**NEW ISSUE—FULL BOOK-ENTRY**

**INSURED RATINGS: Moody's: "A2"; S&P: "AA"**
**UNDERLYING RATINGS: Moody's: "A1"; S&P: "A+"**
**(See "MISCELLANEOUS – Ratings" 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.*

# $119,000,000
# NAPA VALLEY UNIFIED SCHOOL DISTRICT
# (Napa County, California)
# Election of 2016 General Obligation Bonds, Series 2019C

**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 Napa Valley Unified School District (Napa County, California) Election of 2016 General Obligation Bonds, Series 2019C (the "Bonds") were authorized at an election of the registered voters of the Napa Valley Unified School District (the "District") held on June 7, 2016, at which the requisite fifty-five percent of the persons voting on the proposition voted to authorize the issuance and sale of $269,000,000 aggregate principal amount of general obligation bonds of the District. The Bonds are being issued to (i) finance the repair, upgrading, acquisition, construction and equipping of District sites and facilities and (ii) pay the costs of issuing 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 Napa County is empowered and obligated to levy such *ad valorem* 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.

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.

The Bonds will be dated as of their date of initial delivery and will be issued as current interest bonds, such that interest thereon will accrue from such date and be payable semiannually on February 1 and August 1 of each year, commencing February 1, 2020. The Bonds are issuable as fully registered bonds in denominations of $5,000 principal amount or any integral multiple thereof.

Payments of principal of and interest on the Bonds will be made by U.S. Bank National Association, as the designated Paying Agent, to DTC for subsequent disbursement to DTC Participants who will remit such payments to the Beneficial Owners of the Bond.

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

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

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**Maturity Schedule**
**(see inside front cover)**

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*Pursuant to the terms of a public sale on October 22, 2019, the Bonds were awarded to the Underwriter at a True-Interest Cost of 3.281%. The Bonds are being 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. The Bonds, in book-entry form, will be available for delivery through The Depository Trust Company in New York, New York on or about November 13, 2019.*

Dated: October 22, 2019

## MATURITY SCHEDULE

**Base CUSIP[1]: 630362**

**$119,000,000**
**NAPA VALLEY UNIFIED SCHOOL DISTRICT**
**(Napa County, California)**
**Election of 2016 General Obligation Bonds, Series 2019C**

**$53,440,000 Serial Bonds**

| Maturity (August 1) | Principal Amount | Interest Rate | Yield | CUSIP[1] |
|---|---|---|---|---|
| 2022 | $4,235,000 | 5.000% | 1.050% | DH1 |
| 2023 | 1,590,000 | 5.000 | 1.060 | DJ7 |
| 2024 | 2,105,000 | 5.000 | 1.070 | DK4 |
| 2025 | 690,000 | 5.000 | 1.100 | DL2 |
| 2026 | 870,000 | 5.000 | 1.160 | DM0 |
| 2027 | 1,060,000 | 5.000 | 1.250[2] | DN8 |
| 2028 | 1,260,000 | 5.000 | 1.350[2] | DP3 |
| 2029 | 1,470,000 | 4.000 | 1.600[2] | DQ1 |
| 2030 | 1,680,000 | 4.000 | 1.700[2] | DR9 |
| 2031 | 1,900,000 | 4.000 | 1.800[2] | DS7 |
| 2032 | 2,130,000 | 4.000 | 1.900[2] | DT5 |
| 2033 | 2,370,000 | 4.000 | 2.020[2] | DU2 |
| 2034 | 2,630,000 | 4.000 | 2.080[2] | DV0 |
| 2035 | 2,890,000 | 4.000 | 2.120[2] | DW8 |
| 2036 | 3,175,000 | 4.000 | 2.150[2] | DX6 |
| 2037 | 3,465,000 | 4.000 | 2.200[2] | DY4 |
| 2038 | 3,765,000 | 4.000 | 2.240[2] | DZ1 |
| 2039 | 4,925,000 | 4.000 | 2.290[2] | EA5 |
| 2040 | 5,280,000 | 4.000 | 2.350[2] | EB3 |
| 2041 | 5,950,000 | 4.000 | 2.400[2] | EC1 |

**$65,560,000 – 4.000% Term Bonds due August 1, 2044 – Yield 2.470%[2]; CUSIP[1]: EF4**

(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 Financial 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 Financial 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, 2026.

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.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH 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 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 there 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.

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

## NAPA VALLEY UNIFIED SCHOOL DISTRICT

### Board of Education

José Hurtado, *President, Area 7*
Icela Martin, *Vice President, Area 5*
Elba Gonzales-Mores, *Clerk, Area 6*
David T. Garcia, *Member, Area 2*
Robin Jankiewicz, *Member, Area 1*
Joe Schunk, *Member, Area 4*
Cindy Watter, *Member, Area 3*

### District Administration

Rosanna Mucetti, Ed.D., *Superintendent*
Rabinder Mangewala, *Assistant Superintendent, Business Services*

## PROFESSIONAL SERVICES

### Bond Counsel and Disclosure Counsel

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

### Municipal Advisor

KNN Public Finance, LLC
*Oakland, California*

### Paying Agent

U.S. Bank National Association
*San Francisco, California*

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**$119,000,000**
**NAPA VALLEY UNIFIED SCHOOL DISTRICT**
**(Napa County, California)**
**Election of 2016 General Obligation Bonds, Series 2019C**

# INTRODUCTION

This Official Statement, which includes the cover page, inside cover page and appendices hereto, provides information in connection with the sale of Napa Valley Unified School District (Napa County, California) Election of 2016 General Obligation Bonds, Series 2019C (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 page and appendices hereto, and the documents summarized or described herein. A full review should be made of the entire Official Statement. The offering of the Bonds to potential investors is made only by means of the entire Official Statement.*

## The District

The Napa Valley Unified School District (the "District") is located in the central and southern portion of California's Napa Valley. The District encompasses approximately 259 square miles and includes within its territory the City of Napa, the Town of Yountville, the City of American Canyon and adjacent unincorporated areas of Napa County (the "County"). The District was created in 1965 with the unification of 12 elementary districts and a high school district. The District currently has 19 elementary schools, five middle schools, four high schools, a continuation high school, and an Adult Education program. The District also operates three charter schools. For fiscal year 2019-20, the District's average daily attendance ("ADA") is projected at 15,912 students and taxable property within the District has a total assessed valuation of $27,890,615,931.

The District is governed by a seven-member Board of Education (the "District Board"), each member of which is elected by voters in seven trustee areas to serve four-year terms. Elections for positions to the Board are held every two years, alternating between four and three available positions. 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. Dr. Rosanna Mucetti is currently the District Superintendent.

See "NAPA VALLEY UNIFIED 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 B and should be read in their entirety. The discussion of the District's financial history and the financial information contained herein does not purport to be complete or definitive.

## Purpose of the Bonds

The proceeds from the sale of the Bonds will be used by the District to (i) finance the repair, upgrading, acquisition, construction and equipping of District sites and facilities, and (ii) pay the costs of issuing the 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 a resolutions adopted by the District Board on May 9, 2019 and September 12, 2019 (collectively, the "Resolution"). 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* 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. 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 Resolution described 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.

***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.*** The Bonds will be dated as of their date of initial delivery (the "Date of Delivery") and will be issued as current interest bonds, such that interest thereon will accrue from the Date of Delivery and be payable semiannually on each February 1 and August 1 of each year (each, a "Bond Payment Date"), commencing February 1, 2020. Principal of the Bonds is payable on August 1 in the amounts and years as set forth on the inside cover page hereof.

Payments of the principal of and interest on the Bonds will be made by U.S. Bank National Association, 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.

***Bond Insurance.*** The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under the Policy (as defined herein) to be issued concurrently with the delivery of the Bonds by ASSURED GUARANTY MUNICIPAL CORP. ("AGM").

In the event of a default in the payment of principal of or interest on the Bonds, when all or some becomes due, any Owner of such insured Bonds may have a claim under the Policy secured in connection with the Bonds. The Policy may not insure against redemption premium, if any, with respect to the Bonds.

In the event that AGM is unable to make payments of principal of or interest on the Bonds, as such payments become due under the Policy, such Bonds will be payable solely as otherwise described herein. In the event that AGM becomes obligated to make payments with respect to the Bonds, no assurance can be given that such event would not adversely affect the market price of such Bonds or the marketability or liquidity of such Bonds.

As a result of obtaining the Policy, the long-term ratings on the Bonds will be dependent in part on the financial strength of AGM and its claim paying ability. AGM's financial strength and claims paying ability are predicated upon a number of factors which could change over time. No assurance is given that the long-term ratings of AGM and of the ratings on the Bonds insured by AGM will not be subject to downgrade, and such event could adversely affect the market price of the Bonds, or the marketability or liquidity for such 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" 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 Bonds in book-entry form will be available for delivery through the facilities of DTC in New York, New York, on or about November 13, 2019.

**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). See also "THE BONDS – Security and Sources of Payment." For more complete information regarding the taxation of property within the District, and certain other considerations, see "TAX BASE FOR REPAYMENT OF BONDS" and "LIMITATION ON REMEDIES; BANKRUPTCY" herein.

**Continuing Disclosure**

Pursuant to that certain Continuing Disclosure Certificate relating to 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 C – FORM OF CONTINUING DISCLOSURE CERTIFICATE" herein. These covenants have been made in order to assist the Underwriter (as defined herein) 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. KNN Public Finance, LLC, Oakland, California is acting as Municipal Advisor to the District with respect to the Bonds. Stradling Yocca Carlson & Rauth, a Profession Corporation and KNN Public Finance LLC will receive compensation from the District contingent upon the sale and delivery of the Bonds. U.S. Bank National Association is acting as Paying Agent for the Bonds.

**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 Napa Valley Unified School District, 2425 Jefferson Street, Napa, California 94558, telephone: (707) 253-3715. 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

The 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 Government Code of the State of California (the "Act"), commencing with Section 53506 *et seq*., as amended, Article XIIIA of the California Constitution and pursuant to the Resolution.

The District received authorization at an election held on June 7, 2016, by the requisite fifty-five percent of the votes cast by eligible voters within the District to issue $269,000,000 aggregate principal amount of general obligation bonds (the "2016 Authorization"), which authorization was summarized as follows: "To fix or replace earthquake damage, fire safety, plumbing/mechanical systems with funding that cannot be taken by the State, relocate or repair schools on earthquake faults, update aging electrical, plumbing, outdated heating/ventilation systems, provide flexible classrooms/labs for science and other core academics, update classrooms for vocational/career technology, repair, construct, acquire classrooms, sites, facilities/equipment, shall Napa Valley Unified School District issue $269,000,000 in bonds, at legal rates, with independent oversight/audits, no money for administrators." The voters of the District also authorized a specific list of the types of projects (the "Project List") eligible to be funded with proceeds of bonds sold pursuant to the 2016 Authorization. The District makes no representation as to the specific application of the proceeds of the Bonds, the completion of any of the types of projects listed on the Project List, or whether bonds authorized by the 2016 Authorization will provide sufficient funds to complete any particular project listed in the Project List.

The Bonds are the third issuance of bonds issued under the 2016 Authorization, and following the issuance of the Bonds, none of the Authorization will remain unissued.

**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 levy such *ad valorem* 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. Such taxes will be levied annually in addition to all other taxes in an amount sufficient to pay the principal of and interest thereon when due, as described above. The levy *ad valorem* property taxes for payment of the Bonds 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 for any of the Bonds, 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 Debt Service Fund (defined herein) established by the Resolution, which are required to be segregated and maintained by the County and which are designated for the payment of the Bonds and interest thereon when due, and for no other purpose. Pursuant to the Resolution, the District has pledged funds on deposit in the Debt Service Fund to the payment of the Bonds. Although the County is obligated to levy *ad valorem* property taxes for the payment of the Bonds as described above, and will maintain the Debt Service Fund, the Bonds are not a debt of the County.

Moneys in the Debt Service Fund, to the extent necessary to pay the principal of and interest on the Bonds 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.

## 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. See "—Book-Entry Only System" herein. Beneficial Owners will not receive certificates representing their interest in the Bonds. The Bonds will be dated as of the Date of Delivery.

The Bonds will be issued as current interest bonds, such that interest thereon will accrue from the Date of Delivery and be payable semiannually on each Bond Payment Date, commencing February 1, 2020. Interest on the Bonds will be computed on the basis of a 360-day year of 12, 30-day months. Each Bond shall 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 shall bear interest from such Bond Payment Date, or unless it is authenticated on or before January 15, 2020, in which event it shall bear interest from the Date of Delivery. 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 page 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.

## Bond Insurance

***Bond Insurance Policy.*** Concurrently with the issuance of the Bonds, AGM will issue its municipal bond insurance policy (the "Policy") for the Bonds. The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as APPENDIX F to this Official Statement.

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

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

AGM's financial strength is rated "AA" (stable outlook) by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"), "AA+" (stable outlook) by Kroll Bond Rating

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

*Current Financial Strength Ratings.*

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

On June 27, 2019, S&P announced it had affirmed AGM's financial strength rating of "AA" (stable outlook). AGM can give no assurance as to any further ratings action that S&P may take.

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

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

*Capitalization of AGM*

At June 30, 2019:

- The policyholders' surplus of AGM was approximately $2,530 million.

- The contingency reserves of AGM and its indirect subsidiary Municipal Assurance Corp. ("MAC") (as described below) were approximately $1,082 million. Such amount includes 100% of AGM's contingency reserve and 60.7% of MAC's contingency reserve.

- The net unearned premium reserves and net deferred ceding commission income of AGM and its subsidiaries (as described below) were approximately $1,853 million. Such amount includes (i) 100% of the net unearned premium reserve and deferred ceding commission income of AGM, (ii) the net unearned premium reserves and net deferred ceding commissions of AGM's wholly owned subsidiary Assured Guaranty (Europe) plc ("AGE"), and (iii) 60.7% of the net unearned premium reserve of MAC.

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

*Incorporation of Certain Documents by Reference*

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

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

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

(iii) the Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2019 (filed by AGL with the SEC on August 8, 2019).

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

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

*Miscellaneous Matters*

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

**Annual Debt Service**

The following table shows the annual debt service requirements of the District for the Bonds, together with the aggregate annual debt service requirements of the District's prior bonded indebtedness (assuming no optional redemptions).

| Period Ending August 1 | Prior Outstanding Bonds[(1)] | Annual Principal Payment[(2)] | Annual Interest Payment[(2)] | Total Annual Debt Service |
|---|---|---|---|---|
| 2020 | $29,949,929.76 | -- | $3,495,971.67 | $33,445,901.43 |
| 2021 | 31,014,750.76 | -- | 4,878,100.00 | 35,892,850.76 |
| 2022 | 26,447,128.26 | $4,235,000.00 | 4,878,100.00 | 35,560,228.26 |
| 2023 | 26,942,866.26 | 1,590,000.00 | 4,666,350.00 | 33,199,216.26 |
| 2024 | 26,517,928.26 | 2,105,000.00 | 4,586,850.00 | 33,209,778.26 |
| 2025 | 29,484,492.26 | 690,000.00 | 4,481,600.00 | 34,656,092.26 |
| 2026 | 28,677,927.76 | 870,000.00 | 4,447,100.00 | 33,995,027.76 |
| 2027 | 31,320,990.26 | 1,060,000.00 | 4,403,600.00 | 36,784,590.26 |
| 2028 | 32,345,356.88 | 1,260,000.00 | 4,350,600.00 | 37,955,956.88 |
| 2029 | 31,841,300.00 | 1,470,000.00 | 4,287,600.00 | 37,598,900.00 |
| 2030 | 34,768,070.00 | 1,680,000.00 | 4,228,800.00 | 40,676,870.00 |
| 2031 | 30,248,975.00 | 1,900,000.00 | 4,161,600.00 | 36,310,575.00 |
| 2032 | 29,281,090.00 | 2,130,000.00 | 4,085,600.00 | 35,496,690.00 |
| 2033 | 30,598,590.00 | 2,370,000.00 | 4,000,400.00 | 36,968,990.00 |
| 2034 | 28,320,542.50 | 2,630,000.00 | 3,905,600.00 | 34,856,142.50 |
| 2035 | 19,699,315.85 | 2,890,000.00 | 3,800,400.00 | 26,389,715.85 |
| 2036 | 20,927,324.85 | 3,175,000.00 | 3,684,800.00 | 27,787,124.85 |
| 2037 | 22,170,150.53 | 3,465,000.00 | 3,557,800.00 | 29,192,950.53 |
| 2038 | 23,363,389.13 | 3,765,000.00 | 3,419,200.00 | 30,547,589.13 |
| 2039 | 23,758,691.40 | 4,925,000.00 | 3,268,600.00 | 31,952,291.40 |
| 2040 | 25,036,183.28 | 5,280,000.00 | 3,071,600.00 | 33,387,783.28 |
| 2041 | 26,057,906.53 | 5,950,000.00 | 2,860,400.00 | 34,868,306.53 |
| 2042 | 13,659,602.55 | 20,105,000.00 | 2,622,400.00 | 36,387,002.55 |
| 2043 | 14,322,656.35 | 21,820,000.00 | 1,818,200.00 | 37,960,856.35 |
| 2044 | 14,997,064.65 | 23,635,000.00 | 945,400.00 | 39,577,464.65 |
| 2045 | 5,044,455.35 | -- | -- | 5,044,455.35 |
| 2046 | 5,049,745.40 | -- | -- | 5,049,745.40 |
| 2047 | 359,497.60 | -- | -- | 359,497.60 |
| 2048 | 358,327.70 | -- | -- | 358,327.70 |
| 2049 | 359,921.10 | -- | -- | 359,921.10 |
| 2050 | 360,000.00 | -- | -- | 360,000.00 |
| | $663,284,170.23 | $119,000,000.00 | $93,906,671.67 | $876,190,841.90 |

(1) Includes gross debt service on certain bonds of the District that were designated as federally-taxable "Build America Bonds" pursuant to an irrevocable election by the District to have Sections 54AA and Section 54AA(g) of the Code, and for which the District has received cash subsidy payments from the United States Department of the Treasury as a credit against future debt service. For additional information, see "NAPA VALLEY UNIFIED SCHOOL DISTRICT – Long-Term Debt – General Obligation Bonds" herein.

(2) Interest payments will be made semiannually on February 1 and August 1 of each year, commencing February 1, 2020. Principal payments will be made on August 1 of each year.

See also "NAPA VALLEY UNIFIED SCHOOL DISTRICT – Long-Term Debt – General Obligation Bonds" herein.

## Application and Investment of Bond Proceeds

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

The net proceeds from the sale of the Bonds will be paid to the County to the credit of the building fund created by the 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. Any excess proceeds of the Bonds not needed for the authorized purposes for which the Bonds are being issued, upon written notice from the District, will be transferred to the Debt Service Fund and applied to the payment of the principal of and interest on the Bonds.

The *ad valorem* property taxes levied by the County for the payment of the Bonds, when collected, will be held separate and apart by the County in the debt service fund created by the Resolution (the "Debt Service Fund"), and used only for payment of principal of and interest on the Bonds. Any premium or accrued interest received on the sale of the Bonds will be deposited in the Debt Service Fund. Any interest earnings on moneys held in the 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 Debt Service Fund, such funds may be applied to pay other outstanding general obligation bonds of the District, and if no such bonds are outstanding, shall be transferred to the general fund of the District upon the order of the County Auditor, as provided in Section 15234 of the Education Code.

Moneys in the Building Fund and Debt Service Fund will be invested through the County's pooled investment fund. See "APPENDIX E - NAPA COUNTY TREASURY POOL" herein.

## Redemption

***Optional Redemption.*** The Bonds maturing on and before August 1, 2026 are not subject to redemption prior to their stated maturity dates. The Bonds maturing on and after August 1, 2027 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, 2026 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 Bonds maturing on August 1, 2044 (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, 2042, at a redemption price equal to the principal amount thereof, together with accrued interest to the date fixed for redemption, without premium. The principal amount of such Term Bonds to be so redeemed and the dates therefor and the final payment date is as indicated in the following table:

| Year Ending August 1 | Principal To Be Redeemed |
|---|---|
| 2042 | $20,105,000 |
| 2043 | 21,820,000 |
| 2044[1] | 23,635,000 |

[1] Maturity.

In the event that a portion of any of the Term Bonds is optionally redeemed prior to maturity, the remaining mandatory sinking fund payments shown above shall be reduced proportionately (or as otherwise directed by the District), in integral multiples of $5,000 principal amount, in respect of the portion of such Term Bonds optionally redeemed.

***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 the 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 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 a 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 ("EMMA"); 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, 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.

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 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 San Francisco, California. 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 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 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" will mean direct and general obligations of the United States of America, or 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:

| | |
|---|---|
| **Sources of Funds** | |
| Principal Amount of Bonds | $119,000,000.00 |
| Original Issue Premium | 12,907,197.60 |
| | $131,907,197.60 |
| Total Sources | |
| **Uses of Funds** | |
| Costs of Issuance(1) | $698,374.17 |
| Deposit to Building Fund | 118,697,000.00 |
| Deposit to Debt Service Fund | 12,511,823.43 |
| Total Uses | $131,907,197.60 |

(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. See also "MISCELLANEOUS – Underwriting" herein. The bond insurance premium is being paid by the Underwriter.

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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 levied and collected by the County on taxable property in the District. 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 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-level 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 following table page shows an 10-year history of assessed valuations of the District, each as of the date the equalized assessment roll is established in August of each year.

**ASSESSED VALUATIONS**
**Fiscal Years 2010-11 through 2019-20**
**Napa Valley Unified School District**

| | Local Secured | Utility | Unsecured | Total | % Change |
|---|---|---|---|---|---|
| 2010-11 | $17,623,408,068 | $2,355,430 | $878,175,996 | $18,503,939,494 | -- |
| 2011-12 | 17,664,729,936 | 2,218,012 | 873,053,436 | 18,540,001,384 | 0.19% |
| 2012-13 | 17,866,534,610 | 2,218,012 | 941,039,273 | 18,809,791,895 | 1.46 |
| 2013-14 | 18,751,925,628 | 671,395 | 956,686,892 | 19,709,283,915 | 4.78 |
| 2014-15 | 19,732,432,995 | 671,395 | 929,581,850 | 20,662,686,240 | 4.84 |
| 2015-16 | 21,052,774,483 | 671,395 | 913,137,377 | 21,966,583,255 | 6.31 |
| 2016-17 | 22,458,558,537 | 671,395 | 970,801,586 | 23,430,031,518 | 6.66 |
| 2017-18 | 23,989,080,166 | 671,395 | 966,170,221 | 24,955,921,782 | 6.51 |
| 2018-19 | 25,172,314,130 | 1,193,870 | 992,217,836 | 26,165,725,836 | 4.85 |
| 2019-20 | 26,757,832,946 | 1,193,870 | 1,131,589,115 | 27,890,615,931 | 6.59 |

*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, drought, fire, wildfire 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.

***Assessed Valuation by Jurisdiction***. The following table below shows an analysis of the distribution of taxable property in the District by jurisdiction, in terms of its fiscal year 2019-20 assessed valuation.

**ASSESSED VALUATION BY JURISDICTION[(1)]**
**Fiscal Year 2019-20**
**Napa Valley Unified School District**

| Jurisdiction: | Assessed Valuation in District | % of District | Assessed Valuation of Jurisdiction | % of Jurisdiction in School District |
|---|---|---|---|---|
| City of American Canyon | $3,323,463,102 | 11.92% | $3,323,463,102 | 100.00% |
| City of Napa | 13,301,265,029 | 47.69 | 13,301,265,029 | 100.00 |
| Town of Yountville | 1,038,029,883 | 3.72 | 1,038,029,883 | 100.00 |
| Unincorporated Napa County | 10,227,857,917 | 36.67 | 20,312,224,723 | 50.35 |
| Total District | $27,890,615,931 | 100.00% | | |
| | | | | |
| Napa County | $27,890,615,931 | 100.00% | $41,864,326,408 | 66.62% |

(1) Before deduction of redevelopment incremental valuation.
*Source: California Municipal Statistics, Inc.*

***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**
**Napa Valley Unified School District**

| | No. of Parcels | 2019-20 Assessed Valuation | Average Assessed Valuation | Median Assessed Valuation |
|---|---|---|---|---|
| Single Family Residential | 24,544 | $11,051,360,752 | $450,267 | $404,373 |

| 2019-20 Assessed Valuation | No. of Parcels[(1)] | % of Total | Cumulative % of Total | Total Valuation | % of Total | Cumulative % of Total |
|---|---|---|---|---|---|---|
| $0 - $49,999 | 296 | 1.206% | 1.206% | $12,230,238 | 0.111% | 0.111% |
| $50,000 - $99,999 | 1,872 | 7.627 | 8.833 | 134,953,999 | 1.221 | 1.332 |
| $100,000 - $149,999 | 1,268 | 5.166 | 13.999 | 158,323,226 | 1.433 | 2.764 |
| $150,000 - $199,999 | 1,422 | 5.794 | 19.793 | 249,919,231 | 2.261 | 5.026 |
| $200,000 - $249,999 | 1,914 | 7.798 | 27.591 | 432,932,970 | 3.917 | 8.943 |
| $250,000 - $299,999 | 1,929 | 7.859 | 35.451 | 529,372,126 | 4.790 | 13.733 |
| $300,000 - $349,999 | 1,710 | 6.967 | 42.418 | 554,297,074 | 5.016 | 18.749 |
| $350,000 - $399,999 | 1,693 | 6.898 | 49.316 | 635,386,125 | 5.749 | 24.498 |
| $400,000 - $449,999 | 1,629 | 6.637 | 55.953 | 692,129,388 | 6.263 | 30.761 |
| $450,000 - $499,999 | 1,695 | 6.906 | 62.859 | 803,621,705 | 7.272 | 38.033 |
| $500,000 - $549,999 | 1,620 | 6.600 | 69.459 | 850,468,004 | 7.696 | 45.729 |
| $550,000 - $599,999 | 1,438 | 5.859 | 75.318 | 825,377,048 | 7.469 | 53.197 |
| $600,000 - $649,999 | 1,174 | 4.783 | 80.101 | 732,334,396 | 6.627 | 59.824 |
| $650,000 - $699,999 | 1,108 | 4.514 | 84.615 | 746,690,946 | 6.757 | 66.580 |
| $700,000 - $749,999 | 825 | 3.361 | 87.977 | 597,383,993 | 5.406 | 71.986 |
| $750,000 - $799,999 | 619 | 2.522 | 90.499 | 477,847,826 | 4.324 | 76.310 |
| $800,000 - $849,999 | 418 | 1.703 | 92.202 | 343,950,230 | 3.112 | 79.422 |
| $850,000 - $899,999 | 333 | 1.357 | 93.559 | 290,701,433 | 2.630 | 82.053 |
| $900,000 - $949,999 | 263 | 1.072 | 94.630 | 242,851,079 | 2.197 | 84.250 |
| $950,000 - $999,999 | 212 | 0.864 | 95.494 | 206,546,757 | 1.869 | 86.119 |
| $1,000,000 and greater | 1,106 | 4.506 | 100.000 | 1,534,042,958 | 13.881 | 100.000 |
| Total | 24,544 | 100.000% | | $11,051,360,752 | 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 2019-20.

**ASSESSED VALUATION AND PARCELS BY LAND USE**
**Fiscal Year 2019-20**
**Napa Valley Unified School District**

| **Non-Residential:** | **2019-20 Assessed Valuation**[1] | **% of Total** | **No. of Parcels** | **% of Total** |
|---|---|---|---|---|
| Agricultural/Vineyards | $4,511,166,568 | 16.86% | 1,554 | 3.81% |
| Commercial | 2,703,906,882 | 10.11 | 1,601 | 3.93 |
| Vacant Commercial | 70,700,008 | 0.26 | 215 | 0.53 |
| Industrial/Winery | 1,815,632,477 | 6.79 | 433 | 1.06 |
| Vacant Industrial | 134,289,441 | 0.50 | 257 | 0.63 |
| Miscellaneous | 466,931 | 0.00 | 112 | 0.27 |
| Subtotal Non-Residential | $9,236,162,307 | 34.52% | 4,172 | 10.23% |
| | | | | |
| **Residential:** | | | | |
| Single Family Residence | $11,051,360,752 | 41.30% | 24,544 | 60.19% |
| Condominium/Townhouse | 1,166,419,471 | 4.36 | 3,177 | 7.79 |
| Rural Residential | 3,468,745,853 | 12.96 | 4,111 | 10.08 |
| Mobile Home Park | 116,262,483 | 0.43 | 21 | 0.05 |
| 2-4 Residential Units | 623,357,042 | 2.33 | 1,454 | 3.57 |
| 5+ Residential Units/Apartments | 839,828,728 | 3.14 | 390 | 0.96 |
| Vacant Residential | 255,696,310 | 0.96 | 2,910 | 7.14 |
| Subtotal Residential | $17,521,670,639 | 65.48% | 36,607 | 89.77% |
| | | | | |
| Total | $26,757,832,946 | 100.00% | 40,779 | 100.00% |

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

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## 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 2015-16 to 2019-20.

**SUMMARY OF *AD VALOREM* PROPERTY TAX RATES**
**Fiscal Years 2015-16 through 2019-20**
**Napa Valley Unified School District**

**(TRA 2-000 – 2019-20 Assessed Valuation: $7,741,317,226)**

| | 2015-16 | 2016-17 | 2017-18 | 2018-19 | 2019-20 |
|---|---|---|---|---|---|
| County General | 1.0000% | 1.0000% | 1.0000% | 1.0000% | 1.0000% |
| City of Napa | .0150 | .0150 | .0150 | .0150 | .0150 |
| Napa Valley Community College | .0256 | .0253 | .0238 | .0238 | .0205 |
| Napa Valley Unified School District | .0633 | .1143 | .1023 | .0979 | .0898 |
| Total | 1.1039% | 1.1546% | 1.1411% | 1.1367% | 1.1253% |

*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 local political subdivisions, including the District, for which the County acts as the tax levying or tax-collection agency. The Teeter Plan is applicable to secured and supplemental property tax levies. Pursuant to the County's Teeter Plan, the general 1% levy and the taxes required to pay the District's general obligation bonds are collected.

The *ad valorem* property tax to be levied to pay the principal of and interest on the Bonds is subject to the Teeter Plan. The District will receive 100% of the *ad valorem* property tax levied on the secured assessment roll to pay the Bonds irrespective of actual delinquencies in the collection of such tax by the County.

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), the Board of Supervisors receives a petition for its discontinuance joined in by resolutions 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 the County if the rate of secured tax delinquency in that agency in any year exceeds 3% of the total of all taxes and assessments levied on the secured rolls for that agency. If the Teeter Plan is discontinued subsequent to its implementation, secured property taxes would be allocated as collected to political subdivisions (including the District) for which the County acts as the tax-levying or tax-collecting agency.

## 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 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**
**Napa Valley Unified School District**

| | Property Owner | Primary Land Use | 2019-20 Assessed Valuation | % of Total[(1)] |
|---|---|---|---|---|
| 1. | BSREP II Vintage Estate LLC | Hotel | $ 193,800,945 | 0.72% |
| 2. | Gallo Vineyards Inc. | Winery/Vineyards | 141,489,329 | 0.53 |
| 3. | Kenneth E. & Gail Laird | Winery/Vineyards | 125,799,815 | 0.47 |
| 4. | Treasury Wine Estates Americas Company | Winery/Vineyards | 124,902,490 | 0.47 |
| 5. | Meritage Resort LLC | Hotel | 98,277,921 | 0.37 |
| 6. | Mani NVR Napa | Hotel | 97,112,140 | 0.36 |
| 7. | Ashford Yountville II LP | Hotel | 96,290,106 | 0.36 |
| 8. | RAR2 – Napa Logistics Park LLC | Industrial Park | 90,500,000 | 0.34 |
| 9. | Napa LW Hotel Associates LP | Hotel | 84,185,293 | 0.31 |
| 10. | Inland American Lodging Napa Solano LLC | Hotel | 82,496,564 | 0.31 |
| 11. | Meritage Commons | Hotel | 81,023,384 | 0.30 |
| 12. | Stags Leap Wine Cellars LLC | Winery/Vineyards | 75,211,718 | 0.28 |
| 13. | Bardessono Brothers LLC | Hotel | 75,192,673 | 0.28 |
| 14. | Hawthorne I LLC | Apartments | 74,966,284 | 0.28 |
| 15. | GF Carneros Inn LLC | Hotel | 69,780,920 | 0.26 |
| 16. | Domaine Chandon Inc. | Winery/Vineyards | 69,160,386 | 0.26 |
| 17. | SRI Napa LLC | Apartments | 68,587,180 | 0.26 |
| 18. | IA Lodging Napa First LLC | Hotel | 65,964,141 | 0.25 |
| 19. | Kenzo Estate Inc. | Winery/Vineyards | 64,371,815 | 0.24 |
| 20. | South Napa Fee LLC | Hotel | 63,957,209 | 0.24 |
| | | | $1,843,070,313 | 6.89% |

(1) 2019-20 Local Secured Assessed Valuation: $26,757,832,946.
*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. dated as of September 16, 2019 for debt outstanding as of September 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**
**Napa Valley Unified School District**

**2019-20 Assessed Valuation:** $27,890,615,931

| **DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:** | **% Applicable** | **Debt 9/1/19** |
|---|---|---|
| Napa Joint Community College District | 66.049% | $ 59,285,513 |
| **Napa Valley Unified School District** | **100.000** | **350,574,855**[1] |
| City of American Canyon 1915 Act Bonds | 100.000 | 16,103,300 |
| City of Napa Community Facilities District No. 2017-1 | 100.000 | 19,540,000 |
| California Statewide Communities Development Authority | | |
| Napa Pipeline Community Facilities District No. 2016-1 | 100.000 | 20,585,000 |
| California Statewide Communities Development Authority 1915 Act Bonds | 100.000 | 1,982,433 |
| Napa-Berryessa Improvement District Assessment District No. 2012-01 | 100.000 | 10,076,000 |
| TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT | | $478,147,101 |
| | | |
| **OVERLAPPING GENERAL FUND DEBT**[2]**:** | | |
| Napa County General Fund Obligations | 66.621% | $11,818,565 |
| Napa County Board of Education Certificates of Participation | 66.621 | 1,545,607 |
| City of American Canyon General Fund Obligations | 100.000 | 551,000 |
| Town of Yountville General Fund Obligations | 100.000 | 10,785,000 |
| TOTAL OVERLAPPING GENERAL FUND DEBT | | $24,700,172 |
| | | |
| COMBINED TOTAL DEBT | | $502,847,273[2] |

**Ratios to 2019-20 Assessed Valuation:**
**Direct Debt ($350,574,855)................................................ 1.26%**
Total Direct and Overlapping Tax and Assessment Debt...... 1.71%
Combined Total Debt…………………………………………1.80%

(1) Excludes the Bonds.
(2) Does not include the principal component of the 2019 Lease (as defined herein). See "NAPA VALLEY UNIFIED SCHOOL DISTRICT – Debt Structure – Capital Lease."
(3) 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 principal of and interest on the Bonds are payable solely from the proceeds of an* ad valorem *property tax levied by the County 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. The tax levied by the County for payment of the Bonds was approved by the District's voters in compliance with Article XIIIA, Article XIIIC, and all applicable laws.*

### 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 the voters in November of 1978—provides for the enrollment of the lesser of the base year value or the market value of real property, taking into account reductions in value due to damage, destruction, depreciation, obsolescence, removal of property, or other factors causing a similar decline. In these instances, the market value is required to be reviewed annually until the market value exceeds the base year value. Reductions in assessed value could result in a corresponding increase in the annual tax 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. The tax for payment of the Bonds falls within the exception described in (c) of the immediately preceding sentence. 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.

**Proposition 50 and Proposition 171**

On June 3, 1986, the voters of the State approved Proposition 50. Proposition 50 amends Section 2 of Article XIIIA of the State Constitution to allow owners of property that was "substantially damaged or destroyed" by a disaster, as declared by the Governor (the "Damaged Property"), to transfer their existing base year value (the "Original Base Year Value") to a comparable replacement property within the same county, which is acquired or constructed within five years after the disaster. At the time of such transfer, the Damaged Property will be reassessed at its full cash value immediately prior to damage or destruction (the "Original Cash Value"); however, such property will retain its base year value notwithstanding such a transfer. Property is substantially damaged or destroyed if either the land or the improvements sustain physical damage amounting to more than 50% of either the land or improvements full cash value immediately prior to the disaster. There is no filing deadline, but the assessor can only correct four years of assessments when the owner fails to file a claim within four years of acquiring a replacement property.

Under Proposition 50, the base year value of the replacement property (the "Replacement Base Year Value") depends on the relation of the full cash value of the replacement property (the "Replacement Cash Value") to the Original Cash Value: if the Replacement Cash Value exceeds 120% of the Original Cash Value, then the Replacement Base Year Value is calculated by combining the Original Base Year Value with such excessive Replacement Cash Value; if the Replacement Cash Value does not exceed 120% of the Original Cash Value, then the Replacement Base Year Value equals the Original Base Year Value; if the Replacement Cash Value is less than the Original Cash Value, then the

Replacement Base Year Value equals the Replacement Cash Value. The replacement property must be comparable in size, utility, and function to the Damaged Property.

On November 2, 1993, the voters of the State approved Proposition 171. Proposition 171 amends subdivision (e) of Section 2 of Article XIIIA of the State Constitution to allow owners of Damaged Property to transfer their Original Base Year Value to a "comparable replacement property" located within another county in the State, which is acquired or newly constructed within three years after the disaster.

Intra-county transfers under Proposition 171 are more restrictive than inter-county transfers under Proposition 50. For example, Proposition 171 (1) only applies to (a) structures that are owned and occupied by property owners as their principal place of residence and (b) land of a "reasonable size that is used as a site for a residence;" (2) explicitly does not apply to property owned by firms, partnerships, associations, corporations, companies, or legal entities of any kind; (3) only applies to replacement property located in a county that adopted an ordinance allowing Proposition 171 transfers; (4) claims must be timely filed within three years of the date of purchase or completion of new construction; and (5) only applies to comparable replacement property, which has a full cash value that is of "equal or lesser value" than the Original Cash Value.

Within the context of Proposition 171, "equal or lesser value" means that the amount of the Replacement Cash Value does not exceed either (1) 105% of the Original Cash Value when the replacement property is acquired or constructed within one year of the destruction, (2) 110% of the Original Cash Value when the replacement property is acquired or constructed within two years of the destruction, or (3) 115% of the Original Cash Value when the replacement property is acquired or constructed within three years of the destruction.

**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 not a basic aid district, taxes lost through any reduction in assessed valuation will be compensated by the State as equalization aid under the State's school financing formula. See "DISTRICT FINANCIAL INFORMATION" 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, voters in the State 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, the voters of the State 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, voters of the State 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, the voters of the State 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 capital 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" (also referred to as a "maintenance factor") 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 the voters of the State on November 2, 2010, prohibits the State from enacting new laws that require redevelopment agencies to shift funds to schools or other agencies and eliminates the State's authority to shift property taxes temporarily during a severe financial hardship of the State. In addition, Proposition 22 restricts the State's authority to use State fuel tax revenues to pay debt service on state transportation bonds, to borrow or change the distribution of state fuel tax revenues, and to use vehicle license fee revenues to reimburse local governments for state mandated costs. Proposition 22 impacts resources in the State's general fund and transportation funds, the State's main funding source for schools and community colleges, as well as universities, prisons and health and social services programs. According to an analysis of Proposition 22 submitted by the Legislative Analyst's Office (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 – Proposition 98 and Proposition 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, 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 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.

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

**Proposition 51**

The Kindergarten Through Community College Public Education Facilities Bond Act of 2016 (also known as Proposition 51) is a voter initiative that was approved by voters on November 8, 2016. Proposition 51 authorizes the sale and issuance of $9 billion in State general obligation bonds by the State 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 district lacks sufficient local funding, it may apply for additional state grant funding, up to 100% of the project costs. In addition, a total of $1 billion will be available for the modernization and new construction of charter schools ($500 million) and technical education facilities ($500 million). Generally, 50% of modernization and new construction project costs for charter school and technical education facilities must come from local revenues. However, school districts that cannot cover their local share for these two types of projects may apply for State loans. State loans must be repaid over a maximum of 30 years for charter school facilities and 15 years for career technical education facilities. For career technical education facilities, State grants are capped at $3 million for a new facility and $1.5 million for a modernized facility. Charter schools must be deemed financially sound before project approval.

***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 State Legislature and Governor based on a scoring system that factors in the amount of local funds contributed to the project. The Governor and State Legislature will select among eligible projects as part of the annual state budget process.

The District makes no representation or 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, 55 and 51 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 a uniform system of funding grants assigned to certain grade spans. See "—Local Control Funding Formula" herein.

***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. The LCFF 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 on the following page shows the District's ADA, enrollment, and the percentage of EL/LI student enrollment, for fiscal years 2013-14 through 2018-19, and projected amounts for fiscal year 2019-20.

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

| | Average Daily Attendance[1] | | | | | Enrollment[2] | |
|---|---|---|---|---|---|---|---|
| Fiscal Year | K-3 | 4-6 | 7-8 | 9-12 | Total ADA | Total Enrollment | % of EL/LI Enrollment[3] |
| 2013-14 | 4,487 | 3,387 | 2,418 | 5,653 | 15,945 | 15,806 | 49% |
| 2014-15 | 4,816 | 3,567 | 2,412 | 5,714 | 16,510 | 16,569 | 50 |
| 2015-16 | 4,641 | 3,649 | 2,443 | 5,753 | 16,486 | 17,192 | 53 |
| 2016-17 | 4,506 | 3,572 | 2,430 | 5,655 | 16,163 | 17,099 | 52 |
| 2017-18 | 4,492 | 3,416 | 2,389 | 5,681 | 15,978 | 16,831 | 54 |
| 2018-19 | 4,324 | 3,269 | 2,424 | 5,720 | 15,739 | 16,448 | 54 |
| 2019-20[4] | 4,310 | 3,350 | 2,650 | 5,602 | 15,912 | 16,700 | 54 |

Note: ADA numbers may not add due to rounding.
(1) Except for fiscal year 2019-20, 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. For years prior to fiscal year 2019-20, does not include children attending District dependent charter schools.
(2) Fiscal years 2013-14 and 2014-15 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 generally 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, or the current year percentage of EL/LI enrollment, whichever was greater. 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) Projected. Assumes the conversion of River Charter School to a District-operated elementary school.
*Source: Napa Valley Unified 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, known as "basic aid" districts, have allocable local property tax collections that equal or exceed such districts' total LCFF allocation, and result in the receipt of no State apportionment aid. 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 does not currently qualify as basic aid.

***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, establishes 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 (i) to 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 Revenue Sources

***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.

***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, school districts may receive additional local revenues beyond local property tax collections, such as from leases and rentals, interest earnings, interagency services, developer fees, redevelopment revenues, foundation revenues, and other local sources.

***Developer Fees.*** The District maintains a fund, separate and apart from the general fund, to account for developer fees levied on residential and commercial development pursuant to Education Code Section 17620. Developer fees are legally required to be used for facility improvements and construction necessitated by student population increases resulting from such development. The table below summarizes the revenues received by the District from developer fees since fiscal year 2010-11.

**DEVELOPER FEE COLLECTIONS**
**Fiscal Years 2010-11 through 2019-20**
**Napa Valley Unified School District**

| Fiscal Year | Total Collections |
|---|---|
| 2010-11 | $548,258 |
| 2011-12 | 670,619 |
| 2012-13 | 1,193,214 |
| 2013-14 | 1,358,834 |
| 2014-15 | 1,689,780 |
| 2015-16 | 2,117,532 |
| 2016-17 | 2,461,139 |
| 2017-18 | 5,014,307 |
| 2018-19 | 1,780,301 |
| 2019-20(1) | 1,005,000 |

(1) Budgeted.
*Source: Napa Valley Unified School District.*

## 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 Assistant Superintendent, Business Services, 2425 Jefferson Street, Napa, California 94558, telephone: (707) 253-3715. The audited financial statements for the year ended June 30, 2018, are included in APPENDIX B hereto.

The table on the following page reflects the District's audited general fund revenues, expenditures and fund balances from fiscal years 2013-14 through 2017-18.

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**AUDITED GENERAL FUND REVENUE, EXPENDITURES AND FUND BALANCES**
**Fiscal Years 2013-14 through 2017-18[1]**
**Napa Valley Unified School District**

| | 2013-14 | 2014-15 | 2015-16 | 2016-17 | 2017-18 |
|---|---|---|---|---|---|
| **Revenues** | | | | | |
| Total LCFF Sources | $112,750,888 | $129,691,321 | $137,626,179 | $150,039,403 | $151,314,046 |
| Federal Revenue | 9,153,715 | 9,736,815 | 10,556,180 | 8,378,723 | 7,704,169 |
| Other State Revenue | 8,299,073 | 8,096,074 | 17,518,672 | 15,942,059 | 15,041,723 |
| Other Local Revenue | 7,087,257 | 5,210,325 | 5,159,842 | 6,817,042 | 8,224,090 |
| Total Revenue | 137,290,933 | 152,734,535 | 170,860,873 | 181,177,227 | 182,284,028 |
| **Expenditures** | | | | | |
| Certificated Salaries | 69,081,516 | 80,656,223 | 87,995,638 | 89,899,822 | 85,419,091 |
| Classified Salaries | 22,791,919 | 26,086,213 | 29,138,521 | 30,871,152 | 29,232,715 |
| Employee Benefits | 20,710,837 | 24,017,980 | 28,023,144 | 36,745,833 | 39,141,138 |
| Books and Supplies | 8,504,927 | 7,263,175 | 7,729,040 | 5,785,197 | 5,666,327 |
| Services and Other Expenditures | 15,644,374 | 17,822,892 | 22,124,551 | 19,663,690 | 20,218,828 |
| Capital Outlay | 1,513,107 | 1,061,683 | 470,751 | 188,845 | 181,683 |
| Debt Service - Net | -- | -- | -- | -- | -- |
| Transfers of indirect/direct support costs | -- | (300,803) | (366,108) | (296,738) | (426,055) |
| Other Outgo | (91,898) | -- | 15,272 | 26,578 | -- |
| Total Expenditures | 138,154,782 | 156,607,363 | 175,130,809 | 182,884,379 | 179,433,727 |
| **Excess (deficiency) of revenues over expenditures** | (863,849) | (3,872,828) | (4,269,936) | (1,707,152) | 2,850,301 |
| **Other Financing Sources (Uses)** | | | | | |
| Operating transfers In | 927,742 | 5,151,349 | 1,931,808 | -- | -- |
| Operating transfers Out | (130,372) | (6,616,778) | (145,862) | (383,910) | (1,127,220) |
| **Total Other Financing Sources (Uses)** | 797,370 | (1,465,429) | 1,785,946 | (383,910) | (1,127,220) |
| **Net Change in Fund Balance** | (66,479) | (5,338,257) | (2,483,990) | (2,091,062) | 1,723,081 |
| **Beginning Balance** | 21,025,043 | 21,038,490[2] | 15,181,450[3] | 12,698,210[4] | 10,607,148 |
| **Ending Balance** | $20,958,564 | $15,700,233 | $12,697,460 | $10,607,148 | $12,330,229 |

(1) Totals may not add due to rounding.
(2) Reflects an audit adjustment to the beginning balance of $(79,926).
(3) Reflects an audit adjustment to the beginning balance of $(518,783).
(4) Reflects an audit adjustment to the beginning balance of $750.
*Source: Napa Valley Unified 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.

The District most recently submitted its second interim financial report for fiscal year 2016-17 and its first interim financial report for fiscal year 2017-18 with "qualified" certifications. Since then, the District has submitted all subsequent interim financial reports with "positive" certifications, and the County office of education has accepted such certifications.

***Budgeting Trends.*** The table on the following page shows the District's general fund adopted budgets for the years 2015-16 through 2019-20, general fund ending results for the fiscal years 2015-16 through 2017-18, unaudited results for fiscal year 2018-19.

**GENERAL FUND BUDGETING**
**Fiscal Years 2015-16 through 2019-20**
**Napa Valley Unified School District**

| | Fiscal Year 2015-16 | | Fiscal Year 2016-17 | | Fiscal Year 2017-18 | | Fiscal Year 2018-19 | | Fiscal Year 2019-20 |
|---|---|---|---|---|---|---|---|---|---|
| **REVENUES** | Budget[1] | Ending[2] | Budget[1] | Ending[2] | Budget[1] | Ending[2] | Budget[1] | Unaudited Actuals[3] | Budget[3] |
| LCFF Sources | $141,389,798 | $137,626,178 | $148,670,163 | $150,039,403 | $150,932,629 | $151,314,046 | $159,712,307 | $159,323,079 | $165,271,015 |
| Federal Sources | 8,923,864 | 10,556,180 | 8,825,582 | 8,378,723 | 7,133,484 | 7,704,169 | 8,604,631 | 9,029,593 | 8,825,729 |
| Other State Sources | 15,857,585 | 17,518,672 | 10,253,834 | 15,942,059 | 7,487,718 | 15,041,723 | 14,696,321 | 23,761,070 | 14,156,298 |
| Other Local Sources | 3,017,668 | 5,159,842 | 3,146,254 | 6,817,042 | 3,763,839 | 8,224,090 | 5,212,369 | 8,702,783 | 4,812,242 |
| **TOTAL REVENUES** | 169,188,915 | 170,860,873 | 170,895,833 | 181,177,227 | 169,317,670 | 182,284,028 | 188,225,628 | 200,816,525 | 193,065,285 |
| **EXPENDITURES** | | | | | | | | | |
| Certificated Salaries | 80,954,362 | 87,995,638 | 88,554,606 | 89,899,822 | 84,066,991 | 85,419,091 | 84,851,345 | 88,093,339 | 87,258,841 |
| Classified Salaries | 26,659,027 | 29,138,521 | 29,462,355 | 30,871,152 | 28,264,616 | 29,232,715 | 29,847,574 | 30,414,887 | 30,842,456 |
| Employee Benefits | 24,750,723 | 28,023,144 | 27,523,047 | 36,745,833 | 31,573,063 | 39,141,138 | 43,148,173 | 47,311,279 | 42,674,898 |
| Books & Supplies | 7,382,289 | 7,729,040 | 6,598,993 | 5,785,197 | 6,042,785 | 5,666,327 | 7,869,568 | 6,217,742 | 6,642,656 |
| Services & Other Operating Expenses | 18,838,212 | 22,124,551 | 18,926,422 | 19,663,690 | 18,604,234 | 20,218,828 | 20,958,081 | 23,685,211 | 24,287,175 |
| Capital Outlay | 760,154 | 470,751 | 263,373 | 188,845 | 104,263 | 181,683 | 75,000 | 360,997 | 75,000 |
| Other Outgo | 32,302 | 15,272 | 32,302 | 26,578 | 32,302 | -- | 32,302 | 34,341 | -- |
| Transfers of Direct Support/Indirect Costs | (395,406) | (366,108) | (327,608) | (296,738) | (453,113) | (426,055) | (409,147) | (383,876) | (383,385) |
| **TOTAL EXPENDITURES** | 158,981,662 | 175,130,809 | 171,033,490 | 182,884,379 | 168,235,141 | 179,433,727 | 186,372,895 | 195,733,920 | 191,397,642 |
| **EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES** | 10,207,252 | (4,269,936) | (137,657) | (1,707,152) | 1,082,529 | 2,850,301 | 1,852,733 | 5,082,605 | 1,667,643 |
| **OTHER FINANCING SOURCES (USES) – NET** | -- | 1,785,946 | (120,000) | (383,910) | (355,000) | (1,127,220) | (980,927) | 5,259,038 | (135,622) |
| **Fund Balance at beginning of year** | 15,181,450 | 15,181,450 | 12,698,210[4] | 12,698,210[4] | 10,607,148 | 10,607,148 | 5,474,138[5] | 5,474,138[5] | 15,815,782 |
| **Fund Balance at end of year** | $25,388,702 | $12,697,460 | $12,440,553 | $10,607,148 | $11,334,677 | $12,330,229 | $6,345,944 | $15,815,782 | $17,347,802 |

(1) Reflects the District's original budget for each fiscal year, approved prior to the closing of the prior-year's books.
(2) From the District's audited financial statements in each fiscal year.
(3) From the District's unaudited actuals for fiscal year 2018-19.
(4) Reflects an audit adjustment of $750.
(5) The variance between the ending fund balance for fiscal year 2017-18 and the beginning fund balances shown for fiscal year 2018-19 and 2019-20 results from the application of certain Governmental Accounting Standards Board rules which, for financial reporting purposes, require inclusion of the Special Reserve for Capital Outlay within the District's general fund. The reports produced by the District for fiscal year 2018-19 and 2019-20 do not include the Special Reserve for Capital Outlay within the general fund

*Source: Napa Valley Unified School District.*

### State Budget Measures

*The following information concerning the State's budget 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. Furthermore, 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 are payable from the proceeds of an* ad valorem *property tax required to be levied by the County on taxable property within the boundaries of the District in an amount sufficient for the payment thereof.*

***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 the State Department of Finance's summary of the 2019-20 Budget.

For fiscal year 2018-19, the 2019-20 Budget projects total general fund revenues and transfers of $138 billion and total expenditures of $142.7 billion. The State is 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 projects total general fund revenues and transfers of $143.8 billion and authorizes expenditures of $147.8 billion. The State is 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 authorizes a deposit to the PSSSA of $376.5 million in order to comply with Proposition 2. The amount is 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."

For fiscal year 2019-20, the Budget sets the minimum funding guarantee at $81.1 billion. With respect to K-12 education, ongoing per-pupil spending is 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 See also "—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 allocates (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 "NAPA VALLEY UNIFIED SCHOOL DISTRICT – Retirement Programs."

- *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 includes $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 estimate for property tax backfill for basic aid school districts impacted by wildfires which occurred in 2017 and 2018. The 2019-20 Budget also holds 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 website at www.dof.ca.gov. However, the information presented on such website 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

## NAPA VALLEY UNIFIED 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 is located in the central and southern portion of California's Napa Valley. The District encompasses approximately 259 square miles and includes within its territory the City of Napa, the Town of Yountville, the City of American Canyon and adjacent unincorporated areas of the County. The District was created in 1965 with the unification of 12 elementary districts and a high school district. The District currently has 19 elementary schools, five middle schools, four high schools, a continuation high school, and an Adult Education program. For fiscal year 2019-20, the District's ADA is projected at 15,912 students and taxable property within the District has a total assessed valuation of $27,890,615,931.

### Administration

The District is governed by a seven-member Board of Education, each member of which is elected by voters within seven trustee areas to serve four-year terms. Elections for positions to the District Board are held every two years, alternating between four and three available positions. The following table shows the current members and terms of the District Board.

| Board Member | Office | Term Expires |
|---|---|---|
| José Hurtado | President | December 2020 |
| Icela Martin | Vice President | December 2020 |
| Elba Gonzales-Mores | Clerk | December 2022 |
| Joe Schunk | Member | December 2020 |
| Cindy Watter | Member | December 2022 |
| Robin Jankiewicz | Member | December 2022 |
| David T. Garcia | Member | December 2020 |

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. Brief biographies of the Superintendent and Assistant Superintendent, Business Services follow:

***Rosanna Mucetti, Ed. D., Superintendent***. Dr. Mucetti was appointed as Superintendent of the District in May of 2018. Previously, she served for five years as the Deputy Superintendent for Instructional Services at San Leandro Unified School District. With over 20 years of experience in education, Dr. Mucetti's other prior positions have included serving as a teacher, assistant principal, principal and Manager of Bilingual Education for various school districts in the San Francisco Bay Area. Dr. Mucetti also has served as Director of State and District Initiatives at the Buck Institute of Education, and as an adjunct professor at California State University, East Bay. Dr. Mucetti received her Bachelor of Arts degree in psychology from the University of California, Berkeley, and Master of Science and Doctorate degrees in educational leadership from the California State University, East Bay.

***Rabinder Mangewala, Assistant Superintendent, Business Services***. Mr. Mangewala has served as the Assistant Superintendent, Business Services of the District since July of 2019. Previously, he served the San Leandro Unified School District as the Senior Director of Technology for almost six years. Mr. Mangewala began his career in education as an elementary school teacher. Mr. Mangewala received his bachelor's degree, an administrative credential and a master's degree from the California State University, East Bay. Mr. Mangewala also holds a certificate in School Business Management from the Rossier School of Education at the University of Southern California.

## Labor Relations

District employees, with the exception of management and some part-time employees, are represented by the bargaining units noted below.

**BARGAINING UNITS**
**Napa Valley Unified School District**

| Labor Organization | Contract Expiration |
|---|---|
| California School Employees Association, Napa Chapter 184 | 6/30/2020 |
| Napa Association Pupil Services | 6/30/2019[1] |
| Napa Valley Educators Association | 6/30/2021 |

[1] Members of this bargaining unit are working under the terms of their existing contract during renegotiations.
*Source: Napa Valley Unified 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. 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 \$9,089,805 in fiscal year 2015-16, \$10,951,271 in fiscal year 2016-17, \$11,815,690 in fiscal year 2017-18 and \$10,867,681 in fiscal year 2018-19. The District has budgeted \$11,428,314 for its contribution to STRS for fiscal year 2019-20.

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, 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 for fiscal year 2018-19, and will be 20.733% of eligible salary expenditures in fiscal year 2019-20. 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 2018-19 and will be 7% in fiscal year 2019-

20, while participants enrolled after January 1, 2013 contribute at an actuarially determined rate, which is 7% in fiscal year 2018-19 and will be 7% in fiscal year 2019-20. 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. See also "DISTRICT FINANCIAL INFORMATION – State Budget Measures" herein.

The District's contributions to PERS were $950,208 in fiscal year 2015-16, $2,630,405 in fiscal year 2016-17, $2,845,525 in fiscal year 2017-18 and $3,312,869 in fiscal year 2018-19. The District has budgeted $3,8155,530 for its contribution to PERS for fiscal year 2019-20.

***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 2017-18**

**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(5) | 92,071 | 64,846 | 27,225 | --(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 16, 2019, the PERS Board (defined below) approved the K-14 school district contribution rate for fiscal year 2019-20 and released certain actuarial information to be incorporated into the June 30, 2018 actuarial valuation to be released in summer 2019.

*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 16, 2019, the PERS Board established the employer contribution rates for 2019-20 and released certain information from the Schools Pool Actuarial Valuation as of June 30, 2018, ahead of its summer of 2019 release date. 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 2020-21 is projected to be 23.6%, with annual increases thereafter, resulting in a projected 26.5% 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's proportionate shares of the STRS and PERS net pension liabilities were reported to be $159,988,670 and $62,847,110, respectively. For more information, see "APPENDIX B – 2017-18 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT – Note 11" and "—Note 12" herein.

**Other Post Employment Benefits**

***Benefit Plan.*** The District provides post-employment medical benefits (the "Post-Employment Benefits") to eligible retirees of the District. Certificated employees are eligible after reaching the age of 55, with at least 10 years of service to the District. Classified retirees are eligible after reaching 50 years of age with at least 10 years of service to the District, and provided that the sum of such years of age and service equals at least 65. Employees are eligible to receive a District contribution towards of medical premiums, capped at $425 per month until the age of 65. In addition, the District also will pay certain retiree dental insurance premiums until age 65. Part-time employees and retirees are eligible for a pro-rated District contribution towards medical premiums. Additionally, two grandfathered retirees are receiving lifetime District-paid premiums.

***Funding Policy.*** Currently, the District funds the Post-Employment Benefits on a "pay-as-you-go" basis to cover the cost of current premiums. The District recognized expenditures in fiscal year 2016-17 through 2018-19 of $825,104, $984,960 and $925,974, respectively, for the Post-Employment Benefits. For fiscal year 2019-20, the District has budgeted $700,000 of such expenditures.

***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 B – 2017-18 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT – Note 14" attached hereto.

***Actuarial Study.*** The District's most recent actuarial study, dated as of October 25, 2018, calculated the District's accrued liability in accordance with GASB No. 74 and GASB No. 75. The study concluded that, as of a July 1, 2018 valuation date, the District's Total OPEB Liability was $54,785,583, its Fiduciary Net Position was $0 and its Net OPEB Liability was $54,785,583.

**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, self insurance and participation in certain public entity risk pools, as described below.

The District is a member of (i) the North Bay Schools Insurance Authority ("NBSIA"), which provides workers' compensation and property liability excess insurance coverage through the Bay Area Schools Insurance Cooperative, and (ii) the Schools Self Insurance for Contra Costa County ("SSOCCC," and together with NBSIA, the "JPAs") for employee dental coverage. The District also utilizes NBSIA to administer workers' compensation claims.

The JPAs arrange 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 JPAs are not considered component units of the District for financial reporting purposes.

There are currently no pending claims against the District. Settled claims have not exceeded available insurance coverages in the past three fiscal years. Based upon prior claims experience, the District believes that it has adequate insurance coverage.

**District Debt Structure**

***Short-Term Debt.*** On July 2, 2019, the District issued, on a private placement basis, $37,000,000 of its 2019-20 Tax and Revenue Anticipation Notes (the "2019 Notes") to finance projected cashflow deficits for fiscal year 2019-20. The 2019 Notes bear interest at a rate of 2.10%, with a yield to maturity of 2.10%. The District has pledged a portion of its 2019-20 unrestricted revenues to the payment of the 2019 Notes. The 2019 Notes mature on June 30, 2020.

***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 | Accretions/ Additions | Deductions | Balance June 30, 2018 |
|---|---|---|---|---|
| General Obligation Bonds | $479,863,300 | $8,476,065 | $18,190,915 | $470,148,450 |
| Net Pension Obligations | 181,677,778 | 41,158,002 | -- | 222,835,780 |
| Other Post-Employment Benefits | 26,654,667 | 55,770,123 | 27,639,207 | 54,785,583 |
| Compensated Absences | 1,435,288 | 3,481,788 | 2,899,606 | 2,017,470 |
| | $689,631,033 | $108,885,978 | $48,729,728 | $749,787,283 |

*Source: Napa Valley Unified School District.*

***Capital Lease.*** On July 2, 2019, the District entered into a lease-purchase agreement (the "2019 Lease") with the Public Property Financing Corporation of California (the "Corporation") for the purpose of financing various equipment purchases. Pursuant to the 2019 Lease, the District will make lease payments for the use and possession of a District school site. The right to receive lease payments under the 2019 Lease was assigned by the Corporation to DNT Asset Trust, a wholly owned affiliate of JPMorgan Chase Bank, N.A. The total principal component payable under the 2019 Lease ($2,710,000) bears interest at a rate of 2.47%. The following table shows future lease payments due from the District under the 2019 Lease.

| Payment Date | Principal Portion | Interest Portion | Debt Service | Annual Debt Service |
|---|---|---|---|---|
| 1/1/2020 | -- | $34,212.24 | $34,212.24 | -- |
| 7/1/2020 | $240,000.00 | 33,468.50 | 273,468.50 | $307,680.74 |
| 1/1/2021 | -- | 30,504.50 | 30,504.50 | -- |
| 7/1/2021 | 250,000.00 | 30,504.50 | 280,504.50 | 311,009.00 |
| 1/1/2022 | -- | 27,417.00 | 27,417.00 | -- |
| 7/1/2022 | 255,000.00 | 27,417.00 | 282,417.00 | 309,834.00 |
| 1/1/2023 | -- | 24,267.75 | 24,267.75 | -- |
| 7/1/2023 | 260,000.00 | 24,267.75 | 284,267.75 | 308,535.50 |
| 1/1/2024 | -- | 21,056.75 | 21,056.75 | -- |
| 7/1/2024 | 265,000.00 | 21,056.75 | 286,056.75 | 307,113.50 |
| 1/1/2025 | -- | 17,784.00 | 17,784.00 | -- |
| 7/1/2025 | 275,000.00 | 17,784.00 | 292,784.00 | 310,568.00 |
| 1/1/2026 | -- | 14,387.75 | 14,387.75 | -- |
| 7/1/2026 | 280,000.00 | 14,387.75 | 294,387.75 | 308,775.50 |
| 1/1/2027 | -- | 10,929.75 | 10,929.75 | -- |
| 7/1/2027 | 290,000.00 | 10,929.75 | 300,929.75 | 311,859.50 |
| 1/1/2028 | -- | 7,348.25 | 7,348.25 | -- |
| 7/1/2028 | 295,000.00 | 7,348.25 | 302,348.25 | 309,696.50 |
| 1/1/2029 | -- | 3,705.00 | 3,705.00 | -- |
| 7/1/2029 | 300,000.00 | 3,705.00 | 303,705.00 | 307,410.00 |
| TOTAL | $2,710,000.00 | $382,482.24 | $3,092,482.24 | $3,092,482.24 |

***General Obligation Bonds.*** The District has issued general obligation bonds pursuant to authorizations approved by voters of the District in 2002 and 2006. Substantially of the bonds approved by such authorizations have been issued, and the proceeds thereof used to acquire, construct and equip District sites and facilities. On June 7, 2016, voters of the District approved the issuance of $269,000,000 of additional bonds, of which $150,000,000 have been issued. The District has also sold general obligation refunding bonds to refinance certain of its bonded indebtedness.

The following table summarizes the outstanding general obligation bond issuances by the District (not including the Bonds).

| Issuance | Initial Principal Amount | Principal Outstanding[1] | Date of Delivery |
|---|---|---|---|
| ***2006 Authorization*** | | | |
| Series 2009C | $21,877,729.95 | $7,682,585.25 | November 11, 2009 |
| Series 2010A | 7,122,270.00 | 7,122,270.00 | February 4, 2010 |
| Series 2010B | 34,000,000.00 | 34,000,000.00 | February 4, 2010 |
| ***2016 Authorization*** | | | |
| Series 2016A | 115,000,000.00 | 115,000,000.00 | December 7, 2016 |
| Series 2016B | 35,000,000.00 | 13,380,000.00 | December 7, 2016 |
| ***Refunding Issuances*** | | | |
| 2010 Refunding Bonds | 14,405,000.00 | 12,130,000.00 | February 4, 2010 |
| 2012 Refunding Bonds | 26,060,000.00 | 15,275,000.00 | June 30, 2012 |
| 2013 Refunding Bonds | 48,515,000.00 | 42,565,000.00 | May 29, 2013 |
| 2016A Refunding Bonds | 45,980,000.00 | 43,815,000.00 | January 21, 2016 |
| 2016 Refunding Bonds, Series C | 66,850,000.00 | 64,155,000.00 | March 9, 2016 |
| 2016 Refunding Bonds, Series D | 4,935,000.00 | 4,445,000.00 | March 9, 2016 |
| 2016 Refunding Bonds, Series E | 21,460,000.00 | 24,460,000.00 | March 9, 2016 |
| 2018 Refunding Bonds | 5,655,000.00 | 5,545,000.00 | July 2, 2018 |

(1) As of August 1, 2019.

The annual debt service requirements on the District's outstanding general obligation bonded debt (assuming no further optional redemptions), as well as the debt service requirements on the Bonds, are shown in the tables on the following pages.

**ANNUAL GENERAL OBLIGATION BONDED DEBT SERVICE – 2006 AND 2016 AUTHORIZATIONS**

| Year Ending Aug. 1 | Series 2009C | Series 2010A | Series 2010B[(1)] | Series 2016A | Series 2016B | The Bonds |
|---|---|---|---|---|---|---|
| 2020 | -- | -- | $2,212,380.00 | $4,529,475.00 | $5,523,950.00 | $3,495,971.67 |
| 2021 | -- | -- | 2,212,380.00 | 4,529,475.00 | 5,868,750.00 | 4,878,100.00 |
| 2022 | -- | -- | 2,212,380.00 | 4,529,475.00 | 866,250.00 | 9,113,100.00 |
| 2023 | -- | -- | 2,212,380.00 | 4,529,475.00 | -- | 6,256,350.00 |
| 2024 | -- | -- | 2,212,380.00 | 4,529,475.00 | -- | 6,691,850.00 |
| 2025 | -- | -- | 2,212,380.00 | 6,494,475.00 | -- | 5,171,600.00 |
| 2026 | -- | $3,580,000.00 | 2,212,380.00 | 6,816,225.00 | -- | 5,317,100.00 |
| 2027 | -- | 3,955,000.00 | 2,212,380.00 | 7,156,975.00 | -- | 5,463,600.00 |
| 2028 | -- | 4,340,000.00 | 2,212,380.00 | 7,514,725.00 | -- | 5,610,600.00 |
| 2029 | -- | 4,745,000.00 | 2,212,380.00 | 7,892,475.00 | -- | 5,757,600.00 |
| 2030 | -- | 6,775,000.00 | 2,212,380.00 | 8,286,875.00 | -- | 5,908,800.00 |
| 2031 | $7,065,000.00 | 870,000.00 | 2,212,380.00 | 8,704,275.00 | -- | 6,061,600.00 |
| 2032 | 7,595,000.00 | 845,000.00 | 2,212,380.00 | 9,137,875.00 | -- | 6,215,600.00 |
| 2033 | 7,770,000.00 | 1,275,000.00 | 2,212,380.00 | 9,596,075.00 | -- | 6,370,400.00 |
| 2034 | 7,770,000.00 | 1,755,000.00 | 2,212,380.00 | 10,071,875.00 | -- | 6,535,600.00 |
| 2035 | 358,648.35 | -- | 2,212,380.00 | 10,578,475.00 | -- | 6,690,400.00 |
| 2036 | 360,269.00 | -- | 2,879,930.85 | 11,103,475.00 | -- | 6,859,800.00 |
| 2037 | 360,367.65 | -- | 3,517,095.38 | 11,659,875.00 | -- | 7,022,800.00 |
| 2038 | 358,740.20 | -- | 4,084,198.93 | 12,245,075.00 | -- | 7,184,200.00 |
| 2039 | 359,900.95 | -- | 4,660,265.45 | 12,011,475.00 | -- | 8,193,600.00 |
| 2040 | 359,479.50 | -- | 5,236,878.78 | 12,659,175.00 | -- | 8,351,600.00 |
| 2041 | 359,983.80 | -- | 5,815,622.73 | 13,041,000.00 | -- | 8,810,400.00 |
| 2042 | 358,809.45 | -- | 6,402,593.10 | -- | -- | 22,727,400.00 |
| 2043 | 358,846.00 | -- | 6,993,560.35 | -- | -- | 23,638,200.00 |
| 2044 | 360,482.40 | -- | 7,589,132.25 | -- | -- | 24,580,400.00 |
| 2045 | 360,605.35 | -- | -- | -- | -- | -- |
| 2046 | 358,995.40 | -- | -- | -- | -- | -- |
| 2047 | 359,497.60 | -- | -- | -- | -- | -- |
| 2048 | 358,327.70 | -- | -- | -- | -- | -- |
| 2049 | 359,921.10 | -- | -- | -- | -- | -- |
| 2050 | 360,000.00 | -- | -- | -- | -- | -- |
| Total | $35,952,874.45 | $28,140,000.00 | $82,577,357.82 | $187,617,775.00 | $12,258,950.00 | $212,906,671.67 |

(1) Represents gross debt service thereon. The Series 2010B were each designated as federally-taxable "Build America Bonds" pursuant to an irrevocable election by the District to have Sections 54AA and Section 54AA(g) of the Code apply thereto. The District expects to receive cash subsidy payments ("Subsidy Payments") from the United States Department of the Treasury equal to 35% of the interest payable on such bonds on or about each respective semi-annual interest payment date. Such Subsidy Payments are required to be deposited, as and when received, in the respective interest and sinking funds for such bonds, to be used as a credit against future debt service thereon. Subsidy Payments are subject to reduction (each, a "Sequestration Reduction") pursuant to the federal Balanced Budget and Emergency Deficit Control Act of 1985, as amended. In the absence of action by the U.S. Congress, the rate of the Sequestration Reduction is subject to change in the following federal fiscal year. The District cannot predict whether or how subsequent sequestration actions may affect Subsidy Payments currently scheduled for receipt in future federal fiscal years. However, notwithstanding any such reduction, the County is empowered to levy an *ad valorem* property tax sufficient to pay principal of and interest on such bonds.

**ANNUAL GENERAL OBLIGATION BONDED DEBT SERVICE – REFUNDING BONDS**

| Year Ending Aug. 1 | 2010 Refunding | 2012 Refunding | 2013 Refunding | 2016A Refunding | 2016 Refunding Series C | 2016 Refunding Series D | 2016 Refunding Series E | 2018 Refunding Bonds |
|---|---|---|---|---|---|---|---|---|
| 2020 | $1,709,800.00 | $2,560,918.76 | $3,489,825.00 | $3,395,550.00 | $4,923,450.00 | $435,143.50 | $922,400.00 | $247,037.50 |
| 2021 | 2,045,300.00 | 2,591,918.76 | 3,531,125.00 | 3,532,800.00 | 5,083,850.00 | 449,714.50 | 922,400.00 | 247,037.50 |
| 2022 | 2,394,925.00 | 2,499,418.76 | 3,552,875.00 | 3,674,800.00 | 5,094,450.00 | 453,117.00 | 922,400.00 | 247,037.50 |
| 2023 | 2,763,900.00 | 2,549,043.76 | 3,603,500.00 | 3,818,600.00 | 5,750,850.00 | 545,680.00 | 922,400.00 | 247,037.50 |
| 2024 | 3,133,750.00 | 1,897,543.76 | 3,631,750.00 | 3,973,850.00 | 5,464,850.00 | 504,892.00 | 922,400.00 | 247,037.50 |
| 2025 | 3,515,750.00 | 1,915,843.76 | 4,028,375.00 | 4,133,850.00 | 5,505,100.00 | 509,281.00 | 922,400.00 | 247,037.50 |
| 2026 | -- | 1,949,568.76 | 4,108,387.50 | 4,293,850.00 | 4,220,600.00 | 327,479.00 | 922,400.00 | 247,037.50 |
| 2027 | -- | 1,969,293.76 | 5,831,150.00 | 4,469,600.00 | 4,232,100.00 | 325,054.00 | 922,400.00 | 247,037.50 |
| 2028 | -- | 1,985,546.88 | 5,924,250.00 | 4,644,600.00 | 4,232,600.00 | 321,817.50 | 922,400.00 | 247,037.50 |
| 2029 | -- | -- | 8,313,450.00 | 4,833,100.00 | 2,352,350.00 | 323,107.50 | 922,400.00 | 247,037.50 |
| 2030 | -- | -- | 8,462,425.00 | 5,028,600.00 | 1,675,100.00 | 323,252.50 | 1,757,400.00 | 247,037.50 |
| 2031 | -- | -- | 2,141,650.00 | 5,224,850.00 | 1,675,100.00 | 323,032.50 | 1,785,650.00 | 247,037.50 |
| 2032 | -- | -- | -- | 5,435,850.00 | 1,675,100.00 | 322,447.50 | 1,810,400.00 | 247,037.50 |
| 2033 | -- | -- | -- | 5,659,850.00 | 1,675,100.00 | 326,497.50 | 1,836,650.00 | 247,037.50 |
| 2034 | -- | -- | -- | -- | 4,060,100.00 | -- | 1,874,150.00 | 577,037.50 |
| 2035 | -- | -- | -- | -- | 4,063,550.00 | -- | 1,904,950.00 | 581,312.50 |
| 2036 | -- | -- | -- | -- | 4,064,750.00 | -- | 1,938,800.00 | 580,100.00 |
| 2037 | -- | -- | -- | -- | 4,068,700.00 | -- | 1,980,550.00 | 583,562.50 |
| 2038 | -- | -- | -- | -- | 4,072,950.00 | -- | 2,021,350.00 | 581,075.00 |
| 2039 | -- | -- | -- | -- | 4,075,450.00 | -- | 2,073,350.00 | 578,250.00 |
| 2040 | -- | -- | -- | -- | 4,080,950.00 | -- | 2,115,950.00 | 583,750.00 |
| 2041 | -- | -- | -- | -- | 4,083,950.00 | -- | 2,174,350.00 | 583,000.00 |
| 2042 | -- | -- | -- | -- | 4,084,200.00 | -- | 2,232,750.00 | 581,250.00 |
| 2043 | -- | -- | -- | -- | 4,090,000.00 | -- | 2,296,750.00 | 583,500.00 |
| 2044 | -- | -- | -- | -- | 4,095,200.00 | -- | 2,367,750.00 | 584,500.00 |
| 2045 | -- | -- | -- | -- | 4,099,600.00 | -- | -- | 584,250.00 |
| 2046 | -- | -- | -- | -- | 4,108,000.00 | -- | -- | 582,750.00 |
| | $15,563,425.00 | $19,919,096.96 | $56,618,762.50 | $62,119,750.00 | $106,608,000.00 | $5,490,516.00 | $39,394,800.00 | $11,022,862.50 |

## TAX MATTERS

In the opinion of 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 difference between the issue price of a Bond (the first price at which a substantial amount of the Bonds of the same series and maturity is to be sold to the public) and the stated redemption price at maturity with respect to such Bond 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, 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.

Bond Counsel's opinion as to the exclusion from gross income 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 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 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 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 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

INTERPRETATIONS OF FEDERAL, STATE OR LOCAL LAW) THAT AFFECT THE FEDERAL, STATE OR LOCAL TAX TREATMENT OF THE INTEREST ON THE BONDS OR THE MARKET VALUE OF THE BONDS. LEGISLATIVE CHANGES HAVE BEEN PROPOSED IN CONGRESS, WHICH, IF ENACTED, WOULD RESULT IN ADDITIONAL FEDERAL INCOME TAX BEING IMPOSED ON CERTAIN OWNERS OF TAX-EXEMPT STATE OR LOCAL OBLIGATIONS, SUCH AS THE BONDS. THE INTRODUCTION OR ENACTMENT OF ANY OF SUCH 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, SUCH CHANGES (OR OTHER CHANGES) WILL NOT BE INTRODUCED OR ENACTED OR INTERPRETATIONS WILL NOT OCCUR. 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 of interest (and original issue discount) on the Bonds 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 Stradling Yocca Carlson & Rauth, a Professional Corporation.

Although Bond Counsel has rendered 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 continues to comply with certain requirements of the Code, the ownership of the Bonds and the accrual or receipt of interest (and original issue discount) with respect to 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.

A copy of the proposed form of opinion of Bond Counsel for the Bonds is attached hereto as APPENDIX A.

## 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 Section 53515 of the Government Code, 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* taxes are applied to pay the Bonds in a manner consistent with the Bankruptcy Code.

**Special Revenues**

If the *ad valorem* 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* 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 Bond proceeds 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* tax revenues collected for the payments of 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 annual *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 – NAPA 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 form of the approving opinions of Bond Counsel attached hereto as APPENDIX A is 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.*** The District has covenanted for the benefit of Owners and Beneficial Owners of the Bonds to provide certain financial information and operating data relating to the District (the "Annual Report") by not later than nine months following the end of the District's fiscal year (which currently ends June 30), commencing with the report for the 2018-19 Fiscal Year, and to provide notices of the occurrence of certain listed events. The specific nature of the information to be contained in the Annual Report or the notices of listed events is included in APPENDIX C – "FORM OF CONTINUING DISCLOSURE CERTIFICATE. 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 failed to file in a timely manner notice of certain listed events. All such notices have been filed. The District currently employs KNN Public Finance to assist the District in complying with its prior undertakings under the Rule, and expects to extend such employment to include the Bonds.

## 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 financial statements of the District, with supplemental information for the year ended December 5, 2018, the independent auditor's report of the District, and the report dated January 20, 2018 of Chavan & Associates LLP, independent accountants (the "Auditor"), are included in this Official Statement as Appendix B. In connection with the inclusion of the excerpts described above and the report of the Auditor thereon in Appendix B to this Official Statement, 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 Opinion

The legal opinion of Bond Counsel approving the validity of the Bonds will be supplied to the original purchasers thereof without cost. The proposed form of such legal opinion is attached to this Official Statement as APPENDIX A.

## MISCELLANEOUS

### Ratings

The Bonds are expected to be assigned ratings of "A2" by Moody's and "AA" by S&P based upon the issuance of the Policy by AGM. The Bonds have also been assigned underlying ratings of "A1" by Moody's and "A+" S&P. The ratings reflect only the views of the rating agencies, and any explanation of the significance of such ratings should be obtained from the rating agencies. There is no assurance that the ratings will be retained for any given period of time or that the same will not be revised downward or withdrawn entirely by the rating agencies if, in the judgment of the rating agencies, 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 notices of any ratings changes on the Bonds on EMMA. 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 ratings agencies and their respective websites and official media outlets for the most current ratings changes with respect to the Bonds after the initial issuance of the Bonds.

### Underwriting

Pursuant to the terms of a Notice Inviting Proposals for Purchase of Bonds (the "Notice Inviting Proposals"), Morgan Stanley & Co., LLC (the "Underwriter") will purchase all of the Bonds for a purchase price of $131,511,823.43, which is equal to the principal amount of the Bonds of $119,000,000.00, plus net original issue premium of $12,907,197.60, less $395,374.17 of underwriting discount.

The Notice Inviting Proposals provides that the Underwriter will purchase all of the Bonds, if any are purchased. The initial offering prices stated on the inside 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.

*The Underwriter has provided the following inclusion in this Official Statement. The District does not guarantee the accuracy or completeness of the following information, and the inclusion thereof should not be construed as a representation of the District.*

Morgan Stanley & Co. LLC., an underwriter of the Bonds, has entered into a distribution agreement with its affiliate, Morgan Stanley Smith Barney LLC. As part of the distribution arrangement, Morgan Stanley & Co. LLC may distribute municipal securities to retail investors through the financial advisor network of Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley & Co. LLC may compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the Bonds.

## 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.

**NAPA VALLEY UNIFIED SCHOOL DISTRICT**

By: /s/ Dr. Rosanna Mucetti
Superintendent

## APPENDIX A

## FORM OF OPINIONS OF BOND COUNSEL

*Upon issuance and delivery of the Bonds, Stradling Yocca Carlson & Rauth, a Professional Corporation, Bond Counsel, proposes to render its final approving opinions with respect to each series of the Bonds substantially in the following form:*

November 13, 2019

Board of Education
Napa Valley Unified School District

Members of the Board of Education:

We have examined a certified copy of the record of the proceedings relative to the issuance and sale of $119,000,000 Napa Valley Unified School District (Napa County, California) Election of 2016 General Obligation Bonds, Series 2019C (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 Napa Valley Unified School District (the "District") voting at an election held on June 7, 2016, and resolutions 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

## 2017-18 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT

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**NAPA VALLEY UNIFIED SCHOOL DISTRICT**
COUNTY OF NAPA
NAPA, CALIFORNIA

AUDIT REPORT

June 30, 2018


**CHAVAN & ASSOCIATES, LLP**
CERTIFIED PUBLIC ACCOUNTANTS
1475 SARATOGA AVE., SUITE 180
SAN JOSE, CA 95129

**Napa Valley Unified School District**
Napa County

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# FINANCIAL SECTION

Chavan & Associates, LLP
Certified Public Accountants

# INDEPENDENT AUDITOR'S REPORT

The Honorable Board of Trustees
Napa Valley Unified School District
Napa, California

## Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Napa Valley Unified 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 Napa Valley Unified School District's basic financial statements as listed in the table of contents.

## Management's Responsibility for the Financial Statements

Napa Valley Unified 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

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## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Napa Valley Unified 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 contributions, schedule of CalPERS proportionate share of net pension liability, schedule of STRS pension contributions, schedule of STRS proportionate share of net pension liability, and schedule of changes 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, combining statements, organization schedule, schedule of average daily attendance, schedule of instructional time offered, schedule of charter schools, schedule of financial trends and analysis, schedule of expenditures of federal awards, as required by 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


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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.

The combining and individual nonmajor fund financial statements, combining statements, schedule of expenditures of federal awards, schedule of average daily attendance, schedule of instructional time offered, schedule of charter schools, schedule of financial trends and analysis, and the reconciliation of the Annual Financial Budget report to the audited financial statements are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Except for the organization schedule, schedule of charter schools, and the schedule of financial trends and analysis, 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, combining statements – General Fund, schedule of expenditures of federal awards, schedule of average daily attendance, schedule of instructional time offered, schedule of financial trends and analysis (except for the budget information), and the reconciliation of the Annual Financial Budget report to the audited financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The organization schedule, schedule of charter schools and he schedule of financial trends and analysis 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 5, 2018 on our consideration of Napa Valley Unified 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 Napa Valley Unified School District's internal control over financial reporting and compliance.

C & A LLP

December 5, 2018
San Jose, California



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## *Management's Discussion and Analysis*

This discussion and analysis of Napa Valley Unified School District's (the District's) financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2018. The intent of this discussion and analysis is to look at the District's financial performance as a whole. Readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the District's financial performance.

## Financial Highlights

Key financial highlights for the fiscal year 2017-18 are as follows:

- Total net position decreased by $31,600,154 (47%) mostly because of increases to net pension liabilities.
- The District recorded deferred outflows of resources of $103,839,353 and deferred inflows of resources of $6,506,252 in order to record the different components required by GASB for benefit accounting and reporting and to recognize the deferred loss from the refunding of long-term debt. While the refunding of debt resulted in millions of dollars in actual cash savings for the District, the current recognition of the amounts placed in trust accounts to cover the refunded capital appreciation bonds and other general obligation bonds, resulted in a deferred loss of $40 million, which is amortized over the remaining life of the debt refunded. Deferred outflows of resources are technically not assets but increase the Statement of Net Position similar to an asset and deferred inflows of resources are technically not liabilities but decrease the Statement of Net Position similar to liabilities. See Note 1 in the notes to financial statements for a definition.
- The District had $241,641,468 in government-wide expenses which was 102% of total government-wide revenues (this rate was 110% last year). Program specific revenues in the form of operating grants and contributions and charges for services accounted for $29,128,468, or 12%, of the total revenues of $236,749,667.
- General revenue of $208,315,107 which includes property taxes, unrestricted federal and state grants and LCFF sources, was 87% of total revenues in 2018 versus 87% in 2017.
- The fund balances of all governmental funds decreased by $35,123,141, which is a 19% decrease from 2016-17.
- Total governmental fund revenues and expenditures totaled $236,746,677 and $271,628,990, respectively.

## 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 Napa Valley Unified School District as a financial whole, 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 entire 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 Napa Valley Unified School 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 Discussion and Analysis. These 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 funds.

- 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 2017-18?" 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's revenues and expenses, regardless of when cash is received or paid.

These two statements report the District's net position and changes in those assets. 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, and required educational programs.

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 has business-type activities for its child care program which is reported in an enterprise fund and in the government-wide financial statements.

## 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, Charter School Special Revenue Fund, County School Facilities Fund, the Building Fund and the 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.

*Proprietary Funds*

Services for which the District charges a fee are generally reported in proprietary funds on a full accrual basis. The District has two proprietary funds, an Internal Service Fund and an Enterprise Fund, which are reported with the Governmental Funds. The Internal Service Fund is used to account for the activities of the workers' compensation and property and liability self-insurance programs. The Enterprise Fund is used to account for fee-based Child Care Program operations.

*Fiduciary Funds*

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

## The District as a Whole

Recall that the Statement of Net Position provides a perspective of the District as a whole. Table 1 provides a summary of the District's net position as of June 30, 2018 compared to June 30, 2017:

**Table 1 - Summary of Net Position**

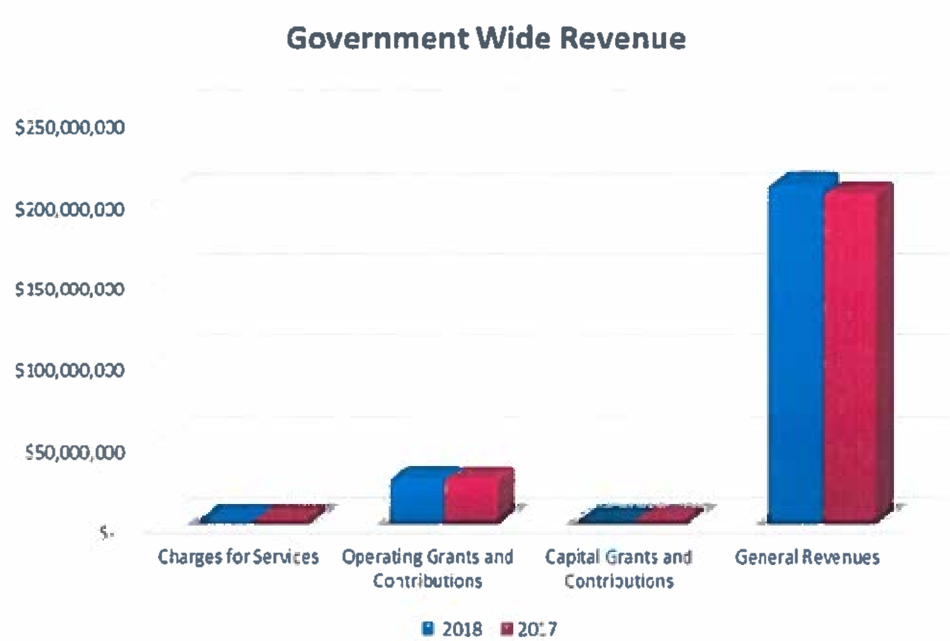
| | Governmental Activities | | Business-type Activities | | Total | |
|---|---|---|---|---|---|---|
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| **Assets** | | | | | | |
| Current and Other Assets | $170,691,317 | $207,698,405 | $ 241,882 | $ 192,553 | $170,933,199 | $207,890,958 |
| Capital Assets | 407,640,912 | 381,799,548 | - | - | 407,640,912 | 381,799,548 |
| **Total Assets** | $578,332,229 | $589,497,953 | $ 241,882 | $ 192,553 | $578,574,111 | $589,690,506 |
| **Deferred Outflows** | $103,839,353 | $ 76,584,148 | $ - | $ - | $103,839,353 | $ 76,584,148 |
| **Liabilities** | | | | | | |
| Current Liabilities | $ 25,106,647 | $ 26,299,270 | $ 43,580 | $ 38,575 | $ 25,150,227 | $ 26,337,845 |
| Long-Term Liabilities | 749,787,283 | 689,621,033 | - | - | 749,787,283 | 689,621,033 |
| **Total Liabilities** | $774,893,930 | $715,920,303 | $ 43,580 | $ 38,575 | $774,937,510 | $715,958,878 |
| **Deferred Inflows** | $ 6,506,252 | $ 17,745,920 | $ - | $ - | $ 6,506,252 | $ 17,745,920 |
| **Net Position** | | | | | | |
| Net Investment in Capital Assets | $ 85,893,430 | $ 87,265,631 | $ - | $ - | $ 85,893,430 | $ 87,265,631 |
| Restricted | 10,601,814 | 14,797,799 | 198,302 | 153,978 | 10,800,116 | 14,951,777 |
| Unrestricted | (195,723,844) | (169,647,552) | - | - | (195,723,844) | (169,647,552) |
| **Total Net Position** | $ (99,228,600) | $ (67,584,122) | $ 198,302 | $ 153,978 | $ (99,030,298) | $ (67,430,144) |

Total liabilities of governmental activities increased by $58,978,632 and net position decreased by 31,600,154.

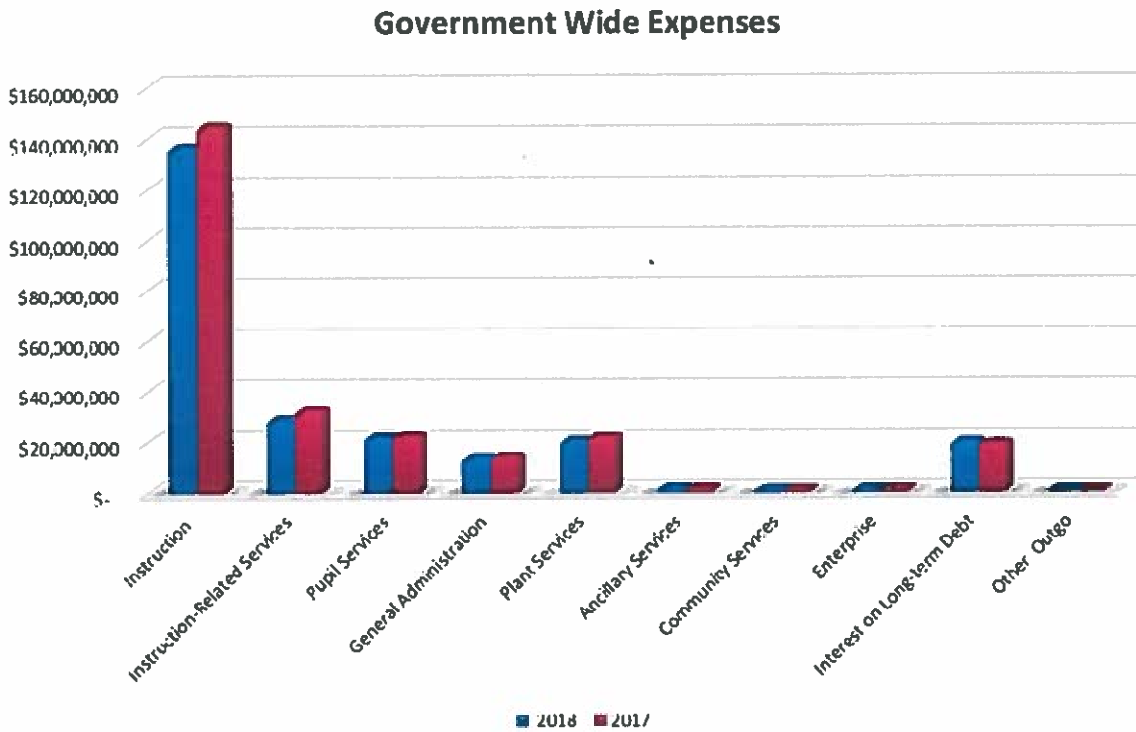
Table 2 shows the changes in net position for the fiscal year 2017-18:

| Table 2 - Change in Net Position | Governmental Activities | | Business-type Activities | | Total | |
|---|---|---|---|---|---|---|
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| **Revenues** | | | | | | |
| Program Revenues: | | | | | | |
| Charges for Services | $ 1,127,750 | $ 1,226,906 | $ 692,789 | $ 713,630 | $ 1,820,539 | $ 1,940,536 |
| Operating Grants and Contributions | 27,302,357 | 27,151,622 | 1,119 | 849 | 27,303,476 | 27,152,471 |
| Capital Grants and Contributions | 4,453 | 196,098 | - | - | 4,453 | 196,098 |
| General Revenues and Special Items | 208,315,107 | 202,486,558 | 2,069 | 1,007 | 208,317,176 | 202,487,565 |
| **Total Revenues** | 236,749,667 | 231,061,184 | 695,977 | 715,486 | 237,445,644 | 231,776,670 |
| **Program Expenses** | | | | | | |
| Instruction | 136,422,235 | 144,342,313 | - | - | 136,422,235 | 144,342,313 |
| Instruction-Related Services | 28,718,585 | 32,166,812 | - | - | 28,718,585 | 32,166,812 |
| Pupil Services | 21,647,162 | 22,390,219 | - | - | 21,647,162 | 22,390,219 |
| General Administration | 13,610,100 | 13,965,761 | - | - | 13,610,100 | 13,965,761 |
| Plant Services | 20,168,776 | 22,052,764 | - | - | 20,168,776 | 22,052,764 |
| Ancillary Services | 1,350,136 | 1,175,826 | - | - | 1,350,136 | 1,175,826 |
| Community Services | 234,985 | 252,765 | - | - | 234,985 | 252,765 |
| Enterprise | - | 18,533 | 651,653 | 658,637 | 651,653 | 677,170 |
| Interest on Long-term Debt | 19,470,965 | 18,715,367 | - | - | 19,470,965 | 18,715,367 |
| Other Outgo | 18,524 | 26,600 | - | - | 18,524 | 26,600 |
| **Total Expenses** | 241,641,468 | 255,106,960 | 651,653 | 658,637 | 242,293,121 | 255,765,597 |
| **Change in Net Position** | (4,891,801) | (24,045,776) | 44,324 | 56,849 | (4,847,477) | (23,988,927) |
| **Beginning Net Position** | (67,584,122) | (43,539,096) | 153,978 | 97,139 | (67,430,144) | (43,441,957) |
| Prior Period Adjustments | (26,752,677) | 750 | - | (10) | (26,752,677) | 740 |
| **Ending Net Position** | $ (99,228,600) | $ (67,584,122) | $ 198,302 | $ 153,978 | $ (99,030,298) | $ (67,430,144) |

The following chart compares government-wide revenue by category for 2017-18 and 2016-17:



The next chart compares government-wide expenses by category for 2017-18 and 2016-17:




## Governmental Activities

Direct instruction, Instruction-Related Services, and Pupil Services represent 88% of total expenses compared to 78% last year. The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services, and identifies the cost of these services supported by revenues.

| Table 3 - Net Cost of Services | | | | |
|---|---|---|---|---|
| Function | 2018 | 2017 | Increase (Decrease) | Percent |
| Instruction | $ 121,847,346 | $ 129,888,135 | $ (8,040,789) | -6.2% |
| Instruction-Related Services | 23,978,878 | 26,649,502 | (2,670,624) | -10.0% |
| Pupil Services | 15,109,014 | 15,560,078 | (451,064) | -2.9% |
| General Administration | 12,775,082 | 13,205,359 | (430,277) | -3.3% |
| Plant Services | 18,858,249 | 21,421,127 | (2,562,878) | -12.0% |
| Ancillary Services | 1,083,010 | 1,018,323 | 64,687 | 6.4% |
| Community Services | 65,840 | 38,195 | 27,645 | 72.4% |
| Enterprise | - | 9,648 | (9,648) | -100.0% |
| Interest on Long-term Debt | 19,470,965 | 18,715,367 | 755,598 | 4.0% |
| Other | 18,524 | 26,600 | (8,076) | -43.6% |
| Total Net Cost of Services | $ 213,206,908 | $ 226,532,334 | $ (13,325,426) | -5.9% |

## 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) | Percent |
|---|---|---|---|---|
| General Fund | $ 12,330,229 | $ 10,607,148 | $ 1,723,081 | 16.2% |
| Charter School Special Revenue Fund | 1,827,332 | 1,963,653 | (136,321) | -6.9% |
| County Schools Facilities Fund | 117,262 | 997,353 | (880,091) | -88.2% |
| Building Fund | 104,219,317 | 139,890,938 | (35,671,621) | -34.2% |
| Bond Interest and Redemption Fund | 28,042,529 | 32,421,408 | (4,378,879) | -13.5% |
| Nonmajor Governmental Funds | 6,694,785 | 2,233,267 | 4,461,518 | 199.8% |
| Enterprise Fund | 198,302 | 153,978 | 44,324 | 28.8% |
| Internal Service Fund | 562,216 | 847,368 | (285,152) | -33.7% |
| Total Fund Balances | $ 153,991,972 | $ 189,115,113 | $ (35,123,141) | -18.6% |

## Capital Assets

Table 5 shows June 30, 2018 balances compared to June 30, 2017:

**Table 5 - Summary of Capital Assets Net of Depreciation**

| Capital Asset | 2018 Net Capital Assets | 2017 Net Capital Assets | Increase (Decrease) | Percent |
|---|---|---|---|---|
| Land | $ 13,968,892 | $ 13,873,012 | $ 95,880 | 0.7% |
| Site Improvements | 71,583,615 | 65,525,474 | 6,058,141 | 9.2% |
| Buildings and Improvements | 276,762,446 | 285,454,161 | (8,691,715) | -3.0% |
| Furniture and Equipment | 5,103,198 | 5,393,712 | (290,514) | -5.4% |
| Work-in-Progress | 40,222,761 | 11,553,189 | 28,669,572 | 248.2% |
| Totals | $ 407,640,912 | $ 381,799,548 | $ 25,841,364 | 6.8% |

During the year, $10,116,380 in capital projects were completed and placed in service. See Note 5 for additional information related to the changes in capital assets.

## Long Term Debt

Table 6 reports the balance and changes of long-term liabilities during the fiscal year 2017-18.

| Table 6 - Long-term Debt | | | | |
|---|---|---|---|---|
| Type of Debt | 2018 | 2017 | Increase (Decrease) | Percent |
| General Obligation Bonds | $ 470,148,450 | $ 479,863,300 | $ (9,714,850) | -2.0% |
| Net Pension Obligations | 222,835,780 | 181,667,778 | 41,168,002 | 22.7% |
| Net OPEB obligation | 54,785,583 | 26,654,667 | 28,130,916 | 105.5% |
| Compensated absences | 2,017,470 | 1,435,288 | 582,182 | 40.6% |
| Total Debt | $ 749,787,283 | $ 689,621,033 | $ 60,166,250 | 8.7% |

## General Fund Budgetary Highlights

The District's budget is prepared in accordance with California law and is based on the modified accrual basis of accounting. Over the course of the year, the District revised its budget based on updated financial information. The original budget, approved at the end of June for July 1, is based on May Revise figures and updated 45 days after the State approves its final budget. In addition, the District revised its budget at First and Second Interim. The Original budget presented in the required supplementary information section includes only new revenues for 2017-2018. During the budget revision process the District accounts for prior year ending balances by budgeting to use the carryover.

## Factors Bearing on the District's Future

The Local Control Funding Formula (LCFF) is aimed at correcting historical inequities while decreasing previous constraints on restricted program expenses. LCFF has been fully funded for the 2018-2019 school year, two years ahead of the State's target. That being said, LCFF and Proposition 98 continue to leave California school districts woefully underfunded, in the bottom 10-15% nationally. With "full" LCFF funding, increases in LCFF will be limited to the Prop 98 cost of living adjustment.

While future funding under LCFF is a large unknown for the District, the greater risk on the funding side is the local impact of declining enrollment. Identifying proactive measures to manage declining enrollment is currently a priority of the District. Student enrollment has a direct impact on financial health and operations of the District, thus, enrollment fluctuations are constantly monitored by management. Since 2014-2015, the District's enrollment has dropped 777 students, with demographic projections showing continuous declines over the next decade. Such declines will inform required discussions and decisions around the operation of facilities and the availability of program offerings.

Regarding legally required expenditures, the planned employer contribution increases in the California State Teachers' Retirement System (CalSTRS) and the Public Employees' Retirement System (CalPERS) will continue to impact District expenses in the $2-3 million range for the next several years. These legally mandated contribution increases come with no additionally funding from the State. Any projected increase in LCFF funding based on a Prop 98 cola will be more than offset by the decline in enrollment and the increase in STRS and PERS, leaving reduced revenue to operate programs, address rebuilding the reserve for economic uncertainties or make any meaningful headway in reducing the District's unfunded post retirement retiree liability.

## 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 Wade Roach, Assistant Superintendent of Business Services, Napa Valley Unified School District, 2425 Jefferson Street, Napa, California 94558.

*Basic Financial Statements*

## Napa Valley Unified School District
Statement of Net Position
June 30, 2018

| | Governmental Activities | Business-type Activities | Total |
|---|---|---|---|
| **Assets** | | | |
| Cash and investments | $ 164,131,899 | $ 234,774 | $ 164,366,673 |
| Accounts receivable | 6,069,510 | 6,683 | 6,076,193 |
| Inventory | 211,554 | - | 211,554 |
| Prepaid expenses | 278,354 | 425 | 278,779 |
| Capital assets - net | 407,640,912 | - | 407,640,912 |
| Total Assets | $ 578,332,229 | $ 241,882 | $ 578,574,111 |
| **Deferred Outflows of Resources** | | | |
| Deferred loss on early retirement of long-term debt | $ 37,015,020 | $ - | $ 37,015,020 |
| Pension plan adjustments | 66,824,333 | - | 66,824,333 |
| Total Deferred Outflows of Resources | $ 103,839,353 | $ - | $ 103,839,353 |
| **Liabilities** | | | |
| Accounts payable | $ 16,726,043 | $ 43,580 | $ 16,769,623 |
| Unearned revenue | 171,604 | - | 171,604 |
| Accrued interest | 8,209,000 | - | 8,209,000 |
| Long-term liabilities: | | | |
| Due within one year | 18,802,470 | - | 18,802,470 |
| Due after one year | 730,984,813 | - | 730,984,813 |
| Total Liabilities | $ 774,893,930 | $ 43,580 | $ 774,937,510 |
| **Deferred Inflows of Resources** | | | |
| Pension plan adjustments | $ 6,506,252 | $ - | $ 6,506,252 |
| Total Deferred Inflows of Resources | $ 6,506,252 | $ - | $ 6,506,252 |
| **Net Position** | | | |
| Net investment in capital assets | $ 85,893,430 | $ - | $ 85,893,430 |
| Restricted for: | | | |
| Educational programs | 2,748,636 | - | 2,748,636 |
| Debt service | 6,690,457 | - | 6,690,457 |
| Capital projects | 907,503 | - | 907,503 |
| Charter school activities | 114,968 | - | 114,968 |
| Cafeteria programs | 8,396 | - | 8,396 |
| Child development | 131,854 | - | 131,854 |
| Child care program | - | 198,302 | 198,302 |
| Unrestricted | (195,723,844) | - | (195,723,844) |
| Total Net Position | $ (99,228,600) | $ 198,302 | $ (99,030,298) |

*The notes to basic financial statements are an integral part of this statement*

**Napa Valley Unified School District**
Statement of Activities
For the Fiscal Year Ended June 30, 2018

| | Expenses | Program Revenues: Charges for Services | Program Revenues: Operating Grants and Contributions | Program Revenues: Capital Grants and Contributions | Net (Expense) Revenue and Changes in Net Position: Governmental Activities | Net (Expense) Revenue and Changes in Net Position: Business-type Activities | Total |
|---|---|---|---|---|---|---|---|
| Governmental activities: | | | | | | | |
| Instruction | $ 136,422,235 | $ 159,662 | $ 14,410,774 | $ 4,453 | $ (121,847,346) | $ - | $ (121,847,346) |
| Instruction-related services: | | | | | | | |
| Supervision of instruction | 12,527,581 | 26,756 | 3,154,500 | - | (9,346,325) | - | (9,346,325) |
| Instruction library, media and technology | 799,881 | 3,294 | 45,472 | - | (751,115) | - | (751,115) |
| School site administration | 15,391,123 | 3,283 | 1,506,402 | - | (13,881,438) | - | (13,881,438) |
| Pupil services: | | | | | | | |
| Home-to-school transportation | 4,452,832 | 4,800 | 54,393 | - | (4,393,639) | - | (4,393,639) |
| Food services | 5,320,255 | 794,518 | 3,220,645 | - | (1,305,092) | - | (1,305,092) |
| All other pupil services | 11,874,075 | 19,176 | 2,444,616 | - | (9,410,283) | - | (9,410,283) |
| General administration: | | | | | | | |
| Data processing | 2,328,429 | - | 2,287 | - | (2,326,142) | - | (2,326,142) |
| All other general administration | 11,281,671 | 50,287 | 782,444 | - | (10,448,940) | - | (10,448,940) |
| Plant services | 20,168,776 | 40,792 | 1,269,735 | - | (18,858,249) | - | (18,858,249) |
| Ancillary services | 1,350,136 | 19,770 | 247,356 | - | (1,083,010) | - | (1,083,010) |
| Community services | 234,985 | 5,412 | 163,733 | - | (65,840) | - | (65,840) |
| Other outgo | 18,524 | - | - | - | (18,524) | - | (18,524) |
| Interest on long-term debt | 19,470,965 | - | - | - | (19,470,965) | - | (19,470,965) |
| Total governmental activities | $ 241,641,468 | $ 1,127,750 | $ 27,302,357 | $ 4,453 | (213,206,908) | | (213,206,908) |
| Business-type activities: | | | | | | | |
| Enterprise activities | $ 651,653 | $ 692,789 | $ 1,119 | $ - | | 42,255 | 42,255 |
| General revenues: | | | | | | | |
| Taxes and subventions: | | | | | | | |
| Taxes levied for general purposes | | | | | 112,694,242 | - | 112,694,242 |
| Taxes levied for debt service | | | | | 28,729,535 | - | 28,729,535 |
| Taxes levied for other specific purposes | | | | | 521,401 | - | 521,401 |
| Federal and state aid not restricted to specific purposes | | | | | 53,940,422 | - | 53,940,422 |
| Interest and investment earnings | | | | | 2,976,157 | 2,069 | 2,978,226 |
| Interagency revenue | | | | | 646,776 | - | 646,776 |
| Miscellaneous | | | | | 8,803,584 | - | 8,803,584 |
| Special item: | | | | | | | |
| Gain (loss) on disposal of capital assets | | | | | 2,990 | - | 2,990 |
| Total general revenues and special items | | | | | 208,315,107 | 2,069 | 208,317,176 |
| Change in net position | | | | | (4,891,801) | 44,324 | (4,847,477) |
| Net position beginning | | | | | (67,584,122) | 153,978 | (67,430,144) |
| Prior period adjustments | | | | | (26,752,677) | - | (26,752,677) |
| Net position beginning, as adjusted | | | | | (94,336,799) | 153,978 | (94,182,821) |
| Net position ending | | | | | $ (99,228,600) | $ 198,302 | $ (99,030,298) |

*The notes to basic financial statements are an integral part of this statement*

**Napa Valley Unified School District**
Governmental Funds
Balance Sheet
June 30, 2018

| | General Fund | Charter School Special Revenue Fund | County Schools Facilities Fund | Building Fund | Bond Interest & Redemption Fund | Nonmajor Governmental Funds | Total Governmental Funds |
|---|---|---|---|---|---|---|---|
| **Assets** | | | | | | | |
| Cash and investments | $ 15,530,331 | $ 2,059,306 | $ 127,601 | $ 110,573,282 | $ 27,893,401 | $ 7,363,618 | $ 163,547,539 |
| Accounts receivable | 4,714,293 | 78,031 | - | - | 149,128 | 1,128,058 | 6,069,510 |
| Due from other funds | 1,100,000 | - | - | - | - | - | 1,100,000 |
| Inventory | 176,666 | - | - | - | - | 34,888 | 211,554 |
| Prepaid expenses | 228,635 | 4,454 | - | 16,944 | - | 28,321 | 278,354 |
| Total Assets | $ 21,749,925 | $ 2,141,791 | $ 127,601 | $ 110,590,226 | $ 28,042,529 | $ 8,554,885 | $ 171,206,957 |
| **Liabilities and Fund Balances** | | | | | | | |
| Liabilities: | | | | | | | |
| Accounts payable | $ 9,410,447 | $ 314,459 | $ 10,339 | $ 6,370,909 | $ - | $ 597,745 | $ 16,703,899 |
| Due to other funds | - | - | - | - | - | 1,100,000 | 1,100,000 |
| Unearned revenue | 9,249 | - | - | - | - | 162,355 | 171,604 |
| Total Liabilities | 9,419,696 | 314,459 | 10,339 | 6,370,909 | - | 1,860,100 | 17,975,503 |
| Fund balances: | | | | | | | |
| Nonspendable: | | | | | | | |
| Revolving fund | 73,200 | - | - | - | - | 29 | 73,229 |
| Inventory | 176,666 | - | - | - | - | 34,888 | 211,554 |
| Prepaid expenditures | 222,037 | 4,454 | - | 16,944 | - | 28,321 | 271,756 |
| Restricted for: | | | | | | | |
| Educational programs | 2,748,636 | - | - | - | - | - | 2,748,636 |
| Adult education | - | - | - | - | - | 908,551 | 908,551 |
| Cafeteria programs | - | - | - | - | - | 8,396 | 8,396 |
| Debt service | - | - | - | - | 28,042,529 | - | 28,042,529 |
| Capital projects | - | - | 117,262 | 104,202,373 | - | 790,241 | 105,109,876 |
| Charter school activities | - | 114,968 | - | - | - | - | 114,968 |
| Child development | - | - | - | - | - | 131,854 | 131,854 |
| Assigned for: | | | | | | | |
| Charter school activities | - | 1,707,910 | - | - | - | - | 1,707,910 |
| Retiree benefits | 50,000 | - | - | - | - | - | 50,000 |
| Capital projects | - | - | - | - | - | 352,387 | 352,387 |
| Facilities projects | - | - | - | - | - | 4,225,673 | 4,225,673 |
| Adult education | - | - | - | - | - | 214,445 | 214,445 |
| Unassigned: | | | | | | | |
| Reserve for economic uncertainties | 6,806,089 | - | - | - | - | - | 6,806,089 |
| Unappropriated | 2,253,601 | - | - | - | - | - | 2,253,601 |
| Total Fund Balances | 12,330,229 | 1,827,332 | 117,262 | 104,219,317 | 28,042,529 | 6,694,785 | 153,231,454 |
| Total Liabilities and Fund Balances | $ 21,749,925 | $ 2,141,791 | $ 127,601 | $ 110,590,226 | $ 28,042,529 | $ 8,554,885 | $ 171,206,957 |

*The notes to basic financial statements are an integral part of this statement*

**Napa Valley Unified School District**
Reconciliation of the Governmental Funds
Balance Sheet to the Statement of Net Position
June 30, 2018

| | | |
|---|---|---|
| Total fund balances - governmental funds | | $ 153,231,454 |
| Capital assets for governmental activities are not financial resources and therefore are not reported as assets in governmental funds. | | |
| Cost of capital assets | 592,233,700 | |
| Accumulated depreciation | (184,592,788) | 407,640,912 |
| In governmental funds, interest on long-term debt is not recognized until the period in which it matures and is paid. In the government-wide statement of activities, it is recognized in the period that it is incurred. The accrued interest at the end of the period was: | | (8,209,000) |
| An internal service fund is used by management to charge the costs of self insurance benefits to individual funds. The assets and liabilities of the internal service fund are included with governmental activities. | | 562,216 |
| The differences between projected and actual amounts in pension and OPEB plans are not included in the plans actuarial study until the next fiscal year and are reported as deferred outflows or inflows of resources in the statement of net position as follows: | | |
| Pension adjustments: | | |
| Difference between actual and expected experience | | 52,723 |
| Difference between actual and expected earnings | | (2,086,910) |
| Change in assumptions | | 38,079,952 |
| Differences in proportionate share of contributions | | 4,788,186 |
| Changes in employer's proportionate shares | | 1,879,805 |
| Contribution subsequent to measurement date | | 17,604,325 |
| 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 consist of: | | |
| General obligation bonds | $ 470,148,450 | |
| Deferred loss on defeasance on long-term debt | (37,015,020) | |
| Net pension liabilities | 222,835,780 | |
| Net OPEB liability | 54,785,583 | |
| Compensated absences | 2,017,470 | (712,772,263) |
| Total net position - governmental activities | | $ (99,228,600) |

*The notes to basic financial statements are an integral part of this statement*

**Napa Valley Unified School District**
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2018

| | General Fund | Charter School Special Revenue Fund | County Schools Facilities Fund | Building Fund | Bond Interest & Redemption Fund | Nonmajor Governmental Funds | Total Governmental Funds |
|---|---|---|---|---|---|---|---|
| Revenues: | | | | | | | |
| LCFF Sources | $ 151,314,046 | $ 7,963,035 | $ - | $ - | $ - | $ - | $ 159,277,081 |
| Federal | 7,704,169 | 128,747 | - | - | 1,290,844 | 3,487,782 | 12,611,542 |
| Other state | 15,041,723 | 773,759 | - | - | 137,543 | 3,726,197 | 19,679,222 |
| Other local | 8,224,090 | 167,636 | 4,453 | 1,314,925 | 28,792,599 | 6,675,129 | 45,178,832 |
| Total revenues | 182,284,028 | 9,033,177 | 4,453 | 1,314,925 | 30,220,986 | 13,889,108 | 236,746,677 |
| Expenditures: | | | | | | | |
| Instruction | 111,328,857 | 5,673,039 | - | - | - | 1,191,624 | 118,193,520 |
| Instruction-related services: | | | | | | | |
| Supervision of instruction | 10,616,406 | 530,405 | - | - | - | 749,303 | 11,896,114 |
| Instruction library, media and technology | 731,054 | 28,508 | - | - | - | - | 759,562 |
| School site administration | 12,087,558 | 1,064,176 | - | - | - | 923,615 | 14,075,349 |
| Pupil services: | | | | | | | |
| Home-to-school transportation | 3,121,447 | - | - | - | - | - | 3,121,447 |
| Food services | 6,341 | - | - | - | - | 4,991,743 | 4,998,084 |
| All other pupil services | 10,923,330 | 129,935 | - | - | - | 222,283 | 11,275,548 |
| General administration: | | | | | | | |
| Data processing | 2,211,062 | - | - | - | - | - | 2,211,062 |
| All other general administration | 7,419,765 | 1,558,562 | - | - | - | 450,827 | 9,429,154 |
| Plant services | 19,471,287 | 184,873 | 8,630 | 195,663 | - | 14,277 | 19,874,730 |
| Facility acquisition and construction | 85,008 | - | 875,914 | 36,790,883 | - | 1,841,418 | 39,593,223 |
| Ancillary services | 1,348,189 | - | - | - | - | - | 1,348,189 |
| Community services | 64,926 | - | - | - | - | 169,720 | 234,646 |
| Other outgo | 18,497 | - | - | - | - | - | 18,497 |
| Debt service: | | | | | | | |
| Principal | - | - | - | - | 16,075,000 | - | 16,075,000 |
| Interest and fees | - | - | - | - | 18,524,865 | - | 18,524,865 |
| Total expenditures | 179,433,727 | 9,169,498 | 884,544 | 36,986,546 | 34,599,865 | 10,554,810 | 271,628,990 |
| Excess (deficiency) of revenues over (under) expenditures | 2,850,301 | (136,321) | (880,091) | (35,671,621) | (4,378,879) | 3,334,298 | (34,882,313) |
| Other financing sources (uses): | | | | | | | |
| Transfers in | - | - | - | - | - | 1,127,220 | 1,127,220 |
| Transfers out | (1,127,220) | - | - | - | - | - | (1,127,220) |
| Total other financing sources (uses) | (1,127,220) | - | - | - | - | 1,127,220 | - |
| Changes in fund balances | 1,723,081 | (136,321) | (880,091) | (35,671,621) | (4,378,879) | 4,461,518 | (34,882,313) |
| Fund balances beginning | 10,607,148 | 1,963,653 | 997,353 | 139,890,938 | 32,421,408 | 2,233,267 | 188,113,767 |
| Fund balances ending | $ 12,330,229 | $ 1,827,332 | $ 117,262 | $ 104,219,317 | $ 28,042,529 | $ 6,694,785 | $ 153,231,454 |

*The notes to basic financial statements are an integral part of this statement*

**Napa Valley Unified School District**
Reconciliation of the Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balance
to the Statement of Activities
For the Fiscal Year Ended June 30, 2018

| | | |
|---|---|---|
| Total net change in fund balances - governmental funds | | $ (34,882,313) |
| 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 assets additions were greater or less than depreciation expense during the period. | | |
| Capital asset additions | 40,354,164 | |
| Depreciation expense | (14,515,787) | 25,838,377 |
| Governmental funds do not report gains (losses) on disposal of capital assets. However, in the government-wide statement of activities and changes in net position, the cost to dispose of capital assets, net any proceeds, is accounted for as a special item. | | 2,990 |
| The governmental funds report long-term debt proceeds as an other financing source, while repayment of debt principal is reported as an expenditure. Also, governmental funds report the effect of prepaid issuance costs and premiums when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. Interest is recognized as an expenditure in the governmental funds when it is due. The net effect of these differences in the treatment of long-term debt and related items is as follows: | | |
| General obligation bond principal | $ 16,075,000 | |
| Accreted Interest | (876,065) | |
| Amortization of loss from bond defeasances | (1,538,950) | |
| Amortization of bond premiums | 2,115,915 | 15,775,900 |
| 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. | | (647,000) |
| 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 vacation used by $582,182. | | (582,182) |
| 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 noted in the plans' valuation reports is reported as an expense, as adjusted for deferred inflows and outflows of resources. | | (6,470,530) |
| An internal service fund is used by management to charge the costs of self insurance benefits to individual funds. The net revenue of the internal service fund is reported with governmental activities. | | (285,152) |
| In governmental 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 OPEB expense as noted in the plan's valuation reports is reported as an expense, as adjusted for deferred inflows and outflows of resources. | | (3,641,891) |
| Change in net position of governmental activities | | $ (4,891,801) |

*The notes to basic financial statements are an integral part of this statement*

**Napa Valley Unified School District**
**Statement of Net Position**
**Proprietary Funds**
**June 30, 2018**

| | Enterprise Fund | Internal Service Fund |
|---|---|---|
| | Child Care Program | Self Insurance Programs |
| **Assets** | | |
| Current Assets: | | |
| Cash and investments | $ 234,774 | $ 584,360 |
| Accounts receivable | 6,683 | - |
| Prepaid expenses | 425 | - |
| Total Assets | $ 241,882 | $ 584,360 |
| **Liabilities** | | |
| Current Liabilities: | | |
| Accounts payable | $ 43,580 | $ 22,144 |
| Total Liabilities | $ 43,580 | $ 22,144 |
| **Net Position** | | |
| Restricted | $ 198,302 | $ 562,216 |
| Total Net Position | $ 198,302 | $ 562,216 |

*The notes to basic financial statements are an integral part of this statement*

## Napa Valley Unified School District
## Statement of Activities
## Proprietary Funds
## For the Fiscal Year Ended June 30, 2018

| | Enterprise Fund | Internal Service Fund |
|---|---|---|
| | Child Care Program | Self Insurance Programs |
| **Operating Revenues** | | |
| Other state revenue | $ 1,119 | $ - |
| Local revenue | 692,789 | 157,420 |
| Total Operating Revenue | 693,908 | 157,420 |
| **Operating Expenses** | | |
| Certificated salaries | 11,287 | - |
| Classified salaries | 447,455 | - |
| Employee benefits | 140,060 | 448,166 |
| Books and supplies | 20,120 | - |
| Services and other operating expenses | 32,731 | - |
| Total Operating Expenses | 651,653 | 448,166 |
| Operating Income (Loss) | 42,255 | (290,746) |
| **Nonoperating Revenues (Expenses):** | | |
| Interest income | 2,069 | 5,594 |
| **Change in Net Position** | 44,324 | (285,152) |
| **Beginning Net Position** | 153,978 | 847,368 |
| **Ending Net Position** | $ 198,302 | $ 562,216 |

*The notes to basic financial statements are an integral part of this statement*

**Napa Valley Unified School District**
**Statement of Cash Flows**
**Proprietary Funds**
**June 30, 2018**

| | Enterprise Fund | Internal Service Fund |
|---|---|---|
| | Child Care Porgram | Self Insurance Programs |
| **Cash Flows from Operating Activities** | | |
| Cash received from premiums | $ - | $ 157,420 |
| Cash received from services | 692,275 | - |
| Cash paid for employees | (593,797) | - |
| Cash paid for claims and insurance | - | (513,389) |
| Cash paid for supplies and services | (52,851) | - |
| Net cash provided by (used for) operating activities | 45,627 | (355,969) |
| **Cash Flows from Investing Activities** | | |
| Interest income | 2,069 | 5,594 |
| Increase (Decrease) in Cash and Cash Equivalents | 47,696 | (350,375) |
| Cash and Cash Equivalents - Beginning | 187,078 | 934,735 |
| Cash and Cash Equivalents - Ending | $ 234,774 | $ 584,360 |
| **Reconciliation of Operating Income to Net Cash Provided by Operating Activities:** | | |
| Operating income (loss) | $ 42,255 | $ (290,746) |
| Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities: | | |
| Changes in operating assets and liabilities: | | |
| (Increase) decrease in accounts receivable | (2,745) | - |
| (Increase) decrease in prepaid expenses | 1,112 | - |
| Increase (decrease) in accounts payable | 5,005 | (65,223) |
| Net cash provided by operating activities | $ 45,627 | $ (355,969) |

*The notes to basic financial statements are an integral part of this statement*

**Napa Valley Unified School District**
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2018

| | Private Purpose Trust Scholarship Fund | Student Body Agency Fund |
|---|---|---|
| **Assets** | | |
| Cash and investments | $ 748,116 | $ 919,041 |
| Total Assets | $ 748,116 | $ 919,041 |
| **Liabilities** | | |
| Due to student groups | $ 1,000 | $ 919,041 |
| Total Liabilities | $ 1,000 | $ 919,041 |
| **Net Position** | | |
| Restricted for scholarships | $ 747,116 | $ - |
| Total Net Position | $ 747,116 | $ - |

*The notes to basic financial statements are an integral part of this statement*

**Napa Valley Unified School District**
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
June 30, 2018

| | Private Purpose Trust Scholarship Fund |
|---|---|
| Additions: | |
| Donations and gifts | 230,295 |
| Interest and investment earnings | 7,343 |
| Total additions | 237,638 |
| Deductions: | |
| Financial assistance to students | 306,113 |
| Changes in net position | (68,475) |
| Net position beginning | 815,591 |
| Net position ending | $ 747,116 |

*The notes to basic financial statements are an integral part of this statement*

*Notes to the Basic Financial Statements*

## 1. SIGNIFICANT ACCOUNTING POLICIES

### A. Accounting Principles

Napa Valley Unified 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 account policies of the District conform to accounting principles generally accepted in the United States of America as prescribed by the U. S. 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 using the criteria established by GASB. The District determined that there are no potential component units that meet the criteria for inclusion within the 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 non-major funds are aggregated into one column. The Enterprise Fund and the Internal Service Fund is presented on the proprietary fund statements. 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 and current liabilities 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.

All proprietary fund types are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the proprietary fund's Statement of Fund Net Position. The Statement of Revenue, Expenses, and Changes in Fund Net Position for proprietary funds presents increases (i.e., revenue) and decreases (i.e., expenditures) in net total assets. The statement of cash flows provides information about how the District Office finances and meets the cash flow needs of its proprietary activities.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Internal Service Fund are charges to other funds for self-insurance premiums. Operating expenses for internal service funds include the costs of workers' compensation and property and liability self-insurance programs.

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 Outflow of Resources and Deferred Inflow 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 unearned revenue. On governmental fund financial statements, receivables associated with non-exchange transactions that will not be collected within the availability period have also been recorded as unearned revenue.

**Expenses/Expenditures:**

Using 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, than unrestricted resources as they are needed.

E. <u>Fund Accounting</u>

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 and the Special Reserve Fund for Postemployment Benefits.

The *Charter Schools Special Revenue Fund* is used by the District to account separately for the activities of LEA-operated charter schools that would otherwise be reported in the District's general fund.

The *County Schools Facilities Fund* was established to receive apportionments from the State School Facilities Fund authorized by the State Allocation Board for new school facility construction, modernization projects and facility hardship grants.

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

The *Bond Interest and Redemption Fund* is used to account for the interest and redemption of principal of general obligation bonds.

**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 the following nonmajor special revenue funds:

- The *Adult Education Fund* is used to account for resources committed to adult education programs maintained by the District.
- The *Child Development Fund* is used to account for revenues received and expenditures made to operate the child development programs.
- The *Cafeteria Fund* is used to account for revenues received and expenditures made to operate the District's food service programs.

*Capital Projects Funds* are used to account for resources restricted, committed or assigned for capital outlays. The District maintains the following nonmajor capital projects funds:

- 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 *Special Reserve Fund for Capital Outlay Projects* was established to provide for the accumulation of General Fund monies for capital outlay purposes.

- *Proprietary funds* encompass an Enterprise Fund, which is intended to be a self-supporting entity, and an Internal Service Fund that used to account for services rendered on a cost reimbursement basis within the District. The District has the following proprietary funds.

- The *Enterprise Fund* is used to account for revenue and expenses for a fee-based Child Care Program.

- The Self-Insurance Fund is used to account for the activities of the workers' compensation and property and liability self-insurance program.

**Fiduciary Funds:**

*Private Purpose Trust Funds* are used to account for assets held by the District as trustee for individuals, private organizations or other governments and are therefore not available to support the District's own programs. The District maintains private purpose trust funds to account for transactions relating to the Scholarship Fund. The District has elected to combine all private-purpose trust funds into a single fund for financial reporting purposes.

*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.

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 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. Expenditures cannot legally exceed appropriations by major object account. During the year, General Fund expenditures exceeded budget by major object for employee benefits because of the state on-behalf payment for STRS was not included in the final budget and was offset by revenue.

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 (CalSTRS) plans and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS and CalSTRS. 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 68 requires that the reported results must pertain to 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

a) 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.

b) 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:

- 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.

c) Stores Inventories and Prepaid Expenditures

*Inventories*

Inventories are recorded using the consumption method, in that inventory acquisitions are initially recorded in inventory (asset) accounts, and are charged as expenditures when used. Reported inventories are equally offset by nonspendable fund balance, 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 and cafeteria inventory valuation is First-in First-out (FIFO).

*Prepaid expenditures*

The District has the option of reporting expenditures 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, thus recording a prepaid expense in the Statement of Net Position.

d) Capital Assets

Capital assets are those purchased or acquired with an original cost of $5,000 or more and are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the asset's lives are not capitalized, but are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over an estimated useful life of 5 to 50 years depending on the asset class.

e) Unearned Revenue

Cash received for federal and state special projects and programs is recognized as revenue to the extent that qualified expenditures have been incurred and timing requirements have been met. Unearned revenue is recorded to the extent that cash received on specific projects and programs exceeds qualified expenditures. Unearned revenue in the funds is recorded for grant and entitlement receivables that are not available within ninety days of year end and for cash receipts from grants and entitlements for which the District has not met the eligibility requirements for recognizing revenue.

f) Compensated Absences

All vacation pay 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.

g) Long-Term Liabilities

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 as well as issuance costs are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of applicable bond premium or discount. Bond issuance costs are reported as prepaid expenditures and amortized over the term of the related debt.

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.

h) Fund Balance Classifications

The District is committed to maintaining a prudent level of financial resources to protect against the need to reduce service levels because of temporary revenue shortfalls or unpredicted expenditures. The District' minimum fund balance policy requires a reserve for economic uncertainties, consisting of unassigned amounts, of 3 percent of general fund operating expenditures and other financing uses.

In accordance with Government Accounting Standards Board 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the District classifies governmental fund balances as follows:

- Nonspendable - includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.

- Restricted - includes fund balance 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 - includes fund balance 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 - includes fund balance 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 Assistant Superintendent of Business.

- Unassigned includes positive fund balance 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.

i) <u>Net Position</u>

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.

*Cafeteria Program* restrictions reflect the amounts to be expended for federal and state funded cafeteria programs.

*Child Development Program* restrictions reflect the amounts to be expended for federal and state funded child development programs.

*Unrestricted net position* reflects 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.

j) 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, however, 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 the new 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.

k) 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.

I) 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 following:

On October 4, 2018, the District approved resolution no. 19-11 to acquire certain real property consisting of approximately 15.11 acres located at the northeast corner of Eucalyptus Drive and Wetlands Edge Road Green Island Road, in the City of American Canyon, Napa County, California. The District has selected the property for future use as a school. The District acquired the property for $10,196,999.

On July 2, 2018, the District issued $28,400,000 in TRANs maturing on June 28, 2019, with an interest rate of 4% and a premium of $686,144. The TRANs are a general obligation of the District, and are payable from revenues and cash receipts to be generated by the District. There are no contractual obligations related to the issuance other than the TRAN agreement. The funds will be used to supplement cash flow.

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 $26,752,677 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.

## 2. CASH AND INVESTMENTS

A summary of cash and investments as of June 30, 2018 is as follows:

| Deposit or Investment | Carrying Amount | Fair Value |
|---|---|---|
| *Government-Wide Statements:* | | |
| Cash in county treasury investment pool | $ 163,946,381 | $ 163,084,718 |
| Carrying amount of cash in banks | 200,000 | 200,000 |
| Cash in revolving fund | 73,229 | 73,229 |
| Cash with fiscal agent | 147,063 | 147,063 |
| Total Government-Wide Cash and Investments | 164,366,673 | 163,505,010 |
| *Fiduciary Funds:* | | |
| Cash in county treasury investment pool | 798,116 | 793,921 |
| Carrying amount of cash in banks | 1,265,055 | 1,265,055 |
| Total Cash and Investments | $ 166,429,844 | $ 165,563,986 |

*Cash in Banks and in 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 balances of the District's accounts with banks was $1,189,138 which included $439,138 that was not insured by FDIC, but was collateralized in California as required by Government Code.

*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 fair value measurements as of June 30,2018:

Investments in the Napa Valley 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.

*Cash in County Treasury*

The District is considered to be an involuntary participant in an external investment pool as the District is required to maintain substantially all of its cash with the County Treasurer in accordance with 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. The average days to maturity for the County pool was 244 days.

*Cash with Fiscal Agent*

Cash with fiscal agent represents the amount on deposit with Claim Management Inc. for the District's Self-Insurance program.

*Policies and Practices*

The District is authorized under California Government Code Section 53635 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.

The Policy, in addition to State statues, establishes that funds on deposit in banks must be federally insured or collateralized and investments shall (1) have maximum maturity not to exceed five years, (2) be laddered and based on cash flow forecasts; and (3) be subject to limitations to a certain percent of the portfolio for each of the authorized investments. The District's investments comply with the established policy.

*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 maintains cash with the Napa County Investment Pool. The pool has a fair value of approximately $679.5 million and an amortized book value of $683.1 million.

*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 Napa County Investment Pool is governed by the County's general investment policy. The investment with the Napa County Investment Pool is exempt from rating requirements.

*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.

*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.

## 3. ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following as of June 30, 2018:

| Receivables | General Fund | Charter School Special Revenue Fund | Bond Interest & Redemption Fund | Nonmajor Funds | Total | Enterprise Fund |
|---|---|---|---|---|---|---|
| Federal Government | $ 1,415,563 | $ - | $ - | $ 976,571 | $ 2,392,134 | $ - |
| State Government | 728,609 | 20,098 | - | - | 748,707 | - |
| Unrestricted Resources | 2,179,473 | 52,419 | - | 148,602 | 2,380,494 | - |
| Other resources | 390,648 | 5,514 | 149,128 | 2,885 | 548,175 | 6,683 |
| Total Accounts Receivable | $ 4,714,293 | $ 78,031 | $ 149,128 | $ 1,128,058 | $ 6,069,510 | $ 6,683 |

## 4. CAPITAL ASSETS AND DEPRECIATION

Capital asset activities for the year ended June 30, 2018 were as follows:

| Capital Assets | Balance June 30, 2017 | Additions | Adjustments & Deletions | Balance June 30, 2018 |
|---|---|---|---|---|
| Land - nondepreciable | $ 13,873,012 | $ 95,880 | $ - | $ 13,968,892 |
| Site improvements | 92,185,848 | 10,559,927 | 105,830 | 102,851,605 |
| Buildings and improvements | 408,201,350 | - | 432,932 | 408,634,282 |
| Furniture and equipment | 26,066,137 | 361,926 | 128,097 | 26,556,160 |
| Work-in-progress | 11,553,189 | 38,785,952 | (10,116,380) | 40,222,761 |
| Total capital assets | 551,879,536 | 49,803,685 | (9,449,521) | 592,233,700 |
| Less accumulated depreciation for: | | | | |
| Site improvements | 26,660,374 | 4,607,779 | (163) | 31,267,990 |
| Buildings and improvements | 122,747,189 | 9,124,647 | - | 131,871,836 |
| Furniture and equipment | 20,672,425 | 783,361 | (2,824) | 21,452,962 |
| Total accumulated depreciation | 170,079,988 | 14,515,787 | (2,987) | 184,592,788 |
| Total capital assets - net depreciation | $ 381,799,548 | $ 35,287,898 | $ (9,446,534) | $ 407,640,912 |

Depreciation expense was charged to governmental activities during the year as follows:

| | |
|---|---|
| Instruction | $ 11,372,603 |
| School site administration | 568,628 |
| Home-to-school transportation | 1,165,693 |
| Food services | 56,863 |
| All other general administration | 1,352,000 |
| Total depreciation expense | $ 14,515,787 |

## 5. INTERFUND TRANSACTIONS

Interfund transactions are reported as loans, services provided, reimbursements, or transfers. Loans are reported as interfund receivables and payables (Due From/To), 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)*

Interfund receivables and payables consisted of the following as of June 30, 2018:

| | Due From | Due to |
|---|---|---|
| General Fund | $ 1,100,000 | $ - |
| Nonmajor Funds | - | 1,100,000 |
| Totals | $ 1,100,000 | $ 1,100,000 |

*Interfund Transfers*

Interfund transfers included the following during the year:

| | Transfers In | Transfers Out |
|---|---|---|
| General Fund | $ - | $ 1,127,220 |
| Nonmajor Funds | 1,127,220 | - |
| Totals | $ 1,127,220 | $ 1,127,220 |

## 6. TAX AND REVENUE ANTICIPATION NOTES

On July 11, 2017, the District issued $22,000,000 in TRANs maturing on June 29, 2018, with an interest rate of 3% and a premium of $449,020. The TRANs are a general obligation of the District, and are payable from revenues and cash receipts to be generated by the District. There are no contractual obligations related to the issuance other than the TRAN agreement. The funds will be used to supplement cash flow

## 7. LONG-TERM OBLIGATIONS

*Schedule of Changes in Long-term Debt*

The Following is a summary of the changes in long-term debt for the fiscal 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 | $ 479,863,300 | $ 8,476,065 | $ 18,190,915 | $ 470,148,450 | $ 16,785,000 |
| Net pension liability | 181,677,778 | 41,158,002 | - | 222,835,780 | - |
| Net OPEB liability | 26,654,667 | 55,770,123 | 27,639,207 | 54,785,583 | - |
| Compensated Absences | 1,435,288 | 3,481,788 | 2,899,606 | 2,017,470 | 2,017,470 |
| Total Long-term Debt | $ 689,631,033 | $ 108,885,978 | $ 48,729,728 | $ 749,787,283 | $ 18,802,470 |

*General Obligation Bonds Payable*

The Bonds are general obligations of the District. The Board of Supervisors of Napa County is empowered and is obligated to levy ad valorem taxes, without limitation of rate or amount, upon all property within the District subject to taxation by the District for the payment of interest on and principal of the Bonds when due.

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

The following summarizes the bonds outstanding as of June 30, 2018:

| GOB/Series | Maturity Date | Interest Rate | Original Issue | Bonds Outstanding July 01, 2017 | Adjustments/ Additions | Redemptions | Bonds Outstanding June 30, 2018 |
|---|---|---|---|---|---|---|---|
| 2005 | 2029 | 3-5% | $ 25,000,000 | $ 35,000 | $ (35,000) | $ - | $ - |
| 2007 | 2046 | 4-7% | 90,000,000 | 11,800,000 | 7,635,000 | 1,350,000 | 18,085,000 |
| 2007 Refunding | 2025 | 4-4.25% | 12,230,000 | 70,000 | - | 70,000 | - |
| 2009A | 2044 | 8.1% | 21,515,000 | 1,145,000 | - | 360,000 | 785,000 |
| 2009C | 2049 | 6.36-6.85% | 21,877,730 | 7,682,585 | - | - | 7,682,585 |
| 2010A | 2033 | 5.78-6.29% | 7,122,270 | 7,122,270 | - | - | 7,122,270 |
| 2010B | 2043 | 6.51% | 34,000,000 | 34,000,000 | - | - | 34,000,000 |
| 2010 Refunding | 2024 | 4-5% | 14,405,000 | 14,330,000 | - | 385,000 | 13,945,000 |
| 2012 Refunding | 2027 | 3-3.13% | 26,060,000 | 20,635,000 | - | 1,655,000 | 18,980,000 |
| 2013 Refunding | 2030 | 6-5% | 48,515,000 | 47,540,000 | - | 1,545,000 | 45,995,000 |
| 2016 A/B Refunding | 2034 | 1.05-5% | 47,130,000 | 47,130,000 | - | 1,150,000 | 45,980,000 |
| 2016 C/D/E Refunding | 2047 | .67-5% | 93,245,000 | 92,935,000 | - | 425,000 | 92,510,000 |
| 2016A | 2038 | 3-3.54% | 115,000,000 | 115,000,000 | - | - | 115,000,000 |
| 2016B | 2022 | .7-1.35 | 35,000,000 | 35,000,000 | - | 9,135,000 | 25,865,000 |
| Subtotal General Obligation Bonds | | | 626,100,000 | 434,424,855 | 7,600,000 | 16,075,000 | 425,949,855 |
| Bond Premiums | | | | 39,910,229 | - | 2,115,915 | 37,794,314 |
| Accreted Interest | | | | 5,528,216 | 876,065 | - | 6,404,281 |
| Total General Obligation Bonds | | | $ 626,100,000 | $ 479,863,300 | $ 8,476,065 | $ 18,190,915 | $ 470,148,450 |

The annual debt service requirements of the bonds are as follows:

| Year Ending June 30 | Principal | Interest | Total |
|---|---|---|---|
| 2019 | $ 16,785,000 | $ 19,422,521 | $ 36,207,521 |
| 2020 | 13,460,000 | 18,636,013 | 32,096,013 |
| 2021 | 14,215,000 | 15,986,328 | 30,201,328 |
| 2022 | 15,785,000 | 15,302,965 | 31,087,965 |
| 2023 | 12,165,000 | 14,664,698 | 26,829,698 |
| 2024-2028 | 72,653,618 | 74,651,699 | 147,305,317 |
| 2029-2033 | 77,450,496 | 78,775,129 | 156,225,625 |
| 2033-2037 | 80,580,741 | 70,122,800 | 150,703,541 |
| 2038-2042 | 94,105,000 | 53,977,763 | 148,082,763 |
| 2043-2047 | 28,750,000 | 39,586,170 | 68,336,170 |
| 2048-2052 | - | 10,833,188 | 10,833,188 |
| Total Debt Service | $ 425,949,855 | $ 411,959,274 | $ 837,909,129 |

The other post-employment benefits, compensated absences and net pension obligations will be paid by the General Fund. Payments on the general obligation bonds, which includes accreted interest, will be paid by the Bond Interest and Redemption Fund from local revenues.

## 8. SELF INSURANCE AND RISK MANAGEMENT

*Property and Liability*

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. During fiscal year ending June 30, 2014, the District's membership in the North Bay Schools Insurance Authority (NBSIA) provided excess coverage through the Bay Area Schools Insurance Cooperative (BASIC). Settlement claims have not exceeded this coverage in any of the past three years.

## 9. JOINT POWERS AGREEMENTS

The Napa Valley Unified School District participates in two Joint Power Agreements (JPA): The North Bay Schools Insurance Authority (NBSIA) for Workers' Compensation and Property and Liability Insurance and the Schools Self Insurance of Contra Costa County (SSICCC) for Dental. The relationship between the Napa Valley Unified School District and the JPAs is such that the JPAs are not a component unit of the Napa Valley Unified School District for financial reporting purposes.

The JPA's arrange for and provides coverage for their members. Each JPA is governed by a board consisting of a representative from each member district. Each board controls the operations of their JP A, including selection of management and approval of operating budgets independent of any influence by the members beyond their representation on the Board. Each member pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionately to their participation in each JPA.

## 10. COMMITMENTS AND CONTINGENCIES

*Litigation*

The District may be exposed various claims and litigation. Management believes, based on consultation with legal counsel, that the ultimate resolution of these matters will not have a material adverse effect on the District's financial position or results of operations.

*Federal and State Allowances, Award, and Grants*

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

*Commitments Under Non-capitalized Leases*

The District has entered into operating leases for relocatable buildings and other equipment with lease terms in excess of one year. The agreements do not contain purchase options. The agreements contain termination clauses providing for cancellation after a specified number of days written notice to lessors, but it is unlikely that the District will cancel the agreements prior to expiration.

## 11. CALPERS 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 contributed $4,662,274 in to the Plan.

***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 | $ 62,847,110 |

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, 1899, 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, 1899 rolled forward to June 30, 1899 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 District's proportionate share of the net pension liability for the Plan as of June 30, 1899 and 2018 was as follows:

| | CalPERS |
|---|---|
| Proportion - June 30, 2017 | 0.26790% |
| Proportion - June 30, 2018 | 0.26326% |
| Change - Increase/(Decrease) | -0.00464% |

For the year ended June 30, 2018, the District recognized pension expense of $6,954,111 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 | $ 8,439,862 | $ - |
| Differences between Expected and Actual Experience | 2,251,553 | - |
| Differences between Projected and Actual Investment Earnings | 2,174,080 | - |
| Differences between Employer's Contributions and Proportionate Share of Contributions | - | 46,432 |
| Change in Employer's Proportion | 188,876 | - |
| Pension Contributions Made Subsequent to Measurement Date | 4,990,815 | - |
| **Total** | $ 18,045,186 | $ 46,432 |

The District reported $4,990,815 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 | $ 4,026,422 |
| 2020 | 6,045,941 |
| 2021 | 4,126,101 |
| 2022 | (1,190,526) |
| 2023 | - |
| Thereafter | - |
| **Total** | $ 13,007,938 |

**Actuarial Assumptions** - The total pension liabilities in the June 30, 1899 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 | $ | 92,468,238 |
| | | |
| 1% Decrease | | 7.15% |
| Net Pension Liability | $ | 62,847,110 |
| | | |
| 1% Increase | | 8.15% |
| Net Pension Liability | $ | 38,273,904 |

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

## 12. 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 | $ 12,613,510 |
| State Contributions | 7,719,062 |
| Total | $ 20,332,572 |

***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 | $ 159,988,670 |
| State | 59,467,789 |
| Total | $ 219,456,459 |

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, 1899, 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, 1899 rolled forward to June 30, 1899 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, 1899 and 2018 was as follows:

| | CalSTRS |
|---|---|
| Proportion - June 30, 2017 | 0.17800% |
| Proportion - June 30, 2018 | 0.17300% |
| Change - Increase/(Decrease) | -0.00500% |

For the year ended June 30, 2018, the District recognized pension expense of $483,581 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 | $ 29,640,090 | $ - |
| Differences between Expected and Actual Experience | - | 2,198,830 |
| Differences between Projected and Actual Investment Earnings | - | 4,260,990 |
| Differences between Employer's Contributions and Proportionate Share of Contributions | 4,834,618 | - |
| Change in Employer's Proportion | 1,690,929 | - |
| Pension Contributions Made Subsequent to Measurement Date | 12,613,510 | - |
| **Total** | $ 48,779,147 | $ 6,459,820 |

The District reported $12,613,510 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 | $ 2,455,769 |
| 2020 | 8,679,444 |
| 2021 | 6,385,464 |
| 2022 | 2,211,839 |
| 2023 | 4,679,338 |
| Thereafter | 5,293,963 |
| **Total** | $ 29,705,817 |

**Actuarial Assumptions** - The total pension liabilities in the June 30, 1899 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 [1] |
|---|---|---|
| Global Equity | 47.00% | 6.30% |
| Fixed Income | 12.00% | 0.30% |
| Real Estate | 13.00% | 5.20% |
| Private Equity | 13.00% | 9.30% |
| Absolute Return / Risk Mitigating Strategies | 9.00% | 2.90% |
| Inflation Sensitive | 4.00% | 3.80% |
| Cash / Liquidity | 2.00% | -1.00% |
| Total | 100.00% | |

[1] 20 year average

**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 | $ | 234,916,700 |
| | | |
| 1% Decrease | | 7.10% |
| Net Pension Liability | $ | 159,988,670 |
| | | |
| 1% Increase | | 8.10% |
| Net Pension Liability | $ | 99,182,630 |

**Pension Plan Fiduciary Net Position -** Detailed information about each pension plan's fiduciary net position is available in the separately issued STRS financial reports.

## 13. EARLY RETIREMENT INCENTIVE PLAN

In addition to the retirement benefits described from PERS, STRS and OPEB, an early retirement incentive is available on a voluntary basis to classified employees who have been employed by the District for a minimum of ten (10) continuous years, are below the age of sixty (60), and are eligible for Public Employee Retirement Service benefits at time of their retirement. The early retirement incentive will be twelve percent 12% of the average base wages of the employee's last three (3) years of employment. Qualified retirees may elect to receive cash payments or contributions to retirement or deferred compensation account.

## 14. POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

*Plan Description*

The District's Postemployment Healthcare Plan (the OPEB plan) is a single-employer defined benefit healthcare plan.

*Benefits*

The District offers medical and prescription drug benefits to its employees and retirees through California's Valued Trust (CVT), a jointly managed trust, on a pooled, self-insured basis. A separate three-tiered rate structure applies to retirees under the age of 65. A choice of 13 medical/prescription drug options are offered to eligible retirees. Delta Dental and VSP Vision are also offered by the District outside of CVT.

Certificated, Classified (SEIU), Certificated Management, Classified Management, and Confidential employees who have attained age 55 and completed at least 15 years of continuous service with the District immediately prior to retirement are eligible to receive District-paid medical, prescription drug, dental and vision coverage for the retiree only up to a District cap of $783 per month, effective October 1, 2016. The cap is frozen and applies to all current and future retirees.

Classified employees who are less than 50% full-time are not eligible for District-paid retiree health benefits under the District retiree health policy. Classified employees who are between 50% and 100% full-time receive a pro-rated portion of the District's contribution upon retirement. Groups other than Classified are required to have been full-time employees in order to receive District-paid benefits.

District-paid benefits continue for 7 years but not beyond age 65. For employees hired after July 1, 2016, benefits continue for up to 5 years only.

*Employees Covered by Benefit Terms*

At July 1, 2018 (the valuation date), the benefit terms covered the following employees:

| | |
|---|---|
| Active employees | 1,640 |
| Inactive employees | 622 |
| **Total employees** | 2,262 |

*Contributions*

The District makes contributions based on an actuarially determined rate and are approved by the authority of the District's Board. Total contributions included in the measurement period were $984,540. The actuarially determined contribution for the measurement period was $4,740,775. The District's contributions and benefit payments were 4.3% of payroll during the fiscal year ended June 30, 2018 (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, 2018 |
| **Measurement Date:** | July 1, 2018 |
| **Actuarial Cost Method:** | Entry Age, Level Percent of Pay |
| **Amortization Period:** | 30 years |
| **Actuarial Assumptions:** | |
| **Discount Rate** | 3.62% |
| **Inflation** | 4.00% |
| **Payroll Increases** | 3.00% |
| **Municipal Bond Rate** | 3.62% |
| **Mortality** | RP-2014 Employee Mortality, without projection |
| **Retirement** | Hired <1/1/2016: Certificated Age 55 and completed 10 years of service with District.<br>Hired >1/1/2016: Certificated Age 55 and completed 20 years of service with District.<br>Hired <8/15/2016: Classified Age 50 and completed 10 years of service with District. Provided age plus service equals at least 65<br>Hired >8/15/2016 & <1/1/17: Certificated Age 50 and completed 17 years of service with District.<br>Hired >1/1/17: Certificated Age 55 and completed 18 years of service with District. |

*Discount Rate*

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

*Total OPEB Liability*

The District's total OPEB liability was measured as of June 30, 2018 (measurement date) and was determined by an actuarial valuation as of July 1, 2018 (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, for the measurement date of July 1, 2018:

| **Fiscal Year Ended June 30, 2018** | **Total OPEB Liability** | **Plan Fiduciary Net Position** | **Net OPEB Liability** |
|---|---|---|---|
| **Balance at June 30,2017** | $ 51,143,692 | $ - | $ 51,143,692 |
| Service cost | 2,679,219 | - | 2,679,219 |
| Interest in Total OPEB Liability | 1,947,212 | - | 1,947,212 |
| 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 | - | - | - |
| Actual investment income | - | - | - |
| Administrative expenses | - | - | - |
| Benefit payments | (984,540) | - | (984,540) |
| Other | - | - | - |
| **Net changes** | 3,641,891 | - | 3,641,891 |
| **Balance at June 30, 2018** | $ 54,785,583 | $ - | $ 54,785,583 |

| | |
|---|---|
| Covered Payroll at Measurement Date | $ 25,919,893 |
| Total OPEB Liability as a % of covered payroll | 211.37% |
| Plan Fid. Net Position as a % of Total OPEB Liability | 0.00% |
| Service cost as a % of covered payroll | 10.34% |
| Net OPEB Liability as a % of covered payroll | 211.37% |

*OPEB Expense*

The following summarizes the OPEB expense by source during the year ended June 30, 2018, for the measurement date of July 1, 2018:

| | |
|---|---|
| Service cost | $ 2,679,219 |
| Interest in TOL | 1,947,212 |
| Expected investment income | - |
| Other | - |
| Employee contributions | - |
| Difference between actual and expected experience | - |
| Difference between actual and expected earnings | - |
| Change in assumptions | - |
| Administrative expenses | - |
| **OPEB Expense** | **$ 4,626,431** |

The following summarizes changes in the total OPEB liability as reconciled to OPEB expense during the year ended June 30, 2018, for the measurement date of July 1, 2018:

| | |
|---|---|
| Total OPEB liability ending | $ 54,785,583 |
| Total OPEB liability begining | (51,143,692) |
| Change in total OPEB liability | 3,641,891 |
| Changes in deferred outflows | - |
| Changes in deferred inflows | - |
| Benefit Payment | 984,540 |
| **OPEB Expense** | **$ 4,626,431** |

*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 | | |
|---|---|---|---|
| | **2.62% (1% Decrease )** | **3.62% (Current Rate)** | **4.62% (1% Increase )** |
| Total OPEB Liability | $ 62,579,459 | $ 54,785,583 | $ 48,391,856 |

*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 | | |
|---|---|---|---|
| | **5.0% (1% Decrease )** | **7% (Current Rate)** | **8.0% (1% Increase )** |
| Total OPEB Liability | $ 48,212,524 | $ 54,785,583 | $ 63,032,313 |

# REQUIRED SUPPLEMENTARY INFORMATION

**Napa Valley Unified School District**
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual (GAAP)
General Fund
For the Fiscal Year Ended June 30, 2018

| | Budgeted Amounts | | | Variance with Final Budget Positive - (Negative) |
|---|---|---|---|---|
| | Original | Final | Actual (GAAP Basis) | |
| Revenues: | | | | |
| LCFF sources | $ 150,932,629 | $ 151,249,042 | $ 151,314,046 | $ 65,004 |
| Federal | 7,133,484 | 10,524,110 | 7,704,169 | (2,819,941) |
| Other state | 7,487,718 | 14,304,057 | 15,041,723 | 737,666 |
| Other local | 3,763,839 | 7,907,294 | 8,224,090 | 316,796 |
| Total revenues | 169,317,670 | 183,984,503 | 182,284,028 | (1,700,475) |
| Expenditures: | | | | |
| Certificated salaries | 84,066,991 | 87,727,389 | 85,419,091 | 2,308,298 |
| Classified salaries | 28,264,616 | 29,840,974 | 29,232,715 | 608,259 |
| Employee benefits | 31,573,063 | 38,794,015 | 39,141,138 | (347,123) |
| Books and supplies | 6,042,785 | 9,548,886 | 5,666,327 | 3,882,559 |
| Services and other operating expenditures | 18,604,234 | 21,456,262 | 20,218,828 | 1,237,434 |
| Capital outlay | 104,263 | 255,573 | 181,683 | 73,890 |
| Other outgo | 32,302 | 32,302 | - | 32,302 |
| Transfers of indirect/direct support costs | (453,113) | (478,887) | (426,055) | (52,832) |
| Total expenditures | 168,235,141 | 187,176,514 | 179,433,727 | 7,742,787 |
| Excess (deficiency) of revenues over (under) expenditures | 1,082,529 | (3,192,011) | 2,850,301 | 6,042,312 |
| Other financing sources (uses): | | | | |
| Transfers in | 300,000 | 490,000 | - | (490,000) |
| Transfers out | (655,000) | (845,000) | (1,127,220) | (282,220) |
| Total other financing sources (uses) | (355,000) | (355,000) | (1,127,220) | (772,220) |
| Changes in fund balance | $ 727,529 | $ (3,547,011) | 1,723,081 | $ 5,270,092 |
| Fund balance beginning | | | 10,607,148 | |
| Fund balance ending | | | $ 12,330,229 | |

The budgetary control level is by object on the modified accrual basis per U.S. GAAP. Expenditures can not legally exceed appropriations by major object. The above excesses were not in accordance with Education Code 42600.

**Napa Valley Unified School District**
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual (GAAP)
Charter School Special Revenue Fund
For the Fiscal Year Ended June 30, 2018

| | Budgeted Amounts | | | Variance with Final Budget Positive - (Negative) |
|---|---|---|---|---|
| | Original | Final | Actual (GAAP Basis) | |
| Revenues: | | | | |
| LCFF sources | $ 8,232,934 | $ 8,350,866 | $ 7,963,035 | $ (387,831) |
| Federal | 94,815 | 119,783 | 128,747 | 8,964 |
| Other state | 207,598 | 628,429 | 773,759 | 145,330 |
| Other local | 85,016 | 150,927 | 167,636 | 16,709 |
| Total revenues | 8,620,363 | 9,250,005 | 9,033,177 | (216,828) |
| Expenditures: | | | | |
| Certificated salaries | 4,296,657 | 4,544,971 | 4,396,396 | 148,575 |
| Classified salaries | 878,214 | 918,993 | 829,741 | 89,252 |
| Employee benefits | 1,340,532 | 1,714,343 | 1,677,199 | 37,144 |
| Books and supplies | 280,493 | 707,999 | 258,977 | 449,022 |
| Services and other operating expenditures | 1,944,565 | 2,178,096 | 1,973,977 | 204,119 |
| Capital outlay | - | 24,244 | 24,244 | - |
| Transfers of indirect/direct support costs | - | - | 8,964 | (8,964) |
| Total expenditures | 8,740,461 | 10,088,646 | 9,169,498 | 919,148 |
| Excess (deficiency) of revenues over (under) expenditures | (120,098) | (838,641) | (136,321) | 702,320 |
| Other financing sources (uses): | | | | |
| Transfers in | - | - | - | - |
| Transfers out | - | - | - | - |
| Total other financing sources (uses) | - | - | - | - |
| Changes in fund balance | $ (120,098) | $ (838,641) | (136,321) | $ 702,320 |
| Fund balance beginning | | | 1,963,653 | |
| Fund balance ending | | | $ 1,827,332.00 | |

The budgetary control level is by object on the modified accrual basis per U.S. GAAP. Expenditures can not legally exceed appropriations by major object. The above excesses were not in accordance with Education Code 42600.

**Napa Valley Unified School District**
Schedule of Pension Plan Contributions
For the Fiscal Year Ended June 30, 2018

**Schedule of Contributions - Pension Plans**
**Last 10 Fiscal Years**

| **CalPERS Plan**<br>Plan Measurement Date<br>Fiscal Year Ended | **2017**<br>**2018** | **2016**<br>**2017** | **2015**<br>**2016** | **2014**<br>**2015** |
|---|---|---|---|---|
| Contractually Required Contributions | $ 4,990,815 | $ 4,662,274 | $ 3,806,986 | $ 3,457,603 |
| Contributions in Relation to Contractually Required Contributions | 4,990,815 | 4,662,274 | 3,806,986 | 3,457,603 |
| **Contribution Deficiency (Excess)** | $ - | $ - | $ - | $ - |
| **Covered Employee Payroll** | **$ 32,134,537** | **$ 33,570,521** | **$ 32,133,786** | **$ 29,373,910** |
| **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

| **CalSTRS Plan**<br>Plan Measurement Date<br>Fiscal Year Ended | **2017**<br>**2018** | **2016**<br>**2017** | **2015**<br>**2016** | **2014**<br>**2015** |
|---|---|---|---|---|
| Contractually Required Contributions | $ 12,613,510 | $ 11,567,541 | $ 9,499,982 | $ 7,453,402 |
| Contributions in Relation to Contractually Required Contributions | 12,613,510 | 11,567,541 | 9,499,982 | 7,453,402 |
| **Contribution Deficiency (Excess)** | $ - | $ - | $ - | $ - |
| **Covered Payroll** | **$ 87,411,712** | **$ 91,951,836** | **$ 88,536,645** | **$ 83,934,707** |
| **Contributions as a Percentage of Covered Payroll** | **14.43%** | **12.58%** | **10.73%** | **8.88%** |

**Notes to Schedule:**

Valuation Date: June 30, 2015

Assumptions Used:
Entry Age Method used for Actuarial Cost Method
Level Percentage of Payroll
7 Years Remaining Amortization Period
Inflation Assumed at 3.00%
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
PERS discount rates were reduced from 7.5 to 7.65 in 2017 and then again to 7.15 in 2018.
STRS discount rates were reduced from 7.60 in 2017 to 7.10 in 2018.

## Napa Valley Unified School District
Schedule of Proportionate Share of Net Pension Liabilities
For the Fiscal Year Ended June 30, 2018

**Schedule of Proportionate Share of Net Pension Liability**
**Last 10 Fiscal Years**

**CalPERS Plan**

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Plan Measurement Date | | **2017** | | **2016** | | **2015** | | **2014** |
| Fiscal Year Ended | | **2018** | | **2017** | | **2016** | | **2015** |
| Proportion of Net Pension Liability | | 0.26326% | | 0.25705% | | 0.25337% | | 0.24920% |
| Proportionate Share of Net Pension Liability | $ | 62,847,110 | $ | 50,768,334 | $ | 37,346,642 | $ | 28,290,268 |
| Covered Payroll | $ | 33,570,521 | $ | 32,133,786 | $ | 29,373,910 | $ | 26,164,403 |
| **Proportionate Share of NPL as a % of Covered Payroll** | | **187.21%** | | **157.99%** | | **127.14%** | | **108.13%** |
| **Plan's Fiduciary Net Position as a % of the TPL** | | **71.87%** | | **73.90%** | | **79.43%** | | **83.38%** |

**CalSTRS Plan**

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Plan Measurement Date | | **2017** | | **2016** | | **2015** | | **2014** |
| Fiscal Year Ended | | **2018** | | **2017** | | **2016** | | **2015** |
| Proportion of Net Pension Liability | | 0.17300% | | 0.16184% | | 0.15859% | | 0.16600% |
| Proportionate Share of Net Pension Liability | $ | 159,988,670 | $ | 130,899,443 | $ | 106,767,983 | $ | 97,005,420 |
| Covered Payroll | $ | 91,951,836 | $ | 88,536,645 | $ | 83,934,707 | $ | 74,054,594 |
| **Proportionate Share of NPL as a % of Covered Payroll** | | **173.99%** | | **147.85%** | | **127.20%** | | **130.99%** |
| **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
PERS discount rates were reduced from 7.5 to 7.65 in 2017 and then again to 7.15 in 2018.
STRS discount rates were reduced from 7.60 in 2017 to 7.10 in 2018.

**Napa Valley Unified School District**
Schedule of Changes in Total OPEB Liability
For the Fiscal Year Ended June 30, 2018

| | Fiscal Year Ended June 30, 2018 |
|---|---|
| **Total OPEB liability** | |
| Service cost | $ 2,679,219 |
| Interest | 1,947,212 |
| Changes of benefit terms | - |
| Differences between expected and actual experience | - |
| Changes of assumptions | - |
| Benefit payments | (984,540) |
| Net change in Total OPEB Liability | 3,641,891 |
| Total OPEB Liability - beginning | 51,143,692 |
| Total OPEB Liability - ending | $ 54,785,583 |
| **Plan fiduciary net position** | |
| Employer contributions | $ - |
| Employer implict subsidy | - |
| Employee contributions | - |
| Net investment income | - |
| Difference between estimated and actual earnings | - |
| Benefit payments | - |
| Other | - |
| Administrative expense | - |
| Net change in plan fiduciary net position | - |
| Plan fiduciary net position - beginning | - |
| Plan fiduciary net position - ending | $ - |
| Net OPEB liability | $ 54,785,583 |
| Plan fiduciary net position as a percentage of the total OPEB liability | 0.00% |
| Covered employee payroll | $ 25,919,893 |
| Net OPEB Liability as a percentage of covered payroll | 211.37% |
| Total OPEB Liability as a percentage of covered payroll | 211.37% |

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.

# SUPPLEMENTARY INFORMATION

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*Nonmajor Governmental Funds*
*Combining Schedules*

**Napa Valley Unified School District**
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2018

| | Special Revenue Funds | | | Capital Projects Funds | | |
|---|---|---|---|---|---|---|
| | Adult Education Fund | Child Development Fund | Cafeteria Fund | Capital Facilities Fund | Special Reserve Fund for Capital Outlay Projects | Totals |
| **Assets** | | | | | | |
| Cash and investments | $ 1,014,591 | $ 177,719 | $ 707,747 | $ 4,167,593 | $ 1,295,968 | $ 7,363,618 |
| Accounts receivable | 298,356 | 5,827 | 748,875 | 75,000 | - | 1,128,058 |
| Inventory | - | - | 34,888 | - | - | 34,888 |
| Prepaid expenses | - | - | 28,321 | - | - | 28,321 |
| Total Assets | $ 1,312,947 | $ 183,546 | $ 1,519,831 | $ 4,242,593 | $ 1,295,968 | $ 8,554,885 |
| **Liabilities and Fund Balances** | | | | | | |
| Liabilities: | | | | | | |
| Accounts payable | $ 116,757 | $ 51,692 | $ 259,036 | $ 16,920 | $ 153,340 | $ 597,745 |
| Due to other funds | - | - | 1,100,000 | - | - | 1,100,000 |
| Unearned revenue | 73,194 | - | 89,161 | - | - | 162,355 |
| Total Liabilities | 189,951 | 51,692 | 1,448,197 | 16,920 | 153,340 | 1,860,100 |
| Fund balances: | | | | | | |
| Nonspendable: | | | | | | |
| Revolving fund | - | - | 29 | - | - | 29 |
| Inventory | - | - | 34,888 | - | - | 34,888 |
| Prepaid expenditures | - | - | 28,321 | - | - | 28,321 |
| Restricted for: | | | | | | |
| Adult education | 908,551 | - | - | - | - | 908,551 |
| Capital projects | - | - | - | - | 790,241 | 790,241 |
| Cafeteria programs | - | - | 8,396 | - | - | 8,396 |
| Child development | - | 131,854 | - | - | - | 131,854 |
| Assigned for: | | | | | | |
| Adult education | 214,445 | - | - | - | - | 214,445 |
| Facilities projects | - | - | - | 4,225,673 | - | 4,225,673 |
| Capital projects | - | - | - | - | 352,387 | 352,387 |
| Total Fund Balances | 1,122,996 | 131,854 | 71,634 | 4,225,673 | 1,142,628 | 6,694,785 |
| Total Liabilities and Fund Balances | $ 1,312,947 | $ 183,546 | $ 1,519,831 | $ 4,242,593 | $ 1,295,968 | $ 8,554,885 |

## Napa Valley Unified School District
## Combining Statement of Revenues, Expenditures and Changes in Fund Balances
## Nonmajor Governmental Funds
## For the Fiscal Year Ended June 30, 2018

| | Special Revenue Funds | | | Capital Projects Funds | | |
|---|---|---|---|---|---|---|
| | Adult Education Fund | Child Development Fund | Cafeteria Fund | Capital Facilities Fund | Special Reserve Fund for Capital Outlay Projects | Totals |
| Revenues: | | | | | | |
| LCFF Sources | $ - | $ - | $ - | $ - | $ - | $ - |
| Federal | 435,871 | 5,030 | 3,046,881 | - | - | 3,487,782 |
| Other state | 2,640,134 | 6,455 | 268,134 | 9 | 811,465 | 3,726,197 |
| Other local | 147,094 | 265,405 | 924,244 | 5,218,982 | 119,404 | 6,675,129 |
| Total revenues | 3,223,099 | 276,890 | 4,239,259 | 5,218,991 | 930,869 | 13,889,108 |
| Expenditures: | | | | | | |
| Instruction | 1,045,437 | 146,187 | - | - | - | 1,191,624 |
| Instruction-related services: | | | | | | |
| Supervision of instruction | 694,613 | 54,690 | - | - | - | 749,303 |
| Instruction library, media and technology | - | - | - | - | - | - |
| School site administration | 911,465 | 12,150 | - | - | - | 923,615 |
| Pupil services: | | | | | | |
| Food services | - | - | 4,991,743 | - | - | 4,991,743 |
| All other pupil services | 216,208 | 6,075 | - | - | - | 222,283 |
| General administration: | | | | | | |
| All other general administration | 178,785 | - | 260,900 | 11,142 | - | 450,827 |
| Plant services | - | - | 13,735 | 542 | - | 14,277 |
| Facilities acquisition and construction | - | - | - | 1,407,125 | 434,293 | 1,841,418 |
| Community services | 91,038 | 78,682 | - | - | - | 169,720 |
| Total expenditures | 3,137,546 | 297,784 | 5,266,378 | 1,418,809 | 434,293 | 10,554,810 |
| Excess (deficiency) of revenues over (under) expenditures | 85,553 | (20,894) | (1,027,119) | 3,800,182 | 496,576 | 3,334,298 |
| Other financing sources (uses): | | | | | | |
| Transfers in | - | 28,467 | 1,098,753 | - | - | 1,127,220 |
| Total other financing sources (uses) | - | 28,467 | 1,098,753 | - | - | 1,127,220 |
| Changes in fund balances | 85,553 | 7,573 | 71,634 | 3,800,182 | 496,576 | 4,461,518 |
| Fund balances beginning | 1,037,443 | 124,281 | - | 425,491 | 646,052 | 2,233,267 |
| Fund balances ending | $ 1,122,996 | $ 131,854 | $ 71,634 | $ 4,225,673 | $ 1,142,628 | $ 6,694,785 |

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# STATE AND FEDERAL AWARD COMPLIANCE SECTION

## Napa Valley Unified School District
Organization (Unaudited)
June 30, 2018

The Napa Valley Unified School District was established on July 1, 1965 and encompasses an area of approximately 259 square miles in the County of Napa, California. There were no changes in the boundaries of the District during the current year. The District operates twenty elementary schools, four middle schools, four senior high schools and two charter schools. The District also operates a continuation high school, an adult education school, and three community day schools.

The Board of Education for the fiscal year ended June 30, 2018, was comprised of the following members:

### Governing Board

| Name | Office | Term Expires |
|---|---|---|
| Joe Schunk | President | 2020 |
| Thomas Kensok | Vice President | 2018 |
| Jose Hurtado | Member | 2020 |
| Icela Martin | Clerk | 2020 |
| Robb Felder | Member | 2018 |
| Elba Gonzalez-Mares | Member | 2020 |
| Stacy Bratlien | Member | 2018 |

### Administration

Patrick J. Sweeney, Ed. D.
Superintendent

J. Wade Roach
Assistant Superintendent
Business Services

Alejandro Hogan
Assistant Superintendent
District Compliance Officer

**Napa Valley Unified School District**
Schedule of Average Daily Attendance
For the Fiscal Year Ended June 30, 2018

| | Second Period Report | Annual Report |
|---|---|---|
| ADA for Napa Valley Unified School District: | | |
| Grades TK/K through three | 4,472 | 4,487 |
| Grades four through six | 3,406 | 3,409 |
| Grades seven and eight | 2,382 | 2,384 |
| Grades nine through twelve | 5,662 | 5,628 |
| Special education | 20 | 20 |
| ADA Totals Elementary | 15,942 | 15,928 |

| | Second Period Report | | Annual Report | |
|---|---|---|---|---|
| Charter Schools: | Regular ADA | Classroom Based | Regular ADA | Classroom Based |
| Napa Valley Language Academy | | | | |
| Grades TK/K through three | 383 | 383 | 382 | 381 |
| Grades four through six | 268 | 268 | 269 | 276 |
| Total | 651 | 651 | 651 | 657 |
| River Charter School | | | | |
| Grades four through six | 125 | 127 | 125 | 127 |
| Grades seven and eight | 250 | 250 | 250 | 250 |
| Total | 375 | 377 | 375 | 377 |
| Total all Charter Schools | 1,026 | 1,028 | 1,026 | 1,034 |

**Napa Valley Unified School District**
Schedule of Instructional Time
For the Fiscal Year Ended June 30, 2018

| Grade Level | Minutes Requirements | Actual Minutes | Number of Days Traditional Calendar | Number of Days Multitrack Calendar | Status |
|---|---|---|---|---|---|
| Kindergarten | 36,000 | 44,895 | 180 | 0 | In Compliance |
| Grade 1 | 50,400 | 52,995 | 180 | 0 | In Compliance |
| Grade 2 | 50,400 | 52,995 | 180 | 0 | In Compliance |
| Grade 3 | 50,400 | 52,995 | 180 | 0 | In Compliance |
| Grade 4 | 54,000 | 54,540 | 180 | 0 | In Compliance |
| Grade 5 | 54,000 | 54,540 | 180 | 0 | In Compliance |
| Grade 6 | 54,000 | 59,168 | 180 | 0 | In Compliance |
| Grade 7 | 54,000 | 59,168 | 180 | 0 | In Compliance |
| Grade 8 | 54,000 | 59,168 | 180 | 0 | In Compliance |
| Grade 9 | 64,800 | 65,554 | 180 | 0 | In Compliance |
| Grade 10 | 64,800 | 65,554 | 180 | 0 | In Compliance |
| Grade 11 | 64,800 | 65,554 | 180 | 0 | In Compliance |
| Grade 12 | 64,800 | 65,554 | 180 | 0 | In Compliance |
| **Napa Valley Language Academy** | | | | | |
| Kindergarten | 36,000 | 48,210 | 180 | 0 | In Compliance |
| Grade 1 | 50,400 | 54,480 | 180 | 0 | In Compliance |
| Grade 2 | 50,400 | 54,480 | 180 | 0 | In Compliance |
| Grade 3 | 50,400 | 54,480 | 180 | 0 | In Compliance |
| Grade 4 | 54,000 | 54,675 | 180 | 0 | In Compliance |
| Grade 5 | 54,000 | 54,675 | 180 | 0 | In Compliance |
| **River Charter** | | | | | |
| Grade 6 | 54,000 | 60,135 | 180 | 0 | In Compliance |
| Grade 7 | 54,000 | 60,135 | 180 | 0 | In Compliance |
| Grade 8 | 54,000 | 60,135 | 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 and Year. 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.

**Napa Valley Unified School District**
Schedule of Charter Schools (Unaudited)
June 30, 2018

The following charter schools are chartered by Napa Valley Unified School District.

| Charter School | Included In Audit? |
| --- | --- |
| Napa Valley Language Academy | Yes |
| River Charter | Yes |
| Stone Bridge Charter | No |

## Napa Valley Unified 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 | $ 191,113,511 | $ 182,284,028 | $ 181,177,227 | $ 172,792,681 |
| Expenditures | 191,350,610 | 179,433,727 | 182,884,379 | 175,130,809 |
| Other uses and transfers (out) | 50,012 | 1,127,220 | 383,910 | 145,862 |
| Total outgo | 191,400,622 | 180,560,947 | 183,268,289 | 175,276,671 |
| Change in fund balance | $ (287,111) | $ 1,723,081 | $ (2,091,062) | $ (2,483,990) |
| Adjustments to fund balance | $ - | $ - | $ 750 | $ (518,783) |
| Ending fund balance | $ 12,043,118 | $ 12,330,229 | $ 10,607,148 | $ 12,697,460 |
| Available reserves [2] | $ 11,470,476 | $ 9,059,690 | $ 6,761,940 | $ 8,449,619 |
| Designated for economic uncertainty | $ 6,856,089 | $ 6,806,089 | $ 6,737,377 | $ 8,449,619 |
| Unassigned fund balance | $ 4,614,387 | $ 2,253,601 | $ 24,563 | $ - |
| Available reserves as a percentage of total outgo | 5.99% | 5.02% | 3.69% | 4.82% |
| Total long-term debt | $ 730,984,813 | $ 749,787,283 | $ 689,621,033 | $ 494,452,035 |
| Average daily attendance at P-2 | 15,963 | 15,942 | 16,152 | 16,472 |

Average daily attendance has decreased by 530 over the past three years. The district anticipates an increase of 21 ADA for 2018.

The general fund balance has decreased by $367,231 over the past three years and operated at a deficit in each of the last three years. For a district this size, the state recommends available reserves of at least 3% of total general fund expenditures, transfers out and other uses (total outgo).

Total long-term debt has increased by $255,335,248 over the past three years.

[1] Budget numbers are based on the first adopted budget of the fiscal year 2018/19

[2] Available reserves consist of all unassigned fund balances in the general fund, which includes the reserve for economic uncertainties.

**Napa Valley Unified School District**
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2018

| Program Name | Federal Catalog Number | | Pass-Through Entity Identifying Number | Program Expenditures |
|---|---|---|---|---|
| U.S. DEPARTMENT OF EDUCATION | | | | |
| Direct Aid: | | | | |
| Indian Education (from Federal Government) | 84.600 | | 10011 | $ 16,252 |
| Magnet School Assistance Programs | 84.165A | | N/A | 996,139 |
| Fund for the Improvement of Education - Elementary and Secondary School Counseling | 84.215E | | N/A | 158,116 |
| Passed Through California Department of Education | | | | |
| Department of Rehabilitation: Workability II, Transitions Partnership Program | 84.126 | | 10006 | 172,451 |
| *Special Education Cluster* | | | | |
| IDEA Basic Local Assistance | 84.027 | (1) | 13379 | 2,979,833 |
| IDEA Private School ISP's | 84.027 | (1) | 10115 | 64,191 |
| IDEA Preschool Local Entitlement | 84.027A | (1) | 15197 | 198,449 |
| *Total Special Education Cluster* | | | | 3,242,473 |
| *Adult Education Cluster* | | | | |
| Adult Education: Adult Secondary Education (Section 231) | 84.002 | | 13978 | 90,097 |
| Adult Education: English Literacy & Civics Education - Local Grant | 84.002A | | 14109 | 114,042 |
| Adult Education: Adult Basic Education & ESL (Section231) | 84.002A | | 14508 | 123,046 |
| Adult Education: Institutionalized Adults (Section 225) | 84.002 | | 13971 | 1,511 |
| *Total Adult Education Cluster* | | | | 328,696 |
| *Title I, Part A Cluster* | | | | |
| Title I, Part A, Basic Grants Low-Income & Neglected | 84.010 | (1) | 14329 | 1,499,933 |
| *Total Title I, Part A Cluster* | | | | 1,499,933 |
| *Vocational Education Cluster* | | | | |
| Carl D. Perkins Career and Technical Education: Adult, Section 132 | 84.048 | | 14893 | 107,175 |
| *Total Vocational Education Cluster* | | | | 107,175 |
| *Title II Cluster* | | | | |
| Title II: Improving Teacher Quality | 84.367 | | 14341 | 297,960 |
| *Total Title II Cluster* | | | | 297,960 |
| *Title III Cluster* | | | | |
| Title III, Limited English Proficient Student Program | 84.365 | | 14346 | 359,395 |
| Title III, Immigrant Education Program | 84.365 | | 15146 | 25,613 |
| *Total Title III Cluster* | | | | 385,008 |
| TOTAL U.S. DEPARTMENT OF EDUCATION | | | | 7,730,615 |
| U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES | | | | |
| Passed Through California Department of Education: | | | | |
| *MediCaid Cluster* | | | | |
| Medi-Cal Administrative Activities (MAA) | 93.778 | | 10060 | 111,071 |
| Medi-Cal Billing Option | 93.778 | | 10013 | 217,322 |
| State Medicaid Fruad Control Units | 93.778 | | 10060 | 5,218 |
| *Total MediCaid Cluster* | | | | 333,611 |
| TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES | | | | 333,611 |
| U.S. DEPARTMENT OF AGRICULTURE | | | | |
| Passed Through California Department of Education | | | | |
| Child Nutrition: School Programs | 10.555 | | 13524 | 2,992,153 |
| Child Nutrition: Fresh Fruit and Vegetable Program | 10.582 | | 14968 | 54,728 |
| Child Nutrition: CACFP Claims - Centers and Family Day Care Homes | 10.558 | | 13529 | 4,752 |
| TOTAL U.S. DEPARTMENT OF AGRICULTURE | | | | 3,051,633 |
| **TOTAL FEDERAL PROGRAMS** | | | | $ 11,115,859 |

(1) Audited as major program

Note: There were no federal grants passed through to subrecipients

**Napa Valley Unified School District**
**Reconciliation of Annual Financial and Budget Report (SACS)**
**to the Audited Financial Statements**
**For the Fiscal Year Ended June 30, 2018**

| | General Fund | Charter School Special Revenue Fund | County School Facilities Fund | Building Fund | Bond Interest & Redemption Fund | Other Nonmajor Governmental Funds | Retiree Benefit Fund |
|---|---|---|---|---|---|---|---|
| June 30, 2018 Annual Financial and Budget Report Fund Balances | $ 5,474,140 | $ 1,827,332 | $ 117,262 | $ 104,219,317 | $ 28,042,529 | $ 13,500,874 | $ 50,000 |
| Adjustments and Reclassifications: | | | | | | | |
| Special Reserve Fund for Other Than Capital Outlay: | | | | | | | |
| GASB 54 Fund Reclassifications | 6,806,089 | - | - | - | - | (6,806,089) | - |
| Reclassification of Cash (Non-trusted Plan) | 50,000 | - | - | - | - | - | (50,000) |
| June 30, 2018 Audited Financial Statements Fund Balances | $ 12,330,229 | $ 1,827,332 | $ 117,262 | $ 104,219,317 | $ 28,042,529 | $ 6,694,785 | $ - |

## 1. PURPOSE OF SCHEDULES

### A. Schedule of Average Daily Attendance

Average daily attendance is a measurement of the number of pupils attending classes in the District. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments in 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 Charter Schools

This schedule is provided to list all charter schools chartered by the District and displays information for each charter school on whether or not the charter school is included in the District audit.

### D. 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.

### E. Schedule of Expenditures of Federal Awards

*Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Regulations, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) requires a disclosure of the financial activities of all federally funded programs. This schedule was prepared to comply with Uniform Guidance requirements.

### F. Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

This schedule provides the information necessary to reconcile the fund balances of all funds reported on the SACS report to the audited financial statements.

## 2. RESULTS OF RECONCILIATIONS OF EXPENDITURES PER SCHEDULE OF GRANT ACTIVITY WITH THE DISTRICT'S ACCOUNTING SYSTEM

There were no material unreconciled differences between the District's records and the Schedule of Federal Grant Activity as shown on the Schedule of Expenditures of Federal Awards.

## 3. BASIS OF PRESENTATION – SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Regulations, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

## 4. SUMMARY OF SIGNIFICANT ACCOUNTNG POLICIES – SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Expenditures reported on the schedule are reported on the modified basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement. Negative amounts shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The District has elected not to use the 10 percent de minimus indirect cost rate as allowed under Uniform Guidance.

## 5. EARLY RETIREMENT INCENTIVE PROGRAM

The District has not adopted an early retirement incentive program, pursuant to Education Code Sections 22714 and 44929, whereby the service credit to eligible employees is increased to two years.

# OTHER INDEPENDENT AUDITOR'S REPORTS

Chavan & Associates, LLP
Certified Public Accountants

# 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
Napa Valley Unified School District
Napa, 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 Napa Valley Unified School District as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Napa Valley Unified School District's basic financial statements, and have issued our report thereon dated December 5, 2018.

**Internal Control over Financial Reporting**

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

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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 5, 2018
San Jose, California

Chavan & Associates, LLP
Certified Public Accountants

# INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY TITLE 2 CFR PART 200 (UNIFORM GUIDANCE)

Board of Trustees
Napa Valley Unified School District
Napa, California

**Report on Compliance for Each Major Federal Program**

We have audited Napa Valley Unified School District's compliance with the types of compliance requirements described in *Uniform Guidance* that could have a direct and material effect on each of Napa Valley Unified School District's major federal programs for the year ended June 30, 2018. Napa Valley Unified School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Regulations, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Napa Valley Unified School District's compliance.

**Opinion on Each Major Federal Program**

In our opinion, Napa Valley Unified School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

**Report on Internal Control over Compliance**

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on

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compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

C & A LLP

December 5, 2018
San Jose, California



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# INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON STATE PROGRAMS

The Honorable Board of Trustees
Napa Valley Unified School District
Napa, California

**Compliance**

We have audited the Napa Valley Unified 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 the 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 | Yes |
| Continuation Education | N/A |
| Instructional Time | Yes |
| Instructional Materials | Yes |



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| Description | Procedures Performed |
|---|---|
| Ratios of Administrative Employees to Teachers | Yes |
| Classroom Teacher Salaries | Yes |
| Early Retirement Incentive | N/A |
| Gann Limit Calculation | Yes |
| School Accountability Report Card | Yes |
| Juvenile Court Schools | N/A |
| Middle or Early College High Schools | N/A |
| K-3 Grade Span Adjustment | Yes |
| Transportation Maintenance of Effort | Yes |
| Apprenticeship: Related and Supplemental Instruction | Yes |
| School Districts, County Offices of Education, and Charter Schools: | |
| Educator Effectiveness | Yes |
| California Clean Energy Jobs Act | Yes |
| After School Education and Safety Program: | |
| General Requirements | N/A |
| After School | N/A |
| Before School | N/A |
| Proper Expenditure of Education Protection Account Funds | Yes |
| Unduplicated Local Control Funding Formula Pupil Counts | Yes |
| Local Control and Accountability Plan | Yes |
| Independent Study-Course Based | N/A |
| Charter Schools: | |
| Attendance | Yes |
| Mode of Instruction | Yes |
| Nonclassroom-Based Instruction/Independent Study for Charter Schools | N/A |
| Determination of Funding for Nonclassroom-Based Instruction | N/A |
| Annual Instructional Minutes - Classroom Based | Yes |
| Charter School Facility Grant Program | N/A |

**Opinion**

In our opinion, Napa Valley Unified 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 5, 2018
San Jose, California



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# FINDINGS AND RECOMMENDATIONS

# Napa Valley Unified School District
Schedule of Findings and Questioned Costs
For the Fiscal 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**

| | |
|---|---|
| Internal control over major 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 major programs | Unmodified |
| Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) | ___ Yes _x_ No |

Identification of Major Programs:

| CFDA Numbers | Name of Federal Program |
|---|---|
| 84.027 | Special Education Cluster |
| 84.010 | Title I, Part A, Basic Grants Low-Income and Neglected |

| | |
|---|---|
| Dollar threshold used to distinguish between type A and type B programs: | $ 750,000 |
| Auditee qualified as low risk auditee? | ___ Yes _x_ No |

**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**

None

**Section III - Federal Award Findings and Questioned Costs**

None

**Section IV - State Award Findings and Questioned Costs**

None

**Section II - Financial Statement Findings**

None

**Section III - Federal Award Findings and Questioned Costs**

None

**Section IV - State Award Findings and Questioned Costs**

None

## APPENDIX C

## FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Napa Valley Unified School District (the "District") in connection with the issuance of $119,000,000 of the District's Election of 2016 General Obligation Bonds, Series 2019C (collectively, the "Bonds"). The Bonds are being issued pursuant to a resolution of the Board of Education of the District adopted on May 9, 2019 and September 12, 2019 (collectively, 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 KNN Public Finance 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 October 22, 2019 and relating to the Bonds.

"Participating Underwriter" shall mean 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) State funding received by the District for the last completed fiscal year;

(b) average daily attendance of the District for the last completed fiscal year;

(c) pension plan contributions made by the District for the last completed fiscal year;

(d) aggregate principal amount of short-term borrowings, lease obligations and other long-term borrowings of the District as of the last completed fiscal year;

(e) 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;

(f) Information regarding total assessed valuation of taxable properties within the District, if and to the extent provided to the District by the County; and

(g) Information regarding secured tax charges and delinquencies on taxable property within the District, as of the last completed fiscal year, and to the extent the County no longer participates in the Teeter Plan.

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. defeasances.

4. rating changes.

5. 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).

6. unscheduled draws on the debt service reserves reflecting financial difficulties.

7. unscheduled draws on credit enhancement reflecting financial difficulties.

8. substitution of the credit or liquidity providers or their failure to perform.

9. 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.

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.

(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. optional, contingent or unscheduled Bond calls.

4. 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.

5. release, substitution or sale of property securing repayment of the Bonds.

6. 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.

7. 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.

8. 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 Bond owners.

(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: November 13, 2019

NAPA VALLEY UNIFIED SCHOOL DISTRICT

By: ______________________________________

Authorized Officer

**EXHIBIT A**

NOTICE TO REPOSITORY OF FAILURE TO FILE ANNUAL REPORT

Name of District: NAPA VALLEY UNIFIED SCHOOL DISTRICT

Name of Bond Issue: Election of 2016 General Obligation Bonds, Series 2019C

Date of Issuance: November 13, 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:_______________________

NAPA VALLEY UNIFIED SCHOOL DISTRICT

By ______[form only; no signature required]_________

# APPENDIX D

# ECONOMIC AND DEMOGRAPHIC INFORMATION FOR THE CITY OF NAPA AND NAPA COUNTY

*The following economic data for Napa County and the City of Napa is presented for informational purposes only. The Bonds are not a debt or obligation of either Napa County or the City of Napa.*

## General

***City of Napa***. Founded in 1847 and incorporated in 1872, the City sits at the southern end of the Napa Valley, approximately 50 miles north of San Francisco, and is the seat of Napa County. The City encompasses 18.1 square miles and is a charter city. It has a Council-Manager form of government, composed of a mayor and four council members elected at large to four-year staggered terms, which hires the city manager, who serves as the administrative head of City government. The City is known globally as a distinguished wine source and famed vacation destination.

***Napa County***. Located in Northern California about 50 miles northeast of San Francisco, Napa was incorporated in 1850 as one of the original 27 California counties. The county encompasses an area of approximately 794 square miles and includes five incorporated cities and towns. It is a general law county governed by a five member County Board of Supervisors, who are elected to four-year staggered terms from five supervisorial districts composed based on population. The county is comprised of a valley with unique microclimates that are ideal for the growth of world renowned wine grapes, the Napa Valley. With the majority of land within the county unincorporated and developed to farms, the county's economy has a strong agricultural base.

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## Population

The following table shows historical population figures for the City, the County and the State of California (the "State") for the past 10 years.

**POPULATION ESTIMATES**
**2010 through 2019**
**City of Napa, Napa County and the State of California**

| Year[1] | City of Napa | Napa County | State of California |
|---|---|---|---|
| 2010[2] | 76,915 | 136,484 | 37,253,956 |
| 2011 | 77,279 | 137,235 | 37,594,781 |
| 2012 | 77,996 | 138,497 | 37,971,427 |
| 2013 | 78,321 | 139,185 | 38,321,459 |
| 2014 | 79,010 | 140,414 | 38,622,301 |
| 2015 | 79,234 | 141,102 | 38,952,462 |
| 2016 | 79,587 | 141,778 | 39,214,803 |
| 2017 | 79,546 | 141,718 | 39,504,609 |
| 2018 | 79,495 | 140,966 | 39,740,508 |
| 2019 | 79,490 | 140,779 | 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.*
*2010-19 (2010 Demographic Research Unit Benchmark): California Department of Finance for January 1.*

## Income

The following table summarizes per capita personal income for the County, the State and the United States for the past 10 years that statistics are currently available.

**PER CAPITAL PERSONAL INCOME**
**2008 through 2017**
**Napa County, State of California, and United States**

| Year | Napa County | State of California | United States |
|---|---|---|---|
| 2008 | $47,779 | $43,895 | $40,904 |
| 2009 | 46,111 | 42,050 | 39,284 |
| 2010 | 46,676 | 43,609 | 40,545 |
| 2011 | 48,823 | 46,145 | 42,727 |
| 2012 | 53,646 | 48,751 | 44,582 |
| 2013 | 55,090 | 49,173 | 44,826 |
| 2014 | 59,570 | 52,237 | 47,025 |
| 2015 | 64,082 | 55,679 | 48,940 |
| 2016 | 67,480 | 57,497 | 49,831 |
| 2017 | 71,174 | 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. Last updated: March 6, 2019 – revised statistics for 1969 - 2000. Estimates for 2010 – 2017 reflect county population estimates available as of March 2018.
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 tables list the principal employers located in the City and the County.

**PRINCIPAL EMPLOYERS**
**2018**
**City of Napa**

| Employer Name | Industry | Number of Employees |
|---|---|---|
| Napa Valley Unified School District | Services: Education | 1,900 |
| Queen of the Valley Medical Center | Services: Health | 1,365 |
| County of Napa | Public Administration | 1,248 |
| Meritage Resort and Spa | Services: Hotels | 560 |
| City of Napa | Public Administration | 458 |
| Napa Valley College | Services: Education | 290 |
| Kaiser Permanente | Services: Health | 262 |
| Walmart #2925 | Retail Trade: General Merchandise Stores | 250 |
| The Meadows of Napa Valley Assisted Living | Services: Health | 214 |
| Kohl’s Department Store | Retail Trade: General Merchandise Stores | 200 |

*Source: City of Napa Comprehensive Annual Financial Report, Fiscal Year Ended June 30, 2018.*

**PRINCIPAL EMPLOYERS**
**2018**
**Napa County**

| Employer Name | Industry | Number of Employees |
|---|---|---|
| Napa State Hospital | Services: Health | 2,418 |
| Napa Valley Unified School District | Services: Education | 1,504 |
| County of Napa | Public Administration | 1,498 |
| St. Helena Hospital | Services: Health | 1,300 |
| Queen of the Valley Hospital | Services: Health | 1,200 |
| Trinchero Family Estates | Agricultural Production Crops: Grapes | 1,100 |
| Veterans’ Home of California | Services: Health | 781 |
| Wal-Mart | Retail Trade: General Merchandise Stores | 588 |
| Treasury Wine Estates | Agricultural Production Crops: Grapes | 450 |
| City of Napa | Public Administration | 441 |

*Source: County of Napa Comprehensive Annual Financial Report, Fiscal Year Ended June 30, 2018.*

**Employment**

The following table summarizes the labor force, employment and unemployment figures for the years 2014 through 2018 for the City, the County, the State and the United States.

**LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT ANNUAL AVERAGES**
**2014 through 2018[1]**
**City of Napa, Napa County, State of California, and United States**

| Year and Area | Labor Force | Employment[2] | Unemployment | Unemployment Rate (%)[3] |
|---|---|---|---|---|
| 2014 | | | | |
| City of Napa | 42,000 | 39,500 | 2,500 | 5.9 |
| Napa County | 73,900 | 69,800 | 4,100 | 5.6 |
| State of California | 18,827,900 | 17,418,000 | 1,409,900 | 7.5 |
| United States | 155,922,000 | 146,305,000 | 9,617,000 | 6.2 |
| 2015 | | | | |
| City of Napa | 42,500 | 40,400 | 2,100 | 4.9 |
| Napa County | 74,800 | 71,300 | 3,400 | 4.6 |
| State of California | 18,891,800 | 17,798,600 | 1,183,200 | 6.2 |
| United States | 157,130,000 | 148,834,000 | 8,296,000 | 5.3 |
| 2016 | | | | |
| City of Napa | 41,700 | 39,800 | 1,900 | 4.5 |
| Napa County | 73,400 | 70,300 | 3,100 | 4.3 |
| State of California | 19,102,700 | 18,065,000 | 1,037,700 | 5.4 |
| United States | 159,187,000 | 151,436,000 | 7,751,000 | 4.9 |
| 2017 | | | | |
| City of Napa | 42,100 | 40,600 | 1,500 | 3.6 |
| Napa County | 73,900 | 71,200 | 2,700 | 3.7 |
| 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 | | | | |
| City of Napa | 42,400 | 41,100 | 1,300 | 3.1 |
| Napa County | 74,500 | 72,400 | 2,200 | 2.9 |
| 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 |

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 2018 Benchmark.*

## Industry

The County is included in the Napa Metropolitan Statistical Area. The distribution of employment is presented in the following tables for the past 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**
**2014 through 2018**
**Napa County (Napa Metropolitan Statistical Area)**

| Category | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|---|---|---|---|---|
| Total Farm | 4,900 | 5,000 | 5,000 | 5,000 | 5,100 |
| Total Nonfarm | 68,700 | 70,500 | 70,900 | 72,500 | 74,300 |
| Total Private | 58,700 | 60,400 | 60,500 | 61,900 | 63,800 |
| Goods Producing | 15,800 | 16,200 | 16,000 | 16,900 | 18,000 |
| Mining, Logging and Construction | 3,700 | 4,300 | 4,000 | 4,200 | 4,700 |
| Manufacturing | 12,100 | 11,900 | 11,900 | 12,700 | 13,200 |
| Nondurable Goods | 10,500 | 10,400 | 10,400 | 11,200 | 11,700 |
| Service Providing | 53,000 | 54,300 | 54,900 | 55,600 | 56,400 |
| Private Service Producing | 43,000 | 44,200 | 44,600 | 45,100 | 45,800 |
| Trade, Transportation and Utilities | 9,800 | 10,100 | 10,200 | 10,100 | 10,200 |
| Wholesale Trade | 1,600 | 1,700 | 1,700 | 1,700 | 1,800 |
| Retail Trade | 6,300 | 6,400 | 6,400 | 6,400 | 6,400 |
| Transportation, Warehousing and Utilities | 2,000 | 2,000 | 2,000 | 2,000 | 2,100 |
| Information | 500 | 400 | 400 | 400 | 300 |
| Financial Activities | 2,300 | 2,300 | 2,400 | 2,300 | 2,200 |
| Professional and Business Services | 6,600 | 6,900 | 6,900 | 7,000 | 7,400 |
| Educational and Health Services | 9,900 | 9,800 | 9,900 | 10,000 | 10,100 |
| Leisure and Hospitality | 11,900 | 12,600 | 12,700 | 13,100 | 13,400 |
| Other Services | 2,000 | 2,000 | 2,100 | 2,200 | 2,100 |
| Government | 10,000 | 10,200 | 10,400 | 10,500 | 10,600 |
| Total, All Industries | 73,700 | 75,500 | 75,900 | 77,500 | 79,500 |

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 2018 Benchmark.*

## Commercial Activity

Summaries of annual taxable sales for the City and the County from 20142 through 2018 are shown in the following tables.

**ANNUAL TAXABLE SALES**
**2014 through 2018**
**City of Napa**
**(Dollars in Thousands)**

| Year | Retail Permits | Retail Stores Taxable Transactions | Total Permits | Total Taxable Transactions |
|---|---|---|---|---|
| 2014 | 1,692 | $1,071,238 | 2,665 | $1,312,328 |
| 2015 | -- | 1,094,310 | -- | 1,336,439 |
| 2016 | -- | 1,118,696 | -- | 1,377,086 |
| 2017 | -- | 1,171,953 | -- | 1,435,197 |
| 2018 | -- | 1,261,985 | -- | 1,544,194 |

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.*

**ANNUAL TAXABLE SALES**
**2014 through 2018**
**Napa County**
**(Dollars in Thousands)**

| Year | Retail Permits | Retail Stores Taxable Transactions | Total Permits | Total Taxable Transactions |
|---|---|---|---|---|
| 2014 | 3,323 | $1,840,812 | 5,956 | $3,112,443 |
| 2015 | -- | 1,898,911 | -- | 3,306,218 |
| 2016 | -- | 1,952,232 | -- | 3,403,896 |
| 2017 | -- | 2,044,926 | -- | 3,493,783 |
| 2018 | -- | 2,197,715 | -- | 3,666,693 |

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

**BUILDING PERMITS AND VALUATIONS**
**2014 through 2018**
**City of Napa**
**(Dollars in Thousands)**

| | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|---|---|---|---|---|
| Valuation | | | | | |
| Residential | $29,044 | $48,351 | $64,486 | $30,107 | $144,485 |
| Non-Residential | 30,146 | 58,385 | 25,669 | 44,158 | 32,243 |
| Total | $59,190 | $106,736 | $90,155 | $74,265 | $176,728 |
| Units | | | | | |
| Single Family | 32 | 95 | 84 | 29 | 98 |
| Multiple Family | 49 | 0 | 176 | 18 | 577 |
| Total | 81 | 95 | 260 | 47 | 675 |

Note: Totals may not add to sum because of rounding.
*Source: Construction Industry Research Board.*

**BUILDING PERMITS AND VALUATIONS**
**2014 through 2018**
**Napa County**
**(Dollars in Thousands)**

| | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|---|---|---|---|---|
| Valuation | | | | | |
| Residential | $118,648 | $147,318 | $154,012 | $153,815 | $452,614 |
| Non-Residential | 167,717 | 170,405 | 146,814 | 187,013 | 151,101 |
| Total | $286,365 | $317,723 | $300,826 | $340,828 | $603,715 |
| Units | | | | | |
| Single Family | 103 | 141 | 147 | 136 | 339 |
| Multiple Family | 49 | 148 | 176 | 56 | 730 |
| Total | 152 | 289 | 323 | 192 | 1,069 |

Note: Totals may not add to sum because of rounding.
*Source: Construction Industry Research Board.*

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**APPENDIX E**

**NAPA COUNTY TREASURY POOL**

*The following information concerning the Napa County Treasury Pool (the "Treasury Pool") has been provided by the Treasurer, and has not been confirmed or verified by the District or the Underwriter. None of the District, the Municipal Advisor and the Underwriter have made an independent investigation of the investments in the Treasury Pool and have made no 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, with the consent of the Napa County Board of Supervisors may change the County 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 make 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 or incorporated hereby by reference is correct as of any time subsequent to its date. Additional information regarding the Treasury Pool may be obtained from the Treasurer at http://www.countyofnapa.org/treasurer; however, the information presented on such website is not incorporated herein by any reference.*

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A Tradition of Stewardship
A Commitment to Service

**Treasurer – Tax Collector**
**Central Collections**

1195 Third St.
Suite 108
Napa, CA 94559
www.countyofnapa.org

Main: (707) 253-4320
Fax: (707) 253-4337

**James B. Hudak**
Treasurer – Tax Collector

July 12, 2019

Board of Supervisors
1195 Third Street
Napa, CA 94559

Dear Honorable Board Members:

I hereby submit the attached Treasurer's Monthly Investment Report for June 2019 for your information. In accordance with Government Code Section 53646 (b) (4), this report includes a listing of the investments in the treasury's portfolio.

As required by Government Code Section 53646 (b) (2), I hereby state that the investments in the treasury's portfolio are in compliance with the Treasurer's Investment Policy.

Furthermore, as required by Government Code Section 53646 (b) (3), I hereby state that the treasury has sufficient funds available to meet projected expenditures for the next six months.

Respectfully submitted,

James B. Hudak
Treasurer-Tax Collector
Napa County

cc: County Executive Officer: Minh Tran
County Auditor-Controller: Tracy Schulze

A Tradition of Stewardship
A Commitment to Service

**Treasurer – Tax Collector**
**Central Collections**

1195 Third St.
Suite 108
Napa, CA 94559
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Main: (707) 253-4320
Fax: (707) 253-4337

**James B. Hudak**
Treasurer – Tax Collector

# TREASURY OVERSIGHT COMMITTEE

Chairperson:

Tracy Schulze
Auditor-Controller
County of Napa

Current Members:

Brad Wagenknecht
Member, Board of Supervisors
County of Napa

Barbara Nemko
Superintendent of Schools
Napa County Office of Education

Jeannie Kerr
St Helena Unified School District
Representing: Napa County Schools

Alfredo Pedroza
Member
Representing: Special Districts

# *MONTHLY*

# *INVESTMENT*

# *REPORT*

**June 30, 2019**

*NAPA COUNTY TREASURER-TAX COLLECTOR*

## ***RELATIONSHIP TO POLICY***

All investments are consistent with the County Investment Policy. There is sufficient liquidity to cover all anticipated cash flow needs of the pool participants for the next 6 months.

1. Safety - There are no "at risk" investments in the portfolio during this reporting period.
2. Liquidity -13.72% of the portfolio matures within 90 days.
   $6,000,000.00 are available on a daily basis and $472,018,911.50 could be liquidated at a $3,286,479.75 profit.
3. Yield - Interest maximization is consistent with safety, liquidity and cash flow considerations.

There were no "when issued" trades nor were there any swaps of securities.
There were no reverse repurchase agreements or securities lending transactions.

The average weighted days to maturity was 460 days.
The effective rate of return for this period was 2.341%

Investment instruments used during the month of June 2019 were :
Agencies of the Fed Government,Treasury Notes, Corporate Notes, Taxable Muni Bond, TEETER Notes and LAIF.

# *YEAR TO DATE COMPARISONS*

A comparison of the Investment Portfolios of June 2018 with that of June 2019.

| | June 2018 | June 2019 |
|---|---|---|
| LAIF (Local Agencies Invst Fund) | 46,000,000.00 | 6,000,000.00 |
| LAIF (NVUSD) | 65,000,000.00 | 0.00 |
| Federal Agency Securities | 510,781,279.90 | 429,081,108.38 |
| Treasury Notes | 59,382,440.29 | 47,332,848.62 |
| Corporate Notes | 0.00 | 144,201,354.50 |
| TEETER Notes | 1,969,029.61 | 4,481,683.61 |
| Taxable Municipal Bonds | 0.00 | 1,400,000.00 |
| TOTAL | 683,132,749.80 | 632,496,995.11 |

A comparison of interest received during the month of June 2018 with that of June 2019.

| | June 2018 | June 2019 |
|---|---|---|
| Interest of LAIF | 0.00 | 0.00 |
| Interest on LAIF (NVUSD) | 0.00 | 0.00 |
| Interest on Federal Agency Securities | 840,129.71 | 1,091,977.48 |
| Interest on Treasury Notes | 17,500.00 | 65,937.50 |
| Interest on Corporate | 0.00 | 126,875.00 |
| Interest on Teeter Notes | 0.00 | 0.00 |
| Interest on Trust Account | 3,395.41 | 0.00 |
| Interest on Taxable Municipal Bonds | 0.00 | 0.00 |
| TOTAL | 861,025.12 | 1,284,789.98 |

A comparison of the cumulative interest received in the period of July 1, 2017 through June 30, 2018 with that of July 1, 2018 through June 30, 2019.

| | 2017-18 | 2018-19 |
|---|---|---|
| Interest on LAIF | 739,786.01 | 1,190,699.71 |
| Interest on LAIF (NVUSD) | 765,101.63 | 1,372,950.71 |
| Interest on Federal Agency Securities | 6,062,114.93 | 8,855,164.65 |
| Interest on Treasury Notes | 447,630.18 | 2,063,914.79 |
| Interest on Corporate | 0.00 | 656,103.00 |
| Interest on Teeter Notes | 55,552.62 | 76,960.84 |
| Interest on Trust Account | 9,433.53 | 5,540.53 |
| Interest on Taxable Municipal Bonds | 0.00 | 17,990.00 |
| TOTAL | 8,079,618.90 | 14,221,334.23 |

## Treasury Pool Analysis

The Treasury Pool ended June 2019 with a balance of $632,496,995.11 an approximately $51 million reduction from the previous month. The decrease in total portfolio balance is reflective of slightly increased liquidity needs during this period. The portfolio has an effective yield of 2.34% and a Weighted Average Maturity (WAM) of 460 days.

### What does this mean for the treasury pool?

The investments within the portfolio continue to extend the yield and duration. We continue to balance liquidity needs with the net benefit of extending duration. Focusing on suitability of investments relative to the liquidity and yield expectations of the treasury pool is the emphasis of our investment strategy.

Our benchmark, the 12-month trailing average of the 2-year treasury, continues to lower. The current 12-month 2-year treasury average is 2.46%, this is primarily because of significantly higher rates in late 2018. The 2-year treasury yield has been steadily declining from a 2 year high of 2.87% to a current spot yield of 1.92%. The trend of the 2-year treasury average is fore shadowing continued declines, but due to our portfolio allocation we are confident our total portfolio yield will maintain levels above the 2-year treasury spot yields.

### Year in Review

The FY 2018-19 investment portfolio had an outstanding year of performance. The investment portfolio earned $14.2 million in total income compared to $8.1 million the previous fiscal year. This $6.1 million increase can be attributed to the changes made to investment strategy and the use of investment allocation models to provide the framework to reach our overall portfolio objectives.

I want to thank Assistant Treasurer-Tax Collector Bret Prebula. Mr. Prebula ran the office and started making changes to the portfolio strategy during the first 6 months of the fiscal year (prior to my appointment). These changes created a strong foundation to increase the overall portfolio yield, doubling the first 6 month investment income compared to the previous fiscal year.

We continue to utilize our investable liquidity for longer term federal agency and corporate debt investments. This strategy has allowed the portfolio yield to increase month over month. As of the June 2019 report, we have 23% of the portfolio in corporate debt which reflects the ongoing increase of this asset class closer to our desired range of 25% to 30% of the total portfolio (policy allows 30%). Given the ongoing low yield on government bonds, this continues to be a good time to increase our percentage in corporate debt. We are being thoughtful to diversify these investments across several different sectors of the economy.

We will continue to closely review all of our internal metrics and the overall bond market. The portfolio is well suited to handle any immediate changes in interest rates. As material changes occur within the bond market that will impact the treasury pool we will communicate this information to the pool participants.

A Tradition of Stewardship
A Commitment to Service

# for Monthly Investment
# Portfolio Management
# Portfolio Summary
# June 30, 2019

Napa County
1195 Third Street
suite 108
Napa, CA 94559
(707)253-4320

| Investments | Par Value | Market Value | Book Value | % of Portfolio | Term | Days to Maturity | YTM/C 365 Equiv. |
|---|---|---|---|---|---|---|---|
| LAIF | 6,000,000.00 | 6,000,000.00 | 6,000,000.00 | 0.95 | 1 | 1 | 2.400 |
| Corporate Notes | 144,766,000.00 | 145,780,831.47 | 144,201,354.50 | 22.80 | 1,103 | 1,003 | 2.643 |
| Federal Agency Coupon Securities | 379,696,000.00 | 380,028,689.78 | 379,586,500.75 | 60.01 | 1,258 | 345 | 2.216 |
| Federal Agency Disc. -At Cost | 50,000,000.00 | 49,834,000.00 | 49,494,607.63 | 7.83 | 152 | 55 | 2.451 |
| Treasury Coupon Securities | 38,000,000.00 | 37,871,340.00 | 37,454,687.51 | 5.92 | 490 | 141 | 2.151 |
| Treasury Discounts -At Cost | 10,000,000.00 | 9,953,800.00 | 9,878,161.11 | 1.56 | 182 | 80 | 2.508 |
| Taxable Municipal Bond | 1,400,000.00 | 1,422,260.00 | 1,400,000.00 | 0.22 | 1,125 | 1,049 | 2.570 |
| Teeter Notes | 4,481,683.61 | 4,481,683.61 | 4,481,683.61 | 0.71 | 1,826 | 1,231 | 2.999 |
| **Investments** | **634,343,683.61** | **635,372,604.86** | **632,496,995.11** | **100.00%** | **1,066** | **460** | **2.341** |
| **Cash and Accrued Interest** | | | | | | | |
| Accrued Interest at Purchase | | 675,727.72 | 675,727.72 | | | | |
| Ending Accrued Interest | | 2,882,949.85 | 2,882,949.85 | | | | |
| Subtotal | | 3,558,677.57 | 3,558,677.57 | | | | |
| **Total Cash and Investments** | **634,343,683.61** | **638,931,282.43** | **636,055,672.68** | | **1,066** | **460** | **2.341** |

| Total Earnings | June 30 Month Ending | Fiscal Year To Date | Fiscal Year Ending |
|---|---|---|---|
| Current Year | 1,193,159.73 | 13,305,189.23 | 13,305,189.23 |
| **Average Daily Balance** | **677,359,149.58** | **630,292,085.77** | |
| **Effective Rate of Return** | **2.14%** | **2.11%** | |

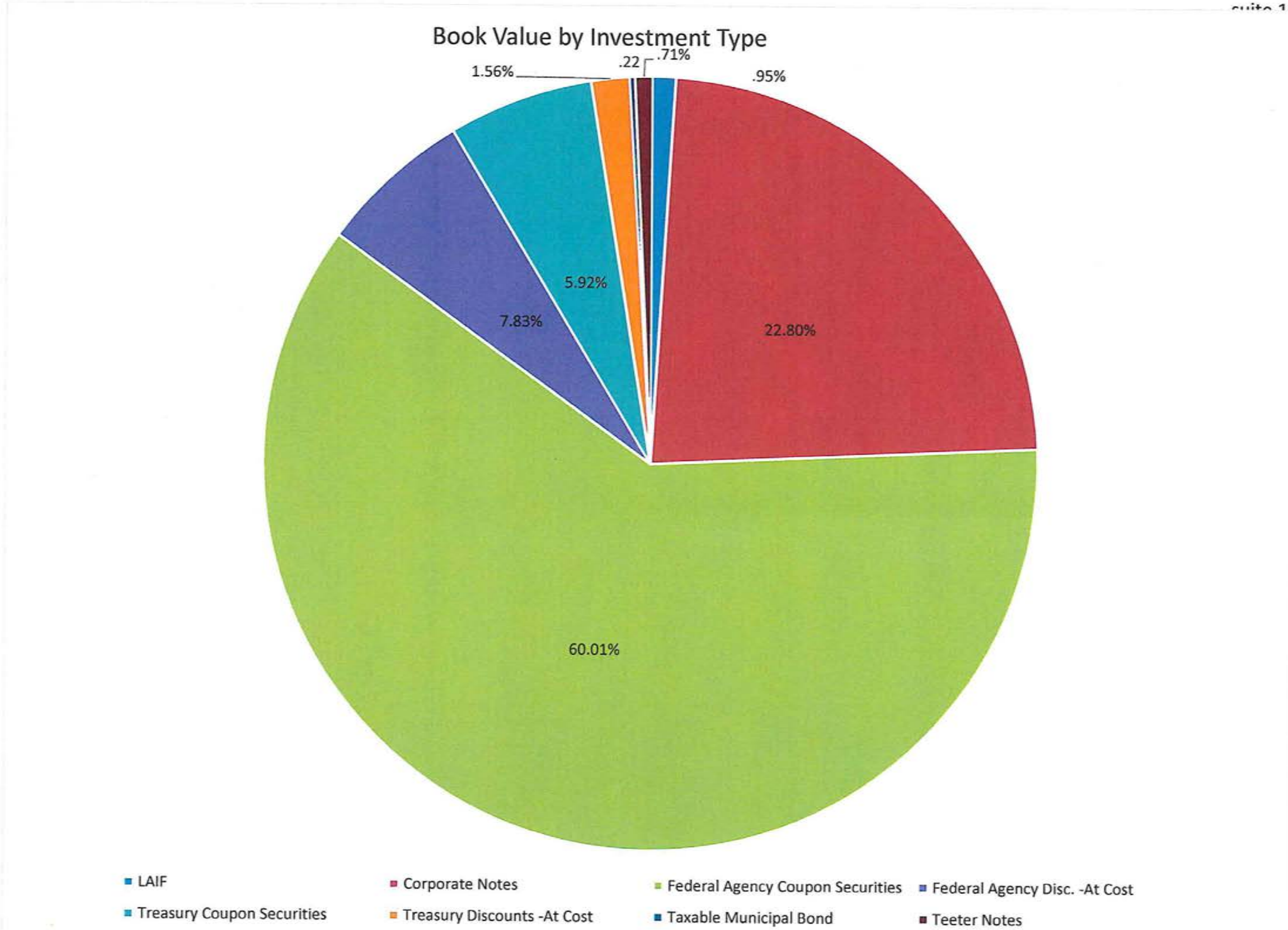
I certify ....

James B. Hudak, Treasurer-Tax Collector

**Reporting period 06/01/2019-06/30/2019**
Data Updated: SET_MI: 07/08/2019 11:44
Run Date: 07/08/2019 - 11:44

Portfolio NAPA
CP
PM (PRF_PM1) 7.3.0
Report Ver. 7.3.6.1

Napa County
1195 Third Street
suite 108
9
0



# for Monthly Investment
# Portfolio Management
## Portfolio Details - Investments
## June 30, 2019

| CUSIP | Investment # | Issuer | Average Balance | Purchase Date | Par Value | Market Value | Book Value | Stated Rate | YTM/C 360 | YTM/C 365 | Days to Maturity | Maturity Date |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **LAIF** | | | | | | | | | | | | |
| LAIF | LAIF | State of California | | | 6,000,000.00 | 6,000,000.00 | 6,000,000.00 | 2.400 | 2.367 | 2.400 | 1 | |
| | | **Subtotal and Average** | **45,133,333.33** | | **6,000,000.00** | **6,000,000.00** | **6,000,000.00** | | **2.367** | **2.400** | **1** | |
| **LAIF - NVUSD** | | | | | | | | | | | | |
| LAIF-NVUSD | LAIF-NVUSD | State of California | | | 0.00 | 0.00 | 0.00 | 2.400 | 2.367 | 2.400 | 1 | |
| | | **Subtotal and Average** | **0.00** | | **0.00** | **0.00** | **0.00** | | **0.000** | **0.000** | **0** | |
| **Corporate Notes** | | | | | | | | | | | | |
| 037833BS8 | 11527 | APPLE, INC | | 12/24/2018 | 5,000,000.00 | 5,017,850.00 | 4,941,300.00 | 2.250 | 2.774 | 2.812 | 603 | 02/23/2021 |
| 037833CM0 | 11540 | APPLE, INC | | 02/20/2019 | 4,239,000.00 | 4,289,952.78 | 4,214,456.19 | 2.500 | 2.667 | 2.704 | 923 | 02/09/2022 |
| 037833DE7 | 11621 | APPLE, INC | | 05/15/2019 | 5,000,000.00 | 5,043,150.00 | 4,982,900.00 | 2.400 | 2.464 | 2.498 | 1,261 | 01/13/2023 |
| 06406FAD5 | 11640 | Bank of America Corp | | 06/19/2019 | 5,000,000.00 | 4,973,950.00 | 4,946,900.00 | 2.200 | 2.436 | 2.470 | 1,507 | 08/16/2023 |
| 06051GGS2 | 11642 | Bank of America Corp | | 06/19/2019 | 4,244,000.00 | 4,238,864.76 | 4,235,293.94 | 2.328 | 2.349 | 2.382 | 823 | 10/01/2021 |
| 06048WA67 | 11644 | Bank of America Corp | | 06/25/2019 | 8,000,000.00 | 7,969,120.00 | 8,000,000.00 | 2.625 | 2.589 | 2.625 | 1,822 | 06/26/2024 |
| 084670BR8 | 11590 | Berkshire Hathaway Inc | | 04/09/2019 | 5,000,000.00 | 5,080,800.00 | 5,030,000.00 | 2.750 | 2.553 | 2.588 | 1,353 | 03/15/2023 |
| 084670BQ0 | 11592 | Berkshire Hathaway Inc | | 04/11/2019 | 5,000,000.00 | 5,013,850.00 | 4,976,561.33 | 2.200 | 2.416 | 2.450 | 595 | 03/15/2021 |
| 17325FAV0 | 11544 | Citi Bank | | 02/28/2019 | 5,000,000.00 | 5,062,600.00 | 5,008,500.00 | 3.165 | 3.062 | 3.105 | 964 | 02/19/2022 |
| 17325FAN8 | 11576 | Citi Bank | | 03/29/2019 | 10,000,000.00 | 10,054,100.00 | 10,048,300.00 | 3.050 | 2.560 | 2.596 | 275 | 05/01/2020 |
| 22160KAK1 | 11584 | Costco Companies | | 04/04/2019 | 10,000,000.00 | 10,061,100.00 | 9,956,800.00 | 2.300 | 2.411 | 2.444 | 1,052 | 05/18/2022 |
| 22160KAK1 | 11594 | Costco Companies | | 04/11/2019 | 5,000,000.00 | 5,030,550.00 | 4,964,350.00 | 2.300 | 2.505 | 2.540 | 1,052 | 05/18/2022 |
| 22160KAK1 | 11611 | Costco Companies | | 04/25/2019 | 3,872,000.00 | 3,895,657.92 | 3,841,333.76 | 2.300 | 2.535 | 2.570 | 1,052 | 05/18/2022 |
| 594918BW3 | 11542 | Microsoft | | 02/25/2019 | 3,363,000.00 | 3,398,311.50 | 3,335,053.47 | 2.400 | 2.658 | 2.695 | 951 | 02/06/2022 |
| 594918BW3 | 11543 | Microsoft | | 02/25/2019 | 4,000,000.00 | 4,042,000.00 | 3,969,560.00 | 2.400 | 2.633 | 2.670 | 951 | 02/06/2022 |
| 589331AT4 | 11610 | Merck & CO Inc | | 04/25/2019 | 4,059,000.00 | 4,096,383.39 | 4,036,675.50 | 2.400 | 2.531 | 2.566 | 1,172 | 09/15/2022 |
| 68389XBB0 | 11612 | Oracle Corp | | 04/25/2019 | 4,000,000.00 | 4,042,840.00 | 3,984,040.00 | 2.500 | 2.576 | 2.612 | 1,049 | 05/15/2022 |
| 68389XBL8 | 11615 | Oracle Corp | | 05/03/2019 | 5,344,000.00 | 5,351,374.72 | 5,282,223.36 | 2.400 | 2.645 | 2.682 | 1,475 | 09/15/2023 |
| 742718EU9 | 11568 | Proctor & Gamble | | 03/18/2019 | 2,500,000.00 | 2,513,925.00 | 2,463,175.00 | 2.150 | 2.570 | 2.606 | 1,137 | 08/11/2022 |
| 742718EQ8 | 11578 | Proctor & Gamble | | 04/02/2019 | 4,700,000.00 | 4,667,758.00 | 4,618,220.00 | 1.700 | 2.365 | 2.398 | 856 | 11/03/2021 |
| 717081DX8 | 11577 | Pfizer Inc | | 04/02/2019 | 5,000,000.00 | 4,987,500.00 | 4,945,600.00 | 1.950 | 2.434 | 2.468 | 703 | 06/03/2021 |
| 740189AG0 | 11556 | Precision Cast | | 03/04/2019 | 5,000,000.00 | 5,032,750.00 | 4,926,250.00 | 2.500 | 2.866 | 2.906 | 1,202 | 01/15/2023 |
| 89236TDP7 | 11553 | Toyota Mtr Coprp | | 03/01/2019 | 5,000,000.00 | 5,052,300.00 | 4,972,597.55 | 2.600 | 2.762 | 2.800 | 925 | 01/11/2022 |
| 89236TDK8 | 11575 | Toyota Mtr Coprp | | 03/28/2019 | 1,200,000.00 | 1,196,124.00 | 1,181,040.00 | 2.250 | 2.584 | 2.620 | 1,570 | 10/18/2023 |
| 89236TFQ3 | 11607 | Toyota Mtr Coprp | | 04/24/2019 | 5,000,000.00 | 5,068,750.00 | 5,036,800.00 | 3.050 | 2.569 | 2.605 | 557 | 01/08/2021 |
| 90331HPA5 | 11536 | US Bank | | 02/04/2019 | 5,245,000.00 | 5,308,569.40 | 5,250,874.40 | 3.000 | 2.902 | 2.942 | 584 | 02/04/2021 |
| 90331HNL3 | 11547 | US Bank | | 02/28/2019 | 5,000,000.00 | 5,090,800.00 | 4,987,850.00 | 2.850 | 2.876 | 2.916 | 1,302 | 01/23/2023 |
| 90331HNL3 | 11618 | US Bank | | 05/08/2019 | 5,000,000.00 | 5,090,800.00 | 5,031,700.00 | 2.850 | 2.632 | 2.669 | 1,302 | 01/23/2023 |

# for Monthly Investment
# Portfolio Management
# Portfolio Details - Investments
# June 30, 2019

| CUSIP | Investment # | Issuer | Average Balance | Purchase Date | Par Value | Market Value | Book Value | Stated Rate | YTM/C 360 | YTM/C 365 | Days to Maturity | Maturity Date |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Corporate Notes** | | | | | | | | | | | | |
| 931142EJ8 | 11530 | WALMART, INC | | 12/24/2018 | 5,000,000.00 | 5,109,100.00 | 5,033,000.00 | 3.125 | 2.810 | 2.849 | 723 | 06/23/2021 |
| | | **Subtotal and Average** | **132,292,038.14** | | **144,766,000.00** | **145,780,831.47** | **144,201,354.50** | | **2.607** | **2.643** | **1,003** | |
| **Federal Agency Coupon Securities** | | | | | | | | | | | | |
| 3133EFXM4 | 11078 | Federal Farm Credit Bank | | 02/03/2016 | 4,000,000.00 | 3,989,280.00 | 4,000,000.00 | 1.520 | 1.499 | 1.520 | 217 | 02/03/2020 |
| 3133EFV20 | 11094 | Federal Farm Credit Bank | | 03/30/2016 | 4,000,000.00 | 3,978,040.00 | 4,000,000.00 | 1.490 | 1.470 | 1.490 | 273 | 03/30/2020 |
| 3133EFW52 | 11096 | Federal Farm Credit Bank | | 04/01/2016 | 4,000,000.00 | 4,000,000.00 | 4,000,000.00 | 1.150 | 1.134 | 1.150 | 0 | 07/01/2019 |
| 3133EF2L0 | 11115 | Federal Farm Credit Bank | | 04/13/2016 | 4,000,000.00 | 3,976,680.00 | 4,000,000.00 | 1.400 | 1.381 | 1.400 | 287 | 04/13/2020 |
| 3133EF3Q8 | 11124 | Federal Farm Credit Bank | | 04/22/2016 | 4,000,000.00 | 3,972,920.00 | 4,000,000.00 | 1.540 | 1.519 | 1.540 | 476 | 10/19/2020 |
| 3133EGAY1 | 11130 | Federal Farm Credit Bank | | 05/17/2016 | 4,000,000.00 | 3,983,160.00 | 4,000,000.00 | 1.470 | 1.450 | 1.470 | 413 | 08/17/2020 |
| 3133EGBK0 | 11133 | Federal Farm Credit Bank | | 05/25/2016 | 4,000,000.00 | 3,988,880.00 | 4,000,000.00 | 1.300 | 1.282 | 1.300 | 147 | 11/25/2019 |
| 3133EGNK7 | 11151 | Federal Farm Credit Bank | | 07/27/2016 | 4,000,000.00 | 3,977,720.00 | 4,000,000.00 | 1.320 | 1.302 | 1.320 | 392 | 07/27/2020 |
| 3133EGPD1 | 11153 | Federal Farm Credit Bank | | 08/01/2016 | 4,000,000.00 | 3,996,880.00 | 4,000,000.00 | 1.180 | 1.164 | 1.180 | 31 | 08/01/2019 |
| 3133EGU37 | 11223 | Federal Farm Credit Bank | | 12/14/2016 | 4,000,000.00 | 3,999,640.00 | 4,000,000.00 | 1.830 | 1.805 | 1.830 | 532 | 12/14/2020 |
| 3133EHBC6 | 11267 | Federal Farm Credit Bank | | 03/02/2017 | 4,000,000.00 | 4,000,040.00 | 4,000,000.00 | 1.930 | 1.904 | 1.930 | 520 | 12/02/2020 |
| 3133EHKR3 | 11318 | Federal Farm Credit Bank | | 06/01/2017 | 4,000,000.00 | 3,989,040.00 | 4,000,000.00 | 1.670 | 1.647 | 1.670 | 336 | 06/01/2020 |
| 3133EHWQ2 | 11337 | Federal Farm Credit Bank | | 09/01/2017 | 4,000,000.00 | 3,987,000.00 | 4,000,000.00 | 1.680 | 1.657 | 1.680 | 428 | 09/01/2020 |
| 3133EHXT5 | 11339 | Federal Farm Credit Bank | | 09/11/2017 | 4,000,000.00 | 3,995,760.00 | 4,000,000.00 | 1.430 | 1.410 | 1.430 | 72 | 09/11/2019 |
| 3133EHYL1 | 11340 | Federal Farm Credit Bank | | 09/14/2017 | 4,000,000.00 | 3,978,640.00 | 4,000,000.00 | 1.590 | 1.568 | 1.590 | 441 | 09/14/2020 |
| 3133EHYQ0 | 11341 | Federal Farm Credit Bank | | 09/15/2017 | 4,000,000.00 | 4,000,040.00 | 3,996,000.00 | 1.950 | 1.946 | 1.973 | 987 | 03/14/2022 |
| 3133EHD83 | 11348 | Federal Farm Credit Bank | | 10/05/2017 | 4,000,000.00 | 3,990,760.00 | 4,000,000.00 | 2.000 | 1.973 | 2.000 | 827 | 10/05/2021 |
| 3133EHF57 | 11350 | Federal Farm Credit Bank | | 10/13/2017 | 4,000,000.00 | 3,988,040.00 | 4,000,000.00 | 1.680 | 1.657 | 1.680 | 470 | 10/13/2020 |
| 3133EHK36 | 11355 | Federal Farm Credit Bank | | 10/25/2017 | 5,000,000.00 | 4,995,250.00 | 5,000,000.00 | 2.020 | 1.992 | 2.020 | 847 | 10/25/2021 |
| 3133EHN58 | 11363 | Federal Farm Credit Bank | | 11/01/2017 | 4,000,000.00 | 4,000,080.00 | 4,000,000.00 | 2.140 | 2.111 | 2.140 | 854 | 11/01/2021 |
| 3133EHR88 | 11366 | Federal Farm Credit Bank | | 11/14/2017 | 4,000,000.00 | 3,999,600.00 | 4,000,000.00 | 1.840 | 1.815 | 1.840 | 410 | 08/14/2020 |
| 3133EH3Y7 | 11405 | Federal Farm Credit Bank | | 12/21/2017 | 4,000,000.00 | 3,996,760.00 | 4,000,000.00 | 2.230 | 2.199 | 2.230 | 904 | 12/21/2021 |
| 3133EH4T7 | 11409 | Federal Farm Credit Bank | | 12/27/2017 | 4,000,000.00 | 4,000,120.00 | 4,000,000.00 | 2.440 | 2.407 | 2.440 | 1,092 | 06/27/2022 |
| 3133EH4S9 | 11414 | Federal Farm Credit Bank | | 12/28/2017 | 4,000,000.00 | 4,000,080.00 | 4,000,000.00 | 2.230 | 2.199 | 2.230 | 728 | 06/28/2021 |
| 3133EH4R1 | 11415 | Federal Farm Credit Bank | | 12/28/2017 | 4,000,000.00 | 4,000,080.00 | 4,000,000.00 | 2.120 | 2.091 | 2.121 | 455 | 09/28/2020 |
| 3133EJGJ2 | 11444 | Federal Farm Credit Bank | | 04/05/2018 | 4,000,000.00 | 4,000,080.00 | 4,000,000.00 | 2.470 | 2.436 | 2.470 | 442 | 09/15/2020 |
| 3133EJT90 | 11505 | Federal Farm Credit Bank | | 11/16/2018 | 5,000,000.00 | 5,071,550.00 | 4,998,500.00 | 2.950 | 2.925 | 2.966 | 504 | 11/16/2020 |
| 3133EJX38 | 11508 | Federal Farm Credit Bank | | 11/27/2018 | 10,000,000.00 | 10,126,700.00 | 10,000,000.00 | 2.800 | 2.762 | 2.800 | 515 | 11/27/2020 |
| 3133EJ2R9 | 11520 | Federal Farm Credit Bank | | 12/14/2018 | 5,000,000.00 | 5,062,900.00 | 5,000,000.00 | 2.750 | 2.712 | 2.750 | 532 | 12/14/2020 |
| 3133EJ2T5 | 11521 | Federal Farm Credit Bank | | 12/14/2018 | 5,000,000.00 | 5,096,750.00 | 5,000,000.00 | 2.800 | 2.762 | 2.800 | 714 | 06/14/2021 |
| 3133EJ3B3 | 11522 | Federal Farm Credit Bank | | 12/17/2018 | 10,000,000.00 | 10,225,200.00 | 10,000,000.00 | 2.800 | 2.762 | 2.800 | 900 | 12/17/2021 |
| 3133EKFS0 | 11579 | Federal Farm Credit Bank | | 04/03/2019 | 2,000,000.00 | 2,002,380.00 | 1,996,000.00 | 2.690 | 2.696 | 2.733 | 94 | 04/03/2024 |

| CUSIP | Investment # | Issuer | Average Balance | Purchase Date | Par Value | Market Value | Book Value | Stated Rate | YTM/C 360 | YTM/C 365 | Days to Maturity | Maturity Date |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Federal Agency Coupon Securities** | | | | | | | | | | | | |
| 3133EKFK7 | 11580 | Federal Farm Credit Bank | | 04/05/2019 | 5,000,000.00 | 5,000,150.00 | 5,000,000.00 | 2.600 | 2.565 | 2.601 | 4 | 07/05/2022 |
| 3133EKFK7 | 11581 | Federal Farm Credit Bank | | 04/05/2019 | 5,000,000.00 | 5,000,150.00 | 5,000,000.00 | 2.600 | 2.565 | 2.601 | 4 | 07/05/2022 |
| 3133EKFS0 | 11586 | Federal Farm Credit Bank | | 04/04/2019 | 2,450,000.00 | 2,452,915.50 | 2,445,100.00 | 2.690 | 2.696 | 2.733 | 94 | 04/03/2024 |
| 3133EKFL5 | 11591 | Federal Farm Credit Bank | | 04/09/2019 | 7,000,000.00 | 7,000,210.00 | 6,993,000.00 | 2.690 | 2.679 | 2.717 | 2 | 04/03/2023 |
| 3133EKFK7 | 11599 | Federal Farm Credit Bank | | 04/15/2019 | 1,541,000.00 | 1,541,046.23 | 1,540,229.50 | 2.600 | 2.581 | 2.617 | 4 | 07/05/2022 |
| 3133EKFK7 | 11606 | Federal Farm Credit Bank | | 04/22/2019 | 2,000,000.00 | 2,000,060.00 | 1,998,000.00 | 2.600 | 2.597 | 2.633 | 4 | 07/05/2022 |
| 3133EKHP4 | 11608 | Federal Farm Credit Bank | | 04/23/2019 | 5,000,000.00 | 5,000,900.00 | 4,997,500.00 | 2.630 | 2.611 | 2.647 | 17 | 04/18/2022 |
| 3133EKFK7 | 11609 | Federal Farm Credit Bank | | 04/24/2019 | 3,875,000.00 | 3,875,116.25 | 3,873,062.50 | 2.600 | 2.581 | 2.617 | 4 | 07/05/2022 |
| 3133EKFJ0 | 11619 | Federal Farm Credit Bank | | 05/08/2019 | 3,000,000.00 | 3,000,000.00 | 2,999,250.00 | 2.490 | 2.469 | 2.503 | 4 | 04/05/2021 |
| 3133EKLG9 | 11620 | Federal Farm Credit Bank | | 05/16/2019 | 5,000,000.00 | 5,002,150.00 | 5,000,000.00 | 2.570 | 2.535 | 2.570 | 46 | 05/16/2022 |
| 3133EKMM5 | 11626 | Federal Farm Credit Bank | | 05/22/2019 | 3,000,000.00 | 3,000,720.00 | 2,997,690.00 | 2.690 | 2.671 | 2.708 | 52 | 02/22/2024 |
| 3133EKLL8 | 11627 | Federal Farm Credit Bank | | 05/24/2019 | 5,000,000.00 | 5,015,200.00 | 5,000,000.00 | 2.500 | 2.466 | 2.500 | 324 | 05/20/2022 |
| 3133EKMK9 | 11628 | Federal Farm Credit Bank | | 05/30/2019 | 3,000,000.00 | 3,000,420.00 | 2,999,250.00 | 2.590 | 2.562 | 2.598 | 52 | 02/22/2023 |
| 3133EKQT6 | 11632 | Federal Farm Credit Bank | | 06/13/2019 | 5,000,000.00 | 4,993,000.00 | 5,000,000.00 | 2.490 | 2.443 | 2.477 | 1,535 | 09/13/2023 |
| 3130A6PT8 | 11030 | Federal Home Loan Bank | | 10/29/2015 | 4,000,000.00 | 3,979,880.00 | 4,000,000.00 | 1.570 | 1.548 | 1.570 | 303 | 04/29/2020 |
| 3130A7QP3 | 11126 | Federal Home Loan Bank | | 04/25/2016 | 4,000,000.00 | 3,989,400.00 | 4,000,000.00 | 1.350 | 1.332 | 1.350 | 116 | 10/25/2019 |
| 3130A7ZT5 | 11131 | Federal Home Loan Bank | | 05/18/2016 | 4,000,000.00 | 3,977,800.00 | 4,000,000.00 | 1.400 | 1.381 | 1.400 | 322 | 05/18/2020 |
| 3130ABBY1 | 11315 | Federal Home Loan Bank | | 05/24/2017 | 4,000,000.00 | 3,990,720.00 | 4,000,000.00 | 1.750 | 1.726 | 1.750 | 512 | 11/24/2020 |
| 3130ABMU7 | 11322 | Federal Home Loan Bank | | 06/26/2017 | 4,000,000.00 | 3,983,680.00 | 4,000,000.00 | 1.630 | 1.608 | 1.630 | 361 | 06/26/2020 |
| 3130AC6W9 | 11332 | Federal Home Loan Bank | | 08/28/2017 | 4,000,000.00 | 3,988,360.00 | 4,000,000.00 | 1.600 | 1.578 | 1.600 | 58 | 02/28/2020 |
| 3130ACLQ5 | 11361 | Federal Home Loan Bank | | 10/30/2017 | 4,000,000.00 | 4,000,080.00 | 4,000,000.00 | 2.000 | 1.973 | 2.000 | 29 | 04/30/2021 |
| 3130ACVG6 | 11373 | Federal Home Loan Bank | | 12/01/2017 | 4,000,000.00 | 4,000,640.00 | 4,000,000.00 | 2.000 | 1.973 | 2.000 | 55 | 11/25/2020 |
| 3130AD4U3 | 11400 | Federal Home Loan Bank | | 12/19/2017 | 4,000,000.00 | 3,994,960.00 | 4,000,000.00 | 1.900 | 1.874 | 1.900 | 171 | 12/19/2019 |
| 3130AD5K4 | 11408 | Federal Home Loan Bank | | 12/22/2017 | 4,000,000.00 | 4,000,080.00 | 4,000,000.00 | 2.180 | 2.150 | 2.180 | 722 | 06/22/2021 |
| 3130ADC26 | 11422 | Federal Home Loan Bank | | 01/29/2018 | 4,000,000.00 | 3,996,280.00 | 4,000,000.00 | 2.200 | 2.170 | 2.200 | 28 | 01/29/2021 |
| 313380FB8 | 11564 | Federal Home Loan Bank | | 03/12/2019 | 5,000,000.00 | 4,991,550.00 | 4,972,950.00 | 1.375 | 2.431 | 2.464 | 74 | 09/13/2019 |
| 3130AFYK7 | 11587 | Federal Home Loan Bank | | 04/04/2019 | 7,325,000.00 | 7,333,130.75 | 7,325,000.00 | 2.750 | 2.712 | 2.750 | 86 | 03/25/2022 |
| 3130AG6A8 | 11593 | Federal Home Loan Bank | | 04/10/2019 | 3,000,000.00 | 3,000,180.00 | 2,997,000.00 | 2.750 | 2.734 | 2.772 | 2 | 04/03/2024 |
| 3130AGCU7 | 11617 | Federal Home Loan Bank | | 05/06/2019 | 5,000,000.00 | 5,021,200.00 | 5,000,000.00 | 2.550 | 2.515 | 2.550 | 310 | 05/06/2022 |
| 3130AGKT1 | 11630 | Federal Home Loan Bank | | 06/12/2019 | 2,500,000.00 | 2,501,350.00 | 2,500,000.00 | 2.370 | 2.338 | 2.370 | 347 | 06/12/2023 |
| 3130AGG82 | 11631 | Federal Home Loan Bank | | 06/05/2019 | 1,280,000.00 | 1,280,844.80 | 1,280,000.00 | 2.650 | 2.614 | 2.650 | 151 | 05/29/2024 |
| 3134G9XN2 | 11143 | Federal Home Loan Mtg Corp | | 06/30/2016 | 4,000,000.00 | 3,992,280.00 | 4,000,000.00 | 1.250 | 1.233 | 1.250 | 91 | 09/30/2019 |
| 3134GBJK9 | 11313 | Federal Home Loan Mtg Corp | | 05/15/2017 | 4,000,000.00 | 3,990,720.00 | 4,000,000.00 | 1.700 | 1.677 | 1.700 | 45 | 05/15/2020 |
| 3134GBL83 | 11342 | Federal Home Loan Mtg Corp | | 09/27/2017 | 4,000,000.00 | 3,988,320.00 | 4,000,000.00 | 1.600 | 1.578 | 1.600 | 270 | 03/27/2020 |
| 3134GBK68 | 11344 | Federal Home Loan Mtg Corp | | 09/29/2017 | 4,000,000.00 | 3,990,240.00 | 4,000,000.00 | 2.000 | 1.973 | 2.000 | 90 | 12/29/2021 |
| 3134GBYZ9 | 11353 | Federal Home Loan Mtg Corp | | 10/23/2017 | 4,000,000.00 | 4,000,320.00 | 4,000,000.00 | 2.000 | 1.972 | 1.999 | 26 | 07/27/2021 |

# for Monthly Investment
# Portfolio Management
## Portfolio Details - Investments
## June 30, 2019

| CUSIP | Investment # | Issuer | Average Balance | Purchase Date | Par Value | Market Value | Book Value | Stated Rate | YTM/C 360 | YTM/C 365 | Days to Maturity | Maturity Date |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Federal Agency Coupon Securities** | | | | | | | | | | | | |
| 3134GB4N9 | 11388 | Federal Home Loan Mtg Corp | | 12/08/2017 | 4,000,000.00 | 4,002,080.00 | 3,999,600.00 | 2.200 | 2.175 | 2.205 | 69 | 12/08/2021 |
| 3134GTCM3 | 11582 | Federal Home Loan Mtg Corp | | 04/15/2019 | 3,000,000.00 | 3,000,690.00 | 2,998,500.00 | 2.800 | 2.772 | 2.811 | 14 | 04/15/2024 |
| 3134GTBS1 | 11583 | Federal Home Loan Mtg Corp | | 04/15/2019 | 5,000,000.00 | 5,001,100.00 | 5,000,000.00 | 2.500 | 2.466 | 2.500 | 14 | 10/15/2020 |
| 3134GTDH3 | 11585 | Federal Home Loan Mtg Corp | | 04/16/2019 | 10,000,000.00 | 10,014,900.00 | 10,000,000.00 | 2.750 | 2.712 | 2.750 | 107 | 10/16/2023 |
| 3134GTEV1 | 11589 | Federal Home Loan Mtg Corp | | 04/08/2019 | 1,600,000.00 | 1,602,288.00 | 1,600,000.00 | 2.650 | 2.614 | 2.650 | 95 | 04/04/2022 |
| 3134GTCP6 | 11595 | Federal Home Loan Mtg Corp | | 04/17/2019 | 5,000,000.00 | 5,008,550.00 | 5,000,000.00 | 2.625 | 2.589 | 2.625 | 108 | 10/17/2022 |
| 3134GTDG5 | 11596 | Federal Home Loan Mtg Corp | | 04/17/2019 | 1,350,000.00 | 1,350,324.00 | 1,350,000.00 | 2.750 | 2.712 | 2.750 | 16 | 04/17/2023 |
| 3134GTBC6 | 11604 | Federal Home Loan Mtg Corp | | 04/17/2019 | 1,250,000.00 | 1,251,550.00 | 1,250,000.00 | 2.600 | 2.564 | 2.600 | 108 | 10/17/2022 |
| 3134GTCU5 | 11605 | Federal Home Loan Mtg Corp | | 04/30/2019 | 8,000,000.00 | 8,014,800.00 | 7,996,000.00 | 2.800 | 2.772 | 2.811 | 121 | 04/30/2024 |
| 3134FTDM2 | 11613 | Federal Home Loan Mtg Corp | | 04/26/2019 | 4,525,000.00 | 4,526,674.25 | 4,523,868.75 | 2.700 | 2.670 | 2.708 | 1,213 | 10/26/2022 |
| 3134GBS86 | 11614 | Federal Home Loan Mtg Corp | | 04/30/2019 | 5,000,000.00 | 4,997,000.00 | 4,963,600.00 | 1.850 | 2.327 | 2.360 | 15 | 10/16/2020 |
| 3134GTLL5 | 11616 | Federal Home Loan Mtg Corp | | 05/02/2019 | 3,000,000.00 | 3,004,620.00 | 3,000,000.00 | 2.800 | 2.762 | 2.800 | 121 | 04/30/2024 |
| 3134GTNY5 | 11622 | Federal Home Loan Mtg Corp | | 05/22/2019 | 5,000,000.00 | 5,005,700.00 | 5,000,000.00 | 2.700 | 2.663 | 2.700 | 144 | 11/22/2023 |
| 3134GTPK3 | 11623 | Federal Home Loan Mtg Corp | | 05/22/2019 | 5,000,000.00 | 5,016,500.00 | 5,000,000.00 | 2.650 | 2.614 | 2.650 | 1,787 | 05/22/2024 |
| 3134GTRM7 | 11629 | Federal Home Loan Mtg Corp | | 06/11/2019 | 5,000,000.00 | 5,008,700.00 | 5,000,000.00 | 2.520 | 2.485 | 2.520 | 1,807 | 06/11/2024 |
| 3134GTTN3 | 11639 | Federal Home Loan Mtg Corp | | 06/20/2019 | 6,000,000.00 | 6,000,540.00 | 6,000,000.00 | 2.500 | 2.466 | 2.500 | 81 | 06/20/2023 |
| 3134GTVQ3 | 11641 | Federal Home Loan Mtg Corp | | 06/27/2019 | 5,000,000.00 | 5,000,450.00 | 5,000,000.00 | 2.550 | 2.515 | 2.550 | 88 | 06/27/2024 |
| 3136G2RQ2 | 11029 | Federal National Mtg Assn | | 10/29/2015 | 4,000,000.00 | 3,991,280.00 | 4,000,000.00 | 1.400 | 1.381 | 1.400 | 28 | 10/29/2019 |
| 3136G4JU8 | 11243 | Federal National Mtg Assn | | 12/30/2016 | 4,000,000.00 | 3,991,280.00 | 4,000,000.00 | 1.580 | 1.558 | 1.580 | 91 | 12/30/2019 |
| 3135G0ZY2 | 11391 | Federal National Mtg Assn | | 12/11/2017 | 4,000,000.00 | 3,994,160.00 | 3,996,400.00 | 1.750 | 1.772 | 1.797 | 148 | 11/26/2019 |
| 3136G4RD7 | 11423 | Federal National Mtg Assn | | 01/30/2018 | 4,000,000.00 | 4,001,400.00 | 4,000,000.00 | 2.300 | 2.268 | 2.300 | 29 | 07/30/2021 |
| | | **Subtotal and Average** | **395,380,575.75** | | **379,696,000.00** | **380,028,689.78** | **379,586,500.75** | | **2.186** | **2.216** | **345** | |
| **Federal Agency Disc. -At Cost** | | | | | | | | | | | | |
| 313384KM0 | 11557 | Federal Home Loan Bank | | 03/11/2019 | 10,000,000.00 | 9,971,800.00 | 9,893,350.00 | | 2.456 | 2.490 | 46 | 08/16/2019 |
| 313384LM9 | 11559 | Federal Home Loan Bank | | 03/12/2019 | 5,000,000.00 | 4,979,000.00 | 4,939,163.89 | | 2.450 | 2.484 | 70 | 09/09/2019 |
| 313384HQ5 | 11597 | Federal Home Loan Bank | | 04/11/2019 | 5,000,000.00 | 4,999,700.00 | 4,972,837.50 | 2.385 | 2.398 | 2.431 | 1 | 07/02/2019 |
| 313384HT9 | 11600 | Federal Home Loan Bank | | 04/15/2019 | 5,000,000.00 | 4,998,800.00 | 4,973,168.75 | | 2.398 | 2.431 | 4 | 07/05/2019 |
| 313396LG6 | 11570 | Federal Home Loan Mtg Corp | | 03/28/2019 | 5,000,000.00 | 4,980,500.00 | 4,947,111.11 | | 2.405 | 2.439 | 65 | 09/04/2019 |
| 313396LP6 | 11571 | Federal Home Loan Mtg Corp | | 03/28/2019 | 5,000,000.00 | 4,978,400.00 | 4,944,797.22 | 2.380 | 2.407 | 2.440 | 72 | 09/11/2019 |
| 313396LW1 | 11572 | Federal Home Loan Mtg Corp | | 03/28/2019 | 5,000,000.00 | 4,976,300.00 | 4,942,483.33 | | 2.408 | 2.441 | 79 | 09/18/2019 |
| 313586RC5 | 11598 | Federal National Mtg Assn | | 04/12/2019 | 5,000,000.00 | 4,968,700.00 | 4,940,450.00 | 2.382 | 2.378 | 2.411 | 100 | 10/09/2019 |
| 912796SG5 | 11565 | U.S. Treasury | | 03/12/2019 | 5,000,000.00 | 4,980,800.00 | 4,941,245.83 | 2.390 | 2.418 | 2.452 | 66 | 09/05/2019 |
| | | **Subtotal and Average** | **49,494,607.63** | | **50,000,000.00** | **49,834,000.00** | **49,494,607.63** | | **2.417** | **2.451** | **55** | |

# for Monthly Investment
# Portfolio Management
## Portfolio Details - Investments
## June 30, 2019

| CUSIP | Investment # | Issuer | Average Balance | Purchase Date | Par Value | Market Value | Book Value | Stated Rate | YTM/C 360 | YTM/C 365 | Days to Maturity | Maturity Date |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Treasury Coupon Securities** | | | | | | | | | | | | |
| 9128282J8 | 11421 | U.S. Treasury | | 01/16/2018 | 4,000,000.00 | 3,981,560.00 | 3,951,250.00 | 1.500 | 1.975 | 2.003 | 380 | 07/15/2020 |
| 9128282K5 | 11424 | U.S. Treasury | | 01/31/2018 | 5,000,000.00 | 4,996,350.00 | 4,954,101.56 | 1.375 | 1.972 | 1.999 | 30 | 07/31/2019 |
| 9128282B5 | 11426 | U.S. Treasury | | 02/15/2018 | 4,000,000.00 | 3,992,480.00 | 3,923,750.00 | 0.750 | 0.000 | 0.000 | 45 | 08/15/2019 |
| 912828F62 | 11467 | U.S. Treasury | | 04/30/2018 | 5,000,000.00 | 4,989,650.00 | 4,941,210.94 | 1.500 | 2.270 | 2.302 | 122 | 10/31/2019 |
| 912828U32 | 11504 | U.S. Treasury | | 11/15/2018 | 10,000,000.00 | 9,957,800.00 | 9,843,359.38 | 1.000 | 2.561 | 2.597 | 137 | 11/15/2019 |
| 912828UB4 | 11512 | U.S. Treasury | | 11/30/2018 | 10,000,000.00 | 9,953,500.00 | 9,841,015.63 | 1.000 | 2.585 | 2.621 | 152 | 11/30/2019 |
| | | **Subtotal and Average** | **39,298,750.01** | | **38,000,000.00** | **37,871,340.00** | **37,454,687.51** | | **2.121** | **2.151** | **141** | |
| **Treasury Discounts -At Cost** | | | | | | | | | | | | |
| 912796SJ9 | 11569 | U.S. Treasury | | 03/21/2019 | 10,000,000.00 | 9,953,800.00 | 9,878,161.11 | 2.410 | 2.474 | 2.508 | 80 | 09/19/2019 |
| | | **Subtotal and Average** | **9,878,161.11** | | **10,000,000.00** | **9,953,800.00** | **9,878,161.11** | | **2.474** | **2.508** | **80** | |
| **Taxable Municipal Bond** | | | | | | | | | | | | |
| 91412GQD0 | 11602 | Univ CA Revenue-Muni | | 04/16/2019 | 1,400,000.00 | 1,422,260.00 | 1,400,000.00 | 2.570 | 2.534 | 2.570 | 1,049 | 05/15/2022 |
| | | **Subtotal and Average** | **1,400,000.00** | | **1,400,000.00** | **1,422,260.00** | **1,400,000.00** | | **2.534** | **2.570** | **1,049** | |
| **Teeter Notes** | | | | | | | | | | | | |
| TTRN1415 | 10887 | Napa County | | 09/01/2014 | 122,347.91 | 122,347.91 | 122,347.91 | 2.747 | 1.903 | 1.930 | 62 | 09/01/2019 |
| TTRN1516 | 11007 | Napa County | | 09/01/2015 | 325,474.12 | 325,474.12 | 325,474.12 | 2.977 | 2.268 | 2.300 | 428 | 09/01/2020 |
| TTRN1617 | 11162 | Napa County | | 09/01/2016 | 594,652.97 | 594,652.97 | 594,652.97 | 3.091 | 2.564 | 2.600 | 793 | 09/01/2021 |
| TTRN1718 | 11345 | Napa County | | 09/01/2017 | 926,554.61 | 926,554.61 | 926,554.61 | 3.184 | 2.954 | 2.995 | 1,158 | 09/01/2022 |
| TTRN1819 | 11489 | Napa County | | 09/01/2018 | 2,512,654.00 | 2,512,654.00 | 2,512,654.00 | 3.238 | 3.194 | 3.238 | 1,523 | 09/01/2023 |
| | | **Subtotal and Average** | **4,481,683.61** | | **4,481,683.61** | **4,481,683.61** | **4,481,683.61** | | **2.958** | **2.999** | **1,231** | |
| | | **Total and Average** | **677,359,149.58** | | **634,343,683.61** | **635,372,604.86** | **632,496,995.11** | | **2.309** | **2.341** | **460** | |

## for Monthly Investment
## Portfolio Management
## Portfolio Details - Cash
## June 30, 2019

| CUSIP | Investment # | Issuer | Average Balance | Purchase Date | Par Value | Market Value | Book Value | Stated Rate | YTM/C 360 | YTM/C 365 | Days to Maturity |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Average Balance | 0.00 | Accrued Interest at Purchase | | 675,727.72 | 675,727.72 | | | | 0 |
| | | | | Ending Accrued Interest | | 2,882,949.85 | 2,882,949.85 | | | | |
| | | | | Subtotal | | 3,558,677.57 | 3,558,677.57 | | | | |
| | Total Cash and Investment Value | | 677,359,149.58 | | 634,343,683.61 | 638,931,282.43 | 636,055,672.68 | | 2.309 | 2.341 | 460 |

A Tradition of Stewardship
A Commitment to Service

# for Monthly Investment Aging Report By Maturity Date Grouped by Fund As of June 30, 2019

Napa County
1195 Third Street
suite 108
Napa, CA 94559
(707)253-4320

| | | | | | Maturity Par Value | Percent of Portfolio | Current Book Value | Current Market Value |
|---|---|---|---|---|---|---|---|---|
| **Fund: GENERAL FUND** | | | | | | | | |
| Aging Interval: 1 - 90 days | ( 07/01/2019 - 09/28/2019 ) | | 15 Maturities | 0 Payments | 81,000,000.00 | 12.77% | 80,283,120.30 | 80,646,840.00 |
| Aging Interval: 91 - 180 days | ( 09/29/2019 - 12/27/2019 ) | | 10 Maturities | 0 Payments | 54,000,000.00 | 8.51% | 53,562,435.95 | 53,723,070.00 |
| Aging Interval: 181 - 365 days | ( 12/28/2019 - 06/29/2020 ) | | 12 Maturities | 0 Payments | 54,000,000.00 | 8.51% | 54,048,300.00 | 53,792,120.00 |
| Aging Interval: 366 - 730 days | ( 06/30/2020 - 06/29/2021 ) | | 31 Maturities | 0 Payments | 140,245,000.00 | 22.11% | 140,096,735.73 | 140,464,923.45 |
| Aging Interval: 731 - 1095 days | ( 06/30/2021 - 06/29/2022 ) | | 29 Maturities | 0 Payments | 134,743,000.00 | 21.24% | 134,418,304.91 | 135,007,085.04 |
| Aging Interval: 1096 - 1460 days | ( 06/30/2022 - 06/29/2023 ) | | 20 Maturities | 0 Payments | 79,600,000.00 | 12.55% | 79,485,961.25 | 79,766,507.56 |
| Aging Interval: 1461 - 1825 days | ( 06/30/2023 - 06/28/2024 ) | | 18 Maturities | 0 Payments | 80,274,000.00 | 12.65% | 80,120,453.36 | 80,202,042.90 |
| | | Total for | 135 Investment | 0 Payments | | 100.00 | 622,015,311.50 | 623,602,588.95 |
| **Fund: LAIF-Local Agency Invest. Fund** | | | | | | | | |
| Aging Interval: 0 days | ( 06/30/2019 - 06/30/2019 ) | | 1 Maturities | 0 Payments | 6,000,000.00 | 0.95% | 6,000,000.00 | 6,000,000.00 |
| | | Total for | 1 Investment | 0 Payments | | 100.00 | 6,000,000.00 | 6,000,000.00 |
| **Fund: NVUSD - LAIF** | | | | | | | | |
| Aging Interval: 0 days | ( 06/30/2019 - 06/30/2019 ) | | 1 Maturities | 0 Payments | 0.00 | 0.00% | 0.00 | 0.00 |
| | | Total for | 1 Investment | 0 Payments | | 100.00 | 0.00 | 0.00 |
| **Fund: TEETER INVESTMENT POOL** | | | | | | | | |
| Aging Interval: 1 - 90 days | ( 07/01/2019 - 09/28/2019 ) | | 1 Maturities | 0 Payments | 122,347.91 | 0.02% | 122,347.91 | 122,347.91 |

| | | | | | Maturity Par Value | Percent of Portfolio | Current Book Value | Current Market Value |
|---|---|---|---|---|---|---|---|---|
| **Fund: TEETER INVESTMENT POOL** | | | | | | | | |
| Aging Interval: 366 - 730 days | ( 06/30/2020 - 06/29/2021 ) | | 1 Maturities | 0 Payments | 325,474.12 | 0.05% | 325,474.12 | 325,474.12 |
| Aging Interval: 731 - 1095 days | ( 06/30/2021 - 06/29/2022 ) | | 1 Maturities | 0 Payments | 594,652.97 | 0.09% | 594,652.97 | 594,652.97 |
| Aging Interval: 1096 - 1460 days | ( 06/30/2022 - 06/29/2023 ) | | 1 Maturities | 0 Payments | 926,554.61 | 0.15% | 926,554.61 | 926,554.61 |
| Aging Interval: 1461 - 1825 days | ( 06/30/2023 - 06/28/2024 ) | | 1 Maturities | 0 Payments | 2,512,654.00 | 0.40% | 2,512,654.00 | 2,512,654.00 |
| Aging Interval: 1826 days and | ( 06/29/2024 - ) | | 0 Maturities | 0 Payments | 0.00 | 0.00% | 0.00 | 0.00 |
| | | Total for | 5 Investment | 0 Payments | | 100.00 | 4,481,683.61 | 4,481,683.61 |

A Tradition of Stewardship
A Commitment to Service

# for Monthly Investment
# Aging Report
## By Maturity Date
## Grouped by Fund - Sorted by Maturity Date
## As of June 30, 2019

Napa County
1195 Third Street
suite 108
Napa, CA 94559
(707)253-4320

| CUSIP | Investment # | Fund | Security Type | Issuer | Maturity Date | Description | Asset Class | Investment | Maturity Par Value | Percent of Portfolio | Current Book Value | Current Market Value |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Fund: GENERAL FUND** | | | | | | | | | | | | |
| **Aging Interval: 1 - 90 days** | | **( 07/01/2019** | **- 09/28/2019 )** | | | | | | | | | |
| 3133EFW52 | 11096 | 100 | FAC | FFCB | 07/01/2019 | Mat/Sale | Short | Fair | 4,000,000.00 | 0.63% | 4,000,000.00 | 3,996,120.00 |
| 313384HQ5 | 11597 | 100 | FAD | FHLB | 07/02/2019 | Mat/Sale | Short | Fair | 5,000,000.00 | 0.79% | 4,972,837.50 | 4,990,600.00 |
| 313384HT9 | 11600 | 100 | FAD | FHLB | 07/05/2019 | Mat/Sale | Short | Fair | 5,000,000.00 | 0.79% | 4,973,168.75 | 4,989,600.00 |
| 9128282K5 | 11424 | 100 | TRC | USTR | 07/31/2019 | Mat/Sale | Long | Fair | 5,000,000.00 | 0.79% | 4,954,101.56 | 4,991,400.00 |
| 3133EGPD1 | 11153 | 100 | FAC | FFCB | 08/01/2019 | Mat/Sale | Long | Fair | 4,000,000.00 | 0.63% | 4,000,000.00 | 3,992,920.00 |
| 9128282B5 | 11426 | 100 | TRC | USTR | 08/15/2019 | Mat/Sale | Long | Fair | 4,000,000.00 | 0.63% | 3,923,750.00 | 3,986,320.00 |
| 313384KM0 | 11557 | 100 | FAD | FHLB | 08/16/2019 | Mat/Sale | Short | Fair | 10,000,000.00 | 1.58% | 9,893,350.00 | 9,951,700.00 |
| 313396LG6 | 11570 | 100 | FAD | FHLMC | 09/04/2019 | Mat/Sale | Long | Fair | 5,000,000.00 | 0.79% | 4,947,111.11 | 4,969,650.00 |
| 912796SG5 | 11565 | 100 | FAD | USTR | 09/05/2019 | Mat/Sale | Short | Fair | 5,000,000.00 | 0.79% | 4,941,245.83 | 4,969,800.00 |
| 313384LM9 | 11559 | 100 | FAD | FHLB | 09/09/2019 | Mat/Sale | Short | Fair | 5,000,000.00 | 0.79% | 4,939,163.89 | 4,968,000.00 |
| 3133EHXT5 | 11339 | 100 | FAC | FFCB | 09/11/2019 | Mat/Sale | Long | Fair | 4,000,000.00 | 0.63% | 4,000,000.00 | 3,991,680.00 |
| 313396LP6 | 11571 | 100 | FAD | FHLMC | 09/11/2019 | Mat/Sale | Short | Fair | 5,000,000.00 | 0.79% | 4,944,797.22 | 4,967,350.00 |
| 313380FB8 | 11564 | 100 | FAC | FHLB | 09/13/2019 | Mat/Sale | Long | Fair | 5,000,000.00 | 0.79% | 4,972,950.00 | 4,985,600.00 |
| 313396LW1 | 11572 | 100 | FAD | FHLMC | 09/18/2019 | Mat/Sale | Short | Fair | 5,000,000.00 | 0.79% | 4,942,483.33 | 4,965,100.00 |
| 912796SJ9 | 11569 | 100 | TRD | USTR | 09/19/2019 | Mat/Sale | Long | Fair | 10,000,000.00 | 1.58% | 9,878,161.11 | 9,931,000.00 |
| | | | | | **Subtotal for** | **15 Maturities** | | **0 Payments** | **81,000,000.00** | **12.77%** | **80,283,120.30** | **80,646,840.00** |
| **Aging Interval: 91 - 180 days** | | **( 09/29/2019** | **- 12/27/2019 )** | | | | | | | | | |
| 3134G9XN2 | 11143 | 100 | FAC | FHLMC | 09/30/2019 | Mat/Sale | Long | Fair | 4,000,000.00 | 0.63% | 4,000,000.00 | 3,986,320.00 |
| 313586RC5 | 11598 | 100 | FAD | FNMA | 10/09/2019 | Mat/Sale | Long | Fair | 5,000,000.00 | 0.79% | 4,940,450.00 | 4,956,000.00 |
| 3130A7QP3 | 11126 | 100 | FAC | FHLB | 10/25/2019 | Mat/Sale | Long | Fair | 4,000,000.00 | 0.63% | 4,000,000.00 | 3,982,760.00 |
| 3136G2RQ2 | 11029 | 100 | FAC | FNMA | 10/29/2019 | Mat/Sale | Long | Fair | 4,000,000.00 | 0.63% | 4,000,000.00 | 3,984,720.00 |
| 912828F62 | 11467 | 100 | TRC | USTR | 10/31/2019 | Mat/Sale | Long | Fair | 5,000,000.00 | 0.79% | 4,941,210.94 | 4,982,050.00 |
| 912828U32 | 11504 | 100 | TRC | USTR | 11/15/2019 | Mat/Sale | Long | Fair | 10,000,000.00 | 1.58% | 9,843,359.38 | 9,939,500.00 |
| 3133EGBK0 | 11133 | 100 | FAC | FFCB | 11/25/2019 | Mat/Sale | Long | Fair | 4,000,000.00 | 0.63% | 4,000,000.00 | 3,981,640.00 |
| 3135G0ZY2 | 11391 | 100 | FAC | FNMA | 11/26/2019 | Mat/Sale | Long | Fair | 4,000,000.00 | 0.63% | 3,996,400.00 | 3,988,000.00 |
| 912828UB4 | 11512 | 100 | TRC | USTR | 11/30/2019 | Mat/Sale | Long | Fair | 10,000,000.00 | 1.58% | 9,841,015.63 | 9,932,000.00 |
| 3130AD4U3 | 11400 | 100 | FAC | FHLB | 12/19/2019 | Mat/Sale | Long | Fair | 4,000,000.00 | 0.63% | 4,000,000.00 | 3,990,080.00 |
| | | | | | **Subtotal for** | **10 Maturities** | | **0 Payments** | **54,000,000.00** | **8.51%** | **53,562,435.95** | **53,723,070.00** |

**Fund: GENERAL FUND**

**Aging Interval: 181 - 365 days ( 12/28/2019 - 06/29/2020 )**

| CUSIP | Investment # | Fund | Security Type | Issuer | Maturity Date | Description | Asset Class | Investmen t | Maturity Par Value | Percent of Portfolio | Current Book Value | Current Market Value |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 3136G4JU8 | 11243 | 100 | FAC | FNMA | 12/30/2019 | Mat/Sale | Long | Fair | 4,000,000.00 | 0.63% | 4,000,000.00 | 3,984,920.00 |
| 3133EFXM4 | 11078 | 100 | FAC | FFCB | 02/03/2020 | Mat/Sale | Long | Fair | 4,000,000.00 | 0.63% | 4,000,000.00 | 3,982,000.00 |
| 3130AC6W9 | 11332 | 100 | FAC | FHLB | 02/28/2020 | Mat/Sale | Long | Fair | 4,000,000.00 | 0.63% | 4,000,000.00 | 3,980,520.00 |
| 3134GBL83 | 11342 | 100 | FAC | FHLMC | 03/27/2020 | Mat/Sale | Long | Fair | 4,000,000.00 | 0.63% | 4,000,000.00 | 3,976,880.00 |
| 3133EFV20 | 11094 | 100 | FAC | FFCB | 03/30/2020 | Mat/Sale | Long | Fair | 4,000,000.00 | 0.63% | 4,000,000.00 | 3,976,960.00 |
| 3133EF2L0 | 11115 | 100 | FAC | FFCB | 04/13/2020 | Mat/Sale | Long | Fair | 4,000,000.00 | 0.63% | 4,000,000.00 | 3,967,040.00 |
| 3130A6PT8 | 11030 | 100 | FAC | FHLB | 04/29/2020 | Mat/Sale | Long | Fair | 4,000,000.00 | 0.63% | 4,000,000.00 | 3,976,080.00 |
| 17325FAN8 | 11576 | 100 | MTN | CITIBK | 05/01/2020 | Mat/Sale | Long | Fair | 10,000,000.00 | 1.58% | 10,048,300.00 | 10,036,800.00 |
| 3134GBJK9 | 11313 | 100 | FAC | FHLMC | 05/15/2020 | Mat/Sale | Long | Fair | 4,000,000.00 | 0.63% | 4,000,000.00 | 3,981,600.00 |
| 3130A7ZT5 | 11131 | 100 | FAC | FHLB | 05/18/2020 | Mat/Sale | Long | Fair | 4,000,000.00 | 0.63% | 4,000,000.00 | 3,968,920.00 |
| 3133EHKR3 | 11318 | 100 | FAC | FFCB | 06/01/2020 | Mat/Sale | Long | Fair | 4,000,000.00 | 0.63% | 4,000,000.00 | 3,979,520.00 |
| 3130ABMU7 | 11322 | 100 | FAC | FHLB | 06/26/2020 | Mat/Sale | Long | Fair | 4,000,000.00 | 0.63% | 4,000,000.00 | 3,980,880.00 |
| | | | | | Subtotal for | 12 Maturities | | 0 Payments | 54,000,000.00 | 8.51% | 54,048,300.00 | 53,792,120.00 |

**Aging Interval: 366 - 730 days ( 06/30/2020 - 06/29/2021 )**

| CUSIP | Investment # | Fund | Security Type | Issuer | Maturity Date | Description | Asset Class | Investmen t | Maturity Par Value | Percent of Portfolio | Current Book Value | Current Market Value |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 9128282J8 | 11421 | 100 | TRC | USTR | 07/15/2020 | Mat/Sale | Long | Fair | 4,000,000.00 | 0.63% | 3,951,250.00 | 3,969,240.00 |
| 3133EGNK7 | 11151 | 100 | FAC | FFCB | 07/27/2020 | Mat/Sale | Long | Fair | 4,000,000.00 | 0.63% | 4,000,000.00 | 3,968,080.00 |
| 3133EHR88 | 11366 | 100 | FAC | FFCB | 08/14/2020 | Mat/Sale | Long | Fair | 4,000,000.00 | 0.63% | 4,000,000.00 | 3,991,320.00 |
| 3133EGAY1 | 11130 | 100 | FAC | FFCB | 08/17/2020 | Mat/Sale | Long | Fair | 4,000,000.00 | 0.63% | 4,000,000.00 | 3,973,760.00 |
| 3133EHWQ2 | 11337 | 100 | FAC | FFCB | 09/01/2020 | Mat/Sale | Long | Fair | 4,000,000.00 | 0.63% | 4,000,000.00 | 3,977,600.00 |
| 3133EHYL1 | 11340 | 100 | FAC | FFCB | 09/14/2020 | Mat/Sale | Long | Fair | 4,000,000.00 | 0.63% | 4,000,000.00 | 3,978,320.00 |
| 3133EJGJ2 | 11444 | 100 | FAC | FFCB | 09/15/2020 | Mat/Sale | Long | Fair | 4,000,000.00 | 0.63% | 4,000,000.00 | 4,000,080.00 |
| 3133EH4R1 | 11415 | 100 | FAC | FFCB | 09/28/2020 | Mat/Sale | Long | Fair | 4,000,000.00 | 0.63% | 4,000,000.00 | 4,000,040.00 |
| 3133EHF57 | 11350 | 100 | FAC | FFCB | 10/13/2020 | Mat/Sale | Short | Fair | 4,000,000.00 | 0.63% | 4,000,000.00 | 3,981,560.00 |
| 3134GTBS1 | 11583 | 100 | FAC | FHLMC | 10/15/2020 | Mat/Sale | Long | Fair | 5,000,000.00 | 0.79% | 5,000,000.00 | 5,002,100.00 |
| 3134GBS86 | 11614 | 100 | FAC | FHLMC | 10/16/2020 | Mat/Sale | Long | Fair | 5,000,000.00 | 0.79% | 4,963,600.00 | 4,985,100.00 |
| 3133EF3Q8 | 11124 | 100 | FAC | FFCB | 10/19/2020 | Mat/Sale | Long | Fair | 4,000,000.00 | 0.63% | 4,000,000.00 | 3,974,320.00 |
| 3133EJT90 | 11505 | 100 | FAC | FFCB | 11/16/2020 | Mat/Sale | Long | Fair | 5,000,000.00 | 0.79% | 4,998,500.00 | 5,065,800.00 |
| 3130ABBY1 | 11315 | 100 | FAC | FHLB | 11/24/2020 | Mat/Sale | Long | Fair | 4,000,000.00 | 0.63% | 4,000,000.00 | 3,982,800.00 |
| 3130ACVG6 | 11373 | 100 | FAC | FHLB | 11/25/2020 | Mat/Sale | Long | Fair | 4,000,000.00 | 0.63% | 4,000,000.00 | 3,995,760.00 |
| 3133EJX38 | 11508 | 100 | FAC | FFCB | 11/27/2020 | Mat/Sale | Long | Fair | 10,000,000.00 | 1.58% | 10,000,000.00 | 10,112,800.00 |
| 3133EHBC6 | 11267 | 100 | FAC | FFCB | 12/02/2020 | Mat/Sale | Long | Fair | 4,000,000.00 | 0.63% | 4,000,000.00 | 3,995,120.00 |
| 3133EGU37 | 11223 | 100 | FAC | FFCB | 12/14/2020 | Mat/Sale | Long | Fair | 4,000,000.00 | 0.63% | 4,000,000.00 | 3,989,120.00 |
| 3133EJ2R9 | 11520 | 100 | FAC | FFCB | 12/14/2020 | Mat/Sale | Long | Fair | 5,000,000.00 | 0.79% | 5,000,000.00 | 5,054,500.00 |
| 89236TFQ3 | 11607 | 100 | MTN | TOYOTA | 01/08/2021 | Mat/Sale | Long | Fair | 5,000,000.00 | 0.79% | 5,036,800.00 | 5,046,600.00 |

| CUSIP | Investment # | Fund | Security Type | Issuer | Maturity Date | Description | Asset Class | Investment | Maturity Par Value | Percent of Portfolio | Current Book Value | Current Market Value |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Fund: GENERAL FUND** | | | | | | | | | | | | |
| **Aging Interval: 366 - 730 days** | | **( 06/30/2020** | | **- 06/29/2021 )** | | | | | | | | |
| 3130ADC26 | 11422 | 100 | FAC | FHLB | 01/29/2021 | Mat/Sale | Long | Fair | 4,000,000.00 | 0.63% | 4,000,000.00 | 4,000,160.00 |
| 90331HPA5 | 11536 | 100 | MTN | USB | 02/04/2021 | Mat/Sale | Long | Fair | 5,245,000.00 | 0.83% | 5,250,874.40 | 5,296,453.45 |
| 037833BS8 | 11527 | 100 | MTN | APPLE | 02/23/2021 | Mat/Sale | Long | Fair | 5,000,000.00 | 0.79% | 4,941,300.00 | 4,998,800.00 |
| 084670BQ0 | 11592 | 100 | MTN | BRKH | 03/15/2021 | Mat/Sale | Long | Fair | 5,000,000.00 | 0.79% | 4,976,561.33 | 5,000,500.00 |
| 3133EKFJ0 | 11619 | 100 | FAC | FFCB | 04/05/2021 | Mat/Sale | Long | Fair | 3,000,000.00 | 0.47% | 2,999,250.00 | 3,000,060.00 |
| 3130ACLQ5 | 11361 | 100 | FAC | FHLB | 04/30/2021 | Mat/Sale | Long | Fair | 4,000,000.00 | 0.63% | 4,000,000.00 | 3,988,800.00 |
| 717081DX8 | 11577 | 100 | MTN | PFIZER | 06/03/2021 | Mat/Sale | Long | Fair | 5,000,000.00 | 0.79% | 4,945,600.00 | 4,973,200.00 |
| 3133EJ2T5 | 11521 | 100 | FAC | FFCB | 06/14/2021 | Mat/Sale | Long | Fair | 5,000,000.00 | 0.79% | 5,000,000.00 | 5,078,800.00 |
| 3130AD5K4 | 11408 | 100 | FAC | FHLB | 06/22/2021 | Mat/Sale | Long | Fair | 4,000,000.00 | 0.63% | 4,000,000.00 | 4,000,040.00 |
| 931142EJ8 | 11530 | 100 | MTN | WALMAR | 06/23/2021 | Mat/Sale | Long | Fair | 5,000,000.00 | 0.79% | 5,033,000.00 | 5,084,050.00 |
| 3133EH4S9 | 11414 | 100 | FAC | FFCB | 06/28/2021 | Mat/Sale | Long | Fair | 4,000,000.00 | 0.63% | 4,000,000.00 | 4,000,040.00 |
| | | | | | **Subtotal for** | **31 Maturities** | | **0 Payments** | **140,245,000.00** | **22.11%** | **140,096,735.73** | **140,464,923.45** |
| **Aging Interval: 731 - 1095 days** | | **( 06/30/2021** | | **- 06/29/2022 )** | | | | | | | | |
| 3134GBYZ9 | 11353 | 100 | FAC | FHLMC | 07/27/2021 | Mat/Sale | Long | Fair | 4,000,000.00 | 0.63% | 4,000,000.00 | 3,995,960.00 |
| 3136G4RD7 | 11423 | 100 | FAC | FNMA | 07/30/2021 | Mat/Sale | Long | Fair | 4,000,000.00 | 0.63% | 4,000,000.00 | 4,001,560.00 |
| 06051GGS2 | 11642 | 100 | MTN | BOFA | 10/01/2021 | Mat/Sale | Long | Fair | 4,244,000.00 | 0.67% | 4,235,293.94 | 4,235,293.94 |
| 3133EHD83 | 11348 | 100 | FAC | FFCB | 10/05/2021 | Mat/Sale | Long | Fair | 4,000,000.00 | 0.63% | 4,000,000.00 | 4,000,000.00 |
| 3133EHK36 | 11355 | 100 | FAC | FFCB | 10/25/2021 | Mat/Sale | Long | Fair | 5,000,000.00 | 0.79% | 5,000,000.00 | 5,000,000.00 |
| 3133EHN58 | 11363 | 100 | FAC | FFCB | 11/01/2021 | Mat/Sale | Long | Fair | 4,000,000.00 | 0.63% | 4,000,000.00 | 4,000,040.00 |
| 742718EQ8 | 11578 | 100 | MTN | P&G | 11/03/2021 | Mat/Sale | Long | Fair | 4,700,000.00 | 0.74% | 4,618,220.00 | 4,640,827.00 |
| 3134GB4N9 | 11388 | 100 | FAC | FHLMC | 12/08/2021 | Mat/Sale | Long | Fair | 4,000,000.00 | 0.63% | 3,999,600.00 | 4,000,040.00 |
| 3133EJ3B3 | 11522 | 100 | FAC | FFCB | 12/17/2021 | Mat/Sale | Long | Fair | 10,000,000.00 | 1.58% | 10,000,000.00 | 10,197,500.00 |
| 3133EH3Y7 | 11405 | 100 | FAC | FFCB | 12/21/2021 | Mat/Sale | Long | Fair | 4,000,000.00 | 0.63% | 4,000,000.00 | 4,000,040.00 |
| 3134GBK68 | 11344 | 100 | FAC | FHLMC | 12/29/2021 | Mat/Sale | Long | Fair | 4,000,000.00 | 0.63% | 4,000,000.00 | 3,995,880.00 |
| 89236TDP7 | 11553 | 100 | MTN | TOYOTA | 01/11/2022 | Mat/Sale | Long | Fair | 5,000,000.00 | 0.79% | 4,972,597.55 | 5,015,450.00 |
| 594918BW3 | 11542 | 100 | MTN | MCRSFT | 02/06/2022 | Mat/Sale | Long | Fair | 3,363,000.00 | 0.53% | 3,335,053.47 | 3,374,804.13 |
| 594918BW3 | 11543 | 100 | MTN | MCRSFT | 02/06/2022 | Mat/Sale | Long | Fair | 4,000,000.00 | 0.63% | 3,969,560.00 | 4,014,040.00 |
| 037833CM0 | 11540 | 100 | MTN | APPLE | 02/09/2022 | Mat/Sale | Long | Fair | 4,239,000.00 | 0.67% | 4,214,456.19 | 4,252,649.58 |
| 17325FAV0 | 11544 | 100 | MTN | CITIBK | 02/19/2022 | Mat/Sale | Long | Fair | 5,000,000.00 | 0.79% | 5,008,500.00 | 5,030,050.00 |
| 3133EHYQ0 | 11341 | 100 | FAC | FFCB | 03/14/2022 | Mat/Sale | Long | Fair | 4,000,000.00 | 0.63% | 3,996,000.00 | 3,996,600.00 |
| 3130AFYK7 | 11587 | 100 | FAC | FHLB | 03/25/2022 | Mat/Sale | Long | Fair | 7,325,000.00 | 1.15% | 7,325,000.00 | 7,331,665.75 |
| 3134GTEV1 | 11589 | 100 | FAC | FHLMC | 04/04/2022 | Mat/Sale | Long | Fair | 1,600,000.00 | 0.25% | 1,600,000.00 | 1,601,968.00 |
| 3133EKHP4 | 11608 | 100 | FAC | FFCB | 04/18/2022 | Mat/Sale | Long | Fair | 5,000,000.00 | 0.79% | 4,997,500.00 | 5,001,100.00 |
| 3130AGCU7 | 11617 | 100 | FAC | FHLB | 05/06/2022 | Mat/Sale | Long | Fair | 5,000,000.00 | 0.79% | 5,000,000.00 | 5,014,750.00 |

for Monthly Investment
Aging Report
Grouped by Fund - Sorted by Maturity Date
As of June 30, 2019



| CUSIP | Investment # | Fund | Security Type | Issuer | Maturity Date | Description | Asset Class | Investment | Maturity Par Value | Percent of Portfolio | Current Book Value | Current Market Value |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Fund: GENERAL FUND** | | | | | | | | | | | | |
| **Aging Interval: 731 - 1095 days** | | **( 06/30/2021** | **- 06/29/2022 )** | | | | | | | | | |
| 68389XBB0 | 11612 | 100 | MTN | ORACLE | 05/15/2022 | Mat/Sale | Long | Fair | 4,000,000.00 | 0.63% | 3,984,040.00 | 4,001,320.00 |
| 91412GQD0 | 11602 | 100 | MC1 | UCREV | 05/15/2022 | Mat/Sale | Long | Fair | 1,400,000.00 | 0.22% | 1,400,000.00 | 1,417,234.00 |
| 3133EKLG9 | 11620 | 100 | FAC | FFCB | 05/16/2022 | Mat/Sale | Long | Fair | 5,000,000.00 | 0.79% | 5,000,000.00 | 5,001,650.00 |
| 22160KAK1 | 11584 | 100 | MTN | COSTCO | 05/18/2022 | Mat/Sale | Long | Fair | 10,000,000.00 | 1.58% | 9,956,800.00 | 10,003,700.00 |
| 22160KAK1 | 11594 | 100 | MTN | COSTCO | 05/18/2022 | Mat/Sale | Long | Fair | 5,000,000.00 | 0.79% | 4,964,350.00 | 5,001,850.00 |
| 22160KAK1 | 11611 | 100 | MTN | COSTCO | 05/18/2022 | Mat/Sale | Long | Fair | 3,872,000.00 | 0.61% | 3,841,333.76 | 3,873,432.64 |
| 3133EKLL8 | 11627 | 100 | FAC | FFCB | 05/20/2022 | Mat/Sale | Long | Fair | 5,000,000.00 | 0.79% | 5,000,000.00 | 5,007,600.00 |
| 3133EH4T7 | 11409 | 100 | FAC | FFCB | 06/27/2022 | Mat/Sale | Long | Fair | 4,000,000.00 | 0.63% | 4,000,000.00 | 4,000,080.00 |
| | | | | | **Subtotal for** | **29 Maturities** | | **0 Payments** | **134,743,000.00** | **21.24%** | **134,418,304.91** | **135,007,085.04** |
| **Aging Interval: 1096 - 1460 days** | | **( 06/30/2022** | **- 06/29/2023 )** | | | | | | | | | |
| 3133EKFK7 | 11580 | 100 | FAC | FFCB | 07/05/2022 | Mat/Sale | Long | Fair | 5,000,000.00 | 0.79% | 5,000,000.00 | 5,000,350.00 |
| 3133EKFK7 | 11581 | 100 | FAC | FFCB | 07/05/2022 | Mat/Sale | Long | Fair | 5,000,000.00 | 0.79% | 5,000,000.00 | 5,000,350.00 |
| 3133EKFK7 | 11599 | 100 | FAC | FFCB | 07/05/2022 | Mat/Sale | Long | Fair | 1,541,000.00 | 0.24% | 1,540,229.50 | 1,541,107.87 |
| 3133EKFK7 | 11606 | 100 | FAC | FFCB | 07/05/2022 | Mat/Sale | Long | Fair | 2,000,000.00 | 0.32% | 1,998,000.00 | 2,000,140.00 |
| 3133EKFK7 | 11609 | 100 | FAC | FFCB | 07/05/2022 | Mat/Sale | Long | Fair | 3,875,000.00 | 0.61% | 3,873,062.50 | 3,875,271.25 |
| 742718EU9 | 11568 | 100 | MTN | P&G | 08/11/2022 | Mat/Sale | Long | Fair | 2,500,000.00 | 0.39% | 2,463,175.00 | 2,496,850.00 |
| 589331AT4 | 11610 | 100 | MTN | MERCK | 09/15/2022 | Mat/Sale | Long | Fair | 4,059,000.00 | 0.64% | 4,036,675.50 | 4,071,826.44 |
| 3134GTCP6 | 11595 | 100 | FAC | FHLMC | 10/17/2022 | Mat/Sale | Long | Fair | 5,000,000.00 | 0.79% | 5,000,000.00 | 5,007,300.00 |
| 3134GTBC6 | 11604 | 100 | FAC | FHLMC | 10/17/2022 | Mat/Sale | Long | Fair | 1,250,000.00 | 0.20% | 1,250,000.00 | 1,251,112.50 |
| 3134FTDM2 | 11613 | 100 | FAC | FHLMC | 10/26/2022 | Mat/Sale | Long | Amort | 4,525,000.00 | 0.71% | 4,523,868.75 | 4,527,262.50 |
| 037833DE7 | 11621 | 100 | MTN | APPLE | 01/13/2023 | Mat/Sale | Long | Fair | 5,000,000.00 | 0.79% | 4,982,900.00 | 4,990,750.00 |
| 740189AG0 | 11556 | 100 | MTN | PRECAS | 01/15/2023 | Mat/Sale | Long | Fair | 5,000,000.00 | 0.79% | 4,926,250.00 | 4,990,650.00 |
| 90331HNL3 | 11547 | 100 | MTN | USB | 01/23/2023 | Mat/Sale | Long | Fair | 5,000,000.00 | 0.79% | 4,987,850.00 | 5,057,450.00 |
| 90331HNL3 | 11618 | 100 | MTN | USB | 01/23/2023 | Mat/Sale | Long | Fair | 5,000,000.00 | 0.79% | 5,031,700.00 | 5,057,450.00 |
| 3133EKMK9 | 11628 | 100 | FAC | FFCB | 02/22/2023 | Mat/Sale | Long | Fair | 3,000,000.00 | 0.47% | 2,999,250.00 | 2,999,820.00 |
| 084670BR8 | 11590 | 100 | MTN | BRKH | 03/15/2023 | Mat/Sale | Long | Fair | 5,000,000.00 | 0.79% | 5,030,000.00 | 5,046,150.00 |
| 3133EKFL5 | 11591 | 100 | FAC | FFCB | 04/03/2023 | Mat/Sale | Long | Fair | 7,000,000.00 | 1.10% | 6,993,000.00 | 7,002,100.00 |
| 3134GTDG5 | 11596 | 100 | FAC | FHLMC | 04/17/2023 | Mat/Sale | Long | Fair | 1,350,000.00 | 0.21% | 1,350,000.00 | 1,350,567.00 |
| 3130AGKT1 | 11630 | 100 | FAC | FHLB | 06/12/2023 | Mat/Sale | Long | Fair | 2,500,000.00 | 0.39% | 2,500,000.00 | 2,500,000.00 |
| 3134GTTN3 | 11639 | 100 | FAC | FHLMC | 06/20/2023 | Mat/Sale | Long | Fair | 6,000,000.00 | 0.95% | 6,000,000.00 | 6,000,000.00 |
| | | | | | **Subtotal for** | **20 Maturities** | | **0 Payments** | **79,600,000.00** | **12.55%** | **79,485,961.25** | **79,766,507.56** |
| **Aging Interval: 1461 - 1825 days** | | **( 06/30/2023** | **- 06/28/2024 )** | | | | | | | | | |
| 06406FAD5 | 11640 | 100 | MTN | BOFA | 08/16/2023 | Mat/Sale | Long | Fair | 5,000,000.00 | 0.79% | 4,946,900.00 | 4,946,900.00 |

| CUSIP | Investment # | Fund | Security Type | Issuer | Maturity Date | Description | Asset Class | Investment | Maturity Par Value | Percent of Portfolio | Current Book Value | Current Market Value |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Fund: GENERAL FUND** | | | | | | | | | | | | |
| **Aging Interval: 1461 - 1825 days** | | **( 06/30/2023 - 06/28/2024 )** | | | | | | | | | | |
| 3133EKQT6 | 11632 | 100 | FAC | FFCB | 09/13/2023 | Mat/Sale | Long | Fair | 5,000,000.00 | 0.79% | 5,000,000.00 | 5,000,000.00 |
| 68389XBL8 | 11615 | 100 | MTN | ORACLE | 09/15/2023 | Mat/Sale | Long | Fair | 5,344,000.00 | 0.84% | 5,282,223.36 | 5,291,094.40 |
| 3134GTDH3 | 11585 | 100 | FAC | FHLMC | 10/16/2023 | Mat/Sale | Long | Fair | 10,000,000.00 | 1.58% | 10,000,000.00 | 10,012,000.00 |
| 89236TDK8 | 11575 | 100 | MTN | TOYOTA | 10/18/2023 | Mat/Sale | Long | Fair | 1,200,000.00 | 0.19% | 1,181,040.00 | 1,185,864.00 |
| 3134GTNY5 | 11622 | 100 | FAC | FHLMC | 11/22/2023 | Mat/Sale | Long | Fair | 5,000,000.00 | 0.79% | 5,000,000.00 | 5,004,800.00 |
| 3133EKMM5 | 11626 | 100 | FAC | FFCB | 02/22/2024 | Mat/Sale | Long | Fair | 3,000,000.00 | 0.47% | 2,997,690.00 | 3,000,060.00 |
| 3133EKFS0 | 11579 | 100 | FAC | FFCB | 04/03/2024 | Mat/Sale | Long | Fair | 2,000,000.00 | 0.32% | 1,996,000.00 | 2,002,020.00 |
| 3133EKFS0 | 11586 | 100 | FAC | FFCB | 04/03/2024 | Mat/Sale | Long | Fair | 2,450,000.00 | 0.39% | 2,445,100.00 | 2,452,474.50 |
| 3130AG6A8 | 11593 | 100 | FAC | FHLB | 04/03/2024 | Mat/Sale | Long | Fair | 3,000,000.00 | 0.47% | 2,997,000.00 | 3,000,720.00 |
| 3134GTCM3 | 11582 | 100 | FAC | FHLMC | 04/15/2024 | Mat/Sale | Long | Fair | 3,000,000.00 | 0.47% | 2,998,500.00 | 3,001,320.00 |
| 3134GTCU5 | 11605 | 100 | FAC | FHLMC | 04/30/2024 | Mat/Sale | Long | Fair | 8,000,000.00 | 1.26% | 7,996,000.00 | 8,012,240.00 |
| 3134GTLL5 | 11616 | 100 | FAC | FHLMC | 04/30/2024 | Mat/Sale | Long | Fair | 3,000,000.00 | 0.47% | 3,000,000.00 | 3,003,450.00 |
| 3134GTPK3 | 11623 | 100 | FAC | FHLMC | 05/22/2024 | Mat/Sale | Long | Fair | 5,000,000.00 | 0.79% | 5,000,000.00 | 5,009,100.00 |
| 3130AGG82 | 11631 | 100 | FAC | FHLB | 05/29/2024 | Mat/Sale | Long | Fair | 1,280,000.00 | 0.20% | 1,280,000.00 | 1,280,000.00 |
| 3134GTRM7 | 11629 | 100 | FAC | FHLMC | 06/11/2024 | Mat/Sale | Long | Fair | 5,000,000.00 | 0.79% | 5,000,000.00 | 5,000,000.00 |
| 06048WA67 | 11644 | 100 | MTN | BOFA | 06/26/2024 | Mat/Sale | Long | Fair | 8,000,000.00 | 1.26% | 8,000,000.00 | 8,000,000.00 |
| 3134GTVQ3 | 11641 | 100 | FAC | FHLMC | 06/27/2024 | Mat/Sale | Long | Fair | 5,000,000.00 | 0.79% | 5,000,000.00 | 5,000,000.00 |
| | | | | | Subtotal for | 18 Maturities | | 0 Payments | 80,274,000.00 | 12.65% | 80,120,453.36 | 80,202,042.90 |
| | | | | | Total for | 135 Investment | | 0 Payments | | 100.00 | 622,015,311.50 | 623,602,588.95 |
| **Fund: LAIF-Local Agency Invest. Fund** | | | | | | | | | | | | |
| **Aging Interval: 0 days** | | **( 06/30/2019 - 06/30/2019 )** | | | | | | | | | | |
| LAIF | LAIF | 101 | LA1 | STATE | 06/30/2019 | Cash | Cash | Fair | 6,000,000.00 | 0.95% | 6,000,000.00 | 6,000,000.00 |
| | | | | | Subtotal for | 1 Maturities | | 0 Payments | 6,000,000.00 | 0.95% | 6,000,000.00 | 6,000,000.00 |
| | | | | | Total for | 1 Investment | | 0 Payments | | 100.00 | 6,000,000.00 | 6,000,000.00 |
| **Fund: NVUSD - LAIF** | | | | | | | | | | | | |
| **Aging Interval: 0 days** | | **( 06/30/2019 - 06/30/2019 )** | | | | | | | | | | |
| LAIF-NVUSD | LAIF-NVUSD | 102 | LA2 | STATE | 06/30/2019 | Cash | Cash | Fair | 0.00 | 0.00% | 0.00 | 0.00 |
| | | | | | Subtotal for | 1 Maturities | | 0 Payments | 0.00 | 0.00% | 0.00 | 0.00 |
| | | | | | Total for | 1 Investment | | 0 Payments | | 100.00 | 0.00 | 0.00 |

| CUSIP | Investment # | Fund | Security Type | Issuer | Maturity Date | Description | Asset Class | Investment | Maturity Par Value | Percent of Portfolio | Current Book Value | Current Market Value |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Fund: TEETER INVESTMENT POOL** | | | | | | | | | | | | |
| **Aging Interval: 1 - 90 days** | | **( 07/01/2019 - 09/28/2019 )** | | | | | | | | | | |
| TTRN1415 | 10887 | 200 | MUN | COUNTY | 09/01/2019 | Mat/Sale | Long | N/A | 122,347.91 | 0.02% | 122,347.91 | 122,347.91 |
| | | | | | **Subtotal for** | **1 Maturities** | | **0 Payments** | **122,347.91** | **0.02%** | **122,347.91** | **122,347.91** |
| **Aging Interval: 366 - 730 days** | | **( 06/30/2020 - 06/29/2021 )** | | | | | | | | | | |
| TTRN1516 | 11007 | 200 | MUN | COUNTY | 09/01/2020 | Mat/Sale | Long | N/A | 325,474.12 | 0.05% | 325,474.12 | 325,474.12 |
| | | | | | **Subtotal for** | **1 Maturities** | | **0 Payments** | **325,474.12** | **0.05%** | **325,474.12** | **325,474.12** |
| **Aging Interval: 731 - 1095 days** | | **( 06/30/2021 - 06/29/2022 )** | | | | | | | | | | |
| TTRN1617 | 11162 | 200 | MUN | COUNTY | 09/01/2021 | Mat/Sale | Long | N/A | 594,652.97 | 0.09% | 594,652.97 | 594,652.97 |
| | | | | | **Subtotal for** | **1 Maturities** | | **0 Payments** | **594,652.97** | **0.09%** | **594,652.97** | **594,652.97** |
| **Aging Interval: 1096 - 1460 days** | | **( 06/30/2022 - 06/29/2023 )** | | | | | | | | | | |
| TTRN1718 | 11345 | 200 | MUN | COUNTY | 09/01/2022 | Mat/Sale | Long | Fair | 926,554.61 | 0.15% | 926,554.61 | 926,554.61 |
| | | | | | **Subtotal for** | **1 Maturities** | | **0 Payments** | **926,554.61** | **0.15%** | **926,554.61** | **926,554.61** |
| **Aging Interval: 1461 - 1825 days** | | **( 06/30/2023 - 06/28/2024 )** | | | | | | | | | | |
| TTRN1819 | 11489 | 200 | MUN | COUNTY | 09/01/2023 | Mat/Sale | Long | Fair | 2,512,654.00 | 0.40% | 2,512,654.00 | 2,512,654.00 |
| | | | | | **Subtotal for** | **1 Maturities** | | **0 Payments** | **2,512,654.00** | **0.40%** | **2,512,654.00** | **2,512,654.00** |
| **Aging Interval: 1826 days and** | | **( 06/29/2024 - )** | | | | | | | | | | |
| | | | | | **Subtotal for** | **0 Maturities** | | **0 Payments** | **0.00** | **0.00%** | **0.00** | **0.00** |
| | | | | | **Total for** | **5 Investment** | | **0 Payments** | | **100.00** | **4,481,683.61** | **4,481,683.61** |

# APPENDIX F

## SPECIMEN MUNICIPAL BOND INSURANCE POLICY

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ASSURED GUARANTY MUNICIPAL

# MUNICIPAL BOND INSURANCE POLICY

ISSUER: Policy No: -N

BONDS: $ in aggregate principal amount of Effective Date:

Premium: $



ASSURED GUARANTY MUNICIPAL CORP. ("AGM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of AGM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which AGM shall have received Notice of Nonpayment, AGM will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by AGM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in AGM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by AGM is incomplete, it shall be deemed not to have been received by AGM for purposes of the preceding sentence and AGM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, AGM shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by AGM hereunder. Payment by AGM to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AGM under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless AGM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the

United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to AGM which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

AGM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to AGM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to AGM and shall not be deemed received until received by both and (b) all payments required to be made by AGM under this Policy may be made directly by AGM or by the Insurer's Fiscal Agent on behalf of AGM. The Insurer's Fiscal Agent is the agent of AGM only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of AGM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, AGM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to AGM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of AGM, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, ASSURED GUARANTY MUNICIPAL CORP. has caused this Policy to be executed on its behalf by its Authorized Officer.



ASSURED GUARANTY MUNICIPAL CORP.

By ______________________________
Authorized Officer

A subsidiary of Assured Guaranty Municipal Holdings Inc.
1633 Broadway, New York, N.Y. 10019
(212) 974-0100