UPDATE TO OFFICIAL STATEMENT

relating to

$3,475,000
PORTOLA VALLEY SCHOOL DISTRICT
(San Mateo County, California)
2020 General Obligation Refunding Bonds
(Delayed Delivery)

This Update to the Official Statement (this "Update"), dated April 29, 2020, provides information in connection with the sale of the above-captioned refunding bonds (the "Refunding Bonds") and updates the Official Statement of the Portola Valley School District (the "District"), dated March 19, 2019 (the "Official Statement"), relating to the Refunding Bonds. All persons in possession of the Official Statement are requested to permanently insert this Update inside the front cover of, or otherwise attach this Update to, the Official Statement. All terms used but not otherwise defined herein shall have the meanings assigned to such terms in the Official Statement.

1. Page 19 of the Official Statement, under the Heading entitled "TAX BASE FOR REPAYMENT OF BONDS – Assessed Valuations," shall be revised to include information on the current assessed valuation of property within the District, as well as to acknowledge that outbreaks of disease may affect the assessed valuation of property within the District. Accordingly, the table appearing under such heading, the introductory paragraph thereto, and the immediately subsequent paragraph thereto shall be replaced in their entirety with the following:

The assessed valuation of property in the District is established by the County Assessor, except for public utility property which is assessed by the State Board of Equalization ("SBE"). Assessed valuations are reported at 100% of the "full cash value" of the property, as defined in Article XIIIA of the California Constitution. For a discussion of how properties currently are assessed, see "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS" herein. The table on the following page shows a six-year history of assessed valuations of the District, as of the date the equalized assessment tax roll is established in August of each year.

ASSESSED VALUATION
Fiscal Years 2014-15 through 2019-20
Portola Valley School District

Fiscal Year	Local Secured	Utility	Unsecured	Total	Annual % Change
2014-15	$4,379,896,815	$0	$13,133,769	$4,393,030,584	--
2015-16	4,668,005,941	0	15,181,888	4,683,187,829	6.60%
2016-17	4,881,919,925	0	11,744,573	4,893,664,498	4.49
2017-18	5,159,912,569	0	11,159,487	5,171,072,056	5.67
2018-19	5,437,231,898	0	11,263,652	5,448,495,550	5.36
2019-20	5,746,965,308	0	10,954,673	5,757,919,981	5.68

Source: California Municipal Statistics, Inc.

Economic and other factors beyond the District's control, such as general market decline in property values, disruption in financial markets that may reduce availability of financing for purchasers of property, reclassification of property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by the State and local agencies and property used for qualified education, hospital, charitable or religious purposes), or the complete or partial destruction of the taxable property caused by a natural or manmade disaster, such as earthquake, flood, fire, wildfire, drought, outbreak of disease or toxic contamination, could cause a reduction in the assessed value of taxable property within the District. Any such reduction would result in a corresponding increase in the annual tax rate levied by the County to pay the debt service with respect to the Bonds. See "THE BONDS – Security and Sources of Payment" herein.

2. Page 21 of the Official Statement, under the Heading entitled "TAX BASE FOR REPAYMENT OF BONDS – Assessed Valuations – Assessed Valuation of Single Family Homes," shall be revised to include information relating to the District's fiscal year 2019-20 assessed valuation. Accordingly, the table appearing under such heading, and the introductory paragraph thereto, shall be replaced in their entirety with the following:

Assessed Valuation of Single Family Homes. The following table shows the distribution of single family homes within the District among various fiscal year 2019-20 assessed valuation ranges, as well as the average and median assessed valuation of single family homes within the District.

PER PARCEL ASSESSED VALUATION OF SINGLE FAMILY HOMES
Fiscal Year 2019-20
Portola Valley School District

	No. of Parcels	2019-20 Assessed Valuation	Average Assessed Valuation	Median Assessed Valuation
Single Family Residential	2,371	$5,419,062,169	$2,285,560	$1,604,672

2019-20 Assessed Valuation	No. of Parcels[1]	% of Total	Cumulative % of Total	Total Valuation	% of Total	Cumulative % of Total
$0 - $199,999	136	5.736%	5.736%	$19,222,690	0.355%	0.355%
$200,000 - $399,999	240	10.122%	15.858%	71,115,843	1.312%	1.667%
$400,000 - $599,999	136	5.736%	21.594%	68,327,033	1.261%	2.928%
$600,000 - $799,999	141	5.947%	27.541%	98,462,836	1.817%	4.745%
$800,000 - $999,999	132	5.567%	33.108%	118,604,686	2.189%	6.934%
$1,000,000 - $1,199,999	143	6.031%	39.140%	157,545,702	2.907%	9.841%
$1,200,000 - $1,399,999	137	5.778%	44.918%	177,385,602	3.273%	13.114%
$1,400,000 - $1,599,999	117	4.935%	49.852%	175,458,279	3.238%	16.352%
$1,600,000 - $1,799,999	123	5.188%	55.040%	207,397,692	3.827%	20.179%
$1,800,000 - $1,999,999	114	4.808%	59.848%	216,248,494	3.991%	24.170%
$2,000,000 - $2,199,999	82	3.458%	63.307%	171,646,044	3.167%	27.337%
$2,200,000 - $2,399,999	90	3.796%	67.102%	205,575,876	3.794%	31.131%
$2,400,000 - $2,599,999	78	3.290%	70.392%	193,854,954	3.577%	34.708%
$2,600,000 - $2,799,999	70	2.952%	73.345%	187,935,674	3.468%	38.176%
$2,800,000 - $2,999,999	76	3.205%	76.550%	219,380,523	4.048%	42.224%
$3,000,000 - $3,199,999	55	2.320%	78.870%	170,676,682	3.150%	45.374%
$3,200,000 - $3,399,999	42	1.771%	80.641%	138,778,447	2.561%	47.935%
$3,400,000 - $3,599,999	42	1.771%	82.412%	146,654,891	2.706%	50.641%
$3,600,000 - $3,799,999	47	1.982%	84.395%	174,094,155	3.213%	53.854%
$3,800,000 - $3,999,999	37	1.561%	85.955%	144,192,176	2.661%	56.515%
$4,000,000 and greater	333	14.045%	100.000%	2,356,503,890	43.485%	100.000%
	2,371	100.000%		$5,419,062,169	100.000%	

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

3. Page 22 of the Official Statement, under the Heading entitled "TAX BASE FOR REPAYMENT OF BONDS – Assessed Valuations – Assessed Valuation and Parcels by Land Use," shall be revised to include information relating to the District's fiscal year 2019-20 assessed valuation. Accordingly, the table appearing under such heading, and the introductory paragraph thereto, shall be replaced in their entirety with the following:

Assessed Valuation and Parcels by Land Use. The following table shows the distribution of taxable property within the District by principal use, as measured by assessed valuation and parcels in fiscal year 2019-20.

ASSESSED VALUATION AND PARCELS BY LAND USE
Fiscal Year 2019-20
Portola Valley School District

Non-Residential:	2019-20 Assessed Valuation[1]	% of Total	No. of Parcels	% of Total
Agricultural/Rural	$ 67,149,355	1.17%	80	2.73%
Commercial/Office	29,140,549	0.51	19	0.65
Government/Social/Institutional	7,355,887	0.13	19	0.65
Miscellaneous/Water Company	18,232,612	0.32	59	2.02
Subtotal Non-Residential	$121,878,403	2.12%	177	6.05%
Residential:				
Single Family Residence	$5,419,062,169	94.29%	2,371	81.03%
Miscellaneous Residential	32,641,966	0.57	13	0.44
Subtotal Residential	$5,451,704,135	94.86%	2,384	81.48%
Vacant Parcels	$173,382,770	3.02%	365	12.47%
Total	$5,746,965,308	100.00%	2,926	100.00%

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

4. Page 22 of the Official Statement, under the Heading entitled "TAX BASE FOR REPAYMENT OF BONDS – Tax Rates," shall be revised to include information relating to the District's fiscal year 2019-20 assessed valuation. Accordingly, the table appearing under such heading, and the introductory paragraph thereto, shall be replaced in their entirety with the following:

The following table summarizes the total *ad valorem* property tax rates, as a percentage of assessed valuation, levied by all taxing entities in a typical tax rate area (a "TRA") within the District during the five-fiscal year period from 2014-15 to 2019-20.

SUMMARY OF *AD VALOREM* PROPERTY TAX RATES (TRA 19-000)(1)
Fiscal Years 2014-15 through 2019-20
Portola Valley School District

	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
General	1.0000%	1.0000%	1.0000%	1.0000%	1.0000%	1.0000%
Portola Valley School District	.0304	.0292	.0250	.0243	.0227	.0509
Sequoia Union High School District	.0433	.0434	.0391	.0383	.0365	.0340
San Mateo Community College District	.0190	.0250	.0247	.0235	.0175	.0266
Midpeninsula Regional Open Space District	--	.0008	.0006	.0009	.0018	.0016
Total	1.0927%	1.0984%	1.0894%	1.0870%	1.0785%	1.1131%

(1) The 2019-20 assessed valuation of TRA 19-000 is $1,842,840,395 representing 32.01% of the District's total assessed valuation for such fiscal year.

Source: California Municipal Statistics, Inc.

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5. Page 24 of the Official Statement, under the Heading entitled "TAX BASE FOR REPAYMENT OF BONDS – Principal Taxpayers," shall be revised to include information relating to the District's fiscal year 2019-20 assessed valuation. Accordingly, the table appearing under such heading, and the introductory paragraph thereto, shall be replaced in their entirety with the following:

The more property (by assessed value) which is owned by a single taxpayer within the District, the greater amount of tax collections that are exposed to weaknesses in such a taxpayer's financial situation and ability or willingness to pay property taxes. The following table lists the 20 largest local secured taxpayers in the District in terms of their fiscal year 2019-20 secured assessed valuations. 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.

20 LARGEST LOCAL SECURED TAXPAYERS
Fiscal Year 2019-20
Portola Valley School District

	Property Owner	Primary Land Use	2019-20 Assessed Valuation	% of Total[1]
1.	Octopus Holdings LP	Residential	$104,071,100	1.81%
2.	3000 Portola Road	Residential	92,685,098	1.61
3.	Woodside Investment Partners LLC	Residential	33,685,000	0.59
4.	Cosmotron LLC	Residential	24,780,000	0.43
5.	Miriam L. Haas Trust	Residential	24,649,215	0.43
6.	Thomas J. Fogarty Trust	Residential	24,018,199	0.42
7.	Frog Creek Partners LLC	Residential	22,860,066	0.40
8.	California Water Service Co.	Water Company	22,360,528	0.39
9.	William Peter Freitag Trust	Residential	21,533,572	0.37
10.	Monte Leon LLC	Residential	19,174,779	0.33
11.	Bandel L. Carano Trust	Residential	18,605,315	0.32
12.	Fredric W. Harman Trust	Residential	17,748,128	0.31
13.	Agape Community LLC	Residential	17,696,800	0.31
14.	Dearborn Stables LLC	Residential/Boarding Stables	17,004,592	0.30
15.	Alamos PV 2017 LLC	Residential	16,830,000	0.29
16.	Robert C. Kagle	Residential	15,932,020	0.28
17.	Spring Ridge LLC	Residential	15,826,585	0.28
18.	John W. Thompson Trust	Residential	15,338,563	0.27
19.	Dirk A. Kabcenell Trust	Residential	14,573,346	0.25
20.	1005 Mountain Home Road LLC	Residential	14,500,000	0.25
			$553,872,906	9.64%

(1) 2019-20 Local Secured Assessed Valuation: $5,746,965,308.
Source: California Municipal Statistics, Inc.

6. The first introductory paragraph appearing under the heading "TAX BASE FOR REPAYMENT OF BONDS – Statement of Direct and Overlapping Debt," on page 24 of the Official Statement, shall be replaced with the following, and the table on page 25 of the Official Statement under such Heading, shall be replaced with the table on the following page:

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

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STATEMENT OF DIRECT AND OVERLAPPING DEBT
Portola Valley School District

2019-20 Assessed Valuation: $5,757,919,981

DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:	% Applicable	Debt 4/1/20
San Mateo Community College District	2.406%	$18,446,405
Sequoia Union High School District	5.608	28,640,897
Portola Valley School District	**100.000**	**23,295,000**[(1)]
Midpeninsula Regional Open Space District	1.840	1,634,104
California Statewide Communities Development Authority		
1915 Act Bonds	100.00	2,545,126
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		$74,561,532

DIRECT AND OVERLAPPING GENERAL FUND DEBT:		
San Mateo County General Fund Obligations	2.406%	$12,766,483
San Mateo County Board of Education Certificates of Participation	2.406	195,848
Portola Valley School District General Fund Obligations	**100.000**	**1,610,424**
Midpeninsula Regional Open Space District General Fund Obligations	1.840	2,060,535
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT		$16,633,290
COMBINED TOTAL DEBT		$91,194,822[(2)]

Ratios to 2019-20 Assessed Valuation:

Direct Debt ($23,295,000).. 0.40%
Total Direct and Overlapping Tax and Assessment Debt1.29%
Combined Direct Debt ($24,905,424) 0.43%
Combined Total Debt……………………………………1.58%

(1) Excludes the Refunding Bonds described herein, but includes the Prior Bonds being refunded with proceeds of the Refunding Bonds.
(2) Excludes tax and notes, enterprise revenue anticipation revenue, mortgage revenue and non-bonded capital lease obligations.
Source: California Municipal Statistics, Inc.

7. The paragraphs appearing under the heading "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Proposition 2," starting on page 33 of the Official Statement, shall be replaced in their entirety with the following:

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 will generally be 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 the 2029-30 fiscal year, 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 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 XIIIB 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.

SB 858. Senate Bill 858 ("SB 858") became effective upon the passage of Proposition 2. SB 858 includes provisions which could limit the amount of reserves that may be maintained by a school district in certain circumstances. Under SB 858, in any fiscal year immediately following a fiscal year in which the State has made a transfer into the 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 California Education Code (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.

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

SB 751. Senate Bill 751 ("SB 751"), enacted on October 11, 2017, alters the reserve requirements imposed by SB 858. Under SB 751, in a fiscal year immediately 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 basic aid school districts (also known as community funded districts) and small school districts having fewer than 2,501 units of average daily attendance

8. Page 37 to the Official Statement, under the heading "DISTRICT FINANCIAL INFORMATION – State Funding of Education – Local Control Funding Formula" shall be revised to reflect updated ADA and enrollment information regarding the District. Accordingly, the table appearing under such heading, and the introductory sentence thereto, shall be replaced in their entirety with the following:

The table below shows a breakdown of the District's ADA by grade span, total enrollment, and the percentage of EL/LI student enrollment for fiscal years 2013-14 through 2019-20.

ADA, ENROLLMENT AND EL/LI ENROLLMENT PERCENTAGE
Fiscal Years 2013-14 through 2019-20
Portola Valley School District

	Average Daily Attendance(1)				Enrollment(2)	
Fiscal Year	K-3	4-6	7-8	Total ADA	Total Enrollment	% of EL/LI Enrollment(3)
2013-14	265	178	185	628	650	9.5%
2014-15	270	219	118	607	634	9.6
2015-16	259	208	137	604	640	10.6
2016-17	258	190	155	603	631	11.4
2017-18	249	205	126	580	592	12.2
2018-19	254	183	115	552	577	10.9
2019-20	237	178	117	532	552	9.1

Note: ADA figures rounded to the nearest whole number.

(1) Reflects ADA as of the second principal reporting period (P-2 ADA), ending on or before the last attendance month prior to April 15 of each school year. An attendance month is equal to each four-week period of instruction beginning with the first day of school for a particular school district.

(2) Enrollment for fiscal year 2012-13 is reported as of the October report submitted to the California Basic Educational Data System ("CBEDS"). Fiscal years 2013-14 and onward reflect certified enrollment as of the fall census day (the first Wednesday in October), which is reported to the California Longitudinal Pupil Achievement Data System ("CALPADS") in each school year and used to calculate each school district's unduplicated EL/LI student enrollment. Adjustments may be made to the certified EL/LI counts by the California Department of Education. CALPADS figures exclude preschool and adult transitional students.

(3) For purposes of calculating Supplemental and Concentration Grants, a school district's fiscal year 2013-14 percentage of unduplicated EL/LI students was expressed solely as a percentage of its total fiscal year 2013-14 total enrollment. For fiscal year 2014-15, the percentage of unduplicated EL/LI enrollment was based on the two-year average of EL/LI enrollment in fiscal years 2013-14 and 2014-15. Beginning in fiscal year 2015-16, a school district's percentage of unduplicated EL/LI students has been based on a rolling average of such district's EL/LI enrollment for the then-current fiscal year and the two immediately preceding fiscal years.

Source: Portola Valley School District.

9. The paragraph on pages 37 and 38 to the Official Statement regarding the District's status as a "basic aid" school district shall be replaced in its entirety with the following:

Certain schools districts, referred to as "basic aid" (or "community funded"), 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. Basic aid 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 basic aid 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 currently qualifies as a basic aid district. For fiscal year 2018-19, the District's local property tax collection exceeded its total LCFF allocation by approximately $7.2 million. For fiscal year 2019-20, the District's local property tax collection is expected to exceed its total LCFF allocation by approximately $7.6 million.

10. The following paragraph describing the novel COVID-19 outbreak shall be added to page 39 of the Official Statement, under a new heading entitled "DISTRICT FINANCIAL INFORMATION – Considerations Regarding COVID-19," and prior to the subheading "— Accounting Practices."

Considerations Regarding COVID-19

An outbreak of disease or similar public health threat, such as the novel coronavirus ("COVID-19") outbreak, or fear of such an event, could have an adverse impact on the District's financial condition and operating results.

The spread of COVID-19 is having significant negative impacts throughout the world, including in the District. The World Health Organization has declared the COVID-19 outbreak to be a pandemic, and states of emergency have been declared by the State and the United States. The purpose behind these declarations are to coordinate and formalize emergency actions and across federal, State and local governmental agencies, and to proactively prepare for a wider spread of the virus. On March 27, 2020 the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") was signed by the President of the United States. The CARES Act appropriates over $2 trillion to, among other things, (i) provide cash payments to individuals, (ii) expand unemployment assistance and eligibility, (iii) provide emergency grants and loans for small businesses, (iv) provide loans and other assistance to corporations, including the airline industry, (v) provide funding for hospitals and community health centers, (vi) expand funding for safety net programs, including child nutrition programs, and (vii) provide aid to state and local governments.

State law allows school districts to apply for a waiver to hold them harmless from the loss of LCFF funding based on attendance and state instructional time penalties when they are forced to close schools due to emergency conditions. In addition, the Governor of the State has enacted Executive Order N-26-20 ("Executive Order N-26-20"), which (i) generally streamlines the process of applying for such waivers for closures related to COVID-19 and (ii) directs school districts to use LCFF apportionment to fund distance learning and high quality educational opportunities, provide school meals and, as practicable, arrange for the supervision of students during school hours.

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

On March 19, 2020, the Governor ordered all California residents to stay home or at their place of residence to protect the general health and well-being, except as needed to maintain continuity of 16 critical infrastructure sectors described therein (the "Stay Home Order"). The District's schools are currently closed for the remainder of the academic year.

To date there have been a number of confirmed cases of COVID-19 in the County and health officials are expecting the number of confirmed cases to grow. The outbreak has resulted in the imposition of restrictions on mass gatherings and widespread temporary closings of businesses, universities and schools (including the District's schools). The U.S. is restricting certain non-US citizens and permanent residents from entering the country. In addition, stock markets in the U.S. and globally have been volatile, with significant declines attributed to coronavirus concerns.

Potential impacts to the District associated with the COVID-19 outbreak include, but are not limited to, increasing costs and challenges relating to establishing distance learning programs or other measures to permit instruction while schools remain closed, disruption of the regional and local economy with corresponding decreases in tax revenues, including property tax revenue, sales tax revenue and other revenues, increases in tax delinquencies, potential declines in property values, and decreases in new home sales, and real estate development. The economic consequences and the declines in the U.S. and global stock markets resulting from the spread of COVID-19, and responses thereto by local, State, and the federal governments, could have a material impact on the investments in the State pension trusts, which could materially increase the unfunded actuarial accrued liability of the STRS Defined Benefit Program and PERS Schools Pool, which, in turn, could result in material changes to the District's required contribution rates in future fiscal years. See also "PORTOLA VALLEY SCHOOL DISTRICT – Retirement Programs" herein.

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

The ultimate impact of COVID-19 on the District's operations and finances is unknown. There can be no assurances that the spread of COVID-19, or the responses thereto by local, State, or the federal government, will not materially adversely impact the local, state and national economies or the assessed valuation of property within the District, or adversely impact enrollment or average daily attendance within the District and, notwithstanding Executive Order N-26-20 or SB 117, materially adversely impact the financial condition or operations of the District. See also "TAX BASE FOR REPAYMENT OF BONDS –Assessed Valuations" herein.

11. The table on page 41 of the Official Statement, under the heading "DISTRICT FINANCIAL INFORMATION – Comparative Financial Statements" shall be replaced in its entirety with the following:

AUDITED GENERAL FUND REVENUE, EXPENDITURES AND FUND BALANCES
Fiscal Years 2013-14 through 2018-19
Portola Valley School District

	Fiscal Year 2013-14	Fiscal Year 2014-15	Fiscal Year 2015-16	Fiscal Year 2016-17	Fiscal Year 2017-18	Fiscal Year 2018-19
REVENUES						
LCFF sources	$9,421,150	$10,000,961	$10,674,236	$11,141,153	$11,774,307	$12,321,449
Federal	106,073	106,629	103,810	139,154	109,868	192,898
Other state	360,197	198,065	912,713	643,802	801,565	1,646,906
Other local	2,873,312	2,774,253	2,794,006	2,500,011	2,874,548	2,925,871
Total Revenues	12,760,732	13,079,908	14,484,765	14,424,120	15,560,288	17,087,124
EXPENDITURES						
Instruction	6,931,572	7,135,165	8,345,072	8,862,806	8,753,286	9,162,797
Instruction-related services:						
Supervision of instruction	492,316	410,363	400,878	330,069	259,048	337,671
Instructional library, media and technology	715,888	691,415	862,858	817,980	887,250	872,678
School site administration	903,930	953,659	1,024,453	1,009,654	1,056,696	1,144,764
Pupil services:						
Home-to-school transportation	88,466	85,548	78,416	88,846	123,656	103,061
Food services	--	--	--	--	--	379
All other pupil services	464,773	646,557	560,467	623,861	629,860	753,171
General administration:						
Data processing	95,377	71,195	57,113	80,633	53,847	40,690
All other general administration	1,324,313	1,027,013	1,395,359	1,328,234	1,479,465	1,524,105
Plant services	638,916	786,286	969,006	925,249	949,257	1,455,524
Ancillary services	19,744	--	--	--	--	--
Facility acquisition and construction	12,347	14,900	3,757	--	290,367	--
Other educational agencies	77,480	53,799	85,488	158,238	230,833	84,458
Capital Outlays	--	--	--	--	--	1,753
Debt service:						
Principal	265,265	275,610	286,527	256,550	141,699	150,616
Interest and other costs	322,191	309,020	186,968	171,859	170,466	161,018
Total Expenditures	12,352,578	12,460,530	14,256,362	14,653,979	15,025,730	15,792,685
Excess (deficiency) of revenues over (under) Expenditures	408,154	619,378	228,403	(229,859)	534,558	1,294,439
Other financing sources (uses)						
Transfers in	--	--	--	--	--	--
Transfers out	--	--	--	(438,000)	(54,546)	(330,786)
Total Other Financing Sources (Uses)	--	--	--	(438,000)	(54,546)	(330,786)
Net change in fund balances	408,154	619,378	228,403	(667,859)	480,012	963,653
Fund Balances – Beginning	1,545,435	1,718,017	2,337,395	2,565,798	1,897,939	2,266,891
Prior period adjustment	(235,572)(1)	--	--	--	(111,060)(2)	--
Fund Balances – Beginning	1,309,863	1,718,017	2,337,395	2,565,798	1,786,879	2,266,891
Fund Balances – Ending	$1,718,017	$2,337,395	$2,565,798	$1,897,939	$2,266,891	$3,230,544

(1) Reflects a prior period adjustment related to a lease financing.
(2) The District's beginning balance was decreased in order to recognize certain prior-year health and welfare expenditures.
Source: Portola Valley School District.

12. The final paragraph on page 43 of the Official Statement, under the heading "DISTRICT FINANCIAL INFORMATION – Budget Process – Budgeting Trends," shall be replaced in its entirety with the following, and the table on page 44 under such Heading shall be replaced in its entirety with the table on the following page.

Budgeting Trends. The District's general fund adopted budgets for fiscal years 2015-16 through 2019-20, actual results for fiscal years 2015-16 through 2018-19 and projected results for fiscal year 2019-20 are set forth on the following page.

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GENERAL FUND BUDGETING
Fiscal Years 2015-16 through 2019-20
Portola Valley School District

	Fiscal Year 2015-16		Fiscal Year 2016-17		Fiscal Year 2017-18		Fiscal Year 2018-19		Fiscal Year 2019-20	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget[1]	Projected[1]
REVENUES										
Revenue Limit/LCFF Sources	$10,350,872	$10,674,236	$10,886,800	$11,141,153	$11,476,512	$11,774,307	$12,189,815	$12,321,449	$12,834,502	$12,927,257
Federal Sources	119,484	103,810	101,387	139,154	106,866	109,868	106,866	106,871	115,733	121,268
Other State Sources[2]	244,957	912,713	813,417	643,802	709,726	801,565	697,098	1,646,906	763,168	818,659
Other Local Sources	2,535,069	2,794,006	2,521,508	2,500,011	2,463,782	2,874,548	2,268,604	2,925,871	2,391,109	2,615,846
TOTAL REVENUES	13,250,382	14,484,765	14,323,112	14,424,120	14,756,886	15,560,288	15,262,383	17,001,097	16,104,512	16,483,031
EXPENDITURES										
Certificated Salaries	6,264,131	6,582,993	6,387,659	6,737,393	6,894,507	6,643,884	6,752,051	6,436,676	6,496,129	6,443,186
Classified Salaries	1,854,602	1,849,880	1,875,987	1,935,410	1,879,999	1,924,916	1,958,915	1,925,558	1,972,716	1,981,376
Employee Benefits[2]	2,136,412	3,069,514	2,818,728	3,200,957	3,156,903	3,503,172	3,783,667	4,522,409	3,949,009	3,719,943
Books & Supplies	488,389	710,535	768,456	668,798	779,501	574,270	588,520	559,182	739,142	729,453
Services & Other Operating Expenses	1,169,482	1,479,225	1,728,303	1,553,297	1,787,869	1,622,650	1,815,578	2,004,363	1,645,434	1,745,910
Capital Outlay	236,251	38,489	61,514	13,181	283,500	265,763	--	--	43,105	58,105
Other Outgo	632,695	525,726	585,425	544,943	435,427	491,075	410,610	231,018	360,728	294,464
TOTAL EXPENDITURES	12,781,962	14,256,362	14,226,072	14,653,979	15,217,706	15,025,730	15,309,341	15,679,205	15,206,263	14,972,437
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	468,420	228,403	97,040	(229,859)	(460,820)	534,558	(46,958)	1,321,891	898,249	1,510,594
OTHER FINANCING SOURCES (USES) – NET	--	--	--	(438,000)	(35,410)	(54,546)	(11,660)	(330,786)	(414,000)	(914,000)
NET CHANGE IN FUND BALANCES	468,420	228,403	97,040	(667,859)	(496,230)	480,012	(58,618)	991,106	484,249	596,594
Fund Balance at beginning of year	2,337,395	2,337,395	2,565,798	2,565,798	1,897,939	1,897,939	2,266,891	2,266,891	3,257,997	3,257,997
Prior Period Adjustment	--	--	--	--	(111,060)[3]	(111,060)[3]	--	--	--	(27,456)[4]
Fund Balance at end of year	$2,805,815	$2,565,798	$2,662,838	$1,897,939	$1,290,649	$2,266,891	$2,208,273	$3,257,997	$3,742,246	$3,827,135

(1) As of the District's second interim financial report for fiscal year 2019-20.
(2) Beginning in fiscal year 2015-16, the District is required to report its share of payments made by the State to STRS (as defined herein) on behalf of District employees, pursuant to GASB Statement No. 68. These funds are not received or spent by the District, but have been recorded as revenues and expenditures.
(3) The District's beginning balance was decreased in order to recognize certain prior-year health and welfare expenditures.
(4) Reflects a restatement to the beginning balance in order to recognize the amortization of a capital lease obligation.

Source: Portola Valley School District.

13. The following heading and information shall be included immediately following the Heading entitled "DISTRICT FINANCIAL INFORMATION – State Budget Measures – Proposed 2019-20 Budget," which heading starts on page 47 of the Official Statement, and before the Heading entitled "—Future Actions" on page 49 of the Official Statement:

2019-20 Budget. On June 27, 2019, the Governor signed into law the State budget for fiscal year 2019-20 (the "2019-20 Budget"). The following information is drawn from summaries of the 2019-20 Budget prepared by the State Department of Finance and the LAO.

For fiscal year 2018-19, the 2019-20 Budget projected total general fund revenues and transfers of $138 billion and total expenditures of $142.7 billion. The State was projected to end the 2018-19 fiscal year with total available general fund reserves of $20.7 billion, including $5.4 billion in the traditional general fund reserve, $14.4 billion in the BSA and $900 million in the Safety Net Reserve Fund for the CalWORKs and Medi-Cal programs. For fiscal year 2019-20, the 2019-20 Budget projected total general fund revenues and transfers of $143.8 billion and authorized expenditures of $147.8 billion. The State was projected to end the 2019-20 fiscal year with total available general fund reserves of $18.8 billion, including $1.4 billion in the traditional general fund reserve, $16.5 billion in the BSA and $900 million in the Safety Net Reserve Fund. The 2019-20 Budget also authorized a deposit to the PSSSA of $376.5 million in order to comply with Proposition 2. The amount was projected to be below the threshold required to trigger certain maximum local reserve levels for school districts created by State legislation approved in 2014 (and amended in 2017). See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Proposition 2 – SB 858; SB 751" herein.

For fiscal year 2019-20, the 2019-20 Budget set the minimum funding guarantee at $81.1 billion. With respect to K-12 education, ongoing per-pupil spending was set at $11,993. Other significant features with respect to K-12 education funding include the following:

- *Local Control Funding Formula* – An increase of $1.9 billion in Proposition 98 funding for the LCFF, reflecting a 3.26% COLA. For fiscal year 2019-20, the adjusted Base Grants are as follows: (i) $8,503 for grades K-3, (ii) $7,818 for grades 4-6, (iii) $8,050 for grades 7-8, and (iv) $9,572 for grades 9-12. See also "DISTRICT FINANCIAL INFORMATION – State Funding of Education – Local Control Funding Formula" herein.

- *Settle-Up Payment* – An increase of $686.6 million for K-14 school districts to pay the balance of past-year Proposition 98 funding owed through fiscal year 2017-18.

- *Special Education* – $645.3 million in ongoing Proposition 98 funding for special education. Specifically, the 2019-20 Budget allocated (i) $152.6 million to provide all special education local area plans at least the Statewide target rate for base special education funding, and (ii) $492.7 million in special education funding, to be allocated to school districts based on the number of children between three to five years of age and with exceptional needs that are being served.

- *Pension Costs* – A $3.15 billion payment from non-Proposition 98 funds to CalSTRS and CalPERS, to reduce long-term liabilities for K-14 school districts. Of this amount, $850 million would be provided to buy down employer contribution rates in fiscal years 2019-20 and 2020-21. With these payments, CalSTRS employer contributions will be reduced from 18.13% to 17.1% in fiscal year 2019-20, and from 19.1% to 18.4% in fiscal year 2020-21. The CalPERS employer contribution will be reduced from 20.7% to 19.7% in fiscal year

2019-20, and the projected CalPERS employer contribution is expected to be reduced from 23.6% to 22.9 % in fiscal year 2020-21. The remaining $2.3 billion would be paid towards employers' long-term unfunded liability. See also "PORTOLA VALLEY SCHOOL DISTRICT – Retirement Programs" herein.

- *After School Programs* - $50 million in ongoing Proposition 98 funding to provide an increase of approximately 8.3% to the per-pupil daily rate for after school education and safety programs.

- *Teacher Support* - $43.8 million in one-time non-Proposition 98 funding to provide training and resources for classroom educators and paraprofessionals, to build capacity in key State priorities. The 2019-20 Budget also included $89.8 million in one-time, non-Proposition 98 funding to provide up to 4,487 grants for students enrolled in professional teacher preparation programs who commit to working in a high-need field at a priority school for at least four years.

- *Broadband Infrastructure* - $7.5 million in one-time, non-Proposition 98 funding for broadband infrastructure improvements at local educational agencies.

- *Full-Day Kindergarten* - $300 million in one-time, non-Proposition 98 funding to finance construction or retrofit of facilities to support full-day kindergarten programs.

- *Wildfire-Related Cost Adjustments* – An increase of $2 million in one-time Proposition 98 funding to reflect adjustments in the estimated for property tax backfill for basic aid school districts impacted by wildfires which occurred in 2017 and 2018. The 2019-20 Budget also held both school districts and charter schools impacted by wildfires in 2018 harmless in terms of State funding for two years.

- *Proposition 51* – a total allocation of $1.5 billion in Proposition 51 bond funds for K-12 school facility projects.

For additional information regarding the 2019-20 Budget, see the State Department of Finance and LAO websites at www.dof.ca.gov and www.lao.ca.gov. However, the information presented on such website is not incorporated herein by reference.

Proposed 2020-21 Budget. On January 10, 2020, the Governor released his proposed State budget for fiscal year 2020-21 (the "Proposed 2020-21 Budget"). The following information is drawn from the summaries of the 2019-20 Budget prepared by the State Department of Finance and the LAO.

For fiscal year 2019-20, the Proposed 2020-21 Budget projects total general fund revenues and transfers of $146.5 billion and total expenditures of $149.7 billion. The State is projected to end the 2019-20 fiscal year with total available general fund reserves of $20 billion, including $3.1 billion in the traditional general fund reserve, $16 billion in the BSA and $900 million in the Safety Net Reserve Fund for the CalWORKs. The Proposed 2020-21 Budget also increases the deposit into the PSSA by $147.7 million, for a total of $524 million, in order to comply with Proposition 2. The amount continues to be below the threshold required to trigger certain maximum local reserve levels for school districts created by State legislation approved in 2014 (and amended in 2017). See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Proposition 2 – SB 858; SB 751" herein.

For fiscal year 2020-21, the Proposed 2020-21 Budget projects total general fund revenues and transfers of $151.6 billion and authorizes expenditures of $153.1 billion. The State is projected to end the 2020-21 fiscal year with total available general fund reserves of $20.5 billion, including $1.6 billion in the traditional general fund reserve, $18 billion in the BSA and $900 million in the Safety Net Reserve Fund. The Proposed 2020-21 Budget also authorizes a deposit to the PSSSA of $487 million in order to comply with Proposition 2. This amount is below the amount required to trigger certain maximum local reserve levels for school district. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Proposition 2 – SB 858; SB 751" herein. Pursuant to the provisions of Proposition 2, the Proposed 2020-21 Budget also projects a draw on the PSSSA of approximately $37.6 million.

The Proposed 2020-21 Budget makes certain revisions to Proposition 98 funding levels set by prior budgetary legislation. For fiscal year 2018-19, the minimum funding guarantee is revised to $78.4 billion, an increase of $301.5 million from prior levels. For fiscal year 2019-20, the minimum funding guarantee is revised to $81.6 billion, an increase of $517 million from the prior level. These increases are due largely to increases in property tax revenues in fiscal year 2018-19, and increases in State general fund revenues in both fiscal years.

For fiscal year 2020-21, the Proposed 2020-21 Budget sets the minimum funding guarantee at $84 billion, an increase of approximately $2.6 billion over the revised prior year level. With respect to K-12 education, ongoing per-pupil spending is set at $17,964. Due to the year-to-year growth in State revenues and a projected decline in ADA, fiscal year 2020-21 is projected to be a "Test 1" year. Other significant features with respect to K-12 education funding include the following:

- *Local Control Funding Formula* – An increase of $1.2 billion in Proposition 98 funding for the LCFF, reflecting a 2.29% COLA. This would bring total LCFF funding to $64.2 billion. The Proposed 2020-21 Budget also includes $600,000 in one-time Proposition 98 funding to improve LCFF fiscal accountability by making Statewide LCAP information more accessible to the public. Finally, the Proposed 2020-21 Budget includes an increase of $5.7 million in LCFF funding for county offices of education, reflecting a 2.29% COLA.

- *Categorical Programs* – An increase of $122.4 million in Proposition 98 funding for categorical programs that remain outside the LCFF, reflecting a 2.29% COLA.

- *Special Education* – A new special education base funding formula using a three-year rolling average of local educational agency ADA allocated to special education local plans areas. This funding level would include a 15% increase in the Proposition 98 contribution to the funding rate provided in the prior year's budgetary legislation. The Proposed 2020-21 Budget also includes an additional $250 million in ongoing Proposition 98 funding based on the number of children between ages three and five with exceptional needs. Funding would be allocated on a one-time basis to school districts based on the number of preschool-age children with disabilities.

- *Educator Recruitment and Professional Development* - $900 million in one-time Proposition 98 funding for six initiatives aimed at improving school employee training, recruitment and retention.

- *Community Schools* - $300 million in one-time Proposition 98 funding to implement community school models which typically integrate health, mental health and other services for students and families and provides these services directly on school campuses.

- *Opportunity Grants* - $300 million in one-time Proposition 98 funding to establish opportunity grants for low-performing schools and school districts and to expand the Statewide system of support therefor.

- *Computer Science* - $15 million in one-time Proposition 98 funding for grants to local educational agencies to support K-12 teachers earning a supplemental authorization to their teaching credential to teach computer science. The Proposed 2020-21 Budget also provides $2.5 million in one-time Proposition 98 funding for county offices of education to identify, compile and share resources for computer science professional development, curriculum and best practices.

- *School Nutrition* - $60 million in Proposition 98 funding to increase funding for school nutrition. Additionally, the Proposed 2020-21 Budget includes $10 million in Proposition 98 funding to provide training for school food service workers.

- *School Facilities* – $400 million in one-time, non-Proposition 98 funding for eligible school districts to construct new, or to retrofit existing, facilities for full-day kindergarten programs.

- *Proposition 51* – a total allocation of $1.5 billion in Proposition 51 bond funds for K-12 school facility projects.

For additional information regarding the Proposed 2020-21 Budget, see the State Department of Finance website at www.dof.ca.gov and the LAO's website at www.lao.ca.gov. However, the information presented on such websites is not incorporated herein by reference.

14. The table on page 50 of the Official Statement, under the Heading entitled "PORTOLA VALLEY SCHOOL DISTRICT – Administration," and the composition of the Board as it appears on the fourth page (not including the cover) of the front section of the Official Statement, shall revised to reflect the following current composition of the District's Board of Trustees:

Board Member	Office	Term Expires
Karyn Bechtel	President	December 2020
Brooke Day	Clerk	December 2022
Anne Fazioli-Khiari	Member	December 2022
Jeff Klugman	Member	December 2020
Kimberly Morris Rosen	Member	December 2020

15. The biography for the former District Superintendent, Eric Hartwig, on page 50 of the Official Statement, under the heading "PORTOLA VALLEY SCHOOL DISTRICT – Administration," shall be replaced in its entirety with the biography for the current District Superintendent, Roberta Zarea, and the name of such Superintendent shall replace the former Superintendent identified on the fourth page (not including the cover) of the front section of the Official Statement. All references in the Official Statement to the Superintendent shall refer to the current District Superintendent, Roberta Zarea.

Roberta Zarea, Superintendent. Ms. Zarea was appointed as Superintendent of the District on May 1, 2019. Prior to serving the District, Ms. Zarea served as the Associate Superintendent, Educational Services of the Saratoga Union School District. Ms. Zarea's other prior experience includes serving as a principal, vice principal, coordinator and teacher in the Union School District. Ms. Zarea earned her bachelor's degree in Russian and literature from the University of Michigan, Ann Arbor, a master's degree in elementary education from the University of North Carolina, Greenboro and a master's degree in educational leadership from San Jose State University. She is also working towards a doctorate degree from San Jose State University.

16. The table on page 50 of the Official Statement, under the Heading entitled "PORTOLA VALLEY SCHOOL DISTRICT – Labor Relations," together with the introductory paragraph thereto, shall be replaced in their entirety with the following:

As of April 1 2020, the District employed 54 full-time equivalent ("FTE") certificated employees and 28 FTE classified employees. These figures include both full-time and part-time faculty and staff. District employees, with the exception of management and some part-time employees, are represented by the bargaining units noted below.

BARGAINING UNITS
Portola Valley School District

Labor Organization	Contract Expiration
California School Employees Association – Chapter 659	June 30, 2020
Portola Valley Teachers Association; CTA/NEA	June 30, 2022

Source: Portola Valley School District.

17. The disclosure regarding the STRS and PERS programs, starting on page 51 of the Official Statement, under the heading "PORTOLA VALLEY SCHOOL DISTRICT – Retirement Programs," shall be replaced in its entirety with the following:

STRS. All full-time certificated employees, as well as certain classified employees, are members of the State Teachers' Retirement System ("STRS"). STRS provides retirement, disability and survivor benefits to plan members and beneficiaries under a defined benefit program (the "STRS Defined Benefit Program"). The STRS 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.

Prior to fiscal year 2014-15, and unlike typical defined benefit programs, none of the employee, employer nor State contribution rates to the STRS Defined Benefit Program varied annually to make up funding shortfalls or assess credits for actuarial surpluses. In recent years, the combined employer, employee and State contributions to the STRS Defined Benefit Program have not been sufficient to pay actuarially required amounts. As a result, and due to significant investment losses, the unfunded actuarial liability of the STRS Defined Benefit Program has increased significantly in recent fiscal years. In September 2013, STRS projected that the STRS Defined Benefit Program would be depleted in 31 years assuming existing contribution rates continued, and other significant actuarial assumptions were realized. In an effort to reduce the unfunded actuarial liability of the STRS Defined Benefit Program, the State passed the legislation described below to increase contribution rates.

Prior to July 1, 2014, K-14 school districts were required by such statutes to contribute 8.25% of eligible salary expenditures, while participants contributed 8% of their respective salaries. On June 24, 2014, the Governor signed AB 1469 ("AB 1469") into law as a part of the State's fiscal year 2014-15 budget. AB 1469 seeks to fully fund the unfunded actuarial obligation with respect to service credited to members of the STRS Defined Benefit Program before July 1, 2014 (the "2014 Liability"), within 32 years, by increasing member, K-14 school district and State contributions to STRS. Commencing July 1, 2014, the employee contribution rate increased over a three-year phase-in period in accordance with the following schedule:

MEMBER CONTRIBUTION RATES
STRS (Defined Benefit Program)

Effective Date	STRS Members Hired Prior to January 1, 2013	STRS Members Hired After January 1, 2013
July 1, 2014	8.150%	8.150%
July 1, 2015	9.200	8.560
July 1, 2016	10.250	9.205

Source: AB 1469.

Pursuant to the Reform Act (defined below), the contribution rates for members hired after the Implementation Date (defined below) will be adjusted if the normal cost increases by more than 1% since the last time the member contribution was set. The contribution rate for employees hired after the Implementation Date (defined below) increased from 9.205% of creditable compensation for fiscal year commencing July 1, 2017 to 10.205% of creditable compensation effective July 1, 2018. For fiscal year commencing July 1, 2019, the contribution rate for employees hired after the Implementation Date (defined below) will be 10.205%.

Pursuant to AB 1469, K-14 school districts' contribution rate will increase over a seven-year phase-in period in accordance with the following schedule:

K-14 SCHOOL DISTRICT CONTRIBUTION RATES
STRS (Defined Benefit Program)

Effective Date	K-14 school districts
July 1, 2014	8.88%
July 1, 2015	10.73
July 1, 2016	12.58
July 1, 2017	14.43
July 1, 2018	16.28
July 1, 2019	18.13
July 1, 2020	19.10

Source: AB 1469.

Based upon the recommendation from its actuary, for fiscal year 2021-22 and each fiscal year thereafter the STRS Teachers' Retirement Board (the "STRS Board"), is required to increase or decrease the K-14 school districts' contribution rate to reflect the contribution required to eliminate the remaining 2014 Liability by June 30, 2046; provided that the rate cannot change in any fiscal year by more than 1% of creditable compensation upon which members' contributions to the STRS Defined Benefit Program are based; and provided further that such contribution rate cannot exceed a maximum of 20.25%. In addition to the increased contribution rates discussed above, AB 1469 also requires the STRS Board to report to the State Legislature every five years (commencing with a report due on or before July 1, 2019) on the fiscal health of the STRS Defined Benefit Program and the unfunded actuarial obligation with respect to service credited to members of that program before July 1, 2014. The reports are also required to identify adjustments required in contribution rates for K-14 school districts and the State in order to eliminate the 2014 Liability.

On June 27, 2019, the Governor signed SB 90 ("SB 90") into law as a part of the 2019-20 Budget. Pursuant to SB 90, the State Legislature appropriated $2.246 billion to be transferred to the Teacher's Retirement Fund for the STRS Defined Benefit Program to pay in advance, on behalf of employers, part of the contributions required for fiscal years 2019-20 and 2020-21, resulting in K-14 school districts having to contribute 1.03% less in fiscal year 2019-20 and 0.70% less in fiscal year 2020-21. The remainder of the payment not committed for the reduction in employer contribution rates described above, is required to be allocated to reduce the employer's share of the unfunded actuarial obligation determined by the STRS Board upon recommendation from its actuary. See also "DISTRICT FINANCIAL INFORMATION – State Budget Measures" herein.

The District's contributions to STRS were $521,954 in fiscal year 2014-15, $690,707 in fiscal year 2015-16, $822,206 in fiscal year 2016-17, $940,727 in fiscal year 2017-18 and $1,038,159 in fiscal year 2018-19. The District has projected its contribution to STRS for fiscal year 2019-20 to be $1,057,803.

The State also contributes to STRS, currently in an amount equal to 7.328% for fiscal year 2018-19 and 7.828% for fiscal year 2019-20. The State's contribution reflects a base contribution rate of 2.017%, and a supplemental contribution rate that will vary from year to year based on statutory criteria. Based upon the recommendation from its actuary, for fiscal year 2017-18 and each fiscal year thereafter, the STRS Board is required, with certain limitations, to increase or decrease the State's contribution rates to reflect the contribution required to eliminate the unfunded actuarial accrued liability attributed to benefits in effect before July 1, 1990.

In addition, the State is currently required to make an annual general fund contribution up to 2.5% of the fiscal year covered STRS member payroll to the Supplemental Benefit Protection Account (the "SBPA"), which was established by statute to provide supplemental payments to beneficiaries whose purchasing power has fallen below 85% of the purchasing power of their initial allowance.

PERS. Classified employees working four or more hours per day are members of the Public Employees' Retirement System ("PERS"). PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the State statutes, as legislatively amended from time to time. PERS operates a number of retirement plans including the Public Employees Retirement Fund ("PERF"). PERF is a multiple-employer defined benefit retirement plan. In addition to the State, employer participants at June 30, 2018 included 1,579 public agencies and 1,313 K-14 school districts and charter schools. PERS acts as the common investment and administrative agent for the member agencies. The State and K-14 school districts (for "classified employees," which generally consist of school employees other than teachers) are required by law to participate in PERF. Employees participating in PERF generally become fully vested in their retirement benefits earned to date after five years of credited service. One of the plans operated by PERS is for K-14 school districts throughout the State (the "Schools Pool").

Contributions by employers to the Schools Pool are based upon an actuarial rate determined annually and contributions by plan members vary based upon their date of hire. The District is currently required to contribute to PERS at an actuarially determined rate, which is 20.733% of eligible salary expenditures in fiscal year 2019-20. The employer contribution rate for fiscal year 2020-21 will be 22.68%, which reflects an initial actuarially determined rate of 23.35% that has been reduced by 0.67% pursuant to SB 90. Participants enrolled in PERS prior to January 1, 2013 contribute at a rate established by statute, which is 7% of their respective salaries in fiscal year 2019-20 and will be 7% of such salaries in fiscal year 2020-21, while participants enrolled after January 1, 2013 contribute at an actuarially determined rate, which is 7% in fiscal year 2019-20 and will be 7% in fiscal year 2020-21. See "—California Public Employees' Pension Reform Act of 2013" herein.

Pursuant to SB 90, the State Legislature appropriated $144 million for fiscal year 2019-20 and $100 million for fiscal year 2020-21 to be transferred to the Public Employees' Retirement Fund, to pay in advance, on behalf of K-14 school district employers, part of the contributions required for K-14 school district employers for such fiscal years. In addition, the State Legislature appropriated $660 million to be applied toward certain unfunded liabilities for K-14 school district employers. As a result of the payments made by the State pursuant to SB 90, the employer contribution rate for fiscal year 2019-20 is 19.721%. See also "DISTRICT FINANCIAL INFORMATION – State Budget Measures" herein.

The District's contributions to PERS were $260,821 in fiscal year 2014-15 and $278,442 in fiscal year 2015-16, $313,954 in fiscal year 2016-17, $335,390 in fiscal year 2017-18 and $405,085 in fiscal year 2018-19. The District has projected its contribution to PERS for fiscal year 2019-20 to be $469,777.

State Pension Trusts. Each of STRS and PERS 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 STRS and PERS as follows: (i) STRS, P.O. Box 15275, Sacramento, California 95851-0275; (ii) PERS, P.O. Box 942703, Sacramento, California 94229-2703. Moreover, each of STRS and PERS maintains a website, as follows: (i) STRS: www.calstrs.com; (ii) PERS: www.calpers.ca.gov. However, the information presented in such financial reports or on such websites is not incorporated into this Official Statement by any reference.

Both STRS and PERS have substantial statewide unfunded liabilities. The amount of these unfunded liabilities will vary depending on actuarial assumptions, returns on investments, salary scales and participant contributions. The following table summarizes information regarding the actuarially-determined accrued liability for both STRS and PERS. Actuarial assessments are "forward-looking" information that reflect the judgment of the fiduciaries of the pension plans, and are based upon a variety of assumptions, one or more of which may not materialize or be changed in the future. Actuarial assessments will change with the future experience of the pension plans.

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FUNDED STATUS
STRS (Defined Benefit Program) and PERS (Schools Pool)
(Dollar Amounts in Millions) (1)
Fiscal Years 2010-11 through 2018-19

STRS

Fiscal Year	Accrued Liability	Value of Trust Assets (MVA)(2)	Unfunded Liability (MVA)(2)	Value of Trust Assets (AVA)(3)	Unfunded Liability (AVA)(3)
2010-11	$208,405	$147,140	$68,365	$143,930	$64,475
2011-12	215,189	143,118	80,354	144,232	70,957
2012-13	222,281	157,176	74,374	148,614	73,667
2013-14	231,213	179,749	61,807	158,495	72,718
2014-15	241,753	180,633	72,626	165,553	76,200
2015-16	266,704	177,914	101,586	169,976	96,728
2016-17	286,950	197,718	103,468	179,689	107,261
2017-18	297,603	211,367	101,992	190,451	107,152

PERS

Fiscal Year	Accrued Liability	Value of Trust Assets (MVA)	Unfunded Liability (MVA)	Value of Trust Assets (AVA)(3)	Unfunded Liability (AVA)(3)
2010-11	$58,358	$45,901	$12,457	$51,547	$6,811
2011-12	59,439	44,854	14,585	53,791	5,648
2012-13	61,487	49,482	12,005	56,250	5,237
2013-14	65,600	56,838	8,761	--(4)	--(4)
2014-15	73,325	56,814	16,511	--(4)	--(4)
2015-16	77,544	55,785	21,759	--(4)	--(4)
2016-17	84,416	60,865	23,551	--(4)	--(4)
2017-18	92,071	64,846	27,225	--(4)	--(4)
2018-19(5)	99,528	68,177	31,351	--(4)	--(4)

(1) Amounts may not add due to rounding.
(2) Reflects market value of assets, including the assets allocated to the SBPA reserve. Since the benefits provided through the SBPA are not a part of the projected benefits included in the actuarial valuations summarized above, the SBPA reserve is subtracted from the STRS Defined Benefit Program assets to arrive at the value of assets available to support benefits included in the respective actuarial valuations.
(3) Reflects actuarial value of assets.
(4) Effective for the June 30, 2014 actuarial valuation, PERS no longer uses an actuarial value of assets.
(5) On April 21, 2020, the PERS Board (defined below) approved the K-14 school district contribution rate for fiscal year 2020-21 and released certain actuarial information to be incorporated into the June 30, 2019 actuarial valuation to be released in the latter half of 2020.

Source: PERS Schools Pool Actuarial Valuation; STRS Defined Benefit Program Actuarial Valuation.

The STRS Board has sole authority to determine the actuarial assumptions and methods used for the valuation of the STRS Defined Benefit Program. Based on the multi-year CalSTRS Experience Analysis (spanning from July 1, 2010, through June 30, 2015), on February 1, 2017, the STRS Board adopted a new set of actuarial assumptions that reflect member's increasing life expectancies and current economic trends. These new assumptions were first reflected in the STRS Defined Benefit Program Actuarial Valuation, as of June 30, 2016 (the "2016 STRS Actuarial Valuation"). The new actuarial assumptions include, but are not limited to: (i) adopting a generational mortality methodology to reflect past improvements in life expectancies and provide a more dynamic assessment of future life spans, (ii) decreasing the investment rate of return (net of investment and administrative expenses) to 7.25% for the 2016 STRS Actuarial Valuation and 7.00% for the June 30, 2017 actuarial evaluation (the "2017 STRS Actuarial Valuation"), and (iii) decreasing the projected wage growth to 3.50% and the projected inflation rate to 2.75%. The 2017 STRS Actuarial Valuation continues using the Entry Age Normal Actuarial Cost Method.

Based on salary increases less than assumed and actuarial asset gains recognized from the current and prior years, the STRS Defined Benefit Program Actuarial Valuation, as of June 30, 2018 (the "2018 STRS Actuarial Valuation") reports that the unfunded actuarial obligation decreased by $109 million since the 2017 STRS Actuarial Valuation and the funded ratio increased by 1.4% to 64.0% over such time period.

According to the 2018 STRS Actuarial Valuation, the future revenues from contributions and appropriations for the STRS Defined Benefit Program are projected to be approximately sufficient to finance its obligations with a projected ending funded ratio in fiscal year ending June 30, 2046 of 99.9%, except for a small portion of the unfunded actuarial obligation related to service accrued on or after July 1, 2014 for member benefits adopted after 1990, for which AB 1469 provides no authority to the STRS Board to adjust rates to pay down that portion of the unfunded actuarial obligation. This finding reflects the scheduled contribution rate increases directed by statute, assumes additional increases in the scheduled contribution rates allowed under the current law will be made, and is based on the valuation assumptions and valuation policy adopted by the STRS Board, including a 7.00% investment rate of return assumption.

In recent years, the PERS Board of Administration (the "PERS Board") has taken several steps, as described below, intended to reduce the amount of the unfunded accrued actuarial liability of its plans, including the Schools Pool.

On March 14, 2012, the PERS Board voted to lower the PERS' rate of expected price inflation and its investment rate of return (net of administrative expenses) (the "PERS Discount Rate") from 7.75% to 7.5%. On February 18, 2014, the PERS Board voted to keep the PERS Discount Rate unchanged at 7.5%. On November 17, 2015, the PERS Board approved a new funding risk mitigation policy to incrementally lower the PERS Discount Rate by establishing a mechanism whereby such rate is reduced by a minimum of 0.05% to a maximum of 0.25% in years when investment returns outperform the existing PERS Discount Rate by at least four percentage points. On December 21, 2016, the PERS Board voted to lower the PERS Discount Rate to 7.0% over a three year phase-in period in accordance with the following schedule: 7.375% for the June 30, 2017 actuarial valuation, 7.25% for the June 30, 2018 actuarial valuation and 7.00% for the June 30, 2019 actuarial valuation. The new discount rate went into effect July 1, 2017 for the State and July 1, 2018 for K-14 school districts and other public agencies. Lowering the PERS Discount Rate means employers that contract with PERS to administer their pension plans will see increases in their normal costs and unfunded actuarial liabilities. Active members hired after January 1, 2013, under the Reform Act (defined below) will also see their contribution rates rise.

On April 17, 2013, the PERS Board approved new actuarial policies aimed at returning PERS to fully-funded status within 30 years. The policies include a rate smoothing method with a 30-year fixed amortization period for gains and losses, a five-year increase of public agency contribution rates, including the contribution rate at the onset of such amortization period, and a five year reduction of public agency contribution rates at the end of such amortization period. The new actuarial policies were first included in the June 30, 2014 actuarial valuation and were implemented with respect the State, K-14 school districts and all other public agencies in fiscal year 2015-16.

Also, on February 20, 2014, the PERS Board approved new demographic assumptions reflecting (i) expected longer life spans of public agency employees and related increases in costs for the PERS system and (ii) trends of higher rates of retirement for certain public agency employee classes, including police officers and firefighters. The new actuarial assumptions were first reflected in the Schools Pool in the June 30, 2015 actuarial valuation. The increase in liability due to the new assumptions will be amortized over 20 years with increases phased in over five years, beginning with the contribution requirement for fiscal year 2016-17. The new demographic assumptions affect the State, K-14 school districts and all other public agencies.

The PERS Board is required to undertake an experience study every four years under its Actuarial Assumptions Policy and State law. As a result of the most recent experience study, on December 20, 2017, the PERS Board approved new actuarial assumptions, including (i) lowering the inflation rate to 2.625% for the June 30, 2018 actuarial valuation and to 2.50% for the June 30, 2019 actuarial valuation, (ii) lowering the payroll growth rate to 2.875% for the June 30, 2018 actuarial valuation and 2.75% for the June 30, 2019 actuarial valuation, and (iii) certain changes to demographic assumptions relating to the salary scale for most constituent groups, and modifications to the morality, retirement, and disability retirement rates.

On February 14, 2018, the PERS Board approved a new actuarial amortization policy with an effective date for actuarial valuations beginning on or after June 30, 2019, which includes (i) shortening the period over which actuarial gains and losses are amortized from 30 years to 20 years, (ii) requiring that amortization payments for all unfunded accrued liability bases established after the effective date be computed to remain a level dollar amount throughout the amortization period, (iii) removing the 5-year ramp-up and ramp-down on unfunded accrued liability bases attributable to assumptions changes and non-investment gains/losses established on or after the effective date and (iv) removing the 5-year ramp-down on investment gains/losses established after the effective date. While PERS expects that reducing the amortization period for certain sources of unfunded liability will increase future average funding ratios, provide faster recovery of funded status following market downturns, decrease expected cumulative contributions, and mitigate concerns over intergenerational equity, such changes may result in increases in future employer contribution rates.

On April 21, 2020, the PERS Board established the employer contribution rates for 2020-21 and released certain information from the Schools Pool Actuarial Valuation as of June 30, 2019, ahead of its release date in the latter half of 2020. From June 30, 2018 to June 30, 2019 the funded status for the Schools Pool decreased by 1.9% (from 70.4% to 68.5%); mainly due to the reduction in the discount rate from 7.25% to 7.00% and investment return in 2018-19 being lower than expected. The funded status as of June 30, 2019 does not reflect the State's additional payment of $660 million that was made pursuant to SB 90, since PERS received the payment in July 2019. PERS attributes the decline in the funded status over the last five years to recent investment losses in excess of investment gains, adoption of new assumptions, both demographic and economic, lowering of the discount rate, and negative amortization. Assuming all actuarial assumptions are realized, including investment return of 7% in fiscal year 2019-20, that no changes to assumptions, methods of benefits will occur during the projection period, along with the 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, the projected contribution rate for 2021-22 is projected to be 24.6%, with annual increases thereafter, resulting in a projected 26.2% employer contribution rate for fiscal year 2026-27. As of the April 21, 2020, PERS reported that the year to date return for the 2019-20 fiscal year was well below the 7% assumed return.

The District can make no representations regarding the future program liabilities of STRS, or whether the District will be required to make additional contributions to STRS in the future above those amounts required under AB 1469. The District can also provide no assurances that the District's required contributions to PERS will not increase in the future.

California Public Employees' Pension Reform Act of 2013. On September 12, 2012, the Governor signed into law the California Public Employees' Pension Reform Act of 2013 (the "Reform Act"), which makes changes to both STRS and PERS, most substantially affecting new employees hired after January 1, 2013 (the "Implementation Date"). For STRS participants hired after the Implementation Date, the Reform Act changes the normal retirement age by increasing the eligibility for the 2% age factor (the age factor is the percent of final compensation to which an employee is entitled 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. Similarly, for non-safety PERS participants hired after the Implementation Date, the Reform Act changes the normal retirement age by increasing the eligibility for the 2% age factor from age 55 to 62 and increases the eligibility requirement for the maximum age factor of 2.5% to age 67. Among the other changes to PERS and STRS, the Reform Act also: (i) requires all new participants enrolled in PERS and STRS after the Implementation Date to contribute at least 50% of the total annual normal cost of their pension benefit each year as determined by an actuary, (ii) requires STRS and PERS 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 (previously 12 months for STRS members who retire with 25 years of service), and (iii) caps "pensionable compensation" for new participants enrolled after the Implementation Date at 100% of the federal Social Security contribution (to be adjusted annually based on changes to the Consumer Price Index for all Urban Consumers) and benefit base for members participating in Social Security or 120% for members not participating in social security (to be adjusted annually based on changes to the Consumer Price Index for all Urban Consumers), 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 Statement Nos. 67 and 68. On June 25, 2012, GASB approved Statements Nos. 67 and 68 ("Statements") with respect to pension accounting and financial reporting standards for state and local governments and pension plans. The new Statements, No. 67 and No. 68, replace GASB Statement No. 27 and most of Statements No. 25 and No. 50. The changes impact the accounting treatment of pension plans in which state and local governments participate. Major changes include: (1) the inclusion of unfunded pension liabilities on the government's balance sheet (currently, such unfunded liabilities are typically included as notes to the government's financial statements); (2) more components of full pension costs being shown as expenses regardless of actual contribution levels; (3) lower actuarial discount rates being required to be used for underfunded plans in certain cases for purposes of the financial statements; (4) closed amortization periods for unfunded liabilities being required to be used for certain purposes of the financial statements; and (5) the difference between expected and actual investment returns being recognized over a closed five-year smoothing period. In addition, according to GASB, Statement No. 68 means that, for pensions within the scope of the Statement, a cost-sharing employer that does not have a special funding situation is required to recognize a net pension liability, deferred outflows of resources, deferred inflows of resources related to pensions and pension expense based on its proportionate share of the net pension liability for benefits provided through the pension plan. Because the accounting standards do not require changes in funding policies, the full extent of the effect of the new standards on the District is not known at this time. The reporting requirements for pension plans took effect for the fiscal year beginning July 1, 2013 and the reporting requirements for government employers, including the District, took effect for the fiscal year beginning July 1, 2014.

As of June 30, 2019, the District reported its shares of the net pension liabilities for the STRS and PERS plans as $11,262,456 and $3,748,156, respectively. For more information, see "APPENDIX C – 2018-19 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT – Note 13" herein.

18. The second paragraph under the heading "PORTOLA VALLEY SCHOOL DISTRICT – Other Post-Employment Benefits – Funding Policy," on page 57 of the Official Statement, shall be replaced in its entirety with the following:

Funding Policy. Currently, the District funds the Post-Employment Benefits on a "pay-as-you-go" basis to cover the cost of current premiums. For fiscal years 2014-15 through 2018-19, the District recognized expenditures for Post-Employment Benefits equal to $101,635, $106,342, $122,447, $92,873 and $60,887, respectively. For fiscal year 2019-20, the District has projected $57,185 of total expenditures for the Post-Employment Benefits.

19. The table on page 59 of the Official Statement, under the Heading entitled "DISTRICT FINANCIAL INFORMATION – Debt Structure – Long Term Debt," and the heading and introductory sentence thereto, shall be replaced in their entirety with the following:

Long-Term Debt. A schedule of changes in long-term debt for the fiscal year ended June 30, 2019, is shown below:

	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019
General Obligation Bonds	$15,050,000	$10,000,000	$865,000	$24,185,000
Premium on Bonds	744,210	702,255	166,633	1,279,832
Subtotal	15,794,210	10,702,255	1,031,633	25,464,832
Early Retirement Incentives	484,741	--	484,741	--
Compensated Absences	12,463	1,739	--	14,202
Capital Leases	1,761,040	--	150,616	1,610,424
Total	$18,052,454	$10,703,994	$1,666,990	$27,089,458

Source: Portola Valley School District.

20. The debt service table on page 59 of the Official Statement, under the heading "PORTOLA VALLEY SCHOOL DISTRICT – District Debt Structure – Capital Leases," and the introductory paragraph thereto, shall be replaced in their entirety with the following:

Capital Leases. In July of 2010, the District entered into a site lease for solar and other equipment, including installation, in the amount of $2,850,000. Although the District's audited financial statements indicate that the District was entitled to receive federal subsidies to offset the lease payments due from the District, the District no longer intends to apply for or receive such subsidy payments. Future semi-annual lease payments in connection with such lease agreement are shown in the following table.

Year Ending June 1	Principal	Interest	Total
2020	$160,145.49	$100,329.40	$260,474.89
2021	170,330.66	90,352.32	260,682.98
2022	181,217.14	79,740.72	260,957.86
2023	192,853.83	68,450.90	261,304.73
2024	205,292.93	56,436.10	261,729.03
2025	218,590.37	43,646.36	262,236.73
2026	232,805.95	30,028.18	262,834.13
2027	249,187.29	7,762.18	256,949.47

Source: Portola Valley School District.

21. The debt service table on page 60 of the Official Statement, under the heading "PORTOLA VALLEY SCHOOL DISTRICT – District Debt Structure – General Obligation Bonds," shall be replaced in its entirety with the table shown on the following page.

Year Ending August 1	2009 General Obligation Refunding Bonds	2010 General Obligation Refunding Bonds	2010 General Obligation Refunding Bonds, Series B[1]	2016 General Obligation Refunding Bonds	Election of 2018, Series 2019A Bonds	The Refunding Bonds	Total
2020	$272,881.26	$457,750.00	$156,600.00	$267,547.50	$2,051,400.00	$86,024.31	$3,292,203.07
2021	274,275.00	462,000.00	146,000.00	265,255.50	1,856,400.00	171,500.00	3,175,430.50
2022	--	--	145,600.00	1,007,963.50	286,650.00	171,500.00	1,611,713.50
2023	--	--	--	1,001,442.00	286,650.00	286,500.00	1,574,592.00
2024	--	--	--	999,729.50	286,650.00	285,750.00	1,572,129.50
2025	--	--	--	1,012,730.50	286,650.00	269,750.00	1,569,130.50
2026	--	--	--	1,010,158.50	286,650.00	269,250.00	1,566,058.50
2027	--	--	--	1,017,300.00	286,650.00	268,500.00	1,572,450.00
2028	--	--	--	1,038,964.00	371,650.00	247,500.00	1,658,114.00
2029	--	--	--	1,059,864.00	392,400.00	257,250.00	1,709,514.00
2030	--	--	--	--	406,900.00	1,411,250.00	1,818,150.00
2031	--	--	--	--	430,400.00	1,412,250.00	1,842,650.00
2032	--	--	--	--	447,400.00	--	447,400.00
2033	--	--	--	--	473,150.00	--	473,150.00
2034	--	--	--	--	497,150.00	--	497,150.00
2035	--	--	--	--	519,400.00	--	519,400.00
2036	--	--	--	--	542,800.00	--	542,800.00
2037	--	--	--	--	569,800.00	--	569,800.00
2038	--	--	--	--	600,200.00	--	600,200.00
2039	--	--	--	--	628,800.00	--	628,800.00
2040	--	--	--	--	660,600.00	--	660,600.00
2041	--	--	--	--	690,400.00	--	690,400.00
2042	--	--	--	--	728,200.00	--	728,200.00
2043	--	--	--	--	763,600.00	--	763,600.00
2044	--	--	--	--	796,600.00	--	796,600.00
2045	--	--	--	--	837,200.00	--	837,200.00
Total	$547,156.26	$919,750.00	$448,200.00	$8,680,955.00	$15,984,350.00	$5,137,024.31	$31,717,435.57

(1) Reflects debt service on the maturities of the 2010 General Obligation Refunding Bonds, Series B which will not be refunded with proceeds of the Refunding Bonds (including the August 1, 2020 through and including August 1, 2022 maturities).

Source: Portola Valley School District.

22. The paragraph under the heading "LEGAL MATTERS – Financial Statements," on page 65 of the Official Statement, shall be replaced in its entirety with the following:

The District's audited financial statements with supplemental information for the year ended June 30, 2019, the independent auditor's report of the District, and the related statements of activities and of cash flows for the year then ended, and the report dated December 15, 2019 of Eide Bailly LLP (the "Auditor"), are included in this Official Statement as Appendix C. In connection with the inclusion of the financial statements and the report of the Auditor herein, the District did not request the Auditor to, and the Auditor has not undertaken to, update its report or to take any action intended or likely to elicit information concerning the accuracy, completeness or fairness of the statements made in this Official Statement, and no opinion is expressed by the Auditor with respect to any event subsequent to the date of its report

23. The information contained in APPENDIX C - "2017-18 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT" shall be replaced in its entirety with the District's 2018-19 Audited Financial Statements, attached hereto as APPENDIX C, and all references in the Official Statement to such APPENDIX C shall refer to the 2018-19 Audited Financial Statements.

24. The table on page F-2 of APPENDIX F – "GENERAL ECONOMIC AND DEMOGRAPHIC INFORMATION FOR THE TOWN OF PORTOLA VALLEY AND SAN MATEO COUNTY," under the heading "—Population," and the introductory sentence thereto, shall be replaced in their entirety with the following:

The following table shows the historical population figures for the Town, the County and the State of California (the "State") for the last 11 years.

POPULATION ESTIMATES
2009 through 2019
Town of Portola Valley, San Mateo County and State of California

Year[(1)]	Town of Portola Valley	San Mateo County	State of California
2009	4,341	713,818	36,966,713
2010[(2)]	4,358	718,451	37,253,956
2011	4,377	726,326	37,529,913
2012	4,477	735,206	37,874,977
2013	4,554	745,799	38,234,391
2014	4,583	752,700	38,568,628
2015	4,680	760,343	38,912,464
2016	4,744	766,589	39,179,627
2017	4,747	770,256	39,500,973
2018	4,767	774,155	39,809,693
2019	4,659	774,485	39,927,315

(1) As of January 1.
(2) As of April 1.
Source: 2010: U.S. Department of Commerce, Bureau of the Census, for April 1.
2011-19 (2010 Demographic Research Unit Benchmark): California Department of Finance for January.

25. The first table on page F-3 of APPENDIX F – "GENERAL ECONOMIC AND DEMOGRAPHIC INFORMATION FOR THE TOWN OF PORTOLA VALLEY AND SAN MATEO COUNTY," under the heading "—Income," together with the introductory sentence thereto, shall be replaced in their entirety with the following:

The following table summarizes per capita personal income for the County, the State, and the United States for 2008 through 2018.

PER CAPITA PERSONAL INCOME
2008 through 2018
San Mateo County, State of California, and United States

Year	San Mateo County	State of California	United States
2008	$75,468	$43,895	$40,904
2009	71,694	42,050	39,284
2010	73,739	43,609	40,545
2011	79,872	46,145	42,727
2012	87,986	48,751	44,582
2013	87,501	49,173	44,826
2014	93,672	52,237	47,025
2015	102,516	55,679	48,940
2016	106,615	57,497	49,831
2017	113,410	59,796	51,640
2018	126,392	63,557	54,446

Note: Per capital personal income is the total personal income divided by the total mid-year population estimates of the U.S. Bureau of the Census. Estimates for 2010 through 2018 reflect county population estimates available as of March 2019. Last updated: November 14, 2019 with new statistics for 2018; revised statistics for 1969-2017. All dollar estimates are in current dollars (not adjusted for inflation).
Source: U.S. Department of Commerce, Bureau of Economic Analysis.

26. The table on page F-3 of APPENDIX F – "GENERAL ECONOMIC AND DEMOGRAPHIC INFORMATION FOR THE TOWN OF PORTOLA VALLEY AND SAN MATEO COUNTY," under the heading "—Principal Employers," shall be replaced in its entirety with the table on the following page:

PRINCIPAL EMPLOYERS
as of June 30, 2019
San Mateo County

Employer Name	Industry	Number of Employees
Facebook Inc.	Social Network	14,000
Genentech Inc.	Biotechnology	9,500
Oracle Corp.	Hardware and Software	7,535
County of San Mateo	Public Administration	5,570
Gilead Sciences Inc.	Biotechnology	4,000
Walmart Labs	Retail Technology	2,000
You Tube LLC	Communications Services	2,000
Robert Half International Inc.	Personnel Services	1,668
Sony Interactive Entertainment	Computer Programming Services	1,602
Electronic Arts Inc.	Computer Programming Services	1,520

Source: County of San Mateo Comprehensive Annual Financial Report, Fiscal Year Ended June 30, 2019.

27. The first table on page F-4 of APPENDIX F – "GENERAL ECONOMIC AND DEMOGRAPHIC INFORMATION FOR THE TOWN OF PORTOLA VALLEY AND SAN MATEO COUNTY," under the heading "—Employment," shall be replaced in its entirety with the table on the following page, and the introductory sentence thereto shall be replaced with the following sentence:

The following table summarizes the labor force, employment and unemployment figures for years 2013 through 2019 for the County, the State and the United States.

CIVILIAN LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT RATE
2013 through 2019(1)
San Mateo County, State of California, and the United States

Year and Area	Labor Force	Employment(2)	Unemployment(3)	Unemployment Rate (%)
2013				
San Mateo County	418,100	396,100	22,000	5.3
State of California	18,625,000	16,958,400	1,666,600	8.9
United States	155,389,000	143,929,000	11,460,000	7.4
2014				
San Mateo County	427,700	409,700	18,000	4.2
State of California	18,758,400	17,351,300	1,407,100	7.5
United States	155,922,000	146,305,000	9,617,000	6.2
2015				
San Mateo County	437,700	422,900	14,800	3.4
State of California	18,896,500	17,724,800	1,171,700	6.2
United States	157,130,000	148,834,000	8,296,000	5.3
2016				
San Mateo County	448,600	435,200	13,400	3.0
State of California	19,093,700	18,048,800	1,044,800	5.5
United States	159,187,000	151,436,000	7,751,000	4.9
2017				
San Mateo County	452,300	440,200	12,100	2.7
State of California	19,312,000	18,393,100	918,900	4.8
United States	160,320,000	153,337,000	6,982,000	4.4
2018				
San Mateo County	454,900	444,900	10,000	2.2
State of California	19,398,200	18,582,800	815,400	4.2
United States	162,075,000	155,761,000	6,314,000	3.9
2019				
San Mateo County	460,000	450,600	9,400	2.0
State of California(4)				
United States	163,539,000	157,538,000	6,001,000	3.7

Note: Data is not seasonally adjusted.
(1) Annual averages, unless otherwise specified.
(2) Includes persons involved in labor-management trade disputes.
(3) The unemployment rate is computed from unrounded data; therefore, it may differ from rates computed from rounded figures in this table.
(4) Statistic not yet available.
Source: U.S. Department of Labor – Bureau of Labor Statistics, California Employment Development Department. March 2019 Benchmark.

28. The table on page F-5 of APPENDIX F – "GENERAL ECONOMIC AND DEMOGRAPHIC INFORMATION FOR THE TOWN OF PORTOLA VALLEY AND SAN MATEO COUNTY," under the heading "—Industry," shall be replaced in its entirety with the following:

INDUSTRY EMPLOYMENT & LABOR FORCE ANNUAL AVERAGES
2015 through 2019
San Mateo County (San Francisco-San Mateo-Redwood City Metropolitan Division)

Category	2015	2016	2017	2018	2019
Total Farm	1,900	1,900	1,800	1,600	1,600
Total Nonfarm	1,038,900	1,080,300	1,104,600	1,137,300	1,178,100
Total Private	914,500	952,600	974,800	1,005,900	1,046,100
Goods Producing	72,500	76,900	79,300	81,500	83,000
Mining, Logging and Construction	36,100	38,700	39,900	42,500	43,800
Manufacturing	36,400	38,200	39,400	39,000	39,200
Service Providing	966,400	1,003,400	1,025,300	1,055,900	1,095,100
Private Service Providing	842,000	875,800	895,500	924,500	963,100
Trade, Transportation and Utilities	142,600	147,600	151,300	154,100	154,400
Wholesale Trade	25,600	25,900	26,100	26,500	26,000
Retail Trade	80,800	81,100	81,200	80,300	78,100
Transportation, Warehousing and Utilities	36,200	40,500	43,900	47,300	50,300
Information	63,200	70,300	76,600	85,400	97,100
Financial Activities	77,300	80,400	80,900	83,200	86,200
Professional and Business Services	251,900	262,100	267,200	277,900	291,100
Educational and Health Services	129,900	133,400	136,000	138,900	145,100
Leisure and Hospitality	137,100	141,400	142,400	143,600	147,700
Other Services	40,000	40,700	41,100	41,400	41,600
Government	124,400	127,700	129,900	131,400	132,000
Total, All Industries	1,040,800	1,082,200	1,106,500	1,138,900	1,179,600

Note: The "Total, All Industries" data is not directly comparable to the employment data found herein.
Source: State of California, Employment Development Department, Labor Market Information Division, Average Labor Force and Industry Employment. March 2019 Benchmark.

29. The tables on page F-6 of APPENDIX F – "GENERAL ECONOMIC AND DEMOGRAPHIC INFORMATION FOR THE TOWN OF PORTOLA VALLEY AND SAN MATEO COUNTY," under the heading "—Commercial Activity," together with the introductory sentence thereto, shall be replaced in their entirety with the following:

Summaries of annual taxable sales for the Town and the County from 2012 through 2019 are shown in the following tables.

TAXABLE SALES
2012 through 2019
Town of Portola Valley
(Dollars in Thousands)

Year	Retail Permits	Retail Stores Taxable Transactions	Total Permits	Total Taxable Transactions
2012	82	[1]	143	$44,419[1]
2013	86	$10,272	141	18,853
2014	82	10,801	141	19,518
2015	--	10,907	--	18,806
2016	--	13,511	--	20,320
2017	--	12,648	--	19,433
2018	--	11,867	--	18,794
2019	--	10,761	--	17,203

Note: Beginning in 2015, the outlet counts in these reports show the number of outlets that were active during the reporting period. Retailers that operate part-time are now tabulated with store retailers. Industry-level data for 2015 on are not comparable to that of prior years.
(1) Sales omitted because their publication would result in the disclosure of confidential information.
Source: "Taxable Sales in California (Sales & Use Tax)," California State Board of Equalization.

TAXABLE SALES
2012 through 2019
San Mateo County
(Dollars in Thousands)

Year	Retail Permits	Retail Stores Taxable Transactions	Total Permits	Total Taxable Transactions
2012	11,748	$9,277,144	19,189	$13,906,978
2013	12,438	9,935,641	19,808	14,611,618
2014	12,673	10,278,717	19,999	15,298,434
2015	--	10,301,196	--	15,478,010
2016	--	10,394,054	--	15,658,573
2017	--	11,132,627	--	16,736,448
2018	--	11,649,591	--	17,496,122
2019	--	11,989,035	--	18,168,257

Note: Beginning in 2015, the outlet counts in these reports show the number of outlets that were active during the reporting period. Retailers that operate part-time are now tabulated with store retailers. Industry-level data for 2015 on are not comparable to that of prior years.
Source: "Taxable Sales in California (Sales & Use Tax)," California State Board of Equalization.

30. The tables on page F-7 of APPENDIX F – "GENERAL ECONOMIC AND DEMOGRAPHIC INFORMATION FOR THE TOWN OF PORTOLA VALLEY AND SAN MATEO COUNTY," under the heading "—Construction Activity," together with the introductory sentence thereto, shall be replaced in their entirety with the following:

The annual building permit valuations and number of permits for new dwelling units issued from 2013 through 2018 for the Town and the County are shown in the following tables.

BUILDING PERMITS AND VALUATIONS
2013 through 2018
Town of Portola Valley
(Dollars in Thousands)

	2013	2014	2015	2016	2017	2018
Valuation						
Residential	$20,785	$28,577	$17,343	$26,364	$26,089	$23,272
Non-residential	7,305	7,434	804	6,261	10,191	15,785
Total	$28,090	$36,011	$18,147	$32,625	$36,280	$39,057
Units						
Single family	9	11	5	7	20	15
Multiple family	0	0	0	0	0	0
Total	9	11	5	7	20	15

Note: Totals may not add to sum due to rounding.
Source: Construction Industry Research Board.

BUILDING PERMITS AND VALUATIONS
2013 through 2018
San Mateo County
(Dollars in Thousands)

	2013	2014	2015	2016	2017	2018
Valuation						
Residential	$743,743	$806,994	$1,041,468	$1,015,135	$1,052,535	$950,939
Non-residential	494,658	1,016,791	1,010,485	1,613,446	2,390,996	2,555,752
Total	$1,238,401	$1,823,785	$2,051,953	$2,628,581	$3,443,531	$3,506,691
Units						
Single family	350	315	521	458	411	443
Multiple family	840	1,302	1,386	1,319	1,169	1,046
Total	1,190	1,617	1,907	1,777	1,580	1,489

Note: Totals may not add to sum due to rounding.
Source: Construction Industry Research Board.

31. The information contained in APPENDIX G – "SAN MATEO COUNTY TREASURY POOL" shall be replaced in its entirety with the information attached as APPENDIX G hereto, and all references in the Official Statement to such APPENDIX G shall refer to the information attached as APPENDIX G hereto.

32. On January 3, 2020, Piper Jaffray & Co. merged with Sandler O'Neill Partners L.P., and in connection with that merger renamed itself Piper Sandler & Co. Accordingly, all references in the Official Statement to Piper Jaffray & Co., in its capacity as Underwriter of the Refunding Bonds, are hereby revised to read "Piper Sandler & Co."

PORTOLA VALLEY SCHOOL DISTRICT

By: /s/ Roberta Zarea
Superintendent

APPENDIX C

2018-19 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT

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Annual Financial Report
June 30, 2019

Portola Valley School District

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PORTOLA VALLEY SCHOOL DISTRICT

TABLE OF CONTENTS
JUNE 30, 2019

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FINANCIAL SECTION

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CPAs & BUSINESS ADVISORS

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Portola Valley School District
Portola Valley, California

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; and the *2018-2019 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting,* issued by the California Education Audit Appeals Panel as regulations. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedules, schedule of changes in the District's total OPEB liability and related ratios, schedule of the District's proportionate share of the net pension liability, and the schedule of District pension contributions, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The other supplementary information as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying supplementary 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 accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2019, 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 the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

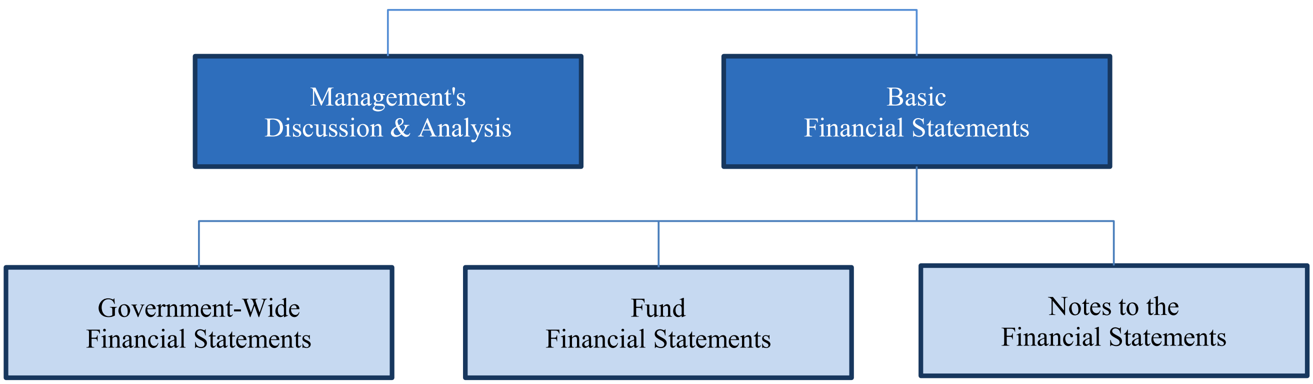
Eide Bailly LLP

Palo Alto, California
December 15, 2019

INTRODUCTION

The Management's Discussion and Analysis (MD&A) is a required section of the District's annual financial report, as shown in the overview below. The purpose of the MD&A is to present a discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2019, with comparative information for the year ended June 30, 2018. This report will (1) focus on significant financial issues, (2) provide an overview of the District's financial activity, (3) identify changes in the District's financial position, (4) identify any individual fund issues or concerns, and (5) provide descriptions of significant asset and debt activity.

This information, presented in conjunction with the annual Basic Financial Statements, is intended to provide a comprehensive understanding of the District's operations and financial standing.



FINANCIAL HIGHLIGHTS

Key financial highlights for the fiscal year ended June 30, 2019 were as follows:

- Total net position increased by $1,725,577, or 11%, from June 30, 2018 to June 30, 2019.
- General revenues accounted for $16,627,044 which is 87% of all revenues. Program specific revenues in the form of operating grants and contributions and charges for services accounted for $2,458,829 or 13% of total revenues of $19,085,873.
- The District had $17,360,296 in expenses, which was directly supported by program specific revenues of $2,458,829.
- Total fund balances of governmental funds increased by $11,508,373, or 313%, from June 30, 2018 to June 30, 2019. The main increase is because of $10 million general obligation issuance in the current year.
- Among major funds, the General Fund had $17,087,124 in revenues and $16,123,472 in expenditures, including $330,786 transfers out. The General Fund's fund balance increased by $963,652 from June 30, 2018 to June 30, 2019.

USING THE ANNUAL REPORT

This annual report consists of a series of basic financial statements and notes to those statements. These statements are organized so the reader can understand the District as an entire operating entity. The statements provide an increasingly detailed look at specific financial activities.

The Statement of Net Position and Statement of Activities comprise the government-wide financial statements and provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds with all other non-major funds presented in total in one column. In the case of the District, the General Fund is by far the most significant fund. The basic financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

OVERVIEW OF THE FINANCIAL STATEMENTS

The full annual financial report is a product of three separate parts: the basic financial statements, supplementary information, and this section, the Management's Discussion and Analysis. The three sections together provide a comprehensive financial overview of the District. The basic financials are comprised of two kinds of statement that present financial information from different perspectives, government-wide and fund statements.

- Government-wide financial statements, which comprise the first two statements, provide both short-term and long-term information about the District's overall financial position.

- Individual parts of the District, which are reported as fund financial statements, focus on reporting the District's operations in more detail. These fund financial statements comprise the remaining statements.

- Notes to the financials, which are included in the financial statements, provide more detailed data and explain some of the information in the statements. The required supplementary information section provides further explanations and provides additional support for the financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS - STATEMENT OF NET POSITION AND THE STATEMENT OF ACTIVITIES

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during the fiscal year 2018-2019?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting practices used by most private-sector companies. This basis of accounting takes into account all of the current year revenues and expenses regardless of when cash is received or paid.

These two statements report the District's net position and changes in net position. This change in net position is important because it tells the reader that, for the District as a whole, the financial position of the District has improved or diminished. The causes of this change may be the result of many factors, some financial, and some not. Non-financial factors include the District's property tax base, current property tax laws in California restricting revenue growth, facility conditions, required educational programs and other factors.

In the Statement of Net Position and the Statement of Activities, the District reports governmental activities. Governmental activities are the activities where most of the District's programs and services are reported including, but not limited to, instruction, support services, operation and maintenance of plant, pupil transportation and extracurricular activities. The District does not have any business type activities.

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

The analysis of the District's major funds begins with the balance sheet. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. These fund financial statements focus on each of the District's most significant funds. The District's major governmental funds are the General Fund, and Bond Interest and Redemption Fund.

Governmental Funds

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Fiduciary Funds

The district is the trustee, or fiduciary, for student body funds and a foundation trust fund. All of the district's fiduciary activities are reported in a separate Statement of Fiduciary Net Position. We exclude these activities from the district's fund and government-wide financial statements because the district cannot use these assets to finance its operations.

THE DISTRICT AS A WHOLE

Recall that the Statement of Net Position provides the perspective of the District as a whole. Table 1 provides a summary of the District's net position as of June 30, 2019 as compared to June 30, 2018

Table 1 – Comparison of Net Position

	2018-19	2017-18	Increase (Decrease)	Percent
Assets				
Current assets	$ 16,261,423	$ 4,241,322	$ 12,020,101	283%
Noncurrent assets	27,640,198	27,879,961	(239,763)	-1%
Total Assets	43,901,621	32,121,283	11,780,338	37%
Deferred Outflows of Resources	5,541,631	6,111,203	(569,572)	-9%
Liabilities				
Current liabilities	2,587,106	828,610	1,758,496	212%
Long-term liabilities	42,309,429	35,068,716	7,240,713	21%
Total Liabilities	44,896,535	35,897,326	8,999,209	25%
Deferred Inflows of Resources	1,798,189	1,312,209	485,980	37%
Net Position				
Net investment in capital assets	11,269,708	10,718,906	550,802	5%
Restricted	2,542,849	515,546	2,027,303	393%
Unrestricted	(11,064,029)	(10,211,501)	(852,528)	-8%
Total Net Position	$ 2,748,528	$ 1,022,951	$ 1,725,577	169%

Net position increased by $1,725,577. The unrestricted net position of the District, which is the portion of net position that may be used to finance day-to-day activities without constraints from grants and legal requirements, decreased $852,528, or 8% to deficit $11,064,029.

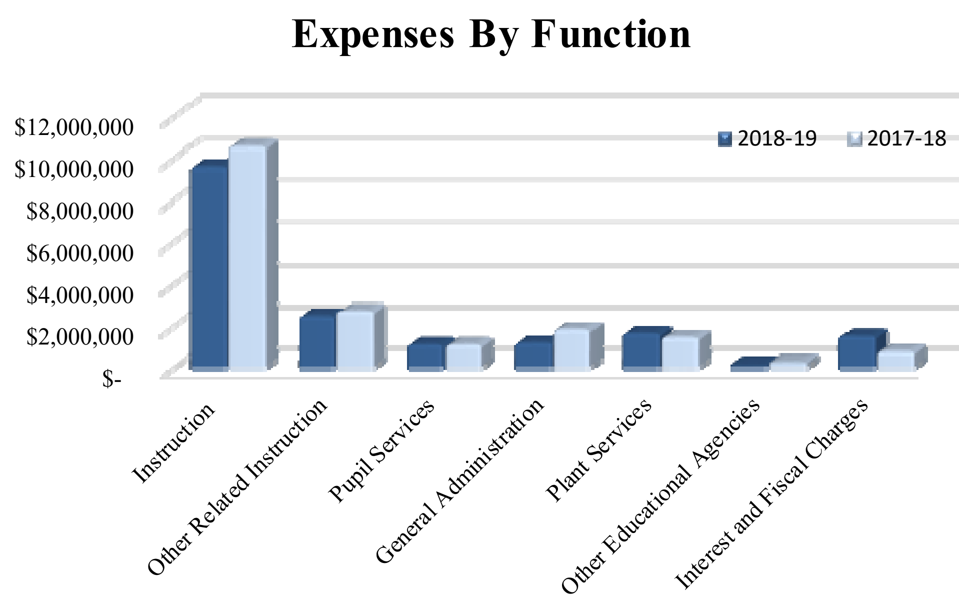
Table 2 shows the changes in net position from fiscal year 2018 to 2019.

Table 2 – Comparison of Activities

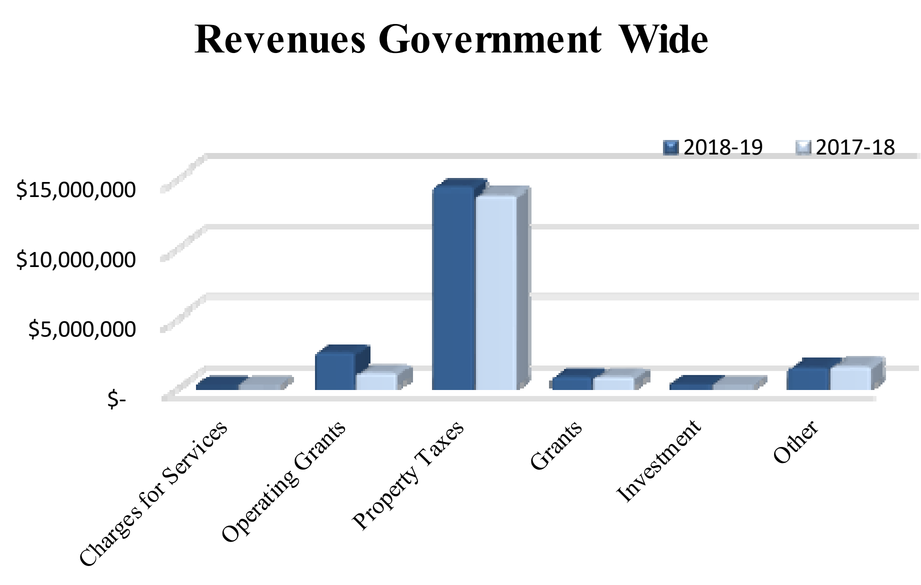
	2018-19	2017-18	Increase (Decrease)	Percent
Revenues				
Program revenues:				
Charges for services and sales	$ 57,501	$ 61,181	$ (3,680)	-6%
Operating grants and contributions	2,401,328	1,035,739	1,365,589	132%
General revenues	16,627,044	16,078,392	548,652	3%
Total Revenues	19,085,873	17,175,312	1,910,561	11%
Expenses				
Instruction and related instruction	11,994,161	13,175,045	(1,180,884)	-9%
Pupil services	1,055,204	1,052,427	2,777	0%
Administration	1,142,823	1,798,570	(655,747)	-36%
Plant services	1,610,451	1,411,619	198,832	14%
Other	1,557,657	961,119	596,538	62%
Total Expenses	17,360,296	18,398,780	(1,038,484)	-6%
Excess (deficit)	$ 1,725,577	$ (1,223,468)	$ 2,949,045	241%

Property taxes comprised 75% of District revenues and direct instruction costs comprised 69% of District expenses for fiscal year 2019
.

The following is a summary of government wide revenues for the fiscal year ended June 30, 2019:



The following is a summary of expenses by function for the fiscal year ended June 30, 2019:



GOVERNMENTAL ACTIVITIES

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the net cost of services as compared to the prior fiscal year. That is, it identifies the cost of these services supported by general revenues for the government-wide statements (not the General Fund).

Table 3 – Comparison of Net Cost of Services

	Expenditures by Function		Increase	
	2018-19	2017-18	(Decrease)	Percent
Instruction	$ 8,463,958	$ 9,889,999	$ (1,426,041)	-14%
Other related instruction	2,258,081	2,597,716	(339,635)	-13%
Pupil services	933,084	978,046	(44,962)	-5%
General administration	1,067,736	1,777,506	(709,770)	-40%
Plant services	1,389,234	1,407,291	(18,057)	-1%
Other educational agencies	(681,566)	(79,184)	(602,382)	761%
Interest and fiscal charges	1,470,940	730,286	740,654	101%
Total	$ 14,901,467	$ 17,301,660	$ (2,400,193)	-14%

Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and pupil.

Instruction-related Services include the activities involved with assisting staff with the content and process of teaching to pupils.

General Administration includes the costs for the Board of Trustees, administration, fiscal and business services and other expenses associated with administrative and financial supervision of the District.

Plant Services includes the operation and maintenance of plant activities, which involve keeping the school grounds, buildings, and equipment in an effective working condition.

Ancillary Services includes the operation of non-instructional services including the preparation, delivery, and servicing of lunches, snacks and other incidental meals.

Interest and Fiscal Charges involve the transactions associated with the payment of interest and other related charges to debt of the District.

The dependence upon tax and local revenues is apparent, 94% of the District’s activities are supported through taxes and other general revenues. The community, as a whole, is the primary support for the District.

THE DISTRICT'S FUNDS

Table 4 provides an analysis of the District's fund balances and the total change in fund balances from the prior year.

Table 4 – Change in Fund Balances

Funds	2018-19	2017-18	Increase (Decrease)	Percent
General Fund	$ 3,230,544	$ 2,266,891	$ 963,653	43%
Cafeteria Fund	21,196	269	20,927	7780%
Deferred Maintenance Fund	364,336	96,955	267,381	276%
Building Fund	9,483,042	(45,786)	9,528,828	20812%
Capital Facilities Fund	193,191	117,379	75,812	65%
Bond Interest & Redemption Fund	1,897,776	1,246,004	651,772	52%
Total Governmental Fund Balances	$ 15,190,085	$ 3,681,712	$ 11,508,373	313%

GENERAL FUND BUDGETING HIGHLIGHTS

The District's budget is prepared according to California law and in the modified accrual basis of accounting.

- Property Taxes was projected at 4.25% increase over 2017-18. The actual tax increase was 5.25%.
- The State requires school districts to record the CalSTRS (California State Teachers' Retirement System) and CalPERS (California Public Employees Retirement System) on-behalf contributions from the State. A corresponding expense was also recorded. The actual amount recorded for 2018-19 was $1,152,591.
- The School District continues to receive sizeable financial supports from the Portola Valley Foundation and PTO (Parent Teacher Organization).
- Due to declining in enrollment, there were reductions of 3.66 FTE (Full Time Equivalent) certificated staff, 1 FTE administrator and 3 para-educators through attrition.
- Employer pension rates continue to rise. 16.28% for certificated and 18.1% for classified employees.

CAPITAL ASSETS

Table 5 shows June 30, 2019 balances as compared to June 30, 2018.

Table 5 – Capital Assets (net of depreciation)

	Government-wide		Increase	
	2018-19	2017-18	(Decrease)	Percent
Land	$ 770,000	$ 770,000	$ -	0%
Construction in progress	169,119	-	169,119	100%
Building and improvements	26,320,289	26,728,686	(408,397)	-2%
Furniture and equipment	380,790	381,275	(485)	0%
TOTAL	$ 27,640,198	$ 27,879,961	$ (239,763)	-1%

LONG TERM DEBT

Table 6 summarizes the percent changes in Long-term Debt over the past two years.

Table 6 – Long Term Obligations

	Government-wide		Increase	
	2018-19	2017-18	(Decrease)	Percent
General obligation bonds	$ 25,464,832	$ 15,794,210	$ 9,670,622	61%
Capital lease obligations	1,610,424	1,761,040	(150,616)	-9%
Compensated absences	14,202	12,463	1,739	14%
Net pension liability	15,010,612	15,648,525	(637,913)	-4%
Net OPEB obligation	1,426,138	1,367,737	58,401	4%
Early Retirement Incentives	-	484,741	(484,741)	-100%
TOTAL	$ 43,526,208	$ 35,068,716	$ 8,457,492	24%

FACTORS BEARING ON THE DISTRICT'S FUTURE

The State's funding scheme for school districts, the Local Control Funding Formula, directs funds to school districts disproportionately in two ways. Weighted grade span allocations recognize that programming costs differ at various points in the K-12 program. Districts will also receive additional dollars for students with limited English language proficiency, students in foster care, and those with limited income as measured by eligibility for free and reduced price meals in the Federal School Nutrition Program.

As a community funded district, the Portola Valley School District will be relatively unaffected by the Local Control Funding Formula. The District has explicitly connected the annual budget to the education program by formally adopting an annual "Local Control Accountability Plan". Portola Valley School District will also need to monitor the macro-economy to be sure we are reacting to potential threats like those seen in recent years. It appears that property values in the region are on the rise again and the economy as a whole seems headed toward an upward swing. At the same time, the fluctuations in the stock markets may be indicating there are additional threats to stability on the horizon. The District's Board has indicated their intent to act prudently by committing to monitoring actively the multiyear projection and to building a reserve beyond required levels which will be sufficient to ensure solvency and to preserve programming for students.

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 need additional financial information, contact Connie Ngo, Portola Valley School District Business Office, 4575 Alpine Road, Portola Valley, CA 94028, (650) 851-1777, extension 2560.

PORTOLA VALLEY SCHOOL DISTRICT

STATEMENT OF NET POSITION
JUNE 30, 2019

	Governmental Activities
ASSETS	
Deposits and investments	$ 15,820,234
Receivables	395,212
Prepaid items	45,977
Capital assets not depreciated	939,119
Depreciable capital assets, net	26,701,079
Total Assets	43,901,621
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charge on refunding	1,221,724
Deferred outflows of resources related to pensions	4,259,020
Deferred outflows of resources related to OPEB	60,887
Total Deferred Outflows of Resources	5,541,631
LIABILITIES	
Accounts payable	1,059,266
Interest payable	298,989
Unearned revenue	12,072
Long-term obligations other than OPEB and pension:	
Current portion	1,216,779
Noncurrent portion	25,872,679
Total other postemployment benefit (OPEB) liability	1,426,138
Aggregate net pension liability	15,010,612
Total Liabilities	44,896,535
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources related to pensions	1,772,333
Deferred inflows of resources related to OPEB	25,856
Total Deferred Inflows of Resources	1,798,189
NET POSITION	
Net investment in capital assets	11,269,708
Restricted for:	
Educational programs	729,675
Debt service	1,598,787
Food service programs	21,196
Capital projects	193,191
Unrestricted	(11,064,029)
Total Net Position	$ 2,748,528

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

PORTOLA VALLEY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position: Governmental Activities
Governmental Activities:				
Instruction	$ 9,555,731	$ 6,293	$ 1,085,480	$ (8,463,958)
Instruction-related activities:				
Supervision of instruction	361,634	14	28,130	(333,490)
Instructional library, media, and technology	886,575	1,254	58,162	(827,159)
School site administration	1,190,221	25	92,764	(1,097,432)
Pupil services:				
Home-to-school transportation	114,076	-	-	(114,076)
Food services	153,888	14	27,978	(125,896)
All other pupil services	787,240	1,727	92,401	(693,112)
Administration:				
Data processing	47,364	-	-	(47,364)
All other administration	1,095,459	-	75,087	(1,020,372)
Plant services	1,610,451	145	221,072	(1,389,234)
Ancillary services	1,366	-	-	(1,366)
Community services	893	-	-	(893)
Other educational agencies	84,458	48,029	720,254	683,825
Interest on long-term obligations	1,470,940	-	-	(1,470,940)
Total Governmental Activities	$ 17,360,296	$ 57,501	$ 2,401,328	(14,901,467)

General Revenues and Subventions:	
Property taxes, levied for general purposes	11,792,534
Property taxes, levied for debt service	1,290,837
Taxes levied for other specific purposes	1,205,522
State aid not restricted to specific purposes	755,609
Interest and investment earnings	172,418
Miscellaneous	1,410,124
Subtotal, General Revenues	16,627,044
Change in Net Position	1,725,577
Net Position - Beginning, Restated (Note 17)	1,022,951
Net Position - Ending	$ 2,748,528

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

GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2019

	General Fund	Building Fund	Bond Interest and Redemption Fund
ASSETS			
Deposits and investments	$ 3,800,632	$ 9,551,929	$ 1,887,551
Receivables	321,551	56,723	10,225
Due from other funds	7,241	-	-
Prepaid items	45,977	-	-
Total Assets	$ 4,175,401	$ 9,608,652	$ 1,897,776
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	$ 932,785	$ 118,369	$ -
Due to other funds	-	7,241	-
Unearned revenue	12,072	-	-
Total Liabilities	944,857	125,610	-
Fund Balances:			
Nonspendable	45,977	-	-
Restricted	729,675	9,483,042	1,897,776
Assigned	280,924	-	-
Unassigned	2,173,968	-	-
Total Fund Balances	3,230,544	9,483,042	1,897,776
Total Liabilities and Fund Balances	$ 4,175,401	$ 9,608,652	$ 1,897,776

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

Non-Major Governmental Funds	Total Governmental Funds
$ 580,122	$ 15,820,234
6,713	395,212
-	7,241
-	45,977
$ 586,835	$ 16,268,664
$ 8,112	$ 1,059,266
-	7,241
-	12,072
8,112	1,078,579
-	45,977
214,387	12,324,880
364,336	645,260
-	2,173,968
578,723	15,190,085
$ 586,835	$ 16,268,664

PORTOLA VALLEY SCHOOL DISTRICT

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

Total Fund Balance - Governmental Funds		$ 15,190,085
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.		
The cost of capital assets is	$ 41,806,534	
Accumulated depreciation is	(14,166,336)	
Net Capital Assets		27,640,198
In governmental funds, unmatured interest on long-term debt is recognized in the period when payment is due. On the government-wide financial statements, unmatured interest on long-term obligations is recognized when it is incurred.		(298,989)
Total OPEB liability and related deferred inflows and outflows of resources are not due in the current period and therefore are not reported on the governmental funds.		(1,391,107)
Net pension liability and related deferred inflows and outflows of resources are not due in the current period and therefore are not reported on the governmental funds.		(12,523,925)
Unamortized deferred charge on refunding is recognized as a deferred outflow on the statement of net position. The deferred charges are recognized in the governmental funds when they were paid.		1,221,724
Long-term liabilities at year end consist of:		
General obligation bonds	25,464,832	
Compensated absences	14,202	
Capital lease payable	1,610,424	
Total Long-Term Obligations		(27,089,458)
Total Net Position - Governmental Activities		$ 2,748,528

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

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PORTOLA VALLEY SCHOOL DISTRICT

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

	General Fund	Building Fund	Bond Interest and Redemption Fund
REVENUES			
Local control funding formula	$ 12,321,449	$ -	$ -
Federal sources	192,898	-	-
Other state sources	1,646,906	2,538	2,576
Other local sources	2,925,871	56,746	1,306,482
Total Revenues	17,087,124	59,284	1,309,058
EXPENDITURES			
Current			
Instruction	9,162,797	-	-
Instruction-related activities:			
Supervision of instruction	337,671	-	-
Instructional library, media and technology	872,678	-	-
School site administration	1,144,764	-	-
Pupil Services:			
Home-to-school transportation	103,061	-	-
Food services	379	-	-
All other pupil services	753,171	-	-
Administration:			
Data processing	40,690	-	-
All other administration	1,524,105	-	-
Plant services	1,455,524	54,245	-
Other educational agencies	84,458	-	-
Capital outlays	1,753	354,997	-
Debt service			
Principal	150,616	-	865,000
Interest and other	161,018	167,000	462,041
Total Expenditures	15,792,685	576,242	1,327,041
Excess (Deficiency) of Revenues Over Expenditures	1,294,439	(516,958)	(17,983)
Other Financing Sources (Uses):			
Transfers in	-	45,786	-
Other sources	-	10,000,000	669,755
Transfers out	(330,786)	-	-
Net Financing Sources (Uses)	(330,786)	10,045,786	669,755
NET CHANGE IN FUND BALANCES	963,653	9,528,828	651,772
Fund Balance - Beginning	2,266,891	(45,786)	1,246,004
Fund Balance - Ending	$ 3,230,544	$ 9,483,042	$ 1,897,776

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

Non-Major Governmental Funds	Total Governmental Funds
$ -	$ 12,321,449
26,217	219,115
1,555	1,653,575
203,380	4,492,479
231,152	18,686,618
-	9,162,797
-	337,671
-	872,678
-	1,144,764
-	103,061
137,795	138,174
-	753,171
-	40,690
-	1,524,105
-	1,509,769
-	84,458
14,237	370,987
-	1,015,616
-	790,059
152,032	17,848,000
79,120	838,618
285,000	330,786
-	10,669,755
-	(330,786)
285,000	10,669,755
364,120	11,508,373
214,603	3,681,712
$ 578,723	$ 15,190,085

PORTOLA VALLEY SCHOOL DISTRICT

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

Total Net Change in Fund Balances - Governmental Funds		$ 11,508,373
Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:		
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures; however, for governmental activities, those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities.		
Capital outlays	$ 326,716	
Depreciation expense	(566,479)	
Net expense adjustment		(239,763)
Proceeds received from sale of general obligaiton bonds are revenue in the governmental funds, but increases long-term obligations in the statement of net position and does not affect the statement of activities.		(10,000,000)
Premium received from issuance of bonds is a revenue in the governmental funds, but it increases long-term obligations in the statement of net position and does not affect the statement of activities.		(702,255)
Amorization of deferred finance charge reduces expenses on the statement of activities but is not recorded on the governmental funds.		(115,270)
Payment of principal on general obligation bonds is an expenditure in the governmental funds, but it reduces long-term liabilities in the statement of net position and does not affect the statement of activities.		865,000
Payment of principal on capital leases is an expenditure in the governmental funds, but it reduces long-term liabilities in the statement of net position and does not affect the statement of activities.		150,616
Payment of Early Retirement Benefit is an expenditure in the governmental funds, but it reduces long-term liabilities in the statement of net position and does not affect the statement of activities.		484,741

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

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

Amortization of bond premiums are recorded as revenue when received in governmental funds, but are recorded as a liability in the statement of net position and amortized to operations in the statement of activities.	166,633
Interest on long-term debt is recorded as an expenditure in the governmental funds when it is due; however, in the statement of activities, interest expense is recognized as the interest accrues, regardless of when it is due.	(29,989)
In the statement of activities compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures are measured by the amount actually paid.	(1,739)
In the governmental funds, pension costs are based on employer contributions made to pension plans during the year. However, in the Statement of Activities, pension expense is the net effect of all changes in the deferred outflows, deferred inflows and net pension liability during the year.	(291,681)
In the governmental funds, OPEB costs are based on employer contributions made to OPEB plans during the year. However, in the Statement of Activities, OPEB expense is the net effect of all changes in the deferred outflows, deferred inflows and net OPEB liability during the year.	(69,089)
Change in Net Position of Governmental Activities	$ 1,725,577

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

PORTOLA VALLEY SCHOOL DISTRICT

FIDUCIARY FUND
STATEMENT OF ASSETS AND LIABILITIES
JUNE 30, 2019

	Student Body Agency Fund
ASSETS	
Deposits and investments	$ 5,264
Total Assets	$ 5,264
LIABILITIES	
Due to student groups	$ 5,264
Total Liabilities	$ 5,264

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

The District was established in 1862 under the laws of the State of California. The District operates under a locally-elected five-member Board form of government and provides educational services to grades K-8 as mandated by the State and Federal agencies. The District operates two elementary schools. Ormondale School serves K-3 grades and Corte Madera serves 4-8 grades.

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

Basis of Presentation - Fund Accounting

The accounting system is organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The District's funds are grouped into three broad fund categories: governmental, proprietary, and fiduciary.

Governmental Funds Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the District's major and non-major governmental funds:

Major Governmental Funds

General Fund The General Fund is the chief operating fund for all Districts. It is used to account for the ordinary operations of the District. All transactions except those accounted for in another fund are accounted for in this fund.

One fund currently defined as special revenue funds in the California State Accounting Manual do not meet the Government Accounting Standards Board (GASB) Statement No. 54 special revenue fund definition. Specifically, Fund 17, Special Reserve Fund for Other Than Capital Outlay Projects is not substantially composed of restricted or committed revenue sources. While these funds are authorized by statute and will remain open for internal reporting purposes, these funds function effectively as extensions of the General Fund, and accordingly have been combined with the General Fund for presentation in these audited financial statements.

As a result, the General Fund reflects an increase in assets, fund balance and revenues of $1,215,343, $0, and $15,974, respectively.

Building Fund The Building Fund exists primarily to account separately for proceeds from the sale of bonds *(Education Code* Section 15146) and may not be used for any purposes other than those for which the bonds were issued.

Bond Interest and Redemption Fund The Bond Interest and Redemption Fund is used to account for the accumulation of resources for, and the repayment of, district bonds, interest, and related costs.

Non-Major Governmental Funds

Special Revenue Funds The Special Revenue funds are used to account for the proceeds from specific revenue sources (other than trusts, major capital projects, or debt service) that are restricted or committed to the financing of particular activities, that compose a substantial portion of the inflows of the fund, and that are reasonably expected to continue. Additional resources that are restricted, committed, or assigned to the purpose of the fund may also be reported in the fund. The District has only one Special Revenue Fund, Cafeteria Fund, that is presented as Major Governmental Funds.

Cafeteria Fund The Cafeteria Fund is used to account separately for Federal, State, and local resources to operate the food service program (*Education Code* Sections 38090-38093) and is used only for those expenditures authorized by the governing board as necessary for the operation of the District's food service program (*Education Code* Sections 38091 and 38100). Major sources of revenues are meal reimbursements from state and federal sources. The District elected to present the fund as a major fund.

Deferred Maintenance Fund The Deferred Maintenance Fund is used to account separately for revenues that are restricted or committed for deferred maintenance purposes (*Education Code* Section 17582)

Capital Project Funds The Capital Project funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities and other capital assets (other than those financed by proprietary funds and trust funds).

Capital Facilities Fund The Capital Facilities Fund is used primarily to account separately for monies received from fees levied on developers or other agencies as a condition of approval (*Education Code* Sections 17620-17626 and *Government Code* Section 65995 et seq.). Expenditures are restricted to the purposes specified in *Government Code* Sections 65970-65981 or to the items specified in agreements with the developer (*Government Code* Section 66006).

Debt Service Funds The Debt Service funds are used to account for the accumulation of resources for and the payment of principal and interest on general long-term obligations. The District has one Debt Service Fund, Bond Interest and Redemption Fund which is presented as a major fund above.

Fiduciary Funds Fiduciary funds are used to account for assets held in trustee or agent capacity for others that cannot be used to support the District's own programs.

Student body Agency Fund Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District's Agency Fund accounts for student body activities (ASB).

Basis of Accounting - Measurement Focus

Government-Wide Financial Statements The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the proprietary fund financial statements, but differs from the manner in which governmental fund financial statements are prepared.

The government-wide statement of activities presents a comparison between expenses, both direct and indirect, and program revenues for the business type activities and each governmental function, and exclude fiduciary funds. Direct expenses are those that are specifically associated with a service, program, or department and are therefore, clearly identifiable to a particular function. The District does not allocate indirect expenses to functions in the Statement of Activities, except for depreciation. Program revenues include charges paid by the recipients of the goods or services offered by the programs and 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 are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program is self-financing or draws from the general revenues of the District. Eliminations have been made to minimize the double counting of internal activities.

Net position should be reported as restricted when constraints placed on net position use are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Fund Financial Statements Fund financial statements report detailed information about the District. The focus of governmental and proprietary fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. The enterprise and internal service funds are presented in a single column on the face of the proprietary fund statement.

Governmental Funds All governmental funds are accounted for using the flow of current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balance reports on the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include reconciliations with brief explanations to better identify the relationship between the government-wide financial statements, prepared using the economic resources measurement focus and the accrual basis of accounting, and the governmental fund financial statements, prepared using the flow of current financial resources measurement focus and the modified accrual basis of accounting.

Proprietary Funds Proprietary funds are accounted for using the flow of economic resources measurement focus and the accrual basis of accounting. All assets and all liabilities associated with the operation of this fund are included in the statement of net position. The statement of changes in fund net position presents increases (revenues) and decreases (expenses) in net total assets. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary fund.

Fiduciary Fund Fiduciary fund is accounted for using the flow of economic resources measurement focus and the accrual basis of accounting. Fiduciary fund is excluded from the government-wide financial statements because it does not represent resources of the District.

Revenues - Exchange and Non-Exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available and when the exchange takes place. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter, to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within 365 days of fiscal year-end.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, certain grants, entitlements, and donations. Revenue from property taxes is recognized in the fiscal year in which the taxes are levied. Revenue from certain grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include time and purpose restrictions. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Unearned Revenue

Unearned revenue arises when potential resources are received by the District prior to the incurrence of qualifying expenditures. In subsequent periods, when the District has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet and revenue is recognized.

Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable, and typically paid within 90 days. Principal and interest on long-term obligations, which has not matured, are recognized when paid in the governmental funds as expenditures. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds but are recognized in the entity-wide statements.

Deposit and Investments

Cash balances held in banks and in revolving funds are insured to $250,000 by the Federal Deposit Insurance Corporation.

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

All District-directed investments are governed by *Government Code* Section 53601 and Treasury investment guidelines. The guidelines limit specific investments to government securities, domestic chartered financial securities, domestic corporate issues, and California municipal securities. The District's securities portfolio is held by the County Treasurer. Interest earned on investments is recorded as revenue of the fund from which the investment was made.

Prepaid Expenditures (Expenses)

Prepaid expenditures (expenses) represent amounts paid in advance of receiving goods or services. The District has the option of reporting an expenditure in governmental funds for prepaid items either when purchased or during the benefiting period. The District has chosen to report the expenditures in the benefiting period.

Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables". These amounts are eliminated in the governmental type activities columns of the statement of net position.

Capital Assets and Depreciation

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. Capital assets are long-lived assets of the District. The District maintains a capitalization threshold of $5,000. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized, but are expensed as incurred.

When purchased, such assets are recorded as expenditures in the governmental funds and capitalized in the government-wide statement of net position. The valuation basis for capital assets is historical cost, or where historical cost is not available, estimated historical cost based on estimated market value. Donated capital assets are capitalized at estimated acquisition cost on the date donated.

All capital assets, except land and construction in progress, are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Improvement of sites	20
Buildings	50
Portable buildings	20
Building improvements	20
Furniture and fixtures	20
Playground equipment	20
Food services equipment	15
Transportation equipment	15
Telephone system	10
Vehicles	8
Computer system and equipment	5
Office equipment	5

Compensated Absences

Compensated absences are accrued as a liability as the benefits are earned. The entire compensated absence liability is reported on the government-wide statement of net position. For governmental funds, the current portion of unpaid compensated absences is recognized upon the occurrence of relevant events such as employee resignations and retirements that occur prior to year end that have not yet been paid with expendable available financial resources.

Accumulated sick leave benefits are not recognized as liabilities of the District. The District's policy is to record sick leave as an operating expense in the period taken, since such benefits do not vest, nor is payment probable; however, unused sick leave is added to the creditable service period for calculation of retirement benefits when the employee retires. At retirement, each classified member will receive 0.004 year of service credit for each day of unused sick leave. Credit for unused sick leave is applicable to all certificated employees and is determined by dividing the number of unused sick days by the number of base service days required to complete the last school year, if employed full-time.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the governmental funds.

However, claims and judgments, compensated absences, special termination benefits, and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the governmental fund financial statements only to the extent that they are due for payment during the current year. Bonds, capital leases, and other long-term loans are recognized as liabilities in the governmental fund financial statements when paid.

Debt Issuance Costs, Premiums and Discounts

Debt premiums and discounts, as well as issuance costs, related to prepaid insurance costs are reported as a component of debt (or as prepaid items if for insurance), and are amortized over the life of the bonds using the straight line method.

In governmental fund financial statements, bond premiums and discounts, as well as debt issuance costs are recognized in the current period. The face amount of the debt is reported as other financing sources. Premiums received (or discounts) on debt issuance are also reported as other financing sources or uses. Issuance costs, whether or not withheld from the actual debt proceeds, are reported as debt service expenditures.

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position also reports deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The district has recognized a deferred loss on refunding which is reported in the Statement of Net Position. A deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shortened life of the refunded or refunding debt. Additionally, the District has recognized a deferred outflows of resources related to the recognition of the net pension liability and Other Postemployment Benefit (OPEB) liability reported in the Statement of Net Position.

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The District reports deferred inflows of resources for pension and OPEB related items.

Pensions

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

Postemployment Benefits Other Than Pensions (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 District Plan and additions to/deductions from the District Plan fiduciary net position have been determined on the same basis as they are reported by the District Plan. For this purpose, the District Plan recognizes benefit payments when due and payable in accordance with the benefit terms.

Fund Balances - Governmental Funds

As of June 30, 2019, fund balances of the governmental funds are classified as follows:

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

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

Committed - amounts that can be used only for specific purposes determined by a formal action of the governing board. The governing board is the highest level of decision-making authority for the District. Commitments may be established, modified, or rescinded only through resolutions or other action as approved by the governing board. The District currently does not have any committed funds.

Assigned - amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the District's adopted policy, only the governing board or chief business officer/assistant superintendent of business services may assign amounts for specific purposes.

Unassigned - all other spendable amounts.

Spending Order Policy

When an expense is incurred for purposes for which both restricted and unrestricted net position 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 governing board has provided otherwise in its commitment or assignment actions.

Net Position

Net position represents the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources. Net position net of investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the District, these revenues are in-district premium or user fees for child care. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Local Control Funding Formula

The Local Control Funding Formula (LCFF) creates base, supplemental, and concentration grants in place of most previously existing K-12 funding streams, including revenue limits and most state categorical programs. The revenue limit was a combination of local property taxes, state apportionments, and other local sources.

Until full implementation, local education agencies (LEAs) will receive roughly the same amount of funding they received in 2012-13 plus an additional amount each year to bridge the gap between current funding levels and LCFF target levels. The budget projects the time frame for full implementation of the LCFF to be eight years.

Property Tax

Secured property taxes attach as an enforceable lien on property as of January 1. Taxes are payable in two installments on November 1 and February 1 and become delinquent on December 10 and April 10, respectively. Unsecured property taxes are payable in one installment on or before August 31. The County of Santa Mateo bills and collects the taxes on behalf of the District. Local property tax revenues are recorded when received.

Risk Management

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The District has joined together with other school districts in the County to form the San Mateo County Schools Insurance Group ("SMCSIG") public entity risk pool. The District pays an annual premium for its property and casualty, workers' compensation, and liability insurance coverage. The Joint Powers Agreements provide that SMCSIG will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of self-insured levels.

There were no significant reductions in insurance coverage from coverage in the prior year and no insurance settlement exceeding insurance coverage.

New Accounting Pronouncements Effective This Fiscal Year

In November 2016, the GASB issued Statement No. 83, *Certain Asset Retirement Obligations.* This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. The District has implemented the provisions of this Statement as of June 30, 2019. There was no material impact from adoption.

In April 2018, the GASB issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The District has implemented the provisions of this Statement as of June 30, 2019. There was no material impact from adoption.

New Accounting Pronouncements Effective in Future Fiscal Years

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities.* The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The requirements of this Statement are effective for the reporting periods beginning after December 15, 2018. Early implementation is encouraged. The District has not determined the effect of the statement.

In June 2017, the GASB issued Statement No. 87, *Leases.* The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The requirements of this Statement are effective for the reporting periods beginning after December 15, 2019. Early implementation is encouraged. The District has not determined the effect of the statement.

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The requirements of this Statement should be applied prospectively. The District has not determined the effect of the statement.

In August 2018, the GASB issued Statement 90, *Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 60*. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged. The requirements of this Statement should be applied prospectively. The District has not determined the effect of the statement.

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The requirements of this Statement are effective for the reporting periods beginning after December 15, 2020. Early implementation is encouraged. The District has not determined the effect of the statement.

NOTE 2 - DEPOSITS AND INVESTMENTS

Summary of Deposits and Investments

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

Governmental funds	$ 15,820,234
Fiduciary fund	5,264
Total Deposits and Investments	$ 15,825,498

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

Cash on hand and in banks	$	47,673
Investments in County Treasury		15,777,825
Total Deposits and Investments	$	15,825,498

Policies and Practices

The District is authorized under California Government Code to make direct investments in local agency bonds, notes, or warrants within the State; U.S. Treasury instruments; registered State warrants or treasury notes; securities of the U.S. Government, or its agencies; bankers acceptances; commercial paper; certificates of deposit placed with commercial banks and/or savings and loan companies; repurchase or reverse repurchase agreements; medium term corporate notes; shares of beneficial interest issued by diversified management companies, certificates of participation, obligations with first priority security; and collateralized mortgage obligations.

Investments in County Treasury

The District is considered to be an involuntary participant in an external investment pool as the District is required to deposit all receipts and collections of monies with their County Treasurer (*Education Code* Section 41001). The District's investment in the pool is reported in the accounting financial statements at amounts based upon the District's pro-rata share of the amortized cost that approximate 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 is not registered with the Securities and Exchange Commission.

General Authorizations

The District's policy is to follow the requirements stipulated by the California government code related to investments. Limitations as they relate to interest rate risk and concentration of credit risk are indicated in the schedules below:

Authorized Investment Type	Maximum Remaining Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Bonds, Notes, Warrants	5 years	None	None
Registered State Bonds, Notes, Warrants	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Banker's Acceptance	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20% of base	None
Medium-Term Corporate Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Joint Powers Authority Pools	N/A	None	None
Supranational Obligations	5 years	30%	10%

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District manages its exposure to interest rate risk by depositing substantially all of its funds in the County Treasury Pool. The cost and fair value of the deposits with County Treasurer at June 30, 2019 approximate cost, and the weighted average maturity of the pool was 0.84 years.

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investment in the County Pool is rated as AA/A-1 as of June 30, 2019.

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by public agencies. As of June 30, 2019, the District's bank balance was not exposed to custodial credit risk.

Fair Value Measurements

Generally accepted accounting principles provide guidance on how fair value should be determined when financial statement elements are required to be measured at fair value. Valuation techniques are ranked in three levels depending on the degree of objectivity of the inputs used with each level:

Level 1 inputs – quoted prices in active markets for identical assets.
Level 2 inputs – quoted prices in active or inactive markets for the same or similar assets.
Level 3 inputs – estimates using the best information available when there is little or no market.

Uncategorized – Investments in the County Treasury Investment Pool are not measured using the input levels above because the District's transactions are based on a stable net asset value per share. All contributions and redemptions are transacted at $1.00 net asset value per share. As of June 30, 2019, all of the District's investment is in the San Mateo county Treasury and are reported as uncategorized.

NOTE 3 - RECEIVABLES

Receivables at June 30, 2019, consisted of intergovernmental grants, entitlements, interest and other local sources. All receivables are considered collectible in full.

	General Fund	Building Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
Federal Government:					
Categorical aid	$ 118,943	$ -	$ -	$ 4,709	$ 123,652
State Government:					
Categorical aid	47,609	-	-	314	47,923
Lottery	27,939	-	-	-	27,939
Other state	1,450		-	-	1,450
Interest	36,676	56,723	10,225	1,690	105,314
Local Sources	88,934	-	-	-	88,934
Total	$ 321,551	$ 56,723	$ 10,225	$ 6,713	$ 395,212

NOTE 4 - CAPITAL ASSETS

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

	Balance July 1, 2018	Additions	Deletion	Balance June 30, 2019
Governmental Activities				
Capital Assets Not Being Depreciated:				
Land	$ 770,000	$ -	$ -	$ 770,000
Construction in progress	-	169,119	-	169,119
Total Capital Assets Not Being Depreciated	770,000	169,119	-	939,119
Capital Assets Being Depreciated:				
Buildings and improvements	40,064,083	157,597	-	40,221,680
Furniture and equipment	645,735	-	-	645,735
Total Capital Assets Being Depreciated	40,709,818	157,597	-	40,867,415
Total Capital Assets	41,479,818	326,716	-	41,806,534
Less Accumulated Depreciation:				
Buildings and improvements	13,335,397	565,994	-	13,901,391
Furniture and equipment	264,460	485	-	264,945
Total Accumulated Depreciation	13,599,857	566,479	-	14,166,336
Capital Assets, Net	$ 27,879,961	$ (239,763)	$ -	$ 27,640,198

Depreciation expense was charged as a direct expense to the governmental functions as follows:

Governmental Activities	
Instruction	$ 339,869
Supervision of instruction	22,007
Instructional library, media, and technology	8,843
School site administration	38,827
Pupil transportation	10,418
Food services	14,914
Other pupil services	29,708
Ancillary services	1,366
Community services	893
Other general administration	45,529
Data processing services	6,439
Plant maintenance and operations	47,666
Total Depreciation Expense Governmental Activities	$ 566,479

NOTE 5 - INTERFUND TRANSACTION

Interfund Receivables/Payables (Due To/Due From)

The balance of $7,241 due to the General fund from the Building fund resulted from the reimbursement of benefits paid for Director of Facilities.

The balances resulted from the time lag between the date that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Transfers In and Transfers Out

Interfund transfers for the year ended June 30, 2019, consisted of the following:

	Transfers In			
Transfer Out	Cafeteria	Deferred Maintenance	Building	Total
General	$ 20,000	$ 265,000	$ 45,786	$ 330,786

The General fund transferred to the Cafeteria fund for support.	$ 20,000
The General fund transferred to Deferred Maintenance fund for the facilities related projects.	265,000
The General fund transferred to Building fund to reimburse for the emergency repairs.	45,786
Total	$ 330,786

NOTE 6 - DEFERRED CHARGE ON REFUNDING

Deferred outflows of resources are a consumption of net position by the District that is applicable to a future reporting period. For governmental activities, the net investment in capital assets amount of $11,269,708 includes the effect of deferring the recognition of loss from advance refunding. The $1,221,724 balance of the deferred outflows of resources at June 30, 2019, will be recognized as an expense and as a decrease in net position over the remaining life of related bonds. During the year, $115,270 was recognized as expense.

	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019
Deferred charges on refunding	1,336,994	$ -	$ 115,270	$ 1,221,724

NOTE 7 - ACCOUNTS PAYABLE

Accounts payable at June 30, 2019, consisted of the following:

	General Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Funds
Vendor payables	$ 616,334	$ 113,066	$ 8,112	$ 737,512
Salaries and benefits	316,451	5,303	-	321,754
Total	$ 932,785	$ 118,369	$ 8,112	$ 1,059,266

NOTE 8 - UNEARNED REVENUE

Unearned revenue at June 30, 2019, consists of $12,072 in the General Fund for federal financial assistance.

NOTE 9 - TAX AND REVENUE ANTICIPATION NOTES (TRANS)

On July 1, 2018, the District issued $1,375,000 in Tax Revenue Anticipation Notes (TRANS) maturing on June 28, 2019, with an interest rate of 4%, sold to yield not in excess of the yield on the Note Participants plus one-eighth of one percentage point (1/8%). The TRANS are a general obligation of the District and are payable from revenues and cash receipts to be generated by the District. The funds were used to supplement the District's cash flow and were completely repaid as of June 30, 2019.

NOTE 10 - LONG-TERM OBLIGATIONS

Summary

The changes in the District's long-term obligations during the year consisted of the following:

	Balance June 30, 2018	Additions	Deductions	Balance June 30, 2019	Due in One Year
General Obligation Bonds	$ 15,050,000	$ 10,000,000	$ 865,000	$ 24,185,000	$ 890,000
Premium on Bonds	744,210	702,255	166,633	1,279,832	166,633
Subtotal	15,794,210	10,702,255	1,031,633	25,464,832	1,056,633
Early Retirement Incentives	484,741	-	484,741	-	-
Compensated Absences	12,463	1,739	-	14,202	-
Capital Leases	1,761,040	-	150,616	1,610,424	160,146
	$ 18,052,454	$ 10,703,994	$ 1,666,990	$ 27,089,458	$ 1,216,779

Payments on the general obligation bonds are made by the Bond Interest and Redemption Fund. This fund receives property tax revenues which are used solely to repay the principal and interest due on these obligations. General revenues are not required to fund the debt service on these obligations. Payments on the capital leases are made by the General Fund and Building Fund. The compensated absences will be paid by the fund for which the employee worked.

Bonded Debt

The outstanding general obligation bonded debt is as follows:

Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2018	Issued	Redeemed	Bonds Outstanding June 30, 2019
2009	8/1/2029	2.0-4.0%	$ 4,910,000	$ 1,005,000	$ -	$ 240,000	$ 765,000
2010	8/1/2029	2.0-5.0%	9,180,000	1,630,000	-	380,000	1,250,000
2010	8/1/2029	2.0-5.0%	5,315,000	4,460,000	-	130,000	4,330,000
2016	8/1/2030	1.91%	8,200,000	7,955,000	-	115,000	7,840,000
2019	8/1/2045	4.0-5.0%	10,000,000	-	10,000,000	-	10,000,000
			$ 37,605,000	$ 15,050,000	$ 10,000,000	$ 865,000	24,185,000
						Unamortized premium	1,279,832
						Total	$ 25,464,832

Debt Service Requirements to Maturity

The bonds mature through 2046 as follows:

Fiscal Year	Principal	Interest to Maturity	Total
2020	$ 890,000	$ 773,509	$ 1,663,509
2021	2,555,000	778,320	3,333,320
2022	2,455,000	670,337	3,125,337
2023	1,005,000	602,417	1,607,417
2024	1,025,000	580,000	1,605,000
2025-2029	5,555,000	2,545,231	8,100,231
2030-2034	4,710,000	1,610,382	6,320,382
2035-2039	1,645,000	1,050,175	2,695,175
2040-2044	2,805,000	610,500	3,415,500
2045-2046	1,540,000	63,000	1,603,000
Total	$ 24,185,000	$ 9,283,871	$ 33,468,871

Capital Leases

The District has entered into agreements to lease solar panels. Such agreements are, in substance, purchases (capital leases) and are reported as capital lease obligations. The District's liability on lease agreements with options to purchase is summarized below:

	Solar Project
Balance, July 1, 2018	$ 1,761,040
Payments	(150,616)
Balance, June 30, 2019	$ 1,610,424

The capital leases have minimum lease payments as follows:

Fiscal Year	Lease Payment
2020	$ 260,476
2021	260,683
2022	260,957
2023	261,304
2024	261,729
2025-2027	782,019
Total	2,087,168
Less: Amount Representing Interest	(476,744)
Present Value of Minimum Lease Payments	$ 1,610,424

The District is entitled to federal subsidies over a 15-year period for the solar panel installation. For the fiscal year ended June 30, 2019, the District was entitled to a federal subsidy of $92,018 adjusted by a sequester reduction related to these leases. Future federal subsidies could be adjusted by sequester reductions.

The annual federal subsidies to be received for the leases outstanding as of June 30, 2019, are as follows:

Fiscal Year	Principal
2020	$ 84,066
2021	75,610
2022	66,616
2023	57,048
2024	46,866
2025-2027	66,606
Total	$ 396,812

NOTE 11 - FUND BALANCES

Fund balances are composed of the following elements:

	General Fund	Building Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
Nonspendable					
Prepaid expenditures	$ 45,977	$ -	$ -	$ -	$ 45,977
Restricted					
Educational programs	729,675	-	-	-	729,675
Food services	-	-	-	21,196	21,196
Capital projects	-	9,483,042	-	193,191	9,676,233
Debt service	-	-	1,897,776	-	1,897,776
Total Restricted	729,675	9,483,042	1,897,776	214,387	12,324,880
Assigned					
Deferred Maintenance	-	-	-	364,336	364,336
Assigned to various projects	280,924	-	-	-	280,924
Total Assigned	280,924	-	-	364,336	645,260
Unassigned					
Reserve for economic uncertainties	660,400	-	-	-	660,400
Remaining Unassigned	1,513,568	-	-	-	1,513,568
Total Unassigned	2,173,968	-	-	-	2,173,968
Total	$ 3,230,544	$ 9,483,042	$ 1,897,776	$ 578,723	$ 15,190,085

NOTE 12 - TOTAL POST EMPLOYMENT BENEFIT (OPEB) LIABILITY

For the fiscal year ended June 30, 2019, the District reported total OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense for the following plans:

OPEB Plan	Total OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
District Plan	$ 1,426,138	$ 60,887	$ 25,856	$ 131,780

The details of the District plan are as follows:

Plan Administration

The District's governing board administers the Postemployment Benefits Plan (the Plan) as a single-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB) for eligible retirees and their spouses. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB statement No. 75.

Plan Membership

At June 30, 2019, the Plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits payments	12
Active employees	95
	107

Benefits Provided

The Plan provides medical, dental, vision and life insurance benefits to eligible retirees and their spouses. Benefits are provided through a third-party insurer, and the full cost of benefits is covered by the Plan. The Plan offers employees health benefits from within different bargaining units who retire after age 50 to 60 with at least 10 years of service. The Plan makes payments for five years or until age 65, whichever comes first. The District's governing board has the authority to establish and amend the benefit terms as contained within the negotiated labor agreements.

Contributions

The contribution requirements of Plan members and the District are established and may be amended by the District, different bargaining units, and unrepresented groups. The required contribution is based on projected pay-as-you-go financing requirements. For fiscal year 2018-2019, the District contributed $60,887 to the Plan, all of which was used for current premiums.

Actuarial Assumptions

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

Inflation	2.75	percent
Salary increases	3.00	percent, average, including inflation
Discount rate	2.98	percent
Healthcare cost trend rates	4.0 to 7.0	percent

The discount rate was based on the Bond Buyer 20-bond General Obligation Index.

Mortality rates were based on the 2016 CalSTRS Mortality Table for certificated employees and the 2014 CalPERS Active Mortality for Miscellaneous Employees Table for classified employees. Mortality rates vary by age and sex. (Unisex mortality rates are not often used as individual OPEB benefits do not depend on the mortality table used.) If employees die prior to retirement, past contributions are available to fund benefits for employees who live to retirement. After retirement, death results in benefit termination or reeducation. Although higher mortality rates reduce service costs, the mortality assumption is not likely to vary from employer to employer.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actual experience study for the period July 1, 2017 to June 30, 2018.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2017	$ 1,367,737
Service cost	92,980
Interest	41,329
Changes of assumptions or other inputs	18,708
Benefit payments	(94,616)
Net change in total OPEB liability	58,401
Balance at June 30, 2018	$ 1,426,138

Changes of assumptions and other inputs reflect a change in the discount rate from 3.13 percent in 2017 to 2.98 percent in 2018.

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

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.98 percent) or 1 percentage point higher (3.98 percent) than the current discount rate:

Discount Rate	Total OPEB Liability
1% decrease (1.98%)	$ 1,560,834
Current discount rate (2.98%)	1,426,138
1% increase (3.98%)	1,307,149

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

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (3.0 to 6.0 percent) or 1 percentage point higher (5.0 to 8.0 percent) than the current healthcare costs trend rates:

Healthcare Cost Trend Rates	Total OPEB Liability
1% decrease (3.0% to 6.0%)	$ 1,335,491
Current healthcare cost trend rate (4.0% to 7.0%)	1,426,138
1% increase (5.0% to 8.0%)	1,513,909

Total OPEB Liability and OPEB Expenses

For the year ended June 30, 2019, the District recognized OPEB expense of $131,780. At June 30, 2019, the District reported deferred outflows of resources for OPEB contributions subsequent to measurement date of $60,887, and deferred inflows of resources in total of $25,856. At June 30, 2019, the District reported deferred outflows of resources and deferred inflow of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	$ 60,887	$ -
Changes of assumptions	-	25,856
Total	$ 60,887	$ 25,856

The deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the subsequent fiscal year. The deferred inflows of resources related to changes in assumptions will be amortized over a closed 12.8 years and will be recognized in OPEB expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2020	$ (2,529)
2021	(2,529)
2022	(2,529)
2023	(2,529)
2024	(2,529)
Thereafter	(13,211)
	$ (25,856)

NOTE 13 - EMPLOYEE RETIREMENT SYSTEMS

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Academic employees are members of the California State Teachers' Retirement System (CalSTRS) and classified employees are members of the California Public Employees' Retirement System (CalPERS).

For the fiscal year ended June 30, 2019, the District reported net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense for each of the above plans as follows:

Pension Plan	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalSTRS	$ 11,262,456	$ 3,216,730	$ 1,102,706	$ 1,325,039
CalPERS	3,748,156	1,042,290	669,627	396,397
Total	$ 15,010,612	$ 4,259,020	$ 1,772,333	$ 1,721,436

The details of each plan are as follows:

California State Teachers' Retirement System (CalSTRS)

Plan Description

The District contributes to the State Teachers' Retirement Plan (STRP) administered by the California State Teachers' Retirement System (CalSTRS). STRP is a cost-sharing multiple-employer public employee retirement system defined benefit pension plan. Benefit provisions are established by State statutes, as legislatively amended, within the State Teachers' Retirement Law.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2017, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at:
http://www.calstrs.com/member-publications.

Benefits Provided

The STRP provides retirement, disability and survivor benefits to beneficiaries. Benefits are based on members' final compensation, age and years of service credit. Members hired on or before December 31, 2012, with five years of credited service are eligible for the normal retirement benefit at age 60. Members hired on or after January 1, 2013, with five years of credited service are eligible for the normal retirement benefit at age 62. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service.

The STRP is comprised of four programs: Defined Benefit Program, Defined Benefit Supplement Program, Cash Balance Benefit Program and Replacement Benefits Program. The STRP holds assets for the exclusive purpose of providing benefits to members and beneficiaries of these programs. CalSTRS also uses plan assets to defray reasonable expenses of administering the STRP. Although CalSTRS is the administrator of the STRP, the state is the sponsor of the STRP and obligor of the trust. In addition, the state is both an employer and nonemployer contributing entity to the STRP.

The District contributes exclusively to the STRP Defined Benefit Program, thus disclosures are not included for the other plans. The STRP provisions and benefits in effect at June 30, 2019, are summarized as follows:

	STRP Defined Benefit Program	
	On or before	On or after
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 60	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	60	62
Monthly benefits as a precentage of eligible compensation	2.0% - 2.4%	2.0% - 2.4%
Required employee contribution rate	10.25%	10.205%
Required employer contribution rate	16.28%	16.28%
Required state contribution rate	9.828%	9.828%

Contributions

Required member, District and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1 percent of applicable member earnings phased over a seven year period. The contribution rates for each plan for the year ended June 30, 2019, are presented above and the District's total contributions were $1,038,159.

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

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

District's proportionate share of net pension liability	$	11,262,456
State's proportionate share of the net pension liability associated with the District		6,448,283
Total net pension liability, including State share	$	17,710,739

The net pension liability was measured as of June 30, 2018. 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 and the State, actuarially determined. The District's proportionate share for the measurement period June 30, 2018 and June 30, 2017, respectively was 0.0123 percent and 0.0126 percent, resulting in a net decrease in the proportionate share of 0.0003 percent.

For the year ended June 30, 2019, the District recognized pension expense of $1,325,039. In addition, the District recognized pension expense and revenue of $757,528 for support provided by the State. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 1,038,159	$ -
Differences between projected and actual earnings on plan investments	-	(433,675)
Differences between expected and actual experience	34,924	(163,594)
Change in assumption	1,749,653	-
Change in proportions	393,994	(505,437)
Total	$ 3,216,730	$ (1,102,706)

The 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 subsequent fiscal year.

The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on pension plan investments are amortized over a closed five-year period and will be recognized in pension expense as follows:

Fiscal Year	Deferred Outflows/(Inflows) Amortization
2020	$ 94,164
2021	(68,328)
2022	(363,838)
2023	(95,673)
Total	$ (433,675)

The deferred outflows/(inflows) of resources related to the net change in proportionate share of net pension liability, differences between expected and actual experience in the measurement of the total pension liability, and changes of assumptions will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period.

The EARSL for the measurement period is seven years and will be recognized in pension expense as follows:

Fiscal Year	Deferred Outflows/(Inflows) Amortization
2020	$ 305,644
2021	305,644
2022	305,644
2023	328,684
2024	349,817
2025	(85,893)
Total	$ 1,509,540

Actuarial Methods and Assumptions

Total pension liability for STRP was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2017, and rolling forward the total pension liability to June 30, 2018. The financial reporting actuarial valuation as of June 30, 2017, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2017
Measurement date	June 30, 2018
Experience study	July 1, 2010 through June 30, 2015
Actuarial cost method	Entry age normal
Discount rate	7.10%
Investment rate of return	7.10%
Consumer price inflation	2.75%
Wage growth	3.50%

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

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

Best estimates of 20-year geometrically-linked real rates of return and the assumed asset allocation for each major asset class for the year ended June 30, 2018, are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global equity	47%	6.30%
Fixed income	12%	0.30%
Real estate	13%	5.20%
Private equity	13%	9.30%
Absolute return/risk	9%	2.90%
Inflation sensitive	4%	3.80%
Cash/liquididty	2%	-1.00%

Discount Rate

The discount rate used to measure the total pension liability was 7.10 percent. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.10 percent) and assuming that contributions, benefit payments and administrative expense occurred midyear. Based on these 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 total pension liability.

The following presents the District's proportionate share of the net pension liability calculated using the current discount rate as well as what the net pension liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

Discount Rate	Net Pension Liability
1% decrease (6.10%)	$ 16,498,180
Current discount rate (7.10%)	11,262,456
1% increase (8.10%)	6,921,533

<u>California Public Employees Retirement System (CalPERS)</u>

Plan Description

Qualified employees are eligible to participate in the School Employer Pool (SEP) under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2017 annual actuarial valuation report, Schools Pool Actuarial Valuation. This report and CalPERS audited financial information are publicly available reports that can be found on the CalPERS website under Forms and Publications at:
https://www.calpers.ca.gov/page/forms-publications.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of service credit, a benefit factor and the member's final compensation. Members hired on or before December 31, 2012, with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. Members hired on or after January 1, 2013, with five years of total service are eligible to retire at age 52 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after five years of service. The Basic Death Benefit is paid to any member's beneficiary if the member dies while actively employed. An employee's eligible survivor may receive the 1957 Survivor Benefit if the member dies while actively employed, is at least age 50 (or 52 for members hired on or after January 1, 2013), and has at least five years of credited service. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

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

	School Employer Pool (CalPERS)	
	On or before	On or after
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a precentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.00%	7.00%
Required employer contribution rate	18.062%	18.062%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as a percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2019, are presented above and the total District contributions were $391,596.

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

As of June 30, 2019, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $3,748,155. The net pension liability was measured as of June 30, 2018. 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. The District's proportionate share for the measurement period June 30, 2018 and June 30, 2017, respectively was 0.0141 percent and 0.0152 percent, resulting in a net decrease in the proportionate share of 0.0011 percent.

For the year ended June 30, 2019, the District recognized pension expense of $396,397. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 391,596	$ -
Net change in proportionate share of net pension liability	-	(669,627)
Difference between projected and actual earnings on pension plan investments	30,743	-
Differences between expected and actual experience in the measurement of the total pension liability	245,715	-
Changes of assumptions	374,237	-
Total	$ 1,042,291	$ (669,627)

The 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 subsequent fiscal year.

The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on pension plan investments are amortized over a closed five-year period and will be recognized in pension expense as follows:

Fiscal Year	Deferred Outflows/(Inflows) Amortization
2020	$ 111,820
2021	26,741
2022	(85,694)
2023	(22,124)
Total	$ 30,743

The deferred outflows/(inflows) of resources related to the net change in proportionate share of net pension liability, differences between expected and actual experience in the measurement of the total pension liability, and changes of assumptions will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is 4.0 years and will be recognized in pension expense as follows:

Fiscal Year	Deferred Outflows/(Inflows) of Resources
2020	$ (36,356)
2021	(39,051)
2022	25,732
Total	$ (49,675)

Actuarial Methods and Assumptions

Total pension liability for the SEP was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2017, and rolling forward the total pension liability to June 30, 2018. The financial reporting actuarial valuation as of June 30, 2017, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2017
Measurement date	June 30, 2018
Experience study	July 1, 1997 through June 30, 2015
Actuarial cost method	Entry age normal
Discount rate	7.15%
Investment rate of return	7.15%
Consumer price inflation	2.50%
Wage growth	Varies by entry age and service

The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using Society of Actuaries 90 percent of scale MP-2016.

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

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global equity	50%	5.98%
Fixed income	28%	2.62%
Inflation assets	0%	1.81%
Private equity	8%	7.23%
Real assets	13%	4.93%
Liquidity	1%	-0.92%

Discount Rate

The discount rate used to measure the total pension liability was 7.15 percent. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Based on these assumptions, the School Employer Pool 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 total pension liability.

The following presents the District's proportionate share of the net pension liability calculated using the current discount rate as well as what the net pension liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

Discount Rate	Net Pension Liability
1% decrease (6.15%)	$ 4,142,333
Current discount rate (7.15%)	3,748,155
1% increase (8.15%)	1,638,904

On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS in the amount of $1,028,028 (9.828 percent of annual payroll). Contributions are no longer appropriated in the annual Budget Act for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements. On behalf payments have been included in the calculation of available reserves.

Senate Bill 90 (Chapter 33, Statutes of 2019), which was signed by the Governor on June 27, 2019, appropriated an additional 2018–2019 contribution on-behalf of school employers of $2.246 billion for CalSTRS and $904 million for CalPERS. A proportionate share of $3.24 million for CalSTRS and $0.23 million for CalPERS have been recorded in these financial statements. On behalf payments related to these additional contributions have not been included in the budgeted amounts reported in the *General Fund – Budgetary Comparison Schedule.*

NOTE 14 - COMMITMENTS AND CONTINGENCIES

Grants

The District received financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2019.

Litigation

The District is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District at June 30, 2019.

Construction Commitments

As of June 30, 2019, the District had the following commitments with respect to the unfinished capital projects:

Capital Project	Construction Commitment	Expected Date of Completion
Annex Upgrade Project	$ 28,976	Jul-19
CMS New Classroom Building and Courtyard Renovations	4,298,630	Jan-23
ORM New Classroom Building and Courtyard Renovations	1,651,216	Jan-23
ORM MUR Roofing Upgrades	153,644	Aug-19
ORM Frontage Landscape Repairs	13,087	Jul-19
Total	$ 6,145,553	

NOTE 15 - PARTICIPATION IN PUBLIC ENTITY RISK POOLS, JOINT POWER AUTHORITIES AND OTHER RELATED PARTY TRANSACTIONS

The District participates in one joint venture under a joint powers agreement (JPA), with the San Mateo County Schools Insurance Group, for Property & Liability, Workers' Compensation and Medical/ Dental. The relationship between the District and the JPA is such that the JPA is not a component unit of the District for financial reporting purposes.

The JPA arranges for and/ or provides coverage for its members. The JPA is governed by a board consisting of a representative from each member district. The board controls the operations of its JPA, including selection of management and approval of operating budgets independent of any influence by the member districts beyond their representation on the Board. Each member district pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionately to their participation in the JPA. Separately issued financial statements can be requested from the JPA.

NOTE 16 – EARLY RETIREMENT INCENTIVE PROGRAM

The District has adopted an early retirement incentive program (ERIP), pursuant to *Education Code* Sections 22714 and 44929, whereby the service credit to eligible employees is increased by two years. Eligible employees must have five or more years of service under the State Teachers' Retirement System and retire during a period of not more than 120 days or less than 60 days from the date of the formal action taken by the District. The District had paid off the total balance in amount of $484,741 during the fiscal year ended June 30, 2019.

NOTE 17 – SUBSEQUENT EVENTS

Along with the Series 2019A Bonds, the District’s 2020 General Obligation Refunding Bonds are scheduled to be issued and delivered on May 6, 2020 in the amount of $3,475,000 to currently refund the District’s 2010 General Obligation Refunding Bonds, Series B, and pay the costs of issuing the Refunding Bonds. Proceeds of the Refunding Bonds will be used to refund the Prior Bonds maturing on August 1, 2023 through and including August 1, 2031. The Refunding Bonds mature on August 1, 2031, and have five percent interest rate.

NOTE 18 – RESTATEMENT OF PRIOR YEAR NET POSITION

The District capitalized bond issuance costs as a noncurrent asset in the prior year audited financial statements. According to GASB 65, paragraph 15, bond issuance costs, except any portion related to prepaid insurance costs, should be recognized as an expense in the period incurred. The official bond documents do not indicate any related issuance costs contain a prepaid insurance portion. As a result, the effect on the fiscal year is as follows:

	Governmental Activities
Net Position - Beginning	$ 1,417,146
Restatement of capitalized issuance costs	(394,195)
Net Position - Beginning as Restated	$ 1,022,951

REQUIRED SUPPLEMENTARY INFORMATION

PORTOLA VALLEY SCHOOL DISTRICT

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

	Budgeted Amounts			Variances - Positive (Negative)
	Original	Final	Actual	Final to Actual
REVENUES				
Local control funding formula	$ 12,189,815	$ 12,070,549	$ 12,321,449	$ 250,900
Federal sources	106,866	115,733	192,898	77,165
Other state sources [1]	697,098	1,002,798	1,646,906	644,108
Other local sources	2,268,604	2,461,736	2,925,871	464,135
Total Revenues	15,262,383	15,650,816	17,087,124	1,436,308
EXPENDITURES				
Current				
Certificated salaries	6,752,051	6,522,270	6,436,676	85,594
Classified salaries	1,958,915	1,890,834	1,925,558	(34,724)
Employee benefits [1]	3,783,667	3,978,754	4,522,409	(543,655)
Books and supplies	588,520	672,720	559,182	113,538
Services and operating expenditures	1,815,578	1,985,914	2,004,362	(18,448)
Other outgo	410,610	376,610	231,018	145,592
Capital outlay	-	35,000	-	35,000
Total Expenditures	15,309,341	15,462,102	15,679,205	(217,103)
Excess (Deficiency) of Revenues Over Expenditures	(46,958)	188,714	1,407,919	1,219,205
Other Financing Sources:				
Transfers out	(11,660)	(20,000)	(330,786)	(310,786)
NET CHANGE IN FUND BALANCES	(58,618)	168,714	1,077,133	908,419
Fund Balance - Beginning	2,266,891	2,266,891	2,266,891	-
Fund Balance - Ending	$ 2,208,273	$ 2,435,605	$ 3,344,024	$ 908,419

[1] Original and final budget does not include approximate $700 thousand SB 90 state on-behalf payment.

See accompanying note to required supplementary information.

PORTOLA VALLEY SCHOOL DISTRICT

SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OPEB LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2019

Measurement Date, as of June 30,	2018	2017
Total OPEB Liability		
Service cost	$ 92,980	$ 96,645
Interest	41,329	37,168
Changes of assumptions	18,708	(51,084)
Benefit payments	(94,616)	(173,046)
Net change in total OPEB liability	58,401	(90,317)
Total OPEB liability - beginning	1,367,737	1,458,054
Total OPEB liability - ending	$ 1,426,138	$ 1,367,737
Covered-employee payroll	$ 8,575,800	$ 6,079,641
District's total OPEB liability as a percentage of covered-employee payroll	16.63%	22.50%

Note: In the future, as data becomes available, ten years of information will be presented.

See accompanying note to required supplementary information.

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PORTOLA VALLEY SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2019

Measurement Date, as of June 30,	2018	2017	2016
CalSTRS			
District's proportion of the net pension liability	0.0123%	0.0126%	0.0942%
District's proportionate share of the net pension liability	$ 11,262,456	$ 12,022,270	$ 9,912,126
State's proportionate share of the net pension liability associated withthe District	6,448,283	6,661,494	6,205,480
Total	$ 17,710,739	$ 18,683,764	$ 16,117,606
District's covered payroll	$ 6,556,168	$ 6,661,494	$ 6,205,480
District's proportionate share of the net pension liability as apercentage of its covered payroll	172%	180%	160%
Plan fiduciary net position as a percentage of the total pension liability	71%	69%	70%
CalPERS			
District's proportion of the net pension liability	0.0141%	0.0152%	0.0145%
District's proportionate share of the net pension liability	$ 3,748,156	$ 3,626,254	$ 2,857,086
District's covered payroll	$ 1,885,674	$ 1,937,421	$ 1,840,639
District's proportionate share of the net pension liability as a percentage of its covered payroll	199%	187%	155%
Plan fiduciary net position as a percentage of the total pension liability	71%	72%	74%

Note : In the future, as data becomes available, ten years of information will be presented.

See accompanying note to required supplementary information.

2015		2014	
0.0942%		0.0942%	
$	8,286,286	$	7,596,810
	5,856,802		5,922,170
$	14,143,088	$	13,518,980
$	5,856,802	$	5,922,170
	141%		128%
	74%		77%
0.0142%		0.0143%	
$	2,090,562	$	1,623,398
$	3,810,237	$	1,500,795
	55%		108%
	79%		83%

SCHEDULE OF DISTRICT'S PENSION CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2019

Fiscal Year Ended, June 30,	2019	2018	2017
CalSTRS			
Contractually required contribution	$ 1,038,159	$ 946,055	$ 838,016
Contributions in relation to the contractually required contribution	1,038,159	946,055	838,016
Contribution deficiency (excess)	$ -	$ -	$ -
District's covered payroll	$ 6,338,440	$ 6,556,168	$ 6,661,494
Contributions as a percentage of covered payroll	16.38%	14.43%	12.58%
CalPERS			
Contractually required contribution	$ 391,596	$ 292,864	$ 269,069
Contributions in relation to the contractually required contribution	391,596	292,864	269,069
Contribution deficiency (excess)	$ -	$ -	$ -
District's covered payroll	$ 1,965,109	$ 1,885,674	$ 1,937,421
Contributions as a percentage of covered payroll	19.93%	15.53%	13.89%

Note : In the future, as data becomes available, ten years of information will be presented.

See accompanying note to required supplementary information.

2016	2015
$ 665,848	$ 520,084
665,848	520,084
$ -	$ -
$ 6,205,480	$ 5,856,802
10.73%	8.88%
$ 218,066	$ 448,503
218,066	448,503
$ -	$ -
$ 1,840,639	$ 3,810,237
11.85%	11.77%

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2019

NOTE 1 - PURPOSE OF SCHEDULES

Budgetary Comparison Schedule

The District employs budget control by object codes and by individual appropriation accounts. Budgets are prepared on the modified accrual basis of accounting in accordance with accounting principles generally accepted in the United State of America as prescribed by the Governmental Accounting Standards Board and provisions of the California *Education Code*. The governing board is required to hold a public hearing and adopt an operating budget no later than July 1 of each year. The adopted budget is subject to amendment throughout the year to give consideration to unanticipated revenue and expenditures primarily resulting from events unknown at the time of budget adoption with the legal restriction that expenditures cannot exceed appropriations by major object account.

The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts after all budget amendments have been accounted for.

These schedules presents information for the original and final budgets and actual results of operations, as well as the variances from the final budget to actual results of operations.

Schedule of Changes in the District's total OPEB Liability and Related Ratios

This schedule presents information on the District's changes in the total OPEB liability, including beginning and ending balances, and the total OPEB liability. In the future, as data becomes available, ten years of information will be presented.

Change in Benefit Terms – No Change in the current year.

Change of Assumptions – Discount rate change from 3.58% at June 30, 2017 to 3.87% at June 30, 2018.

Schedule of the District's Proportionate Share of the Net Pension Liability

This schedule presents information on the District's proportionate share of the net pension liability (NPL), the plans' fiduciary net position and, when applicable, the State's proportionate share of the NPL associated with the District. In the future, as data becomes available, ten years of information will be presented.

Changes in Benefit Terms – There were no changes in benefit terms since the previous valuations for both CalSTRS and CalPERS.

Changes of Assumptions **–** There were no changes in economic assumptions for either the CalSTRS or CalPERS plans from the previous valuations.

Schedule of District Pension Contributions

This schedule presents information on the District's required contribution, the amounts actually contributed, and any excess or deficiency related to the required contribution. In the future, as data becomes available, ten years of information will be presented.

SUPPLEMENTARY INFORMATION

PORTOLA VALLEY SCHOOL DISTRICT

LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE
JUNE 30, 2019

ORGANIZATION

The Portola Valley School District serves approximately 550 students. The District is located in San Mateo County in Portola Valley, California, and operates one K-3 elementary school and one 4-8 middle school. There were no boundary changes during the year.

GOVERNING BOARD

MEMBER	OFFICE	TERM EXPIRES
Jeff Klugman	President	2020
Karyn Bechtel	Clerk	2020
Brooke Day	Trustee	2019
Kimberley Morris Rosen	Trustee	2020

ADMINISTRATION

NAME	TITLE
Eric Hartwig	Superintendent
Connie Ngo	Chief Business Official
Minoo Shah	Director of Student Services
Adam Lint	Director of Bond Projects/Facilities
Cynthia Maijala	Principal of Middle School
Lynette Hovland	Principal of Elementary School
Kristen Shima	Assistant Principal

See accompanying note to supplementary information.

PORTOLA VALLEY SCHOOL DISTRICT

SCHEDULE OF AVERAGE DAILY ATTENDANCE
FOR THE YEAR ENDED JUNE 30, 2019

	Final Report	
	Second Period Report	Annual Report
Regular ADA		
Transitional kindergarten through third	233.62	236.96
Fourth through sixth	167.12	167.34
Seventh and eighth	102.60	102.82
Total Regular ADA	503.34	507.12
Extended Year Special Education		
Transitional kindergarten through third	0.12	0.12
Fourth through sixth	0.13	0.13
Seventh and eighth	0.26	0.26
Total Extended Year Special Education	0.51	0.51
Special Education, Nonpublic, Nonsectarian Schools		
Seventh and eighth	0.19	0.19
Total Special Education, Nonpublic, Nonsectarian Schools	0.19	0.19
Total District ADA	504.04	507.82
Court-Ordered Voluntary Pupil Transfer		
Regular ADA		
Transitional kindergarten through third	20.41	20.63
Fourth through sixth	15.62	15.53
Seventh and eighth	12.11	12.18
Total Extended Year Special Education	48.14	48.34
Extended Year Special Education		
Transitional kindergarten through third	0.12	0.12
Seventh and eighth	0.08	0.08
Total Extended Year Special Education	0.20	0.20
Total Court-Ordered Voluntary Pupil Transfer ADA	48.34	48.54

See accompanying note to supplementary information.

PORTOLA VALLEY SCHOOL DISTRICT

SCHEDULE OF INSTRUCTIONAL TIME
FOR THE YEAR ENDED JUNE 30, 2019

Grade Level	1986-1987 Minutes Requirement	2018-2019 Actual Minutes	Number of Days Traditional Calendar	Number of Days Multitrack Calendar	Status
Kindergarten	36,000	44,160	180	N/A	Complied
Grades 1 - 3	50,400				
Grade 1		54,600	180	N/A	Complied
Grade 2		54,600	180	N/A	Complied
Grade 3		54,600	180	N/A	Complied
Grades 4 - 6	54,000				
Grade 4		63,582	180	N/A	Complied
Grade 5		63,528	180	N/A	Complied
Grade 6		63,862	180	N/A	Complied
Grades 7 - 8	54,000				
Grade 7		63,862	180	N/A	Complied
Grade 8		63,862	180	N/A	Complied

See accompanying note to supplementary information.

RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

Summarized below are the fund balance reconciliations between the Unaudited Actual Financial Report and the audited financial statements.

	General Fund
FUND BALANCE	
Balance, June 30, 2019, Unaudited Actuals	$ 3,258,000
Decrease in cash with a fiscal agent due to the principal payments made with the beginning balance of cash with a fiscal agent.	(27,456)
Balance, June 30, 2019, Audited Financial Statements	$ 3,230,544

See accompanying note to supplementary information.

PORTOLA VALLEY SCHOOL DISTRICT

SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2019

	(Budget) 2020 [1]	2019	2018	2017
GENERAL FUND				
Revenues	$ 16,104,512	$ 17,087,124	15,560,288	$ 14,424,120
Other sources and transfers in	-	-	-	-
Total Revenues and Other Sources	16,104,512	17,087,124	15,560,288	14,424,120
Expenditures	15,206,263	15,792,685	15,025,730	14,653,979
Other uses and transfers out	414,000	330,786	54,546	438,000
Total Expenditures and Other Uses	15,620,263	16,123,471	15,080,276	15,091,979
Increase (Decrease) In Fund Balance	$ 484,249	$ 963,653	$ 480,012	$ (667,859)
Ending fund Balance	$ 3,714,793	$ 3,230,544	$ 2,266,891	$ 1,786,879
Available Reserves [2]	$ 2,835,587	$ 2,173,968	$ 710,511	$ 995,178
Available Reserves as a percentage of Total Outgo	18.15%	13.48%	4.71%	6.59%
Long-Term Obligations	$ 42,309,429	$ 43,526,208	$ 35,068,716	$ 32,852,060
K-12 Average daily Attendance at P-2 [3]	548	552	580	603

The General Fund balance has increased by $1,443,665 over the past two years. The fiscal year 2019-2020 budget projects a increase of $484,249. For a District this size, the State recommends available reserves of at least four percent of total General Fund expenditures, transfers out, and other uses.

The District anticipates an operating surplus during the 2019-2020 fiscal year. Total long-term obligations have increased by $10,674,148 over the past two years.

Average daily attendance has decreased by 51 ADA over the past two years. Additional decline of 4 ADA is anticipated during fiscal year 2019-2020.

[1] Budget 2020 is included for analytical purposes only and has not been subjected to audit.

[2] Available reserves consist of all unassigned fund balances including all amounts reserved for economic uncertainties contained within the General Fund and Special Reserved Fund for Other Than Capital Outlay Projects.

3.Average daily attendance at P-2 excludes court ordered voluntary pupil transfer.

See accompanying note to supplementary information.

PORTOLA VALLEY SCHOOL DISTRICT

NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2019

	Cafeteria Fund	Deferred Maintenance Fund	Capital Facilities Fund	Total Non-Major Governmental Funds
ASSETS				
Deposits and investments	$ 24,285	$ 363,525	$ 192,312	$ 580,122
Receivables	5,023	811	879	6,713
Total Assets	$ 29,308	$ 364,336	$ 193,191	$ 586,835
LIABILITIES AND FUND BALANCES				
Liabilities:				
Total Liabilities	$ 8,112	$ -	$ -	$ 8,112
Fund Balances:				
Restricted	21,196		193,191	214,387
Assigned	-	364,336	-	364,336
Total Fund Balances	21,196	364,336	193,191	578,723
Total Liabilities and Fund Balances	$ 29,308	$ 364,336	$ 193,191	$ 586,835

See accompanying note to supplementary information.

PORTOLA VALLEY SCHOOL DISTRICT

NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2019

	Cafeteria Fund	Deferred Maintenance Fund	Capital Facilities Fund	Total Non-Major Governmental Funds
REVENUES				
Federal sources	$ 26,217	$ -	$ -	$ 26,217
Other state sources	1,555	-	-	1,555
Other local sources	110,950	2,381	90,049	203,380
Total Revenues	138,722	2,381	90,049	231,152
EXPENDITURES				
Current				
Pupil services				
Food services	137,795	-	-	137,795
Facility acquisition and construction	-	-	14,237	14,237
Total Expenditures	137,795	-	14,237	152,032
Excess of Revenues Over Expenditures	927	2,381	75,812	79,120
Other Financing Sources				
Transfers in	20,000	265,000	-	285,000
NET CHANGE IN FUND BALANCES	20,927	267,381	75,812	364,120
Fund Balance - Beginning	269	96,955	117,379	214,603
Fund Balance - Ending	$ 21,196	$ 364,336	$ 193,191	$ 578,723

See accompanying note to supplementary information.

NOTE 1 - PURPOSE OF SCHEDULES

Local Education Agency Organization Structure

This schedule provides information about the District's boundaries and schools operated, members of the governing board, and members of the administration.

Schedule of Average Daily Attendance (ADA)

Average daily attendance (ADA) 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 has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day. The District has met its target funding. This schedule presents information on the amount of instructional time offered by the District and whether the District complied with the provisions of *Education Code* Sections 46200 through 46206.

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

This schedule provides the information necessary to reconcile the fund balance of all funds reported on the Unaudited Actual Financial Report to the audited financial statements.

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.

Non-Major Governmental Funds – Combining Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance

The Non-Major Governmental Funds Combining Balance Sheet and Combining Statement of Revenues, Expenditures and Changes in Fund Balance is included to provide information regarding the individual funds that have been included in the Non-Major Governmental Funds column on the Governmental Funds Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balance.

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INDEPENDENT AUDITOR'S REPORTS

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

Board of Trustees
Portola Valley School District
Portola Valley, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Portola Valley School District (the District) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 15, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Districts 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 was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed 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.

Eide Bailly LLP

Palo Alto, California
December 15, 2019

INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

Board of Trustees
Portola Valley School District
Portola Valley, California

Report on State Compliance

We have audited Portola Valley School District's (the District) compliance with the types of compliance requirements as identified in the *2018-2019 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* that could have a direct and material effect on each of the District's State government programs as noted below for the year ended June 30, 2019.

Management's Responsibility

Management is responsible for compliance with the requirements of State laws, regulations, and the terms and conditions of its State awards applicable to its State programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance of each of the District's State programs based on our audit of the types of compliance requirements referred to above. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *2018-2019 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. These standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a material effect on the applicable government programs noted below. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinions. Our audit does not provide a legal determination of the District's compliance with those requirements.

Basis for Qualified Opinion on Instructional Material, School Accountability Report Card and Comprehensive School Safety Plan

As described in the accompanying schedule of findings and questioned costs, Portola Valley School District did not comply with requirements regarding holding a public hearing to determine the sufficiency of its instruction material on or before the end of the eighth week from the first day pupils attended school for that year, regarding ensuring the supporting document is consistent to its School Accountability Report Card (SARC), and regarding updating its Comprehensive School Safety Plan on time. Compliances with such requirements are necessary, in our opinion, for the District to comply with the requirements applicable to those programs.

Qualified Opinion on Instructional Material, School Accountability Report Card and Comprehensive School Safety Plan

In our opinion, except for the noncompliance described in the Basis of Qualified Opinion paragraph, Portola Valley School District complied, in all material respects, with the types of compliance requirements referred to above for the year ended June 30, 2019.

Unmodified Opinion on Each of the Other Programs

In our opinion, Portola Valley School District complied, in all material respects, with the compliance requirements referred to above that are applicable to the other state programs noted below that were audited for the year ended June 30, 2019.

In connection with the audit referred to above, we selected and tested transactions and records to determine the District's compliance with the State laws and regulations applicable to the following items:

	Procedures Performed
LOCAL EDUCATION AGENCIES OTHER THAN CHARTER SCHOOLS	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	No, see below
Continuation Education	No, see below
Instructional Time	Yes
Instructional Materials	Yes
Ratios of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	No, see below
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	No, see below
Middle or Early College High Schools	No, see below
K-3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	Yes
Apprenticeship: Related and Supplemental Instruction	No, see below
Comprehensive School Safety Plan	Yes
District of Choice	No, See below
SCHOOL DISTRICTS, COUNTY OFFICES OF EDUCATION, AND CHARTER SCHOOLS	
California Clean Energy Jobs Act	Yes
After/Before School Education and Safety Program:	
General Requirements	No, see below
After School	No, see below
Before School	No, see below

	Procedures Performed
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control Accountability Plan	Yes
Independent Study - Course Based	No, see below
CHARTER SCHOOLS	
Attendance	No, see below
Mode of Instruction	No, see below
Non Classroom-Based Instruction/Independent Study for Charter Schools	No, see below
Determination of Funding for Non Classroom-Based Instruction	No, see below
Annual Instruction Minutes Classroom-Based	No, see below
Charter School Facility Grant Program	No, see below

The District does not offer Independent Study Program, Continuation Education Program, Early Retirement Incentive Program, Juvenile Court Schools, Middle or Early College High School Program, Apprenticeship: Related and Supplemental Instruction, District of Choice Program, After/Before School Education and Safety Program, Independent Study-Course Based; therefore, we did not perform procedures related to these Program.

The District does not have any Charter Schools; therefore, we did not perform any procedures for Charter School Programs.

Eide Bailly LLP

Palo Alto, California
December 15, 2019

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS

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PORTOLA VALLEY SCHOOL DISTRICT

SUMMARY OF AUDITOR'S RESULTS
FOR THE YEAR ENDED JUNE 30, 2019

FINANCIAL STATEMENTS

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified
Internal control over financial reporting:	
Material weakness identified?	No
Significant deficiencies identified?	None reported
Noncompliance material to financial statements noted?	No

STATE AWARDS

Type of auditor's report issued on compliance for all applicable programs:

Unmodified for all programs except for the following programs which were qualified:

Name of Program(s)
Instructional Material
School Accountability Report Card
Comprehensive School Safety Plan

FINANCIAL STATEMENT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2019

None reported.

STATE AWARDS FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019

The following findings represent instances of noncompliance and questioned costs relating to State program laws and regulations. The findings have been coded as follows:

Five Digit Code	AB 3627 Finding Type
40000	State Compliance
70000	Instructional Materials
72000	School Accountability Report Card

2019-01 Instructional Materials

Code 70000

Criteria
In accordance with *California Education Code* §60119, the District is required to hold a public hearing prior to making a determination through a resolution as to the sufficiency of textbooks or other instructional materials in order to be eligible to receive funds available for the Instructional Materials Funding Realignment Program.

Condition
The District did not prepare or present a resolution as to the sufficiency of textbooks or other instructional materials for the fiscal year ending June 30, 2019; therefore, no public hearing was held regarding this matter.

Questioned Costs
No questioned costs are associated with this finding. California education code §41344.4 and California education code §41020(k) state the District is not required to repay an apportionment if the Superintendent and the Controller certifies that the audit exception was corrected by May 15th of the subsequent year.

Context
This finding applies to the Instructional Material State compliance.

Effect
The District did not comply with State's Instructional Material requirements.

Cause
The Director of Student Service left the District in the beginning of the school year when the resolution regarding instructional material is usually prepared and presented to the Board. Due to the transition period, the District did not prepare and adopt the instructional material resolution for the fiscal year of 2018-2019.

Recommendation
We recommend the District appoint an individual with the responsibility of ensuring the District's State compliance.

Corrective Action Plan
The Ormondale Principal has been assigned to monitor this and all similar compliance issues. The District has since corrected this finding prior to the May 15 deadline.

2019-02 School Accountability Report Card

Code 72000

Criteria
The District is required to report information regarding complaints related to the sufficiency of textbooks and instructional materials pursuant to *California Education Code* §35186(d) on each school's annual report card (SARC) and to post a notice in each classroom notifying parents, guardians, pupils, and teachers of this subject matter pursuant to California Education Code §35186(f).

Condition
The District was unable to provide the Board resolution regarding instructional material for the audited fiscal year ending June 30, 2019; therefore, we could not perform the required audit procedure for SARC compliance requirements.

Questioned Costs
There is no questioned cost associated with this condition because there is no funding related to school accountability report card.

Context
This finding applies to the School Accountability Report Card State compliance.

Effect
Information contained in the SARC regarding availability of sufficient textbook or other instructional materials may be incomplete or inaccurate.

Cause
We were not able to perform the required audit procedure of comparing the information on the availability of sufficient textbooks and other instructional materials included in SARC with the information in the resolution due to lack of instructional material resolution.

Recommendation
We recommend the District to appoint an individual with the responsibility of ensuring the District's State compliance.

Corrective Action Plan
The Ormondale Principal has been assigned to monitor this and all similar compliance issues. The District has since corrected this finding.

2019-03 Comprehensive School Safety Plan

Code 40000

Criteria
California Education Code §32282 requires the District to review, update and approve the each school site's Comprehensive School Safety Plan by March 1.

Condition
The District's Comprehensive School Safety Plan was not updated and approved within the reasonable time frame as specified in *California Education Code* §32282.

Questioned Costs
There is no questioned cost associated with this condition because there is no funding related to Comprehensive School Safety Plan.

Context
We examined the Districtwide Comprehensive School Safety Plan and noted the plan was prepared during April and May 2019, and reviewed and approved by the Board on June 5, 2019.

Effect
The District did not comply with State's Comprehensive School Safety Plan requirements.

Cause
The District was able to access the California Department of Education's updated "Compliance Checklist for a Comprehensive School Safety Plan in February. The district did not have sufficient time to prepare and approve the Comprehensive School Safety Plan before the March 1 deadline.

Recommendation
We recommend the District appoint an individual with the responsibility of ensuring the District's State compliance.

Corrective Action Plan
The Superintendent has taken the lead on the continuous monitoring of this document, and the Ormondale Principal will monitor the compliance related issues.

PORTOLA VALLEY SCHOOL DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2019

There were no audit findings reported in the prior year's schedule of financial statement findings.

APPENDIX G

SAN MATEO COUNTY TREASURY POOL

The following information concerning the San Mateo County (the "County") Treasury Pool (the "Treasury Pool") has been provided by the Treasurer-Tax Collector (the "Treasurer"), and has not been confirmed or verified by the District, the Municipal Advisor or the Underwriter. Neither the District, the Municipal Advisor nor the Underwriter has made an independent investigation of the investments in the Treasury Pool nor any assessment of the current County investment policy. The value of the various investments in the Treasury 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 Treasurer may change the investment policy at any time. Therefore, there can be no assurance that the values of the various investments in the Treasury Pool will not vary significantly from the values described herein. Finally, neither the District, the Municipal Advisor nor the Underwriter makes any representation 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 is correct as of any time subsequent to its date. Further information may be obtained from the Treasurer at the following website: https://tax.smcgov.org/. However, the information presented on such website is not incorporated into this Official Statement by any reference.

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Sandie Arnott
TREASURER-TAX COLLECTOR

SAN MATEO COUNTY INVESTMENT POOL FUND MARCH 2020 QUARTER END REPORT

TABLE OF CONTENTS

Date: March 31, 2020

From: Sandie Arnott, San Mateo County Treasurer-Tax Collector

Subject: Update on the County Investment Pool

As County Treasurer, my team and I are tasked with stewardship of the County's funds, including those invested in the County Investment Pool (the "Pool"). As we are all undoubtedly aware, the spread of COVID-19 and its aftermath have caused significant impact to the state and national economies as businesses across the nation close their doors and individuals fall under broader "stay home" orders. This has led to significant volatility and stress in many segments of the financial markets. Amid the widespread uncertainty caused by the COVID-19 pandemic, I want to provide you with additional information regarding the Investment Pool and the funds entrusted with us.

The Pool is co-managed day-to-day by internal Treasury staff in coordination with the County's external investment advisor, PFM Asset Management LLC (PFM). Treasury staff manages balance collections, cash flow management and forecasting, and overnight/short-term investments, while PFM manages longer-term core balances and provides strategic guidance. In the current environment, as always, our primary investment objectives are safety of principal, liquidity, and then yield. While safety and liquidity are always first and foremost, it is especially important in these uncertain times to convey how we are maintaining these tenets in the County's portfolio.

Safety

All investments in the Pool are in compliance with the County's Investment Policy and with all applicable California Government Code requirements.

The portfolio invests in a variety of permitted sectors:

- $3.8 billion (or 67% of the portfolio) is invested in government securities (44% in U.S. Treasuries, 16% in federal agencies, 7% in supranationals). The strategy has specifically emphasized U.S. Treasuries as they remain the safest and most liquid assets available.
- $356 million (6%) is invested in the California Asset Management Trust Cash Reserve Portfolio (the CAMP Pool), LAIF, money market funds and overnight repurchase agreements; these funds are available immediately.
- $1.5 billion (27%) is diversified amongst highly-rated corporate (18%), bank (7%) and asset-backed securities (2%). All security holdings met the credit rating requirements of our policy at time of purchase and remain so. In response to the uncertain economic environment, yield spreads (the incremental yield compared to Treasuries) on credit instruments have widened sharply, reflecting the market's concern about future revenues, profits, liquidity and possible rating downgrades. The spike in yield spreads has had a negative, but (we believe) ultimately temporary, impact on the

market values of these securities. We continue to closely monitor all credit holdings in the portfolio and have increased our level of due diligence and surveillance.

While yield spreads may appear attractive, our enhanced emphasis on safety and liquidity means we are more focused on protecting portfolio principal from these elevated risks than on higher-yielding opportunities in the credit sectors at the present time. As a result, we are putting greater emphasis on holding high-quality government securities and avoiding adding significant credit holdings to the portfolio until the long-term effects of the current health crisis are better understood.

Liquidity

We understand that incoming revenues may also be impacted, or that there may be increased unforeseen expenditures or liabilities. Although the magnitude of these changes at the County level is yet to be known, we have proactively taken steps to be prepared for any upcoming liquidity needs by: (i) updating our cash flow modeling frequently; (ii) reaching out to Pool participants and County departments to gain insights into possible needs; and (iii) planning to maintain higher levels of daily, weekly and monthly liquidity in the portfolio, as shown below:

- $356 million (6%) of the Pool has overnight liquidity (comprising CAMP, LAIF and other overnight balances).
- An additional $1.1 billion of investments (19%) will mature within the next six months.
- $2.5 billion (44%) is invested in U.S. Treasury securities with strong liquidity and significant current unrealized market value gains.
- Until our cash flow position becomes clearer, our plan is to build up additional liquidity by limiting future long-term purchases.

We believe these measures have positioned the portfolio well, by holding sufficient immediate liquidity in the form of overnight and short-term investments, and contingent liquidity/flexibility provided by the large allocation to U.S. Treasuries and other liquid securities.

Yield

While not our first priority, we are still working hard to generate an attractive yield on the Pool. Although the Federal Reserve has pushed short-term rates down to near zero, as they did in 2008-2015, our strategy balances both short- and long-term investments. About 75% of the Pool is invested in securities with maturities beyond six months. Those longer-term investments will significantly slow the inevitable decline in the Pool yield over time.

Communication

During this time of uncertainty, news headlines as well as conditions in the financial markets are fast-developing. We continue to prioritize and encourage a two-way dialogue with all of our constituents due to the fluid nature of the current environment. In particular, as the County and other Pool participants work through updating estimated cash flow needs, we hope to stay abreast of changing needs, especially related to any anticipated or potential large future liquidity needs.

We will continue to provide updates on the current state of the County Investment Pool and make ourselves available to discuss any questions or concerns that might arise. Thank you and stay safe.

INTRODUCTION SUMMARY

Gross earnings for the month ending March 31, 2020 were 1.762%. Gross earnings for the quarter ending March 31, 2020 were 1.86%. Current average maturity of the portfolio is 1.93 years with an average duration of 1.86 years. The target rate for the fiscal year of 2019-2020 is 1.80%, as of the end of the month, the pool is currently on pace to meet the target rate. The current Par Value of the pool is $5.615 Billion. The largest non-government aggregate position is currently Wells Fargo Bank at 2.01%. The portfolio continues to hold no derivative products.

The estimated earnings for FY 2020-21 is 1.34%.

The San Mateo County Pool complies with Government Code Section 53646, which requires the ability to meet its expenditure requirements for the next six months.

I certify, and our compliance advisor, Silicon Valley Treasury Consulting Group, confirms these reports are in compliance with the Investment Policy dated Calendar Year 2020. Please visit our website if you wish to review Silicon Valley Treasury Consulting Group's monthly compliance report: https://treasurer.smcgov.org/investment-information

If you have any questions regarding any of these reports, please call me at (650) 363-4470.

Best regards,

Sandie Arnott
Treasurer-Tax Collector

SUMMARY OF POOL EARNINGS

ESTIMATED SUMMARY OF POOL EARNINGS

MARCH 2020

	Par Value	Gross Earnings
Fixed Income Securities Maturing > 1 year		
U S Treasury Notes	$ 2,220,515,000	$ 2,568,853
Corporate Notes	592,556,000.00	1,078,462.44
Floating Rate Securities	130,190,000.00	218,262.67
Federal Agencies	598,850,000.00	836,705.10
U.S, Instrumentalities	95,000,000.00	135,196.73
Asset Backed Securities	86,465,000.00	74,313.96
Certificate of Deposit	135,000,000.00	232,924.66
	$3,858,576,000	**$ 5,144,718.38**
Short Term Securities Maturing < 1 year		
U S Treasury Notes	$ 223,375,000	$ 301,822
Corporate Notes	215,074,000.00	436,444.11
Floating Rate Securities	35,021,000.00	47,776.64
Federal Agencies	301,670,000.00	368,059.13
U.S, Instrumentalities	299,574,000.00	325,589.72
U S Treasury Bills	25,000,000.00	32,991.32
Certificate of Deposit	276,310,000.00	505,146.59
Commercial Paper	25,000,000.00	37,027.78
Dreyfus	33,798,903.90	
CAMP	246,900,000.00	209,130.14
LAIF	75,000,000.00	95,547.95
	$ 1,756,722,903.90	**$ 2,359,535.40**
Total Accrued Interest	**$ 5,615,298,903.90**	**$ 7,504,253.78**
Total Dollar Earnings for March		**$ 8,559,307.39**

Realized Gain/Loss & Interest Received	Period Earnings
U S Treasury Notes	$ 532,051
Corporate Notes	91,438.63
Certificate of Deposit	19,705.69
Federal Agencies	131,741.86
U.S, Instrumentalities	125,735.25
Floating Rate Securities	30,458.42
Asset Backed Securities	68,546.87
Repurchase Agreements	30,927.48
Dreyfus	10,842.07
Union Bank Earnings Credit	13,606.60
Total Realized Income	**$1,055,053.61**

AVERAGE BALANCE		**$ 5,720,480,833.96**
GROSS EARNINGS RATE / GROSS DOLLAR EARNINGS	**1.762%**	**$ 8,559,307.39**
ADMINISTRATION FEES		**($461,556.60)**
NET EARNINGS RATE / NET DOLLAR EARNINGS	**1.667%**	**$8,097,750.78**

SUMMARY OF POOL EARNINGS

Q3 FY 2019-2020

	Par Value	Gross Earnings
Fixed Income Securities Maturing > 1 year		
U S Treasury Notes	$ 2,220,515,000.00	$ 5,311,170.38
Corporate Notes	592,556,000.00	2,216,542.96
Floating Rate Securities	130,190,000.00	363,982.24
Federal Agencies	598,850,000.00	2,094,711.59
U.S, Instrumentalities	95,000,000.00	270,539.39
Asset Backed Securities	86,465,000.00	65,044.81
Certificate of Deposit	135,000,000.00	374,979.45
	$ 3,858,576,000.00	**$ 10,696,970.82**
Short Term Securities Maturing < 1 year		
U S Treasury Notes	$ 223,375,000.00	$ 435,026.24
Corporate Notes	215,074,000.00	809,572.29
Floating Rate Securities	35,021,000.00	72,343.40
Federal Agencies	301,670,000.00	953,872.22
U.S, Instrumentalities	299,574,000.00	656,783.84
U S Treasury Bills	25,000,000.00	96,845.50
Certificate of Deposit	276,310,000.00	1,011,027.65
Commercial Paper	25,000,000.00	81,222.22
Dreyfus	33,798,903.90	-
CAMP	246,900,000.00	517,349.32
LAIF	75,000,000.00	276,780.82
	$ 1,756,722,903.90	**$ 4,910,823.50**
Total Accrued Interest	**$ 5,615,298,903.90**	**$ 15,607,794.32**
Total Dollar Earnings for Q3 FY 2019-20		**$ 26,533,339.04**

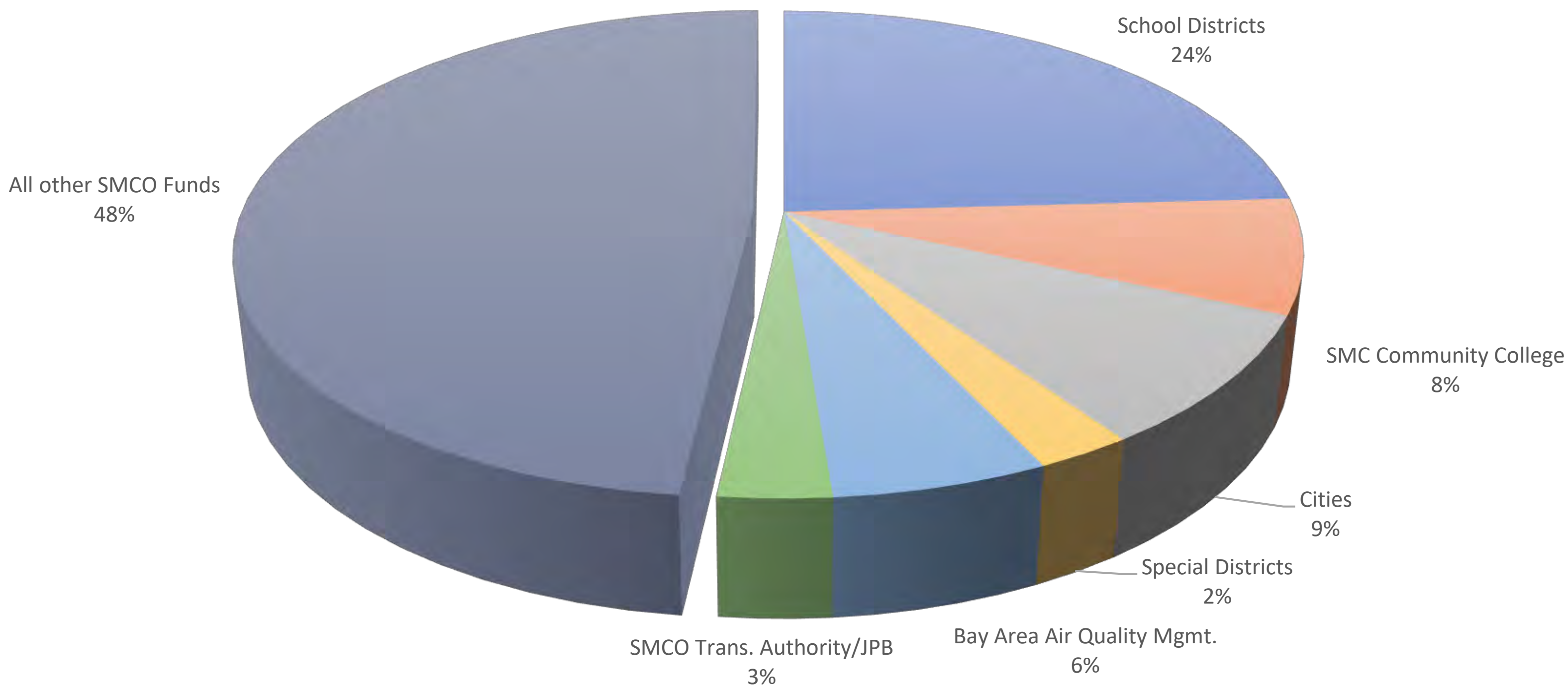
Realized Gain/Loss & Interest Received	Period Earnings
U S Treasury Notes	$ 4,190,862.86
Corporate Notes	2,010,258.66
Certificate of Deposit	1,140,327.52
Federal Agencies	1,189,855.27
U.S, Instrumentalities	918,550.40
Floating Rate Securities	513,804.06
Asset Backed Securities	244,614.46
U S Treasury Bills	129,163.54
Commercial Paper	212,491.67
Repurchase Agreements/LAIF/CAMP	292,175.48
Dreyfus	32,555.42
Union Bank Earnings Credit	50,885.39
Total Realized Income	**$10,925,544.72**

AVERAGE BALANCE		**$ 5,720,480,833.96**
GROSS EARNINGS RATE / GROSS DOLLAR EARNINGS	**1.860%**	**$ 26,533,339.04**
ADMINISTRATION FEES		**($1,354,891.97)**
TRUE-UP CREDIT ADJUSTMENT		**$755,728.97**
NET EARNINGS RATE / NET DOLLAR EARNINGS	**1.818%**	**$ 25,934,176.05**

*True-up credit is based on annual admin fee less estimated budget requirements for current fiscal year

*Current admin fees rate is at 9.5bp

SAN MATEO COUNTY TREASURER'S OFFICE POOL PARTICIPANTS DISTRIBUTION
March 31, 2020



Participants:	$	%
School Districts	$ 1,363,853,646.70	23.8%
SMC Community College	$ 428,828,520.77	8.7%
Cities	$ 494,510,269.99	8.8%
Special Districts	$ 145,269,386.56	3.3%
Bay Area Air Quality Mgmt.	$ 324,917,383.07	6.0%
SMCO Trans. Authority/JPB	$ 170,010,765.92	3.5%
All other SMCO Funds	$ 2,730,294,532.31	45.9%
Totals	**$ 5,657,684,505.32**	**100.0%**

*Figures are based on the account balances of current pool participants and it will not match the Market Value of the pool.

SAN MATEO COUNTY TREASURER'S OFFICE

FIXED INCOME DISTRIBUTION - SETTLED TRADES

SAN MATEO COUNTY POOL

March 31, 2020

Summary Information

Totals	
Par Value	5,615,298,904
Market Value	5,779,989,762.57
Total Cost	5,662,002,930.28
Net Gain/Loss	117,986,832.30
Annual Income	110,953,177.62
Accrued Interest	26,414,415.78
Number of Issues	233

Weighted Averages	
Average YTM	0.90
Average Maturity (yrs)	1.93
Average Coupon (%)	1.98
Average Duration	1.86
Average Moody Rating	Aa1/P-1
Average S&P Rating	AA/A-1

Distribution by Maturity

Maturity	Number	Mkt Value	% Bond Holdings	Average Y T M	Average Coupon	Average Duration
Under 1 Yr	83	1,882,250,983.06	32.6	1.1	1.661 %	0.4
1 Yr - 3 Yrs	86	2,446,550,505.84	42.3	0.8	2.039 %	1.9
3 Yrs - 5 Yrs	64	1,451,188,273.67	25.1	0.8	2.312 %	3.8

Distribution by Coupon

Coupon %	Number	Mkt Value	% Bond Holdings	Average Y T M	Average Coupon	Average Duration
Under 1%	11	203,691,532.46	3.5	0.3	0.000 %	0.2
1% - 3%	201	5,342,359,434.25	92.4	0.9	1.980 %	1.9
3% - 5%	19	204,935,667.76	3.5	2.3	3.596 %	2.5
5% - 7%	2	29,003,128.11	0.5	1.6	5.408 %	1.3

Distribution by Duration

Duration	Number	Mkt Value	% Bond Holdings	Average Y T M	Average Coupon	Average Duration
Under 1 Yr	87	1,958,283,442.05	33.9	1.2	1.691 %	0.4
1 Yr - 3 Yrs	87	2,486,489,089.34	43.0	0.7	2.039 %	2.0
3 Yrs - 5 Yrs	59	1,335,217,231.19	23.1	0.8	2.314 %	3.8

SAN MATEO COUNTY TREASURER'S OFFICE

FIXED INCOME DISTRIBUTION - SETTLED TRADES

SAN MATEO COUNTY POOL

March 31, 2020

Distribution by Moody Rating

Rating	Number	Mkt Value	% Bond Holdings	Average Y T M	Average Coupon	Average Duration
Aaa	138	4,269,272,648.51	73.9	0.4	1.872 %	2.0
Aa1	5	34,171,869.33	0.6	2.4	1.941 %	1.7
Aa2	12	275,278,211.66	4.8	2.4	2.401 %	1.4
Aa3	11	204,193,888.87	3.5	2.2	2.188 %	1.6
A1	26	347,651,070.36	6.0	2.3	2.378 %	1.3
A2	23	274,730,401.82	4.8	2.6	2.732 %	2.3
A3	10	127,938,838.38	2.2	2.2	2.822 %	3.6
P-1	7	171,478,916.97	3.0	1.6	1.366 %	0.2
Not Rated	1	75,273,916.67	1.3	1.7	1.730 %	0.0

Distribution by S&P Rating

Rating	Number	Mkt Value	% Bond Holdings	Average Y T M	Average Coupon	Average Duration
AAA	29	775,443,430.39	13.4	0.8	1.330 %	0.8
AA+	112	3,515,817,171.01	60.8	0.4	1.992 %	2.2
AA	2	27,045,724.22	0.5	1.6	2.293 %	1.6
AA-	19	307,873,936.46	5.3	2.1	2.237 %	1.5
A+	24	382,712,926.74	6.6	2.6	2.396 %	1.3
A	24	315,247,411.25	5.5	2.3	2.375 %	2.1
A-	12	167,805,702.44	2.9	2.4	3.000 %	2.7
BBB+	3	41,290,626.43	0.7	2.6	3.679 %	3.5
A-1+	4	95,881,513.36	1.7	1.3	1.302 %	0.2
A-1	3	75,597,403.61	1.3	2.0	1.448 %	0.2
Not Rated	1	75,273,916.67	1.3	1.7	1.730 %	0.0

** MARKET VALUE ON THE FIXED INCOME DISTRIBUTION REPORT INCLUDES ANY ACCRUED INTEREST THAT A SECURITY HAS EARNED. TOTAL COST DOES NOT REFLECT AMORTIZATIONS OR ACCRETIONS BUT INCLUDES PURCHASED ACCRUED INTEREST. MONTHLY TRANSACTION SUMMARY REPORT IS AVAILABLE UPON REQUEST.

SAN MATEO COUNTY TREASURER'S OFFICE
PORTFOLIO APPRAISAL
SAN MATEO COUNTY POOL
3/31/2020

Security	Coupon	Mature Date	Call Date One	Call Price One	Quantity	Unit Cost	Total Cost	Market Price	Market Value	Accrued Interest	Market Value + Accrued Interest	S&P	Pct Assets
CERTIFICATE OF DEPOSIT													
SOCIETE GENERALE NY	2.68	5/1/2020			25000000	100	25000000	100	25000000	619750	25619750	A-1	0.43
SWEDBANK YCD FRN-Q	1.97	5/7/2020			20000000	100	20000000	100	20000000	750314.8	20750314.75	A-1+	0.35
DNB NOR BANK ASA NY	1.63	5/22/2020			25000000	100	25000000	100	25000000	55465.28	25055465.28	A-1+	0.43
SWEDBANK NY	1.74	6/30/2020			25000000	100	25000000	100	25000000	77333.33	25077333.33	A-1+	0.43
MIZUHO BANK LTD/NY	1.66	7/10/2020			25000000	100	25000000	100	25000000	56486.11	25056486.11	A-1	0.43
BNS HOUSTON YCD- FRNQ	2.18	8/17/2020			25000000	100	25000000	100	25000000	62183.33	25062183.33	A+	0.43
SUMITOMO MITSUI BANK NY	2.03	8/28/2020			25000000	100.21	25052250	100	25000000	45183.33	25045183.33	A	0.43
HSBC BANK USA	2.7	10/2/2020			10000000	100	10000000	100	10000000	271500	10271500	AA-	0.17
SVENSKA HANDELSBANKEN YCD-FRN	2.09	1/29/2021			25000000	100	25000000	100	25000000	90201.39	25090201.39	AA-	0.43
NORDEA BANK NY - FRN	2	2/12/2021			25000000	100	25000000	100	25000000	66771	25066771	AA-	0.43
COOPERATIEVE RABO YCD FRN	1.83	3/1/2021			25000000	100	25000000	100	25000000	38132.92	25038132.92	A+	0.43
CREDIT AGRICOLE CIB NY	2.83	4/2/2021			25000000	100	25000000	100	25000000	711430.6	25711430.56	A+	0.43
SOCIETE GENERALE NY	1.8	2/14/2022			10000000	100	10000000	100	10000000	21000	10021000	A	0.17
NORDEA BANK ABP NY	1.85	8/26/2022			50000000	100	50000000	100	50000000	87361.11	50087361.11	AA-	0.87
SKANDINAV ENSKILDA BK NY	1.86	8/26/2022			50000000	100	50000000	100	50000000	90416.67	50090416.67	A+	0.87
DNB NOR BANK ASA NY	2.04	12/2/2022			25000000	100	25000000	100	25000000	162916.7	25162916.67	AA-	0.43
					415000000		415052250		415000000	3206446	418206446.4		7.21
COMMERCIAL PAPER													
MUFG BANK LTD/NY	0	6/5/2020			25000000	99.36	24841138.89	99.68	24921167.5	0	24921167.5	A-1	0.43
LOCAL AGENCY INVESTMENT FUND													
CA ASSET MGMT PROGRAM	1.16	4/1/2020			246900000	100	246900000	100	246900000	477340	247377340	AAA	4.29
LAIF	1.73	4/1/2020			75000000	100	75000000	100	75000000	273916.7	75273916.67	NR	1.3
					321900000		321900000		321900000	751256.7	322651256.7		5.59
UNITED STATES TREASURY-BILLS													
UNITED STATES TREAS BILL	0	5/7/2020			25000000	99.23	24806309	99.99	24998400	0	24998400	A-1+	0.43
UNITED STATES TREASURY-NOTES													
UNITED STATES TREAS NTS	2	7/31/2020			20000000	100.28	20055468.75	100.67	20134380	65934.07	20200314.07	AA+	0.35
UNITED STATES TREAS NTS	1.62	7/31/2020			20000000	100.04	20007031.25	100.5	20100000	53571.43	20153571.43	AA+	0.35
UNITED STATES TREAS NTS	1.37	8/31/2020			25000000	99.81	24952148.44	100.53	25132800	29275.41	25162075.41	AA+	0.44
UNITED STATES TREAS NTS	1.37	8/31/2020			25000000	99.8	24951171.88	100.53	25132800	29275.41	25162075.41	AA+	0.44
UNITED STATES TREAS NTS	1.37	8/31/2020			40000000	99.81	39923437.5	100.53	40212480	46840.66	40259320.66	AA+	0.7

UNITED STATES TREAS NTS	1.37	8/31/2020	25000000	99.84	24960937.5	100.53	25132800	29275.41	25162075.41	AA+	0.44
UNITED STATES TREAS NTS	1.37	9/15/2020	20000000	99.83	19965625	100.58	20116400	11956.52	20128356.52	AA+	0.35
UNITED STATES TREAS NTS	2.75	9/30/2020	2500000	100.82	2520605.47	101.31	2532812.5	186.82	2532999.32	AA+	0.04
UNITED STATES TREAS NTS	1.75	10/31/2020	10400000	99.71	10369937.5	100.97	10500755.2	76081.97	10576837.17	AA+	0.18
UNITED STATES TREAS NTS	2.25	2/15/2021	25000000	100.46	25115234.38	101.9	25474600	69539.84	25544139.84	AA+	0.44
UNITED STATES TREAS NTS	2.5	2/28/2021	10475000	100.96	10575658.21	102.2	10704957.67	22060.12	10727017.8	AA+	0.19
UNITED STATES TREAS NTS	2.62	6/15/2021	20000000	101.87	20374218.75	103.01	20602340	153483.6	20755823.61	AA+	0.36
UNITED STATES TREAS NTS	2.62	6/15/2021	9200000	101.49	9337281.25	103.01	9477076.4	70602.46	9547678.86	AA+	0.16
UNITED STATES TREAS NTS	1.12	6/30/2021	28950000	99.17	28709126.95	101.27	29318649.3	81421.87	29400071.17	AA+	0.51
UNITED STATES TREAS NTS	1.12	7/31/2021	50000000	100	50000000	101.27	50636700	92719.78	50729419.78	AA+	0.88
UNITED STATES TREAS NTS	1.12	7/31/2021	23500000	98.58	23166777.34	101.27	23799249	43578.3	23842827.3	AA+	0.41
UNITED STATES TREAS NTS	2.75	8/15/2021	10000000	101.93	10192968.75	103.54	10353910	33997.25	10387907.25	AA+	0.18
UNITED STATES TREAS NTS	2.75	8/15/2021	14160000	101.82	14417756.25	103.54	14661136.56	48140.11	14709276.67	AA+	0.25
UNITED STATES TREAS NTS	2.75	8/15/2021	17400000	102.4	17817328.13	103.54	18015803.4	59155.22	18074958.62	AA+	0.31
UNITED STATES TREAS NTS	1.12	8/31/2021	50000000	99.62	49812500	101.33	50664050	49450.55	50713500.55	AA+	0.88
UNITED STATES TREAS NTS	1.12	8/31/2021	50000000	99.75	49875000	101.33	50664050	49450.55	50713500.55	AA+	0.88
UNITED STATES TREAS NTS	1.12	9/30/2021	50000000	99.78	49890625	101.37	50687500	1528.53	50689028.53	AA+	0.88
UNITED STATES TREAS NTS	1.12	9/30/2021	20000000	98.73	19746093.75	101.37	20275000	611.41	20275611.41	AA+	0.35
UNITED STATES TREAS NTS	1.5	9/30/2021	10425000	100.16	10441289.06	101.95	10628204.1	0	10628204.1	AA+	0.18
UNITED STATES TREAS NTS	2.87	10/15/2021	25000000	102.16	25541015.63	104.11	26026375	329918	26356293.03	AA+	0.45
UNITED STATES TREAS NTS	1.25	10/31/2021	50000000	100	50000000	101.67	50835950	261270.5	51097220.49	AA+	0.88
UNITED STATES TREAS NTS	2.88	11/15/2021	30000000	102.91	30873046.88	104.33	31299600	325017.5	31624617.45	AA+	0.54
UNITED STATES TREAS NTS	2.88	11/15/2021	18585000	102.51	19051802.93	104.33	19390102.2	201348.3	19591450.51	AA+	0.34
UNITED STATES TREAS NTS	2.88	11/15/2021	4870000	102.57	4994956.81	104.33	5080968.4	52761.17	5133729.57	AA+	0.09
UNITED STATES TREAS NTS	2.12	12/31/2021	20000000	101.46	20291406.25	103.32	20663280	106830.6	20770110.6	AA+	0.36
UNITED STATES TREAS NTS	2.12	12/31/2021	15500000	101.17	15681035.16	103.32	16014042	82793.72	16096835.72	AA+	0.28
UNITED STATES TREAS NTS	2	12/31/2021	28280000	100.67	28470006.25	103.11	29159338.32	141400	29300738.32	AA+	0.51
UNITED STATES TREAS NTS	2	12/31/2021	25500000	100.72	25683281.25	103.11	26292897	127500	26420397	AA+	0.46
UNITED STATES TREAS NTS	2.5	1/15/2022	16700000	101.68	16980507.81	104.08	17381042.7	87170.33	17468213.03	AA+	0.3
UNITED STATES TREAS NTS	2.5	1/15/2022	13500000	101.62	13718320.31	104.08	14050543.5	70467.03	14121010.53	AA+	0.24
UNITED STATES TREAS NTS	2.5	1/15/2022	26000000	101.87	26485468.75	104.08	27060306	135714.3	27196020.29	AA+	0.47
UNITED STATES TREAS NTS	2.5	2/15/2022	19575000	102	19966500	104.27	20410754.62	60499.66	20471254.28	AA+	0.35
UNITED STATES TREAS NTS	2.5	2/15/2022	14700000	101.71	14950933.59	104.27	15327616.5	45432.69	15373049.19	AA+	0.27
UNITED STATES TREAS NTS	1.87	2/28/2022	12300000	100.71	12387925.78	103.17	12690143.7	19427.65	12709571.35	AA+	0.22
UNITED STATES TREAS NTS	1.87	3/31/2022	50000000	100.48	50238281.25	103.31	51654300	2547.55	51656847.55	AA+	0.9
UNITED STATES TREAS NTS	1.87	3/31/2022	10500000	101.02	10606640.63	103.31	10847403	534.99	10847937.99	AA+	0.19
UNITED STATES TREAS NTS	1.87	3/31/2022	15625000	101.59	15872802.73	103.31	16141968.75	796.11	16142764.86	AA+	0.28
UNITED STATES TREAS NTS	2.25	4/15/2022	40000000	101.05	40420312.5	104.12	41648440	413114.8	42061554.75	AA+	0.72
UNITED STATES TREAS NTS	2.12	5/15/2022	25000000	100.9	25225585.94	104.01	26002925	199948.5	26202873.49	AA+	0.45
UNITED STATES TREAS NTS	2.12	5/15/2022	1900000	101.8	1934289.06	104.01	1976222.3	15196.09	1991418.39	AA+	0.03
UNITED STATES TREAS NTS	2.12	5/15/2022	16600000	101.8	16899578.13	104.01	17265942.2	132765.8	17398708	AA+	0.3
UNITED STATES TREAS NTS	1.75	5/31/2022	25200000	99.77	25142906.25	103.27	26023914	147807.7	26171721.69	AA+	0.45
UNITED STATES TREAS NTS	2.12	6/30/2022	32500000	101.7	33052246.09	104.3	33899027.5	172656.3	34071683.75	AA+	0.59
UNITED STATES TREAS NTS	2.12	6/30/2022	19960000	101.24	20207940.63	104.3	20819218.12	106037.5	20925255.62	AA+	0.36
UNITED STATES TREAS NTS	1.75	7/15/2022	30895000	100.31	30990340.04	103.43	31953400.91	112885.6	32066286.49	AA+	0.56
UNITED STATES TREAS NTS	1.87	7/31/2022	49400000	100.78	49784007.81	103.82	51289154.8	69468.75	51358623.55	AA+	0.89
UNITED STATES TREAS NTS	1.87	7/31/2022	14135000	100.96	14271380.66	103.82	14675550.67	19877.34	14695428.01	AA+	0.26
UNITED STATES TREAS NTS	2	7/31/2022	10000000	100.51	10050781.25	104.12	10412110	32967.03	10445077.03	AA+	0.18
UNITED STATES TREAS NTS	2	7/31/2022	25000000	100.45	25113281.25	104.12	26030275	82417.58	26112692.58	AA+	0.45
UNITED STATES TREAS NTS	1.62	8/31/2022	50000000	99.62	49808593.75	103.28	51640600	0	51640600	AA+	0.9
UNITED STATES TREAS NTS	1.87	9/30/2022	50000000	99.73	49863281.25	104.05	52027350	2547.55	52029897.55	AA+	0.9
UNITED STATES TREAS NTS	2	10/31/2022	50000000	99.84	49919921.88	104.47	52234400	472677.6	52707077.6	AA+	0.91
UNITED STATES TREAS NTS	2	11/30/2022	50000000	99.49	49746093.75	104.57	52283200	333333.3	52616533.33	AA+	0.91

UNITED STATES TREAS NTS	1.62	12/15/2022	11000000	102.61	11287000.73	103.67	11403909	52631.94	11456540.94	AA+	0.2
UNITED STATES TREAS NTS	2.12	12/31/2022	25000000	100.93	25233398.44	105.07	26267575	405816	26673390.97	AA+	0.46
UNITED STATES TREAS NTS	2.37	1/31/2023	20000000	102.3	20460156.25	105.92	21184380	78296.7	21262676.7	AA+	0.37
UNITED STATES TREAS NTS	2.37	1/31/2023	25000000	102.5	25625000	105.92	26480475	97870.88	26578345.88	AA+	0.46
UNITED STATES TREAS NTS	2.37	1/31/2023	24500000	102.41	25090488.28	105.92	25950865.5	95913.46	26046778.96	AA+	0.45
UNITED STATES TREAS NTS	2.62	2/28/2023	30000000	102.91	30873046.88	106.8	32040240	465937.5	32506177.5	AA+	0.56
UNITED STATES TREAS NTS	2.62	2/28/2023	10935000	103.16	11280990.23	106.8	11678667.48	169834.2	11848501.7	AA+	0.2
UNITED STATES TREAS NTS	2.5	3/31/2023	25100000	103.48	25972617.19	106.6	26756022.7	1743.06	26757765.76	AA+	0.47
UNITED STATES TREAS NTS	1.5	3/31/2023	27800000	99.32	27612132.81	103.62	28807750	1133.15	28808883.15	AA+	0.5
UNITED STATES TREAS NTS	2.75	4/30/2023	11900000	103.93	12367632.81	107.55	12798545.2	136653.9	12935199.05	AA+	0.22
UNITED STATES TREAS NTS	2.75	4/30/2023	22700000	104.15	23641461.45	107.55	24414031.6	260675.8	24674707.42	AA+	0.42
UNITED STATES TREAS NTS	2.75	5/31/2023	50000000	104.48	52242187.5	107.73	53865250	460851.7	54326101.65	AA+	0.94
UNITED STATES TREAS NTS	2.62	6/30/2023	25000000	102.91	25727539.06	107.51	26876950	164062.5	27041012.5	AA+	0.47
UNITED STATES TREAS NTS	2.75	7/31/2023	25000000	103.65	25912109.38	108.1	27025400	113324.2	27138724.18	AA+	0.47
UNITED STATES TREAS NTS	2.75	7/31/2023	35000000	104.89	36713085.94	108.1	37835560	158653.9	37994213.85	AA+	0.66
UNITED STATES TREAS NTS	2.75	8/31/2023	11800000	103.55	12218531.25	108.26	12774880.6	28527.47	12803408.07	AA+	0.22
UNITED STATES TREAS NTS	2.75	8/31/2023	24500000	104.76	25665664.06	108.26	26524116.5	59230.77	26583347.27	AA+	0.46
UNITED STATES TREAS NTS	2.87	9/30/2023	9485000	104.35	9897745.7	108.95	10333831.62	0	10333831.62	AA+	0.18
UNITED STATES TREAS NTS	2.87	9/30/2023	22425000	105.45	23646987.3	108.95	24431858.1	0	24431858.1	AA+	0.42
UNITED STATES TREAS NTS	1.62	10/31/2023	50000000	100.16	50078125	104.69	52345700	339651.6	52685351.64	AA+	0.91
UNITED STATES TREAS NTS	2.87	11/30/2023	26000000	104.2	27092812.5	109.33	28426320	249166.7	28675486.67	AA+	0.49
UNITED STATES TREAS NTS	2.62	12/31/2023	25000000	103.46	25864257.81	108.6	27150400	493084	27643484.02	AA+	0.47
UNITED STATES TREAS NTS	2.5	1/31/2024	18900000	103.59	19577742.19	108.28	20464409.7	77884.62	20542294.32	AA+	0.36
UNITED STATES TREAS NTS	2.5	1/31/2024	43000000	104.37	44879570.31	108.28	46559239	177197.8	46736436.8	AA+	0.81
UNITED STATES TREAS NTS	2.5	1/31/2024	19000000	103.36	19639023.44	108.28	20572687	78296.7	20650983.7	AA+	0.36
UNITED STATES TREAS NTS	2.37	2/29/2024	31790000	103.2	32805789.84	107.96	34319530.3	63601.6	34383131.9	AA+	0.6
UNITED STATES TREAS NTS	2.12	2/29/2024	15500000	102.43	15876601.56	106.96	16578939.5	27746.26	16606685.76	AA+	0.29
UNITED STATES TREAS NTS	2.12	2/29/2024	40000000	101.59	40635937.5	106.96	42784360	71603.26	42855963.26	AA+	0.74
UNITED STATES TREAS NTS	2.12	3/31/2024	29300000	102.23	29953527.34	107.09	31377311.4	1729.51	31379040.91	AA+	0.55
UNITED STATES TREAS NTS	2.25	4/30/2024	15000000	102.87	15430664.06	107.73	16159575	140934.1	16300509.07	AA+	0.28
UNITED STATES TREAS NTS	2.25	4/30/2024	25000000	102.53	25633531.51	107.73	26932625	234890.1	27167515.11	AA+	0.47
UNITED STATES TREAS NTS	2	4/30/2024	15000000	102.54	15381683.56	106.69	16003125	126666.7	16129791.67	AA+	0.28
UNITED STATES TREAS NTS	2.5	5/15/2024	25000000	104.22	26055664.06	108.8	27201175	235233.5	27436408.52	AA+	0.47
UNITED STATES TREAS NTS	2	5/31/2024	15125000	102.32	15475437.16	106.84	16158929.87	102513.9	16261443.76	AA+	0.28
UNITED STATES TREAS NTS	2	6/30/2024	5100000	101.89	5196222.66	106.92	5452818	25500	5478318	AA+	0.09
UNITED STATES TREAS NTS	2	6/30/2024	10000000	101.85	10185156.25	106.92	10691800	50000	10741800	AA+	0.19
UNITED STATES TREAS NTS	2	6/30/2024	25000000	101.44	25360351.56	106.92	26729500	125000	26854500	AA+	0.46
UNITED STATES TREAS NTS	2.12	7/31/2024	25000000	101.98	25496093.75	107.55	26888675	87568.68	26976243.68	AA+	0.47
UNITED STATES TREAS NTS	1.87	8/31/2024	25000000	100.86	25213867.19	106.6	26649425	41208.79	26690633.79	AA+	0.46
UNITED STATES TREAS NTS	2.12	9/30/2024	15900000	102.27	16260855.47	107.87	17150884.8	0	17150884.8	AA+	0.3
UNITED STATES TREAS NTS	1.5	9/30/2024	9000000	100.8	9072070.31	105.08	9457029	0	9457029	AA+	0.16
UNITED STATES TREAS NTS	1.5	10/31/2024	33895000	100.32	34002245.9	105.17	35646693.6	214668.3	35861361.93	AA+	0.62
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			2443890000		2478037700		2554618277	11198572	2565816849		44.4

FEDERAL AGENCY - FLOATING RATE SECURITIES

FREDDIE MAC	1.59	4/3/2020	10000000	100	10000000	100	9999983.2	38866.67	10038849.87	AA+	0.17
FEDERAL HOME LOAN BANK	1.62	5/8/2020	20000000	100	20000000	99.99	19998663.2	22569.44	20021232.64	AA+	0.35
FREDDIE MAC	1.57	5/20/2020	10000000	100	9999967.92	99.99	9999100	17500	10016600	AA+	0.17
FEDERAL FARM CREDIT BANK-FRN	1.62	5/26/2020	10000000	100	10000000	100	10000308.5	2244.62	10002553.12	AA+	0.17
FEDERAL HOME LOAN BANK	1.65	6/19/2020	19650000	100	19650000	100	19649686.19	10840.25	19660526.44	AA+	0.34
FEDERAL HOME LOAN BANK	1.59	9/28/2020	8000000	100	8000000	99.89	7990985.04	11306.67	8002291.71	AA+	0.14

FED HOME LN BANK	1.66	10/7/2020			7000000	100	7000000	99.93	6995172.87	27113.33	7022286.2	AA+	0.12
FEDERAL FARM CR BKS FDG CORP	1.68	12/11/2020			5000000	100	5000000	99.96	4997883.65	4653.47	5002537.12	AA+	0.09
FEDERAL FARM CR BKS FDG CORP	1.67	8/9/2021			15000000	100	15000000	99.8	14970346.95	15316.4	14985663.35	AA+	0.26
FEDERAL FARM CR BKS FDG CORP	1.68	9/17/2021			15000000	100	15000000	100.01	15001230	9791.25	15011021.25	AA+	0.26
FEDERAL FARM CR BKS FDG CORP	1.68	9/17/2021			5000000	100	5000000	100.01	5000410	3263.75	5003673.75	AA+	0.09
FEDERAL FARM CR BKS FDG CORP	1.7	11/8/2021			10000000	100	10000000	99.68	9967718.4	24499.22	9992217.62	AA+	0.17
FEDERAL FARM CR BKS FDG CORP	1.7	11/8/2021			5000000	100	5000000	99.68	4983859.2	12249.61	4996108.81	AA+	0.09
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					139650000		139649967.9		139555347.2	200214.7	139755561.9		2.43
FEDERAL AGENCY SECURITIES													

FED HOME LOAN MORTG. CORP.	1.37	5/1/2020			15000000	100	14999281.25	100.09	15013640.7	85937.5	15099578.2	AA+	0.26
FEDERAL HOME LOAN BANK-DISCOUN	0	5/8/2020			10000000	99.22	9921512.5	99.99	9999280.6	0	9999280.6	AA+	0.17
FEDERAL HOME LOAN BANK-1	1.7	5/15/2020			2500000	100	2500000	100.17	2504143.07	16055.56	2520198.63	AA+	0.04
FEDERAL HOME LOAN BANK-1	1.7	5/15/2020			5000000	100	5000000	100.17	5008286.15	32111.11	5040397.26	AA+	0.09
FEDERAL HOME LOAN BANK-1	1.7	5/15/2020			2000000	100	2000000	100.17	2003314.46	12844.44	2016158.9	AA+	0.03
FEDERAL HOME LOAN BANK	2.62	5/28/2020			19000000	99.96	18993160	100.36	19067678	171791.7	19239469.67	AA+	0.33
FEDERAL HOME LOAN BANK	2.62	5/28/2020			3520000	100.57	3539930.53	100.36	3532538.24	31826.67	3564364.91	AA+	0.06
FEDERAL HOME DISCOUNT NOTE	0	7/6/2020			10000000	99	9900130.56	99.98	9997600	0	9997600	AA+	0.17
FEDERAL HOME LOAN BANK DISCOUN	0	7/10/2020			20000000	99.04	19807766.67	99.97	19995000	0	19995000	AA+	0.35
FEDERAL HOME DISCOUNT NOTE	0	8/14/2020			25000000	99.78	24945472.22	99.96	24989687.5	0	24989687.5	AA+	0.43
FEDERAL HOME LOAN BANK	1.37	9/28/2020			5000000	99.68	4983950	100.54	5027092.25	572.92	5027665.17	AA+	0.09
FEDERAL HOME LOAN BANK	1.37	9/28/2020			10000000	99.68	9967900	100.54	10054184.5	1145.83	10055330.33	AA+	0.17
FEDERAL HOME LOAN MORTGAGE COR	1.62	9/29/2020			15000000	99.82	14972850	100.55	15082102.05	1354.17	15083456.22	AA+	0.26
FEDERAL HOME LOAN BANK	2.62	10/1/2020			25000000	99.78	24946250	101.15	25287395.25	328125	25615520.25	AA+	0.44
FEDERAL HOME LOAN BANK	2.62	10/1/2020			20000000	101.2	20239716.67	101.15	20229916.2	262500	20492416.2	AA+	0.35
FEDERAL HOME LOAN MORTGAGE COR	2.25	11/24/2020			5000000	100.42	5021100	101.1	5054883.8	39687.5	5094571.3	AA+	0.09
FEDERAL HOME LOAN MORTGAGE COR	2.25	11/24/2020			7500000	100.42	7531650	101.1	7582325.7	59531.25	7641856.95	AA+	0.13
FEDERAL HOME LOAN MORTGAGE COR	2.25	11/24/2020			7500000	100.42	7531650	101.1	7582325.7	59531.25	7641856.95	AA+	0.13
FEDERAL NATIONAL MORTGAGE ASSO	1.5	11/30/2020			5000000	99.91	4995350	100.67	5033689.15	25000	5058689.15	AA+	0.09
FEDERAL FARM CREDIT BANK	2.12	6/7/2021			20000000	100.23	20047000	102.07	20413722	134583.3	20548305.33	AA+	0.35
FEDERAL HOME LOAN BANK	2.25	6/11/2021			25000000	100.7	25176250	102.2	25550718	171875	25722593	AA+	0.44
FEDERAL HOME LOAN BANK	2.25	6/11/2021			30000000	100.57	30169800	102.2	30660861.6	206250	30867111.6	AA+	0.53
FEDERAL NATIONAL MORTGAGE ASSO	2.75	6/22/2021			25000000	99.98	24994250	102.88	25719340.5	189062.5	25908403	AA+	0.45
FED FARM CREDIT (1)	2.1	6/24/2021	6/24/2020	100	15000000	100	15000000	100.37	15054751.2	84875	15139626.2	AA+	0.26
FEDERAL HOME LOAN BANK	1.87	7/7/2021			25000000	99.76	24940250	101.87	25466522.75	109375	25575897.75	AA+	0.44
FEDERAL HOME LOAN BANK	1.12	7/14/2021			5000000	99.51	4975350	101.01	5050595.35	12031.25	5062626.6	AA+	0.09
FEDERAL HOME LOAN BANK	1.12	7/14/2021			5000000	99.51	4975350	101.01	5050595.35	12031.25	5062626.6	AA+	0.09
FEDERAL HOME LOAN BANK	1.12	7/14/2021			5000000	99.51	4975350	101.01	5050595.35	12031.25	5062626.6	AA+	0.09
FEDERAL HOME LOAN BANK	1.12	7/14/2021			5000000	99.51	4975350	101.01	5050595.35	12031.25	5062626.6	AA+	0.09
FEDERAL HOME LOAN BANK	1.12	7/14/2021			5000000	99.51	4975350	101.01	5050595.35	12031.25	5062626.6	AA+	0.09
FEDERAL NATIONAL MORTGAGE ASSO	1.25	8/17/2021			10000000	99.59	9959500	101.15	10114696.6	15277.78	10129974.38	AA+	0.18
FANNIE MAE	2.62	1/11/2022			24300000	102.13	24818076	103.87	25240048.9	141750	25381798.9	AA+	0.44
FEDERAL HOME LOAN BANK	2.12	6/10/2022			40000000	100.59	40237200	103.84	41537362	262083.3	41799445.33	AA+	0.72
FEDERAL HOME LOAN BANK	2.12	6/10/2022			25000000	100.53	25132000	103.84	25960851.25	163802.1	26124653.33	AA+	0.45
FEDERAL HOME LOAN BANK	5.25	6/10/2022			15000000	109.41	16411200	110.11	16516288.05	242812.5	16759100.55	AA+	0.29
FANNIE MAE	1.37	9/6/2022			25000000	99.65	24913000	102.41	25602523.5	23871.53	25626395.03	AA+	0.44
FEDERAL HOME LOAN BANK	2.5	12/9/2022			15000000	101.86	15279300	105.41	15811214.1	116666.7	15927880.77	AA+	0.27
FEDERAL HOME LOAN BANK	1.37	2/17/2023			27165000	99.82	27115016.4	102.69	27894699.44	45652.29	27940351.73	AA+	0.48
FEDERAL HOME LOAN BANK	2.12	6/9/2023			20000000	100.67	20133600	105.54	21107779	132222.2	21240001.22	AA+	0.37
FEDERAL HOME LOAN BANK	2.12	6/9/2023			10000000	100.82	10081800	105.54	10553889.5	66111.11	10620000.61	AA+	0.18
FEDERAL HOME LOAN BANK	2.87	6/14/2024			5000000	104.25	5212300	110.47	5523347.05	42725.69	5566072.74	AA+	0.1

FEDERAL HOME LOAN BANK	2.87	9/13/2024			4000000	109.77	4390630.56	109.91	4396353.96	5750	4402103.96	AA+	0.08
FANNIE MAE	1.62	10/15/2024			38200000	99.83	38134678	104.68	39989318.94	286234.7	40275553.66	AA+	0.7
FANNIE MAE	1.62	10/15/2024			12300000	104.08	12801308.71	104.68	12876141.96	92164.58	12968306.55	AA+	0.22
FANNIE MAE	1.62	1/7/2025			34900000	99.68	34788669	104.97	36634257.43	127603.1	36761860.56	AA+	0.64
FREDDIE MAC	1.5	2/12/2025			41535000	99.92	41503018.05	104.35	43341190.18	81339.37	43422529.55	AA+	0.75
FEDERAL HOME LOAN BANK	2.37	3/14/2025			18800000	106.99	20114381.11	109.39	20566153.97	21084.72	20587238.69	AA+	0.36
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					743220000		748027648.2		764830092	3951344	768781435.6		13.29
US INSTRUMENTALITIES													

INTL BK RECON & DEVELOP	1.87	4/21/2020			10000000	99.91	9991300	100.08	10008258.8	83333.33	10091592.13	AAA	0.17
INTERNATIONAL BANK RECON & DEV	0	6/5/2020			25000000	99.25	24813395.75	99.99	24996840.25	0	24996840.25	AAA	0.43
INTER-AMERICAN DEVEL BK	1.87	6/16/2020			30000000	100.12	30034800	100.19	30056537.7	164062.5	30220600.2	AAA	0.52
INTER-AMERICAN DEVEL BK	1.87	6/16/2020			5889000	100.3	5906402	100.19	5900098.35	32205.47	5932303.82	AAA	0.1
IBRD DISCOUNT NOTE	0	6/19/2020			20000000	99.78	19956600	99.98	19996927.8	0	19996927.8	AAA	0.35
IBRD DISCOUNT NOTE	0	7/1/2020			10000000	99.77	9976888.89	99.98	9997725	0	9997725	AAA	0.17
INTER-AMERICAN DEVEL BK	1.84	7/15/2020			10000000	100.27	10026969.79	100.02	10001792.5	38870.83	10040663.33	AAA	0.17
INTL BK RECON & DEVELOP	1.12	8/10/2020			20000000	99.61	19922600	99.97	19993071.4	31875	20024946.4	AAA	0.35
INTL BK RECON & DEVELOP	1.12	8/10/2020			30000000	99.64	29893500	99.97	29989607.1	47812.5	30037419.6	AAA	0.52
INTL BK RECON & DEVELOP-FLTR	1.79	8/21/2020			15000000	100.08	15012000	100.03	15004516.2	432583.3	15437099.53	AAA	0.26
INTL BK RECON & DEVELOP-FLTR	1.79	8/21/2020			4685000	100.11	4690149.48	100.03	4686410.56	135110.2	4821520.75	AAA	0.08
INTL BK RECON & DEVELOP	1.62	9/4/2020			5000000	99.98	4998950	100.46	5022878.35	6093.75	5028972.1	AAA	0.09
INTL BK RECON & DEVELOP	1.62	9/4/2020			20000000	99.95	19990400	100.46	20091513.4	24375	20115888.4	AAA	0.35
INTL BK RECON & DEVELOP	1.62	9/4/2020			9000000	99.94	8995050	100.46	9041181.03	10968.75	9052149.78	AAA	0.16
INTERNATIONAL FIN. CORP	1.66	9/25/2020			50000000	100	50000000	99.99	49995166	13806.25	50008972.25	AAA	0.87
INTERNATIONAL FIN. CORP	1.6	10/9/2020			25000000	100	25000000	100.3	25074356.25	74444.44	25148800.69	AAA	0.44
INTL BK RECON & DEVELOP	1.95	10/13/2020			10000000	100.25	10025139.4	100.03	10003039.8	42204.07	10045243.87	AAA	0.17
INTERNATIONAL FIN. CORP	1.62	1/27/2021			25000000	100	25000000	100.61	25153514	72000	25225514	AAA	0.44
INTL BK RECON & DEVELOP	1.62	3/9/2021			20000000	99.85	19969400	101.32	20263768.8	19861.11	20283629.91	AAA	0.35
INTL BK RECON & DEVELOP	1.37	5/24/2021			20000000	99.74	19948000	100.99	20197200	97013.89	20294213.89	AAA	0.35
INTER-AMERICAN DEVEL BK-FRN	1.83	1/15/2022			10000000	100	10000000	99.96	9995548.4	38659.72	10034208.12	AAA	0.17
INTL BK RECON & DEVELOP	2	1/26/2022			10000000	99.46	9945700	102.56	10256300	36111.11	10292411.11	AAA	0.18
INTL BK RECON & DEVELOP	1.62	1/15/2025			15000000	99.77	14966177.08	104.52	15677669.7	51458.33	15729128.03	AAA	0.27
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					399574000		399063422.4		401403921.4	1452850	402856771		6.98
FLOATING RATE SECURITIES													

APPLE INC.-FRN	1.8	5/11/2020			5000000	100	5000000	99.96	4998005.35	12255.99	5010261.34	AA+	0.09
BANK OF NY MELLON CORP.-FRN	2.56	8/17/2020			5000000	100	5000000	100.01	5000690.9	15299.34	5015990.24	A	0.09
TOYOTA MOTOR CREDIT CORP	1.85	8/21/2020			7000000	99.99	6998978	98.91	6924008.63	14357.78	6938366.41	AA-	0.12
TOYOTA MOTOR CREDIT CORP.-FRN	2.07	9/18/2020			10021000	99.97	10018494.75	99.04	9924433.64	7485.27	9931918.91	AA-	0.17
US BANK NA OHIO-FLT (A)	2.06	2/4/2021	1/4/2021	100	8000000	100	8000000	99.04	7923238.4	25649.62	7948888.02	A+	0.14
JOHN DEERE CAPITAL CORP	1.02	3/12/2021			9925000	100.08	9933237.75	97.11	9638271.61	30775.82	9669047.43	A	0.17
UNITED PARCEL SERVICE-FRN	2.06	4/1/2021			10000000	100	10000000	98.67	9867450	51484.5	9918934.5	A+	0.17
US BANK NA OHIO-FRN	2.11	4/26/2021			10000000	100	10000000	98.48	9848046.2	408144.5	10256190.74	AA-	0.17
WELLS FARGO BANK NA-FLTR (Q)	2.08	5/21/2021	5/21/2021	100	20000000	100	20000000	98.67	19734340	44980	19779320	A+	0.34
WELLS FARGO BANK NA-FRN (A)	2.31	7/23/2021	7/23/2020	100	13765000	100.28	13803129.05	97.48	13418521.18	59963.78	13478484.97	A+	0.23
WELLS FARGO BANK NA-FRN (A)	2.31	7/23/2021	7/23/2020	100	9000000	100.28	9024930	97.48	8773461	39206.25	8812667.25	A+	0.15
BANK OF AMERICA CORP. (1)	2.33	10/1/2021	10/1/2020	100	18000000	99.02	17823780	99.85	17973389.16	211848	18185237.16	A-	0.31
US BANK NA OHIO-FLT (A)	2.07	11/16/2021	10/15/2021	100	10000000	100	10000000	98.62	9862080	25321.39	9887401.39	A+	0.17
WELLS FARGO & COMPANY-FRN-1	2.66	2/11/2022	2/11/2021	100	10000000	100	10000000	98.08	9807570.1	36217.53	9843787.63	A+	0.17

APPLE INC.-FRN	2.08	5/11/2022			7500000	100.48	7536000	97.58	7318287.67	21242.32	7339529.99	AA+	0.13
UNITED PARCEL SERVICE-FRN	2.07	5/16/2022			5000000	100	5000000	95.72	4785824	12660.69	4798484.69	A+	0.08
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					158211000		158138549.6		155797617.9	1016893	156814510.7		2.71
CORPORATE BONDS													

BANK OF AMERICA CORP	5.62	7/1/2020			12000000	103.36	12403428	100.63	12075277.56	168750	12244027.56	A+	0.21
JOHN DEERE CAPITAL CORP.	2.37	7/14/2020			11035000	99.67	10999025.9	99.96	11030280.11	56056.27	11086336.38	A	0.19
ORACLE CORP.	3.87	7/15/2020			5000000	101.61	5080400	100.53	5026286.05	40902.78	5067188.83	AA-	0.09
ORACLE CORP.	3.87	7/15/2020			5909000	101.48	5996216.84	100.53	5940064.85	48338.9	5988403.76	AA-	0.1
ORACLE CORP.	3.87	7/15/2020			10000000	101.65	10164900	100.53	10052572.1	81805.56	10134377.66	AA-	0.17
HSBC USA INC.	2.75	8/7/2020			11310000	100.07	11317917	99.53	11256547.13	45286.61	11301833.74	A	0.2
PACCAR FINL. GROUP	2.5	8/14/2020			11500000	99.84	11481140	99.46	11438207.97	37534.72	11475742.69	A+	0.2
BANK OF NY MELLON (1)	2.6	8/17/2020	7/17/2020	100	18450000	99.76	18405535.5	100.19	18484557.22	58630	18543187.22	A	0.32
BANK OF NY MELLON (1)	2.6	8/17/2020	7/17/2020	100	13162000	100.27	13197800.64	100.19	13186652.69	41825.91	13228478.6	A	0.23
STATE STREET CORP	2.55	8/18/2020			15000000	99.96	14993550	100.16	15024295.65	45687.5	15069983.15	A	0.26
AMAZON.COM INC.	1.9	8/21/2020			10000000	99.21	9921100	99.96	9996036	21111.11	10017147.11	AA-	0.17
AMERICAN EXPRESS CREDIT CORP.	2.6	9/14/2020	8/14/2020	100	10000000	99.81	9981500	99.95	9994506.6	12277.78	10006784.38	A-	0.17
AMERICAN EXPRESS CREDIT CORP.	2.6	9/14/2020	8/14/2020	100	14000000	99.9	13986560	99.95	13992309.24	17188.89	14009498.13	A-	0.24
AMERICAN HONDA FINANCE CORP	2.45	9/24/2020			7000000	99.8	6986210	99.3	6951329.28	3334.72	6954664	A	0.12
VISA INC. (A)	2.2	12/14/2020	11/16/2020	100	10000000	99.67	9967400	100.39	10039137.8	65388.89	10104526.69	AA-	0.17
AMERICAN HONDA FINANCE	3.15	1/8/2021			10000000	100.89	10089000	100.67	10066659.6	72625	10139284.6	A	0.17
WELLS FARGO & COMPANY CB	2.6	1/15/2021			20000000	98.77	19753600	100.44	20087205.8	109777.8	20196983.58	A+	0.35
WELLS FARGO & COMPANY CB	2.6	1/15/2021			4000000	99.63	3985400	100.44	4017441.16	21955.56	4039396.72	A+	0.07
WELLS FARGO & COMPANY CB	2.6	1/15/2021			11000000	99.63	10959740	100.44	11047963.19	60377.78	11108340.97	A+	0.19
US BANK CORP (A)	2.35	1/29/2021	12/29/2020	100	20000000	99.64	19928000	99.71	19942097.2	80944.44	20023041.64	A+	0.35
US BANK NA OHIO (A)	3	2/4/2021	1/4/2021	100	10000000	99.92	9991900	100.64	10064018	47500	10111518	A+	0.17
CISCO SYSTEM INC	2.2	2/28/2021			22018000	100.14	22049705.92	100.45	22116445.34	44402.97	22160848.31	AA-	0.38
EXXON MOBIL CORP. (A)	2.22	3/1/2021	2/1/2021	100	15000000	99.59	14938500	100.65	15097548.45	27775	15125323.45	AA+	0.26
WELLS FARGO & COMPANY	2.5	3/4/2021			10000000	99.3	9930200	100.02	10001738	18750	10020488	A+	0.17
WELLS FARGO & COMPANY	2.5	3/4/2021			10000000	99.33	9932600	100.02	10001738	18750	10020488	A+	0.17
UNITED PARCEL SERVICE	2.05	4/1/2021			20000000	99.84	19968400	99.88	19975523.4	205000	20180523.4	A+	0.35
BANK OF NEW YORK MELLON CORP.	2.5	4/15/2021	3/15/2021	100	20000000	99.7	19941000	99.94	19988237.2	233333.3	20221570.53	A	0.35
PACCAR FINL. GROUP	3.1	5/10/2021			5045000	100.81	5085864.5	100.49	5069698	61254.71	5130952.71	A+	0.09
PFIZER INC	1.95	6/3/2021			10000000	98.94	9893700	100.72	10072338.7	63916.67	10136255.37	AA	0.18
WELLS FARGO BANK NA	3.32	7/23/2021	7/23/2020	100	5000000	100.56	5028000	100.17	5008359.6	31402.78	5039762.38	A+	0.09
JP MORGAN CHASE & CO.	4.35	8/15/2021			20000000	103.46	20692200	102.56	20512138.6	111166.7	20623305.27	A-	0.36
ORACLE CORP	1.9	9/15/2021	8/15/2021	100	5000000	98.43	4921450	100.29	5014732.95	4222.22	5018955.17	AA-	0.09
CISCO SYSTEMS INC. (A)	1.85	9/20/2021	8/20/2021	100	23337000	98.48	22981344.12	100.68	23495761.38	13191.89	23508953.27	AA-	0.41
3M COMPANY	2.75	3/1/2022			10000000	99.95	9995300	100.74	10073785.8	22916.67	10096702.47	AA-	0.18
CHEVRON CORP. (A)	2.5	3/3/2022	2/3/2022	100	16629000	99.83	16601063.28	101.49	16877160.55	32308.3	16909468.85	AA	0.29
IBM CORP.	2.85	5/13/2022			25000000	102.12	25530312.5	102.55	25638392	269166.7	25907558.67	A	0.45
PROCTER & GAMBLE	2.15	8/11/2022			20000000	100.01	20002200	102.07	20413947.6	59722.22	20473669.82	AA-	0.35
EXXON MOBIL CORP.	1.9	8/16/2022			4325000	100	4325000	100.34	4339765.85	10282.69	4350048.54	AA+	0.08
APPLE INC	1.7	9/11/2022			9465000	99.98	9463390.95	101.74	9629222.39	8939.17	9638161.55	AA+	0.17
GOLDMAN SACHS GROUP INC	3.62	1/22/2023			10000000	104.24	10424100	102.62	10262218.8	69479.17	10331697.97	BBB+	0.18
JP MORGAN CHASE & CO	3.2	1/25/2023			14300000	103.55	14807650	102.88	14711376.39	83893.33	14795269.73	A-	0.26
ADOBE INC.	1.7	2/1/2023			4520000	99.86	4513807.6	100.64	4548856.9	12379.78	4561236.68	A	0.08
PACCAR FINANCIAL CORP.	1.9	2/7/2023			15000000	99.99	14999250	98.66	14798976.3	42750	14841726.3	A+	0.26
PNC BANK NA - 1	1.74	2/24/2023	2/24/2022	100	7380000	100	7380000	98.41	7262414.46	12863.34	7275277.8	A	0.13
BB&T CORP.	2.2	3/16/2023			10000000	99.93	9992600	100.06	10006056.5	9166.67	10015223.17	A-	0.17
AMERICAN HONDA FINANCE	1.95	5/10/2023			18180000	99.96	18173273.4	97.52	17729417.24	79764.75	17809181.99	A	0.31

UNITED HEALTH GROUP INC.	3.5	6/15/2023			4700000	104.79	4925177	105.04	4936869	48436.11	4985305.11	A+	0.09
TOYOTA MOTOR CREDIT CORP	2.25	10/18/2023			10000000	102.28	10227525	98.04	9803669.8	101875	9905544.8	AA-	0.17
ABBOTT LABORATORIES (A)	3.4	11/30/2023	9/30/2023	100	10000000	109.1	10909744.44	104.94	10494214.4	113333.3	10607547.73	A-	0.18
CHARLES SCHWAB CORP	3.55	2/1/2024			10000000	105.5	10550000	105.17	10517080.8	59166.67	10576247.47	A	0.18
BANK OF NY MELLON CORP.	3.65	2/4/2024			5000000	106.31	5315650	105.38	5269044.05	28895.83	5297939.88	A	0.09
AMERICAN EXPRESS CO (1)	3.4	2/22/2024	1/22/2024	100	10000000	103.82	10382500	104.29	10428538.1	36833.33	10465371.43	BBB+	0.18
BANK OF AMERICA CORP.	4	4/1/2024			10000000	106.68	10668400	105.99	10598841.3	200000	10798841.3	A-	0.18
IBM CORP	3	5/15/2024			5000000	106.51	5325716.67	105.35	5267633.3	56666.67	5324299.97	A	0.09
CATERPILLAR FINANCIAL SERVICE	2.85	5/17/2024			4785000	102.97	4927018.8	102.2	4890070.13	50760.87	4940831.01	A	0.08
AMERICAN HONDA FINANCE	2.4	6/27/2024			10000000	99.55	9954600	98.56	9855679	62666.67	9918345.67	A	0.17
GOLDMAN SACHS GROUP INC.(A)	3.85	7/8/2024	4/8/2024	100	9500000	105.49	10021835	104.26	9904837.56	84325.69	9989163.25	BBB+	0.17
GOLDMAN SACHS GROUP INC.(A)	3.85	7/8/2024	4/8/2024	100	9990000	107.95	10783969.13	104.26	10415718.66	88675.12	10504393.78	BBB+	0.18
BANK OF AMERICA CORP. (1)	3.86	7/23/2024			5000000	105.18	5258950	104.63	5231408.65	36493.33	5267901.98	A-	0.09
BANK OF AMERICA CORP. (1)	3.86	7/23/2024			5000000	107.15	5357533.33	104.63	5231408.65	36493.33	5267901.98	A-	0.09
US BANCORP (A)	2.4	7/30/2024	6/28/2024	100	10000000	99.91	9991100	99.96	9995572.5	40000	10035572.5	A-	0.17
BB&T CORP. (A)	2.5	8/1/2024	7/1/2024	100	15000000	99.86	14979750	98.62	14792803.5	62500	14855303.5	A-	0.26
PACCAR FINANCIAL CORP.	2.15	8/15/2024			8000000	100.13	8010560	97.16	7772620.72	21977.78	7794598.5	A+	0.14
UNITED HEALTH GROUP INC.	2.37	8/15/2024			5000000	100.47	5023500	102.29	5114725.65	15173.61	5129899.26	A+	0.09
WALT DISNEY CO. (A)	1.75	8/30/2024	7/30/2020	100	9115000	99.59	9077810.8	100.2	9133130.01	14621.98	9147751.99	A	0.16
BANK OF NY MELLON CORP.	2.1	10/24/2024			10785000	100.99	10891591.75	100.6	10849895.61	98772.62	10948668.23	A	0.19
PNC FINANCIAL SERVICES	2.2	11/1/2024			5000000	100.01	5000488.89	102.5	5125163.1	45833.33	5170996.43	A-	0.09
PNC FINANCIAL SERVICES	2.2	11/1/2024			10000000	99.82	9981744.44	102.5	10250326.2	91666.67	10341992.87	A-	0.18
CATERPILLAR FINL SERVICE	2.15	11/8/2024			10000000	99.84	9983980.56	100.44	10044452.2	85402.78	10129854.98	A	0.17
CATERPILLAR FINL SERVICE	2.15	11/8/2024			25000000	100.61	25152548.61	100.44	25111130.5	213506.9	25324637.44	A	0.44
JOHN DEERE CAPITAL CORP	2.05	1/9/2025			12000000	100.12	12014180	97.77	11732986.92	56033.33	11789020.25	A	0.2
JP MORGAN CHASE & CO (A)	3.12	1/23/2025			7500000	106.44	7982761.46	103.73	7780055.47	44270.83	7824326.31	A-	0.14
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					805940000		813859872		812907171.4	4478481	817385652.4		14.13
MONEY MARKET FUNDS													

DREYFUS	0	4/1/2020			30000000	100	30000000	100	30000000	0.01	30000000.01	AAA	0.52
DREYFUS	0	4/1/2020			3798904	100	3798903.9	100	3798903.8	0	3798903.8	AAA	0.07
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					33798904		33798903.9		33798903.8	0.01	33798903.81		0.59
ASSET BACKED SECURITIES													

MERCEDES-BENZ AUTO LEASE TRUST	1.84	12/15/2022			13430000	99.99	13428229.93	97.92	13150656	10982.76	13161638.76	AAA	0.23
FORD CREDIT AUTO LEASE	1.85	3/15/2023			9975000	100	9974515.22	98.88	9863280	8201.67	9871481.67	AAA	0.17
TOYOTA AUTO RECEIVABLES A3	1.66	5/15/2024			18315000	99.99	18313677.66	96.55	17683132.5	13512.4	17696644.9	AAA	0.31
GM FINANCIAL	1.84	9/16/2024			10165000	99.98	10162606.14	96.3	9788895	7793.17	9796688.17	AAA	0.17
HARLEY DAVIDSON TRUST (A)	2.35	10/15/2024			9200000	99.98	9197993.48	102.32	9413440	9608.89	9423048.89	AAA	0.16
TOYOTA AUTO RECEIVABLES	2.6	11/15/2024			14260000	102.02	14547428.13	101.23	14435398	16478.22	14451876.22	AAA	0.25
CARMAX A3	1.89	12/16/2024			11120000	99.98	11117818.26	99.44	11057728	9340.8	11067068.8	AAA	0.19
					------------	------------	---------------	---------------	---------------	------			
					86465000		86742268.82		85392529.5	75917.9	85468447.4		1.48
MUNICIPAL BONDS													

CALIFORNIA STATE TAXBL	3.4	8/1/2023			10000000	104.35	10434900	106.08	10608000	56666.67	10664666.67	AA-	0.18
SAN DIEGO CCD	2	8/1/2023			5790000	100	5790000	102.29	5922706.8	19261.4	5941968.2	AAA	0.1
CHAFFEY JT UN HSD	2.1	8/1/2024			1860000	100	1860000	103.29	1921212.6	6513.1	1927725.7	AA-	0.03

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	17650000	18084900	18451919.4	82441.17	18534360.57	0.32
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TOTAL PORTFOLIO	5615298904	5662002930	5753575347	26414416	5779989763	100
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** TOTAL COST DOES NOT REFLECT AMORTIZATIONS OR ACCRETIONS BUT INCLUDES PURCHASED ACCRUED INTEREST. MARKET PRICES ARE DOWNLOADED THROUGH (IDC) INTERACTIVE DATA CORP.

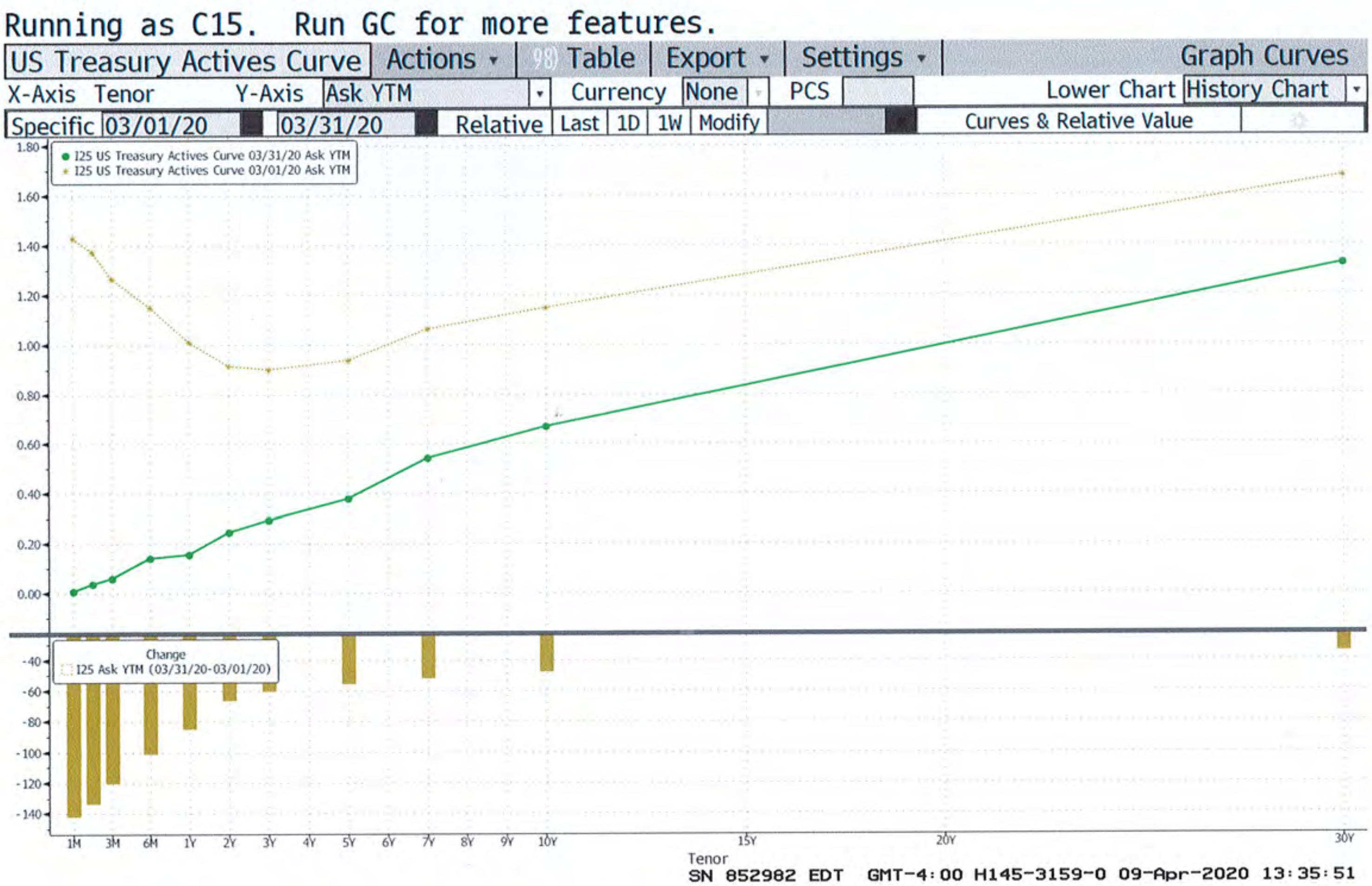
DIVERSIFICATION BY ISSUER

	Asset-Backed	Cert. of Deposit	Comm. Paper	Corp. Floaters	Corp. Bonds	Municipal Bonds	Total Par Value	Total %
3M Company					$10,000,000		$10,000,000	0.18%
Abbott Laboratories					$10,000,000		$10,000,000	0.18%
Adobe Inc.					$4,520,000		$4,520,000	0.08%
Amazon					$10,000,000		$10,000,000	0.18%
American Express					$34,000,000		$34,000,000	0.61%
American Honda Finance					$45,180,000		$45,180,000	0.80%
Apple Inc.				$12,500,000	$9,465,000		$21,965,000	0.39%
Bank of America				$18,000,000	$32,000,000		$50,000,000	0.89%
Bank of New York				$5,000,000	$67,397,000		$72,397,000	1.29%
Bank of Nova Scotia		$25,000,000					$25,000,000	0.45%
BB&T Corporation					$25,000,000		$25,000,000	0.45%
CA Municipal Obligation						$10,000,000	$10,000,000	0.18%
Carmax	$11,120,000						$11,120,000	0.20%
Caterpillar					$39,785,000		$39,785,000	0.71%
Chaffey JT Union HSD						$1,860,000	$1,860,000	0.03%
Charles Schwab Corp.					$10,000,000		$10,000,000	0.18%
Chevron					$16,629,000		$16,629,000	0.30%
Cisco Systems					$45,355,000		$45,355,000	0.81%
Cooperatieve Rabobank		$25,000,000					$25,000,000	0.45%
Credit Agricole		$25,000,000					$25,000,000	0.45%
DNB Nor Bank ASA		$50,000,000					$50,000,000	0.89%
Exxon Mobil					$19,325,000		$19,325,000	0.34%
Ford Credit Auto	$9,975,000						$9,975,000	0.18%
GM Financial	$10,165,000						$10,165,000	0.18%
Goldman Sachs					$29,490,000		$29,490,000	0.53%
Harley Davidson	$9,200,000						$9,200,000	0.16%
HSBC Bank USA		$10,000,000			$11,310,000		$21,310,000	0.38%
IBM Corp.					$30,000,000		$30,000,000	0.53%
John Deere				$9,925,000	$23,035,000		$32,960,000	0.59%
JP Morgan					$41,800,000		$41,800,000	0.74%
Mercedes-Benze Auto Lease	$13,430,000						$13,430,000	0.24%
Mizuho Bank		$25,000,000					$25,000,000	0.45%
MUFG Union Bank			$25,000,000				$25,000,000	0.45%
Nordea Bank APB NY		$75,000,000					$75,000,000	1.34%
Oracle					$25,909,000		$25,909,000	0.46%
Paccar Financial Group					$39,545,000		$39,545,000	0.70%
Pfizer Inc.					$10,000,000		$10,000,000	0.18%
PNC Financial Services					$22,380,000		$22,380,000	0.40%
Proctor & Gamble					$20,000,000		$20,000,000	0.36%
San Diego CA CCD						$5,790,000	$5,790,000	0.10%
Skandinaviska Enskilda BK NY		$50,000,000					$50,000,000	0.89%
Societe Generale		$35,000,000					$35,000,000	0.62%
State Street Bank					$15,000,000		$15,000,000	0.27%
Sumitomo Mitsui Bank Corp.		$25,000,000					$25,000,000	0.45%
Svenska Handelsbanken		$25,000,000					$25,000,000	0.45%
Swedbank		$45,000,000					$45,000,000	0.80%
Toyota Motor Company	$32,575,000			$17,021,000	$10,000,000		$59,596,000	1.06%
United Health Group Inc.					$9,700,000		$9,700,000	0.17%
United Parcel Service				$15,000,000	$20,000,000		$35,000,000	0.62%
US Bank				$28,000,000	$40,000,000		$68,000,000	1.21%
Visa Inc.					$10,000,000		$10,000,000	0.18%
Walt Disney Co.					$9,115,000		$9,115,000	0.16%
Wells Fargo				$52,765,000	$60,000,000		$112,765,000	2.01%
Grand Total	**$86,465,000**	**$415,000,000**	**$25,000,000**	**$158,211,000**	**$805,940,000**	**$17,650,000**	$1,508,266,000	26.86%

	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	JANUARY	FEBRUARY	MARCH	TOTAL
CASH IN:													
Taxes:													
Secured	$222,583	$5,410	$1,441	$3,800	$0	$73	$177,940	$221,694	$302,869	$33,733	$45,225	$144,308	**$1,159,077**
Mixed	$443,774	$16,371	$15,189	$9,459	$115,893	$904	$114,839	$311,451	$605,490	$36,241	$63,234	$165,979	**$1,898,823**
Automatics	$77,097	$65,785	$34,386	$41,197	$54,105	$56,291	$62,937	$2,972	$51,709	$8,602	$61,700	$60,585	**$577,366**
Unscheduled Sub. (Lockbox)	$15,856	$7,093	$46,639	$31,992	$5,596	$18,505	$24,771	$18,584	$20,956	$21,883	$9,227	$33,578	**$254,680**
Treasurer's Deposit	$63,377	$79,806	$132,832	$74,864	$119,160	$78,202	$74,606	$117,731	$87,432	$58,680	$63,128	$88,783	**$1,038,601**
Hospitals (Treasurer's Office)	$67,461	$9,953	$12,047	$14,868	$12,650	$13,852	$62,630	$10,470	$12,453	$35,171	$13,422	$14,590	**$279,567**
Revenue Services	$272	$174	$857	$857	$234	$276	$310	$217	$764	$215	$221	$119	**$4,516**
Retirement Deposit	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$16,000	**$16,000**
Housing Authority	$3,333	$3,549	$4,759	$8,107	$2,458	$7,170	$2,048	$3,402	$2,593	$4,926	$3,984	$3,454	**$49,783**
TRAN	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	**$0**
Other Deposits	$8,932	$2,599	$11,086	$9,886	$6,350	$14,726	$8,486	$11,395	$1,455	$15,435	$1,743	$1,765	**$93,858**
Bond/BANS Proceeds	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	**$0**
Coupon Interest	$9,874	$9,672	$9,799	$9,785	$8,338	$2,435	$9,503	$3,185	$10,126	$3,211	$2,568	$11,268	**$89,764**
LAIF Withdrawal	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	**$0**
TOTAL CASH IN:	$912,559	$200,412	$269,035	$204,815	$324,784	$192,434	$538,070	$701,101	$1,095,847	$218,097	$264,452	$540,429	**$5,462,035**
CASH OUT:													
Tax Apportionments:	($141,441)	$0	$0	$0	($2,013)	$0	$0	$0	($167,111)	($69,371)	$0	($13,829)	**($393,765)**
Outside Withdrawals	($44,739)	($46,093)	($65,736)	($57,561)	($20,515)	($35,959)	($30,170)	($25,411)	($124,564)	($59,592)	($36,108)	($30,003)	**($576,451)**
Returned Checks/Miscellaneous	($10)	$0	($16)	($10)	($5)	($31)	($166)	($14)	($131)	($19)	($65)	($50)	**($516)**
TRAN	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0		**$0**
Other Payments	($15,863)	($20,845)	($72,302)	($40,286)	($16,286)	($2,479)	($32,224)	($37,170)	($49,376)	($47,727)	($11,262)	($57,391)	**($403,210)**
GO Bond/BANS Payments	($2,436)	$0	($48,040)	($48,122)	($84,265)	($94,003)	($5,733)	$0	$0	$0	($22,378)	($23,671)	**($328,648)**
Housing Authority	($4,977)	($4,450)	($4,284)	($5,854)	($4,993)	($4,662)	($24,627)	($6,398)	($3,179)	($4,454)	($3,861)	($3,921)	**($75,660)**
Payroll - County	($50,243)	($50,633)	($59,263)	($68,965)	($51,044)	($44,151)	($67,321)	($50,591)	($49,927)	($50,870)	($49,625)	($58,295)	**($650,929)**
Schools	($72,508)	($42,588)	($101,899)	($37,444)	($53,800)	($44,641)	($72,015)	($31,814)	($79,907)	($16,332)	($72,102)	($98,183)	**($723,233)**
Retirement	($19,216)	($19,126)	($19,486)	($59,578)	($19,017)	($16,543)	($19,358)	($19,258)	($19,141)	($19,141)	($16,268)	($19,462)	**($265,595)**
School Vendors	($49,700)	($59,852)	($70,654)	($69,270)	($75,059)	($60,713)	($68,892)	($46,209)	($53,660)	($29,790)	($61,783)	($48,173)	**($693,755)**
Controllers 10090	($79,202)	($64,929)	($92,730)	($114,396)	($61,855)	($86,147)	($67,480)	($72,318)	($64,759)	($81,632)	($211,827)	($90,147)	**($1,087,423)**
SMCCCD	($22,224)	($14,266)	($6,364)	($21,028)	($17,737)	($18,039)	($20,771)	($13,880)	($30,356)	($21,926)	($28,894)	($12,988)	**($228,473)**
Other ARS Debits	($22,229)	($18,186)	($29,925)	($25,222)	($30,956)	($25,556)	($19,079)	($20,273)	($18,953)	($16,240)	($27,562)	($26,985)	**($281,165)**
LAIF	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0		**$0**
TOTAL CASH OUT:	($524,788)	($340,968)	($570,699)	($547,736)	($437,545)	($432,925)	($427,836)	($323,336)	($661,064)	($417,094)	($541,735)	($483,099)	**($5,708,824)**
TOTAL ESTIMATED CASH FLOW	$387,771	($140,556)	($301,663)	($342,921)	($112,761)	($240,491)	$110,234	$377,766	$434,784	($198,997)	($277,283)	$57,330	**($246,788)**
MATURING SECURITIES (SMC)	**$10,000**	**$108,520**	**$150,539**	**$115,000**	**$209,685**	**$109,500**	**$62,000**	**$0**	**$0**	**$25,000**	**$10,000**	**$30,000**	**$830,244**
LAIF/CAMP/REPO (SMC)	**$405,000**												
CALLABLE SECURITIES (SMC)	**$0**	**$20,000**	**$15,000**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$35,000**

Figures may not total to net figures due to rounding. Maturities exclude overnight vehicles and PFM held Securities. Please note: Securities held by PFM are readily available upon direction of the Treasurer.

MONTHLY YIELD CURVE-MARCH 2020



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NEW ISSUE—FULL BOOK-ENTRY **RATING: S&P: "AA+"**
(See "MISCELLANEOUS – Rating" herein)

In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California ("Bond Counsel"), under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described herein, interest (and original issue discount) on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals. In the further opinion of Bond Counsel, interest (and original issue discount) on the Bonds is exempt from State of California personal income tax. See "TAX MATTERS" with respect to tax consequences relating to the Bonds.

PORTOLA VALLEY SCHOOL DISTRICT
(San Mateo County, California)

$10,000,000	$3,475,000
Election of 2018 General Obligation Bonds, Series 2019A	**2020 General Obligation Refunding Bonds (Delayed Delivery)**

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

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision. Capitalized terms used on this cover page but not otherwise defined will have the meanings assigned thereto as provided in the Official Statement.

The Portola Valley School District (San Mateo County, California) Election of 2018 General Obligation Bonds, Series 2019A (the "Series 2019A Bonds"), were authorized at an election of the registered voters of the Portola Valley School District (the "District") held on November 6, 2018, at which the requisite 55% of the persons voting on the proposition voted to authorize the issuance and sale of $49,500,000 aggregate principal amount of general obligation bonds of the District. The Series 2019A Bonds are being issued to (i) finance the acquisition, construction, modernization and equipping of District sites and facilities, and (ii) pay the costs of issuance of the Series 2019A Bonds.

The Portola Valley School District (San Mateo County, California) 2020 General Obligation Refunding Bonds (the "Refunding Bonds," and together with the Series 2019A Bonds, the "Bonds") are being issued by the District to (i) currently refund the District's 2010 General Obligation Refunding Bonds, Series B, and (ii) pay the costs of issuing the Refunding Bonds.

The Bonds are general obligations of the District payable solely from the proceeds of *ad valorem* property taxes. The Board of Supervisors of San Mateo County is empowered and obligated to annually levy such *ad valorem* property taxes, without limitation as to rate or amount (except certain personal property which is taxable at limited rates), upon all property subject to taxation by the District, for the payment of the principal of and interest on the Bonds when due.

Each series of the Bonds will be dated as of their respective dates of initial delivery, and will be issued as current interest bonds such that interest thereon will accrue from the such initial delivery dates and be payable semiannually. Interest on the Series 2019A Bonds will be payable on February 1 and August 1 of each year, commencing August 1, 2019. Interest on the Refunding Bonds will be payable on February 1 and August 1 of each year, commencing August 1, 2020. The Bonds are issuable in denominations of $5,000 principal amount or any integral multiple thereof.

The Refunding Bonds are scheduled to be issued and delivered on May 6, 2020. For a discussion regarding the delayed delivery of the Refunding Bonds, certain conditions to the obligation of the Underwriter to purchase the Refunding Bonds and certain risks to purchasers of beneficial interests in the Refunding Bonds resulting from the delayed delivery thereof, see "THE BONDS –Delayed Delivery of the Refunding Bonds" herein.

The Bonds will be issued in book-entry form only, initially registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York (collectively referred to herein as "DTC"). Purchasers of the Bonds (the "Beneficial Owners") will not receive physical certificates representing their interest in the Bonds, but will instead receive credit balances on the books of their respective nominees.

Payments of principal of and interest on the Bonds will be made by The Bank of New York Mellon Trust Company, as the designated Paying Agent, to DTC for subsequent disbursement to DTC Participants who will remit such payments to the Beneficial Owners of the Bonds.

The Bonds are subject to optional and mandatory sinking fund redemption prior to maturity as further described herein.

Maturity Schedule
(see inside front cover)

The Bonds will be offered when, as and if issued and received by the Underwriter, subject to the approval of legality by Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California, Bond Counsel. Certain matters will be passed on for the District by Stradling Yocca Carlson & Rauth, a Professional Corporation, as Disclosure Counsel. It is anticipated that the Series 2019A Bonds, in book-entry form, will be available for delivery through the facilities of DTC in New York, New York on or about April 3, 2019. It is anticipated that the Refunding Bonds, in book-entry form, will be available for delivery through the facilities of DTC, in New York, New York, on or about May 6, 2020.

PiperJaffray

This Official Statement is dated March 19, 2019

MATURITY SCHEDULE

Base CUSIP[(1)]: 737016

$10,000,000
PORTOLA VALLEY SCHOOL DISTRICT
(San Mateo County, California)
Election of 2018 General Obligation Bonds, Series 2019A

$6,110,000 Serial Bonds

Maturity (August 1)	Principal Amount	Interest Rate	Yield	CUSIP[(1)] Suffix
2020	$1,625,000	4.000%	1.350%	MR3
2021	1,495,000	5.000	1.360	MS1
2028	85,000	5.000	1.820[(2)]	MT9
2029	110,000	5.000	1.960[(2)]	MU6
2030	130,000	5.000	2.120[(2)]	MV4
2031	160,000	5.000	2.260[(2)]	MW2
2032	185,000	5.000	2.380[(2)]	MX0
2033	220,000	5.000	2.480[(2)]	MY8
2034	255,000	5.000	2.540[(2)]	MZ5
2035	290,000	4.000	2.900[(2)]	NA9
2036	325,000	4.000	2.990[(2)]	NB7
2037	365,000	4.000	3.070[(2)]	NC5
2038	410,000	4.000	3.140[(2)]	ND3
2039	455,000	4.000	3.210[(2)]	NE1

$3,890,000 – 4.000% Term Bonds due August 1, 2045; Yield: 3.410%[(2)]; CUSIP Suffix[(1)]: NF8

(1) CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services ("CGS"), managed by S&P Capital IQ on behalf of The American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. None of the Underwriter, the Municipal Advisor or the District is responsible for the selection or correctness of the CUSIP numbers set forth herein, and no representation is made as to their correctness on the applicable Bonds or as included herein. CUSIP numbers have been assigned by an independent company not affiliated with the District, the Municipal Advisor or the Underwriter and are included solely for the convenience of the registered owners of the applicable Bonds. The CUSIP number for a specific maturity is subject to being changed after the execution and delivery of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

(2) Yield to call at par on August 1, 2027.

MATURITY SCHEDULE

Base CUSIP[1]: 737016

$3,475,000
PORTOLA VALLEY SCHOOL DISTRICT
(San Mateo County, California)
2020 General Obligation Refunding Bonds
(Delayed Delivery)

$3,475,000 Serial Bonds

Maturity (August 1)	Principal Amount	Interest Rate	Yield	CUSIP[1] Suffix
2020	$45,000	5.000%	1.950%	NG6
2023	115,000	5.000	2.040	NH4
2024	120,000	5.000	2.100	NJ0
2025	110,000	5.000	2.160	NK7
2026	115,000	5.000	2.240	NL5
2027	120,000	5.000	2.320	NM3
2028	105,000	5.000	2.420[1]	NN1
2029	120,000	5.000	2.560[1]	NP6
2030	1,280,000	5.000	2.720[1]	NQ4
2031	1,345,000	5.000	2.860[1]	NR2

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(2) Yield to call at par on August 1, 2027.

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

The issuance and sale of the Bonds have not been registered under the Securities Act of 1933 or the Securities Exchange Act of 1934, both as amended, in reliance upon exemptions provided thereunder by Sections 3(a)2 and 3(a)12, respectively. This Official Statement does not constitute an offer to sell or a solicitation of an offer to buy in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

The information set forth herein, other than that provided by the District, has been obtained from sources which 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.

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

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT LEVELS ABOVE THOSE THAT MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITER MAY OFFER AND SELL THE BONDS TO CERTAIN SECURITIES DEALERS AND DEALER BANKS AND BANKS ACTING AS AGENT AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED ON THE INSIDE COVER PAGE HEREOF AND SAID PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER.

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.

The District maintains a website and certain social media accounts. However, the information presented on the District's website and such accounts is not incorporated into this Official Statement by any reference, and should not be relied upon in making investment decisions with respect to the Bonds.

PORTOLA VALLEY SCHOOL DISTRICT

Board of Trustees[1]

Jeff Klugman, *President*
Karyn Bechtel, *Clerk*
Brooke Day, *Member*
Gulliver La Valle, *Member*

District Administration

Eric Hartwig, *Superintendent*
Connie Ngo, *Chief Business Official*

PROFESSIONAL SERVICES

Bond Counsel and Disclosure Counsel

Stradling Yocca Carlson & Rauth,
a Professional Corporation
San Francisco, California

Municipal Advisor

Keygent, LLC
El Segundo, California

Paying Agent/Escrow Agent

The Bank of New York Mellon Trust Company
Dallas, Texas

Escrow Verification

Causey, Demgen & Moore, PC
Denver, Colorado

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(1) The District's Board of Trustees currently has one vacancy. The District expects that the Board of Trustees, at their March 27 meeting, will select and appoint someone to fill this vacancy.

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PORTOLA VALLEY SCHOOL DISTRICT
(San Mateo County, California)

$10,000,000	$3,475,000
Election of 2018 General Obligation Bonds, Series 2019A	**2020 General Obligation Refunding Bonds (Delayed Delivery)**

INTRODUCTION

This Official Statement, which includes the cover page, inside cover pages and appendices hereto, provides information in connection with the sale of (i) Portola Valley School District (San Mateo County, California) Election of 2018 General Obligation Bonds, Series 2019A (the "Series 2019A Bonds"), and (ii) Portola Valley School District (San Mateo County, California) 2020 General Obligation Refunding Bonds (the "Refunding Bonds," and together with the Series 2019A Bonds, the "Bonds").

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

The District

The Portola Valley School District (the "District"), located in San Mateo County (the "County"), currently provides educational services to the residents of the Town of Portola Valley, a portion of the Town of Woodside and certain unincorporated areas of the County. The District is located approximately 37 miles south of San Francisco, on the edge of the Silicon Valley. The District currently operates Ormondale School and Corte Madera School, servicing students in grades kindergarten through eight. For fiscal year 2018-19, the District's average daily attendance ("ADA") is projected to be 558 students, and taxable property has an assessed valuation of $5,448,495,550.

The District is governed by a five-member Board of Trustees (the "District Board"), each member of which is elected to a four-year term. Elections for positions to the Board are held every two years, alternating between two and three available positions. The District Board currently has one vacancy. The District expects that the District Board, at their March 27 meeting, will select and appoint someone to fill this vacancy.

The management and policies of the District are administered by a Superintendent appointed by the Board who is responsible for day-to-day District operations as well as supervision of the District's other key personnel. Eric Hartwig currently serves as the District Superintendent. Mr. Hartwig has announced his retirement from the District, effective as of June 30, 2019. The District has begun a search for a new Superintendent.

See "PORTOLA VALLEY SCHOOL DISTRICT" and "DISTRICT FINANCIAL INFORMATION" for more information regarding the District generally and "TAX BASE FOR REPAYMENT OF BONDS" for information regarding the District's assessed valuation. The District's audited financial statements for the fiscal year ended June 30, 2018 are attached hereto as APPENDIX C and should be read in their entirety.

Purpose of the Bonds

The Series 2019A Bonds are being issued to (i) finance the acquisition, construction, modernization and equipping of the District sites and facilities, and (ii) pay the costs of issuing the Series 2019A Bonds.

The Refunding Bonds are being issued to (i) currently refund a portion of the District's outstanding 2010 General Obligation Refunding Bonds, Series B (the "Prior Bonds"), and (ii) pay the costs of issuing the Refunding Bonds.

See also "THE BONDS – Application and Investment of Bond Proceeds" and "ESTIMATED SOURCES AND USES OF FUNDS" herein.

Authority for Issuance of the Bonds

The Bonds are issued pursuant to certain provisions of the State of California Government Code and pursuant to resolutions adopted by the District Board on February 6, 2019. See "THE BONDS – Authority for Issuance" herein.

Sources of Payment for the Bonds

The Bonds are general obligations of the District payable solely from the proceeds of *ad valorem* property taxes. The Board of Supervisors of the County (the "County Board") is empowered and obligated to levy such *ad valorem* property taxes, without limitation as to rate or amount, upon all property within the District subject to taxation thereby (except certain personal property which is taxable at limited rates), for the payment of principal of and interest on the Bonds when due.

Description of the Bonds

Form and Registration. The Bonds will be issued in fully registered form only, without coupons. The Bonds will be initially registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), who will act as securities depository for the Bonds. See "THE BONDS – General Provisions" and "– Book-Entry Only System" herein. Purchasers of the Bonds (the "Beneficial Owners") will not receive physical certificates representing their interests in the Bonds purchased, but will instead receive credit balances on the books of their respective nominees. In the event that the book-entry only system described below is no longer used with respect to the Bonds, the Bonds will be registered in accordance with the Resolutions (as defined herein). See "THE BONDS – Discontinuation of Book-Entry Only System; Registration, Payment and Transfer of Bonds" herein.

So long as Cede & Co. is the registered owner of the Bonds, as nominee of DTC, references herein to the "Owners," "Bondowners" or "Holders" of the Bonds (other than under the caption "TAX MATTERS" and in APPENDIX A) will mean Cede & Co. and will not mean the Beneficial Owners of the Bonds.

Denominations. Individual purchases of interests in the Bonds will be available to purchasers of the Bonds in the denominations of $5,000 principal amount, or any integral multiples thereof.

Delayed Delivery of the Refunding Bonds. The Refunding Bonds will be sold to Piper Jaffray & Co. ("Underwriter") on a delayed delivery basis (the "Delayed Delivery") pursuant to a purchase contract (the "Refunding Bonds Purchase Contract") by and between the District and the Underwriter. See "THE BONDS – Delayed Delivery of the Refunding Bonds" and "MISCELLANEOUS – Underwriting."

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

Payments. Each series of the Bonds will be dated as of the dates of their respective initial delivery, such dates being the Closing Date (as defined herein) with respect to the Series 2019A Bonds and the Settlement Date (as defined herein) with respect to the Refunding Bonds. The Bonds will be issued as current interest bonds such that interest thereon will accrue from such respective initial delivery dates and be payable semiannually. Interest on the Series 2019A Bonds will be payable on February 1 and August 1 of each year (each, a "Bond Payment Date"), commencing August 1, 2019. Interest on the Refunding Bonds will be payable on each Bond Payment Date, commencing August 1, 2020. Principal of the Bonds is payable on August 1 in the amounts and years as set forth on the inside cover pages hereof.

Payments of the principal of and interest on the Bonds will be made by The Bank of New York Mellon Trust Company, as the designated paying agent, registrar and transfer agent (the "Paying Agent"), to DTC for subsequent disbursement through DTC Participants (defined herein) to the Beneficial Owners of the Bonds.

Tax Matters

In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California, Bond Counsel, based on existing statutes, regulations, rulings and judicial decisions and assuming the accuracy of certain representations and compliance with certain covenants and requirements described herein, interest (and original issue discount) on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals. In the further opinion of Bond Counsel, interest on the Bonds is exempt from State of California personal income tax. See "TAX MATTERS – Bonds" herein.

Offering and Delivery of the Bonds

The Bonds are offered when, as and if issued, subject to approval as to their legality by Bond Counsel. It is anticipated that the Series 2019A Bonds in book-entry form will be available for delivery through the facilities of DTC in New York, New York, on or about April 3, 2019 (the "Closing Date"). It is anticipated that the Refunding Bonds in book-entry form will be available for delivery through the facilities of DTC in New York, New York, on or about May 6, 2020 (the "Settlement Date"). The Delayed Delivery of the Refunding Bonds is necessary to achieve a current refunding of the Prior Bonds for purposes of the Internal Revenue Code of 1986, as amended. See "THE BONDS – Delayed Delivery of the Refunding Bonds."

Bond Owner's Risks

The Bonds are general obligations of the District payable solely from *ad valorem* property taxes which may be levied on all taxable property in the District, without limitation as to rate or amount (except with respect to certain personal property which is taxable at limited rates). For more complete information regarding the taxation of property within the District, and certain other considerations related thereto, see "TAX BASE FOR REPAYMENT OF BONDS" and "LIMITATION ON REMEDIES; BANKRUPTCY" herein.

Continuing Disclosure

Pursuant to those certain Continuing Disclosure Certificates relating to each series of the Bonds, the District will covenant for the benefit of the Owners and Beneficial Owners of the Bonds to make available certain financial information and operating data relating to the District and to provide notices of the occurrence of certain listed events. The specific nature of the information to be made available and of the notices of listed events is summarized below under "LEGAL MATTERS – Continuing Disclosure" and "APPENDIX D – FORM OF CONTINUING DISCLOSURE CERTIFICATE FOR THE SERIES 2019A BONDS" and "APPENDIX E – FORM OF CONTINUING DISCLOSURE CERTIFICATE FOR THE REFUNDING BONDS" herein. These covenants have been made in order to assist the Underwriter in complying with Rule 15c2-12(b)(5) promulgated under the Securities Exchange Act of 1934, as amended (the "Rule").

Professionals Involved in the Offering

Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California, is acting as Bond Counsel and Disclosure Counsel to the District with respect to the Bonds. Keygent, LLC, El Segundo, California is acting as Municipal Advisor to the District with respect to the Bonds. Stradling Yocca Carlson & Rauth, a Profession Corporation and Keygent, LLC will receive compensation from the District contingent upon the sale and delivery of the Bonds. From time to time, Bond Counsel represents the Underwriter on matters unrelated to the Bonds or the District.

Forward Looking Statements

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as "plan," "intend," "expect," "estimate," "project," "budget" or other similar words. Such forward-looking statements include, but are not limited to, certain statements contained in the information regarding the District herein.

THE ACHIEVEMENTS OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE DISTRICT DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THE FORWARD-LOOKING STATEMENTS SET FORTH IN THIS OFFICIAL STATEMENT.

Other Information

This Official Statement speaks only as of its date, and the information contained herein is subject to change. Copies of documents referred to herein and information concerning the Bonds are available from the Portola Valley School District, 4575 Alpine Road, Portola Valley, California 94028, telephone: (650) 851-3700. The District may impose a charge for copying, mailing and handling.

No dealer, broker, salesperson or other person has been authorized by the District to give any information or to make any representations other than as contained herein and, if given or made, such other information or representations must not be relied upon as having been authorized by the District.

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall 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.

This Official Statement is not to be construed as a contract with the purchasers of the Bonds. Statements contained in this Official Statement which 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 such documents, statutes and constitutional provisions.

The information set forth herein, other than that provided by the District, has been obtained from official sources which are believed to be reliable but it 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.

THE BONDS

Authority for Issuance

Series 2019A Bonds. The Series 2019A Bonds are issued pursuant to the provisions of Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code of the State of California, commencing with Section 53506 *et seq.*, as amended, Article XIIIA of the California Constitution, other applicable law, and pursuant to a resolution of the Board adopted on February 6, 2019 (the "Series 2019A Resolution"). The District received authorization at an election held on November 6, 2018 by the requisite fifty-five percent of the votes cast by eligible voters within the District to issue $49,500,000 aggregate principal amount of general obligation bonds (the "Authorization"). The Series 2019A Bonds are the first series of bonds issued under the Authorization, and following the issuance thereof, $39,500,000 of the Authorization will remain unissued.

Refunding Bonds. The Refunding Bonds are issued pursuant to the provisions of Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of the State Government Code and other applicable law, and pursuant to a resolution of the Board adopted on February 6, 2019 (the "Refunding Resolution," and together with the Series 2019A Resolution, the "Resolutions").

Security and Sources of Payment

The Bonds are general obligations of the District payable solely from the proceeds of *ad valorem* property taxes. The County Board is empowered and obligated to annually levy such *ad valorem* property taxes, without limitation as to rate or amount (except certain personal property which is taxable at limited rates), upon all property within the District subject to taxation thereby for the payment of the principal of and interest on the Bonds when due. Such *ad valorem* property taxes will be levied annually in addition to all other taxes during the period that the Bonds are outstanding in an amount sufficient to pay the principal of and interest on the Bonds when due. The levy may include an allowance for an annual reserve, established for the purpose of avoiding fluctuating tax levies. While the County has historically levied *ad valorem* property taxes to establish such a reserve for other bonds of the District, the County is not obligated to establish or maintain such a reserve, and the District can make no representations that the County will do so in future years. Such taxes, when collected, will be placed by the County in the respective Debt Service Funds (defined herein) for each series of the Bonds created by the respective Resolutions, which are segregated and maintained by the County and which are designated for the payment of the principal of and interest on the related series of Bonds when due, and for no other purpose. Pursuant to each Resolution, the District had pledged funds on deposit in each Debt Service Fund to the payment of the respective series of Bonds to which such fund relates. Although the County is obligated to levy *ad valorem* property taxes for the payment of the Bonds, and the County will maintain the Debt Service Funds, the Bonds are not a debt of the County.

Moneys in the Debt Service Funds, to the extent necessary to pay the principal of and interest on the series of Bonds to which funds relate, as the same becomes due and payable, will be transferred by the County to the Paying Agent. The Paying Agent will in turn remit the funds to DTC for remittance of such principal and interest to its Participants (as defined herein) for subsequent disbursement to the respective Beneficial Owners of such Bonds.

The amount of the annual *ad valorem* property taxes levied by the County to repay the Bonds as described above will be determined by the relationship between the assessed valuation of taxable property in the District and the amount of debt service due on the Bonds in any year. Fluctuations in the annual debt service on the Bonds and the assessed value of taxable property in the District may cause the annual tax rates to fluctuate. Economic and other factors beyond the District's control, such as general market decline in land values, disruption in financial markets that may reduce the availability of financing for purchasers of property, reclassification of property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by the State of California (the "State") and local agencies and property used for qualified education, hospital, charitable or religious purposes), or the complete or partial destruction of the taxable property caused by a natural or manmade disaster, such as earthquake, flood, drought, fire, wildfire or toxic contamination, could cause a reduction in the assessed value of taxable property within the District and necessitate a corresponding increase in the respective annual tax rates. For further information regarding the District's assessed valuation, tax rates, overlapping debt, and other matters concerning taxation, see "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Article XIIIA of the California Constitution" and "TAX BASE FOR REPAYMENT OF BONDS" herein.

Statutory Liens

Pursuant to California Government Code Section 53515, 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 payment thereof. The lien automatically attaches, without further action or authorization by the 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 successor, 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, by its terms, secures not only the Bonds, but also any other bonds of the District issued after January 1, 2016 and payable, both as to principal and interest, from the proceeds of *ad valorem* property taxes that may be levied pursuant to paragraphs (2) and (3) of subdivision (b) of Section 1 of Article XIII A of the California 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 such *ad valorem* property taxes are insufficient to pay all amounts then due and owing that are secured by the statutory lien.

General Provisions

The Bonds will be issued in book-entry form only, and will be initially issued and registered in the name of Cede & Co., as nominee for DTC. Beneficial Owners will not receive physical certificates representing their interests in the Bonds. The Series 2019A Bonds will be dated as of the Closing Date and the Refunding Bonds will be dated as of the Settlement Date.

Interest on the Bonds accrues from the dates of their respective initial delivery (such dates being the Closing Date with respect the Series 2019A Bonds and the Settlement Date with respect to the Refunding Bonds), and is payable semiannually. Interest on the Series 2019A Bonds will be payable on each Bond Payment Date, commencing August 1, 2019. Interest on the Refunding Bonds will be payable on each Bond Payment Date, commencing August 1, 2020. Interest on the Bonds will be computed on the basis of a 360-day year of 12, 30-day months. Each Bond will bear interest from the Bond Payment Date next preceding the date of authentication thereof unless it is authenticated as of a day during the period from the 16th day of the month next preceding any Bond Payment Date to that Bond Payment Date, inclusive, in which event it will bear interest from such Bond Payment Date, or unless it is authenticated on or before the first Record Date (defined herein) with respect to each series of the Bonds, in which event it will bear interest from the Closing Date or Settlement Date, as applicable. The Bonds are issuable in denominations of $5,000 principal amount or any integral multiple thereof. The Bonds mature on August 1, in the years and amounts set forth on the inside cover pages hereof.

Payment of interest on any Bond on any Bond Payment Date will be made to the person appearing on the registration books of the Paying Agent as the registered Owner thereof as of the 15th day of the month immediately preceding such Bond Payment Date (the "Record Date"), such interest to be paid by wire transfer to the bank and account number on file with the Paying Agent as of the Record Date. The principal of and redemption premiums, if any, payable on the Bonds shall be payable upon maturity upon surrender at the principal office of the Paying Agent. The principal of, and interest, and redemption premiums, if any, on the Bonds shall be payable in lawful money of the United States of America. The Paying Agent is authorized to pay the Bonds when duly presented for payment at maturity, and to cancel all Bonds upon payment thereof. So long as the Bonds are held in the book-entry system of DTC, all payments of principal of and interest on the Bonds will be made by the Paying Agent to Cede & Co. (as a nominee of DTC), as the registered Owner of the Bonds,

Delayed Delivery of Refunding Bonds

Delayed Delivery. The District expects to deliver the Refunding Bonds, in book-entry form, to DTC on or about the Settlement Date for the account of the Underwriter pursuant to the Refunding Bonds Purchase Contract.

Certain Terms Concerning the Delayed Delivery. The Underwriter reserves the right to obligate investors purchasing interests in the Refunding Bonds to execute a delayed delivery contract in substantially the form of APPENDIX H attached hereto (the "Delayed Delivery Contract"). The Delayed Delivery Contract restricts the ability of the purchasers of the Refunding Bonds to transfer their interests in the Refunding Bonds prior to the Settlement Date and no representation is made that any such transfer will be permitted. The proposed form of Delayed Delivery Contract is attached as APPENDIX H at the request and for the convenience of the Underwriter. The District will not be a party to any Delayed Delivery Contracts and is not in any way responsible for the performance thereof or for any representations or warranties contained therein. The rights and obligations under the Refunding Bonds Purchase Contract are not conditioned or dependent upon the performance of any Delayed Delivery Contract.

Certain Considerations. The delivery of the Refunding Bonds is subject to certain conditions, including, but not limited to, receipt by the District of an opinion of Bond Counsel in substantially the form set forth in APPENDIX B hereto, the delivery of other documents specified in the Refunding Bonds Purchase Contract and the payment of the purchase price by the Underwriter in accordance with the Refunding Bonds Purchase Contract. Changes or proposed changes in federal or State laws, court decisions, regulations or proposed regulations or rulings of administrative agencies occurring or in effect prior to the delivery of the Refunding Bonds or failure of the District to provide closing certificates customarily required in connection with the issuance of tax-exempt bonds could prevent those conditions from being satisfied. None of the Refunding Bonds will be issued on the Settlement Date unless all of the Refunding Bonds are issued on the Settlement Date. See "MISCELLANEOUS – Underwriting" herein for a description of the Underwriter's obligations under the Refunding Bonds Purchase Contract.

During the period between the date hereof and the Settlement Date (the "Delayed Delivery Period"), certain information contained in the Official Statement may change in a material respect. The District has agreed to update this Official Statement, if it is necessary, so that the Official Statement does not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements herein, in the light of the circumstances under which they were made, not misleading as of the Settlement Date. Except for any such update, neither the District nor the Underwriter is obligated to update the Official Statement during the Delayed Delivery Period.

Rating. It is anticipated that upon the issuance of the Refunding Bonds, the District will deliver to the Underwriter evidence satisfactory to the Underwriter that the existing rating on the Refunding Bonds has been maintained as of the Settlement Date. However, no assurance can be given that at the Settlement Date, such rating will continue to be in effect. See "MISCELLANEOUS - Rating."

Market Value. The market value of the Refunding Bonds at the Settlement Date may be affected by a variety of factors, including, without limitation, general market conditions, the ratings then assigned to the Refunding Bonds, the financial condition and business operations of the District and federal, state and local income tax and other laws. The market value of the Refunding Bonds as of the Settlement Date could therefore be higher or lower than the price to be paid by the initial purchasers of the Refunding Bonds and that difference could be substantial. None of the District, the Underwriter or the Municipal Advisor make any representation as to the expected market price of the Refunding Bonds as of the Settlement Date.

Secondary Market. The Underwriter is not obligated to make a secondary market in the Refunding Bonds and no assurance can be given that a secondary market will exist for the Refunding Bonds, including during the Delayed Delivery Period. Prospective purchasers of the Refunding Bonds should assume that there will be no secondary market during the Delayed Delivery Period.

Federal Tax Proposals. The Refunding Bonds Purchase Contract obligates the District to deliver and the Underwriter to acquire the Refunding Bonds if the District delivers an opinion of Bond Counsel substantially in the form set forth in APPENDIX B hereto to the effect that the interest on the Refunding Bonds is not subject to inclusion in gross income for federal income tax purposes. It is possible that certain bills could be introduced (or that bills previously introduced could be amended) in the U.S. Congress that, if adopted, would reform the system of federal taxation. Those bills could (i) eliminate the tax exemption granted to interest payable on "state or local bonds" such as the Refunding Bonds, or (ii) diminish the value of the federal tax exemption granted interest on such bonds under the current system of federal income taxation. Notwithstanding that the enactment of certain of those bills could diminish the value of the federal exemption for interest payable on "state or local bonds" the District might be able to satisfy the requirements for the delivery of the Refunding Bonds. In such event, the purchasers would be required to accept delivery of the Refunding Bonds. Prospective purchasers are encouraged to consult their tax advisors regarding the likelihood that such bills would be introduced or amended or enacted and the consequences of such enactment to the purchasers.

Application and Investment of Bond Proceeds

Series 2019A Bonds. The proceeds of the sale from the Bonds, net of costs of issuance and any premium received upon the sale thereof, will be deposited by the County to the credit of the building fund created by the Series 2019A Resolution (the "Building Fund"), and will be applied solely for the purposes for which the Bonds are being issued. Interest earnings in the Building Fund will be retained therein.

The *ad valorem* property taxes levied by the County for the payment of the Series 2019A Bonds, when collected, are required to be held separate and apart by the County in a debt service fund created by the Series 2019A Resolution (the "Series 2019A Debt Service Fund"), and used only for payment of principal of and interest on Series 2019A Bonds, and for no other purpose. Accrued interest and any premium received upon the sale of the Series 2019A Bonds will be deposited into the Series 2019A Debt Service Fund. Any interest earnings on moneys held in the Series 2019A Debt Service Fund will be retained therein. If, after all of the Bonds have been redeemed or paid and otherwise cancelled, there are moneys remaining in the Series 2019A Debt Service Fund, said moneys will be transferred to the general fund of the District as provided and permitted by law.

Refunding Bonds. The Refunding Bonds are being issued to: (i) currently refund the Prior Bonds, and (ii) pay the costs of issuing the Refunding Bonds. Specifically, proceeds of the Refunding Bonds will be used to refund the Prior Bonds maturing on August 1, 2023 through and including August 1, 2031.

On the Settlement Date, the net proceeds of the Refunding Bonds will be deposited with The Bank of New York Mellon Trust Company, N.A., to the credit of an escrow fund (the "Escrow Fund") held pursuant to an escrow agreement by and between the District and the Escrow Agent. Amounts on deposit in the Escrow Fund will be initially held uninvested as cash in such amount as to enable the Escrow Agent to pay the principal, redemption premium (if any), and interest due on the Prior Bonds on August 1, 2020, such date being the first optional redemption date therefor.

The *ad valorem* taxes levied by the County for the payment of the Refunding Bonds will be kept separate and apart in a debt service fund created by the Refunding Resolution (the "Refunding Debt Service Fund," and together with the Series 2019A Debt Service Fund, the "Debt Service Funds") and used only for payment of principal of and interest on the Refunding Bonds, and for no other purpose. Any excess proceeds of the Refunding Bonds not needed for the authorized purposes for which the Refunding Bonds are being issued shall be transferred to the Refunding Debt Service Fund and applied to the payment of principal of and interest on the Refunding Bonds. Any interest earnings on moneys held in the Refunding Debt Service Fund will be retained therein. If, after payment in full of the Refunding Bonds, there are monies remaining in the Refunding Debt Service Fund, said monies will be transferred to the general fund of the District as provided and permitted by law.

Escrow Sufficiency. The sufficiency of the cash on deposit in the Escrow Fund to pay the redemption price of and the accrued interest due on the Refunded Bonds on the above-referenced date, as described above, will be verified by Causey Demgen & Moore P.C. (the "Verification Agent"). As a result of the deposit and application of funds so provided in the Escrow Agreement, and assuming the accuracy of the Underwriter's and Verification Agent's computations, the Prior Bonds will be defeased as of the Settlement Date, and the obligation of the County to levy *ad valorem* property taxes for the payment thereof will terminate on such date.

Investment of Funds. Moneys in the Debt Service Funds and the Building Fund are expected to be invested through the County's pooled investment fund. See "APPENDIX E - SAN MATEO COUNTY TREASURY POOL" herein.

Annual Debt Service

The following table shows the annual debt service requirements of the Bonds (assuming no optional redemptions).

	Series 2019A Bonds		Refunding Bonds		
Year Ending Aug. 1	Annual Principal Payment(1)	Annual Interest Payment(1)	Annual Principal Payment(1)	Annual Interest Payment(1)	Total Debt Service
2019	--	$139,764.44	--	--	$139,764.44
2020	$1,625,000.00	426,400.00	$45,000.00	$41,024.31	2,137,424.31
2021	1,495,000.00	361,400.00	--	171,500.00	2,027,900.00
2022	--	286,650.00	--	171,500.00	458,150.00
2023	--	286,650.00	115,000.00	171,500.00	573,150.00
2024	--	286,650.00	120,000.00	165,750.00	572,400.00
2025	--	286,650.00	110,000.00	159,750.00	556,400.00
2026	--	286,650.00	115,000.00	154,250.00	555,900.00
2027	--	286,650.00	120,000.00	148,500.00	555,150.00
2028	85,000.00	286,650.00	105,000.00	142,500.00	619,150.00
2029	110,000.00	282,400.00	120,000.00	137,250.00	649,650.00
2030	130,000.00	276,900.00	1,280,000.00	131,250.00	1,818,150.00
2031	160,000.00	270,400.00	1,345,000.00	67,250.00	1,842,650.00
2032	185,000.00	262,400.00	--	--	447,400.00
2033	220,000.00	253,150.00	--	--	473,150.00
2034	255,000.00	242,150.00	--	--	497,150.00
2035	290,000.00	229,400.00	--	--	519,400.00
2036	325,000.00	217,800.00	--	--	542,800.00
2037	365,000.00	204,800.00	--	--	569,800.00
2038	410,000.00	190,200.00	--	--	600,200.00
2039	455,000.00	173,800.00	--	--	628,800.00
2040	505,000.00	155,600.00	--	--	660,600.00
2041	555,000.00	135,400.00	--	--	690,400.00
2042	615,000.00	113,200.00	--	--	728,200.00
2043	675,000.00	88,600.00	--	--	763,600.00
2044	735,000.00	61,600.00	--	--	796,600.00
2045	805,000.00	32,200.00	--	--	837,200.00
Total	$10,000,000.00	$6,124,114.44	$3,475,000.00	$1,662,024.31	$21,261,138.75

(1) Interest payments on the Bonds will be made semiannually on February 1 and August 1 of each year, commencing August 1, 2019 (with respect to the Series 2019A Bonds) and August 1, 2020 (with respect to the Refunding Bonds).

See also "PORTOLA VALLEY SCHOOL DISTRICT – District Debt Structure – General Obligation Bonds" herein for a full debt service schedule for all of the District's general obligation bonded debt.

Redemption

Optional Redemption. The Bonds maturing on and before August 1, 2027 are not subject to redemption prior to their stated maturity dates. The Bonds maturing on and after August 1, 2028 may be redeemed prior to their respective stated maturity dates at the option of the District, from any source of funds, in whole or in part, on August 1, 2027 or on any date thereafter, at a redemption price equal to the principal amount of such Bonds called for redemption, together with interest accrued thereon to the date fixed for redemption, without premium.

Mandatory Sinking Fund Redemption. The Series 2019A Bonds maturing on August 1, 2045 (the "Term Bonds") are subject to redemption prior to maturity from mandatory sinking fund payments on August 1 of each year, on and after August 1, 2040, at a redemption price equal to the principal amount thereof as of the date fixed for redemption, together with interest accrued to the date set for such redemption, without premium. The principal amount of the Term Bonds to be so redeemed and the redemption dates therefor, and the final payment date is as indicated in the following table.

Redemption Date (August 1)	Principal Amount
2040	$505,000
2041	555,000
2042	615,000
2043	675,000
2044	735,000
2045[1]	805,000

[1] Maturity.

Selection of Bonds for Redemption. Whenever provision is made for the redemption of Bonds and less than all Bonds are to be redeemed, the Paying Agent, upon written instruction from the District, shall select Bonds for redemption as so directed and if not directed, in inverse order of maturity. Within a maturity, the Paying Agent, shall select Bonds for redemption by lot. Redemption by lot shall be in such manner as the Paying Agent shall determine; provided, however, that the portion of any Bond to be redeemed in part shall be in a principal amount of $5,000, or any integral multiple thereof.

Redemption Notice. When redemption is authorized or required pursuant to the Resolution, the Paying Agent, upon written instruction from the District, will give notice (a "Redemption Notice") of the redemption of the Bonds. Each Redemption Notice will specify (a) the Bonds or designated portions thereof (in the case of redemption of the Bonds in part but not in whole) which are to be redeemed, (b) the date of redemption, (c) the place or places where the redemption will be made, including the name and address of the Paying Agent, (d) the redemption price, (e) the CUSIP numbers (if any) assigned to the Bonds to be redeemed, (f) the Bond numbers of the Bonds to be redeemed in whole or in part and, in the case of any Bond to be redeemed in part only, the portion of the principal amount of such Bond to be redeemed, and (g) the original issue date, interest rate and stated maturity date of each Bond to be redeemed in whole or in part.

The Paying Agent will take the following actions with respect to each such Redemption Notice: (a) at least 20 but not more than 45 days prior to the redemption date, such Redemption Notice will be given to the respective Owners of Bonds designated for redemption by registered or certified mail, postage prepaid, at their addresses appearing on the bond register; (b) at least 20 but not more than 45 days prior to the redemption date, such Redemption Notice will be given by registered or certified mail, postage prepaid, telephonically confirmed facsimile transmission, or overnight delivery service, to the Securities Depository; (c) at least 20 but not more than 45 days prior to the redemption date, such

Redemption Notice will be given by registered or certified mail, postage prepaid, or overnight delivery service, to one of the Information Services; and (d) provide such Redemption Notice to such other persons as may be required pursuant to the Continuing Disclosure Certificate.

"Information Services" means the Municipal Securities Rulemaking Board's Electronic Municipal Market Access System; or, such other services providing information with respect to called municipal obligations as the District may specify in writing to the Paying Agent or as the Paying Agent may select.

"Securities Depository" shall mean The Depository Trust Company, 55 Water Street, New York, New York 10041.

A certificate of the Paying Agent or the District that a Redemption Notice has been given as provided in the Resolution will be conclusive as against all parties. Neither failure to receive any Redemption Notice nor any defect in any such Redemption Notice so given will affect the sufficiency of the proceedings for the redemption of the affected Bonds. Each check issued or other transfer of funds made by the Paying Agent for the purpose of redeeming Bonds will bear or include the CUSIP number identifying, by issue and maturity, the Bonds being redeemed with the proceeds of such check or other transfer.

Payment of Redeemed Bonds. When a Redemption Notice has been given substantially as described above, and, when the amount necessary for the redemption of the Bonds called for redemption (principal, interest, and premium, if any) is irrevocably set aside in trust for that purpose, as described in "—Defeasance," the Bonds designated for redemption in such notice will become due and payable on the date fixed for redemption thereof and upon presentation and surrender of said Bonds at the place specified in the Redemption Notice, said Bonds will be redeemed and paid at the redemption price out of such funds. All unpaid interest payable at or prior to the redemption date will continue to be payable to the respective Owners, but without interest thereon.

Partial Redemption of Bonds. Upon the surrender of any Bond redeemed in part only, the Paying Agent will execute 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 is valid upon payment of the amount required to be paid to such Owner, and the County and the District will be released and discharged thereupon from all liability to the extent of such payment.

Effect of Redemption Notice. If on the applicable designated redemption date, money for the redemption of the Bonds to be redeemed, together with interest to such redemption date, is held by an independent escrow agent selected by the District so as to be available therefor on such redemption date as described in "—Defeasance," and if a Redemption Notice thereof will have been given substantially as described above, then from and after such redemption date, interest on the Bonds to be redeemed shall cease to accrue and become payable.

Rescission of Redemption Notice. With respect to any Redemption Notice in connection with the optional redemption of Bonds (or portions thereof) as described above, unless upon the giving of such notice such Bonds or portions thereof shall be deemed to have been defeased as described in "—Defeasance," such Redemption Notice will state that such redemption will be conditional upon the receipt by an independent escrow agent selected by the District, on or prior to the date fixed for such redemption, of the moneys necessary and sufficient to pay the principal, and premium, if any, and interest on, such Bonds (or portions thereof) to be redeemed, and that if such moneys shall not have been so received said Redemption Notice will be of no force and effect, no portion of the Bonds will be subject to redemption on such date and such Bonds will not be required to be redeemed on such date. In the event that such Redemption Notice contains such a condition and such moneys are not so received, the redemption will not be made and the Paying Agent will within a reasonable time thereafter (but in no event later than the date originally set for redemption) give notice to the persons to whom and in the manner in which the Redemption Notice was given that such moneys were not so received. In addition, the District will have the right to rescind any Redemption Notice, by written notice to the Paying Agent, on or prior to the date fixed for such redemption. The Paying Agent will distribute a notice of the rescission of such Redemption Notice in the same manner as such notice was originally provided.

Bonds No Longer Outstanding. When any Bonds (or portions thereof), which have been duly called for redemption prior to maturity, or with respect to which irrevocable instructions to call for redemption prior to maturity at the earliest redemption date have been given to the Paying Agent, in form satisfactory to it, and sufficient moneys shall be held irrevocably in trust for the payment of the redemption price of such Bonds or portions thereof, and, accrued interest thereon to the date fixed for redemption, then such Bonds will no longer be deemed outstanding and shall be surrendered to the Paying Agent for cancellation.

Book-Entry Only System

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but none of the District, the Municipal Advisor or the Underwriter take any responsibility for the accuracy or completeness thereof. The District and the Underwriter cannot and do not give any assurances that DTC, DTC Direct Participants or Indirect Participants (as defined herein) will distribute to the Beneficial Owners (a) payments of interest on, principal of or premium, if any, on the Bonds, (b) certificates 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, Direct Participants or Indirect Participants will act in the manner described in this Official Statement. 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 Participants are on file with DTC.

The Depository Trust Company, New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

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 3.6 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," and together with the Direct Participants, the "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. However, the information presented on such website is not incorporated herein by any reference.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each Beneficial Owner is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, defaults, and proposed amendments to the Resolution. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds and distributions on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or the Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds or distributions to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

For every transfer and exchange of Bonds, Owners requesting such transfer or exchange may be charged a sum sufficient to cover any tax, governmental charge or transfer fees that may be imposed in relation thereto, which charge may include transfer fees imposed by the Paying Agent, DTC or the DTC Participant in connection with such transfers or exchanges.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the District or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The District may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to the Owners thereof.

Discontinuation of Book-Entry Only System; Registration, Payment and Transfer of Bonds

So long as any of the Bonds remain outstanding, the District will cause the Paying Agent to maintain at its principal office all books and records necessary for the registration, exchange and transfer of such Bonds, which shall at all times be open to inspection by the District, and, upon presentation for such purpose, the Paying Agent shall, under such reasonable regulations as it may prescribe, register, exchange or transfer or cause to be registered, exchanged or transferred, on said books, Bonds as provided in the Resolution.

In the event that the book-entry system described above is no longer used with respect to the Bonds, the following provisions will govern the payment, registration, transfer, exchange and replacement of the Bonds.

The principal of the Bonds and any premium and interest upon the redemption thereof prior to the maturity will be payable in lawful money of the United States of America upon presentation and surrender of the Bonds at the designated office of the Paying Agent, initially located in Dallas, Texas. Interest on the Bonds will be paid by the Paying Agent by wire to a bank and account number on file with the Paying Agent as of the Record Date.

Any Bond may be exchanged for Bonds of like tenor, maturity and Transfer Amount (which with respect to any outstanding Bonds means the principal amount thereof) upon presentation and surrender at the principal office of the Paying Agent, together with a request for exchange signed by the registered Owner or by a person legally empowered to do so in a form satisfactory to the Paying Agent. A Bond may be transferred only on the Bond Register by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Bond for cancellation at the office of the Paying Agent, accompanied by delivery of a written instrument of transfer in a form approved by the Paying Agent, duly executed. Upon exchange or transfer, the Paying Agent shall register, 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 Transfer Amount of the Bond surrendered and bearing interest at the same rate and maturing on the same date.

Neither the District nor the Paying Agent will be required (a) to issue or transfer any Bonds during a period beginning with the opening of business on the 16th day next preceding any Bond Payment Date, the stated maturity of any of the Bonds or any date of selection of Bonds to be redeemed and ending with the close of business on the applicable Bond Payment Date, the close of business on the applicable stated maturity date or any day on which the applicable notice of redemption is given or (b) to transfer any Bonds which have been selected or called for redemption in whole or in part.

Defeasance

All or any portion of the outstanding maturities of the Bonds may be defeased at any time prior to maturity in the following ways:

(a) Cash: by irrevocably depositing with an independent escrow agent selected by the District an amount of cash which, together with amounts transferred from the respective Debt Service Fund, if required, is sufficient to pay all Bonds outstanding and designated for defeasance, including all principal thereof, interest thereon and redemption premium, if any, at or before their maturity dates;

(b) Government Obligations: by irrevocably depositing with an independent escrow agent selected by the District noncallable Government Obligations together with monies transferred from the respective Debt Service Fund together with any other cash, if required, in such amount as will, in the opinion of an independent certified public accountant, be fully sufficient to pay and discharge all Bonds outstanding and designated for defeasance, including all principal thereof, interest thereon and redemption premium, if any, at or before their maturity dates;

then, notwithstanding that any such maturities of Bonds shall not have been surrendered for payment, all obligations of the District with respect to all such designated outstanding Bonds shall cease and terminate, except only the obligation of the independent escrow agent selected by the District to pay or cause to be paid from funds deposited pursuant to paragraphs (a) or (b) above, to the Owners of such designated Bonds not so surrendered and paid all sums due with respect thereto.

"Government Obligations" means direct and general obligations of the United States of America, obligations that are unconditionally guaranteed as to principal and interest by the United States of America (which may consist of obligations of the Resolution Funding Corporation that constitute interest strips), or obligations the payment of the principal of and interest on which is secured, guaranteed or otherwise backed by, directly or indirectly, a pledge of the full faith and credit of the United States of America. In the case of direct and general obligations of the United States of America, Government Obligations shall include evidences of direct ownership of proportionate interests in future interest or principal payments of such obligations. Investments in such proportionate interests must be limited to circumstances where (a) a bank or trust company acts as custodian and holds the underlying United States obligations; (b) the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor of the underlying United States obligations; and (c) the underlying United States obligations are held in a special account, segregated from the custodian's general assets, and are not available to satisfy any claim of the custodian, any person claiming through the custodian, or any person to whom the custodian may be obligated; provided that such obligations are rated or assessed by S&P Global Ratings ("S&P") or Moody's Investors Service ("Moody's") at least as high as direct or general obligations of the United States of America.

ESTIMATED SOURCES AND USES OF FUNDS

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

	Series 2019A Bonds	Refunding Bonds
Sources of Funds		
Principal Amount of Bonds	$10,000,000.00	$3,475,000.00
Original Issue Premium	702,254.60	494,455.30
Total Sources	$10,702,254.60	$3,969,455.30
Uses of Funds		
Costs of Issuance[1]	$199,500.00	$100,324.05
Deposit to Escrow Fund	--	3,869,131.25
Deposit to Debt Service Fund	669,754.60	--
Deposit to Building Fund	9,833,000.00	--
Total Uses	$10,702,254.60	$3,969,455.30

[1] Reflects all costs of issuance, including but not limited to the underwriting discount, credit rating fees, printing costs, legal and Municipal Advisory fees, and the costs and fees of the Paying Agent, Escrow Agent and Verification Agent (as applicable). See also "MISCELLANEOUS – Underwriting" herein.

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TAX BASE FOR REPAYMENT OF BONDS

The information in this section describes ad valorem *property taxation, assessed valuation, and other measures of the tax base of the District. The Bonds are payable solely from* ad valorem *property taxes. The District's general fund is not a source for the repayment of the Bonds.*

Ad Valorem Property Taxation

District property taxes are assessed and collected by the County at the same time and on the same rolls as special district property taxes. Assessed valuations are the same for both the District and the County's taxing purposes.

Taxes are levied for each fiscal year on taxable real and personal property which is located in the District as of the preceding January 1. For assessment and collection purposes, 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 public utilities property and real property having a tax lien which is sufficient, in the opinion of the assessor, to secure payment of the taxes. Other property is assessed on the "unsecured roll." A supplemental roll is developed when property changes hands or new construction is completed. The County levies and collects all property taxes for property falling within the County's taxing boundaries.

The valuation of secured property is established as of January 1 and is subsequently enrolled in August. Property taxes on the secured roll are due in two installments, November 1 and February 1 of the calendar year. If unpaid, such taxes become delinquent after December 10 and April 10, respectively, and a minimum 10% penalty attaches to any delinquent installment plus a $10 cost on the second installment, plus any additional amount determined by the County Treasurer (the "Treasurer"). Property on the secured roll with delinquent taxes is declared tax-defaulted on or about June 30 of the calendar year. Such property may thereafter be redeemed by payment of the delinquent taxes and the delinquency penalty, plus a minimum $15 redemption fee and a redemption penalty of 1.5% per month to the time of redemption. If taxes are unpaid for a period of five years or more, the property is subject to sale by the Treasurer.

Property taxes on the unsecured roll are due as of the January 1 lien date and become delinquent if they are not paid by August 31. In the case of unsecured property taxes, a 10% penalty attaches to delinquent taxes on property on the unsecured roll, and an additional penalty of 1.5% per month begins to accrue beginning November 1 of the fiscal year, and a lien may be recorded against the assessee. The taxing authority has four ways of collecting unsecured personal property taxes: (1) a civil action against the assessee; (2) filing a certificate in the office of the County Clerk specifying certain facts in order to obtain a judgment lien on specific property of the assessee; (3) filing a certificate of delinquency for record in the County Recorder's office in order to obtain a lien on specified property of the assessee; and (4) seizure and sale of personal property, improvements or possessory interests belonging or assessed to the assessee. Information regarding District-wide tax delinquencies is not currently available. See also "—Alternative Method of Tax Apportionment – Teeter Plan" herein.

State law exempts from taxation $7,000 of the full cash value of an owner-occupied dwelling, but this exemption does not result in any loss of revenue to local agencies, since the State reimburses local agencies for the value of the exemptions.

All property is assessed using full cash value as defined by Article XIIIA of the State Constitution. State law provides exemptions from *ad valorem* property taxation for certain classes of property such as churches, colleges, non-profit hospitals, and charitable institutions.

Assessed valuation growth allowed under Article XIIIA (new construction, certain changes of ownership, 2% inflation) is allocated on the basis of "situs" among the jurisdictions that serve the tax rate area within which the growth occurs. Local agencies, including school districts, share the growth of "base" revenues from the tax rate area. Each year's growth allocation becomes part of each agency's allocation in the following year.

Assessed Valuations

The assessed valuation of property in the District is established by the County Assessor, except for public utility property which is assessed by the State Board of Equalization ("SBE"). Assessed valuations are reported at 100% of the "full cash value" of the property, as defined in Article XIIIA of the California Constitution. For a discussion of how properties currently are assessed, see "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS" herein. The table on the following page shows a five-year history of assessed valuations of the District, as of the date the equalized assessment tax roll is established in August of each year.

ASSESSED VALUATION
Fiscal Years 2014-15 through 2018-19
Portola Valley School District

Fiscal Year	Local Secured	Utility	Unsecured	Total	Annual % Change
2014-15	$4,379,896,815	$0	$13,133,769	$4,393,030,584	--
2015-16	4,668,005,941	0	15,181,888	4,683,187,829	6.60%
2016-17	4,881,919,925	0	11,744,573	4,893,664,498	4.49
2017-18	5,159,912,569	0	11,159,487	5,171,072,056	5.67
2018-19	5,437,231,898	0	11,263,652	5,448,495,550	5.36

Source: California Municipal Statistics, Inc.

Economic and other factors beyond the District's control, such as general market decline in property values, disruption in financial markets that may reduce availability of financing for purchasers of property, reclassification of property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by the State and local agencies and property used for qualified education, hospital, charitable or religious purposes), or the complete or partial destruction of the taxable property caused by a natural or manmade disaster, such as earthquake, flood, fire, wildfire, drought or toxic contamination, could cause a reduction in the assessed value of taxable property within the District. Any such reduction would result in a corresponding increase in the annual tax rate levied by the County to pay the debt service with respect to the Bonds. See "THE BONDS – Security and Sources of Payment" herein.

Appeals and Adjustments of Assessed Valuations. Under California law, property owners may apply for a reduction of their property tax assessment by filing a written application, in form prescribed by the SBE, with the appropriate county board of equalization or assessment appeals board. The County Assessor may independently reduce assessed values as well based upon the above factors or reductions in the fair market value of the taxable property. In most cases, an appeal is filed because the applicant believes that present market conditions (such as residential home prices) cause the property to be worth less than its current assessed value. Any reduction in the assessment ultimately granted as a result of such appeal applies to the year for which application is made and during which the written application was filed. A second type of assessment appeal involves a challenge to the base year value of an assessed property. Appeals for reduction in the base year value of an assessment, if successful, reduce the assessment for the year in which the appeal is taken and prospectively thereafter. The base year is determined by the completion date of new construction or the date of change of ownership. Any base year appeal must be made within four years of the change of ownership or new construction date.

In addition to the above-described taxpayer appeals, county assessors may independently reduce assessed valuations based on changes in the market value of property, or for other factors such as the complete or partial destruction of taxable property caused by natural or man-made disasters such as earthquakes, floods, drought, fire, or toxic contamination pursuant to relevant provisions of the State Constitution.

Whether resulting from taxpayer appeals or county assessor reductions, adjustments to assessed value are subject to yearly reappraisals by the county assessor and may be adjusted back to their original values when real estate market conditions improve. Once property has regained its prior assessed value, adjusted for inflation, it once again is subject to the annual inflationary growth rate factor allowed under Article XIIIA. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS — Article XIIIA of the California Constitution" herein.

No assurance can be given that property tax appeals currently pending or in the future, actions by the County assessor, or other factors in the future will not significantly reduce the assessed valuation of property within the District.

Assembly Bill 102. On June 27, 2017, the Governor signed into law Assembly Bill 102 ("AB 102"). AB 102 restructures the functions of the SBE and creates two new separate agencies: (i) the California Department of Tax and Fee Administration, and (ii) the Office of Tax Appeals. Under AB 102, the California Department of Tax and Fee Administration will take over programs previously in the SBE Property Tax Department, such as the Tax Area Services Section, which is responsible for maintaining all property tax-rate area maps and for maintaining special revenue district boundaries. Under AB 102, the SBE will continue to perform the duties assigned by the State Constitution related to property taxes, however, beginning January 1, 2018, the SBE will only hear appeals related to the programs that it constitutionally administers and the Office of Tax Appeals will hear tax appeals will hear appeals on all other taxes and fee matters, such as sales and use tax and other special taxes and fees. AB 102 obligates the Office of Tax Appeals to adopt regulations as necessary to carry out its duties, powers, and responsibilities.

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Assessed Valuation of Single Family Homes. The following table shows the distribution of single family homes within the District among various fiscal year 2018-19 assessed valuation ranges, as well as the average and median assessed valuation of single family homes within the District.

PER PARCEL ASSESSED VALUATION OF SINGLE FAMILY HOMES
Fiscal Year 2018-19
Portola Valley School District

	No. of Parcels	2018-19 Assessed Valuation	Average Assessed Valuation	Median Assessed Valuation
Single Family Residential	2,370	$5,116,952,432	$2,159,052	$1,523,852

2018-19 Assessed Valuation	No. of Parcels[(1)]	% of Total	Cumulative % of Total	Total Valuation	% of Total	Cumulative % of Total
$0 - $199,999	148	6.245%	6.245%	$20,928,265	0.409%	0.409%
200,000 - 399,999	255	10.759	17.004	75,437,810	1.474	1.883
400,000 - 599,999	144	6.076	23.080	72,974,109	1.426	3.309
600,000 - 799,999	142	5.992	29.072	98,928,278	1.933	5.243
800,000 - 999,999	137	5.781	34.852	123,433,419	2.412	7.655
1,000,000 - 1,199,999	154	6.498	41.350	169,686,710	3.316	10.971
1,200,000 - 1,399,999	137	5.781	47.131	177,600,479	3.471	14.442
1,400,000 - 1,599,999	122	5.148	52.278	183,873,376	3.593	18.035
1,600,000 - 1,799,999	128	5.401	57.679	216,248,005	4.226	22.262
1,800,000 - 1,999,999	108	4.557	62.236	204,509,604	3.997	26.258
2,000,000 - 2,199,999	92	3.882	66.118	193,322,633	3.778	30.036
2,200,000 - 2,399,999	83	3.502	69.620	190,686,484	3.727	33.763
2,400,000 - 2,599,999	79	3.333	72.954	197,438,666	3.859	37.621
2,600,000 - 2,799,999	74	3.122	76.076	199,302,682	3.895	41.516
2,800,000 - 2,999,999	63	2.658	78.734	181,791,522	3.553	45.069
3,000,000 - 3,199,999	54	2.278	81.013	167,092,407	3.265	48.335
3,200,000 - 3,399,999	43	1.814	82.827	142,082,377	2.777	51.111
3,400,000 - 3,599,999	40	1.688	84.515	140,283,535	2.742	53.853
3,600,000 - 3,799,999	42	1.772	86.287	155,496,863	3.039	56.892
3,800,000 - 3,999,999	33	1.392	87.679	128,459,606	2.510	59.402
4,000,000 and greater	292	12.321	100.000	2,077,375,602	40.598	100.000
Total	2,370	100.000%		$5,116,952,432	100.000%	

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

Assessed Valuation and Parcels by Land Use. The following table shows the distribution of taxable property within the District by principal use, as measured by assessed valuation and parcels in fiscal year 2018-19.

ASSESSED VALUATION AND PARCELS BY LAND USE
Fiscal Year 2018-19
Portola Valley School District

Non-Residential:	2018-19 Assessed Valuation [(1)]	% of Total	No. of Parcels	% of Total
Agricultural/Rural	$60,020,958	1.10%	80	2.74%
Commercial/Office	28,694,150	0.53	19	0.65
Government/Social/Institutional	6,913,201	0.13	19	0.65
Miscellaneous/Water Company	22,476,503	0.41	53	1.82
Subtotal Non-Residential	$118,104,812	2.17%	171	5.86%
Residential:				
Single Family Residence	$5,116,952,432	94.11%	2,370	81.22%
Miscellaneous Residential	32,301,004	0.59	13	0.45
Subtotal Residential	$5,149,253,436	94.70%	2,383	81.67%
Vacant Parcels	$169,873,650	3.12%	364	12.47%
Total	$5,437,231,898	100.00%	2,918	100.00%

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

Tax Rates

The following table summarizes the total *ad valorem* property tax rates, as a percentage of assessed valuation, levied by all taxing entities in a typical tax rate area (a "TRA") within the District during the five-fiscal year period from 2014-15 to 2018-19.

SUMMARY OF *AD VALOREM* PROPERTY TAX RATES (TRA 19-000)[(1)]
Fiscal Years 2014-15 through 2018-19
Portola Valley School District

	2014-15	2015-16	2016-17	2017-18	2018-19
General	1.0000%	1.0000%	1.0000%	1.0000%	1.0000%
Portola Valley School District	.0304	.0292	.0250	.0243	.0227
Sequoia Union High School District	.0433	.0434	.0391	.0383	.0365
San Mateo Community College District	.0190	.0250	.0247	.0235	.0175
Midpeninsula Regional Open Space District	--	.0008	.0006	.0009	.0018
Total	1.0927%	1.0984%	1.0894%	1.0870%	1.0785%

(1) The 2018-19 assessed valuation of TRA 19-000 is $1,752,926,235 representing 32.17% of the District's total assessed valuation for such fiscal year.
Source: California Municipal Statistics, Inc.

Alternative Method of Tax Apportionment - Teeter Plan

The County Board has approved the implementation of 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, the County apportions secured property taxes on an accrual basis when due (irrespective of actual collections) to its local political subdivisions, including the District, for which the County acts as the tax-levying or tax-collecting agency, or for which the County's treasury is the legal depository of the tax collections.

If the Teeter Plan remains in effect during the term of the Bonds, the District will receive 100% of the *ad valorem* property tax levied in the County to pay the Bonds irrespective of actual delinquencies in the collection of the tax by the County. The District can give no assurance that the Teeter Plan will remain in effect in its present form, or in any form, during the term of the Bonds.

The Teeter Plan is to remain in effect unless the County Board orders its discontinuance or unless, prior to the commencement of any fiscal year of the County (which commences on July 1 for the County), the County Board receives a petition for its discontinuance joined in by a resolution adopted by at least two-thirds of the participating revenue districts in the County, in which event the County Board is to order discontinuance of the Teeter Plan effective at the commencement of the subsequent fiscal year. The County Board may, by resolution adopted not later than July 15 of the fiscal year for which it is to apply, after holding a public hearing on the matter, discontinue the procedures under the Teeter Plan with respect to any tax levying agency or assessment levying agency in such county if the rate of secure tax delinquency in that agency in any year exceeds 3% of the total of all taxes and assessments levied on the secured rolls for that agency. In the event the County Board is to order discontinuance of the Teeter Plan subsequent to its implementation, only those secured property taxes actually collected would be allocated to political subdivisions (including the District) for which such county acts as the tax-levying or tax-collecting agency.

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Principal Taxpayers

The more property (by assessed value) which is owned by a single taxpayer within the District, the greater amount of tax collections that are exposed to weaknesses in such a taxpayer's financial situation and ability or willingness to pay property taxes. The following table lists the 20 largest local secured taxpayers in the District in terms of their fiscal year 2018-19 secured assessed valuations. 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.

20 LARGEST LOCAL SECURED TAXPAYERS
Fiscal Year 2018-19
Portola Valley School District

	Property Owner	Primary Land Use	2018-19 Assessed Valuation	% of Total [1]
1.	Octopus Holdings	Residential	$101,760,691	1.87%
2.	3000 Portola Road	Residential	90,741,073	1.67
3.	Woodside Investment Partners LLC	Residential	33,685,000	0.62
4.	Cosmotron LLC	Residential	24,294,118	0.45
5.	Miriam L. Haas Trust	Residential	24,165,901	0.44
6.	California Water Service Co.	Water Company	23,306,355	0.43
7.	Thomas J. Fogarty Trust	Residential	22,498,946	0.41
8.	Frog Creek Partners LLC	Residential	22,411,831	0.41
9.	William Peter Freitag Trust	Residential	21,111,348	0.39
10.	Fredric W. Harman Trust	Residential	17,400,127	0.32
11.	Agape Community LLC	Residential	17,340,000	0.32
12.	Dearborn Stables LLC	Residential/Boarding Stables	16,671,170	0.31
13.	Alamos PV 2017 LLC	Residential	16,500,000	0.30
14.	Robert C. Kagle	Residential	15,619,628	0.29
15.	Spring Ridge LLC	Residential	15,473,910	0.28
16.	John W. Thompson Trust	Residential	15,037,809	0.28
17.	Monte Leon LLC	Residential	14,569,393	0.27
18.	Dirk A. Kabcenell Trust	Residential	14,287,596	0.26
19.	Launcher Ventures LLC	Residential	13,624,412	0.25
20.	Kent J. Thiry Trust	Residential	13,605,040	0.25
			$534,104,348	9.82%

[1] 2018-19 Local Secured Assessed Valuation: $5,437,231,898.
Source: California Municipal Statistics, Inc.

Statement of Direct and Overlapping Debt

Set forth on the following page is a direct and overlapping debt report (the "Debt Report") prepared by California Municipal Statistics, Inc. effective as of January 1, 2019. 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.

The table shows the percentage of each overlapping entity's assessed value located within the boundaries of the District. The table also shows the corresponding portion of the overlapping entity's existing debt payable from property taxes levied within the District. The total amount of debt for each overlapping entity is not given in the table.

The first column in the table names each public agency which has outstanding debt as of the date of the report and whose territory overlaps the District in whole or in part. The second column shows the percentage of each overlapping agency's assessed value located within the boundaries of the District. This percentage, multiplied by the total outstanding debt of each overlapping agency (which is not shown in the table) produces the amount shown in the third column, which is the apportionment of each overlapping agency's outstanding debt to taxable property in the District.

STATEMENT OF DIRECT AND OVERLAPPING DEBT
Portola Valley School District

2018-19 Assessed Valuation: $5,448,495,550

DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:	**% Applicable**	**Debt 1/1/19**
San Mateo Community College District	2.438%	$20,426,297
Sequoia Union High School District	5.694	27616185
Portola Valley School District	**100.000**	**14,185,000** (1)
Midpeninsula Regional Open Space District	1.899	1,755,815
California Statewide Communities Development Authority 1915 Act Bonds	100.000	2,660,563
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		$66,643,860
DIRECT AND OVERLAPPING GENERAL FUND DEBT:		
San Mateo County General Fund Obligations	2.438%	$13,845,776
San Mateo County Board of Education Certificates of Participation	2.438	213,203
Portola Valley School District General Fund Obligations	**100.000**	**1,761,040**
Midpeninsula Regional Open Space District General Fund Obligations	1.899	2,230,387
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT		$18,050,406
COMBINED TOTAL DEBT		$84,694,266 (2)

Ratios to 2018-19 Assessed Valuation:
Direct Debt ($14,185,000).. 0.26%
Total Direct and Overlapping Tax and Assessment Debt............ 1.22%
Combined Direct Debt ($15,946,040) 0.29%
Combined Total Debt 1.55%

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

CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS

The Bonds are payable solely from the proceeds of an ad valorem *property tax required to be levied by the County on taxable property within the District in an amount sufficient for the payment thereof. (See "THE BONDS – Security and Sources of Payment" herein) Articles XIIIA, XIIIB, XIIIC and XIIID of the 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 County to levy taxes on behalf of the District and to the District to 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 County to levy taxes for payment of the Bonds.*

Article XIIIA of the California Constitution

Article XIIIA ("Article XIIIA") of the State Constitution limits the amount of *ad valorem* property taxes on real property to 1% of "full cash value" as determined by the county assessor. Article XIIIA 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 XIIIA 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 State 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 rate levied by the County to pay debt service on the Bonds. See "THE BONDS – Security and Sources of Payment" and "TAX BASE FOR REPAYMENT OF BONDS" herein.

Article XIIIA 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 XIIIA 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 of the votes cast by the voters for the acquisition or improvement of real property on or after July 1, 1978, or (c) 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 fifty-five percent or more of the votes cast on the proposition, but only if certain accountability measures are included in the proposition. In addition, Article XIIIA 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 XIIIA

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

That portion of annual property tax revenues generated by increases in assessed valuations within each tax rate area within a county, subject to claims, if any, on tax increment and subject to changes in organizations, if any, of affected jurisdictions, is allocated to each jurisdiction within the tax rate area in the same proportion that the total property tax revenue from the tax rate area for the prior year was allocated to such jurisdictions.

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.

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

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

Unitary Property

Some amount of property tax revenue of the District is derived from utility property which is considered part of a utility system with components located in many taxing jurisdictions ("unitary property"). Under the State Constitution, such property is assessed by the SBE as part of a "going concern" rather than as individual pieces of real or personal property. State-assessed unitary and certain other property is allocated to the counties by SBE, taxed at special county-wide rates, and the tax revenues distributed to taxing jurisdictions (including the District) according to statutory formulae generally based on the distribution of taxes in the prior year. So long as the District is a basic aid district, taxes lost through any reduction in assessed valuation will not be compensated by the State as equalization aid under the State's school financing formula. See "DISTRICT FINANCIAL INFORMATION" herein.

Article XIIIB of the California Constitution

Article XIIIB ("Article XIIIB") of the State Constitution, as subsequently amended by Propositions 98 and 111, respectively, limits the annual appropriations of the State and of any city, county, school district, authority or other political subdivision of the State to the level of appropriations of the particular governmental entity for the prior fiscal year, as adjusted for changes in the cost of living and in population and for transfers in the financial responsibility for providing services and for certain declared emergencies. As amended, Article XIIIB 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 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 the 1986-87 fiscal year adjusted for the changes made from that fiscal year pursuant to the provisions of Article XIIIB, as amended.

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

Appropriations subject to limitation do not include (a) refunds of taxes, (b) appropriations for bonded debt service such as the Bonds, (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 XIIIB includes a requirement that all revenues received by an entity of government other than the State in a fiscal year and in the fiscal year immediately following it in excess of the amount permitted to be appropriated during that fiscal year and the fiscal year immediately following it shall be returned by a revision of tax rates or fee schedules within the next two subsequent fiscal years.

Article XIIIB also includes a requirement that fifty percent 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.

Proposition 26

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

Article XIIIC and Article XIIID of the California Constitution

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

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

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

Propositions 98 and 111

On November 8, 1988, State voters approved Proposition 98, a combined initiative constitutional amendment and statute called the "Classroom Instructional Improvement and Accountability Act" (the "Accountability Act"). Certain provisions of the Accountability Act have, however, been modified by Proposition 111, discussed below, the provisions of which became effective on July 1, 1990. The Accountability Act 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 State general fund revenues as the percentage appropriated to such districts in the 1986-87 fiscal year, 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 State 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 is 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 enter the base funding calculation for K-14 school districts for subsequent years, creating further pressure on other portions of the State budget, particularly if revenues decline in a year following an Article XIIIB surplus. The maximum amount of excess tax revenues which 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 the State's budgets in a different way than is proposed in the Governor's Budget.

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

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

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

b. <u>Treatment of Excess Tax Revenues</u>. "Excess" tax revenues with respect to Article XIIIB are now determined based on a two-year cycle, so that the State can avoid having to return to taxpayers excess tax revenues in one year if its appropriations in the next fiscal year are under its limit. In addition, the Proposition 98 provision regarding excess tax revenues was modified. After any two-year period, if there are excess State tax revenues, 50% of the excess are to be transferred to K-14 school districts with the balance returned to taxpayers; under prior law, 100% of excess State tax revenues went to K-14 school districts, but only up to a maximum of 4% of the minimum funding level for such districts. Also, reversing prior law, any excess State tax revenues transferred to K-14 school districts are not built into K-14 school district 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. <u>Exclusions from Spending Limit</u>. Two exceptions were added to the calculation of appropriations which are subject to the Article XIIIB spending limit. First, there are excluded all appropriations for "qualified capital outlay projects" as defined by the Legislature. Second, there are excluded any increases in gasoline taxes above the 1990 level (then nine cents per gallon), sales and use taxes on such increment in gasoline taxes, and increases in receipts from vehicle weight fees above the levels in effect on January 1, 1990. These latter provisions were necessary to make effective the transportation funding package approved by the Legislature and the Governor, which was expected to raise over $15 billion in additional taxes from 1990 through 2000 to fund transportation programs.

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

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 (1) 40.9% of State general fund revenues ("Test 1") or (2) the amount appropriated in the prior year adjusted for changes in the cost of living (measured as in Article XIIIB by reference to per capita personal income) and enrollment ("Test 2"). Under Proposition 111, K-14 school districts will receive the greater of (1) Test 1, (2) Test 2, or (3) a third test ("Test 3"), which will replace Test 2 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 Test 3, K-14 school districts 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 Test 3 is used in any year, the difference between Test 3 and Test 2 will become a "credit" to schools which will be paid in future years when State general fund revenue growth exceeds personal income growth.

Proposition 39

On November 7, 2000, California voters approved an amendment (commonly known as Proposition 39) to the California Constitution. This amendment (1) allows school facilities bond measures to be approved by 55% (rather than two-thirds) of the voters in local elections and permits property taxes to exceed the current 1% limit in order to repay the bonds and (2) changes existing statutory law regarding charter school facilities. As adopted, the constitutional amendments may be changed only with another statewide vote of the people. The statutory provisions could be changed by a majority vote of both houses of the Legislature and approval by the Governor, but only to further the purposes of the proposition. The local school jurisdictions affected by this proposition are K-12 school districts, 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 (1) any local government debts approved by the voters prior to July 1, 1978 or (2) bonds to buy 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: (1) a requirement that the bond funds can be used only for construction, rehabilitation, equipping of school facilities, or the acquisition or lease of real property for school facilities; (2) a specific list of school projects to be funded and certification that the school board has evaluated safety, class size reduction, and information technology needs in developing the list; and (3) a requirement that the school board conduct annual, independent financial and performance audits until all bond funds have been spent to ensure that the bond funds have been used only for the projects listed in the measure. Legislation approved in June 2000 placed certain limitations on local school bonds to be approved by 55% of the voters. These provisions require that the tax rate per $100,000 of taxable property value projected to be 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 XIIIA 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.

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 (i) reduce local sales tax rates or alter the method of allocating the revenue generated by such taxes, (ii) shift property taxes from local governments to schools or community colleges, (iii) change how property tax revenues are shared among local governments without two-third approval of both houses of the State Legislature or (iv) 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 State voters 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 (the "LAO") on July 15, 2010, the 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.

Jarvis vs. 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 55

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, through 2030, the increases to personal income tax rates for high-income taxpayers that were approved as part of Temporary Taxes to Fund Education, Guaranteed Local Public Safety Funding, Initiative Constitutional Amendment (also known as "Proposition 30"). Proposition 30 increased the marginal personal income tax rate by: (i) 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 and over $340,000 but less than $408,001 for head-of-household filers), (ii) 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 over $408,000 but less than $680,001 for head-of-household filers), and (iii) 3% for taxable income over $500,000 for single filers (over $1,000,000 for joint filers and over $680,000 for head-of-household filers).

The revenues generated from the personal income tax increases will be included in the calculation of the Proposition 98 Minimum Funding Guarantee (defined herein) 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 personal income 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 will be allocated quarterly, with 89% of such funds provided to schools districts and 11% provided to community college districts. The funds will be distributed to school districts and community college districts in the same manner as existing unrestricted per-student funding, except that no school district will receive less than $200 per unit of ADA and no community college district will receive less than $100 per full time equivalent student. The governing board of each school district and community college district is granted sole authority to determine how the moneys received from the EPA are spent, provided that the appropriate governing board is required to make these spending determinations in open session at a public meeting and such local governing board is 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, State 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 will generally be 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 the 2029-30 fiscal year, 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 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 XIIIB 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.

Proposition 51

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

K-12 School 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 districts lack 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 for a modernized facility. Charter schools must be deemed financially sound before project approval.

Community College Facilities. Proposition 51 includes $2 billion for community college district facility projects, including buying land, constructing new buildings, modernizing existing buildings, and purchasing equipment. In order to receive funding, community college districts must submit project proposals to the Chancellor of the community college system, who then decides which projects to submit to the Legislature and Governor based on a scoring system that factors in the amount of local funds contributed to the project. The Governor and Legislature will select among eligible projects as part of the annual State budget process.

The District makes no guarantees that it will either pursue or qualify for Proposition 51 State facilities funding.

Future Initiatives

Article XIIIA, Article XIIIB, Article XIIIC and Article XIIID of the California Constitution and Propositions 22, 26, 30, 39, 98, 51 and 55 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 these measures cannot be anticipated by the District.

DISTRICT FINANCIAL INFORMATION

The information in this section concerning the District's general fund finances is provided as supplementary information only, and it should not be inferred from the inclusion of this information in this Official Statement that the principal of or interest on the Bonds is payable from the general fund of the District. The Bonds shall be payable solely from the proceeds of an ad valorem *property tax required to be levied by the County on taxable property within the District in an amount sufficient for the payment thereof. See "THE BONDS – Security and Sources of Payment" herein.*

State Funding of Education

School district revenues consist primarily of guaranteed State moneys, local property taxes and funds received from the State in the form of categorical aid under ongoing programs of local assistance. All State aid is subject to the appropriation of funds in the State's annual budget.

Revenue Limit Funding. Previously, school districts operated under general purpose revenue limits established by the State 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. Since fiscal year 2013-14, school districts have been funded based on uniform system of funding grants assigned to certain grade spans, as described below. See "—Local Control Funding Formula."

Local Control Funding Formula. State Assembly Bill 97 (Stats. 2013, Chapter 47) ("AB 97"), as amended by Senate Bill 91 (Stats. 2013, Chapter 49) ("SB 91"), established the current system for funding school districts, charter schools and county offices of education.

The primary component of AB 97 was the implementation of the Local Control Funding Formula ("LCFF"), which replaced the revenue limit funding system for determining State apportionments, as well as the majority of categorical program funding. State allocations are now provided on the basis of target base funding grants per unit of ADA (a "Base Grant") assigned to each of four grade spans. Each Base Grant is subject to certain adjustments and add-ons, as discussed below. During the implementation period of the LCFF, an annual transition adjustment was calculated for each school district, equal to such district's proportionate share of appropriations included in the State budget to close the gap between the prior-year funding level and the target allocation following full implementation of the LCFF. In each year, school districts had the same proportion of their respective funding gaps closed, with dollar amounts varying depending on the size of a district's funding gap.

The Base Grants per unit of ADA for each grade span are as follows: (i) $6,845 for grades K-3; (ii) $6,947 for grades 4-6; (iii) $7,154 for grades 7-8; and (iv) $8,289 for grades 9-12. During the implementation period of the LCFF, Base Grants were required to be adjusted annually for COLAs by applying the implicit price deflator for government goods and services. The provision of COLAs is now 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. See also "—State Budget Measures" for information on the adjusted Base Grants provided by current budgetary legislation.

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 the provision of career technical education in high schools. 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. Such school districts must also make progress towards this class size reduction goal in proportion to the growth in their funding over the implementation period. AB 97 also provides additional add-ons to school districts that received categorical block grant funding pursuant to the Targeted Instructional Improvement and Home-to-School Transportation programs during fiscal year 2012-13.

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). AB 97 authorizes a supplemental grant add-on (each, a "Supplemental Grant") for school districts that serve EL/LI students, equal to 20% of the applicable Base Grant multiplied by such districts' percentage of unduplicated EL/LI student enrollment. 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 50% of the applicable Base Grant multiplied by the percentage of such district's unduplicated EL/LI student enrollment in excess of the 55% threshold.

The table below shows a breakdown of the District's ADA by grade span, total enrollment, and the percentage of EL/LI student enrollment for fiscal years 2013-14 through 2018-19.

ADA, ENROLLMENT AND EL/LI ENROLLMENT PERCENTAGE
Fiscal Years 2013-14 through 2018-19
Portola Valley School District

	Average Daily Attendance(1)				Enrollment(2)	
Fiscal Year	K-3	4-6	7-8	Total ADA	Total Enrollment	% of EL/LI Enrollment(3)
2013-14	265	178	185	628	653	6.20%
2014-15	270	219	118	607	620	6.00
2015-16	259	208	137	604	616	8.40
2016-17	258	190	155	603	627	6.10
2017-18	249	205	126	580	609	4.54
2018-19(4)	258	185	115	558	574	4.54

Note: ADA figures rounded to the nearest whole number.

(1) Except for fiscal year 2018-19, reflects ADA as of the second principal reporting period (P-2 ADA), ending on or before the last attendance month prior to April 15 of each school year. An attendance month is equal to each four-week period of instruction beginning with the first day of school for a particular school district.

(2) Enrollment for fiscal year 2012-13 is reported as of the October report submitted to the California Basic Educational Data System ("CBEDS"). Fiscal years 2013-14 and onward reflect certified enrollment as of the fall census day (the first Wednesday in October), which is reported to the California Longitudinal Pupil Achievement Data System ("CALPADS") in each school year and used to calculate each school district's unduplicated EL/LI student enrollment. Adjustments may be made to the certified EL/LI counts by the California Department of Education. CALPADS figures exclude preschool and adult transitional students.

(3) For purposes of calculating Supplemental and Concentration Grants, a school district's fiscal year 2013-14 percentage of unduplicated EL/LI students was expressed solely as a percentage of its total fiscal year 2013-14 total enrollment. For fiscal year 2014-15, the percentage of unduplicated EL/LI enrollment was based on the two-year average of EL/LI enrollment in fiscal years 2013-14 and 2014-15. Beginning in fiscal year 2015-16, a school district's percentage of unduplicated EL/LI students has been based on a rolling average of such district's EL/LI enrollment for the then-current fiscal year and the two immediately preceding fiscal years.

(4) Reflects projected figures.

Source: Portola Valley School District.

For certain school districts that would have received greater funding levels under the prior revenue limit system, the LCFF provides for a permanent economic recovery target ("ERT") add-on, equal to the difference between the revenue limit allocations such districts would have received under the prior system in fiscal year 2020-21, and the target LCFF allocations owed to such districts in the same year. To derive the projected funding levels, the LCFF assumes the discontinuance of deficit revenue limit funding, implementation of COLAs in fiscal years 2014-15 through 2020-21, and restoration of categorical funding to pre-recession levels. The ERT add-on will be paid incrementally over the implementing period of the LCFF. The District does not qualify for the ERT add-on.

The sum of a school district's adjusted Base, Supplemental and Concentration Grants will be multiplied by such district's P-2 ADA for the current or prior year, whichever is greater (with certain adjustments applicable to small school districts). This funding amount, together with any applicable ERT or 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 schools districts, referred to as "basic aid" (or "community funded"), 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. Basic aid 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 basic aid 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 currently qualifies as a basic aid district. For fiscal year 2018-19, the District's local property tax collection are expected to exceed its total LCFF allocation by approximately $7.2 million.

Accountability. Regulations adopted by the State Board of Education require 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, and detail 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 the LCFF. 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 covering a three-year period were required to be adopted beginning in fiscal year 2014-15, and updated annually thereafter. The State Board of Education has adopted a template LCAP for use by school districts.

Support and Intervention. AB 97, as amended by SB 91, established a new system of support and intervention to assist school districts 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 (i) the LCAP or annual update adheres to the State template, and (ii) 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 priority areas, or the assignment of an academic expert to assist the district identify and implement programs designed to improve outcomes. Assistance may be provided by the California Collaborative for Educational Excellence, a State agency created by the LCFF and charged with assisting school districts achieve the goals set forth in their LCAPs. The State Board of Education has developed rubrics to assess school district performance and the need for support and intervention.

The State Superintendent of Public Instruction (the "State Superintendent") is further authorized, with the approval of the State Board of Education, 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 (i) modify a district's LCAP, (ii) impose budget revisions designed to improve student outcomes, and (iii) 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 to rescind an action required by a local collective bargaining agreement.

Other State Sources. In addition to State allocations determined pursuant to the LCFF, the District receives other State revenues consisting primarily of restricted revenues designed to implement State mandated programs. Beginning in fiscal year 2013-14, categorical spending restrictions associated with a majority of State mandated programs were eliminated, and funding for these programs was folded into the LCFF. Categorical funding for certain programs was excluded from the LCFF, and school districts will continue to receive restricted State revenues to fund these programs.

Other Revenue Sources

Federal and Local Sources. The federal government provides funding for several of the District's programs, including special education programs, programs under the Every Student Succeeds Act, and specialized programs such as Drug Free Schools, Innovative Strategies, and Vocational & Applied Technology. In addition, the District receives additional local revenues beyond local property tax collections, such as leases and rentals, interest earnings, interagency services, parcel tax collections (as discussed below) and other local sources.

Parcel Tax. Parcel taxes are "special taxes" for purposes of the State Constitution, as and such must be approved by at least two-thirds of the voters voting on the relevant proposition. On May 7, 2013, the voters of the District approved an eight-year parcel tax to raise funds to augment the District's operating budget, beginning July 1, 2013. The measure provides for a levy of a tax of $581 per parcel. The parcel tax provides an exemption for property owners who are 65 years or older, or certain recipients of Supplemental Security Income for a disability, and occupy the parcel subject to the tax as their principal residence. The parcel tax generates approximately $1.2 million in annual funding.

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.

The District's expenditures are accrued at the end of the fiscal year to reflect the receipt of goods and services in that year. Revenues generally are recorded on a cash basis, except for items that are susceptible to accrual (measurable and/or available to finance operations). Current taxes are considered susceptible to accrual. Delinquent taxes not received after the fiscal year end are not recorded as revenue until received. Revenues from specific state and federally funded projects are recognized when qualified expenditures have been incurred. State block grant apportionments are accrued to the extent that they are measurable and predictable. The State Department of Education sends the District updated information from time to time explaining the acceptable accounting treatment of revenue and expenditure categories.

The District's 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 type of fund. The District's fiscal year begins on July 1 and ends on June 30.

Comparative Financial Statements

The District's general fund finances the legally authorized activities of the District for which restricted funds are not provided. General fund revenues are derived from such sources as State school fund apportionments, taxes, use of money and property, and aid from other governmental agencies. Audited financial statements for the District for the fiscal year ended June 30, 2018, and prior fiscal years are on file with the District and available for public inspection at the Office of the Chief Business Official, 4575 Alpine Road, Portola Valley, California 94028, telephone: (650) 851-3700. The audited financial statements for the year ended June 30, 2018, are included in APPENDIX C hereto.

The table on the following page reflects the District's audited general fund revenues, expenditures and fund balances from fiscal year 2013-14 to fiscal year 2017-18.

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AUDITED GENERAL FUND REVENUE, EXPENDITURES AND FUND BALANCES
Fiscal Years 2013-14 through 2017-18
Portola Valley School District

	Fiscal Year 2013-14	Fiscal Year 2014-15	Fiscal Year 2015-16	Fiscal Year 2016-17	Fiscal Year 2017-18
REVENUES					
LCFF sources	$9,421,150	$10,000,961	$10,674,236	$11,141,153	$11,774,307
Federal	106,073	106,629	103,810	139,154	109,868
Other state	360,197	198,065	912,713	643,802	801,565
Other local	2,873,312	2,774,253	2,794,006	2,500,011	2,874,548
Total Revenues	12,760,732	13,079,908	14,484,765	14,424,120	15,560,288
EXPENDITURES					
Instruction	6,931,572	7,135,165	8,345,072	8,862,806	8,753,286
Instruction-related services:					
Supervision of instruction	492,316	410,363	400,878	330,069	259,048
Instructional library, media and technology	715,888	691,415	862,858	817,980	887,250
School site administration	903,930	953,659	1,024,453	1,009,654	1,056,696
Pupil services:					
Home-to-school transportation	88,466	85,548	78,416	88,846	123,656
Food services	--	--	--	--	--
All other pupil services	464,773	646,557	560,467	623,861	629,860
General administration:					
Data processing	95,377	71,195	57,113	80,633	53,847
All other general administration	1,324,313	1,027,013	1,395,359	1,328,234	1,479,465
Plant services	638,916	786,286	969,006	925,249	949,257
Ancillary services	19,744	--	--	--	--
Facility acquisition and construction	12,347	14,900	3,757	--	290,367
Other educational agencies	77,480	53,799	85,488	158,238	230,833
Debt service:					
Principal	265,265	275,610	286,527	256,550	141,699
Interest and other costs	322,191	309,020	186,968	171,859	170,466
Total Expenditures	12,352,578	12,460,530	14,256,362	14,653,979	15,025,730
Excess (deficiency) of revenues over (under) Expenditures	408,154	619,378	228,403	(229,859)	534,558
Other financing sources (uses)					
Transfers in	--	--	--	--	--
Transfers out	--	--	--	(438,000)	(54,546)
Total Other Financing Sources (Uses)	--	--	--	(438,000)	(54,546)
Net change in fund balances	408,154	619,378	228,403	(667,859)	480,012
Fund Balances – Beginning	1,545,435	1,718,017	2,337,395	2,565,798	1,897,939
Prior period adjustment	(235,572)[1]	--	--	--	(111,060)[2]
Fund Balances – Beginning	1,309,863	1,718,017	2,337,395	2,565,798	1,786,879
Fund Balances – Ending	$1,718,017	$2,337,395	$2,565,798	$1,897,939	$2,266,891

(1) Reflects a prior period adjustment related to a lease financing.
(2) The District's beginning balance was decreased in order to recognize certain prior-year health and welfare expenditures.
Source: Portola Valley School District.

Budget Process

State Budgeting Requirements. The District is required by provisions of the State Education Code to maintain a balanced budget each year, in which the sum of expenditures and the ending fund balance cannot exceed the sum of revenues and the carry-over fund balance from the previous year. The State Department of Education imposes a uniform budgeting and accounting format for school districts. The budget process for school districts was substantially amended by Assembly Bill 1200 ("AB 1200"), which became State law on October 14, 1991. Portions of AB 1200 are summarized below. Additional amendments to the budget process were made by Assembly Bill 2585, effective as of September 9, 2014, including the elimination of the dual budget cycle option for school districts. All school districts must now be on a single budget cycle.

School districts must adopt a budget on or before July 1 of each year. The budget must be submitted to the county superintendent within five days of adoption or by July 1, whichever occurs first. The county superintendent will examine the adopted budget for compliance with the standards and criteria adopted by the State Board of Education and identify technical corrections necessary to bring the budget into compliance, and will determine if the budget allows the district to meet its current obligations, if the budget is consistent with a financial plan that will enable the district to meet its multi-year financial commitments, whether the budget includes the expenditures necessary to implement a local control and accountability plan, and whether the budget's ending fund balance exceeds the minimum recommended reserve for economic uncertainties.

On or before August 15, the county superintendent will approve, conditionally approve or disapprove the adopted budget for each school district. Budgets will be disapproved if they fail the above standards. The district board must be notified by August 15 of the county superintendent's recommendations for revision and reasons for the recommendations. The county superintendent may assign a fiscal advisor or appoint a committee to examine and comment on the superintendent's recommendations. The committee must report its findings no later than August 20. Any recommendations made by the county superintendent must be made available by the district for public inspection. No later than September 22, the county superintendent must notify the State Superintendent of Public Instruction of all school districts whose budget may be disapproved.

For districts whose budgets have been disapproved, the district must revise and readopt its budget by September 8, reflecting changes in projected income and expense since July 1, including responding to the county superintendent's recommendations. The county superintendent must determine if the budget conforms with the standards and criteria applicable to final district budgets and not later than October 8, will approve or disapprove the revised budgets. If the budget is disapproved, the county superintendent will call for the formation of a budget review committee pursuant to Education Code Section 42127.1. No later than October 8, the county superintendent must notify the State Superintendent of Public Instruction of all school districts whose budget has been disapproved. Until a district's budget is approved, the district will operate on the lesser of its proposed budget for the current fiscal year or the last budget adopted and reviewed for the prior fiscal year.

Interim Financial Reports. Under the provisions of AB 1200, each school district is required to file interim certifications with the county office of education as to its ability to meet its financial obligations for the remainder of the then-current fiscal year and, based on current forecasts, for the subsequent fiscal year. The county office of education reviews the certification and issues either a positive, negative or qualified certification. A positive certification is assigned to any school district that will meet its financial obligations for the current fiscal year and subsequent two fiscal years. A negative certification is assigned to any school district that will be unable to meet its financial obligations for the remainder of the fiscal year or subsequent fiscal year. A qualified certification is assigned to any school district that may not meet its financial obligations for the current fiscal year or two subsequent fiscal years.

Within the past five years, the District has designated, and the County superintendent of schools has accepted, all of its interim financial reports as positive.

Budgeting Trends. The table on the following page sets forth the District's general fund adopted budgets for fiscal years 2014-15 through 2018-19, ending results for fiscal years 2014-15 through 2017-18, and projected results for fiscal year 2018-19.

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GENERAL FUND BUDGETING
Fiscal Years 2014-15 through 2018-19
Portola Valley School District

	Fiscal Year 2014-15		Fiscal Year 2015-16		Fiscal Year 2016-17		Fiscal Year 2017-18		Fiscal Year 2018-19	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget[1]	Projected[1]
REVENUES										
Revenue Limit/LCFF Sources	$9,754,723	$10,000,961	$10,350,872	$10,674,236	$10,886,800	$11,141,153	$11,476,512	$11,774,307	$12,189,815	$12,068,879
Federal Sources	135,842	106,629	119,484	103,810	101,387	139,154	106,866	109,868	106,866	115,733
Other State Sources[2]	225,079	198,065	244,957	912,713	813,417	643,802	709,726	801,565	697,096	1,027,802
Other Local Sources	2,733,706	2,774,253	2,535,069	2,794,006	2,521,508	2,500,011	2,463,782	2,874,548	2,268,606	2,853,876
TOTAL REVENUES	12,849,350	13,079,908	13,250,382	14,484,765	14,323,112	14,424,120	14,756,886	15,560,288	15,262,383	16,066,290
EXPENDITURES										
Certificated Salaries	6,421,888	6,029,622	6,264,131	6,582,993	6,387,659	6,737,393	6,894,507	6,643,884	6,752,051	6,474,870
Classified Salaries	1,564,255	1,748,657	1,854,602	1,849,880	1,875,987	1,935,410	1,879,999	1,924,916	1,958,915	1,865,275
Employee Benefits[2]	2,349,163	2,321,720	2,136,412	3,069,514	2,818,728	3,200,957	3,156,903	3,503,172	3,783,667	3,941,379
Books & Supplies	420,639	538,928	488,389	710,535	768,456	668,798	779,501	574,270	588,520	628,896
Services & Other Operating Expenses	1,233,132	1,135,241	1,169,482	1,479,225	1,728,303	1,553,297	1,787,869	1,622,650	1,815,578	2,049,507
Capital Outlay	183,298	90,055	236,251	38,489	61,514	13,181	283,500	265,763	--	57,698
Other Outgo	523,650	596,307	632,695	525,726	585,425	544,943	435,427	491,075	410,610	290,297
TOTAL EXPENDITURES	12,696,025	12,460,530	12,781,962	14,256,362	14,226,072	14,653,979	15,217,706	15,025,730	15,309,341	15,307,923
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	153,325	619,378	468,420	228,403	97,040	(229,859)	(460,820)	534,558	(46,958)	758,368
OTHER FINANCING SOURCES (USES) – NET	--	--	--	--	--	(438,000)	(35,410)[3]	(54,546)	(11,660)	(20,000)
NET CHANGE IN FUND BALANCES	153,325	619,378	468,420	228,403	97,040	(667,859)	(496,230)	480,012	(58,618)	738,368
Fund Balance at beginning of year	1,718,017	1,718,017	2,337,395	2,337,395	2,565,798	2,565,798	1,897,939[3]	1,897,939[3]	2,266,891	2,266,891
Prior Period Adjustment	--	--	--	--	--	--	(111,060)[4]	(111,060)[4]	--	--
Fund Balance at end of year	$1,871,342	$2,337,395	$2,805,815	$2,565,798	$2,662,838	$1,897,939	$1,290,649	$2,266,891	$2,208,273	$3,005,259

(1) As of the District's second interim financial report for fiscal year 2018-19.

(2) Beginning in fiscal year 2015-16, the District is required to report its share of payments made by the State to STRS (as defined herein) on behalf of District employees, pursuant to GASB Statement No. 68. These funds are not received or spent by the District, but have been recorded as revenues and expenditures. On behalf payments for fiscal years 2015-16 through 2017-18 totaled $423,121, $385,060 and $559,219, respectively. The District has budgeted $559,219 of such payments for fiscal year 2018-19.

(3) The schedule of revenues, expenditures and changes in fund balances for the general fund, on page 57 of the District's 2017-18 audit, contains certain errors to the budgeted beginning and ending fund balances, actual beginning fund balance, and budgeted other finances sources (uses), each of which has been corrected in the figures shown above. See APPENDIX C herein.

(4) The District's beginning balance was decreased in order to recognize certain prior-year health and welfare expenditures.

Source: Portola Valley School District.

State Budget Measures

The following information concerning the State's 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 has not independently verified such information.

2018-19 Budget. On June 27, 2018, the Governor signed into law the State budget for fiscal year 2018-19 (the "2018-19 Budget"). The following information is drawn from the LAO's review of the 2018-19 Budget.

To protect against potential future economic recessions, the 2018-19 Budget fully funds the BSA with a total deposit of over \$4.4 billion, including a \$2.6 billion optional deposit in addition to the Constitutionally-required deposit, and adds two additional reserves to State law: the Safety Net Reserve Fund, intended to save money specifically for future expenditures of the CalWORKs and Medi-Cal programs; and the Budget Deficit Savings Account ("BDSA"), which for 2018-19 will temporarily hold the \$2.6 billion optional BSA deposit until May 2019. In May 2019, the optional BSA deposit amount will be adjusted as necessary to reflect updated estimates of revenues, at which point it will be transferred to the BSA. The projected ending balance in the BSA at the end of the 2018-19 fiscal year is expected to equal the BSA's current constitutional maximum of 10 percent of the estimated general fund revenues for fiscal year 2018-19.

For fiscal year 2017-18, the 2018-19 Budget projects total general fund revenues and transfers of \$129.8 billion and total expenditures of \$127.0 billion. The State is projected to end the 2017-18 fiscal year with total available general fund reserves of \$16.7 billion, including \$7.3 billion in the traditional general fund reserve and \$9.4 billion in the BSA. For fiscal year 2018-19, the 2018-19 Budget projects total general fund revenues of \$133.3 billion and authorizes expenditures of \$138.7 billion. The State is projected to end the 2018-19 fiscal year with total available general fund reserves of \$15.9 billion, including \$2.0 billion in the traditional general fund reserve, \$13.8 billion in the BSA and \$200 million in the Safety Net Reserve Fund. See also "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Proposition 2" herein.

With respect to education funding, the 2018-19 Budget revises the Proposition 98 minimum funding guarantees for both fiscal years 2016-17 and 2017-18, as a result of higher general fund revenues. The 2018-19 Budget sets the Proposition 98 minimum funding guarantee for fiscal year 2016-17 at \$71.6 billion, an increase of \$252 million from the prior year. The 2018-19 Budget revises the minimum funding guarantee for fiscal year 2017-18 at \$75.6 billion, reflecting an increase of \$1.1 billion from the prior year. As part of the 2017-18 increase, the State is making an additional maintenance factor payment of \$789 million, on top of a previous \$536 million payment. After making the approximately \$1.3 billion total payment, the State will have eliminated all remaining maintenance factor for the first time since 2005-06. In both 2016-17 and 2017-18, the State is spending at the calculated minimum guarantee.

For fiscal year 2018-19, the 2018-19 Budget sets the minimum funding guarantee at \$78.4 billion, reflecting an increase of \$2.8 billion (or 3.7%) from the revised prior-year level. Fiscal year 2018-19 is projected to be a "Test 2" year, with the increase in the minimum funding guarantee attributable to a 3.67% increase in per capita personal income. With respect to K-12 education, the 2018-19 Budget sets Proposition 98 funding at \$67.9 billion, including \$47.5 billion from the State general fund, reflecting an increase of \$1.3 billion (or 2.7%) from the prior year. Per-pupil spending increases by \$579 (or 5.2%) from the prior year, up to \$11,640.

Other significant features with respect to K-12 education funding include the following:

- *Local Control Funding Formula* – An increase of \$3.7 billion in Proposition 98 funding to fully implement the LCFF, reaching the target funding targets and funding the statutory 2.71% COLA to the adjusted Base Grants for the prior year. Additionally, the 2018-19 Budget provides nearly an extra 1 percentage point increase in the LCFF rates. The adjusted Base Grants for fiscal year 2018-19 are as follows: \$8,235 for grades K-3, \$7,571 for grades 4-6, \$7,796 for grades 7-8 and \$9,269 for grades 9-12.

- *Low-Performing Students Block Grant* – \$300 million in one-time Proposition 98 funding to provide resources to local education agencies to help certain low-performing students, with funding allocated to local education agencies based on the count of students who did not meet statewide standards in spring 2018 on assessments of reading and math and who are not foster youth, low-income students, English learners, or students with disabilities.

- *State System of Support* – An increase of \$54 million in Proposition 98 funding for county offices of education to provide technical assistance to low-performing local educational agencies.

- *California Collaborative for Educational Excellence* – \$12 million in ongoing Proposition 98 funding for the California Collaborative for Educational Excellence (the "Collaborative") to assist county offices of education and regional lead agencies. Additionally, the 2018-19 Budget re-appropriates \$5.6 million from prior-year one-time Proposition 98 appropriations for use by the Collaborative for additional statewide trainings and technical assistance.

- *Special Education Local Plan Area (SELPA) Technical Assistance* – \$10 million in Proposition 98 funding for up to ten SELPAs to assist county offices of education in providing technical assistance to school districts identified for differentiated assistance within the Statewide system of support.

- *Career Technical Education (CTE)* – \$164 million in ongoing Proposition 98 funding to create a new K-12 CTE program funded through the Strong Workforce Program, which is administrated by California Community College Chancellor's Office, in consultation with the State Department of Education, as well as \$150 million in ongoing Proposition 98 funding to make permanent the State's Career Technical Education Incentive Grant Program.

- *One-Time Discretionary Funding* – An increase of \$1.1 billion in one-time Proposition 98 funding for school districts, charter schools and county offices of education to use at local discretion. Similar to features included in prior State budgets, these funds would offset any applicable mandate reimbursement claims for these entities.

- *Special Education, Bilingual, and STEM Teachers* – \$75 million in one-time Proposition 98 funding to start new or expand existing teacher residency programs with \$50 million earmarked for special education teachers and \$25 million earmarked for bilingual and STEM teachers; and \$50 million in one-time Proposition 98 funding to provide one-time competitive grants to local educational agencies to fund new or existing local efforts to recruit and retain special education teachers.

- *Classified School Employee Summer Assistance Program* – \$50 million one-time Proposition 98 funding to provide state matching funds to classified school employees that elect to have a portion of their monthly paychecks withheld during the 2019-20 school year, supplemented by State funding, and paid during the summer recess period.

- *Classified School Employee Professional Development Block Grant Program* – $50 million one-time Proposition 98 funding for professional development opportunities for classified staff, with a priority on professional development for the implementation of school safety plans.

- *Federal Funds for Academic Enrichment* – $165 million one-time federal ESSA Title IV funding for academic enrichment, with $121 million of such funds distributed to local education agencies based on their share of existing Title I funding, and the remainder distributed competitively.

- *Charter School Facility Grant Program* – $21 million one-time and $25 million ongoing Proposition 98 funding to reflect increases in programmatic costs.

- *Kids Code After School Program* – $15 million one-time Proposition 98 funding to fund the inclusion of computer coding in after-school curriculum.

- *Fiscal Crisis and Management Assistance Team (FCMAT)* – $972,000 Proposition 98 funding to allow FCMAT provide additional assistance for fiscally distressed school districts and provide additional training for county offices of education regarding fiscal oversight of school districts.

- *Kindergarten Facilities* – $100 million one-time non-Proposition 98 funding to help school districts cover facility costs associated with converting their part-day kindergarten programs into full-day programs.

- *Proposition 51* – a total allocation of $594 million in Proposition 51 bond funds for K-12 school facility projects.

For additional information regarding the 2018-19 Budget, see the State Department of Finance website at www.dof.ca.gov and the LAO's website at www.lao.ca.gov. However, the information presented on such websites is not incorporated herein by reference.

Proposed 2019-20 Budget. On January 10, 2019, the Governor released his proposed State budget for fiscal year 2019-20 (the "Proposed 2019-20 Budget"). The following information is drawn from the State Department of Finance's summary, and the LAO's review of, the Proposed 2019-20 Budget.

For fiscal year 2018-19, the Proposed 2019-20 Budget projects total general fund revenues and transfers of $136.9 billion and total expenditures of $144.1 billion. The State is projected to end the 2018-19 fiscal year with total available general fund reserves of $18.3 billion, including $3.9 billion in the traditional general fund reserve, $13.5 billion in the BSA and $900 million in the Safety Net Reserve Fund. For fiscal year 2019-20, the Proposed 2019-20 Budget projects total general fund revenues and transfers of $142.6 billion and authorizes expenditures of $144.2 billion. The State is projected to end the 2019-20 fiscal year with total available general fund reserves of $18.5 billion, including $2.3 billion in the traditional general fund reserve, $15.3 billion in the BSA and $900 million in the Safety Net Reserve Fund. The Governor notes that additional deposits to the BSA are premised on a recent opinion by the California Office of Legislative Counsel which concluded that supplemental payments to the BSA made in prior fiscal years do not count towards calculating its constitutional maximum of 10% Under the Governor's new estimates, mandatory deposits to the BSA represent only 8.1% of State general fund taxes. See also "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Proposition 2" herein.

With respect to education funding, the Proposed 2019-20 Budget revises the Proposition 98 minimum funding guarantees for both fiscal years 2017-18 and 2018-19, as a result of lower-than-anticipated ADA and a year-to-year decline in State general fund revenue growth. The Proposed 2019-20 Budget sets the Proposition 98 minimum funding guarantee for fiscal year 2017-18 at $75.5 billion, a decrease of $120.1 million from the prior year. The Proposed 2019-20 Budget revises the minimum funding guarantee for fiscal year 2018-19 at $77.9 billion, reflecting a decrease of $525.7 million from the prior year. Notwithstanding these decreases, the Proposed 2019-20 Budget maintains level funding for K-14 education in these years by maintaining a $44 million overappropriation to the fiscal year 2017-18 minimum guarantee and using settle-up payments to offset otherwise unfunded obligations in fiscal year 2018-19.

For fiscal year 2019-20, the Proposed 2019-20 Budget sets the minimum funding guarantee at $80.7 billion, reflecting an increase of $2.8 billion (or 3.6%) from the revised prior-year level. Fiscal year 2019-20 is projected to be a "Test 3" year. With respect to K-12 education, ongoing per-pupil spending is set at $12,003, reflecting an increase of $435 from the prior year.

Other significant features with respect to K-12 education funding include the following:

- *Local Control Funding Formula* – An increase of $2 billion in Proposition 98 funding for the LCFF, reflecting a 3.46% COLA, and bringing total LFCC funding to $63 billion.

- *Categorical Programs* – An increase of $187 million in Proposition 98 funding to support a 3.46% COLA for categorical programs that remain outside the LCFF.

- *Pension Costs* – A $3 billion, one-time payment from non-Proposition 98 funds to CalSTRS, to reduce long-term liabilities for K-14 school districts. Of this amount, $700 million would be provided to buy down employer contribution rates in fiscal years 2019-20 and 2020-21. The remaining $2.3 billion would be paid towards employers' long-term unfunded liability.

- *State System of Support* – An increase of $20.2 million in Proposition 98 funding for county offices of education to provide technical assistance to low-performing local educational agencies.

- *Special Education* – $577 million in Proposition 98 funding (of which $186 million is one-time) to school districts based on their unduplicated counts of low-income, English learner and disabled students. These funds may be used for either (i) special education services for students with disabilities, or (ii) early intervention programs for students are not yet receiving special education services.

- *Preschool* – $125 million in non-Proposition 98, ongoing funding to provide 10,000 full-day preschool slots for children from low income families. The Proposed 2019-20 Budget also provides for an increase of $26.8 million in Proposition 98 funding to reflect the full-year cost of full-day preschool slots implemented during the prior fiscal year.

- *Early Education* – An increase of $750 million in one-time non-Proposition 98 funding to create more full-day Kindergarten programs. The funds are primarily intended for constructing new or retrofitting existing school facilities needed to operate longer-day programs. The Proposed 2019-20 Budget also includes $500 million for improvements to early education (including $245 million for facilities, $245 million for the child care workforce, and $10 million to improve access and quality).

- *County Offices of Education* – An increase of $9 million in Proposition 98 funding for county offices of education, reflecting a 3.46% COLA and ADA changes applicable to the LCFF.

- *Proposition 51* – a total allocation of $1.5 billion in Proposition 51 bond funds for K-12 school facility projects.

For additional information regarding the Proposed 2019-20 Budget, see the State Department of Finance website at www.dof.ca.gov and the LAO's website at www.lao.ca.gov. However, the information presented on such websites is not incorporated herein by reference.

Future Actions. 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. However, the obligation to levy *ad valorem* property taxes upon all taxable property within the District for the payment of principal of and interest on the Bonds would not be impaired.

PORTOLA VALLEY SCHOOL DISTRICT

The information in this section concerning the operations of the District and the District's finances are provided as supplementary information only, and it should not be inferred from the inclusion of this information in this Official Statement that the principal of or interest on the Bonds is payable from the general fund of the District. The Bonds shall be payable solely from the proceeds of an ad valorem *property tax required to be levied by the County on taxable property within the District in an amount sufficient for the payment thereof. See "THE BONDS – Security and Sources of Payment" herein.*

Introduction

The District, located in the County, currently provides educational services to the residents of the Town of Portola Valley, a portion of the Town of Woodside and certain unincorporated areas of the County. The District is located approximately 37 miles south of San Francisco, on the edge of the Silicon Valley. The District currently operates Ormondale School and Corte Madera School, servicing students in grades kindergarten through eight. For fiscal year 2018-19, the District's ADA is projected to be 558 students, and taxable property has an assessed valuation of $5,448,231,898.

Administration

The District is governed by a five-member Board of Trustees, each member of which is elected to a four-year term by electors within their respective trustee areas. Elections for positions to the District Board are held every two years, alternating between two and three available positions. The following table shows the current members and terms of the District Board. The District Board currently has one vacancy. The District expects that the District Board, at their March 27 meeting, will select and appoint someone to fill this vacancy.

Board Member	Office	Term Expires
Jeff Klugman	President	December 2020
Karyn Bechtel	Clerk	December 2020
Brooke Day	Member	December 2019
Gulliver La Valle	Member	December 2019

The management and policies of the District are administered by a Superintendent appointed by the Board who is responsible for day-to-day District operations as well as supervision of the District's other key personnel. Eric Hartwig currently serves as the District Superintendent. Brief biographies of the Superintendent and Chief Business Official follow:

Eric Hartwig, Superintendent. Mr. Hartwig has served as the Superintendent of the District since October of 2015. Previously, Mr. Hartwig served as the Superintendent of the Las Lomitas School District for five years. Mr. Hartwig's other prior positions include serving as a director of curriculum and instruction, principal, assistant principal and a teacher. Mr. Hartwig has announced his intention to retire from his position as Superintendent at the end of the current fiscal year. The District has begun the process of selecting a new Superintendent.

Connie Ngo, Chief Business Official. Ms. Ngo has served as the Chief Business Official of the District since January of 2018. Previously, she served as the Director of Fiscal Services of the Palo Alto Unified School District for four years. Ms. Ngo has also previously served the Jefferson Elementary School District and Burlingame Elementary School District in similar capacities, for a total of 16 years in education. Ms. Ngo is a certified public accountant with diverse experience in public schools and other local agencies.

Labor Relations

As of February 12, 2019, the District employed 29.38 full-time equivalent ("FTE") certificated employees and 54.14 FTE classified employees. These figures include both full-time and part-time faculty and staff. District employees, with the exception of management and some part-time employees, are represented by the bargaining units noted below.

BARGAINING UNITS
Portola Valley School District

Labor Organization	Contract Expiration
California School Employees Association – Chapter 659	June 30, 2020
Portola Valley Teachers Association; CTA/NEA	June 30, 2019

Source: Portola Valley School District.

Retirement Programs

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

STRS. All full-time certificated employees, as well as certain classified employees, are members of the State Teachers' Retirement System ("STRS"). STRS provides retirement, disability and survivor benefits to plan members and beneficiaries under a defined benefit program (the "STRS Defined Benefit Program"). The STRS 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.

Prior to fiscal year 2014-15, and unlike typical defined benefit programs, none of the employee, employer nor State contribution rates to the STRS Defined Benefit Program varied annually to make up funding shortfalls or assess credits for actuarial surpluses. In recent years, the combined employer, employee and State contributions to the STRS Defined Benefit Program have not been sufficient to pay actuarially required amounts. As a result, and due to significant investment losses, the unfunded actuarial liability of the STRS Defined Benefit Program has increased significantly in recent fiscal years. In September 2013, STRS projected that the STRS Defined Benefit Program would be depleted in 31 years assuming existing contribution rates continued, and other significant actuarial assumptions were realized. In an effort to reduce the unfunded actuarial liability of the STRS Defined Benefit Program, the State passed the legislation described below to increase contribution rates.

Prior to July 1, 2014, K-14 school districts were required by such statutes to contribute 8.25% of eligible salary expenditures, while participants contributed 8% of their respective salaries. On June 24, 2014, the Governor signed AB 1469 ("AB 1469") into law as a part of the State's fiscal year 2014-15 budget. AB 1469 seeks to fully fund the unfunded actuarial obligation with respect to service credited to members of the STRS Defined Benefit Program before July 1, 2014 (the "2014 Liability"), within 32 years, by increasing member, K-14 school district and State contributions to STRS. Commencing July 1, 2014, the employee contribution rate increased over a three-year phase-in period in accordance with the following schedule:

MEMBER CONTRIBUTION RATES
STRS (Defined Benefit Program)

Effective Date	STRS Members Hired Prior to January 1, 2013	STRS Members Hired After January 1, 2013
July 1, 2014	8.150%	8.150%
July 1, 2015	9.200	8.560
July 1, 2016	10.250	9.205

Source: AB 1469.

Pursuant to the Reform Act (defined below), the contribution rates for members hired after the Implementation Date (defined below) will be adjusted if the normal cost increases by more than 1% since the last time the member contribution was set. The contribution rate for employees hired after the Implementation Date (defined below) increased from 9.205% of creditable compensation for fiscal year commencing July 1, 2017 to 10.205% of creditable compensation effective July 1, 2018.

Pursuant to AB 1469, K-14 school districts' contribution rate will increase over a seven-year phase-in period in accordance with the following schedule:

K-14 SCHOOL DISTRICT CONTRIBUTION RATES
STRS (Defined Benefit Program)

Effective Date	K-14 school districts
July 1, 2014	8.88%
July 1, 2015	10.73
July 1, 2016	12.58
July 1, 2017	14.43
July 1, 2018	16.28
July 1, 2019	18.13
July 1, 2020	19.10

Source: AB 1469.

Based upon the recommendation from its actuary, for fiscal year 2021-22 and each fiscal year thereafter the STRS Teachers' Retirement Board (the "STRS Board"), is required to increase or decrease the K-14 school districts' contribution rate to reflect the contribution required to eliminate the remaining 2014 Liability by June 30, 2046; provided that the rate cannot change in any fiscal year by more than 1% of creditable compensation upon which members' contributions to the STRS Defined Benefit Program are based; and provided further that such contribution rate cannot exceed a maximum of 20.25%. In addition to the increased contribution rates discussed above, AB 1469 also requires the STRS Board to report to the State Legislature every five years (commencing with a report due on or before July 1, 2019) on the fiscal health of the STRS Defined Benefit Program and the unfunded actuarial obligation with respect to service credited to members of that program before July 1, 2014. The reports are also required to identify adjustments required in contribution rates for K-14 school districts and the State in order to eliminate the 2014 Liability.

The District's contributions to STRS were $521,954 in fiscal year 2014-15, $690,707 in fiscal year 2015-16, $822,206 in fiscal year 2016-17 and $940,727 in fiscal year 2017-18. The District has projected its contribution to STRS for fiscal year 2018-19 to be $1,032,403.

The State also contributes to STRS, currently in an amount equal to 7.328% for fiscal year 2018-19. The State's contribution reflects a base contribution rate of 2.017%, and a supplemental contribution rate that will vary from year to year based on statutory criteria. Based upon the recommendation from its actuary, for fiscal year 2017-18 and each fiscal year thereafter, the STRS Board is required, with certain limitations, to increase or decrease the State's contribution rates to reflect the contribution required to eliminate the unfunded actuarial accrued liability attributed to benefits in effect before July 1, 1990.

In addition, the State is currently required to make an annual general fund contribution up to 2.5% of the fiscal year covered STRS member payroll to the Supplemental Benefit Protection Account (the "SBPA"), which was established by statute to provide supplemental payments to beneficiaries whose purchasing power has fallen below 85% of the purchasing power of their initial allowance.

PERS. Classified employees working four or more hours per day are members of the Public Employees' Retirement System ("PERS"). PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the State statutes, as legislatively amended from time to time. PERS operates a number of retirement plans including the Public Employees Retirement Fund ("PERF"). PERF is a multiple-employer defined benefit retirement plan. In addition to the State, employer participants at June 30, 2017 included 1,624 public agencies and 1,366 K-14 school districts and charter schools. PERS acts as the common investment and administrative agent for the member agencies. The State and K-14 school districts (for "classified employees," which generally consist of school employees other than teachers) are required by law to participate in PERF. Employees participating in PERF generally become fully vested in their retirement benefits earned to date after five years of credited service. One of the plans operated by PERS is for K-14 school districts throughout the State (the "Schools Pool").

Contributions by employers to the Schools Pool are based upon an actuarial rate determined annually and contributions by plan members vary based upon their date of hire. The District is currently required to contribute to PERS at an actuarially determined rate, which is 18.062% of eligible salary expenditures or fiscal year 2018-19. Participants enrolled in PERS prior to January 1, 2013 contribute at a rate established by statute, which is 7% of their respective salaries in fiscal year 2017-18 and fiscal year 2018-19, while participants enrolled after January 1, 2013 contribute at an actuarially determined rate, which is 6.5% in fiscal year 2017-18 and will be 7% in fiscal year 2018-19. See "—California Public Employees' Pension Reform Act of 2013" herein.

The District's contributions to PERS were $260,821 in fiscal year 2014-15 and $278,442 in fiscal year 2015-16, $313,954 in fiscal year 2016-17 and $335,390 in fiscal year 2017-18. The District has projected its contribution to PERS for fiscal year 2018-19 to be $389,000.

State Pension Trusts. Each of STRS and PERS 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 STRS and PERS as follows: (i) STRS, P.O. Box 15275, Sacramento, California 95851-0275; (ii) PERS, P.O. Box 942703, Sacramento, California 94229-2703. Moreover, each of STRS and PERS maintains a website, as follows: (i) STRS: www.calstrs.com; (ii) PERS: www.calpers.ca.gov. However, the information presented in such financial reports or on such websites is not incorporated into this Official Statement by any reference.

Both STRS and PERS have substantial statewide unfunded liabilities. The amount of these unfunded liabilities will vary depending on actuarial assumptions, returns on investments, salary scales and participant contributions. The following table summarizes information regarding the actuarially-determined accrued liability for both STRS and PERS. Actuarial assessments are "forward-looking" information that reflect the judgment of the fiduciaries of the pension plans, and are based upon a variety of assumptions, one or more of which may not materialize or be changed in the future. Actuarial assessments will change with the future experience of the pension plans.

FUNDED STATUS
STRS (Defined Benefit Program) and PERS (Schools Pool)
(Dollar Amounts in Millions) (1)
Fiscal Years 2010-11 through 2016-17

STRS

Fiscal Year	Accrued Liability	Value of Trust Assets (MVA)(2)	Unfunded Liability (MVA)(2)	Value of Trust Assets (AVA)(3)	Unfunded Liability (AVA)(3)
2010-11	$208,405	$147,140	$68,365	$143,930	$64,475
2011-12	215,189	143,118	80,354	144,232	70,957
2012-13	222,281	157,176	74,374	148,614	73,667
2013-14	231,213	179,749	61,807	158,495	72,718
2014-15	241,753	180,633	72,626	165,553	76,200
2015-16	266,704	177,914	101,586	169,976	96,728
2016-17	286,950	197,718	103,468	179,689	107,261

PERS

Fiscal Year	Accrued Liability	Value of Trust Assets (MVA)	Unfunded Liability (MVA)	Value of Trust Assets (AVA)(3)	Unfunded Liability (AVA)(3)
2010-11	$58,358	$45,901	$12,457	$51,547	$6,811
2011-12	59,439	44,854	14,585	53,791	5,648
2012-13	61,487	49,482	12,005	56,250	5,237
2013-14	65,600	56,838	8,761	--(4)	--(4)
2014-15	73,325	56,814	16,511	--(4)	--(4)
2015-16	77,544	55,785	21,759	--(4)	--(4)
2016-17	84,416	60,865	23,551	--(4)	--(4)

(1) Amounts may not add due to rounding.
(2) Reflects market value of assets, including the assets allocated to the SBPA reserve. Since the benefits provided through the SBPA are not a part of the projected benefits included in the actuarial valuations summarized above, the SBPA reserve is subtracted from the STRS Defined Benefit Program assets to arrive at the value of assets available to support benefits included in the respective actuarial valuations.
(3) Reflects actuarial value of assets.
(4) Effective for the June 30, 2014 actuarial valuation, PERS no longer uses an actuarial value of assets.
Source: PERS Schools Pool Actuarial Valuation; STRS Defined Benefit Program Actuarial Valuation.

The STRS Board has sole authority to determine the actuarial assumptions and methods used for the valuation of the STRS Defined Benefit Program. Based on the multi-year CalSTRS Experience Analysis (spanning from July 1, 2010, through June 30, 2015), on February 1, 2017, the STRS Board adopted a new set of actuarial assumptions that reflect member's increasing life expectancies and current economic trends. These new assumptions were first reflected in the STRS Defined Benefit Program Actuarial Valuation, as of June 30, 2016 (the "2016 STRS Actuarial Valuation"). The new actuarial assumptions include, but are not limited to: (i) adopting a generational mortality methodology to reflect past improvements in life expectancies and provide a more dynamic assessment of future life spans, (ii) decreasing the investment rate of return (net of investment and administrative expenses) to 7.25% for the 2016 STRS Actuarial Valuation and 7.00% for the June 30, 2017 actuarial evaluation (the "2017 STRS Actuarial Valuation"), and (iii) decreasing the projected wage growth to 3.50% and the projected inflation rate to 2.75%. The 2017 STRS Actuarial Valuation continues using the Entry Age Normal Actuarial Cost Method.

Based on the change in actuarial assumptions adopted by the STRS Board, including the adoption of a 7% investment rate of return, recent investment experience and the insufficiency of the contributions received in fiscal year 2016-17 to cover interest on the unfunded actuarial obligation, the 2017 STRS Actuarial Valuation reports that the unfunded actuarial obligation increased by $10.6 billion since the June 30, 2016 actuarial valuation and the funded ratio decreased by 1.1% to 62.6% over such time period. As a result, it is currently projected that there will be a need for higher contributions from the State, employers and members in the future to reach full funding by 2046.

According to the 2017 STRS Actuarial Valuation, the future revenues from contributions and appropriations for the STRS Defined Benefit Program are projected to be approximately sufficient to finance its obligations with a projected ending funded ratio in fiscal year ending June 30, 2046 of 99.6%, except for a small portion of the unfunded actuarial obligation related to service accrued on or after July 1, 2014 for member benefits adopted after 1990, for which AB 1469 provides no authority to the STRS Board to adjust rates to pay down that portion of the unfunded actuarial obligation. This finding reflects the scheduled contribution rate increases directed by statute, assumes additional increases in the scheduled contribution rates allowed under the current law will be made, and is based on the valuation assumptions and valuation policy adopted by the STRS Board, including a 7.00% investment rate of return assumption.

In recent years, the PERS Board of Administration (the "PERS Board") has taken several steps, as described below, intended to reduce the amount of the unfunded accrued actuarial liability of its plans, including the Schools Pool.

On March 14, 2012, the PERS Board voted to lower the PERS' rate of expected price inflation and its investment rate of return (net of administrative expenses) (the "PERS Discount Rate") from 7.75% to 7.5%. On February 18, 2014, the PERS Board voted to keep the PERS Discount Rate unchanged at 7.5%. On November 17, 2015, the PERS Board approved a new funding risk mitigation policy to incrementally lower the PERS Discount Rate by establishing a mechanism whereby such rate is reduced by a minimum of 0.05% to a maximum of 0.25% in years when investment returns outperform the existing PERS Discount Rate by at least four percentage points. On December 21, 2016, the PERS Board voted to lower the PERS Discount Rate to 7.0% over a three year phase-in period in accordance with the following schedule: 7.375% in fiscal year 2017-18, 7.25% in fiscal year 2018-19 and 7.00% in fiscal year 2019-20. The new discount rate went into effect July 1, 2017 for the State and July 1, 2018 for K-14 school districts and other public agencies. Lowering the PERS Discount Rate means employers that contract with PERS to administer their pension plans will see increases in their normal costs and unfunded actuarial liabilities. Active members hired after January 1, 2013, under the Reform Act (defined below) will also see their contribution rates rise.

On April 17, 2013, the PERS Board approved new actuarial policies aimed at returning PERS to fully-funded status within 30 years. The policies include a rate smoothing method with a 30-year fixed amortization period for gains and losses, a five-year increase of public agency contribution rates, including the contribution rate at the onset of such amortization period, and a five year reduction of public agency contribution rates at the end of such amortization period. The new actuarial policies were first included in the June 30, 2014 actuarial valuation and were implemented with respect the State, K-14 school districts and all other public agencies in fiscal year 2015-16.

Also, on February 20, 2014, the PERS Board approved new demographic assumptions reflecting (i) expected longer life spans of public agency employees and related increases in costs for the PERS system and (ii) trends of higher rates of retirement for certain public agency employee classes, including police officers and firefighters. The new actuarial assumptions were first reflected in the Schools Pool in the June 30, 2015 actuarial valuation. The increase in liability due to the new assumptions will be amortized over 20 years with increases phased in over five years, beginning with the contribution requirement for fiscal year 2016-17. The new demographic assumptions affect the State, K-14 school districts and all other public agencies.

The PERS Board is required to undertake an experience study every four years under its Actuarial Assumptions Policy and State law. As a result of the most recent experience study, on December 20, 2017, the PERS Board approved new actuarial assumptions, including (i) lowering the inflation rate to 2.625% for the June 30, 2018 actuarial valuation and to 2.50% for the June 30, 2019 actuarial valuation, (ii) lowering the payroll growth rate to 2.875% for the June 30, 2018 actuarial valuation and 2.75% for the June 30, 2019 actuarial valuation, and (iii) certain changes to demographic assumptions relating to the salary scale for most constituent groups, and modifications to the morality, retirement, and disability retirement rates.

On February 14, 2018, the PERS Board approved a new actuarial amortization policy with an effective date for actuarial valuations beginning on or after June 30, 2019, which includes (i) shortening the period over which actuarial gains and losses are amortized from 30 years to 20 years, (ii) requiring that amortization payments for all unfunded accrued liability bases established after the effective date be computed to remain a level dollar amount throughout the amortization period, (iii) removing the 5-year ramp-up and ramp-down on unfunded accrued liability bases attributable to assumptions changes and non-investment gains/losses established on or after the effective date and (iv) removing the 5-year ramp-down on investment gains/losses established after the effective date. While PERS expects that reducing the amortization period for certain sources of unfunded liability will increase future average funding ratios, provide faster recovery of funded status following market downturns, decrease expected cumulative contributions, and mitigate concerns over intergenerational equity, such changes may result in increases in future employer contribution rates.

The Schools Pool Actuarial Valuation as of June 30, 2017, reported that, based on the changes in the discount rate, inflation rate, payroll growth rate and demographic assumptions, along with the 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, the projected contribution rate for 2019-20 is projected to be 20.7%, with annual increases thereafter, resulting in a projected 25.5% employer contribution rate for fiscal year 2025-26.

The District can make no representations regarding the future program liabilities of STRS, or whether the District will be required to make additional contributions to STRS in the future above those amounts required under AB 1469. The District can also provide no assurances that the District's required contributions to PERS will not increase in the future.

California Public Employees' Pension Reform Act of 2013. On September 12, 2012, the Governor signed into law the California Public Employees' Pension Reform Act of 2013 (the "Reform Act"), which makes changes to both STRS and PERS, most substantially affecting new employees hired after January 1, 2013 (the "Implementation Date"). For STRS participants hired after the Implementation Date, the Reform Act changes the normal retirement age by increasing the eligibility for the 2% age factor (the age factor is the percent of final compensation to which an employee is entitled 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. Similarly, for non-safety PERS participants hired after the Implementation Date, the Reform Act changes the normal retirement age by increasing the eligibility for the 2% age factor from age 55 to 62 and increases the eligibility requirement for the maximum age factor of 2.5% to age 67. Among the other changes to PERS and STRS, the Reform Act also: (i) requires all new participants enrolled in PERS and STRS after the Implementation Date to contribute at least 50% of the total annual normal cost of their pension benefit each year as determined by an actuary, (ii) requires STRS and PERS 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 (previously 12 months for STRS members who retire with 25 years of service), and (iii) caps "pensionable compensation" for new participants enrolled after the Implementation Date at 100% of the federal Social Security contribution (to be adjusted annually based on changes to the Consumer Price Index for all Urban Consumers) and benefit base for members participating in Social Security or 120% for members not participating in social security (to be adjusted annually based on changes to the Consumer Price Index for all Urban Consumers), 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 Statement Nos. 67 and 68. On June 25, 2012, GASB approved Statements Nos. 67 and 68 ("Statements") with respect to pension accounting and financial reporting standards for state and local governments and pension plans. The new Statements, No. 67 and No. 68, replace GASB Statement No. 27 and most of Statements No. 25 and No. 50. The changes impact the accounting treatment of pension plans in which state and local governments participate. Major changes include: (1) the inclusion of unfunded pension liabilities on the government's balance sheet (currently, such unfunded liabilities are typically included as notes to the government's financial statements); (2) more components of full pension costs being shown as expenses regardless of actual contribution levels; (3) lower actuarial discount rates being required to be used for underfunded plans in certain cases for purposes of the financial statements; (4) closed amortization periods for unfunded liabilities being required to be used for certain purposes of the financial statements; and (5) the difference between expected and actual investment returns being recognized over a closed five-year smoothing period. In addition, according to GASB, Statement No. 68 means that, for pensions within the scope of the Statement, a cost-sharing employer that does not have a special funding situation is required to recognize a net pension liability, deferred outflows of resources, deferred inflows of resources related to pensions and pension expense based on its proportionate share of the net pension liability for benefits provided through the pension plan. Because the accounting standards do not require changes in funding policies, the full extent of the effect of the new standards on the District is not known at this time. The reporting requirements for pension plans took effect for the fiscal year beginning July 1, 2013 and the reporting requirements for government employers, including the District, took effect for the fiscal year beginning July 1, 2014.

As of June 30, 2018, the District reported its shares of the net pension liabilities for the STRS and PERS plans as $12,022,270 and $3,626,254, respectively. For more information, see "—District Debt Structure" and "APPENDIX C – 2017-18 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT – Note 10A" and "—Note 10B" herein.

Other Post-Employment Benefits

Benefit Plan. The District currently provides post-employment medical, dental and vision insurance benefits (the "Post-Employment Benefits") to eligible retired certificated, classified and management employees. As of June 30, 2018, membership in the plan consisted of 95 retirees receiving benefits, and 12 active members.

Funding Policy. Currently, the District funds the Post-Employment Benefits on a "pay-as-you-go" basis to cover the cost of current premiums. For fiscal years 2014-15 through 2017-18, the District recognized expenditures for Post-Employment Benefits equal to $101,635, $106,342, $122,447 and $92,873, respectively. For fiscal year 2018-19, the District has projected $62,660 of total expenditures for the Post-Employment Benefits.

GASB Statement Nos. 74 and 75. On June 2, 2015, GASB approved Statements Nos. 74 and 75 (each, "GASB 74" and "GASB 75") with respect to pension accounting and financial reporting standards for public sector post-retirement benefit programs and the employers that sponsor them. GASB 74 replaces GASB Statements No. 43 and 57 and GASB 75 replaces GASB 45.

Most of GASB 74 applies to plans administered through trusts, contributions in which contributions are irrevocable, trust assets are dedicated to providing other post –employment benefits to plan members and trust assets are legally protected from creditors. GASB Statements No. 74 and No. 75 will require a liability for OPEB obligations, known as the Net OPEB Liability, to be recognized on the balance sheet of the plan and the participating employer's financial statements. In addition, an OPEB expense (service cost plus interest on total OPEB liability plus current-period benefit changes minus member contributions minus assumed earning on plan investments plus administrative expenses plus recognition of deferred outflows minus recognition of deferred inflows) will be recognized in the income statement of the participating employers. In the notes to its financial statements, employers providing other post-employment benefits will also have to include information regarding the year-to-year change in the Net OPEB Liability and a sensitivity analysis of the Net OPEB Liability to changes in the discount rate and healthcare trend rate. The required supplementary information will also be required to show a 10-year schedule of the plan's net OPEB liability reconciliation and related ratios, and any actuarially determined contributions and investment returns.

Under GASB 74, the measurement date must be the same as the plan's fiscal year end, but the actuarial valuation date may be any date up to 24 months prior to the measurement date. For the Total OPEB Liability, if the valuation date is before the measurement date, the results must be projected forward from the valuation date to the measurement date using standard actuarial roll-forward techniques. For plans that are unfunded or have assets insufficient to cover the projected benefit payments, a discount rate reflecting a 20-year tax-exempt municipal bond yield or index rate must be used. For plans with assets that meet the GASB 74 requirements, a projection of the benefit payments and future Fiduciary Net Position is performed based on the funding policy and assumptions of the plan, along with the methodology specified in GASB. The Fiduciary Net Position measures the value of trust assets, adjusted for payees and receivables.

GASB No. 74 has an effective date for plan fiscal years beginning after June 15, 2016, and was first recognized in the District's financial statements for fiscal year 2016-17. GASB Statement No. 75 has an effective date for employer fiscal years beginning after June 15, 2017, and the District first recognized GASB No. 75 in their financial statements for fiscal year 2017-18. See also APPENDIX C – 2017-18 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT – Note 10C" attached hereto.

Actuarial Studies. The District's most recent actuarial study, dated as of February 20, 2019, calculated the District's accrued liability in accordance with GASB No. 74 and GASB No. 75. The study concluded that the District's Total OPEB Liability as of June 30, 2017 was $1,367,737, its Fiduciary Net Position was $0 and its Net OPEB Liability was $1,367,737.

Risk Management

The District is exposed to various risks of loss related to property, general liability, and employee benefits. These risks are addressed through a combination of commercial insurance and participation in certain public entity risk pools, as described below.

The District is a member of the San Mateo County Schools Insurance Group joint powers authority (the "JPA") for property and liability and workers' compensation. The JPA arranges for and/or provide coverage for their members. Each member district pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionately to its participation in the JPA. The JPA is not considered component unit of the District for financial reporting purposes.

District Debt Structure

Short-Term Debt. On July 10, 2018, the District issued $1,375,000 of its 2018-19 Tax and Revenue Anticipation Notes (the "Notes") to fund seasonal cashflow deficits. The Notes mature on June 28, 2019, and bear interest at a rate of 4.00% with a yield of 1.60%. The Notes are a general obligation of the District, payable from any legally available funds. The District has pledged a portion of its unrestricted revenues for fiscal year 2018-19, equal to the principal and interest due on the Notes, to the payment thereof.

Long-Term Debt. A schedule of changes in long-term debt for the year ended June 30, 2018, is shown below:

	Balance July 1, 2017	Additions	Deductions	Balance June 30, 2018
General Obligation Bonds	$16,688,317	--	$894,107	$15,794,210
Capital Leases	1,902,738	--	141,698	1,761,040
Annual Net OPEB Obligation	852,781	$1,587,937	1,072,981	1,367,737
Net Pension Liabilities	12,769,213	9,041,823	6,162,511	15,648,525
Early Retirement Incentives	610,000	--	125,259	484,741
Compensated Absences	29,011	--	16,548	12,463
Total	$32,852,060	$10,629,760	$8,413,104	$35,068,716

Source: Portola Valley School District.

Capital Leases. In July of 2010, the District entered into a site lease for solar and other equipment, including installation, in the amount of $2,850,000. Although the District's audited financial statements indicate that, as of June 30, 2018, the District expected to receive federal subsidies to offset the lease payments due from the District, the District no longer intends to apply for or receive such subsidy payments. Future semi-annual lease payments in connection with such lease agreement are shown in the following table.

Year Ending June 1	Principal	Interest	Total
2019	$150,615.99	$109,712.78	$260,328.77
2020	160,145.49	100,329.40	260,474.89
2021	170,330.66	90,352.32	260,682.98
2022	181,217.14	79,740.72	260,957.86
2023	192,853.83	68,450.90	261,304.73
2024	205,292.93	56,436.10	261,729.03
2025	218,590.37	43,646.36	262,236.73
2026	232,805.95	30,028.18	262,834.13
2027	249,187.29	7,762.18	256,949.47

Source: Portola Valley School District.

General Obligation Bonds. The table below shows the annual debt service requirements for all of the District's outstanding bonded indebtedness, assuming the successful execution and delivery of the Series 2019A Bonds on the Closing Date and the Refunding Bonds on the Settlement Date, and does not reflect the debt service on the Prior Bonds expected to be refunded with the Refunding Bonds.

Year Ending August 1	2009 General Obligation Refunding Bonds	2010 General Obligation Refunding Bonds	2010 General Obligation Refunding Bonds, Series B(1)	2016 General Obligation Refunding Bonds	Series 2019A Bonds	Refunding Bonds	Total
2019	$270,537.50	$457,500.00	$8,300.00	$264,744.00	$139,764.44	--	$1,140,845.94
2020	272,881.26	457,750.00	156,600.00	267,547.50	2,051,400.00	$86,024.31	3,292,203.07
2021	274,275.00	462,000.00	146,000.00	265,255.50	1,856,400.00	171,500.00	3,175,430.50
2022	--	--	145,600.00	1,007,963.50	286,650.00	171,500.00	1,611,713.50
2023	--	--	--	1,001,442.00	286,650.00	286,500.00	1,574,592.00
2024	--	--	--	999,729.50	286,650.00	285,750.00	1,572,129.50
2025	--	--	--	1,012,730.50	286,650.00	269,750.00	1,569,130.50
2026	--	--	--	1,010,158.50	286,650.00	269,250.00	1,566,058.50
2027	--	--	--	1,017,300.00	286,650.00	268,500.00	1,572,450.00
2028	--	--	--	1,038,964.00	371,650.00	247,500.00	1,658,114.00
2029	--	--	--	1,059,864.00	392,400.00	257,250.00	1,709,514.00
2030	--	--	--	--	406,900.00	1,411,250.00	1,818,150.00
2031	--	--	--	--	430,400.00	1,412,250.00	1,842,650.00
2032	--	--	--	--	447,400.00	--	447,400.00
2033	--	--	--	--	473,150.00	--	473,150.00
2034	--	--	--	--	497,150.00	--	497,150.00
2035	--	--	--	--	519,400.00	--	519,400.00
2036	--	--	--	--	542,800.00	--	542,800.00
2037	--	--	--	--	569,800.00	--	569,800.00
2038	--	--	--	--	600,200.00	--	600,200.00
2039	--	--	--	--	628,800.00	--	628,800.00
2040	--	--	--	--	660,600.00	--	660,600.00
2041	--	--	--	--	690,400.00	--	690,400.00
2042	--	--	--	--	728,200.00	--	728,200.00
2043	--	--	--	--	763,600.00	--	763,600.00
2044	--	--	--	--	796,600.00	--	796,600.00
2045	--	--	--	--	837,200.00	--	837,200.00
Total	$817,693.76	$1,377,250.00	$456,500.00	$8,945,699.00	$16,124,114.44	$5,137,024.31	$32,858,281.51

(1) Reflects debt service on the maturities of the 2010 General Obligation Refunding Bonds, Series B which will not be refunded with proceeds of the Refunding Bonds (i.e. August 1, 2019 through and including August 1, 2022 maturities).

Source: Portola Valley School District.

TAX MATTERS

In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California ("Bond Counsel"), under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described herein, 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 calculating the federal alternative minimum tax imposed on individuals. In the further opinion of Bond Counsel, interest on the Bonds is exempt from State of California personal income tax.

The excess of the stated redemption price at maturity over the issue price of a Bond (the first price at which a substantial amount of a maturity is to be sold to the public) constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a Bond Owner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by the Bond Owner will increase the Bond Owner's basis in the applicable Bond. In the opinion of Bond Counsel, the amount of original issue discount that accrues to the owner of the Bond is excluded from the gross income of such owner for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. In the opinion of Bond Counsel, the amount of original issue discount that accrues to the Beneficial Owner of the Bonds is exempt from State of California personal income tax.

Bond Counsel's opinion as to the exclusion from gross income for federal income tax purposes of interest (and original issue discount) on the Bonds is based upon certain representations of fact and certifications made by the District and others and is subject to the condition that the District complies 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 to assure that interest (and original issue discount) on the Bonds will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause the interest (and original issue discount) on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The District has covenanted to comply with all such requirements.

The amount by which a Bond Owner's original basis for determining gain or loss on sale or exchange of the applicable Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable Bond premium, which must be amortized under Section 171 of the Code; such amortizable Bond premium reduces the Bond Owner's basis in the applicable Bond (and the amount of tax-exempt interest received), and is not deductible for federal income tax purposes. The basis reduction as a result of the amortization of Bond premium may result in a Bond Owner realizing a taxable gain when a Bond is sold by the Owner for an amount equal to or less (under certain circumstances) than the original cost of the Bond to the Owner. Purchasers of the Bonds should consult their own tax advisors as to the treatment, computation and collateral consequences of amortizable Bond premium.

The Internal Revenue Service (the "IRS") has initiated an expanded program for the auditing of tax-exempt bond issues, including both random and targeted audits. It is possible that the Bonds will be selected for audit by the IRS. It is also possible that the market value of the Bonds might be affected as a result of such an audit of the Bonds (or by an audit of similar bonds). No assurance can be given that in the course of an audit, as a result of an audit, or otherwise, Congress or the IRS might not change the Code (or interpretation thereof) subsequent to the issuance of the Bonds to the extent that it adversely affects the exclusion from gross income of interest on the Bonds or their market value.

SUBSEQUENT TO THE ISSUANCE OF THE BONDS THERE MIGHT BE FEDERAL, STATE, OR LOCAL STATUTORY CHANGES (OR JUDICIAL OR REGULATORY CHANGES TO OR INTERPRETATIONS OF FEDERAL, STATE, OR LOCAL LAW) THAT AFFECT THE FEDERAL, STATE, OR LOCAL TAX TREATMENT OF THE BONDS INCLUDING THE IMPOSITION OF ADDITIONAL FEDERAL INCOME OR STATE TAXES BEING IMPOSED ON OWNERS OF TAX-EXEMPT STATE OR LOCAL OBLIGATIONS, SUCH AS THE BONDS. THESE CHANGES COULD ADVERSELY AFFECT THE MARKET VALUE OR LIQUIDITY OF THE BONDS. NO ASSURANCE CAN BE GIVEN THAT SUBSEQUENT TO THE ISSUANCE OF THE BONDS STATUTORY CHANGES WILL NOT BE INTRODUCED OR ENACTED OR JUDICIAL OR REGULATORY INTERPRETATIONS WILL NOT OCCUR HAVING THE EFFECTS DESCRIBED ABOVE. BEFORE PURCHASING ANY OF THE BONDS, ALL POTENTIAL PURCHASERS SHOULD CONSULT THEIR TAX ADVISORS REGARDING POSSIBLE STATUTORY CHANGES OR JUDICIAL OR REGULATORY CHANGES OR INTERPRETATIONS, AND THEIR COLLATERAL TAX CONSEQUENCES RELATING TO THE BONDS.

Bond Counsel's opinions may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. Bond Counsel has not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. The Resolution and the Tax Certificate relating to the Bonds permit certain actions to be taken or to be omitted if a favorable opinion of Bond Counsel is provided with respect thereto. Bond Counsel expresses no opinion as to the effect on the exclusion from gross income for federal income tax purposes of interest (or original issue discount) on any Bond if any such action is taken or omitted based upon the advice of counsel other than Bond Counsel.

Although Bond Counsel will render an opinion that interest (and original issue discount) on the Bonds is excluded from gross income for federal income tax purposes provided that the District continue to comply with certain requirements of the Code, the ownership of the Bonds and the accrual or receipt of interest (and original issue discount) on the Bonds may otherwise affect the tax liability of certain persons. Bond Counsel expresses no opinion regarding any such tax consequences. Accordingly, before purchasing any of the Bonds, all potential purchasers should consult their tax advisors with respect to collateral tax consequences relating to the Bonds.

Copies of the proposed forms of opinions of Bond Counsel for the Bonds are attached hereto as APPENDIX A and APPENDIX B.

LIMITATION ON REMEDIES; BANKRUPTCY

General

State law contains certain safeguards to protect the financial solvency of school districts. See "DISTRICT FINANCIAL INFORMATION – Budget Process" herein. If the safeguards are not successful in preventing a school district from becoming insolvent, the State Superintendent, operating through an administrator appointed thereby, may be authorized under State law to file a petition under Chapter 9 of the United States Bankruptcy Code (the "Bankruptcy Code") on behalf of the school district for the adjustment of its debts, assuming that the school district meets certain other requirements contained in the Bankruptcy Code necessary for filing such a petition. School districts are not themselves authorized to file a bankruptcy proceeding, and they are not subject to involuntary bankruptcy.

Bankruptcy courts are courts of equity and as such have broad discretionary powers. If the District were to become the debtor in a proceeding under Chapter 9 of the Bankruptcy Code, the automatic stay provisions of Bankruptcy Code Sections 362 and 922 generally would prohibit creditors from taking any action to collect amounts due from the District or to enforce any obligation of the District related to such amounts due, without consent of the District or authorization of the bankruptcy court (although such stays would not operate to block creditor application of pledged special revenues to payment of indebtedness secured by such revenues). In addition, as part of its plan of adjustment in a chapter 9 bankruptcy case, the District may be able to alter the priority, interest rate, principal amount, payment terms, collateral, maturity dates, payment sources, covenants (including tax-related covenants), and other terms or provisions of the Bonds and other transaction documents related to the Bonds, as long as the bankruptcy court determines that the alterations are fair and equitable. There also may be other possible effects of a bankruptcy of the District that could result in delays or reductions in payments on the Bonds. Moreover, regardless of any specific adverse determinations in any District bankruptcy proceeding, the fact of a District bankruptcy proceeding could have an adverse effect on the liquidity and market price of the Bonds.

Statutory Lien

Pursuant to Government Code Section 53515, the Bonds are secured by a statutory lien on all revenues received pursuant to the levy and collection of the tax, and such lien automatically arises, without the need for any action or authorization by the local agency or its governing board, and is valid and binding from the time the Bonds are executed and delivered. See “THE BONDS – Security and Sources of Payment” herein. Although a statutory lien would not be automatically terminated by the filing of a Chapter 9 bankruptcy petition by the District, the automatic stay provisions of the Bankruptcy Code would apply and payments that become due and owing on the Bonds during the pendency of the Chapter 9 proceeding could be delayed, unless the Bonds are determined to be secured by a pledge of “special revenues” within the meaning of the Bankruptcy Code and the pledged *ad valorem* property taxes are applied to pay the Bonds in a manner consistent with the Bankruptcy Code.

Special Revenues

If the *ad valorem* property tax revenues that are pledged to the payment of the Bonds are determined to be “special revenues” within the meaning of the Bankruptcy Code, then the application in a manner consistent with the Bankruptcy Code of the pledged *ad valorem* property tax revenues should not be subject to the automatic stay. “Special revenues” are defined to include, among others, taxes specifically levied to finance one or more projects or systems of the debtor, but excluding receipts from general property, sales, or income taxes levied to finance the general purposes of the debtor. State law prohibits the use of the tax proceeds for any purpose other than payment of the Bonds and the proceeds general obligation bonds can only be used to finance the acquisition or improvement of real property and other capital expenditures included in the proposition, so such tax revenues appear to fit the definition of special revenues. However, there is no binding judicial precedent dealing with the treatment in bankruptcy proceedings of *ad valorem* property tax revenues collected for the payments of general obligation bonds in California, so no assurance can be given that a bankruptcy court would not hold otherwise.

Possession of Tax Revenues; Remedies

The County on behalf of the District is expected to be in possession of the *ad valorem* property taxes and certain funds to repay the Bonds and may invest these funds in the County’s pooled investment fund, as described in “THE BONDS – Application and Investment of Bond Proceeds” herein and “APPENDIX E – SAN MATEO COUNTY TREASURY POOL” 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.

Opinions of Bond Counsel Qualified by Reference to Bankruptcy, Insolvency and Other Laws Relating to or Affecting Creditor’s Rights

The proposed forms of the approving opinions of Bond Counsel attached hereto as APPENDIX A and APPENDIX B are qualified by reference to bankruptcy, insolvency and other laws relating to or affecting creditor’s rights. Bankruptcy proceedings, if initiated, could subject the owners of the Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation, or modification of their rights.

LEGAL MATTERS

Legality for Investment in California

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 Government Code of the State, are eligible for security for deposits of public moneys in the State.

Expanded Reporting Requirements

Under Section 6049 of the Internal Revenue Code of 1986, as amended by the Tax Increase Prevention and Reconciliation Act of 2005 ("TIPRA"), interest paid on tax-exempt obligations will be subject to information reporting in a manner similar to interest paid on taxable obligations. The effective date for this provision is for interest paid after December 31, 2005, regardless of when the tax-exempt obligations were issued. The purpose of this change was to assist in relevant information gathering for the IRS relating to other applicable tax provisions. TIPRA provides that backup withholding may apply to such interest payments made after March 31, 2007 to any bondholder who fails to file an accurate Form W-9 or who meets certain other criteria. The information reporting and backup withholding requirements of TIPRA do not affect the excludability of such interest from gross income for federal income tax purposes.

Continuing Disclosure

Current Undertaking. In connection with the issuance of the Bonds, the District will covenant for the benefit of the respective Owners and Beneficial Owners of each series of the Bonds to provide certain financial information and operating data relating to the District (the "Annual Reports") by not later than nine months following the end of the District's fiscal year (which currently ends June 30), and to provide notices of the occurrence of certain listed events. With respect to the Series 2019A Bonds, the obligation to file Annual Reports and notices of listed events will commence with the report for the 2018-19 fiscal year. With respect to the Refunding Bonds, the obligation to file such Annual Reports and notices of listed events will commence with the report for the 2019-20 fiscal year. The Annual Reports and notices of listed events will be filed by the District in accordance with the requirements of the Rule. The specific nature of the information to be contained in the Annual Reports or the notices of listed events is included in "APPENDIX D – FORM OF CONTINUING DISCLOSURE CERTIFICATE FOR THE SERIES 2019A BONDS" and "APPENDIX E – FORM OF CONTINUING DISCLOSURE CERTIFICATE FOR THE REFUNDING BONDS" attached hereto. These covenants have been made in order to assist the Underwriter in complying with the Rule.

Prior Undertakings. Within the past five years, the District has not failed to timely file annual reports or notices of listed events as required by its prior undertakings pursuant to the Rule.

Litigation

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

Financial Statements

The District's audited financial statements with supplemental information for the year ended June 30, 2018, the independent auditor's report of the District, and the related statements of activities and of cash flows for the year then ended, and the report dated December 13, 2018 of Chavan & Associates LLP (the "Auditor"), are included in this Official Statement as Appendix B. In connection with the inclusion of the financial statements and the report of the Auditor herein, the District did not request the Auditor to, and the Auditor has not undertaken to, update its report or to take any action intended or likely to elicit information concerning the accuracy, completeness or fairness of the statements made in this Official Statement, and no opinion is expressed by the Auditor with respect to any event subsequent to the date of its report.

Legal Opinions

The legal opinions of Bond Counsel approving the validity of each series of the Bonds will be supplied to the respective original purchasers thereof without cost. The proposed forms of such legal opinion are attached to this Official Statement as APPENDIX A and APPENDIX B.

MISCELLANEOUS

Rating

The Bonds have also been assigned a rating of "AA+" by S&P. The rating reflects only the views of S&P, and any explanation of the significance of such ratings should be obtained therefrom. There is no assurance that the rating will be retained for any given period of time or that the same will not be revised downward or withdrawn entirely by S&P's if, in its judgment, circumstances so warrant. The District undertakes no responsibility to oppose any such revision or withdrawal. Any such downward revision or withdrawal of the ratings obtained may have an adverse effect on the market price of the Bonds.

Generally, rating agencies base their ratings on information and materials furnished to them (which may include information and material from the District which is not included in this Official Statement) and on investigations, studies and assumptions by the rating agencies.

The District has covenanted in a Continuing Disclosure Certificate to file on the Municipal Securities Rulemaking Board's Electronic Municipal Market Access website ("EMMA") notices of any ratings changes on the Bonds. See "APPENDIX C - FORM OF CONTINUING DISCLOSURE" attached hereto. Notwithstanding such covenant, information relating to ratings changes on the Bonds may be publicly available from the rating agencies prior to such information being provided to the District and prior to the date the District is obligated to file a notice of rating change on EMMA. Purchasers of the Bonds are directed to the S&P and its website and official media outlets for the most current ratings changes with respect to the Bonds after the initial issuance of the Bonds.

Underwriting

Purchase of Bonds. Piper Jaffray & Co., the Underwriter, has agreed, pursuant to a purchase contract by and between the District and the Underwriter, to purchase all of the Series 2019A Bonds. The Underwriter will purchase the Bonds for a purchase price of $10,669,754.60 (consisting of the initial principal amount of the Series 2019A Bonds of $10,000,000.00, plus original issue premium of $702,254.60, and less an Underwriter's discount of $32,500.00). The Underwriter has agreed, pursuant to the Refunding Bonds Purchase Contract, to purchase all of the Refunding Bonds for a purchase price of $3,958,161.55 (consisting of the principal amount of the Refunding Bonds $3,475,000.00, plus original issue premium of $494,455.30, less the Underwriter's discount of $11,293.75). See also "THE BONDS – Delayed Delivery of the Refunding Bonds" herein.

The purchase contracts for the Bonds provide that the Underwriter will purchase all of the Bonds if any are purchased, the obligation to make such purchase being subject to certain terms and conditions set forth in such purchase contracts, the approval of certain legal matters by bond counsel and certain other conditions. The initial offering prices stated on the inside front cover of this Official Statement may be changed from time to time by the Underwriter. The Underwriter may offer and sell Bonds to certain dealers and others at prices lower than such initial offering prices.

Certain Terms Relating to the Delayed Delivery of the Refunding Bonds. Under the Refunding Bonds Purchase Contract, the Underwriter is not required to purchase the Bonds if, among other conditions,

(1) there has been a Change in Law (as defined below);

(2) as a result of any legislation, regulation, ruling, order, release, court decision or judgment or action by the U.S. Department of the Treasury, the Internal Revenue Service, or any agency of the State either enacted, issued, effective, adopted or proposed (but only with respect to any such proposed legislation, regulation, ruling, order, release, court decision or judgment or action which continues to be proposed as of the Settlement Date), or for any other reason, Bond Counsel cannot issue an opinion substantially in the form attached to the Official Statement as APPENDIX B to the effect that (a) the interest on the Refunding Bonds is not subject to federal income tax under Section 103 of the Code (or comparable provisions of any successor federal tax laws), and (b) the interest on the Refunding Bonds is exempt from the State of California income taxation;

(3) the Official Statement as of the Closing Date, or the updated Official Statement as of the Settlement Date, contained or contains an untrue statement or misstatement of material fact or omitted or omits to state a material fact necessary in order to make the statements and information contained therein not misleading in any material respect;

(4) legislation shall be enacted, or a decision by a court of the United States shall be rendered, or any action shall be taken by, or on behalf of, the Securities Exchange Commission which, in the reasonable opinion of the Underwriter, following consultation with the District, has the effect of requiring the Refunding Bonds to be registered under the Securities Act of 1933, as amended, or requires the qualification of the Refunding Resolution under the Trust Indenture Act of 1939, as amended, or an event shall occur which would cause the sale of the Refunding Bonds to be in violation of any provision of the federal or State of California securities laws;

(5) a general banking moratorium has been declared by federal, New York or California authorities and it is in effect as of the Settlement Date; or

(6) any condition of settlement is not satisfied or any document is not delivered at the Settlement Date (including letters or other evidence from S&P stating the rating on the Refunding Bonds as of the Settlement Date), or if there is a withdrawal or downgrade of any rating on the Bonds below investment grade by at least one rating agency rating the Bonds, which withdrawal or downgrade exists on the Settlement Date.

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

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Additional Information

The purpose of this Official Statement is to supply information to prospective buyers of the Bonds. Quotations from and summaries and explanations of the Bonds, the Resolution providing for issuance of the Bonds, and the constitutional provisions, statutes and other documents referenced herein, do not purport to be complete, and reference is made to said documents, constitutional provisions and statutes for full and complete statements of their provisions.

Certain of the 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. This Official Statement has been approved by the District.

PORTOLA VALLEY SCHOOL DISTRICT

By: /s/ Eric Hartwig
Superintendent

APPENDIX A

FORM OF OPINION OF BOND COUNSEL FOR THE SERIES 2019A BONDS

Upon issuance and delivery of the Bonds, Stradling Yocca Carlson & Rauth, a Professional Corporation, Bond Counsel, proposes to render its final approving opinion with respect to the Series 2019A Bonds substantially in the following form:

[Closing Date]

Board of Trustees
Portola Valley School District

Members of the Board of Trustees:

We have examined a certified copy of the record of the proceedings relative to the issuance and sale of $10,000,000 Portola Valley School District Election of 2018 General Obligation Bonds, Series 2019A (the "Bonds"). As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

Based on our examination as bond counsel of existing law, certified copies of such legal proceedings and such other proofs as we deem necessary to render this opinion, we are of the opinion, as of the date hereof and under existing law, that:

1. Such proceedings and proofs show lawful authority for the issuance and sale of the Bonds pursuant to Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code of the State of California (the "Act"), commencing with Section 53506 *et seq*., a fifty-five percent vote of the qualified electors of the Portola Valley School District (the "District") voting at an election held on November 6, 2018, and a resolution of the Board of Trustees of the District (the "Resolution").

2. The Bonds constitute valid and binding general obligations of the District, payable as to both principal and interest from the proceeds of a levy of *ad valorem* taxes on all property subject to such taxes in the District, which taxes are unlimited as to rate or amount.

3. Under existing statutes, regulations, rulings and judicial decisions, 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 calculating the federal alternative minimum tax imposed on individuals.

4. Interest on the Bonds is exempt from State of California personal income tax.

5. The difference between the issue price of a Bond (the first price at which a substantial amount of the Bonds of a maturity is to be sold to the public) and the stated redemption price at maturity with respect to such Bonds constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a Bondowner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by a Bondowner will increase the Bondowner's basis in the applicable Bond. Original issue discount that accrues to the Bondowner is excluded from the gross income of such owner for federal income tax purposes, is

not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals, and is exempt from State of California personal income tax.

6. The amount by which a Bondowner's original basis for determining loss on sale or exchange in the applicable Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable Bond premium, which must be amortized under Section 171 of the of the Internal Revenue Code of 1986, as amended (the "Code"); such amortizable Bond premium reduces the Bondowner's basis in the applicable Bond (and the amount of tax-exempt interest received), and is not deductible for federal income tax purposes. The basis reduction as a result of the amortization of Bond premium may result in a Bondowner realizing a taxable gain when a Bond is sold by the Bondowner for an amount equal to or less (under certain circumstances) than the original cost of the Bond to the Bondowner. Purchasers of the Bonds should consult their own tax advisors as to the treatment, computation and collateral consequences of amortizable Bond premium.

The opinions expressed herein may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. The Resolution and the Tax Certificate relating to the Bonds permit certain actions to be taken or to be omitted if a favorable opinion of Bond Counsel is provided with respect thereto. No opinion is expressed herein as to the effect on the exclusion from gross income of interest (and original issue discount) for federal income tax purposes with respect to any Bond if any such action is taken or omitted based upon the advice of counsel other than ourselves. Other than expressly stated herein, we express no opinion regarding tax consequences with respect to the Bonds.

The opinions expressed herein as to the exclusion from gross income of interest (and original issue discount) on the Bonds are based upon certain representations of fact and certifications made by the District and others and are subject to the condition that the District complies with all requirements of the Code, that must be satisfied subsequent to the issuance of the Bonds to assure that such interest (and original issue discount) will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause interest (and original issue discount) on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The District has covenanted to comply with all such requirements.

It is possible that subsequent to the issuance of the Bonds there might be federal, state, or local statutory changes (or judicial or regulatory interpretations of federal, state, or local law) that affect the federal, state, or local tax treatment of the Bonds or the market value of the Bonds. No assurance can be given that subsequent to the issuance of the Bonds such changes or interpretations will not occur.

The rights of the owners of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and their enforcement may also be subject to the exercise of judicial discretion in appropriate cases, and by the limitations on legal remedies against public agencies in the State of California.

Respectfully submitted,

APPENDIX B

FORM OF BOND COUNSEL OPINION FOR THE REFUNDING BONDS

Upon the issuance and delivery of the Refunding Bonds, Stradling Yocca Carlson & Rauth, a Professional Corporation, Bond Counsel, proposes to render its final approving opinions with respect to the Refunding Bonds substantially in the following form:

[Settlement Date]

Board of Trustees
Portola Valley School District

Members of the Board of Trustees:

We have examined a certified copy of the record of the proceedings relative to the issuance and sale of $3,475,000 Portola Valley School District 2020 General Obligation Refunding Bonds (the "Bonds"). As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

Based on our examination as bond counsel of existing law, certified copies of such legal proceedings and such other proofs as we deem necessary to render this opinion, we are of the opinion, as of the date hereof and under existing law, that:

1. Such proceedings and proofs show lawful authority for the issuance and sale of the Bonds pursuant to Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, and a resolution (the "Resolution") adopted by the Board of Trustees of the Portola Valley School District (the "District").

2. The Bonds constitute valid and binding general obligations of the District, payable as to both principal and interest from the proceeds of a levy of *ad valorem* taxes on all property subject to such taxes in the District, which taxes are unlimited as to rate or amount.

3. Under existing statutes, regulations, rulings and judicial decisions, 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 calculating the federal alternative minimum tax imposed on individuals.

4. Interest on the Bonds is exempt from State of California personal income tax.

5. The difference between the issue price of a Bond (the first price at which a substantial amount of the Bonds of a maturity is to be sold to the public) and the stated redemption price at maturity with respect to such Bonds constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a Bondowner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by a Bondowner will increase the Bondowner's basis in the applicable Bond. Original issue discount that accrues to the Bondowner is excluded from the gross income of such owner for federal income tax purposes, is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals, and is exempt from State of California personal income tax.

6. The amount by which a Bondowner's original basis for determining loss on sale or exchange in the applicable Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable Bond premium, which must be amortized under Section 171 of the of the Internal Revenue Code of 1986, as amended (the "Code"); such amortizable Bond premium reduces the Bondowner's basis in the applicable Bond (and the amount of tax-exempt interest received), and is not deductible for federal income tax purposes. The basis reduction as a result of the amortization of Bond premium may result in a Bondowner realizing a taxable gain when a Bond is sold by the Bondowner for an amount equal to or less (under certain circumstances) than the original cost of the Bond to the Bondowner. Purchasers of the Bonds should consult their own tax advisors as to the treatment, computation and collateral consequences of amortizable Bond premium.

The opinions expressed herein may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. The Resolution and the Tax Certificate relating to the Bonds permit certain actions to be taken or to be omitted if a favorable opinion of Bond Counsel is provided with respect thereto. No opinion is expressed herein as to the effect on the exclusion from gross income of interest (and original issue discount) for federal income tax purposes with respect to any Bond if any such action is taken or omitted based upon the advice of counsel other than ourselves. Other than expressly stated herein, we express no opinion regarding tax consequences with respect to the Bonds.

The opinions expressed herein as to the exclusion from gross income of interest (and original issue discount) on the Bonds are based upon certain representations of fact and certifications made by the District and others and are subject to the condition that the District complies with all requirements of the Code, that must be satisfied subsequent to the issuance of the Bonds to assure that such interest (and original issue discount) will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause interest (and original issue discount) on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The District has covenanted to comply with all such requirements.

It is possible that subsequent to the issuance of the Bonds there might be federal, state, or local statutory changes (or judicial or regulatory interpretations of federal, state, or local law) that affect the federal, state, or local tax treatment of the Bonds or the market value of the Bonds. No assurance can be given that subsequent to the issuance of the Bonds such changes or interpretations will not occur.

The rights of the owners of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and their enforcement may also be subject to the exercise of judicial discretion in appropriate cases, and by the limitations on legal remedies against public agencies in the State of California.

Respectfully submitted,

APPENDIX C

2017-18 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT

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PORTOLA VALLEY
SCHOOL DISTRICT
COUNTY OF SAN MATEO
PORTOLA VALLEY, CALIFORNIA

AUDIT REPORT

JUNE 30, 2018

CHAVAN & ASSOCIATES, LLP
CERTIFIED PUBLIC ACCOUNTANTS
1475 SARATOGA AVE., SUITE 180
SAN JOSE, CA 95129

PORTOLA VALLEY SCHOOL DISTRICT
SAN MATEO COUNTY

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FINANCIAL
SECTION

Chavan & Associates, LLP
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Portola Valley School District
Portola Valley, California

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

1475 Saratoga Ave, Suite 180, San Jose, CA 95129
Tel: 408-217-8749 • E-Fax: 408-872-4159
info@cnallp.com • www.cnallp.com

Opinions

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

Other Matters

Change in Accounting Principle

As discussed in Note 1 to the financial statements, the District adopted new accounting guidance, GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB). The District currently funds this obligation on a pay-as-you go basis. The District anticipates that its ongoing funding and current resources are sufficient to meet its obligations as they come due. Our opinion is not modified with respect to this matter.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of CalPERS pension plan contributions, schedule of CalPERS proportionate share of net pension liability, schedule of STRS pension plan contributions, schedule of STRS proportionate share of net pension liability and schedule of change in total OPEB liability as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 combining and individual nonmajor fund financial statements, organization schedule, schedule of average daily attendance, schedule of instructional time offered, schedule of financial trends and analysis, as required by the *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Regulations, Cost Principles, and Audit Requirements for Federal Awards*, and the reconciliation of the Annual Financial Budget report to the audited financial statements, as required by the *2017-18 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, are presented for purposes of additional analysis and are not a required part of the basic financial statements and the reconciliation of the Annual Financial and Budget Report to the audited financial statements, as required by the 2017-18 Guide for Annual Audits.

The combining and individual nonmajor fund financial statements, schedule of average daily attendance, schedule of instructional time offered, and the reconciliation of the Annual Financial and Budget Report to the audited financial statements, are the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, schedule of average daily attendance, schedule of instructional time offered, and the reconciliation of the Annual Financial and Budget Report to the audited financial statements are fairly stated, in all material respects, in relation to the basic financial statements. The combining and individual nonmajor fund financial statements and other schedules listed in the supplementary section of the table of contents are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The organization schedule, and schedule of financial trends and analysis included have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2018 on our consideration of Portola Valley School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Portola Valley School District's internal control over financial reporting and compliance.

C & A LLP

December 13, 2018
San Jose, California

1475 Saratoga Ave, Suite 180, San Jose, CA 95129
Tel: 408-217-8749 • E-Fax: 408-872-4159
info@cnallp.com • www.cnallp.com

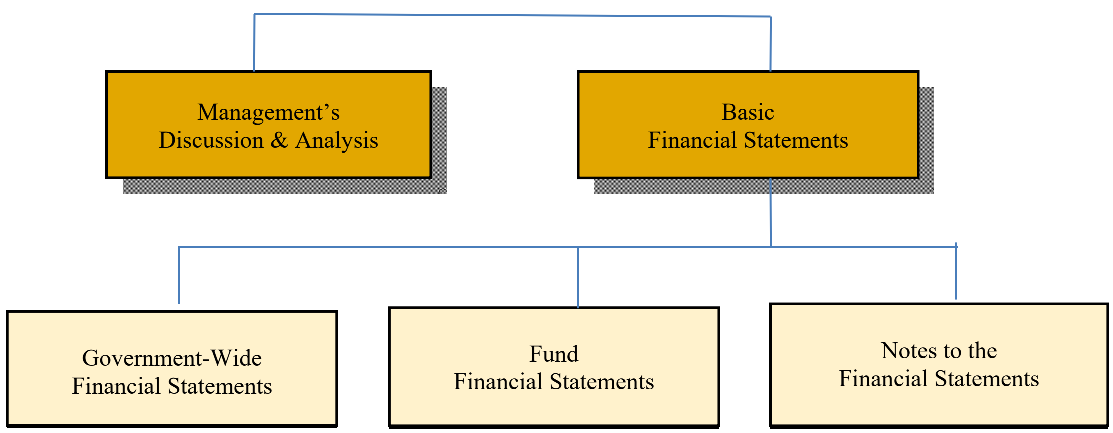
Management's Discussion and Analysis

INTRODUCTION

The Management's Discussion and Analysis (MD&A) is a required section of the District's annual financial report, as shown in the overview below. The purpose of the MD&A is to present a discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2018. This report will (1) focus on significant financial issues, (2) provide an overview of the District's financial activity, (3) identify changes in the District's financial position, (4) identify any individual fund issues or concerns, and (5) provide descriptions of significant asset and debt activity.

This information, presented in conjunction with the annual Basic Financial Statements, is intended to provide a comprehensive understanding of the District's operations and financial standing.

Required Components of the Annual Financial Report



FINANCIAL HIGHLIGHTS

Key financial highlights for the fiscal year ended June 30, 2018 were as follows:

- Total net position decreased by $1,939,801, or 57.8%, from June 30, 2017 to June 30, 2018.
- General revenues accounted for $16,078,392 which is 93.61% of all revenues. Program specific revenues in the form of operating grants and contributions and charges for services accounted for $741,814 or 6.39% of total revenues of $17,175,112.
- The District had $15,785,216 in expenses, which was directly supported by program specific revenues of $741,814.
- Total fund balances of governmental funds decreased by $15,392, or -.42%, from June 30, 2017 to June 30, 2018.
- Among major funds, the General Fund had $15,560,228 in revenues and $15,025,730 in expenditures. The General Fund's fund balance increased by $480,012 from June 30, 2017 to June 30, 2018.

USING THE ANNUAL REPORT

This annual report consists of a series of basic financial statements and notes to those statements. These statements are organized so the reader can understand the District as an entire operating entity. The statements provide an increasingly detailed look at specific financial activities.

The Statement of Net Position and Statement of Activities comprise the government-wide financial statements and provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds with all other non-major funds presented in total in one column. In the case of the District, the General Fund is by far the most significant fund. The basic financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

- Government-wide financial statements, which comprise the first two statements, provide both short-term and long-term information about the District's overall financial position.

- Individual parts of the District, which are reported as fund financial statements, focus on reporting the District's operations in more detail. These fund financial statements comprise the remaining statements.

- Notes to the financials, which are included in the financial statements, provide more detailed data and explain some of the information in the statements. The required supplementary information section provides further explanations and provides additional support for the financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS - STATEMENT OF NET POSITION AND THE STATEMENT OF ACTIVITIES

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during the fiscal year 2017 - 2018?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting practices used by most private-sector companies. This basis of accounting takes into account all of the current year revenues and expenses regardless of when cash is received or paid.

These two statements report the District's net position and changes in net position. This change in net position is important because it tells the reader that, for the District as a whole, the financial position of the District has improved or diminished. The causes of this change may be the result of many factors, some financial, and some not. Non-financial factors include the District's property tax base, current property tax laws in California restricting revenue growth, facility conditions, required educational programs and other factors.

In the Statement of Net Position and the Statement of Activities, the District reports governmental activities. Governmental activities are the activities where most of the District's programs and services are reported including, but not limited to, instruction, support services, operation and maintenance of plant, pupil transportation and extracurricular activities. The District does not have any business type activities.

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

The analysis of the District's major funds begins with the balance sheet. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. These fund financial statements focus on each of the District's most significant funds. The District's major governmental funds are the General Fund, and Bond Interest and Redemption Fund.

Governmental Funds

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Fiduciary Funds

The district is the trustee, or fiduciary, for student body funds and a foundation trust fund. All of the district's fiduciary activities are reported in a separate Statement of Fiduciary Net Position. We exclude these activities from the district's fund and government-wide financial statements because the district cannot use these assets to finance its operations.

THE DISTRICT AS A WHOLE

Recall that the Statement of Net Position provides the perspective of the District as a whole. Table 1 provides a summary of the District's net position as of June 30, 2018 as compared to June 30, 2017:

Table 1 - Summary of Net Position

	2018	2017	Increase (Decrease)	Percent
Assets				
Current Assets	$ 4,241,322	$ 4,074,177	$ 167,145	4.1%
Noncurrent Assets	28,274,156	28,219,356	54,800	0.2%
Total Assets	$ 32,515,478	$ 32,293,533	$ 221,945	0.7%
Deferred Outflows of Resources	$ 6,111,203	$ 6,137,390	$ (26,187)	-0.4%
Liabilities				
Current and Other Liabilities	$ 828,610	$ 655,073	$ 173,537	26.5%
Long-Term Liabilities	35,068,716	32,852,060	2,216,656	6.7%
Total Liabilities	$ 35,897,326	$ 33,507,133	$ 2,390,193	7.1%
Deferred Inflows of Resources	$ 1,312,209	$ 1,566,843	$ (254,634)	-16.3%
Net Position				
Net Investment in Capital Assets	$ 10,718,906	$ 9,628,301	$ 1,090,605	11.3%
Restricted	515,546	410,984	104,562	25.4%
Unrestricted	(9,817,306)	(6,682,338)	(3,134,968)	-46.9%
Total Net Position	$ 1,417,146	$ 3,356,947	$ (1,939,801)	-57.8%

Net position decreased by $1,939,801 because of the pension adjustments required by GASB 68 and GASB 75 which requires all local governments to record its proportionate share of net pension and OPEB liabilities from pension plans in the government-wide financial statements. There were prior period adjustments for the implementation for GASB 75 for $605,273 and for Health and Welfare for $111,060. The unrestricted net position of the District, which is the portion of net position that may be used to finance day-to-day activities without constraints from grants and legal requirements, decreased by 46.9%. There was no impact on fund balance as a result of GASB 68 and GASB 75.

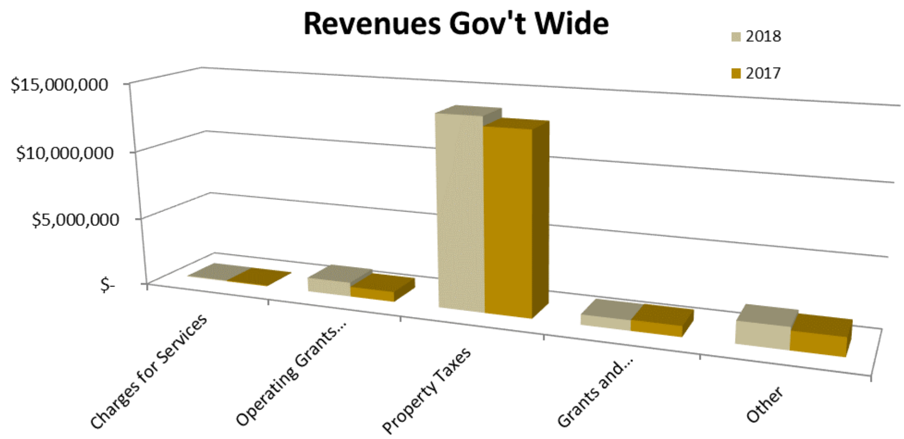
Table 2 shows the changes in net position from fiscal year 2017 to 2018.

Table 2 - Change in Net Position

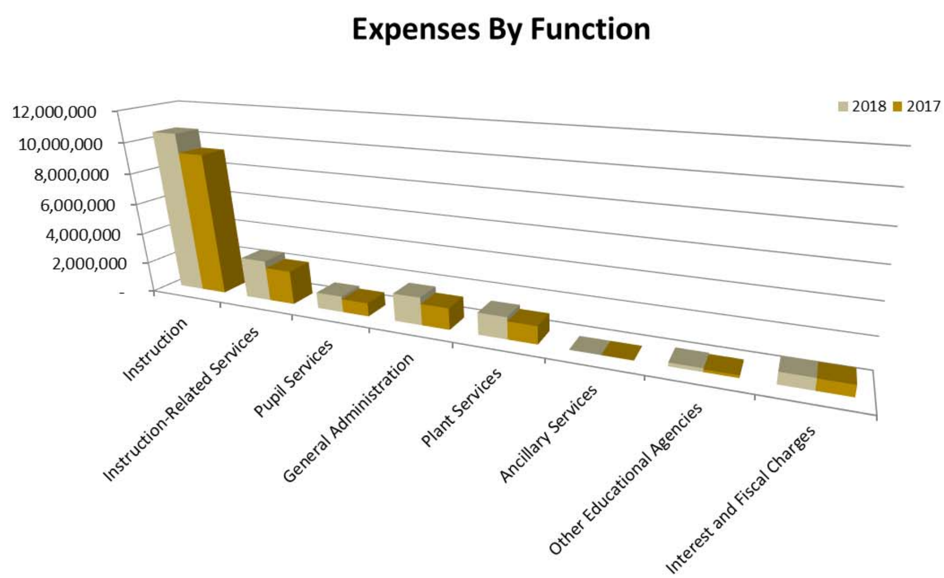
	2018	2017	Increase (Decrease)	Percent
Revenues				
Program Revenues:				
Charges for Services	$ 61,181	$ 55,986	$ 5,195	9.3%
Operating Grants and Contributions	1,035,739	726,403	309,336	42.6%
General Revenues:				
Property Taxes	13,758,799	13,081,502	677,297	5.2%
Grants and Entitlements - Unrestricted	741,814	769,250	(27,436)	-3.6%
Other	1,577,579	1,330,184	247,395	18.6%
Total Revenues	17,175,112	15,963,325	1,211,787	7.6%
Program Expenses				
Instruction	10,505,255	9,287,408	1,217,847	13.1%
Instruction-Related Services	2,669,815	2,218,528	451,287	20.3%
Pupil Services	1,052,430	874,274	178,156	20.4%
General Administration	1,798,573	1,393,129	405,444	29.1%
Plant Services	1,411,388	1,149,794	261,594	22.8%
Other Educational Agencies	230,833	158,238	72,595	45.9%
Interest and Fiscal Charges	730,286	703,845	26,441	3.8%
Total Expenses	18,398,580	15,785,216	2,613,364	16.6%
Change in Net Position	(1,223,468)	178,109	(1,401,577)	-786.9%
Prior Period Adjustments	(716,333)	-	(716,333)	-100.0%
Change in Net Position	$ (1,939,801)	$ 178,109	$ (2,117,910)	-1189.1%

Property taxes comprised 80% of District revenues and direct instruction costs comprised 57% of District expenses for fiscal year 2018.

The following is a summary of government wide revenues for the fiscal year ended June 30, 2018:



The following is a summary of expenses by function for the fiscal year ended June 30, 2018:



GOVERNMENTAL ACTIVITIES

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the net cost of services as compared to the prior fiscal year. That is, it identifies the cost of these services supported by general revenues for the government-wide statements (not the General Fund).

Table 3 - Net Cost of Services

Function	2018	2017	Increase (Decrease)	Percent
Instruction	$ 9,889,999	$ 8,812,808	$ 1,077,191	12.2%
Instruction-Related Services	2,597,716	2,162,214	435,502	20.1%
Pupil Services	978,046	805,378	172,668	21.4%
General Administration	1,777,506	1,384,323	393,183	28.4%
Plant Services	1,407,291	1,149,753	257,538	22.4%
Other Educational Agencies	(79,184)	(15,494)	(63,690)	-411.1%
Interest and Fiscal Charges	730,286	703,845	26,441	3.8%
Total Net Cost of Services	$ 17,301,660	$ 15,002,827	$ 2,298,833	15.3%

Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and pupil.

Instruction-related Services include the activities involved with assisting staff with the content and process of teaching to pupils.

General Administration includes the costs for the Board of Trustees, administration, fiscal and business services and other expenses associated with administrative and financial supervision of the District.

Plant Services includes the operation and maintenance of plant activities, which involve keeping the school grounds, buildings, and equipment in an effective working condition.

Ancillary Services includes the operation of non-instructional services including the preparation, delivery, and servicing of lunches, snacks and other incidental meals.

Interest and Fiscal Charges involve the transactions associated with the payment of interest and other related charges to debt of the District.

The dependence upon tax and local revenues is apparent, 94% of the District's activities are supported through taxes and other general revenues. The community, as a whole, is the primary support for the District.

THE DISTRICT'S FUNDS

Table 4 provides an analysis of the District's fund balances and the total change in fund balances from the prior year.

Table 4 - Change in Fund Balances

Funds	2018	2017	Increase (Decrease)
General Fund	$ 2,266,891	$ 1,897,939	$ 368,952
Cafeteria Fund	269	3,016	(2,747)
Deferred Maintenance Fund	96,955	323,690	(226,735)
Building Fund	(45,786)	-	(45,786)
Capital Facilities Fund	117,379	265,947	(148,568)
Bond Interest & Redemption Fund	1,246,004	1,206,512	39,492
Total Governmental Fund Balances	$ 3,681,712	$ 3,697,104	$ (15,392)

GENERAL FUND BUDGETING HIGHLIGHTS

The District's budget is prepared according to California law and in the modified accrual basis of accounting.

During the course of the 2017-18 fiscal year, the District revised its General Fund budget twice, at 1st Interim and 2nd interim, which resulted in an increase in budgeted expenditures of $96,370 from the original to final budget.

For the General Fund, the final budget basis revenue and other financing sources estimate was $15,452,061. The original budgeted estimate was $14,756,886.

CAPITAL ASSETS

Table 5 shows June 30, 2018 balances as compared to June 30, 2017.

Table 5 - Summary of Capital Assets Net of Depreciation

Capital Asset	2018 Net Capital Asset	2017 Net Capital Asset	Percentage Change
Land	$ 770,000	$ 770,000	0.0%
Buildings and Improvements	26,728,686	26,633,073	0.4%
Property and Equipment	381,275	389,197	-2.0%
Totals	$ 27,879,961	$ 27,792,270	0.3%

LONG TERM DEBT

Table 6 summarizes the percent changes in Long-term Debt over the past two years.

Table 6 - Long-term Debt

Type of Debt	2018	2017	Percentage Change
General obligation bonds	$ 15,794,210	$ 16,688,317	-5.36%
Capital Lease Obligations	1,761,040	1,902,738	-7.45%
Net Pension Obligations	15,648,525	12,769,213	22.55%
Early Retirement Incentives	484,741	610,000	-20.53%
Net OPEB obligation	1,367,737	852,781	60.39%
Compensated absences	12,463	29,011	-57.04%
Total Debt	$ 35,068,716	$ 32,852,060	6.75%

FACTORS BEARING ON THE DISTRICT'S FUTURE

The State's funding scheme for school districts, the Local Control Funding Formula, directs funds to school districts disproportionately in two ways. Weighted grade span allocations recognize that programming costs differ at various points in the K-12 program. Districts will also receive additional dollars for students with limited English language proficiency, students in foster care, and those with limited income as measured by eligibility for free and reduced price meals in the Federal School Nutrition Program.

As a community funded district, the Portola Valley School District will be relatively unaffected by the Local Control Funding Formula. The District has explicitly connected the annual budget to the education program by formally adopting an annual "Local Control Accountability Plan".

Portola Valley School District will also need to monitor the macro-economy to be sure we are reacting to potential threats like those seen in recent years. It appears that property values in the region are on the rise again and the economy as a whole seems headed toward an upward swing. At the same time, the fluctuations in the stock markets may be indicating there are additional threats to stability on the horizon. The District's Board has indicated their intent to act prudently by committing to monitoring actively the multiyear projection and to building a reserve beyond required levels which will be sufficient to ensure solvency and to preserve programming for students.

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 need additional financial information, contact Connie Ngo, Portola Valley School District Business Office, 4575 Alpine Road, Portola Valley, CA 94028, (650) 851-1777, extension 2560.

Basic Financial Statements

PORTOLA VALLEY SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2018

		Governmental Activities
Assets		
Current Assets:		
Cash and investments	$	3,939,165
Accounts receivable		255,601
Prepaid expenses		46,735
Total Current Assets		4,241,501
Noncurrent Assets:		
Unamortized prepaid bond issuance costs - net		394,195
Capital assets - net		27,879,961
Total Noncurrent Assets		28,274,156
Total Assets	$	32,515,657
Deferred Outflows of Resources		
Pension adjustments	$	4,681,336
OPEB adjustments		92,873
Deferred loss on early retirement of long-term debt		1,336,994
Total Deferred Outflows of Resources	$	6,111,203
Liabilities		
Current Liabilities:		
Accounts payable	$	552,440
Unearned revenue		7,349
Accrued interest		269,000
Total Current Liabilities		828,789
Long-term Liabilities:		
Due within one year:		
General obligation bonds payable		865,000
Capital lease obligations		150,616
Early retirement incentives		125,259
Compensated absences payable		12,463
Total due within one year		1,153,338
Due after one year:		
General obligation bonds payable		14,929,210
Capital lease obligations		1,610,424
Net pension obligations		15,648,525
Net OPEB obligation		1,367,737
Early retirement incentives		359,482
Total due after one year		33,915,378
Total long-term Liabilities		35,068,716
Total Liabilities	$	35,897,505
Deferred Inflows of Resources		
Pension adjustments	$	1,265,055
OPEB adjustments		47,154
Total Deferred Inflows of Resources	$	1,312,209
Net Position		
Net investment in capital assets	$	10,718,906
Restricted for:		
Cafeteria programs		269
Educational programs		515,277
Total restricted net position		515,546
Unrestricted (deficit)		(9,817,306)
Total Net Position	$	1,417,146

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

PORTOLA VALLEY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

		Program Revenues		Net (Expense)
	Expenses	Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Position
Governmental activities				
Instruction	$ 10,505,235	$ 7,595	$ 607,661	$ (9,889,979)
Instruction-related services:				
Supervision of instruction	351,718	298	15,556	(335,864)
Instruction library, media and technology	1,084,110	353	16,821	(1,066,936)
School site administration	1,233,982	-	39,071	(1,194,911)
Pupil services:				
Home-to-school transportation	144,165	34	-	(144,131)
Food services	173,937	-	30,621	(143,316)
All other pupil services	734,325	1,930	41,799	(690,596)
General administration:				
Data processing	62,778	-	-	(62,778)
All other general administration	1,735,792	294	20,773	(1,714,725)
Plant services	1,411,619	681	3,416	(1,407,522)
Other educational agencies	230,833	49,996	260,021	79,184
Interest on long-term debt	730,286	-	-	(730,286)
Total governmental activities	$ 18,398,780	$ 61,181	$ 1,035,739	(17,301,860)
General revenues:				
Taxes and subventions:				
Taxes levied for general purposes				11,236,361
Taxes levied for debt service				1,320,976
Taxes levied for other specific purposes				1,201,462
Federal and state aid not restricted to specific purposes				741,814
Interest and investment earnings				74,534
Miscellaneous				1,503,245
Total general revenues and special items				16,078,392
Change in net position				(1,223,468)
Net position beginning				3,356,947
Prior period adjustments - GASB 75				(605,273)
Prior period adjustments - Health and Welfare				(111,060)
Net position beginning, as adjusted				2,640,614
Net position ending				$ 1,417,146

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

PORTOLA VALLEY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2018

	General Fund	Bond Interest and Redemption Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Cash and investments	$ 2,461,687	$ 1,241,254	$ 236,224	$ 3,939,165
Accounts receivable	242,158	4,750	8,693	255,601
Due from other funds	50,000	-	9,370	59,370
Prepaid expenditures	46,735	-	-	46,735
Total Assets	$ 2,800,580	$ 1,246,004	$ 254,287	$ 4,300,871
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	$ 524,319	$ -	$ 28,121	$ 552,440
Due to other funds	9,370	-	50,000	59,370
Unearned revenue	-	-	7,349	7,349
Total Liabilities	533,689	-	85,470	619,159
Fund balances:				
Nonspendable:				
Prepaid expenditures	46,735	-	-	46,735
Restricted for:				
Educational programs	515,277	-	-	515,277
Debt service	-	1,246,004	-	1,246,004
Cafeteria programs	-	-	269	269
Assigned for:				
CalSTRS set-aside	994,368	-	-	994,368
Capital projects	-	-	117,379	117,379
Site repairs	-	-	96,955	96,955
Unassigned:				
Economic uncertainties	625,776	-	-	625,776
Unappropriated	84,735	-	(45,786)	38,949
Total Fund Balances	2,266,891	1,246,004	168,817	3,681,712
Total Liabilities and Fund Balances	$ 2,800,580	$ 1,246,004	$ 254,287	$ 4,300,871

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

PORTOLA VALLEY SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2018

Total fund balances - governmental funds		$ 3,681,712
Amounts reported for governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is $41,479,818 and the accumulated depreciation is $13,599,857.		27,879,961
To recognize accrued interest at year end which is not reported in the governmental funds		(269,000)
Discounts and prepaid issuance costs paid when debt is issued are expensed in the fund statements but capitalized and amortized over the life of the bonds in the government-wide statements and not resources currently available for spending.		394,195
The difference between projected and actual earnings from pension plan assets is not included in the plan's actuarial study until the next fiscal year and are reported as deferred inflows of resources in the statement of net position, while contrbutions made in the current were reported as deferred outflows of resources because they were not paid as of the plans' valuation dates.		3,416,281
The differences between projected and actual amounts in OPEB plans are not included in the plans actuarial study until the next fiscal year and are reported as deferred outflow or inflow of Resources in the statement of net position as follows:		
Contributions subsequent to the measureement date		92,873
Changes in assumptions		(47,154)
The difference between the reacquisition price and net carrying value of long-term debt when a bond is refunded is recorded as a deferred loss on the early retirement of long-term debt and a deferred inflow in the government-wide statement of net position and amortized over the remaining life of the refunded debt or refunding debt, whichever is shorter. This transaction is not a current financial resource and is not included in the governmental fund statements.		1,336,994
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consists of:		
General obligation bonds	$ 15,794,210	
Capital lease obligations	1,761,040	
Net pension obligations	15,648,525	
Net OPEB obligation	1,367,737	
Early retirement incentives	484,741	
Compensated absences (vacation)	12,463	(35,068,716)
Net position - governmental activities		$ 1,417,146

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

PORTOLA VALLEY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	General Fund	Bond Interest and Redemption Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
Revenues:				
LCFF sources	$ 11,774,307	$ -	$ -	$ 11,774,307
Federal	109,868	-	28,872	138,740
Other state	801,565	2,788	1,748	806,101
Other local	2,874,548	1,351,470	230,147	4,456,165
Total revenues	15,560,288	1,354,258	260,767	17,175,313
Expenditures:				
Instruction	8,753,286	-	-	8,753,286
Instruction-related services:				
Supervision of instruction	259,048	-	-	259,048
Instruction library, media and technology	887,250	-	-	887,250
School site administration	1,056,696	-	-	1,056,696
Pupil services:				
Home-to-school transportation	123,656	-	-	123,656
Food services	-	-	141,690	141,690
All other pupil services	629,860	-	-	629,860
General administration:				
Data processing	53,847	-	-	53,847
All other general administration	1,479,465	-	144	1,479,609
Plant services	949,257	-	309,550	1,258,807
Facility acquisition and construction	290,367	-	287,765	578,132
Other educational agencies	230,833	-		230,833
Debt service:				
Principal	141,699	835,000	-	976,699
Interest and other costs	170,466	479,766	-	650,232
Total expenditures	15,025,730	1,314,766	739,149	17,079,645
Excess (deficiency) of revenues over (under) expenditures	534,558	39,492	(478,382)	95,668
Transfers in	-	-	54,546	54,546
Transfers out	(54,546)	-	-	(54,546)
Total other financing sources (uses)	(54,546)	-	54,546	-
Net change in fund balances	480,012	39,492	(423,836)	95,668
Fund balances beginning	1,897,939	1,206,512	592,653	3,697,104
Prior period adjustment - Health and Welfare	(111,060)	-	-	(111,060)
Fund balances beginning, as adjusted	1,786,879	1,206,512	592,653	3,586,044
Fund balances ending	$ 2,266,891	$ 1,246,004	$ 168,817	$ 3,681,712

PORTOLA VALLEY SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Total net change in fund balances - governmental funds		$ 95,668
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities , the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital asset additions of $656,053 was less than depreciation expense of $568,362 in the period.		87,691
The governmental funds report bond proceeds as an other financing source, while repayment of bond principal is reported as an expenditure. Interest is recognized as an expenditure in the governmental funds when it is due. The net effect of these differences in the treatment of general obligation bonds and related items is as follows:		
Repayment of bond principal	$ 835,000	835,000
The governmental funds report long-term debt proceeds as an other financing source, while repayment of deb principal is reported as an expenditure.		
Repayment of capital lease principal		141,699
In governmental funds, actual contributions to pension plans are reported as expenditures in the year incurred. However, in the government-wide statement of activities, only the current year pension expense as note in the plans' valuation reports is reported as an expense, as adjusted for deferred inflows and outflows of resources.		(2,581,315)
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 other financing use in the period it is incurred. In the government-wide statements, the premium or discount is amortized as interest over the life of the debt. The difference between premiums or discounts recognized in the current period and amortized over future periods is:		26,216
In governmental funds, deferred loss on early retirement of long-term debt is recognized as other finances uses. In the government-wide statements, the deferred losses on early retirement of long-term debt is amortized over the life of the debt. The difference between other financing uses and amortization is:		(115,270)
In the statement of activities, compensated absences are measured by the amount earned during the year. In governmental funds, however, expenditures for those items are measured by the amount of financial resources used (essentially the amounts paid). This year vacation earned was less than the amounts used by:		16,548
Payments for early retirement incentive programs are expenditures in the governmental funds and liabilities amortized over over the life of the program in the statement of activities.		125,259
In govenmental funds, actual contributions to OPEB plans are reported as expenditures in the year incurred. However, in the government-wide Statement of Activities, only the current year pension expense as noted in the plans' valuation reports is reported as an expense, as adjusted for deferred inflows and outflows of resources.		136,036
Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.		9,000
Changes in net position of governmental activities		$ (1,223,468)

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

PORTOLA VALLEY SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2018

	Student Body Agency Fund
Assets	
Cash on hand and in banks	$ 6,287
Total Assets	$ 6,287
Liabilities	
Accounts payable	$ 6,287
Total Liabilities	$ 6,287

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

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

A. Accounting Principles

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

B. Reporting Entity

The District is the level of government primarily accountable for activities related to public education. The governing authority consists of five elected officials who, together, constitute the Board of Trustees. The District's combined financial statements include the accounts of all its operations. The District evaluated whether any other entity should be included in these financial statements. The basic, but not the only, criterion for including a governmental department, agency, institution, commission, public authority, or other governmental organization in a governmental unit's reporting entity for general purpose financial reports is the ability of the governmental unit's elected officials to exercise oversight responsibility over such agencies. Oversight responsibility implies that one governmental unit is dependent on another and that the dependent unit should be reported as part of the other. Oversight responsibility is derived from the governmental unit's power and includes, but is not limited to:

- Financial interdependency
- Selection of governing authority
- Designation of management
- Ability to significantly influence operations
- Accountability for fiscal matters

Accordingly, for the year ended June 30, 2018, the District does not have any component units and is not a component unit of any other reporting entity.

C. Basis of Presentation

Government-wide Financial Statements:

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the District. The Statement of Net Position reports all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position.

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

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

Fund Financial Statements:

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

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

Fiduciary funds are reported using the economic resources measurement focus.

D. Basis of Accounting

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

Revenues - Exchange and Non-exchange Transactions:

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded under the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. "Available" means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, "available" means collectible within the current period or within 60 days after year-end.

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

Deferred Outflows/Inflows of Resources:

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

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

Unearned Revenue:

Unearned revenue arises when assets are received before revenue recognition criteria have been satisfied. Grants and entitlements received before eligibility requirements are met are recorded as deferred inflows of resources. In the governmental fund financial statements, receivables associated with non-exchange transactions that will not be collected within the availability period have been recorded as deferred inflows from unearned revenue.

Expenses/Expenditures:

On the accrual basis of accounting, expenses are recognized at the time a liability is incurred. On the modified accrual basis of accounting, expenditures are generally recognized in the accounting period in which the related fund liability is incurred, as under the accrual basis of accounting. However, under the modified accrual basis of accounting, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

E. Fund Accounting

The accounts of the District are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows, liabilities, deferred inflows, fund equity or retained earnings, revenues, and expenditures or expenses, as appropriate. District resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The District's accounts are organized into major, nonmajor, and fiduciary funds as follows:

Major Governmental Funds:

The *General Fund* is 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 and includes transactions accounted for in the Special Reserve Fund for Other Than Capital Outlay Projects and Tax Override Fund.

The *Bond Interest and Redemption Fund* is maintained by the County Treasurer and is used to account for both the accumulation of resources from ad valorem tax levies and the interest and redemption of principal of the funding of general obligation bonds issued by the District.

Non-major Governmental Funds:

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted or committed for purposes other than debt service or capital projects. The restricted or committed resources need to comprise a substantial portion of the inflows reported in the special revenue fund. The District maintains two non-major special revenue funds:

- The Cafeteria Fund is used to account for revenues received and expenditures made to operate the District's food service programs.

- The Deferred Maintenance Fund is used for the purpose of major repair or replacement of district property.

Capital Projects Funds are used to account for resources restricted, committed or assigned for capital outlays. The District maintains one non-major capital projects fund:

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

- The Building Fund is used to account for proceeds from the sale of real property and account for the acquisition of major governmental capital facilities and buildings from the sale of bond proceeds..

Fiduciary Funds:

Agency Funds are used to account for assets of others for which the District acts as an agent. The District maintains an agency fund for the student body accounts. The student body funds are used to account for the raising and expending of money to promote the general welfare, morale, and educational experience of the student body. The amounts reported for student body funds represent the combined totals of all schools within the District.

F. 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 for the General Fund are presented 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.

For the fiscal year ended June 30, 2018, expenditures within the General Fund, in two expenditure categories, exceeded budget by $12,711 in total. The overage reflects excess expenditures for Classified salaries and employee benefits, which were not budgeted. Fund balance was more than adequate to cover the excess expenditures.

G. Encumbrances

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

H. Benefit Plans

Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the District's California Public Employees' Retirement System (CalPERS) and California State Teachers' Retirement System plans (STRS) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS and STRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. GASB Statement No. 68, Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27 (GASB Statement No. 68) requires that the reported results must pertainnto liability and asset information within certain defined time frames. For this period, the following time frames were used:

Valuation Date	June 30, 2016
Measurement Date	June 30, 2017
Measurement Period	July 1, 2016 to June 30, 2017

Other Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the total 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 Retiree Benefits Plan (the OPEB Plan) and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by the OPEB Plan. For this purpose, the OPEB Plan recognizes benefit payments when due and payable in accordance with the benefit terms.

I. Assets, Liabilities, and Equity

1. Cash and Investments

Cash balances held in banks and in revolving funds are insured to $250,000 by the Federal Deposit Insurance Corporation.

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

All District-directed investments are governed by Government Code Section 53601 and Treasury investment guidelines. The guidelines limit specific investments to government securities, domestic chartered financial securities, domestic corporate issues, and California municipal securities. The District's securities portfolio is held by the County Treasurer. Interest earned on investments is recorded as revenue of the fund from which the investment was made.

2. Fair Value Measurements

Investments are recorded at fair value in accordance with GASB Statement No. 72, Fair Value Measurement and Application. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction. In determining this amount, three valuation techniques are available:

The following is a summary of the definition of fair value:

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction. In determining this amount, three valuation techniques are available:

- Market approach - This approach uses prices generated for identical or similar assets or liabilities. The most common example is an investment in a public security traded in an active exchange such as the NYSE.

- Cost approach - This technique determines the amount required to replace the current asset. This approach may be ideal for valuing donations of capital assets or historical treasures.

- Income approach - This approach converts future amounts (such as cash flows) into a current discounted amount.

Each of these valuation techniques requires inputs to calculate a fair value. Observable inputs have been maximized in fair value measures, and unobservable inputs have been minimized.

3. Inventories and Prepaid Expenditures

Inventories are recorded using the purchases method, in that inventory acquisitions are initially recorded as expenditures. Reported inventories are equally offset by a fund balance reserve, which indicates that these amounts are not “available for appropriation and expenditure” even though they are a component of net current assets.

The District’s central warehouse inventory is valued at a moving average cost and consists of expendable supplies held for consumption. The District has the option of reporting expenditure in governmental funds for prepaid items either when purchased or during the benefiting period. The District has chosen to report the expenditure during the benefiting period.

4. Capital Assets

Capital assets, which include sites, improvement of sites, buildings and improvements, equipment, and construction in progress, are reported in the government-wide financial statements. Such assets are valued at historical cost or estimated historical cost unless obtained by annexation or donation, in which case they are recorded at estimated market value at the date of receipt. The District utilizes a capitalization threshold of $5,000.

Projects under construction are recorded at cost as construction in progress and transferred to the appropriate asset account when substantially complete. Costs of major improvements and rehabilitation of buildings are capitalized. Repair and maintenance costs are charged to expense when incurred. Equipment disposed of, or no longer required for its existing use, is removed from the records at actual or estimated historical cost, net of accumulated depreciation.

All capital assets, except land and construction in progress, are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Improvement of sites	20
Buildings	50
Portable buildings	20
Building improvements	20
Furniture and fixtures	20
Playground equipment	20
Food services equipment	15
Transportation equipment	15
Telephone system	10
Vehicles	8
Computer system and equipment	5
Office equipment	5

5. Compensated Absences

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

Accumulated sick leave benefits are not recognized as liabilities of the District. The District's policy is to record sick leave as an operating expense in the period taken, since such benefits do not vest, nor is payment probable; however, unused sick leave is added to the creditable service period for calculation of retirement benefits when the employee retires. At retirement, each classified member will receive .004 year of service credit for each day of unused sick leave. Credit for unused sick leave is applicable to all certificated employees and is determined by dividing the number of unused sick days by the number of base service days required to complete the last school year, if employed full-time.

6. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of applicable bond premium or discount. Issuance costs are expensed in the period incurred.

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

7. Fund Balance Classifications

The District maintains a minimum unassigned fund balance of not less than 4 percent of budgeted general fund expenditures and other financing uses as a reserve for economic uncertainties. The District believes a reserve of this level is prudent to maintain a high bond rating and to protect the District from the effects of fluctuations in property tax revenues to which basic aide districts are vulnerable. Because amounts in the nonspendable, restricted, committed, and assigned categories are subject to varying constraints on their use, the reserve for economic uncertainties consists of balances that are otherwise unassigned.

In accordance with Government Accounting Standards Board 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the District classifies governmental fund balances as follows:

- *Non-spendable* fund balance includes amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.

- *Restricted* fund balance includes amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

- *Committed* fund balances includes amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority and does not lapse at year-end. Committed fund balances are imposed by the District's board of education.

- *Assigned* fund balance includes amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund balance may be assigned by the Superintendent and the Assistant Superintendent of Business Services.

- *Unassigned* fund balance includes positive amounts within the general fund which has not been classified within the above mentioned categories and negative fund balances in other governmental funds.

The District uses restricted/committed amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as a grant agreement requiring dollar for dollar spending. Additionally, the District would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

In order to comply with the requirements of GASB 54, the District has combined transactions in the Special Reserve fund for Other than Capital Outlay (Special Reserve Fund) and the Tax Override Fund with the General Fund because those funds do not meet the definition of a special revenue fund as defined by GASB 54.

8. Net Position

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

Capital Projects restrictions will be used for the acquisition and construction of capital facilities.

Debt Service restrictions reflect the cash balances in the debt service funds that are restricted for debt service payments by debt covenants.

Educational Program restrictions reflect the amounts to be expended for federal and state funded educational programs.

Unrestricted net position reflect amounts that are not subject to any donor-imposed restrictions. This class also includes restricted gifts whose donor-imposed restrictions were met during the fiscal year. A deficit unrestricted net position may result when significant cash balances restricted for capital projects exist. Once the projects are completed, the restriction on these assets are released and converted to capital assets.

9. Local Control Funding Formula and Property Taxes

The Local Control Funding Formula (LCFF) creates base, supplemental, and concentration grants in place of most previously existing K–12 funding streams, including revenue limits and most state categorical programs. The revenue limit was a combination of local property taxes, state apportionments, and other local sources.

Until full implementation, local educational agencies (LEAs) will receive roughly the same amount of funding they received in 2012–13 plus an additional amount each year to bridge the gap between current funding levels and LCFF target levels. The budget projects the time frame for full implementation of the LCFF to be eight years.

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

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

The County Auditor reports the amount of the District's allocated property tax revenue to the California Department of Education. Property taxes are recorded as local revenue limit sources by the District.

10. Risk Management

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The District has joined together with other school districts in the County to form the San Mateo County Schools Insurance Group ("SMCSIG") public entity risk pool. The District pays an annual premium for its property and casualty, workers' compensation, and liability insurance coverage. The Joint Powers Agreements provide that SMCSIG will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of self-insured levels.

There were no significant reductions in insurance coverage from coverage in the prior year and no insurance settlement exceeding insurance coverage.

11. Accounting Estimates

The presentation 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 the reported amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

12. Subsequent Events

Management has reviewed subsequent events and transactions that occurred after the date of the financial statements through the date the financial statements were issued. The financial statements include all events or transactions, including estimates, required to be recognized in accordance with generally accepted accounting principles. Management has determined that there are no non-recognized subsequent events that require additional disclosure other than the issuance of 2018-19 Tax and Revenue Anticipation Notes in the amount of $1,375,000 and the Early Retirement Incentive pay off noted in Note 10 part D.

J. Implemented New Accounting Pronouncements

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* - The provisions in Statement 75 are effective for the fiscal year ended June 30, 2018. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement replaces the requirements of Statements No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, for OPEB.* Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans.

The scope of this Statement addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed.

In addition, this Statement details the recognition and disclosure requirements for employers with payables to defined benefit OPEB plans that are administered through trusts that meet the specified criteria and for employers whose employees are provided with defined contribution OPEB. This Statement also addresses certain circumstances in which a nonemployer entity provides financial support for OPEB of employees of another entity. In this Statement, distinctions are made regarding the particular requirements depending upon whether the OPEB plans through which the benefits are provided are administered through trusts that meet the following criteria:

- Contributions from employers and nonemployer contributing entities to the OPEB plan and earnings on those contributions are irrevocable.
- OPEB plan assets are dedicated to providing OPEB to plan members in accordance with the benefit terms.
- OPEB plan assets are legally protected from the creditors of employers, nonemployer contributing entities, the OPEB plan administrator, and the plan members.

As of June 30, 2018, according to GASB 75, the District's total OPEB liability must be recognized. Therefore, the previous total OPEB liability as of June 30, 2017 in the amount of $605,273 has been shown as a restatement of net position in the Statement of Activities as a separate line item.

GASB Statement No. 86, *Certain Debt Extinguishment Issues* - The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2017. Earlier application is encouraged. This statement did not have an impact on the District's financial statements.

K. Upcoming Accounting and Reporting Changes

GASB Statement No. 83, *Certain Asset Retirement Obligations* - This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2018. Earlier application is encouraged. The District doesn't believe this statement will have a significant impact on the District's financial statements.

GASB Statement No. 84, *Fiduciary Activities* - The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2018. Earlier application is encouraged. The District doesn't believe this statement will have a significant impact on the District's financial statements.

GASB issued Statement No. 87, *Leases* - The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this statement are effective for the fiscal year ending June 30, 2021. The District doesn't believe this statement will have a significant impact on the District's financial statements.

GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements* - This Statement addresses additional information to be disclosed in the notes to the financial statements regarding debt, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2018. Earlier application is encouraged. The District doesn't believe this statement will have a significant impact on the District's financial statements.

GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of the Construction Period* - This Statement addresses interest costs incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2019. Earlier application is encouraged. The District doesn't believe this statement will have a significant impact on the District's financial statements.

NOTE 2 - CASH AND INVESTMENTS

Summary of Deposits

A summary of deposits as of June 30, 2018, is as follows:

Description	Carrying Amount	Fair Value	Investment Rating
Government-Wide Statements:			
Cash with County	$ 3,899,340	$ 3,881,715	AA
Cash with Fiscal Agent	28,287	28,287	AAA
Total Cash Deposits	3,939,165	3,921,540	
Fiduciary Funds:			
Cash in Banks	$ 6,287	$ 6,287	

Cash in banks and revolving funds

Cash balances in banks and revolving funds are insured up to $250,000 by the Federal Deposit Insurance Corporation ("FDIC"). These accounts are held within various financial institutions. As of June 30, 2018, the bank balance of the District's accounts with banks was $14,033, which did not exceed FDIC.

Cash in County Treasury

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

Cash with Fiscal Agent

Cash with fiscal agent represents the amount on deposit with Deutsche Bank in two Trust accounts for federally subsidized loan proceeds from which vendor payments are made for the projects. The two escrow accounts had a combined balance of $28,287 at June 30, 2018, invested in US Treasury obligations.

Fair Value Measurements

GASB 72 established a hierarchy of inputs to the valuation techniques above. This hierarchy has three levels:

- Level 1 inputs are quoted prices in active markets for identical assets or liabilities.
- Level 2 inputs are quoted market prices for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other than quoted prices that are not observable.
- Level 3 inputs are unobservable inputs, such as a property valuation or an appraisal.

The District has the following recurring fair value measurements as of June 30, 2018:

Investments in the San Mateo County Treasury Investment Pool are not measured using the input levels above because the District's transactions are based on a stable net asset value per share. All contributions and redemptions are transacted at $1.00 net asset value per share.

Policies and Practices

The District is authorized under California Government Code to make direct investments in local agency bonds, notes, or warrants within the State; U.S. Treasury instruments; registered State warrants or treasury notes; securities of the U.S. Government, or its agencies; bankers acceptances; commercial paper; certificates of deposit placed with commercial banks and/or savings and loan companies; repurchase or reverse repurchase agreements; medium term corporate notes; shares of beneficial interest issued by diversified management companies, certificates of participation, obligations with first priority security; and collateralized mortgage obligations.

Limitations as they relate to interest rate risk, credit risk, custodial credit risk - deposits and concentration of credit risk are described below:

A. Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to the changes in market interest rates. The District manages its exposure to interest rate risk by investing in the County Treasury. The District keeps cash in the San Mateo County Investment Pool which had a fair value of approximately $1.468 billion and an amortized book value of $1.475 billion.

B. Credit Risk

Credit risk is the risk of loss due to the failure of the security issuer. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The investment with the San Mateo County Investment Pool is governed by the County's general investment policy. The investment with the San Mateo County Investment Pool is rated at least Aa by Moody's Investor Service.

C. Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the California Government code requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits.

D. Concentration of Credit Risk

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond the amount stipulated by the California Government code. District investments that are greater than 5 percent of total investments are in either an external investment pool or mutual funds and are therefore exempt.

NOTE 3 - ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following as of June 30, 2018:

Receivables	General Fund	Bond Interest Redemption	Nonmajor Funds	Total
Federal Government	$ 35,438	$ -	$ 3,772	$ 39,210
State	48,348	-	-	48,348
Local	95,920	-	-	95,920
Unrestricted	62,452	4,750	4,921	72,123
Total Accounts Receivable	$ 242,158	$ 4,750	$ 8,693	$ 255,601

NOTE 4 - INTERFUND TRANSACTIONS

Interfund transactions are reported as loans, services provided reimbursements, or transfers. Loans are reported as interfund receivables and payables, as appropriate, and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers among governmental funds are netted as part of the reconciliation to the government-wide financial statements.

Interfund Receivables/Payables (Due From/Due To)

As of June 30, 2018, the District had a $9,370 due from General Fund to the Cafeteria Fund and a Due from Building Fund to General Fund for $50,000.

Interfund Transfers

Interfund transfers consist of operating transfers from funds receiving revenues to funds through which the resources are to be expended. The District had a $35,410 transfer in to the Deferred Maintenance Fund from the General Fund and had a $19,136 transfer in to the Cafeteria Fund from the Deferred Maintenance Fund.

NOTE 5 - CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended June 30, 2018, is shown below:

Capital Assets	Balance July 01, 2017	Additions	Adjustments & Deletions	Balance June 30, 2018
Land - not depreciable	$ 770,000	$ -	$ -	$ 770,000
Buildings and improvements	39,408,030	656,053	-	40,064,083
Furniture and equipment	645,735	-	-	645,735
Total capital assets	40,823,765	656,053	-	41,479,818
Less accumulated depreciation for:				
Buildings and improvements	12,774,957	560,440	-	13,335,397
Furniture and equipment	256,538	7,922	-	264,460
Total accumulated depreciation	13,031,495	568,362	-	13,599,857
Total capital assets - net depreciation	$ 27,792,270	$ 87,691	$ -	$ 27,879,961

Depreciation expense was charge to governmental activities as follows:

Instruction	$ 425,438
Instruction library, media and technology	101,440
Food services	8,747
All other general administration	10,783
Plant services	21,954
Total depreciation expense	$ 568,362

NOTE 6 - TAX REVENUE ANTICIPATION NOTES (TRAN)

On July 1, 2017, the District issued $1,840,000 in Tax Revenue Anticipation Notes (TRANS) maturing on June 29, 2018, with an interest rate of 3%, sold to yield 0.90%. The TRANS are a general obligation of the District and are payable from revenues and cash receipts to be generated by the District. The funds will be used to supplement the District's cash flow and were completely repaid as of June 30, 2018.

NOTE 7 - SCHEDULE OF CHANGES IN LONG-TERM LIABILITIES

The following is a summary of the changes in long-term debt for the year ended June 30, 2018:

Long-term Debt	Balance July 01, 2017	Additions	Deletions	Balance June 30, 2018	Due Within One Year
General Obligation Bonds	$ 16,688,317	$ -	$ 894,107	$ 15,794,210	$ 865,000
Capital Leases	1,902,738	-	141,698	1,761,040	150,616
Annual Net OPEB Obligation	852,781	1,587,937	1,072,981	1,367,737	-
Net Penstion Liabilities	12,769,213	9,041,823	6,162,511	15,648,525	-
Early Retirement Incentives	610,000	-	125,259	484,741	125,259
Compensated Absences	29,011	-	16,548	12,463	12,463
Total Long-term Debt	$ 32,852,060	$ 10,629,760	$ 8,413,104	$ 35,068,716	$ 1,153,338

Payments for the capital lease obligations are paid from the General Fund. Payments on the general obligation bonds are made by the Bond Interest and Redemption Fund from local revenues. The accrued vacation, net pension liabilities and other postemployment benefits will be paid by the fund for which the employee worked.

NOTE 8 - GENERAL OBLIGATION BONDS

Through elections, the District received authorization to issue general obligation bonds (GOB) that requires the county to levy annual ad valorem taxes for the payment of interest and principal on the bonds. Bond proceeds are used to build additional classrooms and to perform repairs and renovations.

In December 2009, refunding bonds in the amount of $4,910,000 were issued by the Portola Valley School District to defease the Series 1998 General Obligation Bonds. The bonds bear interest rates of 2% to 4% with maturity dates of August 1, 2010 to August 1, 2028. The bonds are issued by the District at a premium sufficient to refund all of the District's General Obligation Bonds, Election of 1998, Series 1998 and to pay costs of issuance of the Bonds. This bond was partially refunded in 2015/16.

In May 2010, refunding bonds in the amount of $9,180,000 were issued by the Portola Valley School District to defease the Series 2001 General Obligation Bonds. The bonds bear interest rates of 2% to 5% with maturity dates of August 1, 2010 to August 1, 2025. The bonds are issued by the District at a premium sufficient to refund all of the District's General Obligation Bonds, Election of 1998, Series 2001 and to pay costs of issuance of the Bonds. This bond was partially refunded in 2015/16.

In November 2010, the District issued $5,315,000 of General Obligation Refunding Bonds. The bonds were issued to refund and fully defease 2002 General Obligation Bonds which were issued to improve schools by financing and modernization projects at Corte Madera and Ormondale Schools. Payments of principal and interest on the bonds will be made payable on February 1 and August 1 of each year commencing February 1, 2003 from the collection of *ad valorem* taxes upon all property subject to taxation by the District. This bond was partially refunded in 2015/16.

On June 2, 2016, the District issued $8,200,000 of 2016 General Obligation Refunding Bonds to partially defease the bonds noted above. The bonds bear interest rates at 1.91% with maturity dates of August 1, 2016 to August 1, 2029.

In prior years, the District defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements.

The following schedule summarizes District's outstanding General Obligation Bonds as of June 30, 2018:

Bond	Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 01, 2017	Issued	Redeemed	Bonds Outstanding June 30, 2018
2009 GORB	2009	2029	2.0-4.0%	$ 4,910,000	$ 1,235,000	$ -	$ 230,000	$ 1,005,000
2010 GORB	2010	2030	2.0-5.0%	9,180,000	1,995,000	-	365,000	1,630,000
2010 GORB, Series B	2010	2032	2.0-5.0%	5,315,000	4,590,000	-	130,000	4,460,000
2016 GORB	2016	2030	1.91%	8,200,000	8,065,000	-	110,000	7,955,000
Subtotal General Obligation Bonds				27,605,000	15,885,000	-	835,000	15,050,000
Unamortized Bond Premiums				1,219,864	803,317	-	59,107	744,210
Total General Obligation Bonds				$28,824,864	$ 16,688,317	$ -	$ 894,107	$ 15,794,210

The following is a summary of the District's annual debt service requirements as of June 30, 2018:

Year Ending June 30,	Principal	Interest	Total
2019	$ 865,000	$ 782,805	$ 1,647,805
2020	890,000	750,405	1,640,405
2021	930,000	714,280	1,644,280
2022	960,000	676,172	1,636,172
2023	1,005,000	315,765	1,320,765
2024-2028	5,350,000	1,185,358	6,535,358
2029-2033	5,050,000	507,352	5,557,352
Total Debt Service	$ 15,050,000	$ 4,932,137	$ 19,982,137

NOTE 9 - CAPITAL LEASE OBLIGATIONS

The District leases property and equipment under various lease agreements, which provide for title to pass upon expiration of the lease periods. In July of 2010, the District entered into a site lease for solar and other equipment, including installation, in the amount of $2,850,000. In January of 2012, the District added a technology and improvement capital lease in the amount of $514,222, which was paid off as of June 30,2017. The solar equipment site lease qualifies the District for $2,850,000 in Qualified School Construction Bond Program tax credits. For the fiscal year ended June 30, 2018, the District is also entitled to federal subsidies over a 15-year period for the solar panel installation. The District was entitled to a federal subsidy of $99,500 adjusted by a sequester reduction related to these leases. Future federal subsidies could be adjusted by sequester reductions.

The annual federal subsidies to be received from the leases outstanding as of June 30, 2018, are as follows:

Year Ending June 30,	Principal
2019	$ 92,019
2020	84,066
2021	75,610
2022	66,617
2023	57,049
2024-2027	113,474
Total	$ 488,834

The present value of future minimum lease payments are as follows:

Year Ending June 30,	Principal	Interest	Total
2019	$ 150,616	$ 109,713	$ 260,329
2020	160,145	100,329	260,474
2021	170,331	90,352	260,683
2022	181,217	79,741	260,958
2023	192,854	68,451	261,305
2024 - 2027	905,877	206,324	1,112,201
Present Value of Minimum Lease Payments	$ 1,761,040	$ 654,910	$ 2,415,950

NOTE 10 - EMPLOYEE RETIREMENT SYSTEMS

A. California Public Employees Retirement System (CalPERS/PERS) Pension Plan

General Information about the PERS Pension Plan

Plan Description - All qualified permanent and probationary employees are eligible to participate in the District's Miscellaneous Employee Pension Plan (the Plan), a cost-sharing multiple employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute and District resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

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

The Plans' provisions and benefits in effect at June 30, 2018, are summarized as follows:

	CalPERS	
	Classic	PEPRA
Benefit formula	2% @ 55	2% @ 62
Benefit vesting schedule	5 Years	5 Years
Benefit payments	Monthly for Life	Monthly for Life
Retirement age	55	62
Monthly benefits as a % of eligible compensation	2.0% to 2.5%	2.00%
Required employee contribution rates	7.0%	6.0%
Required employer contribution rates	15.531%	15.531%

Contributions - Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plan are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended June 30, 2018, the District's contributions were $269,069.

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

As of June 30, 2018, the District reported net pension liabilities for its proportionate shares of the net pension liability of the Plan as follows:

	Proportionate Share of Net Pension Liability/(Asset)
CalPERS	$ 3,626,254

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

The District's proportionate share of the net pension liability for the Plan as of June 30, 2017 and 2018 was as follows:

	CalPERS
Proportion - June 30, 2017	0.01530%
Proportion - June 30, 2018	0.01519%
Change - Increase/(Decrease)	-0.00011%

For the year ended June 30, 2018, the District recognized pension expense of $686,005 for the Plan.

At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	CalPERS	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	$ 486,977	$ -
Differences between Expected and Actual Experience	129,914	-
Differences between Projected and Actual Investment Earnings	125,444	-
Differences between Employer's Contributions and Proportionate Share of Contributions	-	5,846
Change in Employer's Proportion	-	773,789
Pension Contributions Made Subsequent to Measurement Date	292,864	-
Total	$ 1,035,199	$ 779,635

The District reported $292,864 as deferred outflows of resources related to contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal Year Ending June 30:	Outflows/(Inflows) of Resources CalPERS
2019	$ 150,221
2020	(363,396)
2021	244,567
2022	(68,693)
2023	-
Thereafter	-
Total	$ (37,301)

Actuarial Assumptions - The total pension liabilities in the June 30, 2016 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2016
Measurement Date	June 30, 2017
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.75%
Payroll Growth	3.00%
Projected Salary Increase	(1)
Investment Rate of Return	7.5% (2)
Mortality	(3)

(1) Varies by age and service
(2) Net of pension plan investment expenses, including inflation
(3) Derived using CalPERS' membership data for all funds

Discount Rate - The discount rate used to measure the total pension liability was 7.15 percent for the Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the Plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.15 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.15 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

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

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

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

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 (a)	Real Return Years 11+ (b)
Global Equity	47.00%	4.90%	5.38%
Fixed Income	19.00%	0.80%	2.27%
Inflation Sensitive	6.00%	0.60%	1.39%
Private Equity	12.00%	6.60%	6.63%
Real Estate	11.00%	2.80%	5.21%
Infrastructure and Forestland	3.00%	3.90%	5.36%
Liquidity	2.00%	-0.40%	-0.90%
Total	100.00%		

(a) An expected inflation of 2.5% used for this period.

(b) An expected inflation of 3.0% used for this period.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the District's proportionate share of the net pension liability for the Plan, calculated using the discount rate for the Plan, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

		CalPERS
1% Decrease		6.15%
Net Pension Liability	$	5,335,382
Current		7.15%
Net Pension Liability	$	3,626,254
1% Increase		8.15%
Net Pension Liability	$	2,208,389

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

B. California State Teachers' Retirement System (STRS) Pension Plan

General Information about the STRS Pension Plan

Plan Description - The District contributes to the State Teachers' Retirement System (STRS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by STRS. The plan provides retirement, disability, and survivor benefits to beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the State Teachers' Retirement Law. STRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information.

Benefits Provided - STRS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. The cost of living adjustments for the Plan are applied as specified by the retirement Law.

The Plan's provisions and benefits in effect at June 30, 2018, are summarized as follows:

	CalSTRS	
	Tier 1	Tier 2
Benefit formula	2% @ 60	2% @ 62
Benefit vesting schedule	5 Years	5 Years
Benefit payments	Monthly for Life	Monthly for Life
Retirement age	60	62
Monthly benefits as a % of eligible compensation	2.000%	2.000%
Required employee contribution rates	10.250%	9.205%
Required employer contribution rates	14.430%	14.430%

Contributions - As part of the annual valuation process, the Normal Cost rate is determined as the basis for setting the base member contribution rate for the following fiscal year. Generally, the base member contribution rate is one-half of the Normal Cost rate within certain parameters. Required member, employer and state contribution rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. Contribution rates are expressed as a level percentage of payroll using the entry age normal actuarial cost method.

For the year ended June 30, 2018, the District's contributions were as follows:

	CalSTRS
Employer Contributions	$ 946,055
State Contributions	559,219
Total	$ 1,505,274

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

As of June 30, 2018, the District reported net pension liabilities for its proportionate shares of the net pension liability of the Plan as follows:

	Proportionate Share of Net Pension Liability/(Asset)
District	$ 12,022,270
State	4,468,678
Total	$ 16,490,948

The District's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2017, and the total pension liability for the Plan used to calculate the net pension liability was determined by and actuarial valuation as of June 30, 2016 rolled forward to June 30, 2017 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The state contributed 8.828 percent of the members' creditable earnings from the fiscal year ending in the prior calendar year. Also, as a result of AB 1469, the additional state appropriation required to fully fund the benefits in effect as of 1990 by 2046 is specific in subdivision (b) of Education Code Section 22955.1. The increased contributions end as of fiscal year 2046-2047.

The District's proportionate share of the net pension liability for the Plan as of June 30, 2017 and 2018 was as follows:

	CalSTRS
Proportion - June 30, 2017	0.01200%
Proportion - June 30, 2018	0.01300%
Change - Increase/(Decrease)	0.00100%

For the year ended June 30, 2018, the District recognized pension expense of $853,787 for the Plan.

At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	CalSTRS	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	$ 2,227,290	$ -
Differences between Expected and Actual Experience	-	165,230
Differences between Projected and Actual Investment Earnings	-	320,190
Differences between Employer's Contributions and Proportionate Share of Contributions	345,859	-
Change in Employer's Proportion	126,934	-
Pension Contributions Made Subsequent to Measurement Date	946,055	-
Total	$ 3,646,138	$ 485,420

The District reported $946,055 as deferred outflows of resources related to contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ended June 30, 2019.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal Year Ending June 30:	Outflows/(Inflows) of Resources CalSTRS
2019	$ 126,827
2020	594,502
2021	422,122
2022	108,497
2023	419,166
Thereafter	543,549
Total	$ 2,214,663

Actuarial Assumptions - The total pension liabilities in the June 30, 2016 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2016
Measurement Date	June 30, 2017
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.10%
Inflation	2.75%
Payroll Growth	3.50%
Projected Salary Increase	(1)
Investment Rate of Return	7.50% (2)
Mortality	(3)

(1) Varies by age and service. Approximately 6% average over career including inflation

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

(3) Derived using CalSTRS' membership data for all funds

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

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

Asset Class	New Strategic Allocation	Long-Term Expected Rate of Return
Global Equity	47.00%	6.30%
Fixed Income	12.00%	0.30%
Inflation Sensitive	4.00%	3.80%
Private Equity	13.00%	9.30%
Real Estate	13.00%	5.20%
Absolute Return/Risk Mitigation	9.00%	2.90%
Liquidity	2.00%	-1.00%
Total	100.00%	

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the District's proportionate share of the net pension liability for the Plan, calculated using the discount rate for the Plan, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

		CalSTRS
1% Decrease		6.10%
Net Pension Liability	$	17,652,700
Current		7.10%
Net Pension Liability	$	12,022,270
1% Increase		8.10%
Net Pension Liability	$	7,453,030

Pension Plan Fiduciary Net Position - Detailed information about each pension plan's fiduciary net position is available in the separately issued STRS financial reports.

C. Post-Employment Benefits Other Than Pension Benefits

Plan Description - The District's Postemployment Healthcare Plan (PHP) is a single-employer defined benefit healthcare plan including medical, dental, and vision benefits for the below groups of employees.

Benefits - The following summarizes the benefits in the plan:

	Retirees
Benefits Provided:	Medical, Dental and Vision
Duration of Benefits:	5 years after retirement
Required Services:	10 Years
Minimum Age:	56 (55 if classified)
Dependent Coverage:	No
Contribution Percentage:	100% to cap
Cap:	8,628 per year

Employees Covered by Benefit Terms - At June 30, 2017 (the valuation date), the benefit terms covered the following employees:

Active employees	95
Inactive employees	12
Total employees	107

Contributions - The District makes contributions based on an actuarially determined rate and are approved by the authority of the District's Board. Total contributions to the OPEB plan during the year were $92,873. Total benefit payments included in the measurement period were $129,883. The actuarially determined contribution for the measurement period was $173,046. The District's contributions were 1.59% of payroll during the measurement period July 1, 2017 (reporting period June 30, 2018). Employees are not required to contribute to the plan.

Actuarial Assumptions - The following summarized the actuarial assumptions for the OPEB plan included in this fiscal year:

Valuation Date:	July 1, 2017
Measurement Date:	July 1, 2017
Actuarial Cost Method:	Entry-Age Actuarial Cost Method
Amortization Period:	30 years
Actuarial Assumptions:	
Discount Rate	3.13%
Inflation	2.75%
Payroll Increases	3.00%
Municipal Bond Rate	3.13%
Mortality	2014 CalPERS OPEB Assumptions Model (for classified employees) 2016 valuation of CalSTRS (for certificated employees)
Retirement	2014 CalPERS OPEB Assumptions Model (for classified employees) 2016 valuation of CalSTRS (for certificated employees)
Service Requirement	At least 10 years of service

Discount Rate - Since the benefits are not funded, the discount rate is equal to the 20-Year Bond Rate, which was 3.13%

Total OPEB Liability - The District's total OPEB liability was measured as of June 30, 2017 (measurement date) and was determined by an actuarial valuation as of June 30, 2017 (valuation date) for the fiscal year ended June 30, 2018 (reporting date).

Changes in the Total OPEB Liability - The following summarizes the changes in the total OPEB liability during the year ended June 30, 2018:

Fiscal Year Ended July 30, 2018 (Measurement Date July 30, 2017)	**Total OPEB Liability**	**Plan Fiduciary Net Position**	**Net OPEB Liability**
Balance at July 1, 2017	$ 1,458,054	$ -	$ 1,458,054
Service cost	96,645	-	96,645
Interest in Total OPEB Liability	37,168	-	37,168
Employer contributions	-	-	-
Employer implicit subsidy	-	-	-
Employee contributions	-	-	-
Balance of diff between actual and exp experience	-	-	-
Balance of diff between actual and exp earnings	-	-	-
Balance of changes in assumptions	(51,084)	-	(51,084)
Actual investment income	-	-	-
Administrative expenses	-	-	-
Benefit payments	(173,046)	-	(173,046)
Other	-	-	-
Net changes	(90,317)	-	(90,317)
Balance at June 30, 2018	$ 1,367,737	$ -	$ 1,367,737

Covered Payroll at Measurement Date	$ 6,079,641
Total OPEB Liability as a % of covered payroll	22.50%
Plan Fid. Net Position as a % of Total OPEB Liability	0.00%
Service cost as a % of covered payroll	1.59%
Net OPEB Liability as a % of covered payroll	22.50%

The District’s plan is nonfunded, meaning there have not been assets placed into an irrevocable trust, therefore the plan fiduciary net position is zero.

Deferred Inflows and Outflows of Resources - At June 30, 2018, 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 actual and expected experience	$ -	$ -
Difference between actual and expected earnings	-	-
Change in assumptions	-	47,154
OPEB contribution subsequent to measurement date	92,873	-
Totals	$ 92,873	$ 47,154

Of the total amount reported as deferred outflows of resources related to OPEB, $92,873 resulting from District contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the total OPEB liability in the year ended June 30, 2019. The district also had a deferred inflows of resources related to OPEB $47,154 changes in assumptions.

OPEB Expense - The following summarizes the OPEB expense by source during the year ended June 30, 2018:

Service cost	$ 96,645
Interest in TOL	37,168
Expected investment income	-
Other	-
Employee contributions	-
Difference between actual and expected experience	-
Difference between actual and expected earnings	-
Change in assumptions	(3,930)
Administrative expenses	-
OPEB Expense	**$ 129,883**

The following summarizes changes in the total OPEB liability as reconciled to OPEB expense during the year ended June 30, 2018:

Total OPEB liability ending	$ 1,367,737
Total OPEB liability beginning	(1,458,054)
Change in total OPEB liability	(90,317)
Changes in deferred outflows	-
Changes in deferred inflows	47,154
Employer contributions	173,046
OPEB Expense	**$ 129,883**

Sensitivity to Changes in the Discount Rate - The total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher, is as follows:

	Municipal Bond Rate		
	2.13% (1% Decrease)	**3.13% (Current Rate)**	**4.13% (1% Increase)**
Total OPEB Liability	$ 1,493,934	$ 1,367,737	$ 1,256,006

Sensitivity to Changes in the Healthcare Cost Trend Rates - The total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than current healthcare cost trend rates, is as follows:

	Trend Rate		
	3.0% to 6.5% (1% Decrease)	**4% to 7.5% (Current Rate)**	**5.0% to 8.5% (1% Increase)**
Total OPEB Liability	$ 1,443,522	$ 1,367,737	$ 1,289,799

D. Early Retirement Incentives

The District has adopted an early retirement incentive program (ERIP), pursuant to *Education Code* Sections 22714 and 44929, whereby the service credit to eligible employees is increased by two years. Eligible employees must have five or more years of service under the State Teachers' Retirement System and retire during a period of not more than 120 days or less than 60 days from the date of the formal action taken by the District. As of June 30, 2018, the District had a remaining balance of $484,741. As of the date of this report, the District had paid off this balance.

NOTE 11 - JOINT VENTURES (JOINT POWERS AGREEMENTS)

The District participates in one joint venture under a joint powers agreement (JPA), with the San Mateo County Schools Insurance Group, for Property & Liability, Workers' Compensation and Medical/ Dental. The relationship between the District and the JPA is such that the JPA is not a component unit of the District for financial reporting purposes.

The JPA arranges for and/ or provides coverage for its members. The JPA is governed by a board consisting of a representative from each member district. The board controls the operations of its JPA, including selection of management and approval of operating budgets independent of any influence by the member districts beyond their representation on the Board. Each member district pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionately to their participation in the JPA. Separately issued financial statements can be requested from the JPA

NOTE 12 - COMMITMENTS AND CONTINGENCIES

State and Federal Allowances, Awards, and Grants

The District has received state and federal funds for specific purposes that are subject to review and audit by the grantor agencies. If the review or audit discloses exceptions, the District may incur a liability to grantor agencies.

Litigation

The District may be exposed to various claims and litigation. However, District management believes, based on consultation with legal counsel, that the ultimate resolution of these matters would not have a material adverse effect on the District's financial position or results of operations.

REQUIRED SUPPLEMENTARY INFORMATION

PORTOLA VALLEY SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL (GAAP)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual (GAAP Basis)	Positive - (Negative)
Revenues:				
LCFF sources	$ 11,476,512	$ 11,745,053	$ 11,774,307	$ 29,254
Federal	106,866	106,866	109,868	3,002
Other state	709,726	784,909	801,565	16,656
Other local	2,463,782	2,815,233	2,874,548	59,315
Total revenues	14,756,886	15,452,061	15,560,288	108,227
Expenditures:				
Certificated salaries	6,894,507	6,673,696	6,643,884	29,812
Classified salaries	1,879,999	1,915,572	1,924,916	(9,344)
Employee benefits	3,156,903	3,499,805	3,503,172	(3,367)
Books and supplies	779,501	653,156	574,270	78,886
Services and other operating expenditures	1,787,869	1,777,934	1,622,650	155,284
Capital outlay	283,500	290,367	265,763	24,604
Other outgo	435,427	503,546	491,075	12,471
Total expenditures	15,217,706	15,314,076	15,025,730	288,346
Excess (deficiency) of revenues over (under) expenditures	(460,820)	137,985	534,558	396,573
Other financing sources (uses):				
Transfers out	(54,546)	(54,546)	(54,546)	-
Total other financing sources (uses)	(54,546)	(54,546)	(54,546)	-
Net change in fund balances	(515,366)	83,439	480,012	396,573
Fund balance beginning	88,793	88,793	1,786,879	(1,698,086)
Fund balances ending	$ (426,573)	$ 172,232	$ 2,266,891	$ (1,301,513)

The budgetary control level is by object on the modified accrual basis per U.S. GAAP. Expenditures can not legally exceed appropriations by maor object. The above excesses were not in accordance with Education Code 42600.

PORTOLA VALLEY SCHOOL DISTRICT
SCHEDULE OF CALPERS PENSION PLAN CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2018

CalPERS	**2018**	**2017**	**2016**	**2015**
Contractually Required Contributions (Actuarially Determined)	$ 292,864	$ 269,069	$ 218,066	$ 448,503
Contributions in Relation to Actuarially Determined Contributions	292,864	269,069	218,066	448,503
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
Covered Employee Payroll	**$1,885,674**	**$1,937,421**	**$1,840,639**	**$3,810,237**
Contributions as a Percentage of Covered Payroll	**15.53%**	**13.89%**	**11.85%**	**11.77%**

Notes to Schedule:

Valuation Date: June 30, 2016

Assumptions Used: Entry Age Method used for Actuarial Cost Method
Level Percentage of Payroll and Direct Rate Smoothing
4 Years Remaining Amortization Period
Inflation Assumed at 2.75%
Investment Rate of Returns set at 7.5%
CalPERS mortality table using 20 years of membership data for all funds

Fiscal year 2015 was the first year of implementation, therefore only four years are shown.
There were no changes in benefit terms.
PERS discount rates were reduced from 7.5 to 7.65 in 2017 and then again to 7.15 in 2018

PORTOLA VALLEY SCHOOL DISTRICT
SCHEDULE OF CALPERS PROPORTIONATE SHARE OF NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2018

CalPERS	2018	2017	2016	2015
District's Proportion of Net Pension Liability	0.01519%	0.01447%	0.01418%	0.01430%
District's Proportionate Share of Net Pension Liability	$ 3,626,254	$ 2,857,086	$ 2,090,562	$ 1,623,398
District's Covered Employee Payroll	$ 1,937,421	$ 1,840,639	$ 3,810,237	$ 1,500,795
District's Proportionate Share of NPL as a % of Covered Employee Payroll	**187.17%**	**155.22%**	**54.87%**	**108.17%**
Plan's Fiduciary Net Position as a % of the TPL	**71.87%**	**73.90%**	**79.43%**	**83.38%**

Fiscal year 2015 was the first year of implementation, therefore only four years are shown.
There were no changes in benefit terms
PERS discount rates were reduced from 7.5 to 7.65 in 2017 and then again to 7.15 in 2018.

PORTOLA VALLEY SCHOOL DISTRICT
SCHEDULE OF CALSTRS PENSION PLAN CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2018

STRS	2018	2017	2016	2015
Contractually Required Contributions (Actuarially Determined)	$ 946,055	$ 838,016	$ 665,848	$ 520,084
Contributions in Relation to Actuarially Determined Contributions	946,055	838,016	665,848	520,084
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
Covered Employee Payroll	**$ 6,556,168**	**$ 6,661,494**	**$ 6,205,480**	**$ 5,856,802**
Contributions as a Percentage of Covered Payroll	**14.43%**	**12.58%**	**10.73%**	**8.88%**

Notes to Schedule:

Valuation Date: June 30, 2016

Assumptions Used: Entry Age Method used for Actuarial Cost Method
Level Percentage of Payroll
7 Years Remaining Amortization Period
Inflation Assumed at 2.75%
Investment Rate of Returns set at 7.50%
STRS mortality table using membership data for all funds

Fiscal year 2015 was the first year of implementation, therefore only four years are shown.
There were no changes in benefit terms
STRS discount rates were reduced from 7.60 in 2017 to 7.10 in 2018

PORTOLA VALLEY SCHOOL DISTRICT
SCHEDULE OF CALSTRS PROPORTIONATE SHARE
FOR THE YEAR ENDED JUNE 30, 2018

STRS	**2018**	**2017**	**2016**	**2015**
District's Proportion of Net Pension Liability	0.01300%	0.01226%	0.01231%	0.01300%
District's Proportionate Share of Net Pension Liability	$ 12,022,270	$ 9,912,126	$ 8,286,286	$ 7,596,810
District's Covered Employee Payroll	$ 6,661,494	$ 6,205,480	$ 5,856,802	$ 5,922,170
District's Proportionate Share of NPL as a % of Covered Employee Payroll	**180.47%**	**159.73%**	**141.48%**	**128.28%**
Plan's Fiduciary Net Position as a % of the TPL	**69.46%**	**70.04%**	**74.02%**	**76.52%**

Fiscal year 2015 was the first year of implementation, therefore only four years are shown.
There were no changes in benefit terms
STRS discount rates were reduced from 7.60 in 2017 to 7.10 in 2018

PORTOLA VALLEY SCHOOL DISTRICT
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY
FOR THE YEAR ENDED JUNE 30, 2018

		Fiscal Year Ended June 30, 2018
Total OPEB liability		
Service cost	$	96,645
Interest		37,168
Changes of benefit terms		-
Differences between expected and actual experience		-
Changes of assumptions		(51,084)
Benefit payments		(173,046)
Net change in Total OPEB Liability		(90,317)
Total OPEB Liability - beginning		1,458,054
Total OPEB Liability - ending	$	1,367,737
Plan fiduciary net position		
Employer contributions	$	173,046
Employer implict subsidy		-
Employee contributions		-
Net investment income		-
Difference between estimated and actual earnings		-
Benefit payments		(173,046)
Other		-
Administrative expense		-
Net change in plan fiduciary net position		-
Plan fiduciary net position - beginning		-
Plan fiduciary net position - ending	$	-
Net OPEB liability	$	1,367,737
Plan fiduciary net position as a percentage of the total OPEB liability		0.00%
Covered employee payroll	$	6,079,641
Net OPEB Liability as a percentage of covered payroll		22.50%
Total OPEB Liability as a percentage of covered payroll		22.50%

GASB 75 requires a schedule of contributions for the last ten fiscal years, or for as many years as are available if less than ten years are available. GASB 75 was adopted as of June 30, 2018.

This plan is nontrusted, the amount shown above as contributions is actually benefit payments during the fiscal year

SUPPLEMENTARY INFORMATION

PORTOLA VALLEY SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2018

	Special Revenue Funds		Capital Projects Fund		
	Cafeteria Fund	Deferred Maintenance Fund	Capital Facilities Fund	Building Fund	Total Nonmajor Funds
Assets					
Cash and investments	$ 744	$ 96,684	$ 134,403	$ 4,393	$ 236,224
Accounts receivable	3,751	271	4,671	-	8,693
Due from other funds	9,370	-	-	-	9,370
Total Assets	$ 13,865	$ 96,955	$ 139,074	$ 4,393	$ 254,287
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	$ 6,247	$ -	$ 21,695	$ 179	$ 28,121
Due to other funds	-	-	-	50,000	50,000
Deferred revenue	7,349	-	-	-	7,349
Total Liabilities	13,596	-	21,695	50,179	85,470
Fund balances:					
Restricted for cafeteria programs	269	-	-	-	269
Assigned for capital projects	-	-	117,379	-	117,379
Assigned for site repairs	-	96,955	-	-	51,169
Unassigned	-	-	-	(45,786)	-
Total Fund Balances	269	96,955	117,379	(45,786)	168,817
Total Liabilities and Fund Balances	$ 13,865	$ 96,955	$ 139,074	$ 4,393	$ 254,287

PORTOLA VALLEY SCHOOL DISTRICT
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Special Revenue Funds		Capital Projects Fund		
	Cafeteria Fund	Deferred Maintenance Fund	Capital Facilities Fund	Building Fund Fund	Total Nonmajor Funds
Revenues:					
Federal	$ 28,872	$ -	$ -	$ -	$ 28,872
Other state	1,748	-	-	-	1,748
Other local	89,187	1,619	139,341	-	230,147
Total revenues	119,807	1,619	139,341	-	260,767
Expenditures:					
Pupil services:					
Food services	141,690	-	-	-	141,690
General administration:					
All other general administration	-	-	144	-	144
Plant services	-	263,764	-	45,786	309,550
Facility acquisition and construction	-	-	287,765	-	287,765
Total expenditures	141,690	263,764	287,909	45,786	739,149
Excess (deficiency) of revenues over (under) expenditures	(21,883)	(262,145)	(148,568)	(45,786)	(478,382)
Other financing sources (uses):					
Transfers in	19,136	35,410	-	-	54,546
Total other financing sources (uses)	19,136	35,410	-	-	54,546
Net change in fund balances	(2,747)	(226,735)	(148,568)	(45,786)	(423,836)
Fund balances beginning	3,016	323,690	265,947	-	592,653
Fund balances ending	$ 269	$ 96,955	$ 117,379	$ (45,786)	$ 168,817

COMPLIANCE SECTION

The Portola Valley School District serves approximately 600 students. The District is located in San Mateo County in Portola Valley, California, and operates one K-3 elementary school and one 4-8 middle school.

Governing Board

Name	Office	Term Expires
Brooke Day	Trustee	2019
Karyn Bechtel	Trustee	2020
Jeff Klugman	Clerk	2020
Gulliver La Valle	President	2019
Mike Maffia	Trustee	2020

Administration

Eric Hartwig
Superintendent

Connie Ngo
Chief Business Official

Jason Borgan
Director of Learning and Innovation

Minoo Shah
Director of Student Services

Cynthia Maijala
Principal of Middle School

Kristen Shima
Assistant Principal

Lynette Hoveland
Principal of Elementary School

PORTOLA VALLEY SCHOOL DISTRICT
SCHEDULE OF AVERAGE DAILY ATTENDANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Second Period Report	Annual Report
Regular ADA:		
Grades TK/K through three	228.27	227.09
Grades four through six	184.55	184.37
Grades seven and eight	112.75	111.89
Regular ADA Totals	525.57	523.35
Extended year special education		
Grades TK/K through three	0.34	0.34
Grades four through six	0.12	0.12
Grades seven and eight	2.17	2.15
ADA Totals	528.20	525.96
Court-Ordered Voluntary Pupil Transfer		
Regular ADA:		
Grades TK/K through three	20.76	20.79
Grades four through six	20.15	20.32
Grades seven and eight	10.99	11.06
Court-Ordered Voluntary Pupil Regular ADA Totals	51.90	52.17
Extended year special education		
Grades four through six	0.12	-
Grades seven and eight	0.06	-
Court-Ordered Voluntary Pupil ADA Totals	52.08	52.17
District Regular ADA Totals	580.28	578.13

PORTOLA VALLEY SCHOOL DISTRICT
SCHEDULE OF INSTRUCTIONAL TIME
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Grade Level	Minutes Requirements	2017-18 Actual Minutes	Number of Days Traditional Calendar	Number of Days Multitrack Calendar	Status
Kindergarten	36,000	44,160	180	0	In compliance
Grade 1	50,400	54,720	180	0	In compliance
Grade 2	50,400	54,720	180	0	In compliance
Grade 3	50,400	54,720	180	0	In compliance
Grade 4	54,000	63,312	180	0	In compliance
Grade 5	54,000	63,312	180	0	In compliance
Grade 6	54,000	64,182	180	0	In compliance
Grade 7	54,000	64,182	180	0	In compliance
Grade 8	54,000	64,182	180	0	In compliance

School districts and charter schools must maintain their instructional minutes as defined in Education Code Section 46207. This schedule is required of all districts and charter schools, including basic aid districts.

The District has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day. This schedule presents information on the amount of instruction time offered by the District and whether the District complied with the provisions of Education Code Sections 46200 through 46206. The District has not met or exceeded its target funding.

PORTOLA VALLEY SCHOOL DISTRICT
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS (UNAUDITED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	(Budget [1]) 2019	2018	2017	2016
General Fund				
Revenues and other financial sources	$15,262,383	$15,560,288	$14,424,120	$14,484,765
Expenditures	15,309,341	15,025,730	14,653,979	14,256,362
Other uses and transfers out	11,660	54,546	438,000	-
Total outgo	15,321,001	15,080,276	15,091,979	14,256,362
Change in fund balance	$ (58,618)	$ 480,012	$ (667,859)	$ 228,403
Beginning fund balance restatement - Health and Welfare:	$ -	$ (111,060)	$ -	$ -
Ending fund balance	$ 2,208,273	$ 2,266,891	$ 1,897,939	$ 2,565,798
Available reserves [(2)]	$ 1,678,173	$ 710,511	$ 995,178	$ 1,931,740
Unassigned - Reserved for economic uncertainties	$ -	$ 625,776	$ -	$ -
Unassigned fund balance	$ 1,678,173	$ 84,735	$ 995,178	$ 1,931,740
Available reserves as a percentage of total outgo	10.95%	4.71%	6.59%	13.55%
Total long-term debt	$33,915,378	$35,068,716	$32,852,060	$31,438,351
Average daily attendance at P-2	554	580	603	604

Average daily attendance has decreased by 24 over the past three years. The district anticipates a decrease of 26 in ADA in 2018-19.

The fund balance in the General Fund has decreased by $298,907 over the past three years. For a district this size, the state recommends available reserves of at least 4% of total general fund expenditures, transfers out, other uses (total outgo).

The district earned an operating surplus in two of the past three years. Total long-term debt has increased by $3,630,356 over the past three years.

[1] Budget numbers are based on the first adopted budget of the fiscal year 2018/19.

[2] Available reserves consists of all unassigned fund balances in the general fund, which includes the reserve for economic uncertainties.

PORTOLA VALLEY SCHOOL DISTRICT
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT
TO THE AUDITED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	General Fund	Bond Redemption Fund	Other Nonmajor Governmental Funds
June 30, 2018 Annual Financial and Budget Report Fund Balances	$ 1,567,523	$ 1,246,004	$ 868,185
Adjustments and Reclassifications:			
Special Reserve Fund for Other Than Capital Outlay Projects:			
Cash with County Treasury	697,447	-	(697,447)
Accounts Receivable	1,921	-	(1,921)
June 30, 2018 Audited Financial Statements Fund Balances	$ 2,266,891	$ 1,246,004	$ 168,817

1. PURPOSE OF SCHEDULES

A. Schedule of Average Daily Attendance

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

B. Schedule of Instructional Time

The District has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day and Longer Instructional Year. This schedule presents information on the amount of instructional time offered by the District and whether the District complied with the provisions of Education Code Sections 46201 through 46206.

C. 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.

D. Reconciliation of Annual Financial and Budget Report to the Audited Financial Statements

This schedule provides the information necessary to reconcile the fund balances of all funds as reported in the annual financial and budget report to the audited financial statements.

2. EARLY RETIREMENT INCENTIVE PROGRAM

The District has adopted an early retirement incentive program, pursuant to Education Code Sections 22714 and 44929, whereby the service credit to eligible employees is increased by two years.

OTHER INDEPENDENT AUDITOR'S REPORTS

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

Board of Trustees
Portola Valley School District
Portola Valley, 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Portola Valley School District as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Portola Valley School District's basic financial statements, and have issued our report thereon dated December 13, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Portola Valley School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Portola Valley School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Portola Valley School District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control 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 over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Portola Valley School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However,

1475 Saratoga Ave, Suite 180, San Jose, CA 95129
Tel: 408-217-8749 • E-Fax: 408-872-4159
info@cnallp.com • www.cnallp.com

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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

C & A LLP

December 13, 2018
San Jose, California

1475 Saratoga Ave, Suite 180, San Jose, CA 95129
Tel: 408-217-8749 • E-Fax: 408-872-4159
info@cnallp.com • www.cnallp.com

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE DIRECT AND MATERIAL EFFECT ON STATE PROGRAMS

Board of Education
Portola Valley School District
Portola Valley, California

Report on Compliance for State Programs

We have audited the Portola Valley School District's (the District) compliance with the types of compliance requirements described in *the 2017-18 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel, that could have a direct and material effect on each of the District's state programs identified below for the year ended June 30, 2018.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its state programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each applicable program as identified in the State's audit guide, *2017-18 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *2017-18 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel. Those standards, and state audit, guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above, that could have a material effect on compliance with the state laws and regulations described in the schedule below, occurred. An audit includes examining, on a test basis, evidence supporting the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the District's compliance with those requirements.

In connection with the compliance audit referred to above, we selected and tested transactions and records to determine the District's compliance with the state laws and regulations applicable to the following items:

Description	Procedures Performed
Local Education Agencies Other than Charter Schools:	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	No
Continuation Education	N/A
Instructional Time	Yes

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Description	Performed
Instructional Materials	Yes
Ratios of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	Yes
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	N/A
Middle or Early College High Schools	N/A
K-3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	N/A
Apprenticeship: Related and Supplemental Instruction	N/A
School Districts, County Offices of Education, and Charter Schools	
Educator Effectiveness	Yes
California Clean Energy Jobs Act	Yes
After/Before School Education and Safety Program:	
General Requirements	N/A
After School	N/A
Before School	N/A
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study – Coursed Based	No
Charter Schools:	
Attendance	N/A
Mode of Instruction	N/A
Nonclassroom-Based Instruction/Independent Study for Charter Schools	N/A
Determination of Funding for Nonclassroom - Based Instruction	N/A
Annual Instructional Minutes - Classroom Based	N/A
Charter School Facility Grant Program	N/A

We did not perform the audit procedures for Full-time Independent Study programs because the ADA was under the level that requires testing.

Opinion

In our opinion, Portola Valley School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on State Programs for the fiscal year ended June 30, 2018.

C & A LLP

December 13, 2018
San Jose, California

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FINDINGS AND RECOMMENDATIONS

PORTOLA VALLEY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued	**Unmodified**
Internal control over financial reporting:	
Material weaknesses?	____ Yes __x__ No
Significant deficiencies identified not considered to be material weaknesses?	____ Yes __x__ No
Non-compliance material to financial statements noted?	____ Yes __x__ No

Federal Awards

The District did not spend or incur expenditures of $750,000 or more in federal awards.

State Awards

Internal control over state programs:	
Material weaknesses?	____ Yes __x__ No
Significant deficiencies identified not considered to be material weaknesses?	____ Yes __x__ No
Type of auditor's report issued on compliance over state programs:	**Unmodified**

Section II - Financial Statement Findings

No findings noted.

Section III - Federal Award Findings and Questioned Costs

No findings noted.

Section IV - State Award Findings and Questioned Costs

No findings noted.

Section II - Financial Statement Findings

No findings noted.

Section III - Federal Award Findings and Questioned Costs

No findings noted.

Section IV - State Award Findings and Questioned Costs

No findings noted.

APPENDIX D

FORM OF CONTINUING DISCLOSURE CERTIFICATE FOR THE SERIES 2019A BONDS

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Portola Valley School District (the "District") in connection with the issuance of $10,000,000 of the District's Election of 2018 General Obligation Bonds, Series 2019A (the "Bonds"). The Bonds are being issued pursuant to a resolution of the Board of Trustees of the District adopted on February 6, 2019 (the "Resolution"). The District covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the District for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with the Rule.

SECTION 2. Definitions. In addition to the definitions set forth in the Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the District pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Beneficial Owner" shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

"Dissemination Agent" shall mean initially Keygent LLC, or any successor Dissemination Agent designated in writing by the District (which may be the District) and which has filed with the District a written acceptance of such designation.

"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) guarantee of (a) or (b). The term "Financial Obligation" does not include municipal securities as to which a final official statement has been provided to the Repository consistent with the Rule.

"Holders" shall mean registered owners of the Bonds.

"Listed Events" shall mean any of the events listed in Section 5(a) or 5(b) of this Disclosure Certificate.

"Official Statement" shall mean the Official Statement dated as of March 19, 2019 and relating to the Bonds.

"Participating Underwriter" shall mean Piper Jaffray & Co., as the original Underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"Repository" shall mean the Municipal Securities Rulemaking Board, which can be found at http://emma.msrb.org/, or any other repository of disclosure information that may be designated by the Securities and Exchange Commission as such for purposes of the Rule in the future.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"State" shall mean the State of California.

SECTION 3. Provision of Annual Reports.

(a) The District shall, or shall cause the Dissemination Agent to, not later than nine months after the end of the District's fiscal year (presently ending June 30), commencing with the report for the 2018-19 Fiscal Year, provide to the Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-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 date required above for the filing of the Annual Report if they are not available by that date. If the District's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(b).

(b) Not later than 30 days (nor more than 60 days) prior to said date the Dissemination Agent shall give notice to the District that the Annual Report shall be required to be filed in accordance with the terms of this Disclosure Certificate. Not later than 15 Business Days prior to said date, the District shall provide the Annual Report in a format suitable for reporting to the Repository to the Dissemination Agent (if other than the District). If the District is unable to provide to the Repository an Annual Report by the date required in subsection (a), the District shall send a timely notice to the Repository in substantially the form attached as Exhibit A with a copy to the Dissemination Agent, no later than the date required by subsection (a). The Dissemination Agent shall not be required to file a Notice to Repository of Failure to File an Annual Report.

(c) The Dissemination Agent shall file a report with the District stating it has filed the Annual Report in accordance with its obligations hereunder, stating the date it was provided to the Repository.

SECTION 4. Content and Form of Annual Reports. (a) The District's Annual Report shall contain or include by reference the following:

1. The audited financial statements of the District for the prior fiscal year, 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 time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

2. Material financial information and operating data with respect to the District of the type included in the Official Statement in the following categories (to the extent not included in the District's audited financial statements):

(a) summary description of amount of general fund revenues and expenditures which have been budgeted for the current fiscal year, together with audited general fund figures as of the last completed fiscal year;

(b) Assessed value of taxable property in the District as shown on the most recent equalized assessment roll;

(c) If San Mateo County no longer includes the tax levy for payment of the Bonds in its Teeter Plan, the property tax levies, collections and delinquencies for the District for the most recently completed fiscal year from the County;

(d) Top 20 property owners in the District for the then-current fiscal year, as measured by secured assessed valuation, the amount of their respective taxable value and their percentage of total secured assessed value.

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 have been submitted to the Repository or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The District shall clearly identify each such other document so included by reference.

(b) The Annual Report shall be filed in an electronic format accompanied by identifying information prescribed by the Municipal Securities Rulemaking Board.

SECTION 5. <u>Reporting of Significant Events</u>.

(a) Pursuant to the provisions of this Section 5(a), the District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds in a timely manner not in excess of 10 business days after the occurrence of the event:

1. principal and interest payment delinquencies.

2. tender offers.

3. optional, contingent or unscheduled Bond calls.

4. defeasances.

5. rating changes.

6. adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, or Notices of Proposed Issue (IRS Form 5701-TEB).

7. unscheduled draws on the debt service reserves reflecting financial difficulties.

8. unscheduled draws on credit enhancement reflecting financial difficulties.

9. substitution of the credit or liquidity providers or their failure to perform.

10. default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation, any of which reflect financial difficulties.

11. bankruptcy, insolvency, receivership or similar event of the District. For the purposes of the event identified in this Section 5(a)(9), the event 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 U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District.

(b) Pursuant to the provisions of this Section 5(b), the District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material:

1. non-payment related defaults.

2. modifications to rights of Bondholders.

3. unless described under Section 5(a)(5) above, material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds.

4. release, substitution or sale of property securing repayment of the Bonds.

5. 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.

6. appointment of a successor or additional trustee or paying agent with respect to the Bonds or the change of name of such a trustee or paying agent.

7. Incurrence of a Financial Obligation, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation, any of which affect Bondowners.

(c) Whenever the District obtains knowledge of the occurrence of a Listed Event under Section 5(b) hereof, the District shall as soon as possible determine if such event would be material under applicable federal securities laws.

(d) If the District determines that knowledge of the occurrence of a Listed Event under Section 5(b) hereof would be material under applicable federal securities laws, the District shall (i) file a notice of such occurrence with the Repository in a timely manner not in excess of 10 business days after the occurrence of the event or (ii) provide notice of such reportable event to the Dissemination Agent in format suitable for filing with the Repository in a timely manner not in excess of 10 business days after the occurrence of the event. The Dissemination Agent shall have no duty to independently prepare or file any report of Listed Events. The Dissemination Agent may conclusively rely on the District's determination of materiality pursuant to Section 5(c).

SECTION 6. 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(a).

SECTION 7. Dissemination Agent. The District may, from time to time, appoint or engage a Dissemination Agent (or substitute 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 Dissemination Agent may resign upon 15 days written notice to the District. Upon such resignation, the District shall act as its own Dissemination Agent until it appoints a successor. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the District pursuant to this Disclosure Certificate and shall not be responsible to verify the accuracy, completeness or materiality of any continuing disclosure information provided by the District. The District shall compensate the Dissemination Agent for its fees and expenses hereunder as agreed by the parties. Any entity succeeding to all or substantially all of the Dissemination Agent's corporate trust business shall be the successor Dissemination Agent without the execution or filing of any paper or further act.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the District may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, or 5(a) or 5(b), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances;

(c) The amendment or waiver does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds; and

(d) No duties of the Dissemination Agent hereunder shall be amended without its written consent thereto.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the District shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the District. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(a), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the District chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure

Certificate, the District shall have no obligation under this Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of the District to comply with any provision of this Disclosure Certificate any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Certificate. 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 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate. The Dissemination Agent acts hereunder solely for the benefit of the District; this Disclosure Certificate shall confer no duties on the Dissemination Agent to the Participating Underwriter, the Holders and the Beneficial Owners. The District agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorney's fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's gross 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. The Dissemination Agent shall have no liability for the failure to report any event or any financial information as to which the District has not provided an information report in format suitable for filing with the Repository. The Dissemination Agent shall not be required to monitor or enforce the District's duty to comply with its continuing disclosure requirements hereunder.

SECTION 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the District, the Dissemination Agent, the Participating Underwriter and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Dated: April 3, 2019

PORTOLA VALLEY SCHOOL DISTRICT

By: ____
Authorized Officer

EXHIBIT A

NOTICE TO REPOSITORY OF FAILURE TO FILE ANNUAL REPORT

Name of District: PORTOLA VALLEY SCHOOL DISTRICT

Name of Bond Issue: Election of 2018 General Obligation Bonds, Series 2019A

Date of Issuance: April 3, 2019

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 relating to the Bonds. The District anticipates that the Annual Report will be filed by _____________.

Dated:_______________________

PORTOLA VALLEY SCHOOL DISTRICT

By ______[form only; no signature required]_________

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APPENDIX E

FORM OF CONTINUING DISCLOSURE CERTIFICATE FOR THE REFUNDING BONDS

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Portola Valley School District (the "District") in connection with the issuance of $3,475,000 of the District's Election of 2020 General Obligation Refunding Bonds (the "Bonds"). The Bonds are being issued pursuant to a resolution of the Board of Trustees of the District adopted on February 6, 2019 (the "Resolution"). The District covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the District for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with the Rule.

SECTION 2. Definitions. In addition to the definitions set forth in the Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the District pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Beneficial Owner" shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

"Dissemination Agent" shall mean initially Keygent LLC, or any successor Dissemination Agent designated in writing by the District (which may be the District) and which has filed with the District a written acceptance of such designation.

"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) guarantee of (a) or (b). The term "Financial Obligation" does not include municipal securities as to which a final official statement has been provided to the Repository consistent with the Rule.

"Holders" shall mean registered owners of the Bonds.

"Listed Events" shall mean any of the events listed in Section 5(a) or 5(b) of this Disclosure Certificate.

"Official Statement" shall mean the Official Statement dated as of March 19, 2019[, as updated by that certain Update to Official Statement, dated __________, 2020] and relating to the Bonds.

"Participating Underwriter" shall mean Piper Jaffray & Co., as the original Underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"Repository" shall mean the Municipal Securities Rulemaking Board, which can be found at http://emma.msrb.org/, or any other repository of disclosure information that may be designated by the Securities and Exchange Commission as such for purposes of the Rule in the future.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"State" shall mean the State of California.

SECTION 3. Provision of Annual Reports.

(a) The District shall, or shall cause the Dissemination Agent to, not later than nine months after the end of the District's fiscal year (presently ending June 30), commencing with the report for the 2019-20 Fiscal Year, provide to the Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-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 date required above for the filing of the Annual Report if they are not available by that date. If the District's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(b).

(b) Not later than 30 days (nor more than 60 days) prior to said date the Dissemination Agent shall give notice to the District that the Annual Report shall be required to be filed in accordance with the terms of this Disclosure Certificate. Not later than 15 Business Days prior to said date, the District shall provide the Annual Report in a format suitable for reporting to the Repository to the Dissemination Agent (if other than the District). If the District is unable to provide to the Repository an Annual Report by the date required in subsection (a), the District shall send a timely notice to the Repository in substantially the form attached as Exhibit A with a copy to the Dissemination Agent, no later than the date required by subsection (a). The Dissemination Agent shall not be required to file a Notice to Repository of Failure to File an Annual Report.

(c) The Dissemination Agent shall file a report with the District stating it has filed the Annual Report in accordance with its obligations hereunder, stating the date it was provided to the Repository.

SECTION 4. Content and Form of Annual Reports. (a) The District's Annual Report shall contain or include by reference the following:

1. The audited financial statements of the District for the prior fiscal year, 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 time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

2. Material financial information and operating data with respect to the District of the type included in the Official Statement in the following categories (to the extent not included in the District's audited financial statements):

(a) summary description of amount of general fund revenues and expenditures which have been budgeted for the current fiscal year, together with audited general fund figures as of the last completed fiscal year;

(b) Assessed value of taxable property in the District as shown on the most recent equalized assessment roll;

(c) If San Mateo County no longer includes the tax levy for payment of the Bonds in its Teeter Plan, the property tax levies, collections and delinquencies for the District for the most recently completed fiscal year from the County;

(d) Top 20 property owners in the District for the then-current fiscal year, as measured by secured assessed valuation, the amount of their respective taxable value and their percentage of total secured assessed value.

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 have been submitted to the Repository or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The District shall clearly identify each such other document so included by reference.

(b) The Annual Report shall be filed in an electronic format accompanied by identifying information prescribed by the Municipal Securities Rulemaking Board.

SECTION 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5(a), the District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds in a timely manner not in excess of 10 business days after the occurrence of the event:

1. principal and interest payment delinquencies.

2. tender offers.

3. optional, contingent or unscheduled Bond calls.

4. defeasances.

5. rating changes.

6. adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, or Notices of Proposed Issue (IRS Form 5701-TEB).

7. unscheduled draws on the debt service reserves reflecting financial difficulties.

8. unscheduled draws on credit enhancement reflecting financial difficulties.

9. substitution of the credit or liquidity providers or their failure to perform.

10. default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation, any of which reflect financial difficulties.

11. bankruptcy, insolvency, receivership or similar event of the District. For the purposes of the event identified in this Section 5(a)(9), the event 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 U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District.

(b) Pursuant to the provisions of this Section 5(b), the District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material:

1. non-payment related defaults.

2. modifications to rights of Bondholders.

3. unless described under Section 5(a)(5) above, material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds.

4. release, substitution or sale of property securing repayment of the Bonds.

5. 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.

6. appointment of a successor or additional trustee or paying agent with respect to the Bonds or the change of name of such a trustee or paying agent.

7. Incurrence of a Financial Obligation, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation, any of which affect Bondowners.

(c) Whenever the District obtains knowledge of the occurrence of a Listed Event under Section 5(b) hereof, the District shall as soon as possible determine if such event would be material under applicable federal securities laws.

(d) If the District determines that knowledge of the occurrence of a Listed Event under Section 5(b) hereof would be material under applicable federal securities laws, the District shall (i) file a notice of such occurrence with the Repository in a timely manner not in excess of 10 business days after the occurrence of the event or (ii) provide notice of such reportable event to the Dissemination Agent in format suitable for filing with the Repository in a timely manner not in excess of 10 business days after the occurrence of the event. The Dissemination Agent shall have no duty to independently prepare or file any report of Listed Events. The Dissemination Agent may conclusively rely on the District's determination of materiality pursuant to Section 5(c).

SECTION 6. 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(a).

SECTION 7. Dissemination Agent. The District may, from time to time, appoint or engage a Dissemination Agent (or substitute 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 Dissemination Agent may resign upon 15 days written notice to the District. Upon such resignation, the District shall act as its own Dissemination Agent until it appoints a successor. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the District pursuant to this Disclosure Certificate and shall not be responsible to verify the accuracy, completeness or materiality of any continuing disclosure information provided by the District. The District shall compensate the Dissemination Agent for its fees and expenses hereunder as agreed by the parties. Any entity succeeding to all or substantially all of the Dissemination Agent's corporate trust business shall be the successor Dissemination Agent without the execution or filing of any paper or further act.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the District may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, or 5(a) or 5(b), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances;

(c) The amendment or waiver does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds; and

(d) No duties of the Dissemination Agent hereunder shall be amended without its written consent thereto.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the District shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the District. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(a), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the District chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure

Certificate, the District shall have no obligation under this Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of the District to comply with any provision of this Disclosure Certificate any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Certificate. 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 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate. The Dissemination Agent acts hereunder solely for the benefit of the District; this Disclosure Certificate shall confer no duties on the Dissemination Agent to the Participating Underwriter, the Holders and the Beneficial Owners. The District agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorney's fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's gross 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. The Dissemination Agent shall have no liability for the failure to report any event or any financial information as to which the District has not provided an information report in format suitable for filing with the Repository. The Dissemination Agent shall not be required to monitor or enforce the District's duty to comply with its continuing disclosure requirements hereunder.

SECTION 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the District, the Dissemination Agent, the Participating Underwriter and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Dated: May 6, 2020

PORTOLA VALLEY SCHOOL DISTRICT

By: ____
Authorized Officer

EXHIBIT A

NOTICE TO REPOSITORY OF FAILURE TO FILE ANNUAL REPORT

Name of District: PORTOLA VALLEY SCHOOL DISTRICT

Name of Bond Issue: 2020 General Obligation Refunding Bonds

Date of Issuance: May 6, 2020

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 relating to the Bonds. The District anticipates that the Annual Report will be filed by _____________.

Dated:_______________________

PORTOLA VALLEY SCHOOL DISTRICT

By ____[form only; no signature required]______

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APPENDIX F

GENERAL ECONOMIC AND DEMOGRAPHIC INFORMATION FOR THE TOWN OF PORTOLA VALLEY AND SAN MATEO COUNTY

Information in this Appendix has been assembled from various sources believed to be reliable; however, the District does not warrant the accuracy or thoroughness of this information. The Bonds are not obligations of the Town of Portola Valley (the "Town") or the County of San Mateo (the "County"), and do not represent a lien or charge against any funds or property thereof. The following information is provided only to give prospective investors an overview of the general economic condition of the Town and the County. The information included herein reflects the most recently available data from the sources indicated

The Town of Portola Valley. Incorporated in 1964, the Town sits along the San Andreas Fault and is bordered on the northwest by the town of Woodside and on the southeast by the city of Palo Alto. It is governed by a five-member Town Council elected biennially to four-year staggered terms. The mayor is selected from among the Town Council members. With a total acreage of approximately 5,824 acres, the Town has set aside 1,900 acres of permanent open space since one of the goals of incorporation was to preserve the land and foster low-density housing. It has an extensive trail system and retains a rural ambiance despite being located just west of Stanford University.

San Mateo County. The County consists of 20 incorporated cities. It is the 14th most populous county in the State of California and encompasses an area of 455 square miles of land and 292 square miles of water. It covers most of the San Francisco Peninsula, with the Santa Cruz Mountains running through its entire length. The County borders San Francisco County to the north and Silicon Valley and Santa Cruz Counties to the south. The Pacific Ocean lies to the west and the San Francisco Peninsula to the east. The County was formed in 1856 as one of California's 18 original counties. The County is governed by a five-member Board of Supervisors elected by district to four-year staggered terms.

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Population

The following table shows the historical population figures for the Town, the County and the State of California (the "State") for the last 10 years.

POPULATION ESTIMATES
2009 through 2018
Town of Portola Valley, San Mateo County and State of California

Year[1]	Town of Portola Valley	San Mateo County	State of California
2009	4,341	713,818	36,966,713
2010[2]	4,358	718,451	37,253,956
2011	4,377	726,326	37,529,913
2012	4,477	735,206	37,874,977
2013	4,554	745,799	38,234,391
2014	4,583	752,700	38,568,628
2015	4,680	760,343	38,912,464
2016	4,744	766,589	39,179,627
2017	4,747	770,256	39,500,973
2018	4,767	774,155	39,809,693

(1) Except as noted, as of January 1.
(2) As of April 1.
Source: 2010: U.S. Department of Commerce, Bureau of the Census, for April 1.
2009, 2011-18 (2000 and 2010 Demographic Research Unit Benchmark): California Department of Finance for January.

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Income

The following table summarizes per capita personal income for the County, the State, and the United States for the past 10 years.

PER CAPITA PERSONAL INCOME
2008 through 2017
San Mateo County, State of California, and United States

Year	San Mateo County	State of California	United States
2008	$75,468	$43,895	$40,904
2009	71,694	42,050	39,284
2010	73,739	43,609	40,545
2011	79,872	46,145	42,727
2012	87,986	48,751	44,582
2013	87,501	49,173	44,826
2014	93,672	52,237	47,025
2015	102,516	55,679	48,940
2016	106,615	57,497	49,831
2017	113,410	59,796	51,640

Note: Per capital personal income is the total personal income divided by the total mid-year population estimates of the U.S. Bureau of the Census. Estimates for 2010 through 2017 reflect county population estimates available as of March 2018. Last updated: November 15, 2018 with new statistics for 2017; revised statistics for 2001-2016. All dollar estimates are in current dollars (not adjusted for inflation).
Source: U.S. Department of Commerce, Bureau of Economic Analysis.

Principal Employers

The following table lists the principal employers in the County.

PRINCIPAL EMPLOYERS
2018
San Mateo County

Employer Name	Industry	Number of Employees
United Airlines	Airline Transportation	12,000
Genentech Inc.	Biotechnology	11,000
Facebook Inc.	Social Network	7,091
Oracle Corp.	Hardware and Software	6,781
County of San Mateo	Public Administration	5,485
Gilead Sciences Inc.	Biotechnology	3,900
Visa USA/Visa International	Global Payments Technology	3,500
Electronic Arts Inc.	Computer Programming Services	2,367
Robert Half International Inc.	Management Consulting Services	1,790
YouTube LLC	Communication Services	1,700

Source: County of San Mateo Comprehensive Annual Financial Report, Fiscal Year Ended June 30, 2018.

Employment

The following table summarizes the labor force, employment and unemployment figures for years 2013 through 2017 for the County, the State and the United States.

CIVILIAN LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT RATE
2013 through 2017[1]
San Mateo County, State of California, and the United States

Year and Area	Labor Force	Employment[2]	Unemployment[3]	Unemployment Rate (%)
2013				
San Mateo County	418,100	396,100	22,000	5.3
State of California	18,625,000	16,958,400	1,666,600	8.9
United States	155,389,000	143,929,000	11,460,000	7.4
2014				
San Mateo County	427,700	409,700	18,000	4.2
State of California	18,758,400	17,351,300	1,407,100	7.5
United States	155,922,000	146,305,000	9,617,000	6.2
2015				
San Mateo County	437,700	422,900	14,800	3.4
State of California	18,896,500	17,724,800	1,171,700	6.2
United States	157,130,000	148,834,000	8,296,000	5.3
2016				
San Mateo County	448,600	435,200	13,400	3.0
State of California	19,093,700	18,048,800	1,044,800	5.5
United States	159,187,000	151,436,000	7,751,000	4.9
2017				
San Mateo County	452,300	440,200	12,100	2.7
State of California	19,312,000	18,393,100	918,900	4.8
United States	160,320,000	153,337,000	6,982,000	4.4

Note: Data is not seasonally adjusted.
(1) Annual averages, unless otherwise specified.
(2) Includes persons involved in labor-management trade disputes.
(3) The unemployment rate is computed from unrounded data; therefore, it may differ from rates computed from rounded figures in this table.
Source: U.S. Department of Labor – Bureau of Labor Statistics, California Employment Development Department. March 2017 Benchmark.

Industry

The County is located in the San Francisco-San Mateo-Redwood City Metropolitan Division. The distribution of employment is presented in the following table for the last five years. These figures are multi county-wide statistics and may not necessarily accurately reflect employment trends in the County.

INDUSTRY EMPLOYMENT & LABOR FORCE ANNUAL AVERAGES
2013 through 2017
San Mateo County (San Francisco-San Mateo-Redwood City Metropolitan Division)

Category	2013	2014	2015	2016	2017
Total Farm	961,000	1,003,200	1,052,100	1,094,500	1,119,300
Total Nonfarm	1,800	1,900	1,900	1,900	1,900
Total Private	959,200	1,001,300	1,050,100	1,092,600	1,117,400
Goods Producing	840,300	880,600	925,800	964,900	987,900
Mining, Logging and Construction	65,200	68,200	72,200	76,600	78,800
Manufacturing	30,500	32,700	36,100	38,600	39,600
Service Providing	34,700	35,600	36,100	38,000	39,200
Private Service Producing	894,000	933,100	977,900	1,016,000	1,038,700
Trade, Transportation and Utilities	775,100	812,400	853,600	888,300	909,100
Wholesale Trade	140,900	145,000	149,700	155,600	159,900
Retail Trade	24,700	25,600	26,900	27,600	28,600
Transportation, Warehousing and Utilities	77,500	79,600	80,700	81,000	81,400
Information	38,700	39,700	42,100	47,000	50,000
Financial Activities	49,600	55,000	63,100	70,400	76,400
Professional and Business Services	70,000	71,900	75,200	78,200	79,000
Educational and Health Services	228,000	243,900	259,600	270,200	276,200
Leisure and Hospitality	123,400	126,000	129,900	133,300	136,300
Other Services	125,700	131,100	136,100	139,900	140,500
Government	37,600	39,600	40,000	40,700	40,800
Total, All Industries	961,000	1,003,200	1,052,100	1,094,500	1,119,300

Note: The "Total, All Industries" data is not directly comparable to the employment data found herein.
Source: State of California, Employment Development Department, Labor Market Information Division, Average Labor Force and Industry Employment. March 2017 Benchmark.

Commercial Activity

Summaries of annual taxable sales for the Town and the County from 2012 through 2016 are shown in the following tables. Annualized data for years beyond 2016 is not yet available.

TAXABLE SALES
2012 through 2016
Town of Portola Valley
(Dollars in Thousands)

Year	Retail Permits	Retail Stores Taxable Transactions	Total Permits	Total Taxable Transactions
2012	82	(1)	143	$44,419(1)
2013	86	$10,272	141	18,853
2014	82	10,801	141	19,518
2015	--	10,907	--	18,806
2016	--	13,511	--	20,320

Note: Beginning in 2015, the outlet counts in these reports show the number of outlets that were active during the reporting period. Retailers that operate part-time are now tabulated with store retailers. Industry-level data for 2015 on are not comparable to that of prior years.
(1) Sales omitted because their publication would result in the disclosure of confidential information.
Source: "Taxable Sales in California (Sales & Use Tax)," California State Board of Equalization.

TAXABLE SALES
2012 through 2016
San Mateo County
(Dollars in Thousands)

Year	Retail Permits	Retail Stores Taxable Transactions	Total Permits	Total Taxable Transactions
2012	11,748	$9,277,144	19,189	$13,906,978
2013	12,438	9,935,641	19,808	14,611,618
2014	12,673	10,278,717	19,999	15,298,434
2015	--	10,301,196	--	15,478,010
2016	--	10,394,054	--	15,658,573

Note: Beginning in 2015, the outlet counts in these reports show the number of outlets that were active during the reporting period. Retailers that operate part-time are now tabulated with store retailers. Industry-level data for 2015 on are not comparable to that of prior years.
Source: "Taxable Sales in California (Sales & Use Tax)," California State Board of Equalization.

Construction Activity

The annual building permit valuations and number of permits for new dwelling units issued from 2013 through 2017 for the Town and the County are shown in the following tables.

BUILDING PERMITS AND VALUATIONS
2013 through 2017
Town of Portola Valley
(Dollars in Thousands)

	2013	2014	2015	2016	2017
Valuation					
Residential	$20,785	$28,577	$17,343	$26,364	$26,089
Non-residential	7,305	7,434	804	6,261	10,191
Total	$28,090	$36,011	$18,147	$32,625	$36,280
Units					
Single family	9	11	5	7	20
Multiple family	0	0	0	0	0
Total	9	11	5	7	20

Note: Totals may not add to sum due to rounding.
Source: Construction Industry Research Board.

BUILDING PERMITS AND VALUATIONS
2013 through 2017
San Mateo County
(Dollars in Thousands)

	2013	2014	2015	2016	2017
Valuation					
Residential	$743,743	$806,994	$1,041,468	$1,015,135	$1,052,535
Non-residential	494,658	1,016,791	1,010,485	1,613,446	2,390,996
Total	$1,238,401	$1,823,785	$2,051,953	$2,628,581	$3,443,531
Units					
Single family	350	315	521	458	411
Multiple family	840	1,302	1,386	1,319	1,169
Total	1,190	1,617	1,907	1,777	1,580

Note: Totals may not add to sum due to rounding.
Source: Construction Industry Research Board.

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APPENDIX G

SAN MATEO COUNTY TREASURY POOL

The following information concerning the San Mateo County (the "County") Treasury Pool (the "Treasury Pool") has been provided by the Treasurer-Tax Collector (the "Treasurer"), and has not been confirmed or verified by the District, the Municipal Advisor or the Underwriter. Neither the District, the Municipal Advisor nor the Underwriter has made an independent investigation of the investments in the Treasury Pool nor any assessment of the current County investment policy. The value of the various investments in the Treasury 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 Treasurer may change the investment policy at any time. Therefore, there can be no assurance that the values of the various investments in the Treasury Pool will not vary significantly from the values described herein. Finally, neither the District, the Municipal Advisor nor the Underwriter makes any representation 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 is correct as of any time subsequent to its date. Further information may be obtained from the Treasurer at the following website: http://www.sbcounty.gov/atc/Treasurer/. However, the information presented on such website is not incorporated into this Official Statement by any reference

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Sandie Arnott
TREASURER-TAX COLLECTOR

Charles M. Tovstein
CHIEF INVESTMENT OFFICER

Robin N. Elliott
ASSISTANT TAX COLLECTOR

SAN MATEO COUNTY INVESTMENT POOL FUND
FEBRUARY 2019 MONTH END REPORT

TABLE OF CONTENTS

I. Performance

II. Portfolio Analysis

III. Financial Information

INTRODUCTION SUMMARY

Gross earnings for the month ending February 28, 2019 were 2.45%. The current average maturity of the portfolio is 0.85 years with an average duration of 0.82 years. The current Par Value of the pool is $5.583 Billion. The largest non-government aggregate positions are currently MUFG Union Bank at 3.22%. The portfolio continues to hold no derivative products.

The San Mateo County Pool complies with Government Code Section 53646, which requires the ability to meet its expenditure requirements for the next six months.

I certify, and our investment advisor, PFM Asset Management, confirms these reports are in compliance with the investment policy dated Calendar Year 2019. Please visit our website if you wish to review PFM's monthly compliance report: http://www.sanmateocountytreasurer.org/PFMReports.html

If you have any questions regarding any of these reports, please call Charles Tovstein at (650) 363-4228 or me at (650) 363-4470.

Best regards,

Sandie Arnott
Treasurer-Tax Collector

SUMMARY OF POOL EARNINGS

COUNTY OF SAN MATEO

ESTIMATED SUMMARY OF POOL EARNINGS

FEBRUARY 2019

	Par Value	Gross Earnings
Fixed Income Securities Maturing > 1 year		
U S Treasury Notes	$ 600,000,000.00	$ 557,264.06
U.S, Instrumentalities	$ 80,000,000.00	$ 117,217.32
Federal Agencies	$ 347,500,000.00	$ 516,160.11
Corporate Notes	$ 120,633,000.00	$ 180,242.37
Certificate of Deposit	$ 105,000,000.00	$ 139,445.38
Floating Rate Securities	$ 212,021,000.00	$ 457,404.50
	$ 1,465,154,000.00	**$ 1,967,733.74**
Short Term Securities Maturing < 1 year		
U S Treasury Notes	$ 50,000,000.00	$ 94,028.63
U.S, Instrumentalities	$ 169,000,000.00	$ 61,323.19
Federal Agencies	$ 1,542,645,000.00	$ 2,441,925.90
Corporate Notes	$ 147,502,000.00	$ 214,226.54
Floating Rate Securities	$ 119,700,000.00	$ 277,993.95
LAIF	$ 65,000,000.00	$ 119,671.23
Commercial Paper	$ 775,000,000.00	$ 1,505,002.78
Certificate of Deposit	$ 436,478,000.00	$ 715,575.64
U S Treasury Bills	$ 533,700,000.00	$ 945,961.89
Repurchase Agreements	$ 279,000,000.00	$ 19,530.00
	$ 4,118,025,000.00	**$ 6,395,239.74**
Total Accrued Interest	**$ 5,583,179,000.00**	**$ 8,362,973.49**
Total Dollar Earnings for January		**$ 10,451,369.32**

Realized Gain/Loss & Interest Received	Period Earnings
U S Treasury Notes	$ 332,675.98
U.S, Instrumentalities	$ 8,159.72
Federal Agencies	$ 370,484.70
Corporate Notes	$ 107,500.00
Floating Rate Securities	$ 66,984.51
Commercial Paper	$ 400,894.41
Certificate of Deposit	$ 151,893.45
U S Treasury Bills	$ 241,094.44
Repurchase Agreements	$ 408,708.63
Total Realized Income	**$ 2,088,395.83**

AVERAGE BALANCE		**$ 5,560,727,531.82**
GROSS EARNINGS RATE / GROSS DOLLAR EARNINGS	**2.450%**	**$ 10,451,369.32**
ADMINISTRATION FEES		**($405,247.54)**
NET EARNINGS RATE / NET DOLLAR EARNINGS	**2.355%**	**$10,046,121.78**

REALIZED GAINS AND LOSSES – SETTLED TRADES

Open Date	Close Date	Quantity	Security	Cost Basis	Proceeds	Gain Or Loss Short Term	Gain Or Loss Long Term
TOTAL GAINS						164,906.25	0.00
TOTAL LOSSES						0.00	0.00
				510,235,766.23	**510,400,672.48**	**164,906.25**	**0.00**

TOTAL REALIZED GAIN/LOSS 164,906.25

**THESE ARE GROSS PRINCIPAL FIGURES ONLY. THEY DO NOT REFLECT ANY AMORTIZATIONS OR ACCRETIONS. THE COST BASIS DOES NOT REFLECT ANY PURCHASED ACCRUED INTEREST.

SAN MATEO COUNTY VS. MERRILL LYNCH BOND INDEX

CHARACTERISTICS

POOL	2/28/19	INDEX
0.85	Average Maturity (Yrs)	2.16
0.82	Duration (Yrs)	2.04
2.54	Yield To Maturity (%)	2.55

TIME WEIGHTED/TOTAL RETURN

0.203%	1 Month	0.102%
0.274%	3 Month	1.412%
0.357%	6 Month	1.748%
0.301%	1 Year	2.697%

SYNTHETIC BENCHMARK ALLOCATION

30% 0-1 Year U.S. Government
20% 1-2.99 Year U.S. Government
20% 3-5 Year U.S. Government
20% 1-5 Year Corporate Bonds
10% 1-10 U.S. Government

** THE MEASURE THAT CAN BE USED TO ASSESS THE PERFORMANCE OF A PORTFOLIO OVER SOME INVESTMENT HORIZON IS THE TOTAL RETURN. TOTAL RETURN IS THE SUM OF THE PRINCIPAL AND INTEREST PAYMENTS AS WELL AS ANY REINVESTMENT INCOME RECEIVED OVER A HOLDING PERIOD PLUS ANY CAPITAL GAIN OR LOSS.

SAN MATEO COUNTY VS. LOCAL AGENCY INVESTMENT FUND

POOL	EARNINGS RATES ENDING 2/28/19	LAIF
2.450%	1 Month	2.391%
2.404%	3 Month	2.346%
2.276%	6 Month	2.243%
2.060%	1 Year	2.015%

**THE MEASURE THAT CAN BE USED TO ASSESS THE PERFORMANCE OFA PORTFOLIO OVER SOME INVESTMENT HORIZON, IS THE TOTAL RETURN. TOTAL RETURN IS THE SUM OF PRINCIPAL AND INTEREST PAYMENTS AS WELL AS ANY REINVESTMENT INCOME RECEIVED OVER A HOLDING PERIOD PLUS ANY CAPITAL GAIN OR LOSS.

FIXED INCOME DISTRIBUTION

Summary Information

Totals	
Par Value	5,583,179,000
Market Value	5,557,779,652.55
Total Cost	5,549,152,280.69
Net Gain/Loss	8,627,371.86
Annual Income	63,090,977.01
Accrued Interest	12,420,981.80
Number of Issues	253

Weighted Averages	
Average YTM	2.54
Average Maturity (yrs)	0.85
Average Coupon (%)	1.13
Average Duration	0.82
Average Moody Rating	Aa1/P-1
Average S&P Rating	AA/A-1

Distribution by Maturity

Maturity	Number	Mkt Value	% Bond Holdings	Average Y T M	Average Coupon	Average Duration
Under 1 Yr	183	4,131,699,877.13	74.3	2.5	0.804 %	0.3
1 Yr - 3 Yrs	59	1,053,145,639.70	18.9	2.7	2.104 %	1.9
3 Yrs - 5 Yrs	11	372,934,135.73	6.7	2.6	2.040 %	3.7

Distribution by Coupon

Coupon %	Number	Mkt Value	% Bond Holdings	Average Y T M	Average Coupon	Average Duration
Under 1%	113	2,759,530,914.85	49.7	2.4	0.022 %	0.3
1% - 3%	120	2,539,219,635.99	45.7	2.6	2.140 %	1.4
3% - 5%	20	259,029,101.72	4.7	3.0	3.126 %	1.4

Distribution by Duration

Duration	Number	Mkt Value	% Bond Holdings	Average Y T M	Average Coupon	Average Duration
Under 1 Yr	186	4,169,068,839.45	75.0	2.5	0.818 %	0.3
1 Yr - 3 Yrs	58	1,030,799,050.54	18.5	2.7	2.107 %	2.0
3 Yrs - 5 Yrs	9	357,911,762.56	6.4	2.5	2.006 %	3.8

** MARKET VALUE ON THE FIXED INCOME DISTRIBUTION REPORT INCLUDES ANY ACCRUED INTEREST THAT A SECURITY HAS EARNED. TOTAL COST DOES NOT REFLECT AMORTIZATIONS OR ACCRETIONS BUT INCLUDES PURCHASED ACCRUED INTEREST. MONTHLY TRANSACTION SUMMARY REPORT IS AVAILABLE UPON REQUEST.

FIXED INCOME DISTRIBUTION

Distribution by Moody Rating

Rating	Number	Mkt Value	% Bond Holdings	Average Y T M	Average Coupon	Average Duration
Aaa	126	2,961,596,642.80	53.3	2.4	1.019 %	1.1
Aa1	3	22,287,454.76	0.4	2.7	2.740 %	1.6
Aa2	12	199,776,422.64	3.6	2.7	2.594 %	1.7
Aa3	2	35,054,959.07	0.6	3.0	2.972 %	1.7
A1	13	172,278,918.54	3.1	2.8	2.715 %	1.8
P-1	96	2,101,594,588.06	37.8	2.6	0.937 %	0.3
Not Rated	1	65,190,666.67	1.2	2.4	2.400 %	0.1

Distribution by S&P Rating

Rating	Number	Mkt Value	% Bond Holdings	Average Y T M	Average Coupon	Average Duration
AAA	16	246,766,803.88	4.4	2.5	0.655 %	0.9
AA+	112	2,727,006,708.60	49.1	2.4	1.058 %	1.1
AA-	13	181,388,444.44	3.3	2.9	2.757 %	1.6
A+	13	195,676,138.56	3.5	2.6	2.531 %	1.9
A	1	5,054,828.01	0.1	2.9	3.553 %	1.4
A-	1	35,101,474.33	0.6	3.2	3.137 %	1.8
A-1+	57	1,362,783,822.71	24.5	2.6	0.821 %	0.3
A-1	39	738,810,765.35	13.3	2.8	1.150 %	0.4
Not Rated	1	65,190,666.67	1.2	2.4	2.400 %	0.1

** MARKET VALUE ON THE FIXED INCOME DISTRIBUTION REPORT INCLUDES ANY ACCRUED INTEREST THAT A SECURITY HAS EARNED. TOTAL COST DOES NOT REFLECT AMORTIZATIONS OR ACCRETIONS BUT INCLUDES PURCHASED ACCRUED INTEREST. MONTHLY TRANSACTION SUMMARY REPORT IS AVAILABLE UPON REQUEST.

PORTFOLIO APPRAISAL

SAN MATEO COUNTY TREASURER'S OFFICE

PORTFOLIO APPRAISAL

SAN MATEO COUNTY POOL

February 28, 2019

Security	Call Date One	Call Price One	Quantity	Unit Cost	Total Cost	Market Price	Market Value	Accrued Interest	Market Value + Accrued Interest	S&P	Pct Assets
CERTIFICATE OF DEPOSIT											
WELLS FARGO BANK NA-FRN 2.600% Due 04-22-19			10,000,000	100.00	10,000,000.00	100.00	10,000,000.00	92,444.44	10,092,444.44	A-1	0.18
NORDEA BANK NY 2.570% Due 04-29-19			25,000,000	100.00	25,000,000.00	100.00	25,000,000.00	53,541.67	25,053,541.67	A-1+	0.45
TORONTO-DOMINION BANK 2.800% Due 05-01-19			20,000,000	100.00	20,000,000.00	100.00	20,000,000.00	185,111.11	20,185,111.11	A-1+	0.36
WELLS FARGO BANK NA-FRN 2.590% Due 05-03-19			15,000,000	100.00	15,000,000.00	100.00	15,000,000.00	126,262.50	15,126,262.50	A-1+	0.27
US BANK NA OHIO 2.810% Due 05-24-19			25,000,000	100.00	25,000,000.00	100.00	25,000,000.00	245,875.00	25,245,875.00	A-1+	0.45
TORONTO-DOMINION BANK 2.860% Due 06-10-19			25,000,000	100.00	25,000,000.00	100.00	25,000,000.00	156,902.78	25,156,902.78	A-1+	0.45
TORONTO-DOMINION BANK 2.910% Due 06-28-19			25,000,000	100.00	25,000,000.00	100.00	25,000,000.00	183,895.83	25,183,895.83	A-1+	0.45
BANK OF NOVA SCOTIA 2.730% Due 07-12-19			25,000,000	100.00	25,000,000.00	100.00	25,000,000.00	26,546.53	25,026,546.53	A-1	0.45
MUFG UNION BANK NA 2.600% Due 07-22-19			25,000,000	100.00	25,000,000.00	100.00	25,000,000.00	0.00	25,000,000.00	A-1	0.45
MUFG BANK LTD -CD 2.625% Due 07-24-19			25,000,000	100.00	25,000,000.00	100.00	25,000,000.00	0.00	25,000,000.00	A-1	0.45
MUFG UNION BANK NA 2.600% Due 07-26-19			20,000,000	100.00	20,000,000.00	100.00	20,000,000.00	0.00	20,000,000.00	A-1	0.36
TORONTO DOMINION BANK NY 2.580% Due 07-26-19			25,000,000	100.00	25,000,000.00	100.00	25,000,000.00	0.00	25,000,000.00	A-1+	0.45
MUFG UNION BANK NA 2.600% Due 07-29-19			15,000,000	100.00	15,000,000.00	100.00	15,000,000.00	0.00	15,000,000.00	A-1	0.27
WELLS FARGO BANK NA 2.900% Due 08-12-19			25,000,000	100.00	25,000,000.00	100.00	25,000,000.00	0.00	25,000,000.00	A-1	0.45
TORONTO-DOMINION BANK 2.600% Due 08-13-19			25,000,000	100.00	25,000,000.00	100.00	25,000,000.00	0.00	25,000,000.00	A-1+	0.45
US BANK NA OHIO 2.874% Due 11-15-19			20,000,000	100.17	20,034,600.00	100.00	20,000,000.00	46,300.11	20,046,300.11	A-1+	0.36
WESTPAC BANK N Y 3.020% Due 12-12-19			25,000,000	100.00	25,000,000.00	100.00	25,000,000.00	163,583.33	25,163,583.33	A-1+	0.45
BNS HOUSTON YCD FRN 2.606% Due 12-30-19			25,000,000	99.94	24,984,250.00	100.00	25,000,000.00	273,282.74	25,273,282.74	A-1	0.45
CANADIAN IMPERIAL YCD FRN 2.940% Due 01-30-20			5,000,000	100.00	5,000,000.00	100.00	5,000,000.00	11,843.68	5,011,843.68	A-1	0.09
CANADIAN IMPERIAL YCD FRN 2.940% Due 01-30-20			10,000,000	100.00	10,000,000.00	100.00	10,000,000.00	23,687.36	10,023,687.36	A-1	0.18
CANADIAN IMPERIAL YCD FRN 2.940% Due 01-30-20			10,000,000	100.00	10,000,000.00	100.00	10,000,000.00	23,687.36	10,023,687.36	A-1	0.18
BANK OF MONTREAL CHICAGO-YCD 2.924% Due 01-31-20			11,478,000	100.00	11,478,000.00	100.00	11,478,000.00	141,724.22	11,619,724.22	A-1	0.21
BNS HOUSTON YCD FRN-Q 2.863% Due 02-18-20			5,000,000	100.00	5,000,000.00	100.00	5,000,000.00	0.00	5,000,000.00	A-1	0.09

** TOTAL COST DOES NOT REFLECT AMORTIZATIONS OR ACCRETIONS BUT INCLUDES PURCHASED ACCRUED INTEREST. MARKET PRICES ARE DOWNLOADED THROUGH (IDC) INTERACTIVE DATA CORP.

PORTFOLIO APPRAISAL

SAN MATEO COUNTY TREASURER'S OFFICE

PORTFOLIO APPRAISAL

SAN MATEO COUNTY POOL

February 28, 2019

Security	Call Date One	Call Price One	Quantity	Unit Cost	Total Cost	Market Price	Market Value	Accrued Interest	Market Value + Accrued Interest	S&P	Pct Assets
BNS HOUSTON YCD FRN-Q 2.863% Due 02-18-20			5,000,000	100.00	5,000,000.00	100.00	5,000,000.00	0.00	5,000,000.00	A-1	0.09
SWEDBANK YCD FRN-Q 2.968% Due 05-07-20			20,000,000	100.00	20,000,000.00	100.00	20,000,000.00	483,205.83	20,483,205.83	AA-	0.36
BNS HOUSTON YCD- FRNQ 2.963% Due 08-17-20			25,000,000	100.00	25,000,000.00	100.00	25,000,000.00	0.00	25,000,000.00	A+	0.45
SVENSKA HANDELSBANKEN YCD-FRN 3.057% Due 01-29-21			25,000,000	100.00	25,000,000.00	100.00	25,000,000.00	0.00	25,000,000.00	AA-	0.45
NORDEA BANK NY - FRN 2.973% Due 02-12-21			25,000,000	100.00	25,000,000.00	100.00	25,000,000.00	16,516.00	25,016,516.00	AA-	0.45
			541,478,000		541,496,850.00		541,478,000.00	2,254,410.50	543,732,410.50		9.76
COMMERCIAL PAPER											
SWEDBANK 0.000% Due 03-05-19			10,000,000	99.10	9,910,483.30	99.96	9,996,360.00	0.00	9,996,360.00	A-1+	0.18
NATIXIS NY BRANCH 0.000% Due 03-18-19			25,000,000	99.11	24,778,750.00	99.86	24,966,250.00	0.00	24,966,250.00	A-1	0.45
EXXON MOBIL CORP 0.000% Due 03-19-19			25,000,000	99.58	24,894,083.33	99.87	24,967,550.00	0.00	24,967,550.00	A-1+	0.45
TOYOTA MOTOR CREDIT CORPORATION 0.000% Due 03-25-19			25,000,000	98.93	24,733,562.50	99.82	24,954,700.00	0.00	24,954,700.00	A-1+	0.45
COOPERATIEVE RABOBANK UA 0.000% Due 03-29-19			20,000,000	98.54	19,708,000.00	99.81	19,961,340.00	0.00	19,961,340.00	A-1	0.36
SWEDBANK 0.000% Due 03-29-19			10,000,000	98.87	9,887,494.44	99.79	9,978,810.00	0.00	9,978,810.00	A-1+	0.18
ROYAL BANK OF CANADA NY 0.000% Due 04-22-19			25,000,000	98.12	24,529,375.00	99.63	24,907,625.00	0.00	24,907,625.00	A-1+	0.45
JP MORGAN SECURITIES LLC 0.000% Due 04-23-19			25,000,000	98.63	24,658,111.11	99.59	24,898,000.00	0.00	24,898,000.00	A-1	0.45
SWEDBANK 0.000% Due 04-24-19			25,000,000	99.29	24,822,840.28	99.60	24,899,550.00	0.00	24,899,550.00	A-1+	0.45
NATIXIS NY BRANCH 0.000% Due 04-26-19			25,000,000	98.69	24,671,812.50	99.58	24,894,325.00	0.00	24,894,325.00	A-1	0.45
SWEDBANK 0.000% Due 04-26-19			25,000,000	99.22	24,806,041.67	99.58	24,894,700.00	0.00	24,894,700.00	A-1+	0.45
NATIXIS NY BRANCH 0.000% Due 05-01-19			20,000,000	99.12	19,824,850.00	99.52	19,903,900.00	0.00	19,903,900.00	A-1	0.36
TOYOTA MOTOR CREDIT CORPORATION 0.000% Due 05-08-19			25,000,000	98.63	24,658,750.00	99.48	24,869,200.00	0.00	24,869,200.00	A-1+	0.45
NATIXIS NY BRANCH 0.000% Due 05-09-19			25,000,000	98.60	24,649,312.50	99.46	24,864,375.00	0.00	24,864,375.00	A-1	0.45
JP MORGAN SECURITIES LLC 0.000% Due 05-10-19			15,000,000	98.55	14,783,033.33	99.44	14,916,285.00	0.00	14,916,285.00	A-1	0.27
MUFG BANK LTD 0.000% Due 05-13-19			20,000,000	99.08	19,815,644.44	99.44	19,888,180.00	0.00	19,888,180.00	A-1	0.36

** TOTAL COST DOES NOT REFLECT AMORTIZATIONS OR ACCRETIONS BUT INCLUDES PURCHASED ACCRUED INTEREST. MARKET PRICES ARE DOWNLOADED THROUGH (IDC) INTERACTIVE DATA CORP.

PORTFOLIO APPRAISAL

SAN MATEO COUNTY TREASURER'S OFFICE

PORTFOLIO APPRAISAL

SAN MATEO COUNTY POOL

February 28, 2019

Security	Call Date One	Call Price One	Quantity	Unit Cost	Total Cost	Market Price	Market Value	Accrued Interest	Market Value + Accrued Interest	S&P	Pct Assets
ROYAL BANK OF CANADA NY 0.000% Due 05-15-19			15,000,000	98.60	14,789,587.50	99.41	14,911,650.00	0.00	14,911,650.00	A-1+	0.27
MUFG BANK LTD 0.000% Due 05-16-19			15,000,000	99.10	14,864,500.00	99.42	14,913,060.00	0.00	14,913,060.00	A-1	0.27
MUFG BANK LTD 0.000% Due 05-17-19			10,000,000	99.09	9,908,913.89	99.41	9,941,280.00	0.00	9,941,280.00	A-1	0.18
ROYAL BANK OF CANADA NY 0.000% Due 05-17-19			20,000,000	98.58	19,716,888.89	99.39	19,878,660.00	0.00	19,878,660.00	A-1+	0.36
TOYOTA MOTOR CREDIT CORPORATION 0.000% Due 05-17-19			25,000,000	98.65	24,661,305.56	99.41	24,851,575.00	0.00	24,851,575.00	A-1+	0.45
MUFG BANK LTD 0.000% Due 06-07-19			15,000,000	98.49	14,773,187.50	99.22	14,882,445.00	0.00	14,882,445.00	A-1	0.27
NATIXIS NY BRANCH 0.000% Due 06-10-19			15,000,000	98.54	14,780,841.67	99.18	14,877,180.00	0.00	14,877,180.00	A-1	0.27
COOPERATIEVE RABOBANK UA 0.000% Due 06-11-19			25,000,000	98.60	24,649,885.42	99.21	24,802,950.00	0.00	24,802,950.00	A-1	0.45
SWEDBANK 0.000% Due 06-11-19			25,000,000	98.52	24,630,861.11	99.22	24,804,025.00	0.00	24,804,025.00	A-1+	0.45
ROYAL BANK OF CANADA 0.000% Due 06-13-19			15,000,000	98.56	14,784,166.67	99.18	14,877,495.00	0.00	14,877,495.00	A-1+	0.27
MUFG BANK LTD 0.000% Due 06-21-19			25,000,000	98.85	24,712,319.44	99.19	24,798,275.00	0.00	24,798,275.00	A-1	0.45
MUFG BANK LTD 0.000% Due 06-21-19			10,000,000	99.04	9,904,313.89	99.16	9,915,560.00	0.00	9,915,560.00	A-1	0.18
ROYAL BANK OF CANADA 0.000% Due 06-21-19			15,000,000	98.33	14,750,016.67	99.11	14,866,755.00	0.00	14,866,755.00	A-1+	0.27
NATIXIS NY BRANCH 0.000% Due 06-25-19			25,000,000	98.49	24,623,402.78	99.06	24,764,375.00	0.00	24,764,375.00	A-1	0.45
NATIXIS NY BRANCH 0.000% Due 06-28-19			15,000,000	98.30	14,745,287.55	99.04	14,856,495.00	0.00	14,856,495.00	A-1	0.27
TOYOTA MOTOR CREDIT CORPORATION 0.000% Due 06-28-19			25,000,000	98.92	24,730,500.00	99.12	24,780,000.00	0.00	24,780,000.00	A-1+	0.45
TOYOTA MOTOR CREDIT CORPORATION-FLOATER 0.000% Due 07-09-19			25,000,000	98.36	24,589,256.94	98.97	24,742,550.00	0.00	24,742,550.00	A-1+	0.45
NATIXIS NY BRANCH 0.000% Due 07-19-19			15,000,000	98.81	14,821,800.00	98.97	14,844,900.00	0.00	14,844,900.00	A-1	0.27
SWEDBANK 0.000% Due 07-19-19			25,000,000	98.91	24,727,291.67	99.00	24,750,325.00	0.00	24,750,325.00	A-1+	0.45
JP MORGAN SECURITIES LLC 0.000% Due 08-15-19			20,000,000	98.64	19,727,400.00	98.78	19,756,400.00	0.00	19,756,400.00	A-1	0.36
COOPERATIEVE RABOBANK UA 0.000% Due 09-13-19			50,000,000	98.54	49,271,833.33	98.59	49,296,800.00	0.00	49,296,800.00	A-1	0.89
			775,000,000		765,295,704.88		769,873,905.00	0.00	769,873,905.00		13.88

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PORTFOLIO APPRAISAL

SAN MATEO COUNTY TREASURER'S OFFICE

PORTFOLIO APPRAISAL

SAN MATEO COUNTY POOL

February 28, 2019

Security	Call Date One	Call Price One	Quantity	Unit Cost	Total Cost	Market Price	Market Value	Accrued Interest	Market Value + Accrued Interest	S&P	Pct Assets
LOCAL AGENCY INVESTMENT FUND											
LAIF 2.400% Due 04-01-19			65,000,000	100.00	65,000,000.00	100.00	65,000,000.00	190,666.67	65,190,666.67	NR	1.17
REPURCHASE AGREEMENTS											
REPURCHASE AGREEMENT(U.S. TREAS NTS COLLAT) 2.520% Due 03-01-19			279,000,000	100.00	279,000,000.00	100.00	279,000,000.00	0.00	279,000,000.00	AA+	5.03
UNITED STATES TREASURY-BILLS											
UNITED STATES TREAS BILL 0.000% Due 03-14-19			25,000,000	99.04	24,760,784.72	99.91	24,978,750.00	0.00	24,978,750.00	A-1+	0.45
UNITED STATES TREAS BILL 0.000% Due 04-04-19			25,000,000	99.02	24,755,388.89	99.78	24,944,400.00	0.00	24,944,400.00	A-1+	0.45
UNITED STATES TREAS BILL 0.000% Due 05-09-19			25,000,000	98.76	24,690,979.17	99.54	24,885,000.00	0.00	24,885,000.00	A-1+	0.45
UNITED STATES TREAS BILL 0.000% Due 05-09-19			25,000,000	98.76	24,690,347.22	99.54	24,885,000.00	0.00	24,885,000.00	A-1+	0.45
UNITED STATES TREAS BILL 0.000% Due 05-09-19			3,700,000	98.78	3,654,702.23	99.54	3,682,980.00	0.00	3,682,980.00	A-1+	0.07
UNITED STATES TREAS BILL 0.000% Due 05-16-19			26,800,000	98.77	26,469,407.11	99.50	26,664,767.20	0.00	26,664,767.20	A-1+	0.48
UNITED STATES TREAS BILL 0.000% Due 05-16-19			50,000,000	98.75	49,375,638.89	99.50	49,747,700.00	0.00	49,747,700.00	A-1+	0.90
UNITED STATES TREAS BILL 0.000% Due 05-23-19			25,000,000	98.73	24,681,444.44	99.45	24,861,950.00	0.00	24,861,950.00	A-1+	0.45
UNITED STATES TREAS BILL 0.000% Due 05-23-19			25,000,000	98.73	24,682,097.22	99.45	24,861,950.00	0.00	24,861,950.00	A-1+	0.45
UNITED STATES TREAS BILL 0.000% Due 05-23-19			10,000,000	98.72	9,872,055.56	99.45	9,944,780.00	0.00	9,944,780.00	A-1+	0.18
UNITED STATES TREAS BILL 0.000% Due 05-30-19			4,200,000	98.76	4,147,766.00	99.40	4,174,825.20	0.00	4,174,825.20	A-1+	0.08
UNITED STATES TREAS BILL 0.000% Due 06-06-19			25,000,000	98.74	24,685,291.67	99.35	24,838,275.00	0.00	24,838,275.00	A-1+	0.45
UNITED STATES TREAS BILL 0.000% Due 06-06-19			50,000,000	98.74	49,370,583.33	99.35	49,676,550.00	0.00	49,676,550.00	A-1+	0.90
UNITED STATES TREAS BILL 0.000% Due 06-13-19			40,000,000	98.75	39,499,500.00	99.31	39,722,960.00	0.00	39,722,960.00	A-1+	0.72
UNITED STATES TREAS BILL 0.000% Due 06-13-19			25,000,000	98.74	24,685,923.61	99.31	24,826,850.00	0.00	24,826,850.00	A-1+	0.45
UNITED STATES TREAS BILL 0.000% Due 06-13-19			25,000,000	98.75	24,686,555.56	99.31	24,826,850.00	0.00	24,826,850.00	A-1+	0.45
UNITED STATES TREAS BILL 0.000% Due 06-13-19			25,000,000	98.76	24,689,534.75	99.31	24,826,850.00	0.00	24,826,850.00	A-1+	0.45
UNITED STATES TREAS BILL 0.000% Due 06-20-19			25,000,000	98.98	24,745,000.00	99.26	24,815,300.00	0.00	24,815,300.00	A-1+	0.45

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PORTFOLIO APPRAISAL

SAN MATEO COUNTY TREASURER'S OFFICE

PORTFOLIO APPRAISAL

SAN MATEO COUNTY POOL

February 28, 2019

Security	Call Date One	Call Price One	Quantity	Unit Cost	Total Cost	Market Price	Market Value	Accrued Interest	Market Value + Accrued Interest	S&P	Pct Assets
UNITED STATES TREAS BILL 0.000% Due 07-25-19			25,000,000	98.93	24,733,333.33	99.02	24,755,900.00	0.00	24,755,900.00	A-1+	0.45
UNITED STATES TREAS BILL 0.000% Due 08-22-19			25,000,000	98.77	24,692,243.06	98.82	24,705,775.00	0.00	24,705,775.00	A-1+	0.45
UNITED STATES TREAS BILL 0.000% Due 08-22-19			20,000,000	98.77	19,754,644.44	98.82	19,764,620.00	0.00	19,764,620.00	A-1+	0.36
UNITED STATES TREAS BILL 0.000% Due 08-29-19			4,000,000	98.77	3,950,758.89	98.77	3,950,880.00	0.00	3,950,880.00	A-1+	0.07
			533,700,000		527,273,980.09		530,342,912.40	0.00	530,342,912.40		9.56
UNITED STATES TREASURY-NOTES											
UNITED STATES TREAS NTS 0.875% Due 05-15-19			25,000,000	99.14	24,786,132.81	99.67	24,918,000.00	24,913.19	24,942,913.19	A-1+	0.45
UNITED STATES TREAS NTS 0.875% Due 05-15-19			25,000,000	99.65	24,913,674.03	99.67	24,918,000.00	24,913.19	24,942,913.19	A-1+	0.45
UNITED STATES TREAS NTS 1.125% Due 07-31-21			50,000,000	100.00	50,000,000.00	96.78	48,388,650.00	43,508.29	48,432,158.29	AA+	0.87
UNITED STATES TREAS NTS 1.125% Due 08-31-21			50,000,000	99.62	49,812,500.00	96.67	48,335,950.00	0.00	48,335,950.00	AA+	0.87
UNITED STATES TREAS NTS 1.125% Due 08-31-21			50,000,000	99.75	49,875,000.00	96.67	48,335,950.00	0.00	48,335,950.00	AA+	0.87
UNITED STATES TREAS NTS 1.125% Due 09-30-21			50,000,000	99.78	49,890,625.00	96.62	48,308,600.00	234,633.98	48,543,233.98	AA+	0.87
UNITED STATES TREAS NTS 1.250% Due 10-31-21			50,000,000	100.00	50,000,000.00	96.79	48,394,550.00	207,760.99	48,602,310.99	AA+	0.87
UNITED STATES TREAS NTS 1.625% Due 08-31-22			50,000,000	99.62	49,808,593.75	97.07	48,535,150.00	337,053.57	48,872,203.57	AA+	0.88
UNITED STATES TREAS NTS 1.875% Due 09-30-22			50,000,000	99.73	49,863,281.25	97.87	48,933,600.00	391,056.63	49,324,656.63	AA+	0.88
UNITED STATES TREAS NTS 2.000% Due 10-31-22			50,000,000	99.84	49,919,921.88	98.23	49,115,250.00	387,362.64	49,502,612.64	AA+	0.89
UNITED STATES TREAS NTS 2.000% Due 11-30-22			50,000,000	99.49	49,746,093.75	98.18	49,087,900.00	250,000.00	49,337,900.00	AA+	0.89
UNITED STATES TREAS NOTE 2.125% Due 12-31-22			50,000,000	99.31	49,656,250.00	98.59	49,296,900.00	717,187.50	50,014,087.50	AA+	0.89
UNITED STATES TREAS NTS 1.625% Due 10-31-23			50,000,000	100.16	50,078,125.00	96.09	48,044,900.00	270,089.29	48,314,989.29	AA+	0.87
UNITED STATES TREAS NTS 2.500% Due 01-31-24			50,000,000	100.13	50,064,701.31	99.94	49,968,750.00	24,171.27	49,992,921.27	AA+	0.90
			650,000,000		648,414,898.78		634,582,150.00	2,912,650.54	637,494,800.54		11.44
FEDERAL AGENCY - FLOATING RATE SECURITIES											
FEDERAL FARM CREDIT BANK-FRN 2.639% Due 03-15-19			5,000,000	100.00	5,000,000.00	100.01	5,000,515.00	4,764.50	5,005,279.50	AA+	0.09
FEDERAL HOME LOAN MORTGAGE CORP. - FLOATER 2.380% Due 05-13-19			10,000,000	100.00	10,000,000.00	99.99	9,999,340.00	0.00	9,999,340.00	AA+	0.18

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PORTFOLIO APPRAISAL

SAN MATEO COUNTY TREASURER'S OFFICE

PORTFOLIO APPRAISAL

SAN MATEO COUNTY POOL

February 28, 2019

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FEDERAL HOME LOAN MORTGAGE CORP. - FLOATER 2.350% Due 06-21-19			11,000,000	100.00	11,000,000.00	99.99	10,998,900.00	49,545.83	11,048,445.83	AA+	0.20
FEDERAL FARM CREDIT BANK-FRN 2.670% Due 08-19-19			5,000,000	100.00	5,000,000.00	100.11	5,005,285.00	26,333.11	5,031,618.11	AA+	0.09
FEDERAL HOME LOAN BANK - FRN 2.265% Due 11-15-19			20,000,000	100.00	20,000,000.00	100.03	20,005,580.00	16,358.33	20,021,938.33	AA+	0.36
FEDERAL FARM CREDIT BANK-FRN 2.484% Due 05-26-20			10,000,000	100.00	10,000,000.00	100.02	10,001,680.00	1,380.21	10,003,060.21	AA+	0.18
FEDERAL FARM CR BKS FDG CORP 2.527% Due 12-11-20			5,000,000	100.00	5,000,000.00	99.95	4,997,575.00	5,966.29	5,003,541.29	AA+	0.09
FEDERAL FARM CR BKS FDG CORP 2.517% Due 08-09-21			15,000,000	100.00	15,000,000.00	99.81	14,971,650.00	19,925.46	14,991,575.46	AA+	0.27
FEDERAL FARM CR BKS FDG CORP 2.501% Due 09-17-21			15,000,000	100.00	15,000,000.00	100.00	15,000,000.00	167,802.25	15,167,802.25	AA+	0.27
FEDERAL FARM CR BKS FDG CORP 2.501% Due 09-17-21			5,000,000	100.00	5,000,000.00	100.00	5,000,000.00	55,934.08	5,055,934.08	AA+	0.09
FEDERAL FARM CR BKS FDG CORP 2.539% Due 11-08-21			10,000,000	100.00	10,000,000.00	99.84	9,984,230.00	77,594.92	10,061,824.92	AA+	0.18
FEDERAL FARM CR BKS FDG CORP 2.539% Due 11-08-21			5,000,000	100.00	5,000,000.00	99.84	4,992,115.00	38,797.46	5,030,912.46	AA+	0.09
			116,000,000		116,000,000.00		115,956,870.00	464,402.45	116,421,272.45		2.09
FEDERAL AGENCY SECURITIES											
FEDERAL HOME LOAN BANK-DISCOUNT NOTE 0.000% Due 03-01-19			25,000,000	99.76	24,941,250.00	100.00	25,000,000.00	0.00	25,000,000.00	AA+	0.45
FARM CREDIT DISCOUNT NOTE 0.000% Due 03-04-19			20,000,000	99.45	19,889,794.44	99.98	19,996,040.00	0.00	19,996,040.00	AA+	0.36
FEDERAL HOME LOAN BANK-DISCOUNT NOTE 0.000% Due 03-04-19			14,700,000	99.75	14,662,576.25	99.98	14,697,089.40	0.00	14,697,089.40	AA+	0.27
FEDERAL HOME DISCOUNT NOTE 0.000% Due 03-05-19			25,000,000	99.15	24,787,395.75	99.97	24,993,400.00	0.00	24,993,400.00	AA+	0.45
FEDERAL HOME LOAN BANK-DISCOUNT NOTE 0.000% Due 03-06-19			15,000,000	99.14	14,871,456.25	99.97	14,995,035.00	0.00	14,995,035.00	AA+	0.27
FEDERAL HOME LOAN BANK - DISCOUNT NOTE 0.000% Due 03-11-19			10,000,000	99.26	9,926,266.67	99.93	9,993,390.00	0.00	9,993,390.00	AA+	0.18
FEDERAL HOME LOAN BANK - DISCOUNT NOTE 0.000% Due 03-11-19			10,000,000	99.26	9,926,266.67	99.93	9,993,390.00	0.00	9,993,390.00	AA+	0.18
FEDERAL HOME LOAN BANK - DISCOUNT NOTE 0.000% Due 03-12-19			5,000,000	99.26	4,962,804.17	99.93	4,996,365.00	0.00	4,996,365.00	AA+	0.09
FEDERAL HOME LOAN BANK - DISCOUNT NOTE 0.000% Due 03-12-19			10,250,000	99.74	10,223,350.00	99.93	10,242,548.25	0.00	10,242,548.25	AA+	0.18
FEDERAL HOME LOAN BANK - DISCOUNT NOTE 0.000% Due 03-15-19			5,000,000	99.11	4,955,611.11	99.91	4,995,370.00	0.00	4,995,370.00	AA+	0.09
FEDERAL HOME LOAN BANK - DISCOUNT NOTE 0.000% Due 03-15-19			5,000,000	99.61	4,980,666.67	99.91	4,995,370.00	0.00	4,995,370.00	AA+	0.09
FEDERAL HOME LOAN BANK - DISCOUNT NOTE			25,000,000	99.67	24,917,708.33	99.91	24,976,850.00	0.00	24,976,850.00	AA+	0.45

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SAN MATEO COUNTY TREASURER'S OFFICE

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SAN MATEO COUNTY POOL

February 28, 2019

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0.000% Due 03-15-19											
FEDERAL HOME LOAN BANK - DISCOUNT NOTE 0.000% Due 03-15-19			8,300,000	99.71	8,276,211.28	99.91	8,292,314.20	0.00	8,292,314.20	AA+	0.15
FEDERAL HOME LOAN BANK 1.375% Due 03-18-19			5,000,000	99.77	4,988,400.00	99.96	4,998,105.00	30,555.56	5,028,660.56	AA+	0.09
FEDERAL HOME LOAN BANK - DISCOUNT NOTE 0.000% Due 03-19-19			25,000,000	99.18	24,795,486.11	99.88	24,970,250.00	0.00	24,970,250.00	AA+	0.45
FEDERAL HOME LOAN BANK - DISCOUNT NOTE 0.000% Due 03-21-19			15,000,000	99.17	14,875,050.00	99.87	14,980,170.00	0.00	14,980,170.00	AA+	0.27
FEDERAL HOME LOAN BANK - DISCOUNT NOTE 0.000% Due 03-22-19			25,000,000	99.16	24,790,097.22	99.86	24,965,300.00	0.00	24,965,300.00	AA+	0.45
FEDERAL HOME LOAN BANK-DISCOUNT NOTE 0.000% Due 03-26-19			10,000,000	99.04	9,904,086.11	99.83	9,983,470.00	0.00	9,983,470.00	AA+	0.18
FEDERAL HOME LOAN BANK-DISCOUNT NOTE 0.000% Due 03-27-19			10,000,000	99.03	9,903,429.17	99.83	9,982,810.00	0.00	9,982,810.00	AA+	0.18
FEDERAL HOME LOAN BANK-DISCOUNT NOTE 0.000% Due 03-27-19			10,000,000	99.03	9,903,429.17	99.83	9,982,810.00	0.00	9,982,810.00	AA+	0.18
FEDERAL HOME LOAN BANK-DISCOUNT NOTE 0.000% Due 03-27-19			10,000,000	99.03	9,903,429.17	99.83	9,982,810.00	0.00	9,982,810.00	AA+	0.18
FEDERAL HOME LOAN BANK-DISCOUNT NOTE 0.000% Due 03-27-19			15,000,000	99.13	14,869,000.00	99.83	14,974,215.00	0.00	14,974,215.00	AA+	0.27
FEDERAL HOME LOAN BANK-DISCOUNT NOTE 0.000% Due 03-29-19			15,000,000	99.02	14,853,172.92	99.81	14,972,235.00	0.00	14,972,235.00	AA+	0.27
FEDERAL HOME LOAN BANK- DISCOUNT NOTE 0.000% Due 04-15-19			3,000,000	99.65	2,989,355.83	99.70	2,990,961.00	0.00	2,990,961.00	AA+	0.05
FANNIE MAE DISCOUNT NOTE 0.000% Due 04-17-19			3,500,000	99.40	3,479,140.00	99.69	3,488,989.00	0.00	3,488,989.00	AA+	0.06
FREDDIE DISCOUNT 0.000% Due 04-17-19			4,800,000	98.81	4,742,817.20	99.69	4,784,899.20	0.00	4,784,899.20	AA+	0.09
FEDERAL HOME LOAN BANK-DISCOUNT NOTE 0.000% Due 04-18-19			25,000,000	99.05	24,762,062.50	99.68	24,919,675.00	0.00	24,919,675.00	AA+	0.45
FEDERAL HOME LOAN BANK- DISCOUNT NOTE 0.000% Due 04-22-19			15,000,000	99.37	14,905,686.67	99.65	14,947,785.00	0.00	14,947,785.00	AA+	0.27
FEDERAL HOME LOAN BANK-DISCOUNT NOTE 0.000% Due 04-26-19			25,000,000	98.81	24,702,541.67	99.63	24,906,275.00	0.00	24,906,275.00	AA+	0.45
FEDERAL HOME LOAN BANK-DISCOUNT NOTE 0.000% Due 04-29-19			15,000,000	99.11	14,866,270.83	99.60	14,940,750.00	0.00	14,940,750.00	AA+	0.27
FEDERAL HOME LOAN BANK-DISCOUNT NOTE 0.000% Due 04-29-19			2,000,000	99.33	1,986,505.28	99.60	1,992,100.00	0.00	1,992,100.00	AA+	0.04
FEDERAL HOME LOAN BANK DISCOUNT NOTE 0.000% Due 04-30-19			15,000,000	99.10	14,865,250.00	99.60	14,939,745.00	0.00	14,939,745.00	AA+	0.27
FEDERAL HOME LOAN BANK DISCOUNT NOTE 0.000% Due 04-30-19			6,600,000	99.27	6,552,040.00	99.60	6,573,487.80	0.00	6,573,487.80	AA+	0.12
FEDERAL HOME LOAN BANK - DISCOUNT NOTE 0.000% Due 05-01-19			10,000,000	98.78	9,877,825.00	99.59	9,958,990.00	0.00	9,958,990.00	AA+	0.18
FEDERAL HOME LOAN BANK - DISCOUNT NOTE			10,000,000	98.78	9,877,825.00	99.59	9,958,990.00	0.00	9,958,990.00	AA+	0.18

PORTFOLIO APPRAISAL

SAN MATEO COUNTY TREASURER'S OFFICE

PORTFOLIO APPRAISAL

SAN MATEO COUNTY POOL

February 28, 2019

Security	Call Date One	Call Price One	Quantity	Unit Cost	Total Cost	Market Price	Market Value	Accrued Interest	Market Value + Accrued Interest	S&P	Pct Assets
0.000% Due 05-01-19											
FEDERAL HOME LOAN BANK - DISCOUNT NOTE 0.000% Due 05-01-19			25,000,000	99.10	24,775,416.67	99.59	24,897,475.00	0.00	24,897,475.00	AA+	0.45
FEDERAL HOME LOAN BANK - DISCOUNT NOTE 0.000% Due 05-03-19			30,847,000	98.80	30,475,422.18	99.58	30,716,362.95	0.00	30,716,362.95	AA+	0.55
FEDERAL HOME LOAN BANK- DISCOUNT NOTE 0.000% Due 05-14-19			20,000,000	98.75	19,749,244.44	99.50	19,900,520.00	0.00	19,900,520.00	AA+	0.36
FEDERAL HOME LOAN BANK - DISCOUNT NOTE 0.000% Due 05-15-19			4,663,000	98.76	4,605,178.80	99.50	4,639,489.15	0.00	4,639,489.15	AA+	0.08
FEDERAL HOME LOAN BANK - DISCOUNT NOTE 0.000% Due 05-15-19			10,000,000	98.76	9,876,000.00	99.50	9,949,580.00	0.00	9,949,580.00	AA+	0.18
FEDERAL HOME LOAN BANK- DISCOUNT NOTE 0.000% Due 05-17-19			15,000,000	98.74	14,811,630.00	99.48	14,922,360.00	0.00	14,922,360.00	AA+	0.27
FEDERAL HOME LOAN BANK- DISCOUNT NOTE 0.000% Due 05-17-19			10,000,000	98.74	9,874,420.00	99.48	9,948,240.00	0.00	9,948,240.00	AA+	0.18
FEDERAL HOME LOAN BANK- DISCOUNT NOTE 0.000% Due 05-17-19			15,000,000	99.21	14,881,000.00	99.48	14,922,360.00	0.00	14,922,360.00	AA+	0.27
FREDDIE DISCOUNT NOTE 0.000% Due 05-20-19			10,000,000	98.74	9,873,583.33	99.46	9,946,220.00	0.00	9,946,220.00	AA+	0.18
FREDDIE DISCOUNT NOTE 0.000% Due 05-20-19			15,000,000	98.74	14,810,375.00	99.46	14,919,330.00	0.00	14,919,330.00	AA+	0.27
FREDDIE DISCOUNT NOTE 0.000% Due 05-20-19			26,000,000	98.76	25,678,423.33	99.46	25,860,172.00	0.00	25,860,172.00	AA+	0.47
FREDDIE DISCOUNT NOTE 0.000% Due 05-24-19			10,000,000	98.71	9,870,850.00	99.44	9,943,530.00	0.00	9,943,530.00	AA+	0.18
FARM CREDIT DISCOUNT NOTE 0.000% Due 05-28-19			15,000,000	98.66	14,798,958.33	99.41	14,911,260.00	0.00	14,911,260.00	AA+	0.27
FEDERAL HOME LOAN BANK 1.375% Due 05-28-19			5,000,000	99.81	4,990,550.00	99.73	4,986,540.00	17,187.50	5,003,727.50	AA+	0.09
FEDERAL HOME LOAN BANK 1.375% Due 05-28-19			5,000,000	99.81	4,990,550.00	99.73	4,986,540.00	17,187.50	5,003,727.50	AA+	0.09
FEDERAL HOME LOAN BANK- DISCOUNT NOTE 0.000% Due 06-03-19			2,200,000	98.79	2,173,418.50	99.36	2,185,983.80	0.00	2,185,983.80	AA+	0.04
FREDDIE DISCOUNT 0.000% Due 06-03-19			20,000,000	98.76	19,751,687.20	99.36	19,872,580.00	0.00	19,872,580.00	AA+	0.36
FREDDIE DISCOUNT 0.000% Due 06-03-19			12,580,000	98.81	12,430,678.89	99.36	12,499,852.82	0.00	12,499,852.82	AA+	0.23
FEDERAL HOME LOAN BANK-DISCOUNT NOTE 0.000% Due 06-06-19			30,000,000	98.67	29,602,400.10	99.34	29,802,780.00	0.00	29,802,780.00	AA+	0.54
FEDERAL HOME LOAN BANK- DISCOUNT NOTE 0.000% Due 06-11-19			20,000,000	99.22	19,844,000.00	99.31	19,861,740.00	0.00	19,861,740.00	AA+	0.36
FEDERAL HOME LOAN BANK- DISCOUNT NOTE 0.000% Due 06-13-19			2,300,000	99.21	2,281,718.19	99.30	2,283,787.30	0.00	2,283,787.30	AA+	0.04
FEDERAL HOME LOAN BANK-DISCOUNT NOTE 0.000% Due 06-17-19			20,000,000	99.21	19,841,683.33	99.27	19,853,600.00	0.00	19,853,600.00	AA+	0.36

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PORTFOLIO APPRAISAL

SAN MATEO COUNTY TREASURER'S OFFICE

PORTFOLIO APPRAISAL

SAN MATEO COUNTY POOL

February 28, 2019

Security	Call Date One	Call Price One	Quantity	Unit Cost	Total Cost	Market Price	Market Value	Accrued Interest	Market Value + Accrued Interest	S&P	Pct Assets
FEDERAL MORTGAGE CORPORATION DN 0.000% Due 06-19-19			10,000,000	98.69	9,869,111.11	99.25	9,925,440.00	0.00	9,925,440.00	AA+	0.18
FEDERAL MORTGAGE CORPORATION DN 0.000% Due 06-19-19			20,000,000	98.69	19,738,222.22	99.25	19,850,880.00	0.00	19,850,880.00	AA+	0.36
FEDERAL MORTGAGE CORPORATION DN 0.000% Due 06-19-19			3,000,000	98.71	2,961,303.33	99.25	2,977,632.00	0.00	2,977,632.00	AA+	0.05
FEDERAL MORTGAGE CORPORATION DN 0.000% Due 06-20-19			15,000,000	98.61	14,791,266.67	99.25	14,887,155.00	0.00	14,887,155.00	AA+	0.27
FEDERAL NATIONAL MORTGAGE ASSOCIATION 1.750% Due 06-20-19			5,000,000	99.95	4,997,350.00	99.77	4,988,410.00	16,527.78	5,004,937.78	AA+	0.09
FEDERAL HOME LOAN BANK 1.125% Due 06-21-19			10,000,000	99.96	9,995,800.00	99.59	9,959,020.00	20,937.50	9,979,957.50	AA+	0.18
FEDERAL HOME LOAN BANK 1.125% Due 06-21-19			10,000,000	99.96	9,995,800.00	99.59	9,959,020.00	20,937.50	9,979,957.50	AA+	0.18
FEDERAL HOME LOAN BANK 1.125% Due 06-21-19			10,000,000	99.96	9,995,800.00	99.59	9,959,020.00	20,937.50	9,979,957.50	AA+	0.18
FEDERAL HOME LOAN BANK-DISCOUNT NOTE 0.000% Due 06-24-19			25,000,000	98.51	24,628,229.17	99.22	24,805,150.00	0.00	24,805,150.00	AA+	0.45
FEDERAL HOME LOAN BANK DISCOUNT NOTE 0.000% Due 06-25-19			30,000,000	98.53	29,560,416.60	99.21	29,764,140.00	0.00	29,764,140.00	AA+	0.54
FEDERAL MORTGAGE CORPORATION DN 0.000% Due 06-25-19			15,000,000	98.57	14,786,100.00	99.21	14,882,070.00	0.00	14,882,070.00	AA+	0.27
FEDERAL HOME LOAN BANK DISCOUNT NOTE 0.000% Due 06-27-19			10,000,000	98.52	9,851,713.89	99.20	9,920,020.00	0.00	9,920,020.00	AA+	0.18
FEDERAL HOME LOAN BANK DISCOUNT NOTE 0.000% Due 06-27-19			10,000,000	98.52	9,851,713.89	99.20	9,920,020.00	0.00	9,920,020.00	AA+	0.18
FREDDIE DISCOUNT 0.000% Due 06-27-19			25,000,000	99.12	24,780,000.00	99.20	24,800,050.00	0.00	24,800,050.00	AA+	0.45
FEDERAL HOME LOAN BANK- DISCOUNT NOTE 0.000% Due 06-28-19			15,000,000	98.48	14,771,750.00	99.19	14,879,010.00	0.00	14,879,010.00	AA+	0.27
FEDERAL HOME LOAN BANK- DISCOUNT NOTE 0.000% Due 06-28-19			25,000,000	98.48	24,619,583.33	99.19	24,798,350.00	0.00	24,798,350.00	AA+	0.45
FEDERAL HOME LOAN BANK- DISCOUNT NOTE 0.000% Due 06-28-19			10,000,000	98.48	9,847,833.33	99.19	9,919,340.00	0.00	9,919,340.00	AA+	0.18
FEDERAL HOME LOAN BANK- DISCOUNT NOTE 0.000% Due 06-28-19			2,500,000	98.49	2,462,131.25	99.19	2,479,835.00	0.00	2,479,835.00	AA+	0.04
FEDERAL HOME LOAN BANK- DISCOUNT NOTE 0.000% Due 06-28-19			20,000,000	98.49	19,697,050.00	99.19	19,838,680.00	0.00	19,838,680.00	AA+	0.36
FEDERAL HOME LOAN BANK- DISCOUNT NOTE 0.000% Due 06-28-19			50,000,000	98.58	49,288,833.50	99.19	49,596,700.00	0.00	49,596,700.00	AA+	0.89
FARM CREDIT DISCOUNT NOTE 0.000% Due 07-08-19			19,000,000	98.33	18,682,605.00	99.11	18,831,831.00	0.00	18,831,831.00	AA+	0.34
FEDERAL HOME LOAN BANK DISCOUNT NOTE 0.000% Due 07-09-19			4,400,000	98.88	4,350,605.11	99.11	4,360,756.40	0.00	4,360,756.40	AA+	0.08
FREDDIE DISCOUNT 0.000% Due 07-17-19			5,300,000	99.01	5,247,706.67	99.05	5,249,819.60	0.00	5,249,819.60	AA+	0.09

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PORTFOLIO APPRAISAL

SAN MATEO COUNTY TREASURER'S OFFICE

PORTFOLIO APPRAISAL

SAN MATEO COUNTY POOL

February 28, 2019

Security	Call Date One	Call Price One	Quantity	Unit Cost	Total Cost	Market Price	Market Value	Accrued Interest	Market Value + Accrued Interest	S&P	Pct Assets
FREDDIE DISCOUNT 0.000% Due 07-17-19			25,000,000	99.02	24,755,312.50	99.05	24,763,300.00	0.00	24,763,300.00	AA+	0.45
FREDDIE DISCOUNT 0.000% Due 07-17-19			1,600,000	99.02	1,584,340.00	99.05	1,584,851.20	0.00	1,584,851.20	AA+	0.03
FEDERAL MORTGAGE CORPORATION DN 0.000% Due 07-19-19			5,300,000	98.38	5,214,299.00	99.04	5,249,088.20	0.00	5,249,088.20	AA+	0.09
FEDERAL HOME LOAN BANK-DISCOUNT NOTE 0.000% Due 07-26-19			5,000,000	98.31	4,915,666.67	98.99	4,949,570.00	0.00	4,949,570.00	AA+	0.09
FEDERAL NATIONAL MORTGAGE ASSOCIATION 1.000% Due 07-26-19			5,000,000	100.00	5,000,000.00	99.39	4,969,620.00	4,444.44	4,974,064.44	AA+	0.09
FEDERAL NATIONAL MORTGAGE ASSOCIATION 1.000% Due 07-26-19			2,500,000	100.00	2,500,000.00	99.39	2,484,810.00	2,222.22	2,487,032.22	AA+	0.04
FEDERAL NATIONAL MORTGAGE ASSOCIATION 1.000% Due 07-26-19			2,500,000	100.00	2,500,000.00	99.39	2,484,810.00	2,222.22	2,487,032.22	AA+	0.04
FEDERAL NATIONAL MORTGAGE ASSOCIATION 1.000% Due 07-26-19			2,500,000	100.00	2,500,000.00	99.39	2,484,810.00	2,222.22	2,487,032.22	AA+	0.04
FEDERAL NATIONAL MORTGAGE ASSOCIATION 1.000% Due 07-26-19			2,500,000	100.00	2,500,000.00	99.39	2,484,810.00	2,222.22	2,487,032.22	AA+	0.04
FEDERAL NATIONAL MORTGAGE ASSOCIATION-1 1.125% Due 07-26-19			10,000,000	100.00	10,000,000.00	99.44	9,944,210.00	10,000.00	9,954,210.00	AA+	0.18
FEDERAL NATIONAL MORTGAGE ASSOCIATION-1 1.125% Due 07-26-19			3,805,000	99.98	3,804,429.25	99.44	3,783,771.90	3,805.00	3,787,576.90	AA+	0.07
FEDERAL HOME LOAN BANK 0.875% Due 08-05-19			5,000,000	99.81	4,990,400.00	99.32	4,965,970.00	112,291.67	5,078,261.67	AA+	0.09
FEDERAL HOME LOAN BANK 0.875% Due 08-05-19			5,000,000	99.81	4,990,400.00	99.32	4,965,970.00	112,291.67	5,078,261.67	AA+	0.09
FEDERAL HOME LOAN BANK 0.875% Due 08-05-19			5,000,000	99.81	4,990,400.00	99.32	4,965,970.00	112,291.67	5,078,261.67	AA+	0.09
FEDERAL HOME DISCOUNT NOTE 0.000% Due 08-21-19			10,000,000	98.75	9,875,481.67	98.80	9,880,340.00	0.00	9,880,340.00	AA+	0.18
FEDERAL HOME DISCOUNT NOTE 0.000% Due 08-21-19			10,000,000	98.75	9,875,481.67	98.80	9,880,340.00	0.00	9,880,340.00	AA+	0.18
FEDERAL HOME DISCOUNT NOTE 0.000% Due 08-21-19			20,000,000	98.76	19,752,277.78	98.80	19,760,680.00	0.00	19,760,680.00	AA+	0.36
FEDERAL HOME DISCOUNT NOTE 0.000% Due 08-21-19			20,000,000	98.76	19,752,277.78	98.80	19,760,680.00	0.00	19,760,680.00	AA+	0.36
FEDERAL HOME DISCOUNT NOTE 0.000% Due 08-21-19			15,000,000	98.81	14,821,354.17	98.80	14,820,510.00	0.00	14,820,510.00	AA+	0.27
FARM CREDIT DISCOUNT NOTE 0.000% Due 08-23-19			10,000,000	97.87	9,786,944.40	98.79	9,878,960.00	0.00	9,878,960.00	AA+	0.18
FARM CREDIT DISCOUNT NOTE 0.000% Due 08-23-19			10,000,000	97.87	9,786,944.40	98.79	9,878,960.00	0.00	9,878,960.00	AA+	0.18
FEDERAL HOME LOAN BANK- DISCOUNT NOTE 0.000% Due 08-23-19			15,000,000	98.76	14,813,450.00	98.79	14,818,440.00	0.00	14,818,440.00	AA+	0.27
FEDERAL HOME LOAN BANK-B 1.550% Due 08-28-19	05-28-19	100.00	2,500,000	100.00	2,500,000.00	99.55	2,488,650.00	0.00	2,488,650.00	AA+	0.04

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PORTFOLIO APPRAISAL

SAN MATEO COUNTY POOL

February 28, 2019

Security	Call Date One	Call Price One	Quantity	Unit Cost	Total Cost	Market Price	Market Value	Accrued Interest	Market Value + Accrued Interest	S&P	Pct Assets
FEDERAL HOME LOAN BANK-B 1.550% Due 08-28-19	05-28-19	100.00	2,500,000	100.00	2,500,000.00	99.55	2,488,650.00	0.00	2,488,650.00	AA+	0.04
FEDERAL HOME LOAN BANK-B 1.550% Due 08-28-19	05-28-19	100.00	2,500,000	100.00	2,500,000.00	99.55	2,488,650.00	0.00	2,488,650.00	AA+	0.04
FEDERAL HOME LOAN BANK-B 1.550% Due 08-28-19	05-28-19	100.00	2,500,000	100.00	2,500,000.00	99.55	2,488,650.00	0.00	2,488,650.00	AA+	0.04
FEDERAL NATIONAL MORTGAGE ASSOCIATION 1.750% Due 09-12-19			5,000,000	99.44	4,971,850.00	99.59	4,979,370.00	40,347.22	5,019,717.22	AA+	0.09
FEDERAL NATIONAL MORTGAGE ASSOCIATION 1.750% Due 09-12-19			5,000,000	99.44	4,971,850.00	99.59	4,979,370.00	40,347.22	5,019,717.22	AA+	0.09
FEDERAL HOME LOAN BANK 1.000% Due 09-26-19			5,000,000	99.91	4,995,650.00	99.15	4,957,695.00	21,111.11	4,978,806.11	AA+	0.09
FEDERAL HOME LOAN BANK 1.000% Due 09-26-19			10,000,000	99.91	9,991,300.00	99.15	9,915,390.00	42,222.22	9,957,612.22	AA+	0.18
FEDERAL HOME LOAN BANK 1.000% Due 09-26-19			10,000,000	99.91	9,991,300.00	99.15	9,915,390.00	42,222.22	9,957,612.22	AA+	0.18
FEDERAL HOME LOAN BANK 2.400% Due 10-11-19	03-25-19	100.00	10,000,000	100.00	10,000,000.00	100.00	10,000,390.00	42,000.00	10,042,390.00	AA+	0.18
FEDERAL NATIONAL MORTGAGE ASSOCIATION-1 1.100% Due 10-17-19			2,500,000	99.95	2,498,750.00	99.09	2,477,362.50	10,006.94	2,487,369.44	AA+	0.04
FEDERAL NATIONAL MORTGAGE ASSOCIATION-1 1.100% Due 10-17-19			2,500,000	99.95	2,498,750.00	99.09	2,477,362.50	10,006.94	2,487,369.44	AA+	0.04
FEDERAL NATIONAL MORTGAGE ASSOCIATION-1 1.100% Due 10-17-19			2,500,000	99.95	2,498,750.00	99.09	2,477,362.50	10,006.94	2,487,369.44	AA+	0.04
FEDERAL NATIONAL MORTGAGE ASSOCIATION-1 1.100% Due 10-17-19			2,500,000	99.95	2,498,750.00	99.09	2,477,362.50	10,006.94	2,487,369.44	AA+	0.04
FEDERAL HOME LOAN BANK 1.500% Due 10-21-19			5,000,000	99.82	4,991,150.00	99.33	4,966,325.00	28,750.00	4,995,075.00	AA+	0.09
FEDERAL HOME LOAN BANK 1.500% Due 10-21-19			5,000,000	99.82	4,991,150.00	99.33	4,966,325.00	28,750.00	4,995,075.00	AA+	0.09
FEDERAL HOME LOAN BANK 1.500% Due 10-21-19			10,000,000	99.82	9,982,300.00	99.33	9,932,650.00	57,500.00	9,990,150.00	AA+	0.18
FEDERAL HOME LOAN BANK 1.500% Due 10-21-19			10,000,000	99.82	9,982,300.00	99.33	9,932,650.00	57,500.00	9,990,150.00	AA+	0.18
FEDERAL HOME LOAN BANK 1.375% Due 11-15-19			5,000,000	99.98	4,998,850.00	99.19	4,959,305.00	19,670.14	4,978,975.14	AA+	0.09
FEDERAL HOME LOAN BANK 1.375% Due 11-15-19			5,000,000	99.98	4,998,850.00	99.19	4,959,305.00	19,670.14	4,978,975.14	AA+	0.09
FEDERAL HOME LOAN BANK 1.375% Due 11-15-19			5,000,000	99.98	4,998,850.00	99.19	4,959,305.00	19,670.14	4,978,975.14	AA+	0.09
FEDERAL HOME LOAN BANK 1.375% Due 11-15-19			10,000,000	99.98	9,997,700.00	99.19	9,918,610.00	39,340.28	9,957,950.28	AA+	0.18
FEDERAL NATIONAL MORTGAGE ASSOCIATION 1.750% Due 11-26-19			7,500,000	99.55	7,466,550.00	99.43	7,457,242.50	34,270.83	7,491,513.33	AA+	0.13
FEDERAL NATIONAL MORTGAGE ASSOCIATION 1.625% Due 01-21-20			10,000,000	99.90	9,989,900.00	99.20	9,919,900.00	16,701.39	9,936,601.39	AA+	0.18

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PORTFOLIO APPRAISAL

SAN MATEO COUNTY TREASURER'S OFFICE
PORTFOLIO APPRAISAL

SAN MATEO COUNTY POOL

February 28, 2019

Security	Call Date One	Call Price One	Quantity	Unit Cost	Total Cost	Market Price	Market Value	Accrued Interest	Market Value + Accrued Interest	S&P	Pct Assets
FEDERAL NATIONAL MORTGAGE ASSOCIATION-B 1.650% Due 01-27-20	04-27-19	100.00	2,500,000	100.00	2,500,000.00	99.20	2,479,970.00	3,552.08	2,483,522.08	AA+	0.04
FEDERAL HOME LOAN BANK 2.150% Due 02-14-20	05-14-19	100.00	2,500,000	100.00	2,500,000.00	99.60	2,490,075.00	2,090.28	2,492,165.28	AA+	0.04
FEDERAL HOME LOAN BANK 2.150% Due 02-14-20	05-14-19	100.00	5,000,000	100.00	5,000,000.00	99.60	4,980,150.00	4,180.56	4,984,330.56	AA+	0.09
FEDERAL HOME LOAN BANK 2.375% Due 03-30-20			20,000,000	99.98	19,996,400.00	99.83	19,966,280.00	199,236.11	20,165,516.11	AA+	0.36
FEDERAL HOME LOAN BANK 2.375% Due 03-30-20			10,000,000	99.98	9,998,200.00	99.83	9,983,140.00	99,618.06	10,082,758.06	AA+	0.18
FEDERAL HOME LOAN BANK-1 1.700% Due 05-15-20	05-15-19	100.00	2,500,000	100.00	2,500,000.00	98.92	2,473,072.50	12,159.72	2,485,232.22	AA+	0.04
FEDERAL HOME LOAN BANK-1 1.700% Due 05-15-20	05-15-19	100.00	5,000,000	100.00	5,000,000.00	98.92	4,946,145.00	24,319.44	4,970,464.44	AA+	0.09
FEDERAL HOME LOAN BANK-1 1.700% Due 05-15-20	05-15-19	100.00	10,000,000	100.00	10,000,000.00	98.92	9,892,290.00	48,638.89	9,940,928.89	AA+	0.18
FEDERAL HOME LOAN BANK-1 1.700% Due 05-15-20	05-15-19	100.00	5,000,000	100.00	5,000,000.00	98.92	4,946,145.00	24,319.44	4,970,464.44	AA+	0.09
FEDERAL HOME LOAN BANK-1 1.700% Due 05-15-20	05-15-19	100.00	2,500,000	100.00	2,500,000.00	98.92	2,473,072.50	12,159.72	2,485,232.22	AA+	0.04
FEDERAL HOME LOAN BANK 2.625% Due 05-28-20			5,000,000	99.96	4,998,200.00	100.08	5,004,110.00	101,718.75	5,105,828.75	AA+	0.09
FEDERAL HOME LOAN BANK 2.625% Due 05-28-20			20,000,000	99.96	19,992,800.00	100.08	20,016,440.00	406,875.00	20,423,315.00	AA+	0.36
FEDERAL NATIONAL MORTGAGE ASSOCIATION 1.500% Due 06-22-20			10,000,000	99.65	9,965,100.00	98.64	9,863,630.00	27,500.00	9,891,130.00	AA+	0.18
FEDERAL HOME LOAN BANK 1.375% Due 09-28-20			5,000,000	99.68	4,983,950.00	98.19	4,909,565.00	28,645.83	4,938,210.83	AA+	0.09
FEDERAL HOME LOAN BANK 1.375% Due 09-28-20			10,000,000	99.68	9,967,900.00	98.19	9,819,130.00	57,291.67	9,876,421.67	AA+	0.18
FEDERAL HOME LOAN MORTGAGE CORPORATION 1.625% Due 09-29-20			15,000,000	99.82	14,972,850.00	98.57	14,784,810.00	100,885.42	14,885,695.42	AA+	0.27
FEDERAL HOME LOAN BANK 2.620% Due 10-01-20			25,000,000	99.78	24,946,250.00	100.08	25,018,975.00	311,125.00	25,330,100.00	AA+	0.45
FEDERAL HOME LOAN BANK 1.950% Due 11-05-20	05-05-19	100.00	5,000,000	98.11	4,905,750.00	98.85	4,942,475.00	14,354.17	4,956,829.17	AA+	0.09
FEDERAL HOME LOAN MORTGAGE CORPORATION-1 2.250% Due 11-24-20			5,000,000	100.42	5,021,100.00	99.49	4,974,450.00	29,375.00	5,003,825.00	AA+	0.09
FEDERAL HOME LOAN MORTGAGE CORPORATION-1 2.250% Due 11-24-20			7,500,000	100.42	7,531,650.00	99.49	7,461,675.00	44,062.50	7,505,737.50	AA+	0.13
FEDERAL HOME LOAN MORTGAGE CORPORATION-1 2.250% Due 11-24-20			7,500,000	100.42	7,531,650.00	99.49	7,461,675.00	44,062.50	7,505,737.50	AA+	0.13
FEDERAL NATIONAL MORTGAGE ASSOCIATION 1.500% Due 11-30-20			5,000,000	99.91	4,995,350.00	98.19	4,909,390.00	18,333.33	4,927,723.33	AA+	0.09
FEDERAL HOME LOAN BANK 2.200% Due 01-29-21	04-29-19	100.00	2,500,000	100.00	2,500,000.00	99.30	2,482,620.00	4,430.56	2,487,050.56	AA+	0.04

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SAN MATEO COUNTY TREASURER'S OFFICE
PORTFOLIO APPRAISAL
SAN MATEO COUNTY POOL
February 28, 2019

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FEDERAL HOME LOAN BANK 2.200% Due 01-29-21	04-29-19	100.00	2,500,000	100.00	2,500,000.00	99.30	2,482,620.00	4,430.56	2,487,050.56	AA+	0.04
FEDERAL HOME LOAN BANK 2.250% Due 01-29-21	01-29-20	100.00	5,000,000	100.00	5,000,000.00	99.39	4,969,530.00	9,062.50	4,978,592.50	AA+	0.09
FEDERAL HOME LOAN BANK 2.250% Due 01-29-21	01-29-20	100.00	2,500,000	100.00	2,500,000.00	99.39	2,484,765.00	4,531.25	2,489,296.25	AA+	0.04
FEDERAL NATIONAL MORTGAGE ASSOCIATION-B 2.750% Due 06-22-21			25,000,000	99.98	24,994,250.00	100.45	25,113,350.00	126,041.67	25,239,391.67	AA+	0.45
FEDERAL HOME LOAN BANK 1.125% Due 07-14-21			5,000,000	99.51	4,975,350.00	96.85	4,842,430.00	6,875.00	4,849,305.00	AA+	0.09
FEDERAL HOME LOAN BANK 1.125% Due 07-14-21			5,000,000	99.51	4,975,350.00	96.85	4,842,430.00	6,875.00	4,849,305.00	AA+	0.09
FEDERAL HOME LOAN BANK 1.125% Due 07-14-21			5,000,000	99.51	4,975,350.00	96.85	4,842,430.00	6,875.00	4,849,305.00	AA+	0.09
FEDERAL HOME LOAN BANK 1.125% Due 07-14-21			5,000,000	99.51	4,975,350.00	96.85	4,842,430.00	6,875.00	4,849,305.00	AA+	0.09
FEDERAL HOME LOAN BANK 1.125% Due 07-14-21			5,000,000	99.51	4,975,350.00	96.85	4,842,430.00	6,875.00	4,849,305.00	AA+	0.09
FEDERAL HOME LOAN BANK 2.875% Due 07-30-21	04-30-19	100.00	10,000,000	100.00	10,000,000.00	100.03	10,002,900.00	22,361.11	10,025,261.11	AA+	0.18
FEDERAL HOME LOAN BANK 2.875% Due 07-30-21	04-30-19	100.00	5,000,000	100.00	5,000,000.00	100.03	5,001,450.00	11,180.56	5,012,630.56	AA+	0.09
FEDERAL NATIONAL MORTGAGE ASSOCIATION 1.250% Due 08-17-21			10,000,000	99.59	9,959,500.00	97.00	9,699,650.00	3,819.44	9,703,469.44	AA+	0.17
FEDERAL HOME LOAN MORTGAGE CORPORATION-1 3.350% Due 09-28-23	03-28-19	100.00	2,500,000	100.00	2,500,000.00	100.03	2,500,712.50	34,895.83	2,535,608.33	AA+	0.05
FEDERAL HOME LOAN MORTGAGE CORPORATION-1 3.350% Due 09-28-23	03-28-19	100.00	2,500,000	100.00	2,500,000.00	100.03	2,500,712.50	34,895.83	2,535,608.33	AA+	0.05
FREDDIE MAC 2.875% Due 02-28-24	02-28-20	100.00	2,500,000	100.00	2,500,000.00	99.75	2,493,725.00	0.00	2,493,725.00	AA+	0.04
FREDDIE MAC 2.875% Due 02-28-24	02-28-20	100.00	2,500,000	100.00	2,500,000.00	99.75	2,493,725.00	0.00	2,493,725.00	AA+	0.04
FREDDIE MAC 2.875% Due 02-28-24	02-28-20	100.00	2,500,000	100.00	2,500,000.00	99.75	2,493,725.00	0.00	2,493,725.00	AA+	0.04
			1,739,145,000		1,725,134,030.09		1,728,796,679.68	3,002,912.64	1,731,799,592.32		31.18
US INSTRUMENTALITIES											
INTL BK RECON & DEVELOP 0.000% Due 04-09-19			4,500,000	99.36	4,471,250.00	99.74	4,488,250.50	0.00	4,488,250.50	AAA	0.08
INTL BK RECON & DEVELOP 1.250% Due 04-26-19			2,500,000	100.00	2,500,000.00	99.80	2,495,025.00	10,590.28	2,505,615.28	AAA	0.04
INTL BK RECON & DEVELOP 1.250% Due 04-26-19			2,500,000	100.00	2,500,000.00	99.80	2,495,025.00	10,590.28	2,505,615.28	AAA	0.04
INTL BK RECON & DEVELOP 1.250% Due 04-26-19			2,500,000	100.00	2,500,000.00	99.80	2,495,025.00	10,590.28	2,505,615.28	AAA	0.04

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SAN MATEO COUNTY TREASURER'S OFFICE

PORTFOLIO APPRAISAL

SAN MATEO COUNTY POOL

February 28, 2019

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INTL BK RECON & DEVELOP 1.250% Due 04-26-19			2,500,000	100.00	2,500,000.00	99.80	2,495,025.00	10,590.28	2,505,615.28	AAA	0.04
INTL BK RECON & DEVELOP 1.250% Due 04-26-19			4,500,000	99.75	4,488,750.00	99.80	4,491,045.00	19,062.50	4,510,107.50	AAA	0.08
IBRD DISCOUNT NOTE 0.000% Due 07-02-19			20,000,000	99.09	19,817,333.33	99.16	19,831,220.00	0.00	19,831,220.00	AAA	0.36
IBRD DISCOUNT NOTE 0.000% Due 07-05-19			20,000,000	99.14	19,828,550.00	99.14	19,827,100.00	0.00	19,827,100.00	AAA	0.36
IBRD DISCOUNT NOTE 0.000% Due 07-08-19			20,000,000	99.12	19,823,150.00	99.11	19,822,980.00	0.00	19,822,980.00	AAA	0.36
IBRD DISCOUNT NOTE 0.000% Due 07-15-19			20,000,000	99.07	19,813,700.00	99.07	19,813,380.00	0.00	19,813,380.00	AAA	0.36
IBRD DISCOUNT NOTE 0.000% Due 07-16-19			20,000,000	99.06	19,812,350.00	99.06	19,812,000.00	0.00	19,812,000.00	AAA	0.36
IBRD DISCOUNT NOTE 0.000% Due 07-22-19			25,000,000	99.01	24,753,625.00	99.02	24,754,725.00	0.00	24,754,725.00	AAA	0.45
IBRD DISCOUNT NOTE 0.000% Due 07-25-19			25,000,000	98.99	24,748,562.50	99.00	24,749,575.00	0.00	24,749,575.00	AAA	0.45
INTL BK RECON & DEVELOP 1.875% Due 04-21-20			10,000,000	99.91	9,991,300.00	99.17	9,916,720.00	66,145.83	9,982,865.83	AAA	0.18
INTL BK RECON & DEVELOP 1.625% Due 09-04-20			5,000,000	99.98	4,998,950.00	98.53	4,926,735.00	39,270.83	4,966,005.83	AAA	0.09
INTL BK RECON & DEVELOP 3.000% Due 12-28-20	03-28-19	100.00	5,000,000	100.00	5,000,000.00	99.98	4,999,080.00	0.00	4,999,080.00	AAA	0.09
INTL BK RECON & DEVELOP 1.625% Due 03-09-21			20,000,000	99.85	19,969,400.00	98.10	19,619,480.00	152,569.44	19,772,049.44	AAA	0.35
INTL BK RECON & DEVELOP 1.375% Due 05-24-21			20,000,000	99.74	19,948,000.00	97.36	19,471,880.00	71,805.56	19,543,685.56	AAA	0.35
INTER-AMERICAN DEVEL BK-FRN 2.339% Due 01-15-22			10,000,000	100.00	10,000,000.00	99.92	9,992,000.00	27,940.32	10,019,940.32	AAA	0.18
INTL BK RECON & DEVELOP 2.000% Due 01-26-22			10,000,000	99.46	9,945,700.00	98.34	9,833,600.00	17,777.78	9,851,377.78	AAA	0.18
			249,000,000		247,410,620.83		246,329,870.50	436,933.38	246,766,803.88		4.44
FLOATING RATE SECURITIES											
US BANKCORP-FRN 3.171% Due 04-25-19	03-25-19	100.00	12,200,000	99.99	12,198,292.00	100.02	12,203,001.20	36,532.36	12,239,533.56	A-1+	0.22
BANK OF MONTREAL-FRN 3.430% Due 07-18-19			7,000,000	100.00	7,000,000.00	100.26	7,018,445.00	27,347.19	7,045,792.19	A-1	0.13
IBM CREDIT CORP-FRN 2.889% Due 09-06-19			20,000,000	100.00	20,000,000.00	100.02	20,003,140.00	134,814.40	20,137,954.40	A-1	0.36
SVENSKA HANDELSBANKEN AB-FRN 3.229% Due 09-06-19			10,000,000	100.00	10,000,000.00	100.20	10,019,520.00	75,340.53	10,094,860.53	A-1+	0.18
TORONTO-DOMINION BANK 2.929% Due 10-24-19			10,000,000	100.00	10,000,000.00	100.07	10,006,670.00	28,478.82	10,035,148.82	A-1+	0.18

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PROCTER & GAMBLE CO. - FLOATER 3.006% Due 11-01-19			10,500,000	100.35	10,536,750.00	100.14	10,514,595.00	78,037.24	10,592,632.24	A-1+	0.19
BANK OF MONTREAL-FRN 2.934% Due 12-12-19			5,000,000	100.00	5,000,000.00	100.40	5,019,890.00	31,380.17	5,051,270.17	A-1	0.09
BERKSHIRE HATHAWAY FIN FRN 2.651% Due 01-10-20			10,000,000	100.00	10,000,000.00	100.13	10,013,330.00	36,089.04	10,049,419.04	AA-	0.18
WELLS FARGO & COMPANY CB FLOATER 3.017% Due 01-15-20			25,000,000	100.00	25,000,000.00	100.13	25,033,700.00	92,195.58	25,125,895.58	A-1	0.45
US BANK NA CINCINNATI-FRN-1 3.099% Due 01-24-20			10,000,000	100.00	10,000,000.00	100.20	10,020,310.00	30,131.60	10,050,441.60	A-1+	0.18
ROYAL BANK OF CANADA-FRN 2.701% Due 03-02-20			15,000,000	100.00	15,000,000.00	100.24	15,036,090.00	99,027.50	15,135,117.50	AA-	0.27
WELLS FARGO & COMPANY CB FLOATER 2.640% Due 03-25-20	02-21-20	100.00	12,000,000	100.00	12,000,000.00	99.97	11,995,968.00	57,200.00	12,053,168.00	A+	0.22
APPLE INC.-FRN 2.767% Due 05-11-20			5,000,000	100.00	5,000,000.00	100.01	5,000,725.00	6,533.19	5,007,258.19	AA+	0.09
BANK OF NY MELLON CORP.-FRN 3.553% Due 08-17-20			5,000,000	100.00	5,000,000.00	100.99	5,049,400.00	5,428.01	5,054,828.01	A	0.09
TORONTO-DOMINION BANK 2.594% Due 09-17-20			7,000,000	100.00	7,000,000.00	100.03	7,002,121.00	36,822.23	7,038,943.23	AA-	0.13
TOYOTA MOTOR CREDIT CORP.-FRN 2.971% Due 09-18-20			10,021,000	100.29	10,049,917.88	99.89	10,010,327.63	28,115.44	10,038,443.07	AA-	0.18
CANADIAN IMPERIAL BK OF COMM NY CD FLTR 3.105% Due 10-05-20			25,000,000	100.00	25,000,000.00	100.15	25,037,625.00	116,437.50	25,154,062.50	A+	0.45
BANK OF MONTREAL-FRN 3.137% Due 01-22-21			25,000,000	100.00	25,000,000.00	100.03	25,007,125.00	65,356.67	25,072,481.67	A-	0.45
BANK OF MONTREAL-FRN 3.137% Due 01-22-21			10,000,000	100.13	10,013,228.17	100.03	10,002,850.00	26,142.67	10,028,992.67	A-	0.18
TORONTO-DOMINION BANK 3.011% Due 01-25-21			5,000,000	100.00	5,000,000.00	99.95	4,997,335.00	14,216.72	5,011,551.72	AA-	0.09
US BANK NA OHIO-FLT 3.062% Due 02-04-21			8,000,000	100.00	8,000,000.00	100.13	8,010,216.00	0.00	8,010,216.00	A+	0.14
UNITED PARCEL SERVICE-FRN 2.487% Due 04-01-21			10,000,000	100.00	10,000,000.00	99.86	9,985,990.00	40,068.33	10,026,058.33	A+	0.18
BANK OF NOVA SCOTIA 2.787% Due 04-20-21			20,000,000	100.00	20,000,000.00	100.09	20,017,780.00	478,520.83	20,496,300.83	A+	0.36
US BANK NA OHIO-FLT 2.828% Due 04-26-21			10,000,000	100.00	10,000,000.00	100.03	10,003,230.00	238,023.33	10,241,253.33	AA-	0.18
WELLS FARGO & COMPANY CB FLOATER 0.000% Due 10-22-21	09-21-21	100.00	20,000,000	100.00	20,000,000.00	100.02	20,004,860.00	0.00	20,004,860.00	A+	0.36
US BANK NA OHIO-FLT 3.009% Due 11-16-21			10,000,000	100.00	10,000,000.00	100.07	10,007,300.00	10,030.00	10,017,330.00	A+	0.18
WELLS FARGO & COMPANY-FRN-1 3.627% Due 02-11-22	02-11-21	100.00	10,000,000	100.00	10,000,000.00	100.70	10,070,400.00	17,127.50	10,087,527.50	A+	0.18

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UNITED PARCEL SERVICE-FRN 3.074% Due 05-16-22			5,000,000	100.00	5,000,000.00	100.11	5,005,600.00	5,123.17	5,010,723.17	A+	0.09
			331,721,000		331,798,188.05		332,097,543.84	1,814,520.04	333,912,063.87		5.99
CORPORATE BONDS											
EXXON MOBIL CORP 1.708% Due 03-01-19			5,000,000	100.26	5,013,150.00	100.00	5,000,000.00	16,368.33	5,016,368.33	A-1+	0.09
EXXON MOBIL CORP 1.708% Due 03-01-19			3,000,000	100.31	3,009,233.67	100.00	3,000,000.00	9,821.00	3,009,821.00	A-1+	0.05
COLGATE-PALMOLIVE CO 1.750% Due 03-15-19			20,000,000	99.62	19,923,400.00	99.98	19,996,880.00	70,972.22	20,067,852.22	A-1+	0.36
EXXON MOBIL CORPORATION 1.819% Due 03-15-19			15,000,000	100.00	15,000,000.00	99.98	14,996,775.00	123,540.42	15,120,315.42	A-1+	0.27
PEPSICO INC. 1.550% Due 05-02-19			10,000,000	99.92	9,992,500.00	99.84	9,984,470.00	49,944.44	10,034,414.44	A-1	0.18
BANK OF NOVA SCOTIA 1.650% Due 06-14-19			7,500,000	99.39	7,453,950.00	99.74	7,480,792.50	26,812.50	7,507,605.00	A-1	0.13
BANK OF NOVA SCOTIA 1.650% Due 06-14-19			5,000,000	99.36	4,968,250.00	99.74	4,987,195.00	17,875.00	5,005,070.00	A-1	0.09
3M COMPANY 1.625% Due 06-15-19			15,000,000	99.43	14,915,100.00	99.72	14,958,465.00	49,427.08	15,007,892.08	A-1+	0.27
WALT DISNEY COMPANY/THE 0.875% Due 07-12-19			5,000,000	99.66	4,983,200.00	99.40	4,970,105.00	5,590.28	4,975,695.28	A-1+	0.09
BANK OF MONTREAL 1.500% Due 07-18-19			10,000,000	99.90	9,990,400.00	99.57	9,956,980.00	16,666.67	9,973,646.67	A-1	0.18
BANK OF MONTREAL 1.500% Due 07-18-19			10,000,000	99.09	9,909,000.00	99.57	9,956,980.00	16,666.67	9,973,646.67	A-1	0.18
MICROSOFT CORPORATION 1.100% Due 08-08-19			9,002,000	99.28	8,936,915.54	99.40	8,947,906.98	0.00	8,947,906.98	A-1+	0.16
WESTPAC BANK N Y 1.600% Due 08-19-19			10,000,000	99.52	9,951,766.67	99.50	9,950,280.00	1,333.33	9,951,613.33	A-1+	0.18
PROCTER & GAMBLE CO 1.750% Due 10-25-19			10,000,000	99.96	9,996,500.00	99.45	9,945,300.00	60,763.89	10,006,063.89	A-1+	0.18
US BANK NA 2.125% Due 10-28-19			10,000,000	99.91	9,991,000.00	99.62	9,961,720.00	70,833.33	10,032,553.33	A-1+	0.18
CHEVRON CORP 2.193% Due 11-15-19	10-15-19	100.00	3,000,000	99.23	2,976,900.00	99.70	2,991,072.00	19,188.75	3,010,260.75	A-1+	0.05
BANK OF NEW YORK MELLON 2.150% Due 02-24-20	02-24-20	100.00	10,000,000	100.43	10,042,625.00	99.39	9,939,490.00	2,388.89	9,941,878.89	A-1	0.18
CHEVRON CORP.-FRN 1.961% Due 03-03-20	02-03-20	100.00	7,183,000	99.14	7,121,244.16	99.34	7,135,570.65	34,040.84	7,169,611.49	AA+	0.13
ROYAL BANK OF CANADA 2.150% Due 03-06-20			15,000,000	99.90	14,985,150.00	99.40	14,910,150.00	154,083.33	15,064,233.33	AA-	0.27
BANK OF NY MELLON 2.600% Due 08-17-20	07-17-20	100.00	18,450,000	99.80	18,412,198.00	99.66	18,386,827.20	7,995.00	18,394,822.20	AA-	0.33

** TOTAL COST DOES NOT REFLECT AMORTIZATIONS OR ACCRETIONS BUT INCLUDES PURCHASED ACCRUED INTEREST. MARKET PRICES ARE DOWNLOADED THROUGH (IDC) INTERACTIVE DATA CORP.

PORTFOLIO APPRAISAL

SAN MATEO COUNTY TREASURER'S OFFICE

PORTFOLIO APPRAISAL

SAN MATEO COUNTY POOL

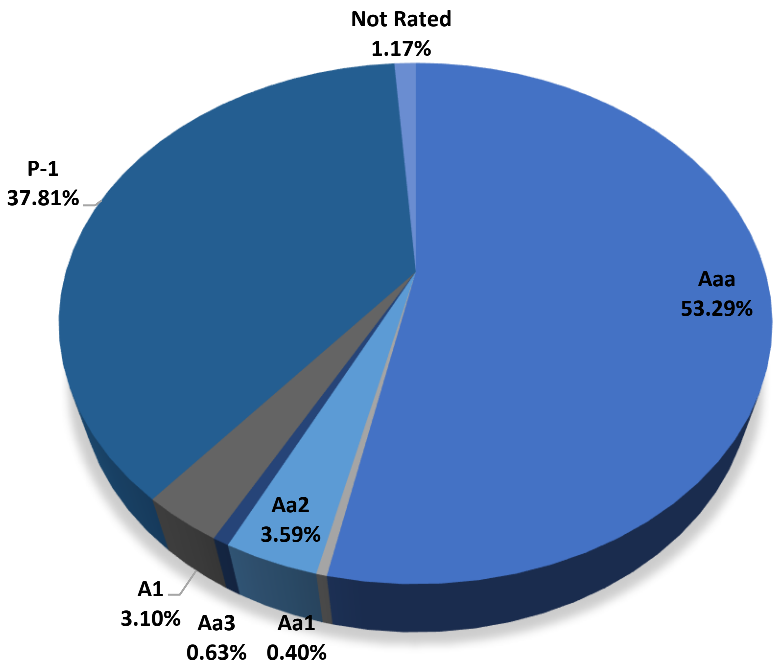
February 28, 2019

Security	Call Date One	Call Price One	Quantity	Unit Cost	Total Cost	Market Price	Market Value	Accrued Interest	Market Value + Accrued Interest	S&P	Pct Assets
WELLS FARGO & COMPANY CB 2.600% Due 01-15-21			20,000,000	98.77	19,753,600.00	99.24	19,848,760.00	63,555.56	19,912,315.56	A+	0.36
US BANK NA OHIO 3.000% Due 02-04-21	01-04-21	100.00	10,000,000	99.92	9,991,900.00	100.24	10,024,300.00	0.00	10,024,300.00	A+	0.18
UNITED PARCEL SERVICE 2.050% Due 04-01-21			20,000,000	99.84	19,968,400.00	98.56	19,711,860.00	167,416.67	19,879,276.67	A+	0.36
TORONTO-DOMINION BANK 2.125% Due 04-07-21			10,000,000	99.83	9,983,000.00	98.20	9,820,060.00	83,229.17	9,903,289.17	AA-	0.18
3M COMPANY 2.750% Due 03-01-22			10,000,000	99.95	9,995,300.00	100.12	10,011,650.00	0.00	10,011,650.00	AA-	0.18
			268,135,000		267,264,683.04		266,873,589.33	1,068,513.36	267,942,102.70		4.81
MUNICIPAL BONDS											
Calif State Muni INT Bond 2.650% Due 03-20-19			25,000,000	100.00	25,001,224.93	100.00	25,000,250.00	128,819.44	25,129,069.44	A-1+	0.45
CALIFORNIA STATE TAXBL 3.250% Due 08-01-19			10,000,000	100.62	10,062,100.00	100.27	10,026,900.00	147,152.78	10,174,052.78	A-1+	0.18
			35,000,000		35,063,324.93		35,027,150.00	275,972.22	35,303,122.22		0.63
TOTAL PORTFOLIO			**5,583,179,000**		**5,549,152,280.69**		**5,545,358,670.75**	**12,420,981.80**	**5,557,779,652.55**		**100.00**

** TOTAL COST DOES NOT REFLECT AMORTIZATIONS OR ACCRETIONS BUT INCLUDES PURCHASED ACCRUED INTEREST. MARKET PRICES ARE DOWNLOADED THROUGH (IDC) INTERACTIVE DATA CORP.

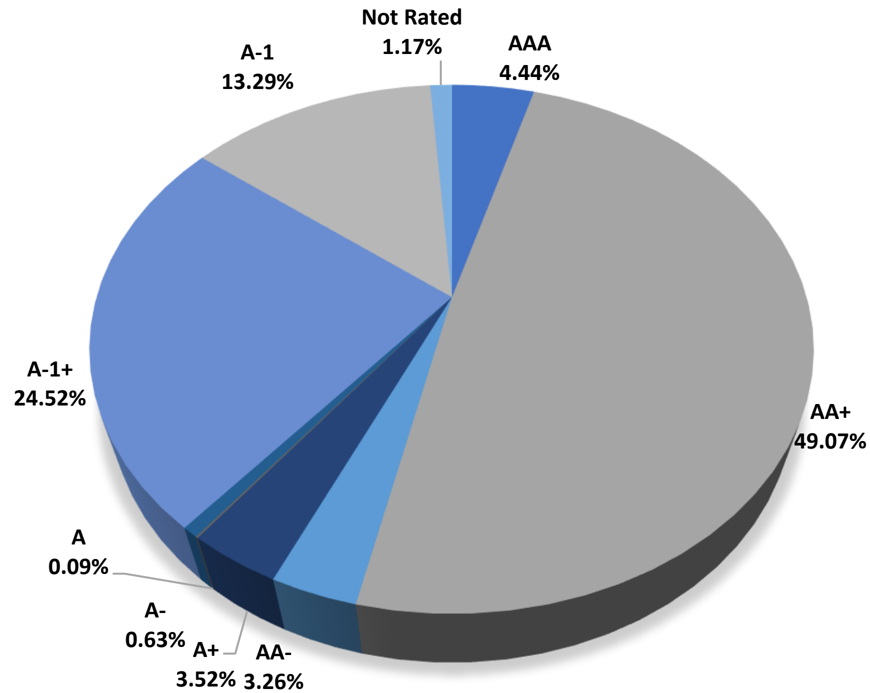
SAN MATEO COUNTY CREDIT QUALITY

Moody's Rating



Rating		Market Value*	Percentage
Aaa	$	2,961,596,643	53.29%
Aa1	$	22,287,455	0.40%
Aa2	$	199,776,423	3.59%
Aa3	$	35,054,959	0.63%
A1	$	172,278,919	3.10%
P-1	$	2,101,594,588	37.81%
Not Rated	$	65,190,667	1.17%
Total	**$**	**5,557,779,653**	**100.00%**

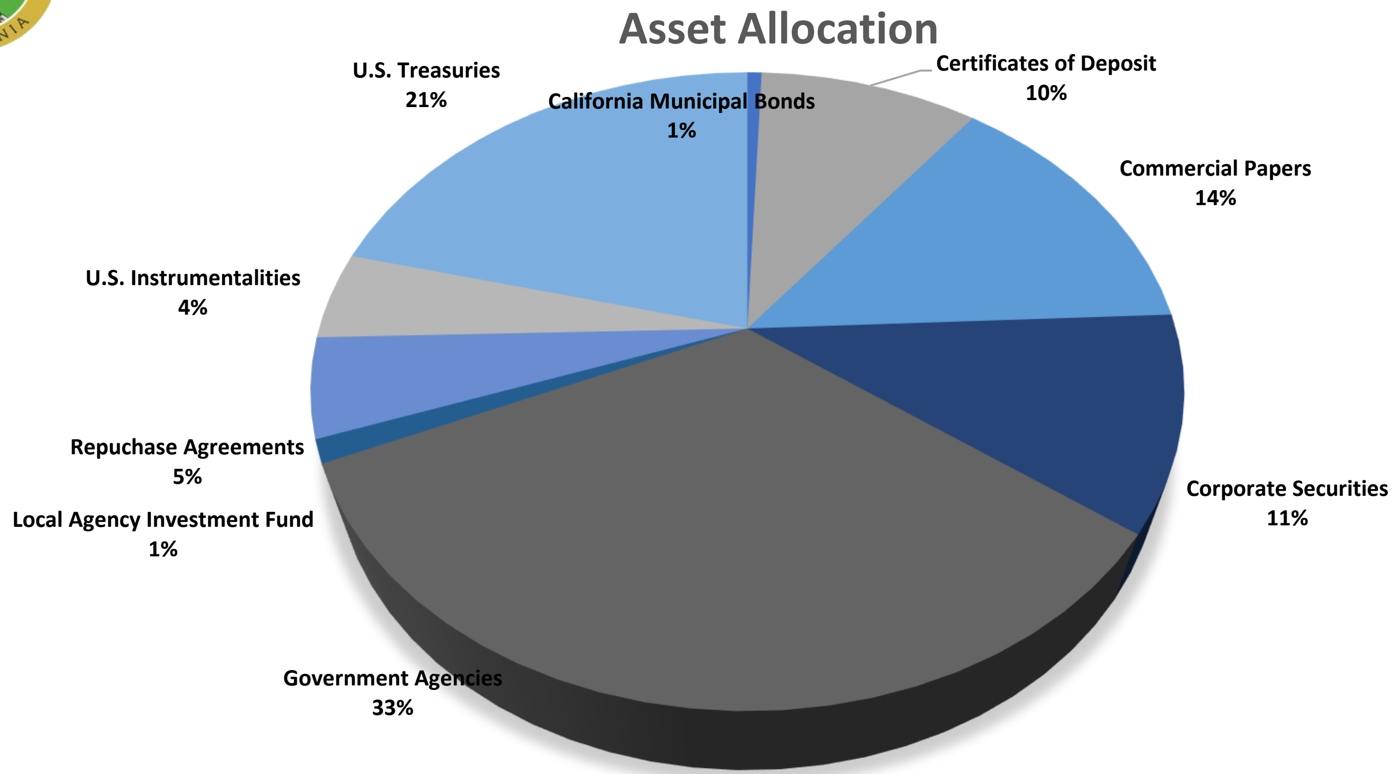
S & P Rating



Rating		Market Value *	Percentage
AAA	$	246,766,804	4.44%
AA+	$	2,727,006,709	49.07%
AA-	$	181,388,444	3.26%
A+	$	195,676,139	3.52%
A	$	5,054,828	0.09%
A-	$	35,101,474	0.63%
A-1+	$	1,362,783,823	24.52%
A-1	$	738,810,765	13.29%
Not Rated	$	65,190,667	1.17%
Total:	**$**	**5,557,779,653**	**100.00%**

*Market Value listed includes accrued interest for the reporting period

SAN MATEO COUNTY CREDIT QUALITY



Security		Market Value*
California Municipal Bonds	$	35,303,122.22
Certificates of Deposit	$	543,732,410.50
Commercial Papers	$	769,873,905.00
Corporate Securities	$	601,854,166.57
Government Agencies	$	1,848,220,864.77
Local Agency Investment Fund	$	65,190,666.67
Repuchase Agreements	$	279,000,000.00
U.S. Instrumentalities	$	246,766,803.88
U.S. Treasuries	$	1,167,837,712.94
Total:	**$**	**5,557,779,652.55**

*Market Value listed includes accrued interest for the reporting period

DIVERSIFICATION BY ISSUER

As of February 28, 2019

Total Portfolio Par Value = $5,583,179,000
3% of Portfolio = $167,495,370

	Cert. of Deposit	Comm. Paper	Corp. Bond Flt.	Corp. Bond	Muni. Bond	US Instrument	Total Par Value	Total %
3M Company				$25,000,000			$25,000,000	0.45%
Apple Inc.			$5,000,000				$5,000,000	0.09%
Bank of Montreal	$11,478,000		$47,000,000	$20,000,000			$78,478,000	1.41%
Bank of New York			$5,000,000	$28,450,000			$33,450,000	0.60%
Bank of Nova Scotia	$85,000,000		$20,000,000	$12,500,000			$117,500,000	2.10%
Berkshire Hathaway			$10,000,000				$10,000,000	0.18%
CA Municipal Obligation					$35,000,000		$35,000,000	0.63%
Can. Imperial Holding	$25,000,000		$25,000,000				$50,000,000	0.90%
Chevron				$10,183,000			$10,183,000	0.18%
Colgate-Palmolive				$20,000,000			$20,000,000	0.36%
Cooperatieve Rabobank		$95,000,000					$95,000,000	1.70%
Disney				$5,000,000			$5,000,000	0.09%
Exxon Mobil		$25,000,000		$23,000,000			$48,000,000	0.86%
IBM Corporation			$20,000,000				$20,000,000	0.36%
JP Morgan		$60,000,000					$60,000,000	1.07%
Microsoft				$9,002,000			$9,002,000	0.16%
MUFG Union Bank	$85,000,000	$95,000,000					$180,000,000	3.22%
Natixis NY Branch		$165,000,000					$165,000,000	2.96%
Nordea Bank APB NY	$50,000,000						$50,000,000	0.90%
Pepsico				$10,000,000			$10,000,000	0.18%
Proctor & Gamble			$10,500,000	$10,000,000			$20,500,000	0.37%
Royal Bank of Canada		$90,000,000	$15,000,000	$15,000,000			$120,000,000	2.15%
Supra-Agencies						$249,000,000	$249,000,000	4.46%
Svenska Handelsbanken	$25,000,000		$10,000,000				$35,000,000	0.63%
Swedbank	$20,000,000	$120,000,000					$140,000,000	2.51%
Toronto Dominion Bank	$120,000,000		$22,000,000	$10,000,000			$152,000,000	2.72%
Toyota Motor Company		$125,000,000	$10,021,000				$135,021,000	2.42%
United Parcel Service			$15,000,000	$20,000,000			$35,000,000	0.63%
US Bank	$45,000,000		$50,200,000	$20,000,000			$115,200,000	2.06%
Wells Fargo	$50,000,000		$67,000,000	$20,000,000			$137,000,000	2.45%
Westpac Bank Corp. NY	$25,000,000			$10,000,000			$35,000,000	0.63%
Total	**$541,478,000**	**$775,000,000**	**$331,721,000**	**$268,135,000**	**$35,000,000**	**$249,000,000**	**$2,200,334,000**	**39.41%**

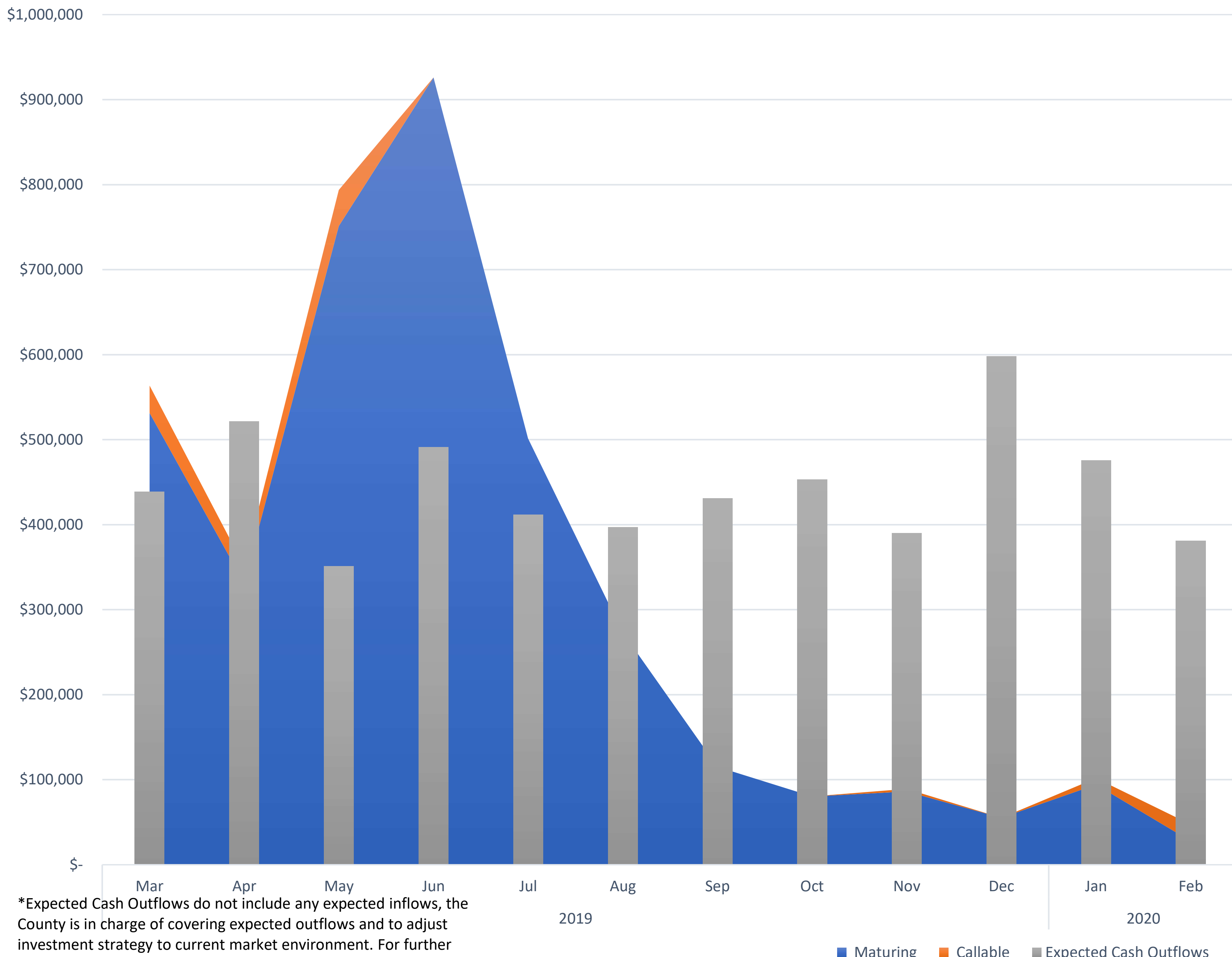
Overnight Repurchase Agreements Excluded

12 MONTH ROLLING CASH FLOW

Projection	2019 Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2020 Jan	Feb	Grand Total
Taxes	$ 224,113	$ 450,406	$ 16,844	$ 10,864	$ 18,129	$ 85,421	$ 15,617	$ 292,778	$ 556,689	$ 733,661	$ 78,816	$ 114,872	$ 2,598,210
Automatic	$ 45,202	$ 34,631	$ 41,341	$ 28,633	$ 50,105	$ -	$ 43,347	$ 31,080	$ 3,073	$ 984	$ 11,138	$ 37,910	$ 327,445
Unscheduled Lockbox	$ 22,417	$ 25,340	$ 23,066	$ 59,761	$ 20,073	$ 9,838	$ 24,253	$ 24,771	$ 22,646	$ 33,161	$ 24,853	$ 17,072	$ 307,253
Treasurer's Deposit	$ 87,740	$ 100,725	$ 69,347	$ 112,962	$ 51,652	$ 87,065	$ 99,148	$ 74,606	$ 123,481	$ 88,691	$ 63,845	$ 90,626	$ 1,049,889
Hospital	$ 11,674	$ 44,220	$ 19,268	$ 8,912	$ 17,288	$ 14,008	$ 17,217	$ 61,129	$ 11,809	$ 20,069	$ 35,910	$ 14,330	$ 275,836
Revenue Services	$ 367	$ 230	$ 327	$ 385	$ 332	$ 240	$ 201	$ 310	$ 225	$ 143	$ 237	$ 258	$ 3,254
Retirement	$ -	$ -	$ -	$ -	$ 458	$ -	$ 2	$ -	$ -	$ -	$ -	$ -	$ 459
Housing Authority	$ 4,584	$ 5,304	$ 4,822	$ 7,999	$ 6,105	$ 2,346	$ 2,440	$ 3,548	$ 3,402	$ 3,328	$ 4,927	$ 3,965	$ 52,770
Bond Proceeds	$ -	$ 15,000	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 15,000
Deposit- County/School	$ 2,004	$ 35,973	$ 8,282	$ 4,352	$ 16,905	$ 37,588	$ 13,803	$ 40,343	$ 11,452	$ 39,402	$ 15,567	$ 15,821	$ 241,493
Coupons	$ 2,384	$ 6,464	$ 2,527	$ 1,610	$ 2,228	$ 1,386	$ 2,425	$ 1,503	$ 3,724	$ 2,429	$ 3,772	$ 1,858	$ 32,310
LAIF Withdrawal	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Net Cash In	$ 400,483	$ 718,295	$ 185,825	$ 235,478	$ 183,274	$ 237,892	$ 218,454	$ 530,069	$ 736,502	$ 921,870	$ 239,065	$ 296,712	$ 4,903,919
Participant Withdrawal	$ (8,907)	$ (73,188)	$ (14,941)	$ (39,343)	$ (30,954)	$ (22,528)	$ (22,454)	$ (30,170)	$ (34,927)	$ (82,542)	$ (60,016)	$ (29,360)	$ (449,331)
Withdrawal- County/School	$ (38,675)	$ (17,999)	$ (7,558)	$ (48,014)	$ (30,278)	$ (21,595)	$ (38,532)	$ (32,224)	$ (40,070)	$ (40,426)	$ (47,765)	$ (11,371)	$ (374,508)
Returned Checks	$ (18)	$ (3)	$ (37)	$ (5)	$ (7)	$ (10)	$ (38)	$ (132)	$ (159)	$ (222)	$ (14)	$ (20)	$ (663)
Bond Payment	$ (23,588)	$ (2,552)	$ -	$ (37,639)	$ (35,602)	$ (81,719)	$ (99,625)	$ (5,383)	$ -	$ -	$ (14,263)	$ (27,821)	$ (328,192)
Housing Authority	$ (4,223)	$ (3,901)	$ (4,298)	$ (7,989)	$ (5,021)	$ (4,773)	$ (2,421)	$ (3,427)	$ (6,422)	$ (3,173)	$ (5,355)	$ (4,286)	$ (55,289)
Payroll - County	$ (62,480)	$ (57,286)	$ (45,615)	$ (47,058)	$ (45,330)	$ (69,038)	$ (52,255)	$ (51,733)	$ (48,553)	$ (46,952)	$ (45,467)	$ (39,958)	$ (611,725)
Payroll - Retirement	$ (15,296)	$ (17,193)	$ (17,344)	$ (16,133)	$ (17,168)	$ (17,702)	$ (17,756)	$ (16,165)	$ (17,962)	$ (17,783)	$ (17,045)	$ (16,514)	$ (204,062)
Payroll - Schools	$ (83,877)	$ (55,428)	$ (71,478)	$ (82,764)	$ (45,110)	$ (49,360)	$ (65,601)	$ (111,875)	$ (73,716)	$ (87,526)	$ (55,198)	$ (72,895)	$ (854,827)
Controllers (inc. Tax Apport.)	$ (94,341)	$ (175,152)	$ (83,457)	$ (89,631)	$ (98,121)	$ (31,377)	$ (53,974)	$ (67,480)	$ (71,701)	$ (208,109)	$ (167,421)	$ (92,276)	$(1,233,040)
School Vendors	$ (60,309)	$ (59,072)	$ (51,859)	$ (77,678)	$ (60,577)	$ (70,759)	$ (45,654)	$ (68,892)	$ (47,706)	$ (49,799)	$ (33,329)	$ (47,149)	$ (672,784)
SMCCCD Gen./Book.	$ (11,803)	$ (23,049)	$ (8,203)	$ (5,117)	$ (11,091)	$ (3,321)	$ (3,167)	$ (7,214)	$ (11,084)	$ (13,314)	$ (5,469)	$ (9,308)	$ (112,139)
SMCCCD Payroll	$ (11,862)	$ (18,960)	$ (19,106)	$ (10,083)	$ (10,570)	$ (5,518)	$ (12,929)	$ (21,880)	$ (14,088)	$ (21,519)	$ (6,940)	$ (5,984)	$ (159,440)
Other Debits	$ (23,175)	$ (17,780)	$ (27,279)	$ (29,421)	$ (21,748)	$ (19,382)	$ (16,609)	$ (36,711)	$ (23,669)	$ (26,648)	$ (17,483)	$ (24,314)	$ (284,220)
LAIF Deposit	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Net Cash Out	$ (438,554)	$ (521,563)	$ (351,177)	$ (490,875)	$ (411,578)	$ (397,081)	$ (431,016)	$ (453,285)	$ (390,059)	$ (598,013)	$ (475,763)	$ (381,255)	$(5,340,221)
Net Cash Flow	**$ (38,071)**	**$ 196,732**	**$ (165,353)**	**$ (255,398)**	**$ (228,304)**	**$ (159,189)**	**$ (212,563)**	**$ 76,784**	**$ 346,443**	**$ 323,857**	**$ (236,699)**	**$ (84,543)**	**$ (436,302)**
Maturing	**$ 531,250**	**$ 331,100**	**$ 751,210**	**$ 926,080**	**$ 501,405**	**$ 273,002**	**$ 115,000**	**$ 80,000**	**$ 86,000**	**$ 55,000**	**$ 93,978**	**$ 27,500**	**$ 3,771,525**
Callable	**$ 32,200**	**$ 20,000**	**$ 42,500**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 3,000**	**$ -**	**$ 7,500**	**$ 19,500**	**$ 124,700**

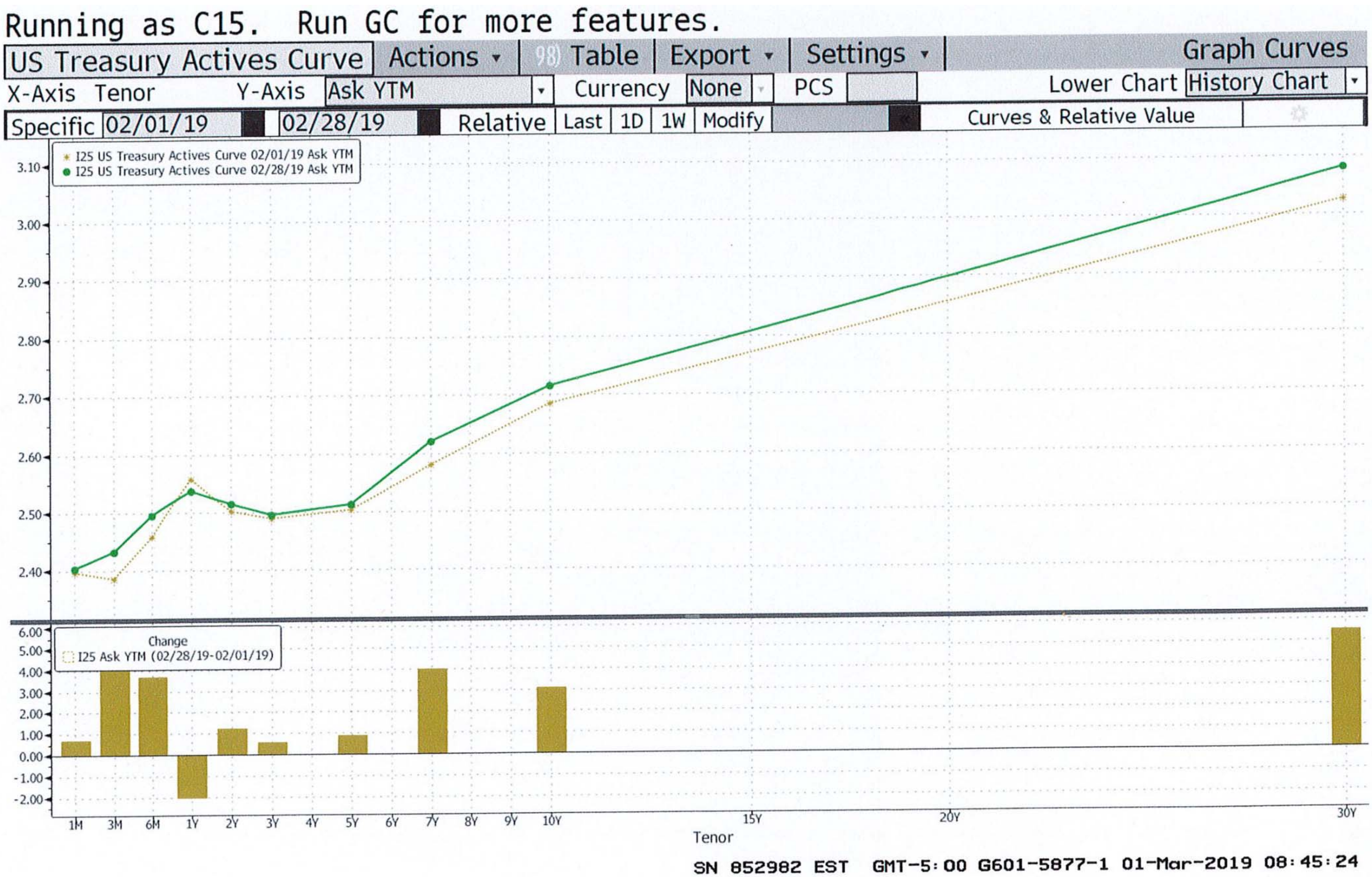
Maturities Exclude Overnight Repurchase Agreements
(Due to rounding, figures may not add to Net Amounts)

MATURITY COVERAGE



*Expected Cash Outflows do not include any expected inflows, the County is in charge of covering expected outflows and to adjust investment strategy to current market environment. For further details please see Rolling 12 Month Cash Flow.

MONTHLY YIELD CURVE- FEBRUARY



MONTHLY YIELD CURVE- FEBRUARY

Screen Printed

US Treasury Actives Curve | Actions | 98) Chart | Export | Settings | Graph Curves

X-Axis Tenor Y-Axis Ask YTM Currency None PCS

Specific 02/01/19 02/28/19 Relative Last 1D 1W Modify Curves & Relative Value

Values and Members Values Members Constituents

		I25 Ask YTM US Treasury Actives Curve		I25 Ask YTM US Treasury Actives Curve		I25 Ask YTM (Change)
		02/28/19		02/01/19		02/28/19-02/01/19
	Tenor	Description	Yield	Description	Yield	Yield
11)	1M	GBM Govt	2.404	Same	2.397	0.7
12)	3M	GB3 Govt	2.433	Same	2.386	4.7
13)	6M	GB6 Govt	2.494	Same	2.457	3.7
14)	1Y	GB1 Govt	2.536	Same	2.557	-2.1
15)	2Y	GT2 Govt	2.514	Same	2.502	1.2
16)	3Y	GT3 Govt	2.494	Same	2.489	0.6
17)	5Y	GT5 Govt	2.512	Same	2.503	0.9
18)	7Y	GT7 Govt	2.620	Same	2.581	4.0
19)	10Y	GT10 Govt	2.715	Same	2.684	3.1
20)	30Y	GT30 Govt	3.080	Same	3.025	5.5

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APPENDIX H

FORM OF DELAYED DELIVERY CONTRACT

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PROPOSED FORM OF DELAYED DELIVERY CONTRACT

Piper Jaffray & Co.
50 California Street, Suite 3100
San Francisco, CA 94111

Re: Portola Valley School District
(San Mateo County, California)
2020 General Obligation Refunding Bonds (the "Refunding Bonds")
(Delayed Delivery)

Ladies and Gentlemen:

The undersigned (the "Purchaser") hereby agrees to purchase from the above-referenced underwriter as set forth in the Forward Delivery Bond Purchase Agreement (defined below) (the "Underwriter"), when, as, and if issued and delivered to the Underwriter by the Portola Valley School District (San Mateo County, California) (the "District"), and the Underwriter agrees to sell to the Purchaser:

Par Amount	**Maturity Date**	**Interest Rate**	**CUSIP Number**	**Yield**	**Price**

of the above-referenced Bonds offered by the District under the Preliminary Official Statement dated March 13, 2019 and the Official Statement relating to the Bonds dated March 19, 2019 (the "Official Statement"), receipt and review of copies of which is hereby acknowledged, at the purchase price and with the interest rates, principal amounts, and maturity dates shown above, and on the further terms and conditions set forth in this Delayed Delivery Contract. Capitalized terms used but not defined herein shall have the meanings ascribed thereto in the Official Statement. The Bonds are being purchased by the Underwriter pursuant to a Forward Delivery Bond Purchase Agreement between the District and the Underwriter (the "Forward Delivery Bond Purchase Agreement").

The Purchaser hereby purchases and agrees to accept delivery of such Bonds from the Underwriter on or about May 6, 2020 (the "Settlement Date.")

Payment for the Bonds which the Purchaser has agreed to purchase on the Settlement Date shall be made to the Underwriter or upon its order on the Settlement Date upon delivery to the Purchaser of the Bonds then to be purchased by the Purchaser through the book-entry system of The Depository Trust Company. The Purchaser agrees that in no event shall the Underwriter be responsible or liable for any claim or loss, whether direct or consequential, which the Purchaser may suffer in the event the District does not for any reason issue and deliver the above-referenced Bonds.

The obligation of the Purchaser to take delivery hereunder shall be unconditional, even if the Purchaser elects to sell the Bonds after the date hereof and prior to the Settlement Date, unless the District fails to deliver the Bonds as set forth in the Forward Delivery Bond Purchase Agreement or is unable to comply with the conditions to issuance of the Bonds as set forth in the Forward Delivery Bond Purchase Agreement. The Purchaser acknowledges that the Forward Delivery Bond Purchase Agreement gives the Underwriter the right to waive compliance with certain conditions to closing and proceed to closing notwithstanding the failure to meet one or more of such conditions. The Purchaser acknowledges that the Underwriter has the right to terminate the Forward Delivery Bond Purchase Agreement in the event that between the date of this Delayed Delivery Contract and the Settlement Date: (A) the obligations the District provided for in the Forward Delivery Purchase Agreement have not been performed or satisfied, (B) the Underwriter shall have exercised the right to terminate the Forward Delivery Bond Purchase Agreement as provided for therein, with respect to which termination the Purchaser shall be deemed to have consented, or (C) one of the following events shall have occurred:

(1) there shall have been a Change in Law (defined below);

(2) as a result of any legislation, regulation, ruling, order, release, court decision or judgment or action by the U.S. Department of the Treasury, the Internal Revenue Service, or any agency of the State either enacted, issued, effective, adopted or proposed (but only with respect to any such proposed legislation, regulation, ruling, order, release, court decision or judgment or action which continues to be proposed as of the Settlement Date), or for any other reason, Bond Counsel cannot issue an opinion substantially in the form attached to the Official Statement as Appendix A to the effect that (a) the interest on the Bonds is not subject to federal income tax under Section 103 of the Code (or comparable provisions of any successor federal tax laws), and (b) the interest on the Bonds is exempt from the State of California income taxation;

(3) the Official Statement as of the date of Closing (as defined in the Forward Delivery Bond Purchase Agreement between the Underwriter and the District) (which is expected to occur on or about April 3, 2019), or the Updated Official Statement as of the Settlement Date contained or contains an untrue statement or misstatement of material fact or omitted or omits to state a material fact necessary in order to make the statements and information contained therein not misleading in any material respect;

(4) legislation shall be enacted, or a decision by a court of the United States shall be rendered, or any action shall be taken by, or on behalf of, the Securities Exchange Commission which, in the reasonable opinion of Underwriter, following consultation with the District, has the effect of requiring the Bonds to be registered under the Securities Act of 1933, as amended, or requires the qualification of the Resolution under the Trust Indenture Act of 1939, as amended, or an event shall occur which would cause the sale of the Bonds to be in violation of any provision of the federal or State of California securities laws;

(5) a general banking moratorium has been declared by federal, New York or California authorities and it is in effect as of the Settlement Date; or

(6) any condition of settlement is not satisfied or any document is not delivered at settlement including letters or other evidence from Standard and Poor’s Rating Service stating the ratings on the Bonds as of the Settlement Date are not delivered or that there is a withdrawal or

downgrade of any rating on the Bonds below investment grade by at least one rating agency rating the Bonds which withdrawal or downgrade exists on the Settlement Date.

The Underwriter shall notify the Purchaser promptly in the event that Underwriter becomes aware of the occurrence of any of the events described in clauses (1) through (6) above.

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

The Purchaser acknowledges and agrees that the Bonds are being sold on a "forward" or "delayed delivery" basis for delivery on the Settlement Date and that the Purchaser is obligated to take up and pay for the Bonds on the Settlement Date unless one of the events described above shall have occurred. The Purchaser acknowledges that it will not be able to withdraw its order as described herein, and will not otherwise be excused from performance of its obligations to take up and pay for the Bonds on the Settlement Date because of market or credit changes, including specifically, but not limited to (a) changes in the ratings assigned to the Bonds between the date of Closing and the Settlement Date or changes in the credit associated with the Bonds generally, and (b) changes in the financial condition, operations, performance, properties or prospects of the District from the date hereof to the Settlement Date. The Purchaser acknowledges and agrees that it will remain obligated to purchase the Bonds in accordance with the terms hereof, even if the Purchaser decides to sell such Bonds following the date hereof, unless the Purchaser sells such Bonds to another institution with the prior written consent of the Underwriter and such institution provides a written acknowledgment of confirmation of purchase order and a delayed delivery contract in the same respective forms as that executed by the Purchaser.

The Purchaser represents and warrants that, as of the date of this Delayed Delivery Contract, the Purchaser is not prohibited from purchasing the Bonds hereby agreed to be purchased by it under the laws of the jurisdiction to which the Purchaser is subject.

This Delayed Delivery Contract will inure to the benefit of and be binding upon the parties hereto and their respective successors, but will not be assignable by either party without the prior written consent of the other.

The Purchaser acknowledges that the Underwriter is entering into an agreement with the District to purchase the Bonds in reliance in part on the performance by the Purchaser of its obligations hereunder.

This Delayed Delivery Contract may be executed by either of the parties hereto in any number of counterparts, each of which shall be deemed to be an original, but all such counterparts shall together constitute one and the same instrument.

It is understood that the acceptance by the Underwriter of any Delayed Delivery Contract (including this one) is in the Underwriter's sole discretion and that, without limiting the foregoing, acceptances of such contracts need not be on a first-come, first-served basis. If this Delayed Delivery Contract is acceptable to the Underwriter, it is requested that the Underwriter sign the form of acceptance below and mail or deliver one of the counterparts hereof to the Purchaser at its address set forth below. This will become a binding contract between the Underwriter, as representative of the Underwriter, and the Purchaser when such counterpart is so mailed or delivered by the Underwriter. This Delayed Delivery Contract does not constitute a customer confirmation pursuant to Rule G-15 of the Municipal Securities Rulemaking Board.

This Delayed Delivery Contract shall be construed and administered under the laws of the State of New York.

____
Purchaser

____
Address

____
Telephone

By: ___________________________
Name: ___________________________
Title: ___________________________

Accepted: Piper Jaffray & Co.

Name: ___________________________

Title: ___________________________