced by the Shasta County Treasurer-Tax Collector-Public Administrator and the new or amended policy has been submitted to and approved by the Shasta County Board of Supervisors and the Shasta County Treasury Oversight Committee.

ELIGIBILITY AND CONTINUING EDUCATION

The Board of Supervisors enacted Ordinance SCC97-1 relating to eligibility and continuing education requirements for the office of Treasurer-Tax Collector. Said requirements are hereby applied to the position of Chief Deputy Treasurer-Public Administrator except that any certifications required to be filed by the Treasurer-Tax Collector with the State Controller shall in the case of the Chief Deputy Treasurer-Public Administrator be filed with the Treasurer-Tax Collector-Public Administrator.

PRUDENT INVESTOR – THE PRUDENT PERSON STANDARD

Government Code § 53600.3. Except as provided in subdivision (a) of Section 27000.3, all governing bodies of local agencies or persons authorized to make investment decisions on behalf of those local agencies investing public funds pursuant to this chapter are trustees and therefore fiduciaries subject to the prudent investor standard. When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of alike character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency. Within the limitations of this section and considering individual investments as part of an overall strategy, investments may be acquired as authorized by law.

OVERVIEW

Unless otherwise stated, all references to statutes contained herein are to provisions of the Government Code of the State of California.

The Shasta County Treasurer-Tax Collector-Public Administrator is responsible for the operation of a cash management and investment program pursuant to the provisions of Section 53635 et seq. of the Government Code. If the Shasta County Board of Supervisors enacts an ordinance pursuant to the provisions of Section 27000.1 delegating the Board's authority to invest or re-invest the funds of the County and the funds of other depositors in the County treasury, pursuant to Chapter 4 (commencing with Section 53600) of Part 1 of Division 2 of Title 5, the treasurer shall thereafter assume full responsibility for those transactions until the Board of Supervisors, by ordinance, revokes its delegation of authority. During the term of any such delegation, should that occur, the provisions of this policy shall apply to any investments made under such delegated authority.

The cash management and investment program is conducted on a "pooled" basis. The "pool" consists of "investable" funds belonging to the County of Shasta and a multitude of other local agencies, primarily school districts and special districts. Investable funds exist when the treasury balance exceeds the daily cash flow requirements of the treasury. The legislature has found and declared that by pooling deposits from local agencies and other participants, county treasuries operate in the public interest when they consolidate banking and investment activities, reduce duplication, achieve economies of scale, and carry out coherent and consolidated investment strategies.

When investing, reinvesting, purchasing, acquiring, exchanging, selling, and managing public funds, the primary objective of the County Treasurer shall be to safeguard the principal of the funds under his or her control. The secondary objective shall be to meet the liquidity needs of the depositor. The third objective shall be to achieve a return on the funds under his or her control. This policy is constructed to meet those objectives.

AUTHORITY

DELEGATION

Investment authority is delegated to the Treasurer by the Board of Supervisors, in accordance with California Government Code § 53607, by Shasta County Resolution No 74-78 on May 20th, 1974.

Pursuant to California Government Code § 27000.1, subject to § 53607, the Board of Supervisors may, by ordinance, delegate to the County Treasurer the authority to invest or reinvest the funds of the County and the funds of the other depositors in the County Treasury, pursuant to Chapter 4 (commencing with Government Code § 53600) of Part 1 of Division 2 of Title 5 of the Government Code. The County Treasurer shall assume full responsibility for those transactions until the Board of Supervisors either revokes its delegation of authority, by ordinance, or decides not to renew the annual delegation.

Annual approval of this Investment Policy by the Board of Supervisors constitutes renewal of the annual delegation of investment authority to the Treasurer, effective January 1st of each year.

TREASURY OVERSIGHT COMMITTEE

Pursuant to the addition of Article 6, to Chapter 5 of Division 2 of Title 3 of the California Government Code, the County Treasurer shall create a County Treasury Oversight Committee to promote the public interest by involving depositors in the management of their funds and by enhancing the security and investment return of their funds through the establishment of criteria for the withdrawal of funds. Nothing in this policy shall be construed to allow the County Treasury Oversight Committee to direct individual investment decisions, select individual investment advisors, brokers or dealers, or impinge on the day-to-day operations of the County Treasury. The duties of the County Treasury Oversight Committee will be delineated in the Investment Guidelines. In compliance with California Government Code § 27131 and to maintain equity of all depositors, the membership of the County Treasury Oversight Committee shall consist of the following:

MEMBERS

The members of the Treasury Oversight Committee (TOC) shall consist of:

- (a) The county treasurer.
- (b) The county auditor, auditor-controller, or finance director, as the case may be.
- (c) A representative appointed by the county board of supervisors.
- (d) The county superintendent of schools or his or her designee.
- (e) A representative selected by a majority of the presiding officers of the governing bodies of the school districts and community college districts in the county.

Government Code § 27133 (d) requires limits to be set on the receipt of honoraria, gifts, and gratuities from advisors, brokers, dealers, bankers, or other persons with whom the County Treasury conducts business by any member of the County Treasury Oversight Committee. These limits may be in addition to the limits set by a committee member's own agency, by raising money for the County Treasury or a Board of Supervisor (with the exception of raising money for their own position) while serving as a member on the committee.

DUTIES OF THE TREASURY OVERSIGHT COMMITTEE (TOC) **COMMITTEE (TOC)**

The Treasury Oversight Committee (TOC) is required annually to review and monitor the investment policy prepared by the County Treasurer, pursuant to Government Code § 27133, and to cause an annual compliance audit, pursuant to Government Code § 27134.

Established here as policy, the TOC will review and accept the Statement of Investment Policy prepared by the Treasurer in January of each year. Any revisions to the Statement of Investment Policy will also be reviewed and accepted by the TOC prior to submitting any such revisions to the Board of Supervisors for review and acceptance.

The Treasurer will annually submit the Statement of Investment Policy to the Board of Supervisors to be reviewed and accepted at a public meeting as required by Government Code § 53646. This section also requires that any change in the policy be reviewed and accepted by the Board of Supervisors at a public meeting. As a matter of policy, the Statement of Investment Policy will be accepted by the TOC prior to being submitted to the Board of Supervisors in January of each year.

ANNUAL AUDIT

As of the end of each fiscal year, the TOC shall cause an annual audit to be conducted to determine compliance with the Statement of Investment Policy and an audit of the interest apportionment. Additionally, the audit may address questions of portfolio structure and risk. The audit findings will be an agenda item at the TOC meeting following the release of the audit. The cost of the audit will be charged against the Treasurer's budget and will be included in the investment expenses which are deducted from earnings prior to interest apportionment. A copy of the annual audit will be distributed pursuant to Government Code § 53686.

MEETINGS

The TOC meets on a quarterly basis. These meetings are scheduled within 30 days after the end of each quarter. Meeting dates and times are established at the beginning of each calendar year.

AUTHORIZED INVESTMENT INSTRUMENTS

By statute (Section 53635), the following instruments are eligible for inclusion in the investment portfolio. For purposes of this policy, the term "investment portfolio" means all investments which produce earnings that are apportioned to pool participants based on the participants average daily balances in the treasury during the apportionment period. Where this section specifies a percentage limitation for a particular category of investment, that percentage is applicable only at the date of purchase. Investments in these instruments are subject to the limitations, restrictions or parameters contained in the policy language following each description:

- A. Bonds issued by the local agency, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the local agency or by a department, board, agency, or authority of the local agency.

Policy: For purposes of this policy, the term "local agency" means the County of Shasta. Shall not exceed two years remaining to maturity and the total invested in instruments of this type shall not exceed 5% of the portfolio. Each investment of this type shall have specific written authorization of the department head.

- B. United States Treasury notes, bills, bonds, or certificates of indebtedness or those for which the faith and credit of the United States are pledged for the payment of principal and interest.

Policy: Except for treasury bills, which may be acquired without limit, investments of this type shall not exceed five years remaining to maturity.

- C. Registered state warrants or treasury notes or bonds of this state, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the state or by a department, board, agency, or authority of the state.

Policy: Shall not exceed two years remaining to maturity, and the total invested in instruments of this type shall not exceed 10% of the portfolio. Each investment of this type shall have specific written authorization of the department head. Any such written authorization relating to registered warrants shall contain a statement that the department head expects, based on circumstances then present, that the warrants will be redeemed within one year.

- D. Bonds, notes, warrants or other evidences of indebtedness of any local agency within this state, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled or operated by the local agency or by a department, board, agency or authority of the local agency.

Policy: For purposes of this policy, the term "any local agency within this state" means local agencies other than the County of Shasta whose funds are deposited in the Shasta County Treasury. Shall not exceed one year remaining to maturity, and the total invested in instruments of this type shall not exceed 10% of the portfolio. Each investment of this type shall have specific written authorization of the department head.

- E. Obligations issued by federal home loan banks, the Federal Home Loan Bank, the Tennessee Valley Authority, or in obligations, participations, or other instruments of, or issued by, or fully guaranteed as to principal and interest by, the Federal National Mortgage Association; or in guaranteed portions of Small Business Administration notes; or in obligations, participations, or other instruments of, or issued by, a federal agency or a United States government-sponsored enterprise.

Policy: Shall not exceed five years remaining to maturity and the total invested in instruments of this type shall not exceed 80% of the portfolio and no single issuer shall exceed 20% of the portfolio. No investment shall be made in Small Business Administration notes.

- F. Bills of exchange or time drafts drawn on and accepted by a commercial bank, otherwise known as bankers' acceptances. Purchases of banker's acceptances may not exceed 180 days maturity or 40 percent of the agency's surplus funds, which may be invested pursuant to this section. However, no more than 30 percent of the agency's surplus funds may be invested in the banker's acceptances of any one commercial bank pursuant to this section.

Policy: The total invested in instruments of this type shall not exceed 35% of the portfolio, and no single issuer shall exceed 10% of the portfolio. The issuer must have a minimum long-term credit rating of A from Standard & Poor's Corporation and A2 from Moody's Investor Service, Inc. If the issuer is a branch of a foreign bank, the investment must meet the credit standard and have the specific written authorization of the department head.

- G. Commercial paper of "prime" quality of the highest ranking or of the highest letter and numerical rating as provided for by a nationally recognized statistical rating organization (NRSRO). Eligible paper is further limited to issuing corporations that are organized and operating within the United States and having total assets in excess of five hundred million dollars (\$500,000,000) and having an "A-1" or higher rating by an NRSRO. Purchase of eligible commercial paper may not exceed 397 days maturity nor represent more than 10 percent of the outstanding paper of an issuing corporation. Purchases of commercial paper may not exceed 40 percent of the agency's surplus money which may be invested pursuant to this section.

Policy: Shall not exceed 397 days remaining to maturity and shall not exceed 20% of the portfolio. No single issuer shall exceed 4% of the portfolio.

- H. Negotiable certificates of deposit issued by a nationally or state-chartered bank, a savings association, or a federal association, a state or federal credit union, federally chartered branch of foreign banks (Yankee Banks), or by a federally licensed or state-licensed branch of a foreign bank. Purchases of negotiable certificates of deposit shall not exceed 30 percent of the agency's surplus money, that may be invested pursuant to this section. For purposes of this section, negotiable certificates of

deposit do not come within Article 2 (commencing with Section 53630), except that the amount so invested shall be subject to the limitations of Section 53638. For purposes of this section, the legislative body of a local agency and the treasurer or other official of the local agency having legal custody of the moneys are prohibited from depositing or investing local agency funds, or funds in the custody of the local agency, in negotiable certificates of deposit issued by a state or federal credit union if a member of the legislative body of the local agency, or an employee of the Administrative Officer, Manager's Office, budget office, Auditor-Controller's Office or Treasurer's Office of the local agency also serves on the board of directors, or any committee appointed by the board of directors or the credit committee or supervisory committee of the state or federal credit union issuing the negotiable certificates of deposit.

Policy: Shall not exceed one year remaining to maturity and shall not exceed 20% of the portfolio, provided, however, that the 20% limit may be exceeded if the transaction exceeding the 20% limit is of a duration of 30 days or less. No single issuer shall exceed 5% of the portfolio.

- I. (1) Investments in repurchase agreements or reverse repurchase agreements of any securities authorized by this section, so long as the agreements are subject to this subdivision, including the delivery requirements specified in this section.
- (2) Investments in repurchase agreements may be made, on any investment authorized in this section, when the term of the agreement does not exceed one year. The market value of securities that underlie a repurchase agreement shall be valued at 102 percent or greater of the funds borrowed against those securities and the value shall be adjusted no less than quarterly. Since the market value of the underlying securities is subject to daily market fluctuations, the investments in repurchase agreements shall be in compliance if the value of the underlying securities is brought back up to 102% no later than the next business day.
- (3) Reverse repurchase agreements may be utilized only when all of the following conditions are met:
 - (a) The security to be sold on reverse repurchase agreement has been owned and fully paid for by the local agency for a minimum of 30 days prior to sale, the total of all reverse repurchase agreements on investments owned by the local agency does not exceed 20 percent of the base value of the

portfolio, and the agreement does not exceed a term of 92 days, unless the agreement includes a written codicil guaranteeing a minimum earning or spread for the entire period between the sale of a security using a reverse repurchase agreement and the final maturity date of the same security

- (4) Funds obtained or funds within the pool of an equivalent amount to that obtained from selling a security to a counter party by way of a reverse repurchase agreement shall not be used to purchase another security with a maturity longer than 92 days from the initial settlement date of the reverse repurchase agreement, unless the reverse repurchase agreement includes a written codicil guaranteeing a minimum earning or spread for the entire period between the sale of a security using a reverse repurchase agreement and the final maturity date of the same security. Reverse repurchase agreements specified in subparagraph (I) of paragraph (3) may not be entered into unless the percentage restrictions specified in that subparagraph are met.
- (5) Investments in reverse repurchase agreements or similar investments in which the local agency sells securities prior to purchase with a simultaneous agreement to repurchase the security, may only be made upon prior approval of the governing body of the local agency, and shall only be made with primary dealers of the Federal Reserve Bank of New York or with a nationally or state-chartered bank that has or has had a significant banking relationship with a local agency.
- (6)
 - (a) "Repurchase agreement" means a purchase of securities by the local agency pursuant to an agreement by which the counterparty seller will repurchase the securities on or before a specified date and for a specified amount and the counterparty will deliver the underlying securities to the local agency by book entry, physical delivery, or by third party custodial agreement. The transfer of underlying securities to the counterparty bank's customer book-entry account may be used for book-entry delivery.
 - (b) "Securities", for purpose of repurchase under this subdivision, means securities of the same issuer, description, issue date and maturity.
 - (c) "Reverse repurchase agreement" means a sale of securities by the local agency pursuant to an agreement by which the local agency will

repurchase the securities on or before a specified date and includes other comparable agreements.

- (d) For purposes of this section, the base value of the local agency's pool portfolio shall be that dollar amount obtained by totaling all cash balances placed in the pool by all pool participants, excluding any amounts obtained through selling securities by way of reverse repurchase agreements or other similar borrowing methods.
- (e) For purposes of this section, the spread is the difference between the cost of funds obtained using the reverse repurchase agreement and the earnings obtained on the reinvestment of the funds.

Policy: Reverse repurchase agreements or similar investments are prohibited. Repurchase agreements shall not exceed 10% of the portfolio, and the term of the agreement shall not exceed 5 days. The 10% limit may be exceeded if the total invested in the repurchase agreement does not exceed 20% of the portfolio and the term of the agreement does not extend beyond the next county business day.

- J. Medium-term notes defined as all corporate and depository institution debt securities with a maximum of five years' maturity issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States. Notes eligible for investment under this subdivision shall be rated in a rating category of "A" or better by an NRSRO. Purchases of medium-term notes may not exceed 30 percent of the agency's surplus money which may be invested pursuant to this section.

Policy: The total invested in instruments of this type shall not exceed 20% of the portfolio and no single issuer shall exceed 3% of the portfolio. Each investment of this type shall have the specific written approval of the department head.

- K. Shares of beneficial interest issued by diversified management companies investing in the securities and obligations as authorized by subdivisions (A) to (K), inclusive, of this section and which comply with the investment restrictions of this article (Article 2) and Article 1 (commencing with Section 53600). To be eligible for investment pursuant to this subdivision, these companies shall either: (1) attain the highest ranking or the highest letter and numerical rating provided by not less than

two of the three largest nationally recognized rating services, or (2) have an investment adviser registered with the Securities and Exchange Commission with not less than five years' experience investing in the securities and obligations as authorized by subdivisions (A) to (M), inclusive, of this section and with assets under management in excess of five hundred million dollars (\$500,000,000). The purchase price of shares of beneficial interest purchased pursuant to this subdivision shall not include any commission that the companies may charge and shall not exceed 20 % of the agency's surplus money, which may be invested pursuant to this section. No more than 10% of the agency's funds may be invested in shares of beneficial interest of any one mutual fund (money market, LIR).

Policy: The total investment in instruments of this type shall not exceed 5% of the portfolio.

- L. Notes, bonds, or other obligations which are at all times secured by a valid first priority security interest in securities of the types listed by Section 53651 as eligible securities for the purpose of securing local agency deposits having a market value at least equal to that required by Section 53652 for the purpose of securing local agency deposits. The securities serving as collateral shall be placed by delivery or book entry into the custody of a trust company or the trust department of a bank which is not affiliated with the issuer of the secured obligation, and the security interest shall be perfected in accordance with the requirements of the Uniform Commercial Code or federal regulations applicable to the types of securities in which the security interest is granted.

Policy: Investments of this type are prohibited.

- M. Any mortgage pass-through security, collateralized mortgage obligation, mortgage-backed or other pay-through bond, equipment lease-backed certificate, consumer receivable pass-through certificate or consumer receivable-backed bond of a maximum of five years maturity. Securities eligible for investment under this subdivision shall be issued by an issuer having an "A" or higher rating for the issuer's debt as provided by an NRSRO and rated in a rating category of "AA" or its equivalent or better by an NRSRO. Purchase of securities authorized by this subdivision may not exceed 20 percent of the agency's surplus money that may be invested pursuant to this section.

Policy: Investments of this type are prohibited.

N. Inactive deposits made in accordance with the provisions of Article 2 (commencing with Section 53630) of Chapter 4 of Part 1 of Division 2 of Title 5

Policy: No such deposits will be made in any institution that is not rated A or higher. The amount deposited in any single institution shall not exceed 7.5% of the portfolio.

O. Deposits to the Local Agency Investment Fund of the State of California pursuant to Resolution No. 77-98 of the Shasta County Board of Supervisors dated April 18, 1977.

Policy: Notwithstanding any other provision of this policy, deposits to L.A.I.F. may be made, subject only to the limitations thereon imposed by the State Treasurer.

SELECTION CRITERIA

Brokers/Dealers and Depositories

The treasury shall maintain a list of qualified institutions with which the treasury will execute investment transactions. Only dealers that are licensed to do business in California and the investment departments of major California banks rated "AA" or higher and total assets in excess of \$5,000,000,000 will be considered for inclusion on the list of qualified institutions. The department head will decide whether or not an institution should be placed on the list based on the length of time it has been in existence, its demonstrated ability to successfully maintain relationships with other municipal investors and its reputation for a commitment to maintaining a high level of professionalism and to meeting industry standards of ethical behavior. The foregoing criteria is intended to result in a list of well-known institutions of the highest quality.

No broker, brokerage, dealer or securities firm shall be placed on or remain on the list if it has, within any consecutive 48-month period made a political contribution in an amount exceeding the limitations contained in Rule G-37 of the Municipal Securities Rulemaking Board, to the Shasta County Treasurer, any member of the Shasta County Board of Supervisors, any candidate for those offices, or any member of the Shasta County Treasury Oversight Committee.

The department head will periodically review each institution on the list and make a determination whether or not, in the opinion of the department head, it is in the best interests of the pool participants that the institution remain on the list.

The Investment Officer may remove an institution from the list at any time, and the fact that an institution is on the list does not create an obligation to execute investment transactions with a listed institution. The Investment Officer will furnish a copy of the current Statement of Investment Policy to each listed institution, who will then sign and return a receipt showing receipt and compliance to the policy.

Representatives of Qualified Institutions

Individuals who represent qualified institutions in securities transactions with the treasury must be registered with the National Association of Securities Dealers, Inc., as having passed the General Securities Representative Examination (Series 7) and the Uniform Securities Agent State Law Examination (Series 63). Each representative:

- Shall have expertise and significant experience in institutional sales.
- Shall supply references consisting of the names of individuals at three California public agencies with whom they have executed investment transactions.

The Investment Officer shall maintain a list of authorized representatives of qualified institutions with whom the treasury may execute investment transactions.

INVESTMENTS

Investments will be made by selection of instruments from the list of authorized investments only and the selection is further limited by the following in order to assure adequate liquidity while minimizing credit and market risks.

Prohibited Investment Types and Restrictions Applicable to All Investments

Pursuant to Section 53631.5, any investment in inverse floaters, range notes or interest-only strips that are derived from a pool of mortgages, or any security that could result in zero interest accrual if held to maturity is prohibited.

Further, no investment shall be made in any security that, absent default on the part of the issuer, contains any provision, index or structure that would introduce any element of

uncertainty in regard to the amount or rate of earnings if held to maturity or the amount of principal returned if held to maturity.

No investment shall be made in any security that has a maturity in excess of five years from the date of purchase.

Except for Repurchase Agreements, Sweep Account and Treasury Bills, the amount invested in a single issue shall not exceed 4% of the portfolio.

Notwithstanding the provisions of Section 53601.1 of the Government Code, no investments in financial futures or financial option contracts are allowed under this policy.

Maturity Scheduling

Market risks and cash flow problems will be reduced by a "hold to maturity" policy. This policy requires that the maturity of the instrument selected conform to anticipated cash flow requirements. In other words, no investment will be made knowing that the instrument will have to be sold prior to maturity. Securities may be liquidated prior to maturity if the sale is to meet unanticipated cash flow requirements or market conditions so warrant and the sale has department head approval. No securities may be exchanged or traded for other securities. No securities will be purchased that have a maturity in excess of three years from the date of purchase without department head approval. The dollar-weighted average days to maturity of the portfolio shall not exceed 1277 days.

CREDIT ASSESSMENT

In determining the creditworthiness of an issuer, counter party or depository, the Investment Officer shall utilize the ratings of Standard and Poor's Corporation, Moody's Investor Services, Inc., Fitch, GFI Bank Rating Services, or nationally recognized statistical rating organization (NRSRO)

DIVERSIFICATION

Both market risk and credit risk can be reduced by constructing an investment portfolio that contains a broad mix of types of investments and issuers. The policy or statutory limitations that are contained in the section of this policy which sets forth permissible investments are to be measured against the portfolio at the time of the transaction subject to the limitation occurs.

YIELD

Investments meeting all other requirements of this policy shall be chosen based on yield. A minimum of three quotes for investment options meeting the maturity scheduling requirements shall be obtained for each transaction having a term in excess of five days and a written record of the quotes shall be retained by the Investment Officer until after the next subsequent compliance audit conducted pursuant to the provisions of Section 27134. Yield shall always be the last consideration, and if the quotes obtained are not for the same instrument, issues of safety, liquidity and diversity shall be given greater consideration than yield.

SAFEKEEPING

Securities purchased from brokers and/or dealers shall be held in third party safekeeping by the trust department of the County's bank or other designated third-party trust, in the County's name or control. All investment transactions subject to "delivery vs. payment" shall be conducted on that basis. This practice ensures that the transaction settles after the transaction terms and conditions of the parties involved have been met.

PERFORMANCE BENCHMARK

The investment portfolio is constructed with the objective of obtaining a market rate of return throughout budgetary and economic cycles, matching the investment risk controls and cash flow requirements, thus preserving capital, meeting liquidity, and providing yield. The Treasurer's investment strategy is to manage the portfolio with less risk than a benchmark comparable index and to use economies of scale to invest and administer the program at a reasonable cost. As a result, the portfolio is benchmarked against 1-3 Year US Treasury Index and the California Local Agency Investment Fund (LAIF).

INTERNAL CONTROLS & PROCEDURES

The Treasurer has established a system of written internal controls, which is reviewed annually with the County's independent (external) auditor. The controls are designed to prevent loss of public funds due to fraud, employee error, misrepresentation by third parties, unanticipated market changes, or imprudent actions of employees of the Treasurer's Office. The Treasurer shall evaluate any audit reports in a timely manner with the Treasury Oversight Committee. The quarterly audit reports of the Treasury shall be provided as required by Government Code § 26920 through 26922. Daily compliance of the investment portfolio shall be performed by the

Treasurer's Compliance Division. Compliance will be determined on a fair market value basis. Cash held at the bank will not be included in the pool balance. All agreements, statements, and trade packets will be subject to review annually by auditors in conjunction with their audit.

The Treasurer has procedures for the investment process that are consistent with this policy and are statutorily compliant. Procedures include safekeeping, master repurchase agreements, wire transfer agreements, collateral and depository agreements, banking service contracts and other investment and banking related activities. Such procedures include explicit delegation of authority to personnel responsible for investment transactions.

The Treasurer shall designate a staff person as a liaison/deputy in the event circumstances require timely action and the County Treasurer is not present. No investment personnel may engage in an investment transaction except as provided under terms of this policy and the procedures established by the County Treasurer. The Treasurer shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of Treasury personnel.

COMPETITIVE BIDDING

All transactions will be made through the use of competitive bids whenever possible. At least two (2) competitive bids will be solicited for each transaction. If the solicitation of two bids is not feasible or practical, the reason will be stated in the transaction documentation. Exceptions to the use of competitive bids may include, but are not limited to, the following:

1. Market circumstances where time constraints would make the bid process impractical.
2. Investments possessing distinctive characteristics.
3. Overnight deposits where time constraints may not accommodate the bid process.
4. Transactions in which investments are actively traded and priced by market information services such as Telerate and Bloomberg, where current market price can be readily determined.

REPORTING

California Government Code § 53646 requires the following regarding reporting:

The Treasurer shall annually render a Statement of Investment Policy to the Oversight Committee and to the Board of Supervisors

As required by Government Code § 53646, the quarterly report will include:

1. A list of holdings as of the last day of the quarter:
 - (a) Type of Investment
 - (b) Issuer
 - (c) Date of Maturity
 - (d) Par Amount
 - (e) Book Value
 - (f) Market Value at Quarter-end (and Source of Value)
2. A statement of compliance with the Statement of Investment Policy or an explanation of any variance.
3. A statement of the pool's ability to meet the expenditure requirements for the next six months or an explanation of why the pool cannot meet the expenditure requirements.
4. The report will be placed on the Shasta County Treasurer-Tax Collector's website.

A monthly transaction report will be made available to the legislative body per Government Code § 53607.

All funds overseen by the Treasurer-Tax Collector are accounted for in the Shasta County Comprehensive Annual Financial Report.

As deemed appropriate, the Treasurer or the TOC may issue additional statistical or narrative reports.

MARK-TO-MARKET

Mark-to-Market is the requirement of the AICPA's pronouncement GASB 31 which dictates that portfolios disclose the Fair Market Value of investments on a given date. Fair Market Value can be determined by an independent agency. The cost of an independent agency is significant and we have determined that the portfolio valuation will be mark-to-market using our custodian's fair market valuation rather than incurring an additional vendor cost. Our custodian utilizes several market pricing services, including Merrill Lynch, Bloomberg, and others.

CALCULATING AND APPORTIONING THE COSTS

The manner of calculating and apportioning the costs of investing, depositing, banking, auditing, reporting or otherwise handling or managing funds is as follows:

- A. Total earnings for all funds will be accounted for and accumulated. All costs incurred as described in Government Code Sections 27013, 17133 and 27135 will be accounted for and paid out of earnings.
- B. All costs will be spread at the same time and as part of the process of apportioning earnings so that each participant's share is in proportion to its earnings.

CRITERIA FOR CONSIDERING REQUESTS TO WITHDRAW FOR INVESTMENT PURPOSES

The County Treasurer shall provide a form to agencies requesting withdrawal of funds for investment purposes.

Assessment of the effect of a proposed withdrawal on the stability and predictability of the investments in the county treasury will be based on the following criteria:

- 1. Size of withdrawal.
- 2. Size of remaining balances of:
 - (a) Pool
 - (b) Agency
- 3. Current market condition.
- 4. Duration of withdrawal.
- 5. Effect on predicted cash flows.
- 6. A determination if there will be sufficient balances remaining to cover costs.
- 7. Adequate information, including the statutory authority that allows the funds to be invested outside the treasury pool, has been supplied to the County Treasurer in order to make a proper finding that other pool participants will not be adversely affected.

Requests for withdrawals for the purpose of investing or depositing funds outside the pool shall be made at least ten (10) business days in advance of the proposed withdrawal date. Notice in writing of at least five (5) business days shall be required for withdrawals in excess of \$250,000.00 for loan repayments, capital expenditures and any expenditure not in the ordinary course of operations.

TERMS AND CONDITIONS FOR NON-STATUTORY COMBINED POOL PARTICIPANTS

All entities qualifying under Government Code Section 27133(g), may deposit funds for investment purposes providing all of the following have been accomplished:

1. The agency's administrative body has requested the privilege, has agreed to terms and conditions of an investment agreement as prescribed by the County Treasurer, and has by resolution identified the authorized officer acting on behalf of the agency.
2. The County Board of Supervisors approves the investment agreement.
3. The County Auditor-Controller has prescribed the appropriate accounting procedures.

LIMITS ON RECEIPT OF HONORARIA, GIFTS AND GRATUITIES

No member of the staff of the Treasurer's Office or member of the Shasta County Treasury Oversight Committee may accept any honoraria, gift or gratuity from advisors, brokers, dealers, bankers, or other persons with whom the county treasury conducts business. Excepted from the foregoing are ordinary desk-top promotional items of advertising, such as calendars, planners, etc., which are clearly identifiable as such. This prohibition is in addition to any other limit or prohibition set by the County of Shasta, the members' own agency, or by the Fair Political Practices Commission.

REPORTING

The County Treasurer will submit a copy of the Report of Investments required by Section 53646(b)(1) to the Shasta County Treasury Oversight Committee at the same time said report is submitted to the Board of Supervisors. The report shall be submitted within 30 days of the quarter, or month at the option of the Board of Supervisors, following the end of the period covered by the report.

12/01/2025

DATE: _____



LORI J. SCOTT
Treasurer-Tax Collector-Public Administrator

AUTHORIZED INVESTMENTS & DIVERSIFICATION

Pursuant to CA Government Code § 27000 – Prudence definition,
 § 53600 – Local agency definition, § 53601 – Authorized Investments
 (See Appendix 1 for complete investment listing)

The Treasurer has established the following self-imposed restrictions which are stricter than the statutory requirement to ensure diversification is maintained in the portfolio. The diversification is critical to reduce risks associated with investment concentration, quality, and duration. The portfolio’s approved Weighted Average Maturity (WAM) is not to exceed 1277 days with no more than 10% held in one issuer’s name. Cashflow projections, fed fund targets and other opportunities are continuously evaluated to define the strategy for the portfolio.

Government Code § 53601 INVESTMENT TYPES & RESTRICTIONS			TREASURER IMPOSED
TYPE	MAXIMUM TERM	MAXIMUM %	RESTRICTIONS
(a) Local Agency Bonds	5 years	No limit	5%
(b) USTN, Bonds, Bills, ...	5 years	No limit	50%
(c) Reg'd State Wts, TN Bonds	5 years	No limit	10%
(e) Local Agency Bonds, Notes, ...	5 years	No limit	75%
(f) Agency Obligations ... Federal Agency/GSE	5 years	No limit	75%
(g) Bankers Acceptances	180 days	40%; limited to 30% in one specific bank	35%; limited to 10% in one specific bank
(h) Commercial Paper	397 days	40%; limited to 30% in one specific bank	20%; limited to 10% in one single corp. issuer
(i) Certificates of Deposits	5 years	30%	20%
(j) Repurchase Agreements *	1 year	20%	20%
(k) Corp. Notes (MTnS)*	5 years	30%	20%
LAIF	not specified	75MM	75MM or 25%

U.S. GSE Callables: No more than 10%

At least 5% of the Investment Pool maturing within 90 days

Due to fluctuations in the portfolio’s balance, compliance testing is applicable on the day of purchase.

*THE COUNTY TREASURER WILL NOT PURCHASE reverse repurchase agreements, strips zero interest investment, Range Notes, Inverse Floating Rate Securities, Step-down Securities or Short Selling.

SAMPLE CREDIT RATINGS INTERPRETATION

SHORT TERM DEBT RATINGS			
MOODY'S	S&P	FITCH	RATINGS INTERPRETATION FOR CREDIT
P-1	A-1+	F1+	STRONGEST QUALITY
	A-1	F1	STRONG QUALITY
P-2	A-2	F2	GOOD QUALITY
P-3	A-3	F3	MEDIUM QUALITY

LONG TERM DEBT RATINGS			
MOODY'S	S&P	FITCH	RATINGS INTERPRETATION FOR CREDIT
Aaa	AAA	AAA	STRONGEST QUALITY
Aa1	AA+	AA+	STRONG QUALITY
Aa2	AA	AA	
Aa3	AA-	AA-	
A1	A+	A+	GOOD QUALITY
A2	A	A	
A3	A-	A-	
Baa1	BBB+	BBB+	MEDIUM QUALITY
Baa2	BBB	BBB	
Baa3	BBB-	BBB-	
Ba1	BB+	BB+	SPECULATIVE
Ba2	BB	BB	
Ba3	BB-	BB-	
B1	B+	B+	LOW
B2	B	B	
B3	B-	B-	
Caa	CCC+	CCC	POOR
-	CCC	-	HIGHLY SPECULATIVE TO DEFAULT
-	CCC-	-	
Ca	CC	CCC	
C	-	-	
-	-	DDD	
-	-	DD	
-	D	D	

SHASTA COUNTY TREASURER

LISTING OF INVESTMENT TERMINOLOGY

Accrued Interest: The amount of interest that is earned, but unpaid since the last interest payment date.

Agency: Securities issued by government-sponsored corporations such as Federal Home Loan Banks (FHLB) or Federal Land Banks (FLB.) Agency securities are exempt from Securities and Exchange Commission (SEC) registration requirements.

American Call: Bonds may be called at any time following the first call or lockout period.

Amortization: Accounting procedure that gradually reduces the cost value of a limited life of intangible asset through periodic charges to income. It is a common practice to amortize any premium over par value paid in the purchase of bond investments or any discount under par value recognized in the purchase of bond investments.

Asked Price: The price at which securities are offered from a seller.

Asset Backed Securities (ABS): Securities collateralized with consumer receivables, such as automobile loans, credit card receivables, or home equity loans, which are owned by the issuer, but placed with a trustee for the benefit of the investor.

Banker's Acceptances: Banker's acceptances (BAs) are another form of money market instruments issued by banks. BAs arise from transactions involving the import, export, transit, or storage of goods. The underlying transaction that gives rise to a BA is almost completely irrelevant to the credit quality or the liquidity of the instrument; the actual BA is created at a late stage in the underlying transaction when a bank accepts its obligation to pay the holder of the unconditional obligation of the accepting bank.

From an investor's point of view, a BA is a bank obligation that has at least the same credit strength as any CD issued by the same bank. BAs are typically stronger than CDs because in

addition to the credit strength of the accepting bank, they are backed by the credit strength of a drawer; an endorsing bank, if one is involved in the transaction; and usually by the pledge of documents representing ownership of the trade goods and insurance on the goods. BAs do not carry federal deposit insurance.

The term of a BA may be for an even 90, 180, or 270 days when it is created but is often for an odd number of days by the time an investor purchases it.

BAs meeting certain Federal Reserve regulations are called eligible BAs. Eligible BAs cannot exceed 180 days and are not subject to reserve requirements.

Like Treasury bills, BAs do not pay interest. Instead, they are bought and sold on a discount basis. For larger BAs created by creditworthy banks, there is an active secondary market.

Banker Note (BN): Similar to Commercial Paper (debt instrument issued by the Bank's holding company), but the Bank Note is issued directly by the Bank and not the holding company. BNs represent the highest senior debt issued by the bank, second only to Certificate of Deposit holders; highly negotiable and liquid; an allowable and accepted institutional investment form.

Basis Point: One basis point equals 1/100 of one percent. Example: 0.25% is twenty-five basis points. Basis points are used more often to describe changes in yields on bonds, notes, and other fixed-income securities.

Benchmark: A comparative base for measuring the performance or risk tolerance of the investment portfolio. A benchmark should represent a close correlation to the level of risk and the average duration of the portfolio's investment.

Bermuda Call: Bonds may only be called on a pre-determined schedule of call dates: Monthly, Quarterly, Annually, etc.

Bid Price: The price at which a buyer offers to buy a security.

Bond: A long-term debt instrument in which the investor lends money to the bond issuer, who agrees to pay a stated rate of interest over a specified period of time. Very simply, a bond is a

promissory note which is traded in the financial markets. The investor's position is that of lender.

Bond Rating: A rating selected from a scale which indicates the relative likelihood of default.

Book Entry: The system, maintained by the Federal Reserve, by which most money market securities are "delivered" to an investor's custodian bank. The Federal Reserve maintains a computerized record of the ownership of these securities, and records any changes in ownership corresponding to payments made over the Federal Reserve wire (delivery versus payment). These securities do not receive physical certificates.

Book Value: The original cost of the investment, plus accrued interest and amortization of any premium or discount.

Broker: A middleman who brings buyers and sellers together and handles their orders, generally charging a commission for his services. The broker does not own or take a position in the security.

Call Option: A contract which allows the holder to buy a specified quantity of an asset at a specified price on or within a specified date.

Callable Bonds: Bonds which may be redeemed by the issuing company prior to the maturity date.

Canary Call: Bonds may be called during an open call period, if not called on the last date, then they become non-callable to maturity.

Capital Gain/Loss: The profit or loss realized from the sale of a capital asset.

Certificate of Deposit (CD): A time deposit with a specific maturity evidenced by a certificate. Large-denomination CDs are typically negotiable.

Collateral: Securities or cash pledged by a borrower to secure repayment of a loan or repurchase agreement or securities pledged by a financial institution to secure deposits of public

moneys. Repurchase agreements are required and must be executed with approved broker-dealers, collateralized with either: (1) U.S. Treasuries or Agencies with a market value of 102% for collateral marked to market daily; or (2) money market instruments which are on the approved list of the County and which meet the qualifications of the Policy with a marked value of 102%

Commercial Paper (CP): Commercial paper is an unsecured, short-term promissory note issued by corporations for specific amounts and with specific maturity dates. Typical issuers are firms that need large amounts of short-term working capital or firms with fluctuating requirements for short-term funds.

Commercial paper is relatively safe but not the same quality as U.S. Treasury or agency obligations. Major credit rating agencies provide published credit ratings for commercial paper issues. Issuers without strong credit ratings, as well as smaller and less well-known companies, often can only find buyers for their commercial paper if it is backed by a letter of credit from a commercial bank or guaranteed by the issuer's parent company.

Commercial paper can be sold at a discount or can be interest bearing; however, most commercial paper is issued at a discount. Terms can be as short as one day and usually do not exceed 270 days. Minimum sizes are determined by each issuer. They are often \$100,000 but may be smaller.

Coupon or Coupon Rate: The rate at which a bond pays interest. Stated as a percentage of par and computed out to a dollar amount. Example: A note with a coupon of 6% pays \$30,000 interest per million dollars of par every six months, or \$60,000 annually

Current Yield: The annual income from an investment divided by the current market value. Since the mathematical calculation relies on the current market value rather than the investor's cost, current yield is unrelated to the actual return the investor will earn if the security is held to maturity.

CUSIP Number: A nine-digit letter and number combination established by the Committee on Uniform Securities Identification Procedures that is used to identify publicly traded securities. Each publicly traded security receives a unique CUSIP number when the security is issued.

Custodian: A bank or other financial institution that keeps custody of stock certificates and other assets.

Dealer: A dealer, as opposed to a broker, acts as a principal in all transactions, buying and selling for his own account.

Debenture: A bond secured only by the general credit of the issuer.

Delivery Versus Payment (DVP): Delivery of securities with a simultaneous exchange of money for the securities.

Derivative: A security whose interest rate of principal amount may vary and is determined by a market index or a combination of market indexes.

Discount: The amount by which the price for a security is less than its par.

Discount Securities: Non-interest bearing money market instruments that are issued at a discount and redeemed at maturity for the full face value of the investment.

Diversification: An investment strategy designed to spread the risk in a portfolio by dividing investments among different sectors, industries, and companies.

Dollar-Weighted Average Maturity: A calculation that expresses the “average maturity” of an investment portfolio using investment’s maturity weighted by size of that investment.

European Call: Bonds may only be called on one pre-determined date.

Federal Credit Agencies: Agencies of the Federal government set up to supply credit to various classes of institutions and individuals.

Federal Deposit Insurance Corporation (FDIC): A federal agency that insured bank deposits, currently up to \$250,000 per deposit.

Federal Farm Credit Bank Securities: The Federal Farm Credit Banks (FFCBs) issue two types of short-term securities. Debentures are issued for terms of three, six and 12 months. Interest on the debentures is paid at maturity.

The FFCBs also sell discount notes. Like Treasury bills, FFCB discount notes pay interest at maturity since they are sold at a discount, but redeemed at par. The discount notes are issued with original maturities ranging from five to 365 days.

Minimum size for both debentures and discount notes is \$5,000. Obligations of the FFCBs are not guaranteed by the U.S. government but are considered to have implied backing.

Federal Funds Rate: Interest rate at which banks lend federal funds to each other.

Federal Home Loan Banks (FHLB): Government sponsored wholesale banks that lend funds and provide correspondent banking services to member commercial banks, thrift institutions, credit unions and insurance companies.

Federal Home Loan Bank Notes: The Federal Home Loan Bank (FHLB) issues discount notes. Like Treasury bills, these pay interest at maturity since they are sold at a discount but redeemed at par. The discount notes are issued with original maturities ranging from five to 365 days. These discount notes can be called before maturity. The minimum size is \$5,000.

Obligations of the FHLB are not guaranteed by the U.S. government but are considered to have implied backing.

Federal Home Loan Mortgage Corporation Discount Notes: The Federal Home Loan Mortgage Corporation (FHLMC or Freddie Mac) also issues discount notes. The discount notes are issued with original maturities ranging from one to 360 days. Minimum size is \$25,000. These discount notes are not guaranteed by the U.S. government but are considered to have implied backing.

Federal National Mortgage Association Residential: The Federal National Mortgage Association (FNMA or Fannie Mae) issues unsecured obligations called residential financing securities or REFs. REFs are issued with original maturities of six months, one year, and two

years. Interest on the one- and two-year notes is paid semiannually. Minimum size is \$10,000. REFs are not guaranteed by the U.S. government but are considered to have implied backing.

Federal Open Market Committee (FOMC): This committee sets Federal Reserve guidelines regarding purchases and sales of government securities in the open market as a means of influencing the volume of bank credit and money.

Federal Reserve System: A U.S. centralized banking system which has supervisory powers over the 12 Federal Reserve banks and about 6,000 member banks.

Fed Funds: The settlement is to be consummated with funds on deposit at the Federal Reserve Bank; and, thus, available the same day. All government securities are traded on Fed Funds; also referred to as “same day funds”.

Fixed-Income Securities: Securities which return a fixed income over a specified period.

Floating Rate Note: A debt security whose interest rate is reset periodically (monthly, quarterly, annually) and is based on a market index (e.g.: Treasury bills, LIBOR, etc.).

Government National Mortgage Association (GNMA or Ginnie Mae): Securities influencing the volume of bank credit guaranteed by GNMA and issued by mortgage bankers, commercial banks, saving and loan associations, and other institutions. Security holder is protected by full faith and credit of the U.S. Government. Ginnie Mae securities are backed by the FHA, VA or FmHA mortgages. The term “pass-throughs” is often used to describe Ginnie Maes.

Government-Sponsored Enterprises (GSE): Government sponsored obligations, participation, or other instruments, including those issued by or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises.

Interest: The amount earned while owning a debt security, generally calculated as a percentage of the principal amount.

Liquidity: The speed and ease with which an investment can be converted to cash.

Local Agency: County, city, city and county, including a charter city or county, school district, community college district, public district, county board of education, county superintendent of schools, or any public or municipal corporation.

Market: Refers to the place, physical or electronic, that investment transactions take place. The New York Stock Exchange (NYSE) is a recognized exchange (stock market) with a physical location in New York. The Chicago Board of Trade (CBT) is a recognized exchange (commodities market) with a physical location in Chicago. The “over-the-counter” market is an electronic and phone system used to trade investments which are not traded on recognized exchanges. Bond and money market investments (fixed income securities) are traded on the “over-the-counter” market.

Mark-To-Market: The market valuation for every security in a portfolio used in determining Net Asset Value (NAV).

Market Value: The price at which a security is trading and could presumably be purchased or sold.

Master Repurchase Agreement: A required written contract covering all future transactions between the parties to repurchase agreements that establish each party’s rights in the transactions. A master agreement will often specify, among other things, the right of the buyer-lender to liquidate the underlying securities in the event of default by the seller borrow (see Collateral).

Maturity: The date on which the principal or last principal payment on a debt is due and payable.

Medium Term Note (MTN): Debt securities issued by a corporation or depository institution with a maturity ranging from nine months to 5 years. The term “medium-term-notes” refers to the time it takes for an obligation to mature and includes other corporate debt securities originally issued maturities longer than five years, but which have now fallen within the 5-year maturity range. MTNs issued by banks are also called “bank notes.”

Money Market: The market in which short term debt instruments (Treasury bills, discount notes, commercial paper, bankers' acceptances, etc.) are issued and traded.

Money Market Mutual Funds: An investment company that pools money from investors and invests in a variety of short-term money market, instruments. The Net Asset Value (NAV) of these funds should remain at \$1.00; however, it is not guaranteed.

Municipal Debt: Issued by public entities to meet capital needs.

Nationally Recognized Rating Services: Firms that review the creditworthiness of the issuers of debt securities and express their opinion in the form of letter ratings (e.g.: AAA, AA, A, BBB, etc.). The primary rating agencies include Standard & Poor's Corporation; Moody's Investor Services, Inc.; Fitch Investors Service; Duff & Phelps Investment Service; Thomas Bank Watch and International Bank Credit Analyst.

Negotiable Certificate of Deposit (CD): Large-dollar-amount, short-term certificate of deposit. Such certificates are issued by large banks and bought mainly by corporations and institutional investors. They are payable either to the bearer or to the order of the depositor, and, being NEGOTIABLE, they enjoy an active SECONDARY MARKET, where they trade in round lots of \$5 Million.

Non-Callable: Bond that is exempt from any kind of redemption for a stated time period. Also known as a Bullet Bond.

Offer Price: The price asked by a seller of securities.

Open Market Operations: Purchases and sales of government and certain other securities in the open market by the New York Federal Reserve Bank as directed by the FOMC in order to influence the volume of money and credit in the economy.

Par Value: The amount of principal which must be paid at maturity; also referred to as the face amount of a bond, normally quoted in \$1,000 increments per bond.

Physical Delivery: The delivery of an investment to the custodian bank in the form of a certificate and/or supporting documents evidencing the investment (as opposed to “book entry” delivery).

Plain Vanilla: Non-derivative investments which are not leveraged and whose interest rates do not change.

Portfolio: A group of securities held by an investor.

Premium: The difference between the par value of a bond and the market value of the bond, when the market value is above par.

Price: The percentage of par at which a security is bought and sold. Corporate debt is traded in denominations of 100th of a percent. Government debt is traded in denominations of 32nds of a percent.

Price Risk: The risk that the price of a bond sold prior to maturity will be less than the price at which the bond was originally purchased.

Primary Dealer: A group of government securities dealers who submit daily reports of market activity and positions and monthly financial statements to the Federal Reserve Bank of New York and are subject to its informal oversight.

Prime Rate: The interest rate banks charge the biggest borrowers with the best credit ratings.

Principal: The face value or par value of an investment.

Prudent Person Rule: An investment standard. In some states the law requires that a fiduciary, such as a trustee, may invest money only in a list of securities selected by the custody state. In other states the trustee may invest in a security if it is one which would be bought by a prudent person of discretion and intelligence who is seeking a reasonable income and preservation of capital.

PSA Master Repurchase Agreement: A required written contract covering all future transactions between the authorized bank and the Treasurer to repurchase agreements that establish each party's rights in the transactions (see Collateral & Repurchase Agreement).

Qualified Institutional Buyer: A qualified institutional buyer (QIB) is a class of investor that can safely be assumed to be a sophisticated investor and hence does not require the regulatory protection that the Securities Act's registration provisions give to investors. In broad terms, QIBs are institutional investors that own or manage on a discretionary basis at least \$100 million worth of securities, such as private placement securities for example. On Aug. 26, 2020, the SEC adopted amendments to the QIB and accredited investor definitions that broadened the list of entities eligible adding governmental agencies.

Qualified Public Depositories: A financial institution which does not claim exemption from the payment of any sales or compensating use or ad valorem taxes under the laws of this state, which has segregated for the benefit of the commission eligible collateral having a value of not less than its maximum liability and which has been approved by the Public Deposit Protection Commission to hold public deposits.

Rate Of Return: The yield obtainable on a security based on its purchase price or its current market price. This may be the amortized yield to maturity on a bond or the current income return.

Receivable-Backed Securities: Securities collateralized with consumer receivables, such as automobile loans, credit card receivables, or home equity loans, which are owned by the issuer, but placed with a trustee for the benefit of the investor.

Receivable Pass-Through Certificate: A debt obligation that is backed by a portfolio of receivables, normally issued by a bank or financial institution. The interest and principal of the obligation is paid out of the cash flow generated by the receivables portfolio.

Registered State Warrant: A short-term obligation of a state governmental body issued in anticipation of revenue.

Reinvestment Risk: The risk that coupon payments (or other payments received) cannot be reinvested at the same rate as the initial investment.

Repurchase Agreement (RP or REPO): Repurchase agreements (repos) involve selling a security subject to an agreement for the seller to buy it back (repurchase it) from the buyer. A repo is a type of short-term secured loan. The security that is sold is usually a U.S. Treasury obligation; however, agency securities are also used. Typical maturities may be as short as overnight or as long as six months.

Revenue Anticipation Notes or RANs: Notes issued for thirteen months or less which are used to finance cashflow in anticipation of future tax revenue. Used by agencies having cashflow gaps between revenues and expenses that requires short-term interim financing. Also see Tax Anticipation Notes (TANs) and Tax and Revenue Anticipation Notes (TRANs).

Rule G-37 of the Municipal Securities Rulemaking Board: Federal regulations to sever any connection between the making of political contributions and the awarding of municipal securities business.

Safekeeping: The holding of securities in a segregated account by a custody agent or trustee. Transactions are escrowed through these accounts by the custody agent or trustee. Safekeeping services are typically provided by banks and other financial institutions.

Secondary Market: A market made for the purchase and sale of outstanding issues following the initial distribution.

Securities & Exchange Commission (SEC): The federal agency responsible for supervising and regulating the securities industry.

Settlement Date: The date on which the purchase or sale of securities is executed. For example, in a purchase transaction, the day securities are physically delivered or wired to the buyer in exchange for cash is the settlement date.

Supranationals: International institutions that provide development financing, advisory services and/or other financial services to their member countries to achieve overall goal of rates,

0% risk weighting with Basle II and III, Financial strength based on diversified, sovereign shareholders, conservative risk management, quality loan portfolio (preferred creditor status), substantial liquidity and consistent profitability strong capitalization.

Structured Notes: Notes issued by Government Sponsored Enterprises (FHLB, FNMA, SLMA, etc.) and Corporations that have imbedded options (e.g.: call features; step-up coupons) into their debt structure. Their market performance is impacted by the fluctuation of interest rates, the volatility of the imbedded options and shifts in the shape of the yield curve.

Tax and Revenue Anticipation Notes or TRANS: Notes issued for thirteen months or less. They are a combination of Tax Anticipation Notes (TANs) and Revenue Anticipation Notes (RANs). Also see Revenue Anticipation Notes (RANs) and Tax Anticipation Notes (TANs).

Tax Anticipation Notes or TANs: Notes issued for thirteen months or less which are used to finance cashflow in anticipation of future tax revenue. Commonly used by California local governments whose primary revenues are property taxes which are collected in December and April. Also see Revenue Anticipation Notes (RANs) and Tax and Revenue Anticipation Notes (TRANs).

Trade Date: The date and time corresponding to an investor's commitment to buy or sell a security.

Treasuries: Securities issued by the U.S. Treasury and backed by the FULL FAITH & CREDIT of the United States. Treasuries are considered to have no credit risk, and are the benchmark for interest rates on all other securities in the U.S. and overseas. The Treasury issues both discounted securities and fixed coupon notes and bonds. The income from Treasury securities is exempt from state and local, but not federal taxes.

Treasury Bills: Non-interest bearing discount securities with maturities under one year issued by the U.S. Treasury to finance the national debt.

Treasury Notes (USTN) and Bonds: Treasury notes and bonds, the long-term debt obligations of the U.S. government, bear coupons and thus resemble municipal bonds. Interest is payable every six months at a rate of one-half the annual coupon.

Treasury coupon securities trading are conducted by the same securities dealers who trade T-bills. Notes are issued for original maturities of one to 10 years and carry that label only because of federal statutory language. Bonds are issued with original maturities of more than 10 years.

U.S. Treasury Bills: U.S. Treasury bills are the shortest term obligations issued by the U.S. Treasury. Bills are issued for maturities of one year or less. Usually, the Treasury issues bills in three maturities: 13 weeks, 26 weeks, and 52 weeks. Occasionally, the Treasury sells bills with different maturities, usually to match expected tax receipts. Those bills are referred to as cash management bills.

Bills are sold by the Treasury at weekly auctions. New 13-week and 26-week bills are issued each week. The auctions for 13-week and 26-week bills are held on Mondays. Bills purchased at an auction settle on the following Thursday, and they mature on Thursdays. If a Thursday is a bank holiday, the Friday is used. The Treasury usually issues 52-week bills only once each month. Bill transactions tend to be large. Even though the minimum size is only \$10,000, a round Lot is considered to be \$1 million. Buyer of bills in amounts less than a round Lot receive slightly higher prices (i.e., lower yields) than buyers of round Lots.

The owner of a Treasury bill earns a return because the bills are sold at a discount and redeemed at par.

Example. A one-year bill may be sold at a discount price of 94 and redeemed at the end of the year at par, or 100. In the example, the owner of a \$100,000 bill would pay \$94,000 and receive \$100,000 a year later. The difference of \$6,000 is the amount of the discount. The discount rate in the example is six percent.

Investors need to be aware that the yield they receive from Treasury bills is not the same as the discount rate.

Yankee Bank: A foreign bank with operations in the U.S. Bonds issued by these banks are called Yankee Bonds.

Yield: The rate of annual income return on an investment, expressed as a percentage.

Yield to Maturity (YTM): The rate of return earned on an investment considering all cashflows and timing factors: interest earnings, discounts, and premiums above par.

Zero-Coupon Bonds/U.S. Treasury Strips: A bond which represents ownership of a single coupon or principal payment due on a U.S. Treasury Bond. “Zero” or “strips” mature at face value at a specified date in the future and make no payments until that date. They always sell at a discount from face value.

**Shasta County Treasurer
Disaster/Business Continuity Plan
Banking and Investment Functions**

Scope

The Shasta County Treasurer's banking and investment functions are mission critical and as such, the office must have a Disaster/Business Continuity Plan in place. In the event we are unable to operate from our office, the plan shall be activated. Periodically, the plan shall be tested.

The plan's goal is to protect and account for all funds on deposit with the county treasurer and to be able to continue our banking and investment functions for all participants in the event of occurrence (earthquake, fire, pandemic, or other event) which disrupts normal operations.

Chain of Command

The chain of command shall be in order of:

- Treasurer,
- Chief Deputy Treasurer
- Chief Deputy Tax Collector

Continuity Procedure

In the event we are unable to conduct normal business operations, the authorized persons shall interact with one another by home phone, email or cellular phone to decide on the alternate location. If unable to contact one another, the authorized persons shall through the county's office of emergency services establish contact with one another.

Functions & Tasks to be Performed

Recognizing we may be operating in less than optimal conditions, the primary functions are to protect and continue to account for all funds on deposit with the county treasurer. While normal processes may be modified, the investment policy shall be strictly followed.

Tasks to be performed include:

- Daily cash work up
- Investment of maturing securities and any daily deposits after making an allowance for checks/wires expected to clear
- Daily cash and bank reconciliation
- For deposits, the treasurer's office will notify county departments, special districts and schools of any changes to their deposit location. Deposits to any account other than those established by the treasurer is prohibited.
- Disbursement activity will be coordinated with the county Auditor-Controller.

Equipment and Emergency Packets

The “authorized persons” in the treasurer’s office including support staff upon an occurrence are official disaster workers and are assigned to support our Disaster/Business Recover Plan. Each shall have on their possession their County of Shasta Identification Card.

The level of disruption and assigned work location will be determined by the Treasurer, Chief Deputy Treasurer or Chief Deputy Tax Collector. All related costs shall be absorbed by the Treasurer’s office and reimbursed pursuant to Government Code section 27013.

In all cases, the safety of treasury personnel is paramount. In no event should our alternate location or alternate procedure be employed if doing such will endanger anyone.

Offsite Locations

Failing the ability to operate from our office, our operations will relocate in the following order of priority:

- Location determined by the County Office of Emergency Services or County Administrator
- Treasurer’s home
- Chief Deputy Treasurer’s home
- One of our banks operations centers which may be outside Shasta County in a worst-case scenario

SHASTA COUNTY POOLED INVESTMENT
January 30, 2026

01/30/26

PURCHASE DATE	SECURITY TYPE	PAR AMOUNT	COST AMOUNT	% OF TOTAL	DISC	PREM	ACCRUED INTEREST	MATURITY	CUSIP	MOODY'S RATING	INT/DISC RATE	YIELD	BROKER	DAYS TO MAT	DAYS* COST	MARKET VALUE	UNREALIZED GAIN/LOSS	AVERAGE MATURITY	US BANK VS. TREAS
	Local Agency Investment Fund (max 75.000)	44,000,000.00	44,000,000.00	4.68%				02/02/2026		not rated	4.20	4.20	LAIF	3	132,000,000.00			N/A	0.01
	Sweep	205,089.92	205,089.92					02/02/2026		not rated			Bank of America	3	615,269.76			N/A	0.00
	LIR Treasury Fund - Mutual Fund (5.00%max)	25,500,000.00	25,500,000.00	2.71%				02/02/2026		not rated	3.57	3.57	UBS	3				N/A	0.00
08/26/21	US Treasury Note	10,000,000.00	9,845,312.50		(154,687.50)		0.00	9,845,312.50	01/31/26	91282CBH3	NA/Aaa	0.38	0.73	UBS	1	9,845,312.50	10,000,000.00	154,687.50	0.00
04/10/23	US Treasury Note	10,000,000.00	10,000,000.00			0.00	0.00	10,000,000.00	02/15/26	91282CGL9	NA/Aaa	4.00	3.75	Union Banc	16	160,000,000.00	10,000,700.00	700.00	0.00
08/27/21	US Treasury Note	10,000,000.00	9,908,984.38		(91,015.62)		0.00	9,908,984.38	02/28/26	91282CBQ3	NA/Aaa	0.50	0.71	Wedbush	29	287,360,547.02	9,976,900.00	67,815.62	0.00
03/28/25	US Treasury Note	10,000,000.00	10,000,000.00				0.00	10,000,000.00	04/30/26	91282CKK6	NA/NA	4.88	4.08	Wells Fargo	90	900,000,000.00	10,027,200.00	27,200.00	0.01
04/16/25	US Treasury Note	10,000,000.00	9,760,937.50		(239,062.50)		0.00	9,760,937.50	05/15/26	91282R36	NA/NA	1.63	3.90	US Bancorp	105	1,024,898,437.50	9,942,900.00	181,962.50	0.01
10/15/24	US Treasury Note	10,000,000.00	9,500,000.00		(500,000.00)		0.00	9,500,000.00	05/31/26	91282CCF6	NA/NA	0.75	3.96	US Bancorp	121	1,149,500,000.00	9,905,100.00	405,100.00	0.01
12/12/23	US Treasury Note	10,000,000.00	9,912,109.38		(87,890.62)		0.00	9,912,109.38	06/15/26	91282CH7	NA/Aaa	4.13	4.50	Wedbush	136	1,348,046,875.68	10,019,600.00	107,490.62	0.01
06/30/22	US Treasury Note	10,000,000.00	9,185,937.50		(814,062.50)		0.00	9,185,937.50	06/30/26	91282CCJ8	NA/Aaa	0.88	3.05	Wedbush	151	1,387,076,562.50	9,888,000.00	702,062.50	0.01
11/18/22	US Treasury Note	5,500,000.00	4,852,031.25		(647,968.75)		0.00	4,852,031.25	07/31/26	91282CCP4	NA/Aaa	0.63	4.09	UBS	182	883,069,887.50	5,419,205.00	567,173.75	0.01
12/28/22	US Treasury Note	10,000,000.00	9,139,062.50		(860,937.50)		0.00	9,139,062.50	08/15/26	91282Z2A7	NA/Aaa	1.50	4.07	Wedbush	197	1,800,395,312.50	9,987,200.00	748,137.50	0.02
04/10/23	US Treasury Note	10,000,000.00	9,344,531.25		(655,468.75)		0.00	9,344,531.25	09/30/26	91282Y9G	NA/Aaa	1.63	3.65	UBS	243	2,270,721,093.75	9,872,100.00	527,568.75	0.02
12/05/24	US Treasury Note	10,000,000.00	9,981,250.00		(18,750.00)		0.00	9,981,250.00	01/15/27	91282CJT9	NA/NA	4.00	4.09	US Bancorp	350	3,493,437,500.00	10,040,900.00	59,650.00	0.03
12/09/24	US Treasury Note	10,000,000.00	9,471,484.40		(528,515.60)		0.00	9,471,484.40	01/31/27	91282Z78	NA/NA	1.50	4.10	Wells Fargo	366	3,466,563,290.40	9,800,600.00	329,115.60	0.03
03/29/23	US Treasury Note	10,000,000.00	9,462,500.00		(537,500.00)		0.00	9,462,500.00	02/15/27	912828V98	NA/Aaa	2.25	3.75	UBS	381	3,605,212,500.00	9,867,600.00	405,100.00	0.03
08/25/25	US Treasury Note	10,000,000.00	10,024,728.26			24,728.26	0.00	10,024,728.26	05/15/27	91282CKR1	NA/NA	4.50	3.74	Wells Fargo	470	4,711,622,282.20	10,118,400.00	93,671.74	0.04
06/30/23	US Treasury Note	10,000,000.00	9,408,593.75		(591,406.25)		0.00	9,408,593.75	05/31/27	91282CET4	NA/NA	2.63	4.28	Wells Fargo	496	4,572,576,562.50	9,881,300.00	472,706.25	0.04
12/09/22	US Treasury Note	10,000,000.00	9,778,125.00		(221,875.00)		0.00	9,778,125.00	06/30/27	91282CEW7	NA/Aaa	3.25	3.78	Wedbush	516	5,045,512,500.00	9,867,700.00	183,575.00	0.04
10/31/23	US Treasury Note	10,000,000.00	9,290,625.00		(709,375.00)		0.00	9,290,625.00	07/31/27	91282CFB2	NA/Aaa	2.75	4.84	Wedbush	547	5,081,971,875.00	9,987,100.00	596,475.00	0.04
01/03/23	US Treasury Note	10,000,000.00	10,000,000.00			0.00	0.00	10,000,000.00	09/30/27	91282CFM8	NA/Aaa	4.13	3.96	Wedbush	608	6,080,000,000.00	10,094,100.00	94,100.00	0.05
05/03/23	US Treasury Note	10,000,000.00	8,854,687.50		(1,145,312.50)		0.00	8,854,687.50	01/31/28	91282CJ9	NA/Aaa	0.75	3.38	UBS	731	6,472,776,562.50	9,466,800.00	612,112.50	0.06
05/05/23	US Treasury Note	10,000,000.00	9,715,072.80		(284,927.20)		0.00	9,715,072.80	02/15/28	912823W8	NA/Aaa	1.25	3.40	UBS	746	7,247,444,308.80	9,844,500.00	129,427.20	0.06
10/06/23	US Treasury Note	10,000,000.00	8,619,921.88		(1,380,078.12)		0.00	8,619,921.88	03/31/28	91282CBS9	NA/Aaa	1.25	4.72	Wedbush	791	6,818,358,207.08	9,524,600.00	904,678.12	0.06
12/08/23	US Treasury Note	10,000,000.00	9,441,406.25		(558,593.75)		0.00	9,441,406.25	05/15/28	912824H7	NA/Aaa	2.88	4.27	UBS	836	7,893,015,625.00	9,800,000.00	409,393.75	0.07
04/19/24	US Treasury Note	10,000,000.00	8,715,625.00		(1,284,375.00)		0.00	8,715,625.00	05/31/28	91282CE9	NA/Aaa	1.25	4.72	Wedbush	852	5,045,512,500.00	9,487,500.00	771,875.00	0.06
10/31/25	US Treasury Note	10,000,000.00	10,039,956.56			39,956.56	0.00	10,039,956.56	06/15/28	91282CNH0	NA/Aa1	3.88	3.52	UBS	867	8,704,642,337.52	10,070,700.00	30,743.44	0.08
12/12/25	US Treasury Note	10,000,000.00	10,081,198.77			81,198.77	0.00	10,081,198.77	06/15/28	91282CNH0	NA/Aa1	3.78	3.52	UBS	867	8,740,399,333.59	10,070,700.00	(10,498.77)	0.08
10/11/23	US Treasury Note	10,000,000.00	8,598,437.50		(1,401,562.50)		0.00	8,598,437.50	06/30/28	91282CCH2	NA/Aaa	1.25	4.59	Wedbush	882	7,583,821,875.00	9,469,900.00	871,462.50	0.07
12/06/23	US Treasury Note	10,000,000.00	9,460,937.50		(539,062.50)		0.00	9,460,937.50	08/15/28	912824V9	NA/Aaa	2.88	4.15	Wedbush	928	8,779,750,000.00	9,831,300.00	370,362.50	0.08
12/05/23	US Treasury Note	10,000,000.00	10,000,000.00			0.00	0.00	10,000,000.00	10/31/28	91282CFJ9	NA/Aaa	4.88	4.11	UBS	1005	10,050,000,000.00	10,330,500.00	330,500.00	0.09
12/13/23	US Treasury Note	10,000,000.00	9,525,000.00		(475,000.00)		0.00	9,525,000.00	11/15/28	9128285M8	NA/NA	3.13	4.25	US Bancorp	1020	9,715,500,000.00	9,876,600.00	351,600.00	0.08
04/24/24	US Treasury Note	10,000,000.00	8,764,062.50		(1,235,937.50)		0.00	8,764,062.50	01/31/29	91282CDW8	NA/NA	1.75	4.67	US Bancorp	1097	9,614,176,562.50	9,474,600.00	710,537.50	0.08
01/31/25	US Treasury Note	10,000,000.00	9,400,781.30		(599,218.70)		0.00	9,400,781.30	05/31/29	91282CE56	NA/NA	2.75	4.28	Wells Fargo	1217	11,440,750,842.10	9,721,100.00	320,318.70	0.10
10/28/24	US Treasury Note	10,000,000.00	9,400,000.00		(600,000.00)		0.00	9,400,000.00	07/31/29	91282CFJ0	NA/NA	2.63	4.02	US Bancorp	1278	12,013,200,000.00	9,662,100.00	262,100.00	0.10
06/30/25	US Treasury Note	10,000,000.00	9,998,437.50		(1,562.50)		0.00	9,998,437.50	06/30/30	91282CHJ3	NA/NA	3.75	3.76	US Bancorp	1612	16,117,481,250.00	9,997,300.00	(1,137.50)	0.14
****	Total Treasury Bill (50% limit)	335,500,000.00	319,481,737.73	33.98%												331,269,505.00	11,787,767.27		
****	Total Negotiable Cert of Deposit (20% limit)			0.00%															
****	Total Medium Term Notes (20% limit/ 3% ea)	0.00	0.00	0.00%												0.00	0.00		
06/05/25	Credit Agricole CP	10,000,000.00	9,687,250.00		(312,750.00)		0.00	9,687,250.00	03/02/26	22533UC27	A-1/P-1	4.17	4.31	UBS	31	300,304,750.00	9,971,800.00	284,550.00	0.01
06/17/25	Natixis CP	10,000,000.00	9,685,419.44		(314,580.56)		0.00	9,685,419.44	03/13/26	63873KCD7	A-1/P-1	4.21	4.35	UBS	42	406,787,816.48	9,960,100.00	274,680.56	0.01
07/03/25	Natixis CP	10,000,000.00	9,704,611.11		(295,388.89)		0.00	9,704,611.11	03/20/26	63873KCL9	A-1/P-1	4.09	4.21	UBS	49	475,525,944.39	9,955,000.00	248,388.89	0.01
06/30/25	MUFG Bank CP	10,000,000.00	9,693,250.00		(306,750.00)		0.00	9,693,250.00	03/27/26	62479MCT8	A-1/P-1	4.09	4.22	UBS	56	542,822,000.00	9,945,800.00	252,550.00	0.01
07/29/25	MUFG Bank CP	10,000,000.00	9,689,155.56		(310,844.44)		0.00	9,689,155.56	04/24/26	62479MDQ3	A-1/P-1	4.16	4.29	UBS	84	813,889,087.04	9,916,100.00	226,944.44	0.02
08/22/25	MUFG Bank CP	10,000,000.00	9,699,250.00		(300,750.00)		0.00	9,699,250.00	05/19/26	62479MEK5	A-1/P-1	4.01	4.13	UBS	109	1,057,218,250.00	9,890,500.00	191,250.00	0.03
08/28/25	Credit Agricole CP	10,000,000.00	9,706,300.00		(293,700.00)		0.00	9,706,300.00	05/22/26	22533UEN9	A-1/P-1	3.96	4.08	UBS	112	1,087,105,600.00	9,887,400.00	181,100.00	0.03
10/01/25	Natixis CP	10,000,000.00	9,740,125.00		(259,875.00)		0.00	9,740,125.00	06/01/26	63873KF10	A-1/P-1	3.85	3.95	UBS	122	1,188,295,250.00	9,877,000.00	136,875.00	0.03

