**NEW ISSUE—FULL BOOK-ENTRY**

**INSURED RATING: S&P: "AA"**
**UNDERLYING RATING: S&P: "A+"**
**(See "MISCELLANEOUS – Rating" herein)**

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

# $19,759,150.10
# GOLDEN VALLEY UNIFIED SCHOOL DISTRICT
## (Madera County, California)
## Election of 2006 General Obligation Bonds, Series C
## (Federally Tax-Exempt)

**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 Golden Valley Unified School District (Madera County, California) Election of 2006 General Obligation Bonds, Series C (Federally Tax-Exempt) (the "Bonds"), were authorized at an election of the registered voters of the Golden Valley Unified School District (the "District") held on June 6, 2006, at which the requisite 55% of the persons voting on the proposition voted to authorize the issuance and sale of $70,000,000 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 Madera County is empowered and obligated to levy such *ad valorem* property taxes, without limitation as to rate or amount, upon all property within the District subject to taxation thereby (except certain personal property which is taxable at limited rates), for the payment of principal and Accreted Value of and interest on the Bonds when due.

The Bonds will be issued as current interest bonds (the "Current Interest Bonds") and capital appreciation bonds (the "Capital Appreciation Bonds"). Interest on the Current Interest Bonds accrues from the date of initial delivery and issuance of the Bonds (the "Dated Date"), and is payable semiannually on February 1 and August 1 of each year, commencing August 1, 2020. The Capital Appreciation Bonds are dated the Dated Date and accrete interest from such date, compounded semiannually on February 1 and August 1 of each year, commencing August 1, 2020. The Capital Appreciation Bonds are payable only at maturity (unless earlier redeemed) and will not pay interest on a current basis.

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 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 interests in the Bonds, but will instead receive credit balances on the books of their respective nominees. Payments of principal and Accreted Value of and interest on the Bonds will be made by U.S. Bank National Association, as the Paying Agent, to DTC for subsequent disbursement to DTC Participants who will remit such payments to the Beneficial Owners of the Bonds.

The scheduled payment of principal of (or, in the case of Capital Appreciation Bonds, the accreted value) and interest on the Bonds maturing on August 1 of the years 2023 through 2047, inclusive, and February 1, 2045 (the "Insured Bonds") when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Insured Bonds by BUILD AMERICA MUTUAL ASSURANCE COMPANY.

BAM
BUILD AMERICA MUTUAL

**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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*The Bonds will be offered when, as and if issued and received by the Underwriter, subject to the approval of legality by Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California, Bond Counsel. Certain matters are being passed upon for the District by Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California, as Disclosure Counsel, and for the Underwriter by Best Best & Krieger LLP, Riverside, California. The Bonds, in book-entry form, will be available for delivery through the facilities of DTC in New York, New York on or about May 7, 2020.*

PIPER | SANDLER

Dated: April 23, 2020

## MATURITY SCHEDULE

**Base CUSIP†: 381303**

**$19,759,150.10**
**GOLDEN VALLEY UNIFIED SCHOOL DISTRICT**
**(Madera County, California)**
**Election of 2006 General Obligation Bonds, Series C**
**(Federally Tax-Exempt)**

**$170,000.00 Current Interest Serial Bonds**

| Maturity (August 1) | Principal Amount | Interest Rate | Yield | CUSIP† Suffix |
|---|---|---|---|---|
| 2021 | $170,000.00 | 4.000% | 1.170% | MB9 |

**$3,000,000.00 - 5.000% Current Interest Term Bonds due August 1, 2046(2); Yield: 2.690%(1); CUSIP† Suffix: NC6**

**$4,855,000.00 - 3.000% Current Interest Term Bonds due August 1, 2047(2); Yield: 3.130%; CUSIP† Suffix: ND4**

**$11,734,150.10 Capital Appreciation Serial Bonds**

| Maturity (August 1) | Denominational Amount | Accretion Rate | Yield | Maturity Value | CUSIP† Suffix |
|---|---|---|---|---|---|
| 2023(2) | $51,987.10 | 1.750% | 1.750% | $55,000.00 | MD5 |
| 2024(2) | 97,451.55 | 1.770 | 1.770 | 105,000.00 | ME3 |
| 2025(2) | 145,299.20 | 1.850 | 1.850 | 160,000.00 | MF0 |
| 2026(2) | 195,054.20 | 1.940 | 1.940 | 220,000.00 | MG8 |
| 2027(2) | 254,900.65 | 2.030 | 2.030 | 295,000.00 | MH6 |
| 2028(2) | 302,126.40 | 2.140 | 2.140 | 360,000.00 | MJ2 |
| 2029(2) | 352,515.30 | 2.290 | 2.290 | 435,000.00 | MK9 |
| 2030(2) | 393,607.10 | 2.450 | 2.450 | 505,000.00 | ML7 |
| 2031(2) | 431,989.80 | 2.640 | 2.640 | 580,000.00 | MM5 |
| 2032(2) | 477,381.70 | 2.790 | 2.790 | 670,000.00 | MN3 |
| 2033(2) | 506,392.50 | 2.990 | 2.990 | 750,000.00 | MP8 |
| 2034(2) | 543,089.95 | 3.130 | 3.130 | 845,000.00 | MQ6 |
| 2035(2) | 566,379.60 | 3.210 | 3.210 | 920,000.00 | MR4 |
| 2036(2) | 482,145.85 | 3.260 | 3.260 | 815,000.00 | MS2 |
| 2037(2) | 456,402.80 | 3.320 | 3.320 | 805,000.00 | MT0 |
| 2038(2) | 411,737.60 | 3.390 | 3.390 | 760,000.00 | MU7 |
| 2039(2) | 384,726.00 | 3.430 | 3.430 | 740,000.00 | MV5 |
| 2040(2) | 353,956.30 | 3.470 | 3.470 | 710,000.00 | MW3 |
| 2041(2) | 320,038.90 | 3.510 | 3.510 | 670,000.00 | MX1 |
| 2042(2) | 1,458,850.80 | 3.550 | 3.550 | 3,190,000.00 | MY9 |
| 2043(2) | 1,433,862.30 | 3.580 | 3.580 | 3,270,000.00 | MZ6 |
| 2044(2) | 1,411,872.00 | 3.610 | 3.610 | 3,360,000.00 | NA0 |
| 2045(2)(3) | 702,382.50 | 3.630 | 3.630 | 1,710,000.00 | NB8 |

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(1) Yield to call at par on August 1, 2029.
(2) Insured Bonds.
(3) Maturity date of February 1, 2045.
† 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. Neither the Underwriter, the Municipal Advisor nor the District is responsible for the selection or correctness of the CUSIP numbers set forth herein, and no representation is made as to their correctness on the applicable Bonds or as included herein. CUSIP numbers have been assigned by an independent company not affiliated with the District, the Municipal Advisor or the Underwriter and are included solely for the convenience of the registered owners of the applicable Bonds. The CUSIP number for a specific maturity is subject to being changed after the execution and delivery of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

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

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

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

When used in this Official Statement and in any continuing disclosure by the District in any press release and in any oral statement made with the approval of an authorized officer of the District or any other entity described or referenced in this Official Statement, the words or phrases "will likely result," "are expected to," "will continue," "is anticipated," "estimate," "project," "forecast," "expect," "intend" and similar expressions identify "forward looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Any forecast is subject to such uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material.

The Underwriter has provided the following sentence for inclusion in this Official Statement: "The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information."

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT 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 PAGES 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.

Build America Mutual Assurance Company ("BAM") makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, BAM 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 BAM, supplied by BAM and presented under the heading "Bond Insurance" and "Exhibit G - Specimen Municipal Bond Insurance Policy."

**GOLDEN VALLEY UNIFIED SCHOOL DISTRICT**

**Board of Trustees**

*Maria Knobloch*, *President*
*Andy Wheeler*, Clerk
*Mona Diaz, Member*
*Brian Freeman*, *Member*
*Steven Lewis*, *Member*

**District Administration**

Rodney Wallace, *Superintendent*
Lacy Meneses, *Director of Business Services*

**PROFESSIONAL SERVICES**

**Bond Counsel and Disclosure Counsel**

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

**Municipal Advisor**

Dale Scott & Company, Inc.
*San Francisco, California*

**Paying Agent and Transfer Agent**

U.S. Bank National Association
*Seattle, Washington*

**$19,759,150.10**
**GOLDEN VALLEY UNIFIED SCHOOL DISTRICT**
**(Madera County, California)**
**Election of 2006 General Obligation Bonds, Series C**
**(Federally Tax-Exempt)**

## INTRODUCTION

This Official Statement, which includes the cover page, inside cover pages and appendices hereto, provides information in connection with the sale of Golden Valley Unified School District (Madera County, California) Election of 2006 General Obligation Bonds, Series C (Federally Tax-Exempt) (the "Bonds").

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

### Changes Since the Preliminary Official Statement

Since the publication of the Preliminary Official Statement, the information presented under the headings "DISTRICT FINANCIAL INFORMATION – Coronavirus", "DISTRICT FINANCIAL INFORMATION – State Budget Measures", "GOLDEN VALLEY UNIFIED SCHOOL DISTRICT – Retirement Programs" and "TAX BASE FOR REPAYMENT OF BONDS "—Alternative Method of Tax Apportionment – Teeter Plan" has been revised to include certain information regarding the ongoing and evolving COVID-19 (as defined herein) outbreak.

### The District

The District, established in 1998, is located in southeastern Madera County and serves the communities of Madera Ranchos, Rolling Hills, North Bonadelle Ranchos and Triego. The District currently operates two elementary schools (K-6), a middle school (7-8), a high school (9-12) and a variety of other educational programs, including a continuing education high school, two community day schools, an independent study program and an adult school. The District comprises an area of approximately 85 square miles. For fiscal year 2019-20, the District has an ADA of approximately 1,969 students, and property within the District has an assessed valuation of $1,569,674,737.

The governing body of the District is the Board of Trustees (the "District Board") and includes five voting members serving four-year terms. Elections for Trustee positions to the District Board are held every two years, alternating between two and three 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 the supervision of the District's other personnel. Mr. Rodney Wallace is the Superintendent of the District.

For more information about the District generally, see "GOLDEN VALLEY UNIFIED SCHOOL DISTRICT" herein. For more information regarding the District's assessed valuation, see "TAX BASE FOR REPAYMENT OF BONDS" herein. The District's audited financial statements for the fiscal year ended June 30, 2019 are attached hereto as APPENDIX B and should be read in their entirety.

**Purpose of the Bonds**

The Bonds are being issued to (i) finance the acquisition, construction, modernization and equipping of the District sites and facilities, and (ii) pay the costs of issuing the 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 Government Code and pursuant to resolutions adopted by the Board of Trustees of the District on February 25, 2020. See "THE BONDS – Authority for Issuance" herein.

**Sources of Payment for the Bonds**

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

***Current Interest and Capital Appreciation Bonds.*** The Bonds will be issued as current interest bonds (the "Current Interest Bonds") and as capital appreciation bonds (the "Capital Appreciation Bonds").

The Current Interest Bonds will bear periodic interest as further described herein. The Capital Appreciation Bonds are payable only at maturity (unless earlier redeemed) and will not bear interest on a current basis. The maturity value of each Capital Appreciation Bond is equal to its Accreted Value (defined herein) upon the maturity thereof (the "Maturity Value"), comprising its initial principal amount (the "Denominational Amount") and the interest accreting thereon between the Dated Date (defined herein) and its respective maturity date.

***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 Maturity Value, as applicable, or any integral multiple thereof.

***Redemption.*** Certain of the Bonds are subject to redemption prior to their respective stated maturity dates, as further described herein. Certain of the Bonds identified as Term Bonds (as defined herein) are further subject to mandatory sinking fund redemption as described herein. See "THE BONDS – Redemption" herein.

***Payments.*** The Bonds will be dated as of the date of their initial execution and issuance (the "Dated Date"). Interest on the Current Interest Bonds accrues from the Dated Date, and is payable semiannually on each February 1 and August 1 (each a "Bond Payment Date"), commencing August 1, 2020. Principal of the Current Interest Bonds is payable on August 1 in the amounts and years as set forth on the inside cover pages hereof.

The Capital Appreciation Bonds will accrete in value from their Denominational Amounts on the Dated Date to their respective Maturity Values, at the Accretion Rates (defined herein) per annum set forth on the inside cover pages hereof, compounded semiannually on February 1 and August 1 of each year, commencing August 1, 2020. The Capital Appreciation Bonds are payable only at maturity (unless earlier redeemed) according to the amounts set forth in the Accreted Values table as shown in APPENDIX D hereto.

Payments of the principal and Accreted Value of and interest on the Bonds will be made by U.S. Bank National Association, as the designated paying agent, registrar and transfer agent for the Bonds (the "Paying Agent"), to DTC for subsequent disbursement through DTC Participants (as defined herein) to the Beneficial Owners of the Bonds.

***Bond Insurance.*** The scheduled payment of principal of and interest on the Bonds maturing on August 1, 2023 through August 1, 2047, inclusive, and February 1, 2045 (the "Insured Bonds"), when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Insured Bonds by BUILD AMERICA MUTUAL ASSURANCE COMPANY. See "THE BONDS – Bond Insurance" herein. The Bonds maturing on August 1, 2021 are not insured.

**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 May 7, 2020.

**Bond Owner's Risks**

The Bonds are general obligations of the District payable solely from *ad valorem* property taxes which may be levied on all taxable property in the District, without limitation as to rate or amount (except with respect to certain personal property which is taxable at limited rates). For more complete information regarding the taxation of property within the District, and certain other considerations, 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 – Current Undertaking" herein and "APPENDIX C – FORM OF CONTINUING DISCLOSURE CERTIFICATE" attached hereto. 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. Dale Scott & Company, Inc., San Francisco, California is acting as Municipal Advisor to the District with respect to the Bonds. Stradling Yocca Carlson & Rauth, a Professional Corporation and Dale Scott & Company, Inc. will receive compensation from the District contingent upon the sale and delivery of the Bonds. Certain matters will be passed upon for the Underwriter by Best Best & Krieger LLP, Riverside, California. From time to time, Bond Counsel represents the Underwriter on matters unrelated to the District or 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 Golden Valley Unified School District, 37479 Avenue 12, Madera, California 93636, telephone: (559) 645-3570. 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 County, including its officials, officers, employees and Underwriter, shall have no responsibility with respect to any information in this Official Statement, except for information concerning the Treasurer's Pooled Investment Fund provided by the County Treasurer-Tax Collector. 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.

Capitalized terms used but not otherwise defined herein shall have the meanings assigned to such terms in the Resolutions (as defined herein).

## THE BONDS

### Authority for Issuance

The Bonds are issued by the District pursuant to the provisions of Government Code Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 (the "Act"), commencing with Section 53506 *et seq.*, as amended, Article XIIIA of the California Constitution and pursuant to a resolution adopted by the Board on February 25, 2020 (the "Resolution"). The District received authorization at an election held on June 6, 2006 by the requisite fifty-five percent of the votes cast by eligible voters within the District to issue $70,000,000 aggregate principal amount of general obligation bonds (the "Authorization"). The Bonds are the third series of bonds issued under the Authorization, and following the issuance thereof $32,756,142.10 of the Authorization will remain unissued.

In connection with the issuance of the Bonds, the District has received a waiver of its bonding capacity limit from the California Department of Education. As applied to the Authorization, the District is authorized to have bonds outstanding thereunder in a principal amount not in excess of 4.45% of its then aggregate assessed valuation, in lieu of the statutory limit of 2.50% of the District's aggregate assessed valuation.

### 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* property taxes, without limitation as to rate or amount, upon all property within the District subject to taxation thereby (except certain personal property which is taxable at limited rates), for the payment of principal and Accreted Value of and interest on the Bonds when due. Such *ad valorem* property taxes will be levied annually in addition to all other taxes in an amount sufficient to pay the principal and Accreted Value of and interest on the Bonds when due. The levy may include an allowance for an annual reserve, established for the purpose of avoiding fluctuating tax levies. While the County has historically levied *ad valorem* property taxes to establish such a reserve for other bonds of the District, the County is not obligated to establish or maintain such a reserve for 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 funds are required to be segregated and maintained by the County and which are designated for the payment of the series of 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 and Accreted Value 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 Accreted Value, 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 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 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, wildfire, drought 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.

**Bond Insurance**

***Bond Insurance Policy.*** Concurrently with the issuance of the Insured Bonds, Build America Mutual Assurance Company ("BAM") will issue its Municipal Bond Insurance Policy for the Insured Bonds (the "Policy") maturing August 1, 2023 through August 1, 2047, inclusive, and February 1, 2045. The Policy guarantees the scheduled payment of principal of (or, in the case of Capital Appreciation Bonds, the accreted value) and interest on the Insured Bonds when due as set forth in the form of the Policy included as an exhibit 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.

***Build America Mutual Assurance Company.*** BAM is a New York domiciled mutual insurance corporation and is licensed to conduct financial guaranty insurance business in all fifty states of the United States and the District of Columbia. BAM provides credit enhancement products solely to issuers in the U.S. public finance markets. BAM will only insure obligations of states, political subdivisions, integral parts of states or political subdivisions or entities otherwise eligible for the exclusion of income under section 115 of the U.S. Internal Revenue Code of 1986, as amended. No member of BAM is liable for the obligations of BAM.

The address of the principal executive offices of BAM is: 200 Liberty Street, 27th Floor, New York, New York 10281, its telephone number is: 212-235-2500, and its website is located at: www.buildamerica.com.

BAM is licensed and subject to regulation as a financial guaranty insurance corporation under the laws of the State of New York and in particular Articles 41 and 69 of the New York Insurance Law.

BAM's financial strength is rated "AA/Stable" by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"). An explanation of the significance of the rating and current reports may be obtained from S&P at www.standardandpoors.com. The rating of BAM should be evaluated independently. The rating reflects the S&P's current assessment of the creditworthiness of BAM and its ability to pay claims on its policies of insurance. The above rating is not a recommendation to buy, sell or hold the Insured Bonds, and such rating is subject to revision or withdrawal at any time by S&P, including withdrawal initiated at the request of BAM in its sole discretion. Any downward revision or withdrawal of the above rating may have an adverse effect on the market price of the Insured Bonds. BAM only guarantees scheduled principal and scheduled interest payments payable by the issuer of the Insured Bonds 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 Policy), and BAM does not guarantee the market price or liquidity of the Insured Bonds, nor does it guarantee that the rating on the Insured Bonds will not be revised or withdrawn.

*Capitalization of BAM*

BAM's total admitted assets, total liabilities, and total capital and surplus, as of December 31, 2019 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were $534.9 million, $132.5 million and $402.4 million, respectively.

BAM is party to a first loss reinsurance treaty that provides first loss protection up to a maximum of 15% of the par amount outstanding for each policy issued by BAM, subject to certain limitations and restrictions.

BAM's most recent Statutory Annual Statement, which has been filed with the New York State Insurance Department and posted on BAM's website at www.buildamerica.com, is incorporated herein by reference and may be obtained, without charge, upon request to BAM at its address provided above (Attention: Finance Department). Future financial statements will similarly be made available when published.

BAM makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, BAM 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 BAM, supplied by BAM and presented under the heading "THE BONDS – Bond Insurance."

*Additional Information Available from BAM*

Credit Insights Videos. For certain BAM-insured issues, BAM produces and posts a brief Credit Insights video that provides a discussion of the obligor and some of the key factors BAM's analysts and credit committee considered when approving the credit for insurance. The Credit Insights videos are easily accessible on BAM's website at buildamerica.com/creditinsights/. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Credit Profiles. Prior to the pricing of bonds that BAM has been selected to insure, BAM may prepare a pre-sale Credit Profile for those bonds. These pre-sale Credit Profiles provide information about the sector designation (e.g. general obligation, sales tax); a preliminary summary of financial information and key ratios; and demographic and economic data relevant to the obligor, if available. Subsequent to closing, for any offering that includes bonds insured by BAM, any pre-sale Credit Profile will be updated and superseded by a final Credit Profile to include information about the gross par insured by CUSIP, maturity and coupon. BAM pre-sale and final Credit Profiles are easily accessible on BAM's website at buildamerica.com/obligor/. BAM will produce a Credit Profile for all bonds insured by BAM, whether or not a pre-sale Credit Profile has been prepared for such bonds. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Disclaimers. The Credit Profiles and the Credit Insights videos and the information contained therein are not recommendations to purchase, hold or sell securities or to make any investment decisions. Credit-related and other analyses and statements in the Credit Profiles and the Credit Insights videos are statements of opinion as of the date expressed, and BAM assumes no responsibility to update the content of such material. The Credit Profiles and Credit Insight videos are prepared by BAM; they have not been reviewed or approved by the issuer of or the underwriter for the Bonds, and the issuer and underwriter assume no responsibility for their content.

BAM receives compensation (an insurance premium) for the insurance that it is providing with respect to the Bonds. Neither BAM nor any affiliate of BAM has purchased, or committed to purchase, any of the Bonds, whether at the initial offering or otherwise.

**Statutory Lien**

Pursuant to Government Code Section 53515, the Bonds will be secured by a statutory lien on all revenues received pursuant to the levy and collection of *ad valorem* property taxes for the payment thereof. The lien automatically attaches, without further action or authorization by the Board, and is valid and binding from the time the Bonds are executed and delivered. The revenues received pursuant to the levy and collection of the *ad valorem* property tax will be immediately subject to the lien, and such lien will be enforceable against the District, its successor, transferees and creditors, and all other parties asserting rights therein, irrespective of whether such parties have notice of the lien and without the need for physical delivery, recordation, filing or further act.

This statutory lien, by its terms, secures not only the Bonds, but also any other bonds of the District issued after January 2016 and payable, both principal and interest, from the proceeds of *ad valorem* taxes that may be levied pursuant to paragraphs (2) and (3) of subdivision (b) of Section 1 of Article XIIIA of the State Constitution. The statutory lien provision does not specify the relative priority of obligations so secured or a method of allocation in the event that the revenues received pursuant to the levy and collection of the tax are insufficient to pay all amounts then due and owing that are secured by the statutory lien.

## General Provisions

***Current Interest Bonds.*** Interest on the Current Interest Bonds accrues from the Dated Date, and is payable on each Bond Payment Date, commencing August 1, 2020. Interest on the Current Interest Bonds will be computed on the basis of a 360-day year of twelve 30-day months. Each Current Interest Bond will bear interest from the Bond Payment Date next preceding the date of authentication thereof unless it is authenticated as of a day during the period from the 16th day of the month next preceding any Bond Payment Date to and including such Bond Payment Date, in which event it will bear interest from such Bond Payment Date, or unless it is authenticated on or before July 15, 2020, in which event it will bear interest from the Dated Date. The Current Interest Bonds are issuable in denominations of $5,000 principal amount, or any integral multiple thereof, and mature on August 1, in the years and amounts set forth on the inside cover pages hereof.

***Capital Appreciation Bonds.*** Interest on each Capital Appreciation Bond is represented by the amount each such Bond accretes in value from its respective Denominational Amount on the Dated Date to the date for which the Accreted Value is calculated. The value of a Capital Appreciation Bond as of any date (the "Accreted Value") is calculated by discounting, on a 30-day month, 360-day year basis, its Maturity Value on the basis of a constant rate (the "Accretion Rate") compounded semiannually on February 1 and August 1 of each year to the date for which an Accreted Value is calculated, and if the date for which the Accreted Value is calculated is between February 1 and August 1, by pro-rating such Accreted Values to the closest prior or subsequent February 1 and August 1.

The Capital Appreciation Bonds will not pay interest on a periodic basis. The Capital Appreciation Bonds accrete in value from their Dated Date at the Accretion Rates per annum set forth on the inside cover pages hereof, compounded semiannually on February 1 and August 1 of each year, commencing August 1, 2020. The Maturity Value of a Capital Appreciation Bond is equal to the Accreted Value thereof at its maturity date.

See also the maturity schedules on the inside cover pages hereof, "—Annual Debt Service" herein, and "APPENDIX D – ACCRETED VALUES TABLE" attached hereto.

***Payments.*** Payment of interest on any Current Interest 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 and Accreted Value of and redemption premiums, if any, payable on the Bonds will be payable upon maturity upon surrender at the designated office of the Paying Agent. The principal and Accreted Value of, and interest, and redemption premiums, if any, on the Bonds will 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 and Accreted Value 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.

### Annual Debt Service

The following table shows the annual debt service requirements of the District for the Bonds, together with debt service on the District's prior outstanding bonded indebtedness, and assuming no further optional redemptions.

| | | Current Interest Bonds | | Capital Appreciation Bonds | | |
|---|---|---|---|---|---|---|
| Year Ending (August 1) | Outstanding Bonded Debt Service | Annual Principal Payment | Annual Interest Payment[(1)] | Denominational Payment[(2)] | Accreted Interest Payment[(2)] | Total Annual Debt Service |
| 2020 | $2,385,089.95 | -- | $70,571.67 | -- | -- | $2,455,661.62 |
| 2021 | 2,511,168.95 | $170,000.00 | 302,450.00 | -- | -- | 2,983,618.95 |
| 2022 | 2,282,282.85 | -- | 295,650.00 | -- | -- | 2,577,932.85 |
| 2023 | 2,389,647.25 | -- | 295,650.00 | $51,987.10 | $3,012.90 | 2,740,297.25 |
| 2024 | 2,560,902.05 | -- | 295,650.00 | 97,451.55 | 7,548.45 | 2,961,552.05 |
| 2025 | 2,725,006.05 | -- | 295,650.00 | 145,299.20 | 14,700.80 | 3,180,656.05 |
| 2026 | 2,886,769.60 | -- | 295,650.00 | 195,054.20 | 24,945.80 | 3,402,419.60 |
| 2027 | 3,050,991.25 | -- | 295,650.00 | 254,900.65 | 40,099.35 | 3,641,641.25 |
| 2028 | 3,229,581.25 | -- | 295,650.00 | 302,126.40 | 57,873.60 | 3,885,231.25 |
| 2029 | 3,407,381.25 | -- | 295,650.00 | 352,515.30 | 82,484.70 | 4,138,031.25 |
| 2030 | 3,613,781.25 | -- | 295,650.00 | 393,607.10 | 111,392.90 | 4,414,431.25 |
| 2031 | 3,809,781.25 | -- | 295,650.00 | 431,989.80 | 148,010.20 | 4,685,431.25 |
| 2032 | 4,020,581.25 | -- | 295,650.00 | 477,381.70 | 192,618.30 | 4,986,231.25 |
| 2033 | 4,255,781.25 | -- | 295,650.00 | 506,392.50 | 243,607.50 | 5,301,431.25 |
| 2034 | 4,478,131.25 | -- | 295,650.00 | 543,089.95 | 301,910.05 | 5,618,781.25 |
| 2035 | 4,725,331.25 | -- | 295,650.00 | 566,379.60 | 353,620.40 | 5,940,981.25 |
| 2036 | 5,107,381.25 | -- | 295,650.00 | 482,145.85 | 332,854.15 | 6,218,031.25 |
| 2037 | 5,371,831.25 | -- | 295,650.00 | 456,402.80 | 348,597.20 | 6,472,481.25 |
| 2038 | 5,624,956.25 | -- | 295,650.00 | 411,737.60 | 348,262.40 | 6,680,606.25 |
| 2039 | 5,917,612.50 | -- | 295,650.00 | 384,726.00 | 355,274.00 | 6,953,262.50 |
| 2040 | 6,230,268.75 | -- | 295,650.00 | 353,956.30 | 356,043.70 | 7,235,918.75 |
| 2041 | 6,567,300.00 | -- | 295,650.00 | 320,038.90 | 349,961.10 | 7,532,950.00 |
| 2042 | 4,353,237.50 | -- | 295,650.00 | 1,458,850.80 | 1,731,149.20 | 7,838,887.50 |
| 2043 | 4,592,712.50 | -- | 295,650.00 | 1,433,862.30 | 1,836,137.70 | 8,158,362.50 |
| 2044 | 4,842,025.00 | -- | 295,650.00 | 1,411,872.00 | 1,948,128.00 | 8,497,675.00 |
| 2045 | 5,081,175.00 | 1,740,000.00 | 295,650.00 | 702,382.50 | 1,007,617.50 | 8,826,825.00 |
| 2046 | 4,930,000.00 | 3,075,000.00 | 219,650.00 | -- | -- | 8,224,650.00 |
| 2047 | -- | 3,040,000.00 | 91,200.00 | -- | -- | 3,131,200.00 |
| Total | $110,950,707.95 | $8,025,000.00 | $7,779,471.67 | $11,734,150.10 | $10,195,849.90 | $148,685,179.62 |

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

(2) The Capital Appreciation Bonds are payable only at maturity (unless earlier redeemed) on August 1, 2023 through August 1, 2044, inclusive, and February 1, 2045, and interest on such Capital Appreciation Bonds is compounded semiannually on February 1 and August 1, commencing August 1, 2020.

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

**Application and Investment of Bond Proceeds**

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

The net proceeds from the sale of the Bonds will be paid to the County treasury to the credit of the "Golden Valley Unified School District, Election of 2006 General Obligation Bonds, Series C Building Fund" (the "Series C Building Fund") and shall be accounted for separately from all other District and County funds. Any accrued interest or premium received by the County from the sale of the Bonds will be kept separate and apart in the fund designated as the "Golden Valley Unified School District, Election of 2006 General Obligation Bonds, Series C Debt Service Fund" (the "Series C Debt Service Fund") and used only for payment of principal and Accreted Value of and interest on the Bonds, and for no other purpose. Any excess proceeds of the Bonds not needed for the authorized purposes for which the Bonds are being issued shall be transferred to the Series C Debt Service Fund. If, after payment in full of the Bonds, there remain excess proceeds, any such excess amounts shall be transferred to the general fund of the District as permitted by law.

**Redemption**

***Optional Redemption.*** The Current Interest Bonds maturing on or before August 1, 2021 are not subject to redemption prior to their respective stated maturity dates. The Current Interest Bonds maturing on and after August 1, 2046 are subject to redemption prior to their respective stated maturity dates, at the option of the District, from any source of available funds, in whole or in part, on any date on or after August 1, 2029 at a redemption price equal to the principal amount of the Current Interest Bonds to be redeemed, plus interest accrued thereon to the date fixed for redemption, without premium.

The Capital Appreciation Bonds maturing on and after August 1, 2030 are subject to redemption prior to their respective stated maturity dates, at the option of the District, from any source of available funds, in whole or in part, on any date on or after August 1, 2029 at a redemption price equal to the Accreted Value of such Capital Appreciation Bonds to be redeemed as of the date set for such redemption, without premium.

***Mandatory Redemption.*** The Current Interest Bonds maturing on August 1, 2046 (the "2046 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, 2045, 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 2046 Term Bonds to be so redeemed, the dates therefor, and the final payment date are as indicated in the following table:

| Year Ending (August 1) | Principal To Be Redeemed |
|---|---|
| 2045 | $1,190,000 |
| 2046[1] | 1,810,000 |

[1] Maturity.

In the event that a portion of the 2046 Term Bonds shown above is optionally redeemed prior to maturity, the remaining mandatory sinking fund payments with respect thereto 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 2046 Term Bonds optionally redeemed.

The Current Interest Bonds maturing on August 1, 2047 (the "2047 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, 2045, 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 2047 Term Bonds to be so redeemed, the dates therefor, and the final payment date are as indicated in the following table:

| **Year Ending (August 1)** | **Principal To Be Redeemed** |
|---|---|
| 2045 | $550,000 |
| 2046 | 1,265,000 |
| 2047[(1)] | 3,040,000 |

[(1)] Maturity.

In the event that a portion of the 2047 Term Bonds shown above is optionally redeemed prior to maturity, the remaining mandatory sinking fund payments with respect thereto 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 2047 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 by the District, and if not directed, in inverse order of maturity. Within a maturity, the Paying Agent, shall select Bonds for redemption as directed by the District, and if not so directed, by lot. Redemption by lot shall be in such manner as the Paying Agent shall determine; provided, however, that with respect to redemption by lot, the portion of any Bond to be redeemed in part shall be in a principal amount or Maturity Value of $5,000, or any integral multiple thereof.

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

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

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

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

A certificate of the Paying Agent or the District that a Redemption Notice has been given as provided in the Resolutions 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, Accreted Value, interest, and premium, if any) is irrevocably set aside in trust for that purpose, as described in "—Defeasance" herein, 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 authenticate and deliver to the Owner thereof a new Bond or Bonds of like tenor and maturity and of authorized denominations equal in Transfer Amount (which, with respect to any outstanding Current Interest Bonds, means the principal amount, and with respect to any outstanding Capital Appreciation Bond, means the Maturity Value) 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 accrued 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, Accreted Value, 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 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 and Accreted Value 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 Underwriter of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.6 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the

DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants," and together with the Direct Participants, the "Participants"). DTC has a Standard & Poor's rating of "AA+." The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com. However, the information presented on such website is not incorporated herein by any reference.

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

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized Underwriter 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 Resolutions. 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 Underwriter 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 Underwriter 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 Resolutions.

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

Any Bond may be exchanged for Bonds of like Series, tenor, maturity and Transfer Amount (which with respect to any outstanding Bonds means the principal amount or Maturity Value thereof) upon presentation and surrender at the designated 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 designated 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.

None of the District, the County nor the Paying Agent will be required to (a) issue or transfer any Bonds during a period beginning with the opening of business on the 16th day next preceding any Bond Payment Date, or any date of selection of Bonds to be redeemed and ending with the close of business on the Bond Payment Date, or any day on which the applicable notice of redemption is given or (b) 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, in whole or in part, 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 any amounts transferred from the Debt Service Fund, is sufficient to pay and discharge all Bonds outstanding and designated for defeasance (including all principal and Accreted Value thereof, accrued interest thereon and redemption premiums, if any) at or before their maturity dates or applicable redemption dates;

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

then, notwithstanding that any of such Bonds shall not have been surrendered for payment, all obligations of the District and the County with respect to all such designated outstanding Bonds shall cease and terminate, except only the obligation of the Paying Agent or an 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 and the obligations of the County with respect to the Rebate Fund.

"Government Obligations" means 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 secured or otherwise guaranteed, directly or indirectly, as to principal and interest by 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 at least as high as direct and general obligations of the United States of America by S&P or Moody's Investors Service ("Moody's").

## ESTIMATED SOURCES AND USES OF FUNDS

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

| | The Bonds |
|---|---|
| **Sources of Funds** | |
| Principal Amount of Bonds | $19,759,150.10 |
| Original Issue Premium | 453,742.40 |
| Total Sources | $20,212,892.50 |
| | |
| **Uses of Funds** | |
| Deposit to Building Fund | $19,569,150.10 |
| Deposit to Debt Service Fund | 306,123.74 |
| Costs of Issuance(1) | 238,822.91 |
| Underwriter's discount | 98,795.75 |
| Total Uses | $20,212,892.50 |

(1) Reflects all costs of issuance, including but not limited to credit rating fees, printing costs, legal and Municipal Advisory fees, municipal bond insurance policy premium, legal fees and the costs and fees of the Paying Agent. See also "MISCELLANEOUS – Underwriting" herein.

## 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 principal and Accreted Value of and interest on the Bonds are payable solely from the proceeds of* 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 $20 cost on the second installment, plus any additional amount determined by the County Treasurer (the "Treasurer"). Property on the secured roll with delinquent taxes is declared tax-defaulted on or about June 30 of the calendar year.

Such property may thereafter be redeemed by payment of the delinquent taxes and the delinquency penalty, plus a minimum $15 redemption fee and a redemption penalty of 1.5% per month to the time of redemption. If taxes are unpaid for a period of five years or more, the property is subject to sale by the Treasurer.

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

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### Assessed Valuations

Property within the District has a total assessed valuation for fiscal year 2019-20 of $1,569,674,737. The following table shows an 10-year history of assessed valuations in the District:

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

| | Local Secured | Utility | Unsecured | Total |
|---|---|---|---|---|
| 2010-11 | $978,983,629 | $143,290 | $18,509,253 | $997,636,172 |
| 2011-12 | 995,291,011 | 132,340 | 18,087,300 | 1,013,510,651 |
| 2012-13 | 1,003,331,552 | 132,340 | 16,932,754 | 1,020,396,646 |
| 2013-14 | 1,030,303,300 | 103,800 | 22,080,054 | 1,052,487,154 |
| 2014-15 | 1,076,876,213 | 103,800 | 22,608,978 | 1,099,588,991 |
| 2015-16 | 1,123,991,289 | 103,800 | 23,598,775 | 1,147,693,864 |
| 2016-17 | 1,171,383,827 | 103,800 | 23,617,922 | 1,195,105,549 |
| 2017-18 | 1,254,107,191 | 111,080 | 27,220,807 | 1,281,439,078 |
| 2018-19 | 1,351,167,967 | 111,080 | 33,252,037 | 1,384,531,084 |
| 2019-20 | 1,534,874,225 | 111,080 | 34,689,432 | 1,569,674,737 |

[1] *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, wildfire, flood, drought or toxic contamination, could cause a reduction in the assessed value of taxable property within the District. Any such reduction would result in a corresponding increase in the annual tax rate levied by the County to pay the debt service with respect to the Bonds. See "THE BONDS – Security and Sources of Payment" herein.

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

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

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

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

***Assembly Bill 102.*** On June 27, 2017, the Governor signed into law Assembly Bill 102 ("AB 102"). AB 102 restructures the functions of the SBE and creates two new separate agencies: (i) the California Department of Tax and Fee Administration, and (ii) the Office of Tax Appeals. Under AB 102, the California Department of Tax and Fee Administration will take over programs previously in the SBE Property Tax Department, such as the Tax Area Services Section, which is responsible for maintaining all property tax-rate area maps and for maintaining special revenue district boundaries. Under AB 102, the SBE will continue to perform the duties assigned by the State Constitution related to property taxes, however, beginning January 1, 2018, the SBE will only hear appeals related to the programs that it constitutionally administers and the Office of Tax Appeals will hear appeals on all other taxes and fee matters, such as sales and use tax and other special taxes and fees. AB 102 obligates the Office of Tax Appeals to adopt regulations as necessary to carry out its duties, powers, and responsibilities. No assurances can be given as to the effect of such regulations on the appeals process or on 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**
**Fiscal Year 2019-20**
**Golden Valley Unified School District**

| Jurisdiction: | Assessed Valuation in District | % of District | Assessed Valuation of Jurisdiction | % of Jurisdiction in District |
|---|---|---|---|---|
| Unincorporated Madera County | $1,569,674,737 | 100.00% | $10,963,941,121 | 14.32% |
| Total District | $1,569,674,737 | 100.00% | | |
| | | | | |
| Madera County | $1,569,674,737 | 100.00% | $15,209,777,877 | 10.32% |

*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**
**Golden Valley Unified School District**

| | No. of Parcels | 2019-20 Assessed Valuation | Average Assessed Valuation | Median Assessed Valuation |
|---|---|---|---|---|
| Single Family Residential | 3,627 | $934,710,085 | $257,709 | $242,854 |

| 2019-20 Assessed Valuation | No. of Parcels[1] | % of Total | Cumulative % of Total | Total Valuation | % of Total | Cumulative % of Total |
|---|---|---|---|---|---|---|
| $0 - $24,999 | 6 | 0.165% | 0.165% | $106,913 | 0.011% | 0.011% |
| 25,000 - 49,999 | 8 | 0.221 | 0.386 | 317,089 | 0.034 | 0.045 |
| 50,000 - 74,999 | 36 | 0.993 | 1.379 | 2,264,667 | 0.242 | 0.288 |
| 75,000 - 99,999 | 119 | 3.281 | 4.659 | 10,447,024 | 1.118 | 1.405 |
| 100,000 - 124,999 | 149 | 4.108 | 8.768 | 17,031,656 | 1.822 | 3.227 |
| 125,000 - 149,999 | 303 | 8.354 | 17.122 | 41,735,280 | 4.465 | 7.693 |
| 150,000 - 174,999 | 323 | 8.905 | 26.027 | 52,381,198 | 5.604 | 13.297 |
| 175,000 - 199,999 | 339 | 9.347 | 35.374 | 63,506,130 | 6.794 | 20.091 |
| 200,000 - 224,999 | 329 | 9.071 | 44.444 | 69,865,433 | 7.475 | 27.565 |
| 225,000 - 249,999 | 288 | 7.940 | 52.385 | 68,328,185 | 7.310 | 34.875 |
| 250,000 - 274,999 | 327 | 9.016 | 61.401 | 85,628,519 | 9.161 | 44.036 |
| 275,000 - 299,999 | 301 | 8.299 | 69.699 | 86,516,229 | 9.256 | 53.292 |
| 300,000 - 324,999 | 222 | 6.121 | 75.820 | 69,249,814 | 7.409 | 60.701 |
| 325,000 - 349,999 | 198 | 5.459 | 81.279 | 66,712,383 | 7.137 | 67.838 |
| 350,000 - 374,999 | 155 | 4.274 | 85.553 | 56,043,915 | 5.996 | 73.834 |
| 375,000 - 399,999 | 131 | 3.612 | 89.165 | 50,754,496 | 5.430 | 79.264 |
| 400,000 - 424,999 | 106 | 2.923 | 92.087 | 43,820,229 | 4.688 | 83.952 |
| 425,000 - 449,999 | 85 | 2.344 | 94.431 | 37,041,743 | 3.963 | 87.915 |
| 450,000 - 474,999 | 50 | 1.379 | 95.809 | 23,136,930 | 2.475 | 90.390 |
| 475,000 - 499,999 | 38 | 1.048 | 96.857 | 18,553,646 | 1.985 | 92.375 |
| 500,000 and greater | 114 | 3.143 | 100.000 | 71,268,606 | 7.625 | 100.000 |
| Total | 3,627 | 100.000% | | $934,710,085 | 100.000% | |

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

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***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**
**Golden Valley Unified School District**

| Non-Residential: | 2019-20 Assessed Valuation[1] | % of Total | No. of Parcels | % of Total |
|---|---|---|---|---|
| Agricultural | $399,147,206 | 26.01% | 484 | 8.77% |
| Commercial | 41,565,028 | 2.71 | 75 | 1.36 |
| Vacant Commercial | 42,994,206 | 2.80 | 76 | 1.38 |
| Industrial | 14,075,594 | 0.92 | 11 | 0.20 |
| Government/Social/Institutional | 1,655,966 | 0.11 | 16 | 0.29 |
| Miscellaneous | 2,870,659 | 0.19 | 14 | 0.25 |
| Subtotal Non-Residential | $502,308,659 | 32.73% | 676 | 12.25% |
| | | | | |
| Residential: | | | | |
| Single Family Residence | $ 934,710,085 | 60.90% | 3,627 | 65.74% |
| Mobile Home | 4,200,495 | 0.27 | 34 | 0.62 |
| 2+ Residential Units | 19,008,757 | 1.24 | 57 | 1.03 |
| Miscellaneous Residential | 427,245 | 0.03 | 10 | 0.18 |
| Vacant Residential | 74,218,984 | 4.84 | 1,113 | 20.17 |
| Subtotal Residential | $1,032,565,566 | 67.27% | 4,841 | 87.75% |
| | | | | |
| Total | $1,534,874,225 | 100.00% | 5,517 | 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 period from fiscal years 2015-16 through 2019-20.

**SUMMARY OF *AD VALOREM* PROPERTY TAX RATES (TRA 65-013)[(1)]**
**Fiscal Years 2015-16 through 2019-20**
**Golden Valley Unified School District**

| | 2015-16 | 2016-17 | 2017-18 | 2018-19 | 2019-20 |
|---|---|---|---|---|---|
| General Tax Rate | 1.000000% | 1.000000% | 1.000000% | 1.000000% | 1.000000% |
| Golden Valley Unified School District | .169250 | .152037 | .141692 | .125709 | .128412 |
| State Center Community College District | .008064 | .008480 | .025934 | .022966 | .025786 |
| Totals | 1.177314% | 1.160517% | 1.167626% | 1.148675% | 1.154198% |

(1) The fiscal year 2019-20 assessed valuation of TRA 65-013 is $300,735,903, which is approximately 19.16% of the District's total fiscal year 2019-20 assessed valuation.
*Source: California Municipal Statistics, Inc.*

## Alternative Method of Tax Apportionment - Teeter Plan

The Board of Supervisors of the County has implemented 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 State Revenue and Taxation Code. Under the Teeter Plan, the County apportions secured property taxes on an accrual basis when due (irrespective of actual collections) to its local political subdivisions, including the District, for which the County acts as the tax-levying or tax-collecting agency. The Teeter Plan is applicable to all tax levies for which the County acts as the tax-levying or tax-collecting agency, or for which the County treasury is the legal depository of the tax collections.

The *ad valorem* property tax to be levied to pay the principal of and interest on general obligation bonds of the District will be subject to the Teeter Plan, beginning in the first year of such levy. The District will receive 100% of the *ad valorem* property tax levied to pay the Bonds irrespective of actual delinquencies in the collection of the tax by the County.

The Teeter Plan is to remain in effect unless the Board of Supervisors of the County orders its discontinuance or unless, prior to the commencement of any fiscal year of the County (which commences on July 1), the Board of Supervisors receives a petition for its discontinuance joined in by a resolution adopted by at least two-thirds of the participating revenue districts in the County. In the event the Board of Supervisors is to order discontinuance of the Teeter Plan subsequent to its implementation, only those secured property taxes actually collected would be allocated to political subdivisions (including the District) for which the County acts as the tax-levying or tax-collecting agency.

There can be no assurance that the County will always maintain the Teeter Plan or will have sufficient funds available to distribute the full amount of the District's share of property tax collections to the District. The ability of the County to maintain the Teeter Plan may depend on its financial resources and may be affected by future property tax delinquencies. Property tax delinquencies may be impacted by economic and other factors beyond the District's or the County's control, including the ability or willingness of property owners to pay property taxes during an economic recession or depression. An economic recession or depression could be caused by many factors outside the control of the District, including high interest rates, reduced consumer confidence, reduced real wages or reduced economic activity as a result of the spread of COVID-19 (as defined herein) or other outbreak of disease or natural or manmade disaster. See "DISTRICT FINANCIAL INFORMATION – Coronavirus" herein. However, notwithstanding any possible future change to or discontinuation of the Teeter Plan, State law requires the County to levy *ad valorem* property taxes sufficient to pay the Bonds when due.

**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 representations 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**
**Golden Valley Unified School District**

| | Property Owner | Primary Land Use | 2019-20 Assessed Valuation | % of Total [1] |
|---|---|---|---|---|
| 1. | San Joaquin River Ranch LLC | Agricultural | $53,574,904 | 3.49% |
| 2. | Waterland Vineyards Rampage LLC | Agricultural | 25,884,500 | 1.69 |
| 3. | Riverstone Farms LLC | Agricultural | 25,292,397 | 1.65 |
| 4. | Lennar Homes of California Inc. | Residential Development | 16,668,507 | 1.09 |
| 5. | Lakhbir S. & Manjit K. Gill | Agricultural | 15,342,395 | 1.00 |
| 6. | Bulldog Acquisitions LLC | Agricultural | 12,867,387 | 0.84 |
| 7. | Richard V. & Maraget S. Gunner, Trustees | Agricultural | 10,591,164 | 0.69 |
| 8. | Fresno Community Hospital & Medical Center | Commercial Land | 10,265,626 | 0.67 |
| 9. | Consolidated Land Company | Agricultural | 10,118,258 | 0.66 |
| 10. | Robert D. & Barbara M. Bishel, Trustees | Agricultural | 9,720,353 | 0.63 |
| 11. | Groveland Dev Corp. | Agricultural | 9,639,785 | 0.63 |
| 12. | P R Farms Inc. | Agricultural | 9,237,962 | 0.60 |
| 13. | Bellezze Naturali LLC | Agricultural | 7,741,610 | 0.50 |
| 14. | Coarsegold Properties | Industrial | 7,593,865 | 0.49 |
| 15. | Central Green Co. | Residential Development | 7,248,240 | 0.47 |
| 16. | Greenleaf Orchards Ltd. | Agricultural | 6,990,981 | 0.46 |
| 17. | Children's Hospital Central California | Commercial Land | 6,947,098 | 0.45 |
| 18. | Maan Farms Corp. | Agricultural | 5,893,424 | 0.38 |
| 19. | Lodge Root Creek No. 1 LP | Residential Properties | 5,396,730 | 0.35 |
| 20. | Roque Prop LLC | Agricultural | 5,270,954 | 0.34 |
| | | | $262,286,140 | 17.09% |

(1) The District's fiscal year 2019-20 local secured assessed valuation is $1,534,874,225.
*Source: California Municipal Statistics, Inc.*

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**Statement of Direct and Overlapping Debt**

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

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.

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**STATEMENT OF DIRECT AND OVERLAPPING DEBT**
**Golden Valley Unified School District**

2019-20 Assessed Valuation: $1,569,674,737

| | % Applicable [1] | Debt 1/1/20 |
|---|---|---|
| DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT: | | |
| State Center Community College District | 1.737% | $2,703,988 |
| **Golden Valley Unified School District** | **100.000** | **49,694,422[1][2]** |
| Madera County Assessment District No. 2007-1 | 100.000 | 2,615,000 |
| Golden Valley Unified School District Community Facilities District No. 2017-1 | 100.000 | 5,440,000 |
| TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT | | $60,453,410 |
| | | |
| DIRECT AND OVERLAPPING GENERAL FUND DEBT: | | |
| Madera County Certificates of Participation | 10.320% | $900,851 |
| Madera County Office of Education Certificates of Participation | 10.320 | 2,102,668 |
| **Golden Valley Unified School District General Fund Obligations** | **100.000** | **4,350,898** |
| TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT | | $7,354,417 |
| | | |
| COMBINED TOTAL DEBT | | $67,807,827[3] |

Ratios to 2019-20 Assessed Valuation:
**Direct Debt ($49,694,422)................................................................... 3.17%**
Combined Direct Debt ($54,045,320) 3.44%
Total Direct and Overlapping Tax and Assessment Debt.................... 3.85%
Combined Total Debt ............................................................ 4.32%

(1) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations and accreted interest of capital appreciation bonds.
(2) Excludes the Bonds.
(3) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

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## CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS

*The principal and Accreted Value of and interest on the Bonds are payable solely from the proceeds of an* ad valorem *property tax required to be levied by the County on taxable property within the District in an amount sufficient for the payment thereof. (See "THE BONDS – Security and Sources of Payment" herein) Articles XIIIA, XIIIB, XIIIC and XIIID of the Constitution, Propositions 98 and 111, and certain other provisions of law discussed below, are included in this section to describe the potential effect of these Constitutional and statutory measures on the ability of the County to levy taxes on behalf of the District and to the District to spend tax proceeds for operating and other purposes, and it should not be inferred from the inclusion of such materials that these laws impose any limitation on the ability of the County to levy taxes for payment of the principal and Accreted Value of and interest on the Bonds. The tax levied by the County for payment of the Bonds and the Prior 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 and the Prior 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.

***Split Roll Property Tax Ballot Measure.*** On October 15, 2018, a proposed ballot initiative became eligible for the November 2020 Statewide ballot (the "2020 Ballot Measure"). If approved by a majority of voters casting a ballot at the November 2020 Statewide election, the 2020 Ballot Measure would amend Article XIIIA such that the "full cash value" of commercial and industrial real property that is not zoned for commercial agricultural production, for each lien date, would be equal to the fair market value of that property. If passed, the 2020 Ballot Measure would not affect the "full cash value" of residential property or real property used for commercial agricultural production, which would continue to be subject to annual increases not to exceed 2%. After compensating the State General Fund for resulting reductions in State personal income tax and corporate tax revenues, and compensating cities, counties and special districts for the cost of implementing the 2020 Ballot Measure, approximately 40% of the remaining additional tax revenues generated as a result of the 2020 Ballot Measure would be deposited into a fund created pursuant to the 2020 Ballot Measure called the Local School and Community College Property Tax Fund, with such funds being used to supplement, and not replace, existing funding school districts and community college districts receive under the State's constitutional minimum funding requirement. The District cannot predict whether the 2020 Ballot Measure will appear on the Statewide ballot at the November 2020 election or, if it does, whether the 2020 Ballot Measure will be approved by a majority of voters casting a ballot. If approved, the District cannot make any assurance as to what effect the implementation of the 2020 Ballot Measure will have on District revenues or the assessed valuation of real property in the District.

**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 community supported 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, community college 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 community college districts to mean the percentage change in California per capita income from the preceding year, and

(b) "change in population" with respect to a community college district to mean the percentage change in the ADA of the community college 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 % 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 community college 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 community college 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 State 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. Annual Adjustments to Spending Limit. 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. Treatment of Excess Tax Revenues. "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. Exclusions from Spending Limit. Two exceptions were added to the calculation of appropriations which are subject to the Article XIIIB spending limit: (i) all appropriations for "qualified capital outlay projects" as defined by the State legislature, and (ii) 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 State legislature and the Governor, which was expected to raise over $15 billion in additional taxes from 1990 through 2000 to fund transportation programs.

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

e. School Funding Guarantee. There is a complex adjustment in the formula enacted in Proposition 98 which guarantees K-14 school districts a certain amount of State general fund revenues. Under prior law, K-14 school districts were guaranteed the greater of (1) 40.9% of State general fund revenues ("Test 1") or (2) the amount appropriated in the prior year adjusted for changes in the cost of living (measured as in Article XIIIB by reference to per capita personal income) and enrollment ("Test 2"). Under Proposition 111, K-14 school districts will receive the greater of (1) Test 1, (2) Test 2, or (3) a third test ("Test 3"), which will replace Test 2 in any year when growth in per capita State general fund revenues from the prior year is less than the annual growth in California per capita personal income. Under Test 3, K-14 school districts will receive the amount appropriated in the prior year adjusted for change in enrollment and per capita State general fund revenues, plus an additional small adjustment factor. If Test 3 is used in any year, the difference between Test 3 and Test 2 will become a "credit" (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 State 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, community college districts, including the District, 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 State 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 for school districts and community college districts. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING SCHOOL DISTRICT REVENUES AND APPROPRIATIONS – Propositions 98 and 111" herein. From an accounting perspective, the revenues generated from the personal income tax increases are being deposited into the State account created pursuant to Proposition 30 called the Education Protection Account (the "EPA"). Pursuant to Proposition 30, funds in the EPA will be allocated quarterly, with 89% of such funds provided to schools districts and 11% provided to community college districts. The funds will be distributed to school districts and community college districts in the same manner as existing unrestricted per-student funding, except that no school district will receive less than $200 per unit of ADA and no community college district will receive less than $100 per full time equivalent student. The governing board of each school district and community college district is granted sole authority to determine how the moneys received from the EPA are spent, provided that the appropriate governing board is required to make these spending determinations in open session at a public meeting and such local governing board is prohibited from using any funds from the EPA for salaries or benefits of administrators or any other administrative costs.

**Proposition 2**

On November 4, 2014, 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 to the BSA, nor does the Legislature retain discretion to transfer funds from the BSA for any reason, as previously provided by law. Rather, the Governor must declare a "budget emergency," defined as an emergency within the meaning of Article 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 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 school ($500 million) and technical education ($500 million) facilities. Generally, 50% of modernization and new construction project costs for charter school and technical education facilities must come from local revenues. However, schools that cannot cover their local share for these two types of projects may apply for state loans. State loans must be repaid over a maximum of 30 years for charter school facilities and 15 years for career technical education facilities. For career technical education facilities, state grants are capped at $3 million for a new facility and $1.5 for a modernized facility. Charter schools must be deemed financially sound before project approval.

***Community College Facilities.*** Proposition 51 includes $2 billion for community college district facility projects, including buying land, constructing new buildings, modernizing existing buildings, and purchasing equipment. In order to receive funding, community college districts must submit project proposals to the Chancellor of the community college system, who then decides which projects to submit to the 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 guarantees that it will either pursue or qualify for Proposition 51 state facilitates funding.

**Future Initiatives**

Article XIIIA, Article XIIIB, Article XIIIC and Article XIIID of the California Constitution and Propositions 22, 26, 30, 39, 98 and 55 were each adopted as measures that qualified for the ballot pursuant to the State's initiative process. From time to time other initiative measures could be adopted further affecting District revenues or the District's ability to expend revenues. The nature and impact of these measures cannot be anticipated by the District.

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## 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 and Maturity Value of or interest on the Bonds is payable from the general fund of the District. The Bonds are payable solely from the proceeds of an* ad valorem *property tax required to be levied by the County on taxable property within the District in an amount sufficient for the payment thereof. See "THE BONDS – Security and Sources of Payment" herein.*

### 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. Beginning in 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.

The following table reflects the District's historical ADA and the revenue limit rates per unit of ADA for fiscal years 2007-08 through 2012-13.

**AVERAGE DAILY ATTENDANCE AND REVENUE LIMIT**
**Fiscal Years 2007-08 through 2012-13**
**Golden Valley Unified School District**

| Fiscal Year | Average Daily Attendance[1] | Change | Base Revenue Limit Per ADA[2] | Deficit Revenue Limit Per ADA[2] |
|---|---|---|---|---|
| 2007-08 | 1,954 | -- | $6,641 | $6,641 |
| 2008-09 | 1,954 | 0.00% | 6,970 | 6,423 |
| 2009-10 | 1,878 | (3.89) | 7,232 | 5,904 |
| 2010-11 | 1,853 | (1.33) | 7,208 | 5,934 |
| 2011-12 | 1,847 | (0.32) | 7,376 | 5,857 |
| 2012-13 | 1,848 | 0.05 | 7,562 | 5,899 |

Note: All amounts are rounded to the nearest whole number.

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

(2) Deficit revenue limit funding, when provided for in State budgetary legislation, reduced the revenue limit allocations received by school districts by applying a deficit factor to the base revenue limit for the given fiscal year, and resulted from an insufficiency of appropriation funds in the State budget to provide for State aid owed to school districts. The State's practice of deficit revenue limit funding was most recently reinstated beginning in fiscal year 2008-09, and discontinued following the implementation of the LCFF (as defined herein).

*Source: Golden Valley Unified School District.*

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

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. Full implementation of the LCFF is expected to occur over a period of several fiscal years. Beginning in fiscal year 2013-14, an annual transition adjustment has been 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 will have 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. Beginning in fiscal year 2013-14, the Base Grants have been adjusted for COLAs by applying the implicit price deflator for government goods and services. Following full implementation of the LCFF, the provision of COLAs will be 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."

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. Following full implementation of the LCFF, and unless otherwise collectively bargained for, school districts serving students in grades K-3 must maintain an average class enrollment of 24 or fewer students in grades K-3 at each school site in order to continue receiving the adjustment to the K-3 Base Grant. 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, and are therefore not discussed herein separately). 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 the percentage of such district's unduplicated EL/LI student enrollment in excess of the 55% threshold.

The following table shows a breakdown of the District's ADA by grade span, total enrollment, and the percentage of EL/LI student enrollment, for fiscal years 2012-13 through 2018-19 and projected figures for fiscal year 2019-20.

**ADA, ENROLLMENT AND EL/LI ENROLLMENT PERCENTAGE[(1)]**
**Fiscal Years 2012-13 through 2019-20**
**Golden Valley Unified School District**

| | Average Daily Attendance[(2)] | | | | | Enrollment[(3)] | |
|---|---|---|---|---|---|---|---|
| Fiscal Year | K-3 | 4-6 | 7-8 | 9-12 | Total ADA | Total Enrollment | % of EL/LI Enrollment |
| 2012-13 | 536.66 | 416.29 | 294.84 | 627.94 | 1,875.73 | 1,968 | 39% |
| 2013-14 | 561.44 | 407.32 | 320.14 | 605.66 | 1,894.56 | 1,963 | 39 |
| 2014-15 | 543.26 | 383.38 | 321.91 | 607.49 | 1,856.04 | 1,923 | 38 |
| 2015-16 | 521.23 | 405.53 | 285.86 | 607.41 | 1,820.03 | 1,881 | 38 |
| 2016-17 | 520.29 | 406.90 | 279.73 | 611.99 | 1,818.91 | 1,875 | 37 |
| 2017-18 | 537.24 | 459.55 | 300.97 | 587.00 | 1,884.76 | 1,940 | 40 |
| 2018-19 | 552.01 | 459.01 | 309.84 | 599.14 | 1,920.00 | 2,004 | 42 |
| 2019-20[(4)] | 567.58 | 464.88 | 329.00 | 607.98 | 1,969.44 | 2,021 | 45 |

(1) Except for fiscal year 2019-20, reflects P-2 ADA.
(2) Fiscal year 2012-13 enrollment as of October report submitted to the California Basic Educational Data System ("CBEDS"). Fiscal years 2013-14 and onward reflect certified enrollment as of the fall census day (the first Wednesday in October), which is reported to the California Longitudinal Pupil Achievement Data System ("CALPADS") in each school year and used to calculate each school district's unduplicated EL/LI student enrollment. Adjustments may be made to the certified EL/LI counts by the California Department of Education. CALPADS figures 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. 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.
*Source: Golden Valley Unified School District.*

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

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

State law allows school districts to apply for a waiver to hold them harmless from the loss of LCFF funding based on attendance and state instructional time penalties when they are forced to close schools due to emergency conditions. In addition, the Governor of the State has enacted Executive Order

N-26-20 ("Executive Order N-26-20"), which (i) generally streamlines the process of applying for such waivers for closures related to COVID-19 and (ii) directs school districts to use LCFF apportionment to fund distance learning and high quality educational opportunities, provide school meals and, as practicable, arrange for the supervision of students during school hours.

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

On March 19, 2020, the Governor ordered all California residents to stay home or at their place of residence to protect the general health and well-being, except as needed to maintain continuity of 16 critical infrastructure sectors described therein (the "Stay Home Order").

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

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

The COVID-19 outbreak is ongoing, and the ultimate geographic spread of the virus, the duration and severity of the outbreak, and the economic and other of actions that may be taken by governmental authorities to contain the outbreak or to treat its impact are uncertain. Additional information with respect to events surrounding the outbreak of COVID-19 and responses thereto can be found on State and local government websites, including but not limited to: the Governor's office (http://www.gov.ca.gov) and the

California Department of Public Health (https://covid19.ca.gov/). *The District has not incorporated by reference the information on such websites, and the District does not assume any responsibility for the accuracy of the information on such website*s.

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

In response to the spread of the COVID-19 outbreak, the District, in coordination with the County Department of Public Health and the County Superintendent of Schools, closed its school sites effective as of March 16, 2020 and began utilizing distance learning curriculum. Pursuant to a special meeting of the Board on April 28, 2020, the District school sites will remain closed until May 22, 2020. The District will determine if it is possible to reopen District school sites during fiscal year 2019-20, subject to the following criteria:

1. the California State Shelter in Place order has been lifted,
2. the directive to social distance has been removed,
3. the limit placed on social gatherings has been removed, and
4. the number of confirmed cases of COVID-19 in the County has remained constant for a two-week period or declined.

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 qualifies 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 school 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 are required to be adopted every three years, beginning in fiscal year 2014-15, and updated annually thereafter. The State Board of Education has developed and adopted a template LCAP for use by school districts.

***Support and Intervention.*** AB 97, as amended by SB 91, established a new system of support and intervention to assist school districts in meeting 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 to identify and implement programs designed to improve outcomes. Assistance may be provided by the California Collaborative for Educational Excellence, a state agency created by the LCFF implementing legislation 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, parcel tax revenues (described below), redevelopment revenues, foundation revenues, and other local sources.

***Developer Fees.*** Developer fees are assessed on commercial and residential development within the District's boundaries. Residential development fees range from $3.79 per square foot to $3.91 per square foot. Commercial building fees range from $0.19 square foot to $1.30 per square foot. The District maintains a fund, separate and apart from the General Fund to account for developer fees collected by the District. The following table of developer fee revenues reflects the collection of fees from fiscal year 2013-14 through 2018-19, and a budgeted amount for fiscal year 2019-20.

**DEVELOPER FEES**
**Fiscal Years 2013-14 through 2019-20**
**Golden Valley Unified School District**

| Year | Total Revenues |
|---|---|
| 2013-14 | $222,671.82 |
| 2014-15 | 157,309.60 |
| 2015-16 | 77,221.02 |
| 2016-17 | 1,014,871.22 |
| 2017-18 | 2,176,560.15 |
| 2018-19 | 1,878,135.15 |
| 2019-20[(1)] | 3,087,169.25 |

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

**Dissolution of Redevelopment Agencies**

On December 30, 2011, the California Supreme Court issued its decision in the case of *California Redevelopment Association v. Matosantos* ("*Matosantos*"), finding ABx1 26, a trailer bill to the 2011-12 State budget, to be constitutional. As a result, all Redevelopment Agencies in California ceased to exist as a matter of law on February 1, 2012. The Court in *Matosantos* also found that ABx1 27, a companion bill to ABx1 26, violated the California Constitution, as amended by Proposition 22. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Proposition 1A and Proposition 22" herein. ABx1 27 would have permitted redevelopment agencies to continue operations provided their establishing cities or counties agreed to make specified payments to school districts and county offices of education, totaling $1.7 billion statewide.

ABx1 26 was modified by Assembly Bill No. 1484 (Chapter 26, Statutes of 2011-12) ("AB 1484"), which, together with ABx1 26, is referred to herein as the "Dissolution Act." The Dissolution Act provides that all rights, powers, duties and obligations of a redevelopment agency under the California Community Redevelopment Law that have not been repealed, restricted or revised pursuant to ABx1 26 will be vested in a successor agency, generally the county or city that authorized the creation of the redevelopment agency (each, a "Successor Agency"). All property tax revenues that would have been allocated to a redevelopment agency, less the corresponding county auditor-controller's cost to administer the allocation of property tax revenues, are now allocated to a corresponding Redevelopment Property Tax Trust Fund ("Trust Fund"), to be used for the payment of pass-through payments to local taxing entities, and thereafter to bonds of the former redevelopment agency and any "enforceable obligations" of the Successor Agency, as well as to pay certain administrative costs. The Dissolution Act defines "enforceable obligations" to include bonds, loans, legally required payments, judgments or settlements, legal binding and enforceable obligations, and certain other obligations.

Among the various types of enforceable obligations, the first priority for payment is tax allocation bonds issued by the former redevelopment agency; second is revenue bonds, which may have been issued by the host city, but only where the tax increment revenues were pledged for repayment and only where other pledged revenues are insufficient to make scheduled debt service payments; third is administrative costs of the Successor Agency, not to exceed $250,000 in any year, to the extent such costs have been approved in an administrative budget; then, fourth tax revenues in the Trust Fund in excess of such amounts, if any, will be allocated as residual distributions to local taxing entities in the same proportions as other tax revenues. Moreover, all unencumbered cash and other assets of former redevelopment agencies will also be allocated to local taxing entities in the same proportions as tax revenues. Notwithstanding the foregoing portion of this paragraph, the order of payment is subject to modification in the event a Successor Agency timely reports to the Controller and the Department of Finance that application of the foregoing will leave the Successor Agency with amounts insufficient to make scheduled payments on enforceable obligations. If the county auditor-controller verifies that the Successor Agency will have insufficient amounts to make scheduled payments on enforceable obligations, it shall report its findings to the Controller. If the Controller agrees there are insufficient funds to pay scheduled payments on enforceable obligations, the amount of such deficiency shall be deducted from the amount remaining to be distributed to taxing agencies, as described as the fourth distribution above, then from amounts available to the Successor Agency to defray administrative costs. In addition, if a taxing agency entered into an agreement pursuant to Health and Safety Code Section 33401 for payments from a redevelopment agency under which the payments were to be subordinated to certain obligations of the redevelopment agency, such subordination provisions shall continue to be given effect.

As noted above, the Dissolution Act expressly provides for continuation of pass-through payments to local taxing entities, including to the District. Per statute, 100% of contractual and statutory two percent pass-throughs, and 56.7% of statutory pass-throughs authorized under the Community Redevelopment Law Reform Act of 1993 (AB 1290, Chapter 942, Statutes of 1993), are restricted to educational facilities without offset against LCFF funding by the State. Only 43.3% of AB 1290 pass-throughs to the District are offset against State aid so long as the District uses the moneys received for land acquisition, facility construction, reconstruction, or remodeling, or deferred maintenance as provided under Education Code Section 42238(h).

ABX1 26 states that in the future, pass-throughs shall be made in the amount "which would have been received . . . had the redevelopment agency existed at that time," and that the County Auditor-Controller shall "determine the amount of property taxes that would have been allocated to each redevelopment agency had the redevelopment agency not been dissolved pursuant to the operation of ABX1 26 using current assessed values . . . and pursuant to statutory pass-through formulas and contractual agreements with other taxing agencies."

Successor Agencies continue to operate until all enforceable obligations have been satisfied and all remaining assets of the Successor Agency have been disposed of. AB 1484 provides that once the debt of the Successor Agency is paid off and remaining assets have been disposed of, the Successor Agency shall terminate its existence and all pass-through payment obligations shall cease.

The District can make no representations as to the extent to which its LCFF funding from the State may be offset by the future receipt of residual distributions or from unencumbered cash and assets of former redevelopment agencies and any other surplus property tax revenues pursuant to the Dissolution Act.

**State Budget Measures**

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

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

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

PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Proposition 2 – SB 858; SB 751."

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

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

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

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

- *Pension Costs* – A $3.15 billion payment from non-Proposition 98 funds to CalSTRS and CalPERS, to reduce long-term liabilities for K-14 school districts. Of this amount, $850 million would be provided to buy down employer contribution rates in fiscal years 2019-20 and 2020-21. With these payments, CalSTRS employer contributions will be reduced from 18.13% to 17.1% in fiscal year 2019-20, and from 19.1% to 18.4% in fiscal year 2020-21. The CalPERS employer contribution will be reduced from 20.7% to 19.7% in fiscal year 2019-20, and the projected CalPERS employer contribution is expected to be reduced from 23.6% to 22.9 % in fiscal year 2020-21. The remaining $2.3 billion would be paid towards employers' long-term unfunded liability. See also "GOLDEN 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 included $89.8 million in one-time, non-Proposition 98 funding to provide up to 4,487 grants for students enrolled in professional teacher preparation programs who commit to working in a high-need field at a priority school for at least four years.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

***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. The novel COVID-19 outbreak has already resulted in significant negative economic effects at State and federal levels, and additional negative economic effects are possible, each of which could negatively impact anticipated State revenue levels for fiscal year 2019-20 and beyond. In addition, the outbreak could also result in higher State expenditures, of both a direct nature (such as those related to managing the outbreak) and an indirect nature (such as higher public usage of need-based programs resulting from unemployment or disability). See "– Coronavirus" herein. 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 and Accreted Value of and interest on the Bonds would not be impaired.

**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. Subsequent legislation has made certain amendments to the budgeting process, including Senate Bill 97, effective as of September 26, 2013 (requiring budgets to include sufficient funds to implement LCAPs), Senate Bill 858, effective as of June 20, 2014 (requiring ending fund balances to exceed the minimum recommended reserve for economic uncertainties), and Assembly Bill 2585, effective as of September 9, 2014 (eliminating the dual budget cycle option for school districts).

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 September 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 September 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 September 20. Any recommendations made by the county superintendent must be made available by the district for public inspection. No later than October 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 October 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 November 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 November 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 Reporting.*** 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 two fiscal years. 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 has never had an adopted budget disapproved by the county superintendent of schools and, within the past five years, the District has not received a "negative" or "qualified" certification of an Interim Financial Report pursuant to AB 1200.

**Accounting Practices**

The accounting policies 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 Education Code Section 41010, is to be followed by all State school districts. Revenues are recognized in the period in which they become both measurable and available to finance expenditures of the current fiscal period. Expenditures are recognized in the period in which the liability is incurred.

***Budgeting Trends.*** The table on the following page summarizes the District's adopted general fund budgets for fiscal years 2015-16 through 2019-20, audited ending results for fiscal years 2015-16 through 2018-19, and estimated actual results for fiscal year 2019-20.

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

| | Fiscal Year 2015-16[1] | | Fiscal Year 2016-17[1] | | Fiscal Year 2017-18[1] | | Fiscal Year 2018-19[1] | | Fiscal Year 2019-20 | |
|---|---|---|---|---|---|---|---|---|---|---|
| | **Budgeted** | **Audited** | **Budgeted** | **Audited** | **Budgeted** | **Audited** | **Budgeted** | **Audited** | **Budgeted**[2] | **Projected**[3] |
| **REVENUES** | | | | | | | | | | |
| LCFF/Revenue Limit Sources[4] | $15,697,865 | $15,632,514 | $16,203,085 | $16,140,732 | $16,750,171 | $16,777,561 | $18,497,523 | $18,511,832 | $19,468,280 | $19,206,146 |
| Federal Sources | 357,693 | 400,733 | 367,896 | 393,881 | 361,563 | 395,049 | 413,944 | 459,694 | 426,119 | 435,251 |
| Other State Sources | 1,638,574 | 2,182,234 | 1,168,998 | 2,500,022 | 1,109,615 | 1,591,507 | 1,494,048 | 2,565,177 | 1,493,936 | 1,653,807 |
| Other Local Sources | 695,540 | 749,179 | 691,082 | 902,153 | 717,030 | 903,008 | 776,490 | 1,022,331 | 907,747 | 907,429 |
| Total Revenues | 18,389,672 | 18,964,659 | 18,431,061 | 19,936,788 | 18,938,379 | 19,667,125 | 21,182,005 | 22,559,034 | 22,296,082 | 22,202,633 |
| **EXPENDITURES** | | | | | | | | | | |
| Certificated Salaries | 7,707,978 | 7,654,911 | 7,845,177 | 7,823,616 | 8,255,039 | 8,403,328 | 8,603,059 | 8,778,968 | 9,287,420 | 9,127,807 |
| Classified Salaries | 3,007,900 | 2,956,871 | 3,092,094 | 3,043,049 | 3,206,006 | 3,228,276 | 3,254,045 | 3,405,863 | 3,381,259 | 3,608,811 |
| Employee Benefits | 3,681,994 | 4,053,901 | 4,271,944 | 4,287,587 | 4,784,665 | 4,866,587 | 5,112,518 | 6,038,662 | 5,611,834 | 5,983,704 |
| Books & Supplies | 1,022,446 | 892,544 | 975,743 | 1,085,649 | 843,521 | 1,101,426 | 1,104,648 | 1,350,421 | 1,491,446 | 1,171,851 |
| Services & Operating Expenditures | 1,501,958 | 1,688,394 | 1,714,274 | 2,060,677 | 1,950,980 | 1,999,636 | 2,050,441 | 1,932,974 | 1,902,042 | 2,182,874 |
| Capital Outlay | 21,556 | 203,343 | 27,787 | 746,140 | 10,845 | 78,832 | 442,000 | 256,161 | -- | 400,906 |
| Debt Service - Principal | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Debt Service - Interest | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Other Outgo – (excluding Transfers of Indirect Costs) | | | -- | -- | -- | -- | -- | -- | 106,785 | 101,785 |
| Other Outgo | 46,156 | 59,249 | 67,321 | 139,168 | 152,186 | 136,396 | 152,187 | 175,311 | (20,638) | (21,643) |
| Total Expenditures | 16,989,988 | 17,509,213 | 17,994,340 | 19,185,886 | 19,203,242 | 19,814,481 | 20,718,898 | 21,938,360 | 21,760,148 | 22,556,095 |
| **Excess (Deficiency) of Revenues Over (Under) Expenditures** | 1,399,684 | 1,455,446 | 436,721 | 750,902 | (264,863) | (147,356) | 463,107 | 620,674 | 535,934 | (353,462) |
| **Other Financing Sources and Uses** | | | | | | | | | | |
| Transfers In | 878,765 | -- | -- | -- | -- | -- | 193,000 | 171,701 | -- | 361,039 |
| Transfers Out | -- | (635,185) | (824,343) | (620,909) | (567,093) | (567,093) | (898,302) | (842,966) | (872,123) | (768,430) |
| Proceeds from Debt Issuance | | | -- | 244,381 | -- | -- | -- | -- | -- | -- |
| Sources | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Total Other Financing Sources/Uses | 878,765 | (635,185) | (824,343) | (376,528) | (567,093) | (567,093) | (705,302) | (671,265) | (872,123) | (407,391) |
| Net Change in Fund Balance | 2,278,449 | 820,261 | (387,622) | 374,374 | (831,956) | (714,449) | (242,195) | (50,591) | (336,189) | (760,853) |
| Beginning Fund Balance, July 1 | 1,747,844 | 1,747,844 | 2,568,105 | 2,568,105 | 2,942,479 | 2,942,479 | 2,228,030 | 2,228,030 | 2,177,439[4] | 2,177,439[4] |
| Ending Balance, June 30 | $4,026,293 | $2,568,105 | $2,180,483 | $2 ,942,479 | $2,110,523 | $2,228,030 | $1 ,985,835 | $2,177,439 | $1,841,250 | $1,416,586 |

(1) From the District's Comprehensive Audited Financial Statements for fiscal years 2015-16 through 2019-20, respectively.
(2) From the District's fiscal year 2019-20 Adopted Budget, approved by the Board on June 11, 2019.
(3) From the District's First Interim Report for fiscal year 2019-20, approved by the Board on December 16, 2019.
(4) Figure adjusted to reflect the inclusion of Fund 17 in the beginning fund balance.

Note: Totals may not add to sums due to rounding.
*Source: Golden Valley Unified School District.*

## Comparative Financial Statements

The District's audited financial statements for the year ended June 30, 2019, are attached for reference as APPENDIX B hereto. 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 Golden Valley Unified School District, 37479 Avenue 12, Madera, California, 93636; telephone (559) 645-3570.

The table below reflects the District's audited restricted and unrestricted general fund revenues, expenditures and fund balances for fiscal years 2014-15 through 2018-19.

**AUDITED GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES AND FUND BALANCES[(1)]**
**Fiscal Years 2014-15 through 2018-19**
**Golden Valley Unified School District**

| | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 |
|---|---|---|---|---|---|
| **REVENUES** | | | | | |
| Revenue limit sources/LCFF sources | $14,673,790 | $15,632,514 | $16,140,732 | $16,777,561 | $ 18,511,832 |
| Federal sources | 437,193 | 400,733 | 393,881 | 395,049 | 459,694 |
| Other State sources | 563,100 | 2,182,234 | 2,500,022 | 1,591,507 | 2,565,177 |
| Other local sources | 796,876 | 749,178 | 902,153 | 903,008 | 1,022,331 |
| **Total Revenues** | 16,470,959 | 18,964,659 | 19,936,788 | 19,667,125 | 22,559,034 |
| **EXPENDITURES** | | | | | |
| Current | | | | | |
| Instruction | 9,255,813 | 10,025,225 | 10,338,531 | 11,340,351 | 12,143,471 |
| Instruction related activities | -- | -- | -- | -- | -- |
| Supervision of instruction | 79,899 | 78,576 | 153,747 | 270,059 | 363,225 |
| Instructional library, media and technology | 495,620 | 647,280 | 743,573 | 552,361 | 566,486 |
| School site administration | 1,593,738 | 1,712,082 | 1,910,267 | 1,940,979 | 2,067,789 |
| Pupil services: | -- | -- | -- | -- | -- |
| Home-to-school transportation | 815,268 | 815,114 | 808,639 | 752,469 | 868,927 |
| All other pupil services | 405,550 | 461,164 | 481,285 | 549,884 | 746,033 |
| General Administration Services: | -- | -- | -- | -- | -- |
| Data processing services | 310,351 | 267,197 | 174,776 | 218,278 | 271,066 |
| Other general administration | 1,286,523 | 1,078,148 | 1,178,167 | 1,419,695 | 1,321,060 |
| Plant services | 1,592,895 | 1,745,391 | 1,956,682 | 2,140,237 | 2,289,269 |
| Facility acquisition and construction/maintenance | 5,500 | 153,204 | 744,890 | 48,053 | 495,107 |
| Ancillary services | 224,876 | 248,045 | 272,668 | 273,456 | 310,452 |
| Other outgo | -- | -- | -- | -- | -- |
| Transfers to other agencies | 81,843 | 76,561 | 86,031 | 82,446 | 120,209 |
| Debt service: | | | | | |
| Principal | -- | -- | -- | -- | -- |
| Interest and fees | 263,134 | 201,226 | 336,630 | 226,213 | 375,266 |
| **Total Expenditures** | 16,411,010 | 17,509,213 | 19,185,886 | 19,814,481 | 21,938,360 |
| **Excess (Deficiency) of Revenues Over (Under) Expenditures** | 59,949 | 1,455,446 | 750,902 | (147,356) | 620,674 |
| **Other Financing Sources (Uses):** | | | | | |
| Proceeds from Debt Issuance | -- | -- | 244,381 | -- | -- |
| Transfers in | 201,490 | -- | -- | -- | 171,701 |
| Transfers out | (764,630) | (635,185) | (620,909) | (567,093) | (842,966) |
| **Net Financing Sources (Uses)** | (563,140) | (635,185) | (376,528) | (567,093) | (671,265) |
| **NET CHANGE IN FUND BALANCE** | (503,191) | 820,261 | 374,374 | (714,449) | (50,591) |
| **Fund Balance – Beginning** | 2,253,536 | 1,747,844 [(2)] | 2,568,105 | 2,942,479 | 2,228,030 |
| **Fund Balance - Ending** | $1,750,345[(2)] | $2,568,105 | $2,942,479 | $2,228,030 | 2,177,439 |

[(1)] From the District's Comprehensive Audited Financial Statements for fiscal years 2014-15 through 2018-19 respectively.
[(2)] Adjusted beginning fund balance by ($2,501) for fiscal year 2015-16.
*Source: Golden Valley Unified School District.*

## GOLDEN 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 and Maturity Value of or interest on the Bonds is payable from the general fund of the District. The Bonds are payable solely from the proceeds of an* ad valorem *property tax required to be levied by the County on taxable property within the District in an amount sufficient for the payment thereof. See "THE BONDS – Security and Sources of Payment" herein.*

### Introduction

The District, established in 1998, is located in southeastern Madera County and serves the communities of Madera Ranchos, Rolling Hills, North Bonadelle Ranchos and Triego. The District currently operates two elementary schools (K-6), a middle school (7-8), a high school (9-12) and a variety of other educational programs, including a continuing education high school, two community day schools, an independent study program and an adult school. The District comprises an area of approximately 85 square miles. For fiscal year 2019-20, the District has an ADA of approximately 1,969 students, and property within the District has an assessed valuation of $1,569,674,737.

Unless otherwise indicated, the following financial, statistical and demographic data has been provided by the District. Additional information concerning the District and copies of subsequent audited financial reports of the District may be obtained by contacting: Golden Valley Unified School District, 37479 Avenue 12, Madera, California, 93636, Attention: Director of Business Services.

### Administration

The District is governed by the five-member Board, each member of which is elected to a four-year term. Elections for positions to the Board are held every two years, alternating between two and three available positions. Current members of the Board, together with their offices and the date each member's term expires, are listed below:

**BOARD OF TRUSTEES**
**Golden Valley Unified School District**

| Name | Office | Term Expires |
|---|---|---|
| Maria Knobloch | President | November 2022 |
| Andy Wheeler | Clerk | November 2020 |
| Mona Diaz | Member | November 2022 |
| Brian Freeman | Member | November 2022 |
| Steven Lewis | Member | November 2020 |

The Superintendent of the District is responsible for administering the affairs of the District in accordance with the policies of the Board. Rodney Wallace is currently the Superintendent of the District. Brief biographies of the Superintendent and Director of Business Services follow:

***Rodney Wallace, Superintendent.*** Mr. Wallace was appointed as Superintendent to the District in October, 2018. Mr. Wallace previously served as the Superintendent of the El Tejon Unified School District, beginning in 2013. Prior to that, Mr. Wallace served as Superintendent/Principal at Shandon Joint Unified School District for 4 years. Mr. Wallace received his administrative credential from National University and holds a Bachelors of Arts in Social Science from Tabor College.

***Lacy Meneses, Director of Business Services.*** Ms. Meneses was appointed as the Director of Business Services in January, 2019. Prior to joining the District, Ms. Meneses has served in public education for over 16 years, working in the business departments of Tulare and Kings Counties. Ms. Meneses holds certifications for Director of Business Services as well as Certified Business Official, through the California Association of School Business Officials.

## Historical Enrollment

On average throughout the District, the regular education pupil-teacher ratio is approximately 20:1 in grades K-3, 32:1 in grades 4-6, 32:1 in grades 7-8 and 34:1 in grades 9-12. The following table shows a nine-year enrollment history for the District, and budgeted amount for fiscal year 2019-20.

**HISTORICAL ENROLLMENT**
**Fiscal Years 2010-11 through 2019-20**
**Golden Valley Unified School District**

| Fiscal Year | Enrollment[1] |
|---|---|
| 2010-11 | 1,933 |
| 2011-12 | 1,994 |
| 2012-13 | 1,968 |
| 2013-14 | 1,961 |
| 2014-15 | 1,923 |
| 2015-16 | 1,881 |
| 2016-17 | 1,875 |
| 2017-18 | 1,940 |
| 2018-19 | 2,004 |
| 2019-20[2] | 2,021 |

[1] Fiscal years 2010-11 through 2012-13 reflect enrollment as of the October CBEDS report. Fiscal years 2013-14 through 2018-19 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. CALPADS figures excludes preschool and adult transitional students. SEE – "DISTRICT FINANCIAL INFORMATION – State Funding of Education – Local Control Funding Formula" herein.
[2] Budgeted.
*Source: Golden Valley Unified School District.*

## Labor Relations

The District currently employs 99 full-time equivalent certificated employees and 47 full-time equivalent classified employees. In addition, the District employs 25 full-time equivalent management/confidential employees. District employees, except for management and some part-time employees, are represented by two employee bargaining units as noted below.

**BARGAINING UNITS**
**Golden Valley Unified School District**

| Name of Bargaining Unit | Number of Employees Represented | Current Contract Expiration Date |
|---|---|---|
| Golden Valley Teachers Association | 103 | June 30, 2020 |
| California School Employees Association | 127 | June 30, 2021 |

*Source: Golden 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 $588,606 in fiscal year 2013-14, $652,126 in fiscal year 2014-15, $594,048 in fiscal year 2015-16, $803,268 in fiscal year 2016-17, $1,182,659 for fiscal year 2017-18, and $1,401,959 in fiscal year 2018-19. The District currently projects $1,547,713 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, 2018 included 1,579 public agencies and 1,313 K-14 school districts and charter schools. PERS acts as the common investment and administrative agent for the member agencies. The State and K-14 school districts (for "classified employees," which generally consist of school employees other than teachers) are required by law to participate in PERF. Employees participating in PERF generally become fully vested in their retirement benefits earned to date after five years of credited service. One of the plans operated by PERS is for K-14 school districts throughout the State (the "Schools Pool").

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

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

The District's contributions to PERS were $293,356 in fiscal year 2013-14, $246,196 in fiscal year 2014-15, $314,922 in fiscal year 2015-16, $380,645 in fiscal year 2016-17, $454,565 for fiscal year 2017-18 and $556,184in fiscal year 2018-19. The District currently projects $683,173 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.

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

**STRS**

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

**PERS**

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

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

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

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

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

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

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

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

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

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

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

The Schools Pool Actuarial Valuation as of June 30, 2018 (the "2018 PERS Actuarial Valuation"), reported that the contribution rate for 2020-21 is projected to be 22.8%, with annual increases thereafter, resulting in a projected 26.7% employer contribution rate for fiscal year 2026-27. The projected contribution rates reflect a 6.7% investment return reduced by estimated administrative expenses for fiscal year 2018-19 and the anticipated decrease in normal cost due to new hires entering lower benefit formulas under the Reform Act, as well as the additional $904 million contributed by the State in July 2019 pursuant to SB 90. As reported in the 2018 PERS Actuarial Valuation, the funded status for the Schools Pool decreased by 1.7% from June 30, 2017 to June 30, 2018, primarily due to increases in liability resulting from the decrease in the discount rate, discussed above, and the new actuarial valuation system, partially offset by the investment return in fiscal year 2017-18 being greater than expected.

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

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

***California Public Employees' Pension Reform Act of 2013.*** On September 12, 2012, the Governor signed into law the California Public Employees' Pension Reform Act of 2013 (the "Reform Act"), which makes changes to both STRS and PERS, most substantially affecting new employees hired after January 1, 2013 (the "Implementation Date"). For STRS participants hired after the Implementation Date, the Reform Act changes the normal retirement age by increasing the eligibility for the 2% age factor (the age factor is the percent of final compensation to which an employee is entitled for each year of service) from age 60 to 62 and increasing the eligibility of the maximum age factor of 2.4% from age 63 to 65. Similarly, for non-safety PERS participants hired after the Implementation Date, the Reform Act changes the normal retirement age by increasing the eligibility for the 2% age factor from age 55 to 62 and increases the eligibility requirement for the maximum age factor of 2.5% to age 67. Among the other changes to PERS and STRS, the Reform Act also: (i) requires all new participants enrolled in PERS and STRS after the Implementation Date to contribute at least 50% of the total annual normal cost of their pension benefit each year as determined by an actuary, (ii) requires STRS and PERS to determine the final compensation amount for employees based upon the highest annual compensation earnable averaged over a consecutive 36-month period as the basis for calculating retirement benefits for new participants enrolled after the Implementation Date (previously 12 months for STRS members who retire with 25 years of service), and (iii) caps "pensionable compensation" for new participants enrolled after the Implementation Date at 100% of the federal Social Security contribution (to be adjusted annually based on changes to the Consumer Price Index for all Urban Consumers) and benefit base for members participating in Social Security or 120% for members not participating in social security (to be adjusted annually based on changes to the Consumer Price Index for all Urban Consumers), while excluding previously allowed forms of compensation under the formula such as payments for unused vacation, annual leave, personal leave, sick leave, or compensatory time off.

***GASB Statement Nos. 67 and 68.*** On June 25, 2012, GASB approved Statements Nos. 67 and 68 ("Statements") with respect to pension accounting and financial reporting standards for state and local governments and pension plans. The new Statements, No. 67 and No. 68, replace GASB Statement No. 27 and most of Statements No. 25 and No. 50. The changes impact the accounting treatment of pension plans in which state and local governments participate. Major changes include: (1) the inclusion of unfunded pension liabilities on the government's balance sheet (currently, such unfunded liabilities are typically included as notes to the government's financial statements); (2) more components of full pension costs being shown as expenses regardless of actual contribution levels; (3) lower actuarial discount rates being required to be used for underfunded plans in certain cases for purposes of the financial statements; (4) closed amortization periods for unfunded liabilities being required to be used for certain purposes of the financial statements; and (5) the difference between expected and actual investment returns being recognized over a closed five-year smoothing period. In addition, according to GASB, Statement No. 68 means that, for pensions within the scope of the Statement, a cost-sharing employer that does not have a special funding situation is required to recognize a net pension liability, deferred outflows of resources, deferred inflows of resources related to pensions and pension expense based on its proportionate share of the net pension liability for benefits provided through the pension plan.

Because the accounting standards do not require changes in funding policies, the full extent of the effect of the new standards on the District is not known at this time. The reporting requirements for pension plans took effect for the fiscal year beginning July 1, 2013 and the reporting requirements for government employers, including the District, took effect for the fiscal year beginning July 1, 2014.

For fiscal year 2018-19, the District's proportionate share of the net pension liabilities and deferred inflow and outflow of resources for STRS and PERS follows:

| Pension Plan | Proportionate Share of Net Pension Liability | Deferred Outflow of Resources | Deferred Inflow of Resources |
|---|---|---|---|
| STRS | $13,786,050 | $4,316,161 | $1,701,327 |
| PERS | 5,130,230 | 1,682,998 | 74,799 |
| Total | $18,916,280 | $5,999,159 | $1,776,126 |

*Source: Golden Valley Unified School District.*

For further information about the District's contributions to STRS and PERS, see "APPENDIX B – THE DISTRICT'S 2018-19 AUDITED FINANCIAL STATEMENTS – Note 11" attached hereto.

***PARS Early Retirement Incentive.*** In fiscal years 2011-12, 2014-15, 2015-16 and 2016-17, the District offered certain qualified employees an early retirement incentive pursuant to a qualified plan under Section 401A of the Internal Revenue Code. The plan is administered by Public Agency Retirement Systems ("PARS"). The retirees receive an annual benefit payment in five equal installments. Five employees enrolled in the 2011-12 plan and the District made its final payments totaling $75,136 in fiscal year 2015-16. Eight employees enrolled in the 2014-15 plan and the District's fiscal year 2015-16 payments under this plan were $66,324. Thirteen employees enrolled in the 2015-16 plan; the District made its first payment of $153,127 to this agreement, with the final installment to be paid on July 1, 2020.

## Insurance

The District is exposed to various risks of loss related to property, general liability, workers' compensation and employee benefits. These risks are addressed through a combination of commercial insurance and participation in certain public entity risk pools.

The District participates in joint powers agreements with the California Risk Management Authority I for property and liability insurance, the California Risk Management Authority II for workers compensation insurance, and the Central Valley Support Services for food service, transportation, grounds, and financing (each, a "JPA"). The District believes the coverage to be adequate, customary and compatible with such insurance maintained by similarly situated school districts. The relationships between the District and each JPA are such that neither JPA is a component unit of the District for financial reporting purposes.

Settled claims have not exceeded commercially available coverage in each of the past three fiscal years, and there has not been a significant change in coverage available for the current fiscal year.

## District Debt Structure

***Short-Term Debt.*** The District does not have any short-term debt at this time.

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

| | Balance July 1, 2018 | Adjustments Additions | Retirements | Balance June 30, 2019 |
|---|---|---|---|---|
| General Obligation Bonds | $62,208,494 | $1,702,675 | $1,425,586 | $1,418,797 |
| Certificates of Participation | 4,924,531 | -- | 308,415 | 294,220 |
| State of CA Energy Loan | 2,057,449 | -- | 198,564 | 196,641 |
| Net Pension Liabilities | 18,077,290 | 7,916,092 | -- | 6,290,779 |
| PARS Supplemental Retirement | 525,705 | -- | -- | 219,451 |
| Compensated Absences | 32,078 | 5,631 | 9,427 | -- |
| Total Long-Term Liabilities | $87,825,547 | $9,624,398 | $1,941,992 | $8,419,888 |

*Source: Golden Valley Unified School District.*

***General Obligation Bonds.*** The District received authorization at an election held on June 8, 1999 (the "1999 Authorization") to issue not to exceed $30,000,000 of general obligation bonds. On September 1, 1999, the District issued its Election of 1999 General Obligation Bonds, Series A in an aggregate principal amount of $8,989,969.70 (the "1999A Bonds"). On April 4, 2001, the District issued its Election of 1999 General Obligation Bonds, Series B in an aggregate principal amount of $3,720,690.00 (the "1999B Bonds"). On March 17, 2005, the District issued its 2005 General Obligation Refunding Bonds in the aggregate principal amount of $7,980,000.00, a portion of the proceeds of which were used to advance refund a portion of the Bonds. On February 7, 2007, the District issued its Election of 1999 General Obligation Bonds, Series C in an aggregate principal amount of $4,000,000.00 (the "1999 C Bonds") and the 1999D Bonds in an aggregate principal amount of $13,289,335.70. On February 27, 2007, the District issued its 2006A Bonds in an aggregate principal amount of $16,299,992.40. On September 24, 2008 the District issued its Election of 2006 General Obligation Bonds, Series B in the aggregate principal amount of $1,184,715.40 (the "2006B Bonds"). On April 26, 2016, the District issued its 2016 General Obligation Refunding Bonds in the aggregate principal amount of $18,015,000, a portion of the proceeds of which were used to advance refund portions of the 1999C Bonds, 1999D Bonds, 2006A Bonds, and 2006B Bonds. On October 5, 2017, the District issued its 2017 General Obligation Refunding Bonds in the aggregate principal amount of $27,355,777.45, a portion of the proceeds of which were used to currently refund the outstanding maturities of the 1999D Bonds and the 2006A Bonds.

The following table shows future debt service payments on all of the District's outstanding general obligation bonds, including the Bonds (assuming no optional redemptions).

**COMBINED GENERAL OBLIGATION BONDED INDEBTEDNESS**
**Golden Valley Unified School District**

| Year Ending (August 1) | 1999 Series A Bonds | 1999 Series B Bonds | 2005 Refunding Bonds | 2006 Series B Bonds | 2016 Refunding Bonds | 2017 Refunding Bonds | The Bonds | Total |
|---|---|---|---|---|---|---|---|---|
| 2020 | -- | -- | $1,086,500.00 | $29,108.70 | $1,003,031.25 | $266,450.00 | $70,571.67 | $2,455,661.62 |
| 2021 | $1,145,000.00 | -- | -- | 30,737.70 | 1,024,381.25 | 311,050.00 | 472,450.00 | 2,983,618.95 |
| 2022 | 1,195,000.00 | -- | -- | 28,851.60 | 664,781.25 | 393,650.00 | 295,650.00 | 2,577,932.85 |
| 2023 | 1,225,000.00 | -- | -- | 30,466.00 | 658,781.25 | 475,400.00 | 350,650.00 | 2,740,297.25 |
| 2024 | 1,310,000.00 | -- | -- | 32,170.80 | 654,281.25 | 564,450.00 | 400,650.00 | 2,961,552.05 |
| 2025 | -- | $1,500,000.00 | -- | 29,724.80 | 659,781.25 | 535,500.00 | 455,650.00 | 3,180,656.05 |
| 2026 | -- | 1,500,000.00 | -- | 31,388.35 | 663,381.25 | 692,000.00 | 515,650.00 | 3,402,419.60 |
| 2027 | -- | 1,500,000.00 | -- | 28,410.00 | 661,581.25 | 861,000.00 | 590,650.00 | 3,641,641.25 |
| 2028 | -- | 1,500,000.00 | -- | 30,000.00 | 659,581.25 | 1,040,000.00 | 655,650.00 | 3,885,231.25 |
| 2029 | -- | 1,500,000.00 | -- | -- | 687,381.25 | 1,220,000.00 | 730,650.00 | 4,138,031.25 |
| 2030 | -- | 1,500,000.00 | -- | -- | 688,781.25 | 1,425,000.00 | 800,650.00 | 4,414,431.25 |
| 2031 | -- | 1,500,000.00 | -- | -- | 684,781.25 | 1,625,000.00 | 875,650.00 | 4,685,431.25 |
| 2032 | -- | 1,500,000.00 | -- | -- | 690,581.25 | 1,830,000.00 | 965,650.00 | 4,986,231.25 |
| 2033 | -- | 1,500,000.00 | -- | -- | 690,781.25 | 2,065,000.00 | 1,045,650.00 | 5,301,431.25 |
| 2034 | -- | 1,500,000.00 | -- | -- | 688,131.25 | 2,290,000.00 | 1,140,650.00 | 5,618,781.25 |
| 2035 | -- | 1,500,000.00 | -- | -- | 685,331.25 | 2,540,000.00 | 1,215,650.00 | 5,940,981.25 |
| 2036 | -- | 1,500,000.00 | -- | -- | 2,097,381.25 | 1,510,000.00 | 1,110,650.00 | 6,218,031.25 |
| 2037 | -- | 1,500,000.00 | -- | -- | 2,181,831.25 | 1,690,000.00 | 1,100,650.00 | 6,472,481.25 |
| 2038 | -- | -- | -- | -- | 2,299,956.25 | 3,325,000.00 | 1,055,650.00 | 6,680,606.25 |
| 2039 | -- | -- | -- | -- | 2,397,612.50 | 3,520,000.00 | 1,035,650.00 | 6,953,262.50 |
| 2040 | -- | -- | -- | -- | 2,510,268.75 | 3,720,000.00 | 1,005,650.00 | 7,235,918.75 |
| 2041 | -- | -- | -- | -- | 2,632,300.00 | 3,935,000.00 | 965,650.00 | 7,532,950.00 |
| 2042 | -- | -- | -- | -- | 193,237.50 | 4,160,000.00 | 3,485,650.00 | 7,838,887.50 |
| 2043 | -- | -- | -- | -- | 192,712.50 | 4,400,000.00 | 3,565,650.00 | 8,158,362.50 |
| 2044 | -- | -- | -- | -- | 192,025.00 | 4,650,000.00 | 3,655,650.00 | 8,497,675.00 |
| 2045 | -- | -- | -- | -- | 196,175.00 | 4,885,000.00 | 3,745,650.00 | 8,826,825.00 |
| 2046 | -- | -- | -- | -- | -- | 4,930,000.00 | 3,294,650.00 | 8,224,650.00 |
| 2047 | -- | -- | -- | -- | -- | -- | 3,131,200.00 | 3,131,200.00 |
| Total | $4,875,000.00 | $19,500,000.00 | $1,086,500.00 | $270,857.95 | $26,358,850.00 | $58,859,500.00 | $37,734,471.67 | $148,685,179.62 |

*Source: Golden Valley Unified School District.*

***Lease Obligations.***

2010 Lease. On December 1, 2010, the District entered into a $3,364,096.25 Lease (the "2010 Lease") in order to finance the prepayment of its outstanding Certificates of Participation (2001 Financing Project) and finance the acquisition of certain property. The following table shows future lease payments requirements for the 2010 Lease:

**SITE LEASE – ANNUAL LEASE PAYMENTS**
**Golden Valley Unified School District**

| Year Ended (June 30) | Annual Lease Payments |
|---|---|
| 2020 | $338,461.87 |
| 2021 | 338,461.87 |
| 2022 | 338,461.87 |
| 2023 | 338,461.87 |
| 2024 | 338,461.88 |
| 2025 | 338,461.87 |
| 2026 | 338,461.88 |
| 2027 | 169,230.93 |
| TOTAL | $2,538,464.04 |

*Source: Golden Valley Unified School District.*

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2017 Lease. On March 2, 2017, the District entered into a $2,700,000 lease (the "2017 Lease") in order to finance the prepayment of its outstanding Certificates of Participation (2012 Financing Project) (Bank Qualified) (the "2012 Certificates") and finance the acquisition of certain property. The following table shows future lease payments requirements for the 2017 Lease:

**2017 LEASE – ANNUAL LEASE PAYMENTS**
**Golden Valley Unified School District**

| Year Ended (June 30) | Annual Lease Payments |
|---|---|
| 2020 | $145,241.25 |
| 2021 | 144,182.25 |
| 2022 | 144,070.00 |
| 2023 | 143,886.75 |
| 2024 | 144,614.75 |
| 2025 | 144,254.00 |
| 2026 | 143,822.25 |
| 2027 | 313,319.50 |
| 2028 | 482,657.75 |
| 2029 | 482,499.25 |
| 2030 | 482,808.25 |
| 2031 | 482,549.25 |
| TOTAL | $3,253,905.25 |

*Source: Golden Valley Unified School District.*

***Commercial Loan.*** In fiscal year 2017-18, the District entered into a three year lease to purchase agreement for laptops with annual payments of $84,865. The final payment was made in July, 2018.

***State of California Energy Loan.*** On February 8, 2013, the District received a new loan from the State of California in the amount of $3,000,000. A portion of the loan proceeds in the amount of $2,810,000 was used to pay down the 2012 Certificates. The debt service requirements of the loan are as follows:

| Year Ended (June 30) | Total Debt Service |
|---|---|
| 2020 | $216,726.50 |
| 2021 | 216,726.50 |
| 2022 | 216,726.50 |
| 2023 | 216,726.50 |
| 2024 | 216,726.50 |
| 2025 | 216,726.50 |
| 2026 | 216,726.50 |
| 2027 | 216,726.50 |
| 2028 | 216,726.28 |
| TOTAL | $1,950,538.28 |

*Source: Golden Valley Unified School District.*

## 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 (to the extent that the redemption price at maturity is greater than the issue price) constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a Bond Owner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by the Bond Owner will increase the Bond Owner’s basis in the applicable Bond. In the opinion of Bond Counsel, the amount of original issue discount that accrues to the owner of the Bond is excluded from the gross income of such owner for federal income tax purposes, and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. In the opinion of Bond Counsel, the amount of original issue discount that accrues to the Beneficial Owners of the Bonds is exempt from State of California personal income tax.

Bond Counsel’s opinion as to the exclusion from gross income for federal income tax purposes of interest (and original issue discount) on the Bonds is based upon certain representations of fact and certifications made by the District and others and is subject to the condition that the District complies with all requirements of the Internal Revenue Code of 1986, as amended (the “Code”), that must be satisfied subsequent to the issuance of the Bonds to assure that interest (and original issue discount) on the Bonds will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause the interest (and original issue discount) on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The District has covenanted to comply with all such requirements.

The amount by which a Bond Owner’s original basis for determining 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 tax-exempt bond issues, including both random and targeted audits. It is possible that the Bonds will be selected for audit by the IRS. It is also possible that the market value of the Bonds might be affected as a result of such an audit of the Bonds (or by an audit of similar bonds). No assurance can be given that in the course of an audit, as a result of an audit, or otherwise, Congress or the IRS might not change the Code (or interpretation thereof) subsequent to the issuance of the Bonds to the extent that it adversely affects the exclusion from gross income of interest (or original issue discount) on the Bonds or their market value.

SUBSEQUENT TO THE ISSUANCE OF BONDS THERE MIGHT BE FEDERAL, STATE, OR LOCAL STATUTORY CHANGES (OR JUDICIAL OR REGULATORY CHANGES TO OR INTERPRETATIONS OF FEDERAL, STATE, OR LOCAL LAW) THAT AFFECT THE FEDERAL, STATE, OR LOCAL TAX TREATMENT OF BONDS INCLUDING THE IMPOSITION OF ADDITIONAL FEDERAL INCOME OR STATE TAXES BEING IMPOSED ON OWNERS OF TAX-EXEMPT STATE OR LOCAL OBLIGATIONS, SUCH AS BONDS. THESE CHANGES COULD ADVERSELY AFFECT THE MARKET VALUE OR LIQUIDITY OF BONDS. NO ASSURANCE CAN BE GIVEN THAT SUBSEQUENT TO THE ISSUANCE OF BONDS STATUTORY CHANGES WILL NOT BE INTRODUCED OR ENACTED OR JUDICIAL OR REGULATORY INTERPRETATIONS WILL NOT OCCUR HAVING THE EFFECTS DESCRIBED ABOVE. BEFORE PURCHASING ANY OF 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 BONDS..

Bond Counsel's opinions may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. Bond Counsel has not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. The Resolution and the Tax Certificate relating to the Bonds permit certain actions to be taken or to be omitted if a favorable opinion of Bond Counsel is provided with respect thereto. Bond Counsel expresses no opinion as to the effect on the exclusion from gross income for federal income tax purposes of interest (or original issue discount) on any Bond if any such action is taken or omitted based upon the advice of counsel other than Stradling Yocca Carlson & Rauth.

Although Bond Counsel will render an opinion that interest (and original issue discount) on the Bonds is excluded from gross income for federal income tax purposes provided that the District 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 Government Code Section 53515, the Bonds are secured by a statutory lien on all revenues received pursuant to the levy and collection of the tax, and such lien automatically arises, without the need for any action or authorization by the local agency or its governing board, and is valid and binding from the time the Bonds are executed and delivered. See "THE BONDS – Security and Sources of Payment" herein. Although a statutory lien would not be automatically terminated by the filing of a Chapter 9 bankruptcy petition by the District, the automatic stay provisions of the Bankruptcy Code would apply and payments that become due and owing on the Bonds during the pendency of the Chapter 9 proceeding could be delayed, unless the Bonds are determined to be secured by a pledge of "special revenues" within the meaning of the Bankruptcy Code and the pledged *ad valorem* property taxes are applied to pay the Bonds in a manner consistent with the Bankruptcy Code.

**Special Revenues**

If the *ad valorem* property tax revenues that are pledged to the payment of the Bonds are determined to be "special revenues" within the meaning of the Bankruptcy Code, then the application in a manner consistent with the Bankruptcy Code of the pledged *ad valorem* property revenues should not be subject to the automatic stay. "Special revenues" are defined to include, among others, taxes specifically levied to finance one or more projects or systems of the debtor, but excluding receipts from general property, sales, or income taxes levied to finance the general purposes of the debtor. State law prohibits the use of the tax proceeds for any purpose other than payment of the Bonds and the proceeds general obligation bonds can only be used to finance the acquisition or improvement of real property and other capital expenditures included in the proposition, so such tax revenues appear to fit the definition of special revenues. However, there is no binding judicial precedent dealing with the treatment in bankruptcy proceedings of *ad valorem* property tax revenues collected for the payments of general obligation bonds in California, so no assurance can be given that a bankruptcy court would not hold otherwise.

**Possession of Tax Revenues; Remedies**

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

### Opinions of Bond Counsel Qualified by Reference to Bankruptcy, Insolvency and Other Laws Relating to or Affecting Creditor's Rights

The proposed forms of the approving opinions of Bond Counsel attached hereto as APPENDIX A are qualified by reference to bankruptcy, insolvency and other laws relating to or affecting creditor's rights. Bankruptcy proceedings, if initiated, could subject the owners of the Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation, or modification of their rights.

## LEGAL MATTERS

### Legality for Investment in California

Under provisions of the 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, are eligible for security for deposits of public moneys in the State.

### Expanded Reporting Requirements

On May 17, 2006, the President signed the Tax Increase Prevention and Reconciliation Act of 2005 ("TIPRA"). Under Section 6049 of the Internal Revenue Code of 1986, as amended by 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 2019-20 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 has not failed to timely file annual reports and financial and operating information, as required by its prior continuing disclosure undertakings pursuant to the Rule. Within the past five years, the District failed to file in a timely manner certain material event notices, as required by such prior continuing disclosure undertakings.

**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 with supplemental information for the year ended June 30, 2019, the independent auditor's report of the District, and the related statements of activities and of cash flows for the year then ended, and the report dated December 12, 2019 of Chaven & Associates, LLP, Certified Public Accountants (the "Auditor"), are attached to this Official Statement as APPENDIX B. In connection with the inclusion of the financial statements and the report of the Auditor thereon as 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 Opinions**

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

## MISCELLANEOUS

**Rating**

S&P is expected to assign a rating of "AA" to the Insured Bonds, based on the issuance of the Policy by BAM at the time the Insured Bonds are delivered. The Bonds have been assigned ratings of "A+" by S&P, without regard to the Policy.

The rating reflects only the views of the rating agency, and any explanation of the significance of such ratings should be obtained therefrom. There is no assurance that the rating will be retained for any given period of time or that the same will not be revised downward or withdrawn entirely by the rating agency if, in the judgment of the rating agency, circumstances so warrant. The District undertakes no responsibility to oppose any such revision or withdrawal. Any such downward revision or withdrawal of the rating obtained may have an adverse effect on the market price of the Bonds.

Generally, rating agencies base their ratings on information and materials furnished to them (which may include information and material from the District which is not included in this Official Statement) and on investigations, studies and assumptions by the rating agencies.

The District has covenanted in a Continuing Disclosure Certificate to file on the Municipal Securities Rulemaking Board's Electronic Municipal Market Access website ("EMMA") notices of any ratings changes on the Bonds. See "APPENDIX C - FORM OF CONTINUING DISCLOSURE CERTIFICATE" 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

***Purchase of Bonds.*** Piper Sandler & Co. (the "Underwriter") has agreed, pursuant to purchase contract relating to the Bonds, by and between the District and the Underwriter, to purchase all of the Bonds. The Underwriter will purchase the Bonds for a purchase price of $20,114,096.75 (consisting of the principal amount of the Bonds of $19,759,150.10 plus original issue premium of $453,742.40, less Underwriter's discount of $98,795.75).

The purchase contract for the Bonds provide that the Underwriter will purchase all of the Bonds if any are purchased, the obligation to make such purchase being subject to certain terms and conditions set forth in such purchase contract, the approval of certain legal matters by bond counsel and certain other conditions. 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.

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

Piper Sandler & Co. ("Piper Sandler") has entered into a distribution agreement with Charles Schwab & Co., Inc. ("CS&Co.") for the retail distribution of certain securities offerings at the original issue prices. Pursuant to the agreement, CS&Co. will purchase Bonds from Piper Sandler at the original issue price less a negotiated portion of the selling concession applicable to any Bonds that CS&Co. sells.

## 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 Resolutions 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.

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

**GOLDEN VALLEY UNIFIED SCHOOL DISTRICT**

By: /s/ Rodney Wallace
Superintendent

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## APPENDIX A

## FORM OF OPINION 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 opinion with respect to the Bonds substantially in the following form:*

May 7, 2020

Board of Trustees
Golden Valley Unified School District

Members of the Board of Trustees:

We have examined a certified copy of the record of the proceedings relative to the issuance and sale of $19,759,150.10 Golden Valley Unified School District (Madera County, California) Election of 2006 General Obligation Bonds, Series C (Federally Tax-Exempt) (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 Government Code Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 (the "Act"), commencing with Section 53506 *et seq*., a fifty-five percent vote of the qualified electors of the Golden Valley Unified School District (the "District") voting at an election held on June 6, 2006, and a resolution of the Board of Trustees of the District adopted on February 25, 2020 (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 excess of the stated redemption price at maturity over 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) 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 a Bond Owner will increase the Bond Owner's basis in the applicable Bond. Original issue discount that accrues to the Bond Owner 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 Bond Owner's original basis for determining gain or loss on sale or exchange of the applicable Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable Bond premium, which must be amortized under Section 171 of the Internal Revenue Code of 1986, as amended (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 Bond Owner for an amount equal to or less (under certain circumstances) than the original cost of the Bond to the Bond Owner. 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 to the limitations on legal remedies against public agencies in the State of California.

Respectfully submitted,

# APPENDIX B

# 2018-19 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT

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**GOLDEN VALLEY UNIFIED SCHOOL DISTRICT**
COUNTY OF MADERA
MADERA, CALIFORNIA

AUDIT REPORT

JUNE 30, 2019

**Chavan & Associates, LLP**
Certified Public Accountants
1475 Saratoga Ave, Suite 180
San Jose, CA 95129

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**GOLDEN VALLEY UNIFIED SCHOOL DISTRICT**
**MADERA COUNTY**

## TABLE OF CONTENTS

## TABLE OF CONTENTS

# FINANCIAL SECTION

CHAVAN & ASSOCIATES, LLP
CERTIFIED PUBLIC ACCOUNTANTS

# INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Golden Valley Unified School District
Madera, California

## Report on the Financial Statements

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

## Management's Responsibility for the Financial Statements

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

## Auditor's Responsibility

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

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

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

**1475 Saratoga Ave, Suite 180, San Jose, CA 95129**
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**info@cnallp.com • www.cnallp.com**

**Opinions**

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

**Emphasis of a Matter**

*Deficit Net Position*

As of June 30, 2019, the District's net position in its Government-wide financial statements was at a deficit mostly because of the long-term pension liabilities and deferrals as reported in Note 11. Our opinion is not modified with respect to this matter.

**Other Matters**

*Change in Accounting Principle*

As discussed in Note 1 to the financial statements, the District adopted new accounting guidance, GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements.* The District did not report any direct borrowings and direct placements as of June 30, 2019. Our opinion has not been 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 pension plan contributions, schedule of proportionate share of net pension liability, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual nonmajor fund financial statements, organization schedule, schedule of average daily attendance, schedule of instructional time offered, schedule of 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 Financial and Budget Report to the audited financial statements, as required by the *2018-19 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, schedule of expenditures of federal awards, schedule of average daily attendance, schedule of instructional time, and the reconciliation of the Annual Financial and Budget report to the audited financial statement 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, schedule of expenditures of federal awards, schedule of average daily attendance, schedule of instructional time, reconciliation of the Annual Financial and Budget report to the audited financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The organization schedule, schedule of charter schools, and schedule of financial trends and analysis included have not been subjected to the auditing procedures applied in the audit of the basic financial statement 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 12, 2019 on our consideration of the District’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 the District’s internal control over financial reporting and compliance.

C & A LLP

December 12, 2019
San Jose, California

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***Management's Discussion and Analysis***

The Management's Discussion and Analysis ("MDA") of Golden Valley Unified School District's (The District) financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2019. The intent of the MDA is to look at the District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

## Financial Highlights

Key financial highlights for 2018-19 are as follows:

- Total net position decreased by $921,791 during the year because of changes pension amounts as required by GASB 68.
- General revenues accounted for $21,972,518, which was 79% of all revenues. Program specific revenues, in the form of operating grants and contributions and charges for services, accounted for $5,770,825, or 21%, of total revenues of $27,743,343.
- The District had $28,621,843 in expenses, which was directly supported by program specific revenues.
- Total fund balances of governmental funds (i.e. General Fund, Building Fund, and Bond Fund) increased by $60,133, or 1%, from June 30, 2018 to June 30, 2019.
- Among major funds, the General Fund had $22,559,034 in revenues and $21,938,360 in expenditures. The General Fund's fund balance decreased by $50,591, including transfers out of $842,966.

## Using the Annual Report

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

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

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

## Overview of the Financial Statements

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

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

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

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

## Government-Wide Financial Statements - Statement of Net Position and the Statement of Activities

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

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

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

## Reporting the District's Most Significant Funds

*Fund Financial Statements*

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

*Governmental Funds*

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

*Fiduciary funds*

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

## The District as a Whole

Recall that the Statement of Net Position provides the perspective of the District as a whole.

Table 1 provides a summary of the District's net position as of June 2019 as compared to June 2018:

**Table 1 - Summary of Statement of Net Position**

| | 2019 | 2018 | Change | Percentage Change |
|---|---|---|---|---|
| **Assets** | | | | |
| Current and Other Assets | $ 7,738,374 | $ 7,282,986 | $ 455,388 | 6.3% |
| Capital Assets | 67,787,570 | 68,100,362 | (312,792) | -0.5% |
| Total Assets | $ 75,525,944 | $ 75,383,348 | $ 142,596 | 0.2% |
| **Deferred Outflows of Resources** | $ 10,282,625 | $ 9,951,840 | $ 330,785 | 3.3% |
| **Liabilities** | | | | |
| Current and Other Liabilities | $ 1,793,794 | $ 1,492,539 | $ 301,255 | 20.2% |
| Long-term Liabilities | 89,030,057 | 87,825,547 | 1,204,510 | 1.4% |
| Total Liabilities | $ 90,823,851 | $ 89,318,086 | $ 1,505,765 | 1.7% |
| **Deferred Inflows of Resources** | $ 1,776,127 | $ 1,886,720 | $ (110,593) | -5.9% |
| **Net Position** | | | | |
| Net Investment in Capital Assets | $ 8,561,421 | $ 8,667,230 | $ (105,809) | -1.2% |
| Restricted | 4,002,550 | 3,830,582 | 171,968 | 4.5% |
| Unrestricted | (19,355,380) | (18,367,430) | (987,950) | -5.4% |
| Total Net Position | $ (6,791,409) | $ (5,869,618) | $ (921,791) | -15.7% |

Table 2 shows the changes in net position from fiscal year 2017-18 to 2018-19.

**Table 2 - Summary of Changes in Statement of Activities**

| | 2019 | 2018 | Change | Percentage Change |
|---|---|---|---|---|
| **Revenues** | | | | |
| Program Revenues | $ 5,770,825 | $ 4,770,098 | $ 1,000,727 | 21.0% |
| General Revenues | 21,972,518 | 20,137,521 | 1,834,997 | 9.1% |
| **Total Revenues** | 27,743,343 | 24,907,619 | 2,835,724 | 11.4% |
| **Program Expenses** | | | | |
| Instruction | 14,009,924 | 12,847,115 | 1,162,809 | 9.1% |
| Instruction-related services | 3,404,374 | 3,112,657 | 291,717 | 9.4% |
| Pupil services | 2,574,954 | 2,111,813 | 463,141 | 21.9% |
| General administration | 1,975,195 | 1,852,249 | 122,946 | 6.6% |
| Plant services | 3,074,847 | 2,878,831 | 196,016 | 6.8% |
| Ancillary | 324,707 | 281,777 | 42,930 | 15.2% |
| Other outgo | 120,209 | 82,446 | 37,763 | 45.8% |
| Interest and fees | 3,137,633 | 2,673,880 | 463,753 | 17.3% |
| **Total Expenses** | 28,621,843 | 25,840,768 | 2,781,075 | 10.8% |
| **Increase in Net Position** | (878,500) | (933,149) | 54,649 | 5.9% |
| **Beginning Net Position** | (5,869,618) | (4,936,469) | (933,149) | -18.9% |
| **Prior Period Adjustments** | (43,291) | - | (43,291) | -100.0% |
| **Ending Net Position** | $ (6,791,409) | $ (5,869,618) | $ (921,791) | -15.7% |

Property taxes comprised 21% of District revenues for fiscal year 2018-19 versus 19% on 2017-18. Direct Instruction Costs comprised 49% of District expenses for fiscal year 2018-19 versus 50% in 2017-18.

## Governmental Activities

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

**Table 3 - Net Cost of Services**

| | 2019 | 2018 | Change | Percentage Change |
|---|---|---|---|---|
| Instruction | $ 11,797,718 | $ 11,106,795 | $ 690,923 | 6.2% |
| Instruction-related services | 3,061,306 | 2,936,068 | 125,238 | 4.3% |
| Pupil services | 1,601,886 | 1,310,318 | 291,568 | 22.3% |
| General administration | 1,616,160 | 1,646,846 | (30,686) | -1.9% |
| Plant services | 1,211,121 | 1,035,289 | 175,832 | 17.0% |
| Ancillary services | 318,716 | 279,028 | 39,688 | 14.2% |
| Other outgo | 106,478 | 82,446 | 24,032 | 29.1% |
| Interest and fees | 3,137,633 | 2,673,880 | 463,753 | 17.3% |
| Total Net Cost of Services | $ 22,851,018 | $ 21,070,670 | $ 1,780,348 | 8.4% |

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

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

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

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

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

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

The dependence upon tax revenues is apparent, 77% of instruction activities are supported through taxes and other general revenues.

## 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 - Summary of Fund Balances**

| | 2019 | 2018 | Change | Percentage Change |
|---|---|---|---|---|
| General | $ 2,177,439 | $ 2,228,030 | $ (50,591) | -2.3% |
| Capital Facilities Fund | 1,685,665 | 1,667,162 | 18,503 | 1.1% |
| Bond Interest and Redemption Fund | 2,134,161 | 2,178,376 | (44,215) | -2.0% |
| Nonmajor Funds | 363,315 | 226,879 | 136,436 | 60.1% |
| Total Fund Balances | $ 6,360,580 | $ 6,300,447 | $ 60,133 | 1.0% |

## General Fund Budgeting Highlights

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

During the course of the 2018-19 fiscal year, the District revised its General Fund budget twice, at 1st Interim and 2nd Interim, which resulted in an increase in expenditures of $1,218,348.

For the General Fund, the 2nd Interim (or final) budget basis revenue and other financing sources estimate was $22,504,653. The original budgeted estimate was $21,182,005.

## Capital Assets

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

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

| | 2019 | 2018 | Change | Percentage Change |
|---|---|---|---|---|
| Land | $ 1,562,259 | $ 1,562,259 | $ - | 0.0% |
| Work-in-Progress | 2,880,555 | 1,374,701 | 1,505,854 | 109.5% |
| Site Improvements | 2,188,307 | 2,427,276 | (238,969) | -9.8% |
| Buildings and Improvements | 60,660,600 | 62,433,836 | (1,773,236) | -2.8% |
| Furniture and Equipment | 495,849 | 302,290 | 193,559 | 64.0% |
| Total Capital Assets - Net | $67,787,570 | $68,100,362 | $ (312,792) | -0.5% |

## Long Term Liabilities

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

**Table 6 - Summary of Long-term Liabilities**

| | 2019 | 2018 | Change | Percentage Change |
|---|---|---|---|---|
| General Obligation Bonds | $62,492,372 | $62,208,494 | $ 283,878 | 0.5% |
| Certificates of Participation | 4,630,311 | 4,924,531 | (294,220) | -6.0% |
| State of CA Energy Loan | 1,860,808 | 2,057,449 | (196,641) | -9.6% |
| Net Pension Liabilities | 19,702,603 | 18,077,290 | 1,625,313 | 9.0% |
| PARS Supplemental Retirement | 306,254 | 525,705 | (219,451) | -41.7% |
| Compensated Absences | 37,709 | 32,078 | 5,631 | 17.6% |
| Total Long-term Liabilities | $89,030,057 | $87,825,547 | $ 1,204,510 | 1.4% |

## Factors Bearing on the District's Future

The State's economic prospect is a major factor affecting the District's future. The financial well-being of the District is tied in large measure to the State funding formula.

The District's revenues have increased and are projected to continue increasing over the next couple of years due to the new Local Control Funding Formula (LCFF) and growing enrollment. However, the volatility of the economy and uncertainty in the ongoing increase in LCFF revenues makes it prudent to develop plans for potential reductions in revenue from the State. In addition, increasing expenses in employer pension contributions and increasing expense in special education will add to the always increasing expenditures of the District.

## 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 Business Services at 37479 Avenue 12, Madera, California, 93636 or (559) 645-7502.

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# *Basic Financial Statements*

**GOLDEN VALLEY UNIFIED SCHOOL DISTRICT**
**STATEMENT OF NET POSITION**
**JUNE 30, 2019**

| | Governmental Activities |
|---|---|
| **Assets** | |
| Current Assets: | |
| Cash and investments | $ 7,034,691 |
| Accounts receivable | 680,045 |
| Inventory | 23,638 |
| Total Current Assets | 7,738,374 |
| Noncurrent Assets: | |
| Non-depreciable capital assets | 2,936,960 |
| Capital assets, net of depreciation | 64,850,610 |
| Total Noncurrent Assets | 67,787,570 |
| Total Assets | $ 75,525,944 |
| **Deferred Outflows of Resources** | |
| Pension adjustments | $ 5,999,158 |
| Deferred loss on early retirement of long-term debt | 4,283,467 |
| Total Deferred Outflows of Resources | $ 10,282,625 |
| **Liabilities** | |
| Current Liabilities: | |
| Accounts payable | $ 1,377,794 |
| Accrued interest | 416,000 |
| Total Current Liabilities | 1,793,794 |
| Long-term Liabilities: | |
| Due within one year | 1,941,992 |
| Due beyond one year | 87,088,065 |
| Total long-term Liabilities | 89,030,057 |
| Total Liabilities | $ 90,823,851 |
| **Deferred Inflows of Resources** | |
| Pension adjustments | $ 1,776,127 |
| **Net Position** | |
| Net investment in capital assets | $ 8,561,421 |
| Restricted for: | |
| Capital projects | 1,916,770 |
| Debt service | 1,718,161 |
| Cafeteria programs | 80,256 |
| Educational programs | 287,362 |
| Total restricted net position | 4,002,549 |
| Unrestricted | (19,355,379) |
| Total Net Position | $ (6,791,409) |

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

**GOLDEN VALLEY UNIFIED SCHOOL DISTRICT**
**STATEMENT OF ACTIVITIES**
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

| | | Program Revenues | | Net (Expense) |
|---|---|---|---|---|
| | Expenses | Charges for Services | Operating Grants and Contributions | Revenue and Changes in Net Position |
| Governmental activities | | | | |
| Instruction | $ 14,009,924 | $ 288,356 | $ 1,923,850 | $ (11,797,718) |
| Instruction-related services: | | | | |
| Supervision of instruction | 379,903 | - | 97,046 | (282,857) |
| Instruction library, media and technology | 592,497 | - | 19,149 | (573,348) |
| School site administration | 2,431,974 | 34,657 | 192,216 | (2,205,101) |
| Pupil services: | | | | |
| Home-to-school transportation | 908,826 | - | 28,083 | (880,743) |
| Food services | 852,883 | 296,148 | 527,657 | (29,078) |
| All other pupil services | 813,245 | - | 121,180 | (692,065) |
| General administration: | | | | |
| Data processing | 283,513 | - | 11,560 | (271,953) |
| All other general administration | 1,691,682 | 200,278 | 147,197 | (1,344,207) |
| Plant services | 3,074,847 | 1,411,886 | 451,840 | (1,211,121) |
| Ancillary services | 324,707 | - | 5,991 | (318,716) |
| Interagency and other | 120,209 | 5,405 | 8,326 | (106,478) |
| Interest on long-term debt | 3,137,633 | - | - | (3,137,633) |
| Total governmental activities | $ 28,621,843 | $ 2,236,730 | $ 3,534,095 | (22,851,018) |
| General revenues: | | | | |
| Taxes and subventions: | | | | |
| Taxes levied for general purposes | | | | 5,299,698 |
| Taxes levied for debt service | | | | 2,175,671 |
| Taxes levied for other specific purposes | | | | 230,097 |
| Federal and state aid not restricted to specific purposes | | | | 14,000,493 |
| Interest and investment earnings | | | | 76,602 |
| Interagency revenues | | | | 19,216 |
| Miscellaneous | | | | 170,741 |
| Total general revenues and special item | | | | 21,972,518 |
| Change in net position | | | | (878,500) |
| Net position beginning | | | | (5,869,618) |
| Prior period adjustment | | | | (43,291) |
| Net position ending | | | | $ (6,791,409) |

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

## GOLDEN VALLEY UNIFIED SCHOOL DISTRICT
## BALANCE SHEET
## GOVERNMENTAL FUNDS
## JUNE 30, 2019

| | General Fund | Capital Facilities Fund | Bond Interest Redemption Fund | Other Nonmajor Governmental Funds | Total Governmental Funds |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| Cash and investments | $ 2,654,173 | $ 1,951,660 | $ 2,134,145 | $ 294,713 | $ 7,034,691 |
| Accounts receivable | 524,847 | 87,461 | 16 | 67,721 | 680,045 |
| Due from other funds | 8,613 | - | - | 279 | 8,892 |
| Inventory | 16,351 | - | - | 7,287 | 23,638 |
| Total Assets | $ 3,203,984 | $ 2,039,121 | $ 2,134,161 | $ 370,000 | $ 7,747,266 |
| **Liabilities and Fund Balances** | | | | | |
| Liabilities: | | | | | |
| Accounts payable | $ 1,017,653 | $ 353,456 | $ - | $ 6,685 | $ 1,377,794 |
| Due to other funds | 8,892 | - | - | - | 8,892 |
| Total Liabilities | 1,026,545 | 353,456 | - | 6,685 | 1,386,686 |
| Fund balances: | | | | | |
| Nonspendable: | | | | | |
| Revolving fund | 2,700 | - | - | - | 2,700 |
| Stores inventories | 16,351 | - | - | 7,287 | 23,638 |
| Restricted for: | | | | | |
| Educational programs | 287,362 | - | - | - | 287,362 |
| Debt service | - | - | 2,134,161 | - | 2,134,161 |
| Cafeteria programs | - | - | - | 80,256 | 80,256 |
| Capital projects | - | 1,685,665 | - | 231,104 | 1,916,769 |
| Assigned for: | | | | | |
| Capital projects | 263,172 | - | - | 43,768 | 306,940 |
| Cafeteria programs | - | - | - | 900 | 900 |
| Site repairs and facilities maintenance | 17 | - | - | - | 17 |
| Adult education | 196 | - | - | - | 196 |
| Educational programs | 809,069 | - | - | - | 809,069 |
| Unassigned: | | | | | |
| Economic uncertainties | 677,014 | - | - | - | 677,014 |
| Unappropriated | 121,558 | - | - | - | 121,558 |
| Total Fund Balances | 2,177,439 | 1,685,665 | 2,134,161 | 363,315 | 6,360,580 |
| Total Liabilities and Fund Balances | $ 3,203,984 | $ 2,039,121 | $ 2,134,161 | $ 370,000 | $ 7,747,266 |

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

# GOLDEN VALLEY UNIFIED SCHOOL DISTRICT
# RECONCILIATION OF THE GOVERNMENTAL FUNDS
# BALANCE SHEET TO THE STATEMENT OF NET POSITION
# JUNE 30, 2019

| | | |
|---|---|---|
| Total fund balances - governmental funds | | $ 6,360,580 |
| Amounts reported for governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is $96,907,546 and the accumulated depreciation is $29,119,976. | | 67,787,570 |
| To recognize accrued interest at year end which is not reported in the governmental funds | | (416,000) |
| Deferred outflows of resources include amounts that will not be included in the calculation of the District's net pension liability of the plan year included in this report such as current fiscal year contributions as recorded in the fund statements. | | 5,999,158 |
| The differences from pension plan assumptions in actuarial valuations are not included in the plan's actuarial study until the next fiscal year and are reported as deferred inflows of resources in the statement of net position. | | (1,776,127) |
| The difference between the reacquisition price and net carrying value of long-term debt when a bond is refunded is recorded as a deferred loss on the early retirement of long-term debt and a deferred inflow in the government-wide statement of net position and amortized over the remaining life of the refunded debt or refunding debt, whichever is shorter. This transaction is not a current financial resource and is not included in the governmental fund statements. | | 4,283,467 |
| Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consists of: | | |
| General obligation bonds | $ 62,492,372 | |
| Certificates of participation | 4,630,311 | |
| State of CA energy loan | 1,860,808 | |
| Net pension obligations | 19,702,603 | |
| PARS supplemental retirement | 306,254 | |
| Compensated absences (vacation) | 37,709 | (89,030,057) |
| Total net position - governmental activities | | $ (6,791,409) |

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

# GOLDEN VALLEY UNIFIED SCHOOL DISTRICT
# STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
# FOR THE FISCAL YEAR ENDED JUNE 30, 2019

| | General Fund | Capital Facilities Fund | Bond Interest Redemption Fund | Other Nonmajor Governmental Funds | Total Governmental Funds |
|---|---|---|---|---|---|
| Revenues: | | | | | |
| LCFF sources | $ 18,511,832 | $ - | $ - | $ - | $ 18,511,832 |
| Federal | 459,694 | - | - | 509,207 | 968,901 |
| Other state | 2,565,177 | - | 18,693 | 47,617 | 2,631,487 |
| Other local | 1,022,331 | 1,878,134 | 2,174,313 | 556,345 | 5,631,123 |
| Total revenues | 22,559,034 | 1,878,134 | 2,193,006 | 1,113,169 | 27,743,343 |
| Expenditures: | | | | | |
| Instruction | 12,143,471 | - | - | - | 12,143,471 |
| Instruction-related services: | | | | | |
| Supervision of instruction | 363,225 | - | - | - | 363,225 |
| Instruction library, media and technology | 566,486 | - | - | - | 566,486 |
| School site administration | 2,067,789 | - | - | - | 2,067,789 |
| Pupil services: | | | | | |
| Home-to-school transportation | 868,927 | - | - | - | 868,927 |
| Food services | - | - | - | 815,440 | 815,440 |
| All other pupil services | 746,033 | - | - | - | 746,033 |
| General administration: | | | | | |
| Data processing | 271,066 | - | - | - | 271,066 |
| All other general administration | 1,321,060 | 211,918 | - | 34,763 | 1,567,741 |
| Plant services | 2,289,269 | - | - | 49,374 | 2,338,643 |
| Facility acquisition and construction | 495,107 | 1,647,713 | - | 50,041 | 2,192,861 |
| Ancillary services | 310,452 | - | - | - | 310,452 |
| Transfers to other agencies | 120,209 | - | - | - | 120,209 |
| Debt service: | | | | | |
| Principal | - | - | 1,331,145 | 490,861 | 1,822,006 |
| Interest and fees | 375,266 | - | 862,785 | 207,521 | 1,445,572 |
| Total expenditures | 21,938,360 | 1,859,631 | 2,193,930 | 1,648,000 | 27,639,921 |
| Excess (deficiency) of revenues over (under) expenditures | 620,674 | 18,503 | (924) | (534,831) | 103,422 |
| Other financing sources (uses): | | | | | |
| Transfers in | 171,701 | - | 8,779 | 671,363 | 851,843 |
| Transfers out | (842,966) | - | (8,779) | (96) | (851,841) |
| Total other financing sources (uses) | (671,265) | - | - | 671,267 | 2 |
| Net change in fund balances | (50,591) | 18,503 | (924) | 136,436 | 103,424 |
| Fund balances beginning | 2,228,030 | 1,667,162 | 2,178,376 | 226,879 | 6,300,447 |
| Prior period adjustments | - | - | (43,291) | - | (43,291) |
| Fund balance beginning as adjusted | 2,228,030 | 1,667,162 | 2,135,085 | 226,879 | 6,257,156 |
| Fund balances ending | $ 2,177,439 | $ 1,685,665 | $ 2,134,161 | $ 363,315 | $ 6,360,580 |

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

**GOLDEN VALLEY UNIFIED SCHOOL DISTRICT**
**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

| | | |
|---|---|---|
| Total net change in fund balances - governmental funds | | $ 103,424 |
| 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 capitalized capital outlay of $2,040,146 is less than depreciation expense of $2,361,429 in the period. | | (312,792) |
| The governmental funds report debt proceeds as an other financing source, while repayment of long-term debt principal is reported as an expenditure. Interest is recognized as an expenditure in the governmental funds when it is due. The net effect of these differences in the treatment of long-term liabilities and related items is as follows: | | |
| Amortization of loss on defeasance | $ (171,038) | |
| PARS supplemental retirement payments | 219,451 | |
| Accretion of capital appreciation bonds | (1,702,675) | |
| Principal payments on long-term debt | 1,822,006 | 167,744 |
| 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. | | (1,012,897) |
| In governmental funds, if debt is issued at a premium or at a discount, the premium or discount is recognized as an other financing source or other financing use in the period it is incurred. In the government-wide statements, the premium or discount is amortized as interest over the life of the debt. The difference between premiums or discounts recognized in the current period and amortized over future periods is: | | 87,652 |
| 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 used exceeded the amounts earned by $5,631. | | (5,631) |
| 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. | | 94,000 |
| Changes in net position of governmental activities | | $ (878,500) |

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

**GOLDEN VALLEY UNIFIED SCHOOL DISTRICT**
**STATEMENT OF FIDUCIARY NET POSITION**
**FIDUCIARY FUNDS**
**JUNE 30, 2019**

| | Student Body Agency Fund |
|---|---|
| **Assets** | |
| Cash on hand and in banks | $ 187,735 |
| Total Assets | $ 187,735 |
| **Liabilities** | |
| Due to student groups | $ 187,735 |
| Total Liabilities | $ 187,735 |

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

## NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

A. Accounting Principles

Golden 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 basic, but not the only, criterion for including a governmental department, agency, institution, commission, public authority, or other governmental organization in a governmental unit's reporting entity for general purpose financial reports is the ability of the governmental unit's elected officials to exercise oversight responsibility over such agencies. Oversight responsibility implies that one governmental unit is dependent on another and that the dependent unit should be reported as part of the other. Oversight responsibility is derived from the governmental unit's power and includes, but is not limited to:

- Financial interdependency
- Selection of governing authority
- Designation of management
- Ability to significantly influence operations
- Accountability for fiscal matters

The District has a blended component unit, Communities Facilities District (CFD) No. 2017-1. The Communities Facilities District was formed on August 22, 2017 to account for resources accumulated for the cost of financing, design, construction and installation of school facilities, including equipment and furnishings thereof with useful life of five years or more and incidental expenses related to financing, forming and administering the CFD.

C. Basis of Presentation

**Government-wide Financial Statements:**

The government-wide financial statements (i.e., the statement of Net Position and the statement of Activities) report information on all of the non-fiduciary activities of the District. The Statement of Net Position reports all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position.

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund and fiduciary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements, therefore, include the reconciliation with brief explanations to better identify the relationship between the government wide statements and the statements for the governmental funds.

The government-wide Statement of Activities presents a comparison between direct expenses and program revenues for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. The District does not allocate indirect expenses to functions in the statement of activities. Program revenues include charges paid by the recipients of goods or services offered by a program, as well as grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues of the District, with certain exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

**Fund Financial Statements:**

Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major governmental fund is presented in a separate column, and all nonmajor funds are aggregated into one column. Fiduciary funds are reported by fund type.

The accounting and financial treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets, deferred outflows of resources, current liabilities and deferred inflows of resources are generally included on the balance sheet. The Statement of Revenues, Expenditures, and Changes in Fund Balances for these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

Fiduciary funds are reported using the economic resources measurement focus except for agency fund, which have no measurement focus.

D. <u>Basis of Accounting</u>

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. To achieve comparability of reporting among California districts, and so as not to distort normal revenue patterns with specific respect to reimbursement grants and correction to state-aid apportionments, the California Department of Education has defined available for district as collectible within one year.

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

**Deferred Outflows/Deferred Inflows:**

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 District's benefit plans liability reported which is in the Statement of Net Position.

**Unearned Revenue:**

Unearned revenue arises when assets (such as cash) are received before revenue recognition criteria have been satisfied. Grants and entitlements received before eligibility requirements (such as qualified expenditures) are met are recorded as liabilities from unearned revenue.

**Unavailable Revenue:**

In the governmental fund financial statements, receivables associated with non-exchange transactions that will not be collected within the availability period have been recorded as deferred inflows of resources as unavailable revenue.

**Expenses/Expenditures:**

On the accrual basis of accounting, expenses are recognized at the time a liability is incurred. On the modified accrual basis of accounting, expenditures are generally recognized in the accounting period in which the related fund liability is incurred, as under the accrual basis of accounting. However, under the modified accrual basis of accounting, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

E. Fund Accounting

The accounts of the District are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity or retained earnings, revenues, and expenditures or expenses, as appropriate. The 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 governmental major and non-major, 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 Adult Education Fund, Deferred Maintenance Fund and Special Reserve Fund for Other Than Capital Outlay Projects. These funds is not substantially composed of restricted or committed revenue sources and does not meet the definition of a special revenue fund. Because this fund does not meet the definition of a special revenue fund under GASB 54, the activity in this fund is being reported within the General Fund.

The *Capital Facilities Fund* is used to account for resources received from developer impact fees assessed under provisions of the California Environmental Quality Act (CEQA).

The *Bond Interest and Redemption Fund* is maintained by the County Treasurer and is used to account for both the accumulation of resources from ad valorem tax levies and the interest and redemption of principal of the funding of general obligation bonds issued by the District.

**Non-major Governmental Funds:**

*Special Revenue Funds* are used to account for the proceeds of specific revenue sources that are restricted or committed for purposes other than debt service or capital projects. The restricted or committed resources need to comprise a substantial portion of the inflows reported in the special revenue fund. The District maintains one non-major special revenue fund:

- 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 five non-major capital projects funds:

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

- The *State School Building Lease–Purchase Fund* is used primarily to account separately for state apportionments for the reconstruction, remodeling, or replacement of existing school buildings or the acquisition of new school sites and buildings, as provided in the Leroy F. Greene State School Building Lease– Purchase Law of 1976 (Education Code Section 17000 et seq.).

- The *County School Facilities Fund* exists primarily to account for resources accumulated for capital outlay and collected from federal and state resources.

- The *Special Reserve Fund for Capital Projects* exists primarily to account for resources accumulated for capital outlay.

- The *Capital Projects Fund for Blended Component Units* exists primarily to account for the resources of the blended component unit, Communities Facilities District No. 2017-1, as noted in Note 1.

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

**Fiduciary Funds:**

*Fiduciary Fund* reporting focuses on net position and changes in net position. Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore cannot be used to support the District's own programs. The fiduciary fund category includes pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds, and agency funds.

The District maintains the following fiduciary funds:

- *Agency Funds* are used to account for assets of others for which the District acts as an agent. The District maintains an agency fund for the student body accounts. The student body funds are used to account for the raising and expending of money to promote the general welfare, morale, and educational experience of the student body.

F. <u>Budgets and Budgetary Accounting</u>

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 and major special revenue funds 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.

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 Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27* 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, 2017 |
| Measurement Date | June 30, 2018 |
| Measurement Period | July 1, 2017 to June 30, 2018 |

I. Assets, Liabilities, and Equity

1. Cash and Investments

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

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

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

The county is authorized to deposit cash and invest excess funds by California *Government Code* Section 53648. The funds maintained by the county are either secured by federal depository insurance or are collateralized.

2. Fair Value Measurements

Investments are recorded at fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction.

In determining this amount, three valuation techniques are available:

- Market approach - This approach uses prices generated for identical or similar assets or liabilities. The most common example is an investment in a public security traded in an active exchange such as the NYSE.

- Cost approach - This technique determines the amount required to replace the current asset. This approach may be ideal for valuing donations of capital assets or historical treasures.

- Income approach - This approach converts future amounts (such as cash flows) into a current discounted amount.

Each of these valuation techniques requires inputs to calculate a fair value. Observable inputs have been maximized in fair value measures, and unobservable inputs have been minimized.

3. Inventories

Inventories are recorded using the purchases method, in that inventory acquisitions are initially recorded as expenditures. Reported inventories are equally offset by a fund balance reserve, which indicates that these amounts are not “available for appropriation and expenditure” even though they are a component of net current assets. The District’s inventory is valued at a moving average cost and consists of expendable supplies held for consumption.

4. Prepaid Expenses

The District has the option of reporting expenditure in governmental funds for prepaid items either when purchased or during the benefiting period. The District has chosen to report the expenditure during the benefiting period, thus recording a prepaid expenditure in the Statement of Net Position.

5. Capital Assets

Capital assets, which include sites, improvement of sites, buildings and improvements, equipment, and construction in progress, are reported in the government-wide financial statements. Such assets are value at historical cost or estimated historical cost unless obtained by annexation or donation. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value rather than fair value. The District utilizes a capitalization threshold of $5,000.

Projects under construction are recorded at cost as construction in progress and transferred to the appropriate asset account when substantially complete. Costs of major improvements and rehabilitation of buildings are capitalized. Repair and maintenance costs are charged to expense when incurred. Equipment disposed of, or no longer required for its existing use, is removed from the records at actual or estimated historical cost, net of accumulated depreciation.

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

| Assets | Years |
|---|---|
| Improvement of sites | 20 - 30 |
| Buildings | 50 |
| Building improvements | 20 |
| Vehicles | 2 - 15 |
| Office equipment | 3 - 15 |
| Computer equipment | 3 – 15 |

6. Compensated Absences

All vacation pay plus related payroll tax is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements as of fiscal year end. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included.

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.

7. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts as well as issuance costs if related to prepaid insurance costs, are deferred and amortized over the life of the bonds. Bonds payable are reported net of applicable bond premium or discount. Issuance costs, not related to prepaid insurance costs, are expensed in the period incurred.

In the fund financial statements, governmental funds recognize bond premiums and discounts as well as bond issuance costs, during the current period. The face amount of the debt issued, premiums, or discounts are reported as other financing sources/uses.

8. 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's minimum fund balance policy requires a reserve for economic uncertainties, consisting of unassigned amounts, equal to no less than three percent of general fund operating expenditures and other financing uses.

The District maintains a minimum unassigned fund balance of not less than three percent of budgeted general fund expenditures and other financing uses as a reserve for economic uncertainties. The District believes a reserve of this level is prudent to maintain a high bond rating and to protect the District from the effects of fluctuations in property tax revenues to which basic aide districts such as this district are vulnerable. Because amounts in the nonspendable, restricted, committed, and assigned categories are subject to varying constraints on their use, the reserve for economic uncertainties consists of balances that are otherwise unassigned.

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

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

- *Restricted* fund balance includes amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

- *Committed* fund balances includes amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision-making authority and does not lapse at year-end. Committed fund balances are imposed by the District's board of education.

- *Assigned* fund balance includes amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund balance may be assigned by the Superintendent.

- *Unassigned* fund balance includes positive amounts within the general fund which has not been classified within the above mentioned categories and negative fund balances in other governmental funds.

The District uses restricted/committed amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as a grant agreement requiring dollar for dollar spending. Additionally, the District would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

9. <u>Net Position</u>

Net position represents the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources. 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. As of June 30, 2019, capital assets net of accumulated depreciation totaling $67,787,570 was reduced by related debt of $68,983,491, which excluded accreted interest of $9,102,081 and premiums attributed to cash reserves for debt service of

$655,261. 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.

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

*Debt Service* restrictions reflect the cash balances in the debt service funds of $2,141,410 that are restricted for debt service payments by debt covenants, reduced by outstanding bond premiums of $567,609.

*Educational Program* restrictions reflect the amounts to be expended on specific school programs that are legally restricted.

*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.

10. <u>Local Control Funding Formula and Property Taxes</u>

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 general purpose block grants, and most of the 50-plus 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.

11. Risk Management

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The District participates in the California Risk Management Authority I (CRMA I) (property and liability insurance), the California Risk Management Authority II (CRMA II) (workers compensation insurance), and the Central Valley Support Services (CVSS) (food services, transportation, grounds and financing). The District pays an annual premium for its insurance coverage. The Joint Powers Agreements provide that the JPA's will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of self-insured levels. There has not been a significant reduction in coverage from the prior year.

12. Interfund Transactions

Interfund transactions are reported as either loans, services provided, reimbursements, or transfers. Loans are reported as interfund receivables and payables, as appropriate, and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers among governmental funds are eliminated as part of the reconciliation to the government-wide financial statements.

13. 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.

14. Subsequent Events

Management has determined the following subsequent events require additional disclosure:

On July 11, 2019, the District issued $2,520,000 in TRANs maturing on June 30, 2020, with an interest rate of 2%. The TRAN 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 were used to supplement cash flow. The TRAN was issued at a premium of $19,303.

J. Implemented New Accounting Pronouncements

**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. As of June 30, 2019, this Statement did not have an 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. As of June 30, 2019, this Statement did not have an impact on the District's financial statements.

K. Upcoming Accounting and Reporting Changes

**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 is in the process of determining the impact this Statement will have on the 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 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.

**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.

**GASB Statement No. 90, *Majority Equity Interests - an Amendment of GASB Statements No. 14 and No. 61***

The objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. This Statement also requires that a component unit in which a government has 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2018. The requirements should be applied retroactively, except for the provisions related to (1) reporting a majority equity interest in a component unit and (2) reporting a component unit if the government acquires a 100 percent equity interest. Those provisions should be applied on a prospective basis. The District doesn't believe this statement will have a significant impact on the District's financial statements.

**GASB Statement No. 91, *Conduit Debt Obligations***

The objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement also clarifies the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitment and voluntary commitments extended by issuers and arrangements associated with the debt obligations; and improving required note disclosures. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2020. Earlier application is encouraged. The District doesn't believe this statement will have a significant impact on the District's financial statements.

## NOTE 2 - CASH AND INVESTMENTS

Summary of Deposits

A summary of deposits as of June 30, 2019, is as follows:

| Description | Carrying Amount | Fair Value |
|---|---|---|
| **Government-Wide Statements:** | | |
| Cash in county treasury investment pool | $ 7,030,379 | $ 7,032,743 |
| Carrying amount of cash in banks | 1,612 | 1,612 |
| Cash in revolving fund | 2,700 | 2,700 |
| Total Cash and Investments | $ 7,034,691 | $ 7,037,055 |
| **Fiduciary Funds:** | | |
| Cash in Banks | $ 187,735 | $ 187,735 |

Cash in Banks and Revolving Funds

Cash balances in banks and revolving funds are insured up to $250,000 by the Federal Deposit Insurance Corporation ("FDIC"). These accounts are held within various financial institutions. As of June 30, 2019, the bank balance of the District's bank accounts was $199,551 which was fully insured by the FDIC.

Cash in County Treasury

The District is considered to be an involuntary participant in an external investment pool as the District is required to deposit all receipts and collections of monies with their County Treasurer 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.

Fair Value Measurements

GASB 72 established a hierarchy of inputs to the valuation techniques above. This hierarchy has three levels:

- Level 1 inputs are quoted prices in active markets for identical assets or liabilities.
- Level 2 inputs are quoted market prices for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other than quoted prices that are not observable.
- Level 3 inputs are unobservable inputs, such as a property valuation or an appraisal.

The District has the following recurring fair value measurements as of June 30, 2019:

Investments in the Madera County Treasury Investment Pool are not measured using the input levels above because the District's transactions are based on a stable net asset value per share. All contributions and redemptions are transacted at $1.00 net asset value per share.

Policies and Practices

The District is authorized under California Government Code 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.

Limitations as they relate to interest rate risk, credit risk, custodial credit risk - deposits, and concentration of credit risk are described below:

1. *Interest Rate Risk*

   Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District manages its exposure to interest rate risk by investing in the County Treasury. The District maintains an investment with the Madera County Investment Pool with a fair value of approximately $449 million and an amortized book value of $448.9 million. The average weighted maturity for this pool is 601 days.

2. *Credit Risk*

   Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The County of Madera's investment pool is not rated, however, the investments within the pool are either not rated or rated as low as A by Moody's, Standard & Poor's and Fitch Investor Services.

3. *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.

4. *Concentration of Credit Risk*

   The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond the amount stipulated by the California Government Code. District investments that are greater than 5 percent of total investments are in either an external investment pool or mutual funds and are therefore exempt.

## NOTE 3 - ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following as of June 30, 2019:

| Receivables | General Fund | Capital Facilities Fund | Bond Interest and Redemption Fund | Nonmajor Funds | Total |
|---|---|---|---|---|---|
| Federal Government | $ 181,212 | $ - | $ - | $ 65,645 | $ 246,857 |
| State Government | 162,098 | - | - | - | 162,098 |
| Unrestricted | 181,537 | 87,461 | 16 | 2,076 | 271,090 |
| Total Accounts Receivable | $ 524,847 | $ 87,461 | $ 16 | $ 67,721 | $ 680,045 |

## NOTE 4 - INTERFUND TRANSACTIONS

Interfund transactions are reported as loans, services provided reimbursements, or transfers. Loans are reported as interfund receivables and payables, as appropriate, and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers among governmental funds are netted as part of the reconciliation to the government-wide financial statements.

Interfund transfers consist of operating transfers from funds receiving revenues to funds through which the resources are to be expended. During the year the District transferred $671,363 from the General Fund to nonmajor funds for operating and capital needs. As of June 30, 2019, the General Fund owed the Cafeteria Fund $279.

## NOTE 5 - CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended June 30, 2019, is shown below:

| Capital Assets | Balance June 30, 2018 | Additions | Adjustments & Deletions | Balance June 30, 2019 |
|---|---|---|---|---|
| Land - not depreciable | $ 1,562,259 | $ - | $ - | $ 1,562,259 |
| Work-in-progress - not depreciable | 1,374,701 | 1,772,518 | (266,664) | 2,880,555 |
| Site improvements | 5,687,700 | 10,846 | - | 5,698,546 |
| Buildings and improvements | 83,951,870 | 266,664 | 8,491 | 84,227,025 |
| Furniture and equipment | 2,325,381 | 256,782 | (43,002) | 2,539,161 |
| Total capital assets | 94,901,911 | 2,306,810 | (301,175) | 96,907,546 |
| Less accumulated depreciation for: | | | | |
| Site improvements | 3,260,424 | 249,815 | - | 3,510,239 |
| Buildings and improvements | 21,518,034 | 2,048,391 | - | 23,566,425 |
| Furniture and equipment | 2,023,091 | 63,223 | (43,002) | 2,043,312 |
| Total accumulated depreciation | 26,801,549 | 2,361,429 | (43,002) | 29,119,976 |
| Total capital assets - net depreciation | $ 68,100,362 | $ (54,619) | $ (258,173) | $ 67,787,570 |

Depreciation expense was allocated to the following functions during the year:

| Governmental Activity | Depreciation Expense |
|---|---|
| Instruction | $ 1,378,460 |
| School site administration | 269,238 |
| All other pupil services | 32,956 |
| All other general administration | 51,955 |
| Plant services | 628,820 |
| Total depreciation expense | $ 2,361,429 |

## NOTE 6 - SCHEDULE OF CHANGES IN LONG-TERM LIABILITIES

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

| Description | Balance June 30, 2018 | Adjustments Additions | Retirements | Balance June 30, 2019 | Due Within One Year |
|---|---|---|---|---|---|
| General Obligation Bonds | $ 62,208,494 | $ 1,702,675 | $ 1,418,797 | $ 62,492,372 | $ 1,425,586 |
| Certificates of Participation | 4,924,531 | - | 294,220 | 4,630,311 | 308,415 |
| State of CA Energy Loan | 2,057,449 | - | 196,641 | 1,860,808 | 198,564 |
| Net Pension Liabilities | 18,077,290 | 7,916,092 | 6,290,779 | 19,702,603 | - |
| PARS Supplemental Retirement | 525,705 | - | 219,451 | 306,254 | - |
| Compensated Absences | 32,078 | 5,631 | - | 37,709 | 9,427 |
| Total Long-Term Liabilities | $ 87,825,547 | $ 9,624,398 | $ 8,419,888 | $ 89,030,057 | $ 1,941,992 |

Payments on the general obligation bonds are made by the Bond Interest and Redemption Fund using local revenues. Payments on the certificates of participation and California energy loan are made from the Debt Service Fund. The accrued vacation, net pension obligations and other postemployment benefits will be paid by the fund for which the employee worked.

## NOTE 7 - GENERAL OBLIGATION BONDS

The outstanding General Obligation Bond debt of the District as of June 30, 2019, is as follows:

| Bonds Payable | Interest Rate | Maturity Date | Original Issue | Beginning | Adjustment/ Additions | Deletions | Ending | Due Within One Year |
|---|---|---|---|---|---|---|---|---|
| General Obligation Bonds: | | | | | | | | |
| 1999 GOB, Series A | 5.85-5.90% | 2025 | $ 769,970 | $ 769,970 | $ - | $ - | $ 769,970 | $ - |
| 1999 GOB, Series B | 5.40-5.50% | 2038 | 3,720,690 | 3,720,690 | - | - | 3,720,690 | - |
| 1999 GOB, Series C | 3.50-5.00% | 2046 | 4,000,000 | 60,000 | - | 60,000 | - | - |
| 2005 Refunding | 3.00-6.00% | 2021 | 7,980,000 | 2,790,000 | - | 835,000 | 1,955,000 | 930,000 |
| 2006 GOB, Series B | 3.00-5.20% | 2049 | 1,184,715 | 49,715 | - | 6,145 | 43,570 | 5,586 |
| 2016 GOB Refunding | 2.00-4.00% | 2036 | 18,015,000 | 17,705,000 | - | 295,000 | 17,410,000 | 400,000 |
| 2017 GOB Refunding | 2.00-5.00% | 2046 | 27,355,777 | 27,355,777 | | 135,000 | 27,220,777 | 90,000 |
| Subtotal GO Bonds | | | 92,615,480 | 52,451,152 | - | 1,331,145 | 51,120,007 | 1,425,586 |
| Accreted Interest | | | - | 9,102,081 | 1,702,675 | - | 10,804,756 | - |
| Bond Premiums - Net | | | 2,281,145 | 655,261 | - | 87,652 | 567,609 | - |
| Total General Obligation Bonds | | | $ 94,896,625 | $ 62,208,494 | $ 1,702,675 | $ 1,418,797 | $ 62,492,372 | $ 1,425,586 |

On September 12, 2017, the District issued $27,355,777 of 2017 General Obligation Refunding Bonds (GORB) for the purpose of refunding its outstanding obligation under the Election 1999 General Obligation Bonds Series D and Election 2006 General Obligation Bonds Series A. The proceeds of the 2017 GORB were used to defease and redeem $11,369,336 and $4,600,921 initial principal amount of the District's Election 1999 General Obligation Bonds Series D and Election 2006 General Obligation Bonds Series A, respectively. As well as a total of $7,188,690 in accreted interest for both refunded bonds.

The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $4,280,331, which is reported as a deferred outflow on the government-wide statement of net position. This difference, reported in the accompanying financial statement as a deduction from bonds payable, is being charged to operation through fiscal year 2046 using the straight-line method. The District completed the refunding to obtain an economic gain (difference between the present value of the old and the new debt service payments) of $5,940,721.

## NOTE 8 - DEBT SERVICE REQUIREMENTS

### General Obligation Bonds

The debt service requirements of the General Obligation Bonds outstanding are as follows:

| Year Ending June 30, | Principal | Interest | Total |
|---|---|---|---|
| 2020 | $ 1,425,586 | $ 805,481 | $ 2,231,067 |
| 2021 | 1,620,027 | 734,156 | 2,354,183 |
| 2022 | 882,509 | 650,631 | 1,533,140 |
| 2023 | 624,732 | 630,431 | 1,255,163 |
| 2024 | 708,949 | 616,931 | 1,325,880 |
| 2025- 2029 | 5,590,304 | 2,745,605 | 8,335,909 |
| 2030- 2034 | 7,656,535 | 2,250,180 | 9,906,715 |
| 2035- 2039 | 12,448,957 | 1,834,871 | 14,283,828 |
| 2040- 2044 | 15,040,171 | 445,838 | 15,486,009 |
| 2045- 2049 | 5,122,237 | 12,188 | 5,134,425 |
| Total | $ 51,120,007 | $ 10,726,312 | $ 61,846,319 |

**State of California Energy Loan**

One February 8, 2013, the District received a new loan from the State of California in the amount of $3,000,000. A portion of the loan proceeds, $2,810,000, was used to pay down the 2012 Certificate of Participation. The debt service requirements of the loan are as follows:

| Year Ending June 30, | Principal | Interest | Total |
|---|---|---|---|
| 2020 | $ 198,564 | $ 18,163 | $ 216,727 |
| 2021 | 200,603 | 16,124 | 216,727 |
| 2022 | 202,614 | 14,113 | 216,727 |
| 2023 | 204,645 | 12,081 | 216,726 |
| 2024 | 206,671 | 10,056 | 216,727 |
| 2025- 2029 | 847,711 | 19,193 | 866,904 |
| Total | $ 1,860,808 | $ 89,730 | $ 1,950,538 |

## Certificates of Participation

On December 1, 2010, the District refinanced their outstanding Certificates of Participation by entering into a lease/purchase agreement with a site lease valued at $3,364,096 that provides for title to vest in the District at the termination of the lease. In addition to the site lease, the District leased transportation and office equipment valued at $643,864 under agreements that provided for title to pass upon expiration of the leases.

The debt service requirements of the 2010 Certificates of Participation are as follows:

| Year Ending | 2010 Refunding COP | | |
|---|---|---|---|
| June 30, | Principal | Interest | Total |
| 2020 | $ 250,415 | $ 88,047 | $ 338,462 |
| 2021 | 261,043 | 77,419 | 338,462 |
| 2022 | 272,122 | 66,340 | 338,462 |
| 2023 | 283,671 | 54,791 | 338,462 |
| 2024 | 295,710 | 42,752 | 338,462 |
| 2025- 2029 | 795,350 | 50,801 | 846,151 |
| Total | $ 2,158,311 | $ 380,150 | $ 2,538,461 |

In 2017, the District refunded $2,315,000 in old Certificates of Participation by issuing new Certificates of Participation totaling $2,700,000. The original COP was related to a lease/purchase agreement with a Solar Panel project valued at $5,216,384 that requires the title to vest in the District's name at the termination of the lease.

The debt service requirements of the Solar Panel Certificates of Participation are as follows:

| Year Ending | Solar Panel Project COP | | |
|---|---|---|---|
| June 30, | Principal | Interest | Total |
| 2020 | $ 58,000 | $ 87,241 | $ 145,241 |
| 2021 | 59,000 | 85,182 | 144,182 |
| 2022 | 61,000 | 83,070 | 144,070 |
| 2023 | 63,000 | 80,887 | 143,887 |
| 2024 | 66,000 | 78,615 | 144,615 |
| 2025- 2029 | 1,241,000 | 325,553 | 1,566,553 |
| 2030- 2034 | 924,000 | 41,358 | 965,358 |
| Total | $ 2,472,000 | $ 781,906 | $ 3,253,906 |

## NOTE 9 - JOINT VENTURES (JOINT POWERS AGREEMENTS)

The District participates in joint powers agreements ("JPAs") with the CRMA I, CRMA II and CVSS as disclosed in Note 1. A board consisting of a representative from each member governs the JPAs. The governing board controls the operation of the JPAs independent of any influence by the District beyond the District's representation on the governing board. The JPAs are independently accountable for their fiscal matters. Budgets are not subject to any approval other than that of the governing board. Member districts share surpluses and deficits proportionately to their participation. The relationship between the District and the JPAs are such that the JPAs are not a component unit of the District for financial reporting purposes. The following is a summary of the most recent financial statement information:

| | CRMA I June 30, 2017 | CRMA II June 30, 2017 | CVSS June 30, 2019 |
|---|---|---|---|
| Total Assets & Deferred Outflows | $ 4,554,522 | $ 18,092,951 | $ 86,513,982 |
| Total Liabilities & Deferred Inflows | 1,967,585 | 9,960,047 | 85,285,924 |
| Total Equity | 2,586,937 | 8,132,904 | 1,228,058 |
| Total Revenues | 3,664,930 | 6,743,808 | 3,484,326 |
| Total Expenditures | 3,271,991 | 6,031,720 | 3,855,240 |

## NOTE 10 - COMMITMENTS AND CONTINGENCIES

Federal and State Allowances, Awards, 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.

Litigation

The District is involved in certain legal matters that arose out of the normal course of business. The District has not accrued a liability for any potential litigation against it because it does not meet the criteria to be considered a liability at June 30, 2019.

## NOTE 11 – EMPLOYEE RETIREMENT SYSTEMS

### California Public Employees Retirement System (CalPERS/PERS) Pension Plan

***General Information about the PERS Pension Plan***

**Plan Description -** All qualified permanent and probationary employees are eligible to participate in the District's Miscellaneous Employee Pension Plan (the Plan), a cost-sharing multiple employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute and District resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

**Benefits Provided -** CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: The Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for the Plan are applied as specified by the Public Employees' Retirement Law.

The Plans' provisions and benefits in effect at June 30, 2019, 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: minimum | 50 | 52 |
| Monthly benefits as a % of eligible compensation | (1) | (1) |
| Required employee contribution rates | 7.000% | 7.000% |
| Required employer contribution rates | 18.062% | 18.062% |

**Contributions -** Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers 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 fiscal year ending June 30, 2019, the State enacted Senate Bill No. 90 which appropriated funding to the Public Employees' Retirement Fund on behalf of the District.

For the year ended June 30, 2019 the District's contributions were as follows:

| | CalPERS |
|---|---|
| Employer Contributions | $ 556,184 |
| State Contributions | 200,598 |
| **Total** | $ 756,782 |

*Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to PERS*

As of June 30, 2019, 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 | $ 5,916,553 |

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, 2018, 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, 2017 rolled forward to June 30, 2018 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, 2018 and 2019 was as follows:

| | CalPERS |
|---|---|
| Proportion - June 30, 2018 | 0.02149% |
| Proportion - June 30, 2019 | 0.02219% |
| Change - Increase/(Decrease) | 0.00070% |

For the year ended June 30, 2019, the District recognized pension expense of $1,058,320 for the Plan.

At June 30, 2019, 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 | $ 590,742 | $ - |
| Differences between Expected and Actual Experience | 387,868 | - |
| Differences between Projected and Actual Investment Earnings | 48,529 | - |
| Differences between Employer's Contributions and Proportionate Share of Contributions | - | 5,877 |
| Change in Employer's Proportion | 99,675 | 68,922 |
| Pension Contributions Made Subsequent to Measurement Date | 556,184 | - |
| **Total** | $ 1,682,998 | $ 74,799 |

The District reported $556,184 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, 2020.

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: | Deferred Outflows/ (Inflows) of Resources CalPERS |
|---|---|
| 2020 | $ 602,915 |
| 2021 | 459,547 |
| 2022 | 24,473 |
| 2023 | (34,922) |
| **Total** | $ 1,052,013 |

**Actuarial Assumptions -** The total pension liabilities in the June 30, 2017 actuarial valuations were determined using the following actuarial assumptions:

| | |
|---|---|
| Valuation Date | June 30, 2017 |
| Measurement Date | June 30, 2018 |
| Actuarial Cost Method | Entry-Age Normal Cost Method |
| Actuarial Assumptions: | |
| Discount Rate | 7.15% |
| Inflation | 2.50% |
| Payroll Growth | 2.75% |
| Projected Salary Increase | (1) |
| Investment Rate of Return | 7.15% (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%. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the Plan, CalPERS stress tested employer rate plans within the Plan 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 employer rate plans run out of assets. Therefore, the current 7.15% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The stress test results are presented in a detailed report, GASB Statements 67 and 68 Crossover Testing Report for Measurement Date June 30, 2018 based on June 30, 2017 Valuations, that can be obtained from the CalPERS website.

According to Paragraph 30 of GASB 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. For the CalPERS Plan, the 7.00% investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.15%. Using this lower discount rate has resulted in a slightly higher total pension liability and net pension liability. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

In the December 2016 and April 2017 meetings, the Board voted to lower the funding discount rates used for the PERF. In making its decision, the Board reviewed recommendations from CalPERS team members, external pension and investment consultants, and input from employer and employee stakeholder groups. A lowered funding discount rate for the PERF will be phased in over a three-year period beginning July 1, 2018 for public agencies and school districts.

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. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the Plan's asset classes, expected compound (geometric) returns were calculated over the short-term (first 11 years) and the long-term (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 the Plan. 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 geometric rates of return are net of administrative expenses.

| Asset Class (a) | Assumed Asset Allocation | Real Return Years 1 - 10 (b) | Real Return Years 11+ (c) |
|---|---|---|---|
| Global Equity | 50.00% | 4.80% | 5.98% |
| Fixed Income | 28.00% | 1.00% | 2.62% |
| Inflation Sensitive | 0.00% | 0.77% | 1.81% |
| Private Equity | 8.00% | 6.30% | 7.23% |
| Real Estate | 13.00% | 3.75% | 4.93% |
| Liquidity | 1.00% | 0.00% | -0.92% |
| Total | 100.00% | | |

(a) In the System's CAFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.
(b) An expected inflation of 2.0% used for this period.
(c) An expected inflation of 2.92% 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 | $ 8,614,218 |
| | |
| Current | 7.15% |
| Net Pension Liability | $ 5,916,553 |
| | |
| 1% Increase | 8.15% |
| Net Pension Liability | $ 3,678,453 |

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

**California State Teachers' Retirement System (CalSTRS) Pension Plan**

*General Information about the STRS Pension Plan*

**Plan Description -** The District contributes to the California State Teachers' Retirement System (CalSTRS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by the CalSTRS. 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, 2019, 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% | 2% |
| Required employee contribution rates | 10.250% | 10.205% |
| Required employer contribution rates | 16.280% | 16.280% |
| Required State contribution rates | 9.828% | 9.828% |

**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, 2019, the District's contributions were as follows:

| | CalSTRS |
|---|---|
| Employer Contributions | $ 1,401,959 |
| State Contributions | 1,286,928 |
| **Total** | $ 2,688,887 |

*Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to STRS*

As of June 30, 2019, 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 | $ 13,786,050 |
| State | 7,893,203 |
| **Total** | $ 21,679,253 |

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, 2018, 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, 2017 rolled forward to June 30, 2018 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 9.124 percent of the members' creditable earnings from the fiscal year ending in the prior calendar year plus an additional $541,922 as required by SB90. Also, as a result of AB 1469, the additional state appropriation required to fully fund the benefits in effect as of 1990 by 2046 is specific in subdivision (b) of Education Code Section 22955.1. The increased contributions end as of fiscal year 2045-2046.

The District's proportionate share of the net pension liability for the Plan as of June 30, 2018 and 2019 was as follows:

| | CalSTRS |
|---|---|
| Proportion - June 30, 2018 | 0.01400% |
| Proportion - June 30, 2019 | 0.01500% |
| Change - Increase/(Decrease) | 0.00100% |

For the year ended June 30, 2019, the District recognized pension expense of $1,527,519 for the Plan.

At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | CalSTRS | |
|---|---|---|
| | **Deferred Outflows of Resources** | **Deferred Inflows of Resources** |
| Changes of Assumptions | $ 2,141,700 | $ - |
| Differences between Expected and Actual Experience | 42,750 | 200,250 |
| Differences between Projected and Actual Investment Earnings | - | 530,850 |
| Differences between Employer's Contributions and Proportionate Share of Contributions | 51,923 | 1,838 |
| Change in Employer's Proportion | 677,829 | 968,389 |
| Pension Contributions Made Subsequent to Measurement Date | 1,401,959 | - |
| **Total** | $ 4,316,161 | $ 1,701,327 |

The District reported $1,401,959 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, 2020. 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:** | **Deferred Outflows/ (Inflows) of Resources CalSTRS** |
|---|---|
| 2020 | $ 403,419 |
| 2021 | 204,519 |
| 2022 | (157,281) |
| 2023 | 199,582 |
| 2024 | 447,043 |
| Thereafter | 115,594 |
| **Total** | $ 1,212,876 |

**Actuarial Assumptions** - The total pension liabilities in the June 30, 2017 actuarial valuations were determined using the following actuarial assumptions:

| | |
|---|---|
| Valuation Date | June 30, 2017 |
| Measurement Date | June 30, 2018 |
| Actuarial Cost Method | Entry-Age Normal Cost Method |
| Actuarial Assumptions: | |
| Discount Rate | 7.10% |
| Inflation | 2.75% |
| Wage Growth | 3.50% |
| Postretirement Benefit Increases | (1) |
| Investment Rate of Return | 7.10% (2) |
| Mortality | (3) |

(1) 2% simple for DB (annually)
Maintain 85% purchasing power level for DB
Not applicable for DBS/CBB
(2) Net of investment expense but gross of administrative expenses.
(3) Based on 110% of the MP-2016 Ultimate Projection Scale table issued by the Society of Actuaries.

**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 | Assumed Asset 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% |
| 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 | $ 20,194,950 |
| | |
| Current | 7.10% |
| Net Pension Liability | $ 13,786,050 |
| | |
| 1% Increase | 8.10% |
| Net Pension Liability | $ 8,472,450 |

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

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# REQUIRED SUPPLEMENTARY INFORMATION

**GOLDEN 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, 2019**

| | Budgeted Amounts | | | |
|---|---|---|---|---|
| | Original | Final | Actual (GAAP Basis) | Variance with Final Budget Positive - (Negative) |
| Revenues: | | | | |
| LCFF sources | $ 18,497,523 | $ 18,511,832 | $ 18,511,832 | $ - |
| Federal | 413,944 | 459,694 | 459,694 | - |
| Other state | 1,494,048 | 2,565,177 | 2,565,177 | - |
| Other local | 776,490 | 967,950 | 1,022,331 | 54,381 |
| Total revenues | 21,182,005 | 22,504,653 | 22,559,034 | 54,381 |
| Expenditures: | | | | |
| Certificated salaries | 8,603,059 | 8,778,969 | 8,778,968 | 1 |
| Classified salaries | 3,254,045 | 3,405,862 | 3,405,863 | (1) |
| Employee benefits | 5,112,518 | 6,038,659 | 6,038,662 | (3) |
| Books and supplies | 1,104,648 | 1,350,420 | 1,350,421 | (1) |
| Services and other operating expenditures | 2,050,441 | 1,931,595 | 1,932,974 | (1,379) |
| Capital outlay | 442,000 | 256,162 | 256,161 | 1 |
| Other outgo | 152,187 | 175,579 | 175,311 | 268 |
| Total expenditures | 20,718,898 | 21,937,246 | 21,938,360 | (1,114) |
| Excess (deficiency) of revenues over (under) expenditures | 463,107 | 567,407 | 620,674 | 53,267 |
| Other financing sources (uses): | | | | |
| Transfers in | 193,000 | 171,701 | 171,701 | - |
| Transfers out | (898,302) | (842,968) | (842,966) | 2 |
| Total other financing sources (uses) | (705,302) | (671,267) | (671,265) | 2 |
| Net change in fund balance | (242,195) | (103,860) | (50,591) | 53,269 |
| Fund balances beginning | 2,228,030 | 2,228,030 | 2,228,030 | - |
| Fund balances ending | $ 1,985,835 | $ 2,124,170 | $ 2,177,439 | $ 53,269 |

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

## GOLDEN VALLEY UNIFIED SCHOOL DISTRICT
## SCHEDULE OF PENSION PLAN CONTRIBUTIONS
## FOR THE FISCAL YEAR ENDED JUNE 30, 2019

| **CalPERS** | **2019** | **2018** | **2017** | **2016** |
|---|---|---|---|---|
| Contractually Required Contributions | $ 556,184 | $ 454,565 | $ 380,645 | $ 314,922 |
| Contributions in Relation to Contractually | 556,184 | 454,565 | 380,645 | 314,922 |
| **Contribution Deficiency (Excess)** | $ - | $ - | $ - | $ - |
| **Covered Payroll** | **$ 3,079,305** | **$ 2,926,824** | **$ 2,740,819** | **$ 2,658,175** |
| **Contributions as a % of Covered Payroll** | **18.06%** | **15.53%** | **13.89%** | **11.85%** |

**Notes to Schedule:**

Valuation Date: June 30, 2017

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 2.5%
Investment Rate of Returns set at 7.15%
CalPERS mortality table based on CalPERS' experience and include 15 years of projected ongoing mortality improvement using 90 percent of Scale MP 2016 published by the Society of Actuaries.

| **CalSTRS** | **2019** | **2018** | **2017** | **2016** |
|---|---|---|---|---|
| Contractually Required Contributions | $ 1,401,959 | $ 1,182,659 | $ 957,920 | $ 807,452 |
| Contributions in Relation to Contractually | 1,401,959 | 1,182,659 | 957,920 | 807,452 |
| **Contribution Deficiency (Excess)** | $ - | $ - | $ - | $ - |
| **Covered Payroll** | **$ 8,611,542** | **$ 8,195,835** | **$ 7,614,626** | **$ 7,525,182** |
| **Contributions as a % of Covered Payroll** | **16.28%** | **14.43%** | **12.58%** | **10.73%** |

**Notes to Schedule:**

Valuation Date: June 30, 2017

Assumptions Used: Entry Age Method used for Actuarial Cost Method
Level Percentage of Payroll Basis
7 Years Remaining Amortization Period
Inflation Assumed at 2.75%
Investment Rate of Returns set at 7.10%
Mortality tables are based on 110% of the MP-2016 Ultimate Projection Scale table issued by the Society of Actuaries.

Fiscal year 2015 was the first year of implementation, therefore only five years are shown.
The CalPERS discount rate was increased from 7.5% to 7.65% in the District's fiscal year 2016 and then decreased from 7.65% to 7.15% in the District's fiscal year 2018.
The CalPERS inflation assumption was decreased from 2.75% to 2.50% during the District's fiscal year 2019.
The CalPERS mortality assumptions was adjusted in the District's fiscal year 2019.
The CalSTRS discount rate was decreased from 7.6% to 7.1% in the District's fiscal year 2017.
The CalSTRS investment rate of return was decreased from 7.6% to 7.1% during the District's fiscal year 2017.
The CalSTRS inflation rate was decreased from 3% to 2.75% during the District's fiscal year 2017.
The CalSTRS wage growth was decreased from 3.75% to 3.5% during the District's fiscal year 2017.
This schedule provides information about the District’s required and actual contributions to CalPERS / CalSTRS during the year.

## GOLDEN VALLEY UNIFIED SCHOOL DISTRICT
## SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITIES
## FOR THE FISCAL YEAR ENDED JUNE 30, 2019

| **CalPERS** | **2019** | **2018** | **2017** | **2016** |
|---|---|---|---|---|
| District's Proportion of Net Pension Liability | 0.02149% | 0.02149% | 0.02352% | 0.02397% |
| District's Proportionate Share of Net Pension Liability | $ 5,130,230 | $ 5,130,230 | $ 4,645,613 | $ 3,533,401 |
| District's Covered Payroll | $ 2,740,819 | $ 2,740,819 | $ 2,658,175 | $ 2,491,768 |
| **District's Proportionate Share of NPL as a % of Covered Payroll** | **187.18%** | **187.18%** | **174.77%** | **141.80%** |
| **Plan's Fiduciary Net Position as a % of the TPL** | **71.87%** | **71.87%** | **73.90%** | **79.43%** |

| **CalSTRS** | **2019** | **2018** | **2017** | **2016** |
|---|---|---|---|---|
| District's Proportion of Net Pension Liability | 0.01500% | 0.01400% | 0.01556% | 0.01568% |
| District's Proportionate Share of Net Pension Liability | $ 13,786,050 | $ 12,947,060 | $ 12,588,426 | $ 10,554,876 |
| District's Covered Employee Payroll | $ 8,195,835 | $ 7,614,626 | $ 7,525,182 | $ 7,346,295 |
| **District's Proportionate Share of NPL as a % of Covered Employee Payroll** | **168.21%** | **170.03%** | **167.28%** | **143.68%** |
| **Plan's Fiduciary Net Position as a % of the TPL** | **70.99%** | **69.46%** | **70.04%** | **74.02%** |

Fiscal year 2015 was the first year of implementation, therefore only five years are shown.
The CalPERS discount rate was increased from 7.5% to 7.65% in the District's fiscal year 2016 and then decreased from 7.65% to 7.15% in the District's fiscal year 2018.
The CalPERS inflation assumption was decreased from 2.75% to 2.50% during the District's fiscal year 2019.
The CalPERS mortality assumptions was adjusted in the District's fiscal year 2019.
The CalSTRS discount rate was decreased from 7.6% to 7.1% in the District's fiscal year 2017.
The CalSTRS investment rate of return was decreased from 7.6% to 7.1% during the District's fiscal year 2017.
The CalSTRS inflation rate was decreased from 3% to 2.75% during the District's fiscal year 2017.
The CalSTRS wage growth was decreased from 3.75% to 3.5% during the District's fiscal year 2017.
This schedule presents information on the District’s portion of the net pension liability of CalPERS / CalSTRS in compliance with GASB 68.

# SUPPLEMENTARY INFORMATION

**GOLDEN VALLEY UNIFIED SCHOOL DISTRICT**
**COMBINING BALANCE SHEET**
**NONMAJOR GOVERNMENTAL FUNDS**
**JUNE 30, 2019**

| | Special Revenue Fund | | Capital Projects Funds | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Cafeteria Fund | Debt Service Fund | Building Fund | State School Building Lease Fund | County School Facilities Fund | Special Reserve Fund for Capital Projects | Capital Projects Fund for Blended Component Units | Total Nonmajor Funds |
| **Assets** | | | | | | | | |
| Cash and investments | $ 20,379 | $ 5,173 | $ - | $ - | $ - | $ 36,519 | $ 232,642 | $ 294,713 |
| Accounts receivable | 65,645 | 2,076 | - | - | - | - | - | 67,721 |
| Due from other funds | 279 | - | - | - | - | - | - | 279 |
| Inventory | 7,287 | - | - | - | - | - | - | 7,287 |
| Total Assets | $ 93,590 | $ 7,249 | $ - | $ - | $ - | $ 36,519 | $ 232,642 | $ 370,000 |
| **Liabilities and Fund Balances** | | | | | | | | |
| Liabilities: | | | | | | | | |
| Accounts payable | $ 5,147 | $ - | $ - | $ - | $ - | $ - | $ 1,538 | $ 6,685 |
| Total Liabilities | 5,147 | - | - | - | - | - | 1,538 | 6,685 |
| Fund balances: | | | | | | | | |
| Inventory | 7,287 | - | - | - | - | - | - | 7,287 |
| Restricted for cafeteria programs | 80,256 | - | - | - | - | - | - | 80,256 |
| Restricted for capital projects | - | - | - | - | - | - | 231,104 | 231,104 |
| Assigned for capital projects | - | 7,249 | - | - | - | 36,519 | - | 43,768 |
| Assigned for cafteria programs | 900 | - | - | - | - | - | - | 900 |
| Total Fund Balances | 88,443 | 7,249 | - | - | - | 36,519 | 231,104 | 363,315 |
| Total Liabilities and Fund Balances | $ 93,590 | $ 7,249 | $ - | $ - | $ - | $ 36,519 | $ 232,642 | $ 370,000 |

# GOLDEN VALLEY UNIFIED SCHOOL DISTRICT
# COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
# NONMAJOR GOVERNMENTAL FUNDS
# FOR THE FISCAL YEAR ENDED JUNE 30, 2019

| | Special Revenue Fund | | Capital Projects Funds | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Cafeteria Fund | Debt Service Fund | Building Fund | State School Building Lease Fund | County School Facilities Fund | Special Reserve Fund for Capital Projects | Capital Projects Fund for Blended Component Units | Total Nonmajor Funds |
| Revenues: | | | | | | | | |
| Federal | $ 509,207 | $ - | $ - | $ - | $ - | $ - | $ - | $ 509,207 |
| Other state | 47,617 | - | - | - | - | - | - | 47,617 |
| Other local | 316,506 | 6,241 | - | 1 | - | 1,440 | 232,157 | 556,345 |
| Total revenues | 873,330 | 6,241 | - | 1 | - | 1,440 | 232,157 | 1,113,169 |
| Expenditures: | | | | | | | | |
| Pupil services: | | | | | | | | |
| Food services | 815,440 | - | - | - | - | - | - | 815,440 |
| General administration: | | | | | | | | |
| All other general administration | 34,763 | - | - | - | - | - | - | 34,763 |
| Plant services | - | - | - | - | - | 21,700 | 27,674 | 49,374 |
| Facility acquisition and construction | - | - | - | - | - | 50,041 | - | 50,041 |
| Debt service: | | | | | | | | |
| Principal | - | 490,861 | - | - | - | - | - | 490,861 |
| Interest & fees | - | 207,521 | - | - | - | - | - | 207,521 |
| Total expenditures | 850,203 | 698,382 | - | - | - | 71,741 | 27,674 | 1,648,000 |
| Total expenditures | | | | | | | | |
| Excess (deficiency) of revenues over (under) expenditures | 23,127 | (692,141) | - | 1 | - | (70,301) | 204,483 | (534,831) |
| Other financing sources (uses): | | | | | | | | |
| Transfers in | - | 671,363 | - | - | - | - | - | 671,363 |
| Transfers out | - | - | (2) | (80) | (14) | - | - | (96) |
| Total other financing sources (uses) | - | 671,363 | (2) | (80) | (14) | - | - | 671,267 |
| Net change in fund balances | 23,127 | (20,778) | (2) | (79) | (14) | (70,301) | 204,483 | 136,436 |
| Fund balances beginning | 65,316 | 28,027 | 2 | 79 | 14 | 106,820 | 26,621 | 226,879 |
| Fund balances ending | $ 88,443 | $ 7,249 | $ - | $ - | $ - | $ 36,519 | $ 231,104 | $ 363,315 |

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# COMPLIANCE SECTION

The District was established on July 1, 1998, and is comprised of an area of 85 square miles located in Madera County. There were no changes in the boundaries of the District during the current year. The District is currently operating two elementary schools, one middle school, one high school, two community day schools, one adult school, a continuation high school, and an independent study school.

**Governing Board**

| Name | Office | Term Expires |
|---|---|---|
| Brian Freeman | President | 2022 |
| Andy Wheeler | Clerk | 2020 |
| Mona Diaz | Member | 2022 |
| Maria Knobloch | Member | 2022 |
| Steven Lewis | Member | 2020 |

**Administration**

Rodney Wallace
Superintendent

Lacy Meneses
Director of Business Services

**GOLDEN VALLEY UNIFIED SCHOOL DISTRICT**
**SCHEDULE OF AVERAGE DAILY ATTENDANCE**
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

| | Second Period Report | Annual Report |
|---|---|---|
| Regular ADA: | | |
| Grades TK/K through three | 551.92 | 553.64 |
| Grades four through six | 458.86 | 459.81 |
| Grades seven and eight | 309.24 | 308.11 |
| Grades nine through twelve | 590.40 | 587.22 |
| Regular ADA Totals | 1,910.42 | 1,908.78 |
| Community Day School: | | |
| Grades seven and eight | 0.60 | 1.01 |
| Grades nine through twelve | 8.47 | 7.80 |
| ADA Totals | 1,919.49 | 1,917.59 |

**GOLDEN VALLEY UNIFIED SCHOOL DISTRICT**
**SCHEDULE OF INSTRUCTIONAL TIME**
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

| Grade Level | Minutes Requirements | 2019 Actual Minutes | Number of Days Traditional Calendar | Number of Days Multitrack Calendar | Status |
|---|---|---|---|---|---|
| Kindergarten | 36,000 | 53,125 | 180 | 0 | In compliance |
| Grade 1 | 50,400 | 51,600 | 180 | 0 | In compliance |
| Grade 2 | 50,400 | 51,600 | 180 | 0 | In compliance |
| Grade 3 | 50,400 | 51,600 | 180 | 0 | In compliance |
| Grade 4 | 54,000 | 54,445 | 180 | 0 | In compliance |
| Grade 5 | 54,000 | 54,445 | 180 | 0 | In compliance |
| Grade 6 | 54,000 | 54,445 | 180 | 0 | In compliance |
| Grade 7 | 54,000 | 60,673 | 180 | 0 | In compliance |
| Grade 8 | 54,000 | 60,673 | 180 | 0 | In compliance |
| Grade 9 | 64,800 | 65,719 | 180 | 0 | In compliance |
| Grade 10 | 64,800 | 65,719 | 180 | 0 | In compliance |
| Grade 11 | 64,800 | 65,719 | 180 | 0 | In compliance |
| Grade 12 | 64,800 | 65,719 | 180 | 0 | In compliance |

School districts and charter schools must maintain their instructional minutes as defined in Education Code Section 46207. This schedule is required of all districts and charter schools, including basic aid districts.

The District has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day. This schedule presents information on the amount of instruction time offered by the District and whether the District complied with the provisions of Education Code Sections 46200 through 46206. The District has not met or exceeded its target funding.

Education Audit Appeals Panel Section 19815 (d)(7) Disclosure

**Schedule of Charter Schools:**

| Charter School | Status |
|---|---|
| None | N/A |

## GOLDEN VALLEY UNIFIED SCHOOL DISTRICT
## SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
## FOR THE FISCAL YEAR ENDED JUNE 30, 2019

| | (Budget [1]) 2020 | 2019 | 2018 | 2017 |
|---|---|---|---|---|
| General Fund | | | | |
| Revenues and other financial sources | $ 22,372,089 | $ 22,730,735 | $ 19,667,125 | $ 20,181,169 |
| Expenditures | 21,841,104 | 21,938,360 | 19,814,481 | 19,185,886 |
| Other uses and transfers out | 700,430 | 842,966 | 567,093 | 620,909 |
| Total outgo | 22,541,534 | 22,781,326 | 20,381,574 | 19,806,795 |
| Change in fund balance | $ (169,445) | $ (50,591) | $ (714,449) | $ 374,374 |
| Beginning fund balance adjustments | $ - | $ - | $ - | $ - |
| Ending fund balance | $ 2,007,994 | $ 2,177,439 | $ 2,228,030 | $ 2,942,479 |
| Available reserves [(2)] | $ 676,246 | $ 798,572 | $ 1,015,330 | $ 1,601,856 |
| Designated for economic uncertainty | $ 676,246 | $ 677,014 | $ 610,598 | $ - |
| Unassigned fund balance | $ - | $ 121,558 | $ 404,732 | $ 1,601,856 |
| Available reserves as a percentage of total outgo | 3.00% | 3.51% | 4.98% | 8.09% |
| Total long-term debt | $ 87,088,065 | $ 89,030,057 | $ 87,825,547 | $ 81,144,423 |
| Average daily attendance at P-2 | 1,947 | 1,919 | 1,884 | 1,818 |

Average daily attendance has increased by 101 over the past three years. The district anticipates an increase of 28 ADA.

The general fund balance has decreased by $765,040 over the past three years. For a district this size, the state recommends available reserves of at least 3% of total general fund expenditures, transfers out, other uses (total outgo).

The district has shown an operating surplus in two of the past three years. Total long-term debt has increased by $6,479,772 over the past three years.

[1] Budget numbers are based on the first adopted budget of the fiscal year 2019/20.

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

**GOLDEN VALLEY UNIFIED SCHOOL DISTRICT**
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

| Program Name | | Federal Catalog Number | Pass Through Number | Commodities Non-cash Expenditures | Program Expenditures |
|---|---|---|---|---|---|
| U. S. DEPARTMENT OF EDUCATION | | | | | |
| Passed Through California Department of Education | | | | | |
| ***Special Education Cluster*** | | | | | |
| Special Ed: IDEA Basic Local Assistance Entitlement, Part B, Sec 611 | | 84.027 | 13379 | $ - | $ 122,715 |
| ESEA: Title I, Part A, Basic Grants Low-Income and Neglected | | 84.010 | 14329 | - | 242,361 |
| ESEA: Title II, Part A, Teacher Quality | | 84.367 | 14341 | - | 46,116 |
| ESEA: Title III, English Leaners Student Program | | 84.365 | 14346 | - | 11,415 |
| Carl D. Perkins Career and Technical Education: Secondary, Section 131 | | 84.048 | 14894 | - | 11,326 |
| TOTAL U. S. DEPARTMENT OF EDUCATION | | | | - | 433,933 |
| U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES | | | | | |
| Passed Through California Department of Education | | | | | |
| Medi-Cal Billing Option | | 93.778 | 10013 | - | 25,762 |
| TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES | | | | - | 25,762 |
| U. S. DEPARTMENT OF AGRICULTURE | | | | | |
| Passed Through California Department of Education | | | | | |
| ***Child Nutrition Cluster*** | | | | | |
| National School Lunch Program | (1) | 10.555 | 13391 | - | 337,895 |
| National School Lunch Program - Noncash Commodities | (1) | 10.555 | N/A | 58,365 | 58,364 |
| School Breakfast Program | (1) | 10.553 | 13391 | - | 112,947 |
| TOTAL U. S. DEPARTMENT OF EDUCATION | | | | 58,365 | 509,206 |
| TOTAL FEDERAL PROGRAMS | | | | $ 58,365 | $ 968,901 |

(1) Audited as major program

**GOLDEN VALLEY UNIFIED SCHOOL DISTRICT**
**RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT**
**TO THE AUDITED FINANCIAL STATEMENTS**
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

| | General Fund | Capital Facilities Fund | Bond Interest and Redemption Fund | Other Nonmajor Governmental Funds |
|---|---|---|---|---|
| June 30, 2019 Annual Financial and Budget Report Fund Balances | $ 1,914,055 | $1,685,665 | $2,134,161 | $ 626,699 |
| Adjustments and Reclassifications: | | | | |
| Special Reserve Fund for Other Than Capital Outlay: | | | | |
| Cash in County | 263,172 | - | - | (263,172) |
| Adult Education Fund | | | | |
| Cash in County | (4) | - | - | 4 |
| Accounts Receivable | 6,278 | - | - | (6,278) |
| Due from Other Funds | 1,280 | - | - | (1,280) |
| Accounts Payable | (26) | - | - | 26 |
| Due to Other Funds | (7,333) | - | - | 7,333 |
| Deferred Maintenance Fund | | | | |
| Cash in County | 17 | - | - | (17) |
| June 30, 2019 Audited Financial Statements Fund Balances | $ 2,177,439 | $ 1,685,665 | $ 2,134,161 | $ 363,315 |

## 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 46200 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's financial statements.

### 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 Unaudited Actual Financial Report in SACS 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 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 ACCOUNTING POLICIES – SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

Expenditures reported on the schedule are reported on the modified accrual 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 minimis indirect cost rate as allowed under Uniform Guidance.

# 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*

To the Board of Trustees
of the Golden Valley Unified School District
Madera, 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 Golden Valley Unified School District (the District) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 12, 2019.

***Internal Control over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control 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 the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws,

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regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

***District's Response to Finding***

The District's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's responses were not subject to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

***Purpose of this Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

C & A LLP

December 12, 2019
San Jose, California

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**CHAVAN & ASSOCIATES, LLP**
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# INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE

To the Board of Trustees
of the Golden Valley Unified School District
Madera, California

## Report on Compliance for Each Major Federal Program

We have audited Golden Valley Unified School District (the District)'s compliance with the types of compliance requirements described in *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2019. The 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* (CFR) Part 200*, Uniform Administrative Requirements, 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 District's compliance.

## Opinion on Each Major Federal Program

In our opinion, the 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, 2019.

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**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 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 for this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

C & A LLP

December 12, 2019
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
Golden Valley Unified School District
Madera, California

**Compliance**

We have audited the Golden Valley Unified School District (the District)'s compliance with the types of compliance requirements described in the *2018-19 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, 2019.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its state programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each applicable program as identified in the State's audit guide, *2018-19 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 *2018-19 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel. Those standards, and state audit, guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above, that could have a material effect on compliance with the state laws and regulations described in the schedule below, occurred. An audit includes examining, on a test basis, evidence supporting the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the District's compliance with those requirements.

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

| Description | Procedures Performed |
|---|---|
| Local Education Agencies Other than Charter Schools: | |
| Attendance | Yes |
| Teacher Certification and Misassignments | Yes |
| Kindergarten Continuance | Yes |
| Independent Study | Yes |
| Continuation Education | Yes |

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| Description | Procedures Performed |
|---|---|
| Instructional Time | Yes |
| Instructional Materials | Yes |
| 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 | N/A |
| Comprehensive School Safety Plan | Yes |
| District of Choice | N/A |
| School Districts, County Offices of Education, and Charter Schools: | |
| California Clean Energy Jobs Act | Yes |
| After/Before School Education and Safety Program: | |
| General Requirements | N/A |
| After School | N/A |
| Before School | N/A |
| Proper Expenditure of Education Protection Account Funds | Yes |
| Unduplicated Local Control Funding Formula Pupil Counts | Yes |
| Local Control and Accountability Plan | Yes |
| Independent Study-Course Based | N/A |
| Charter Schools: | |
| Attendance | N/A |
| Mode of Instruction | N/A |
| Nonclassroom-Based Instruction/Independent Study for Charter Schools | N/A |
| Determination of Funding for Nonclassroom-Based Instruction | N/A |
| Annual Instructional Minutes - Classroom Based | N/A |
| Charter School Facility Grant Program | N/A |

**Opinion**

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on State Programs for the fiscal year ended June 30, 2019.

C & A LLP

December 12, 2019
San Jose, California

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# FINDINGS AND RECOMMENDATIONS

## Section I - Summary of Auditor's Results

### Financial Statements

| | |
|---|---|
| Type of auditor's report issued | **Unmodified** |
| Internal control over financial reporting: | |
| Material 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 |
|---|---|
| 10.553 & 10.555 | Child Nutrition Cluster |

| | |
|---|---|
| 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** |

(Continued)

**Section II – Financial Statement Findings**

None

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

None

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

None

(Concluded)

**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 Golden Valley Unified School District (the "District") in connection with the issuance of $19,759,150.10 of the District's Election of 2006 General Obligation Bonds, Series C (Federally Tax-Exempt") (the "Bonds"). The Bonds are being issued pursuant to a resolution of the Board of Trustees of the District adopted on February 25, 2020 (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 Resolutions, 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 Dale Scott & Company, Inc., 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" shall mean (a) a debt obligation, (b) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or (c) a guarantee of (a) or (b). The term "Financial Obligation" does not include municipal securities as to which a final official statement has been provided to the Municipal Rulemaking Board 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 April 23, 2020 and relating to the Bonds.

"Participating Underwriter" shall mean Piper Sandler & Co., the original underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"Repository" shall mean the Municipal Securities Rulemaking Board, which can be found at http://emma.msrb.org/, or any other repository of disclosure information that may be designated by the Securities and Exchange Commission as such for purposes of the Rule in the future.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"State" shall mean the State of California.

SECTION 3. Provision of Annual Reports.

(a) The District shall, or shall cause the Dissemination Agent to, not later than nine months after the end of the District's fiscal year (presently ending June 30), commencing with the report for the 2019-20 Fiscal Year, provide to the Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; *provided* that the audited financial statements of the District may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the District's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(b).

(b) Not later than 30 days (nor more than 60 days) prior to said date the Dissemination Agent shall give notice to the District that the Annual Report shall be required to be filed in accordance with the terms of this Disclosure Certificate. Not later than 15 Business Days prior to said date, the District shall provide the Annual Report in a format suitable for reporting to the Repository to the Dissemination Agent (if other than the District). If the District is unable to provide to the Repository an Annual Report by the date required in subsection (a), the District shall send a timely notice to the Repository in substantially the form attached as Exhibit A with a copy to the Dissemination Agent, no later than the date required by subsection (a). The Dissemination Agent shall not be required to file a Notice to Repository of Failure to File an Annual Report.

(c) The Dissemination Agent shall file a report with the District stating it has filed the Annual Report in accordance with its obligations hereunder, stating the date it was provided to the Repository.

SECTION 4. Content and Form of Annual Reports. (a) The District's Annual Report shall contain or include by reference the following:

1. The audited financial statements of the District for the prior fiscal year, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the District's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

2. Material financial information and operating data with respect to the District of the type included in the Official Statement in the following categories (to the extent not included in the District's audited financial statements):

(a) 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) outstanding District indebtedness;

(d) summary financial information on revenues, expenditures and fund balances for the District's general fund reflecting adopted budget for the current fiscal year;

(e) assessed valuation of taxable property within the District for the current fiscal year; and

(f) secured tax levy collections and delinquencies within the District for the last completed fiscal year, except to the extent the Teeter Plan, as adopted by Madera County, applies to both the 1% general purpose *ad valorem* property tax levy and to the tax levy for general obligation bonds of the District.

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.

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)(10), 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. unless described under Section 5(a)(6) above, material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds.

4. optional, contingent or unscheduled Bond calls.

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 Bondowners.

(c) Whenever the District obtains knowledge of the occurrence of a Listed Event under Section 5(b) hereof, the District shall as soon as possible determine if such event would be material under applicable federal securities laws.

(d) If the District determines that knowledge of the occurrence of a Listed Event under Section 5(b) hereof would be material under applicable federal securities laws, the District shall (i) file a notice of such occurrence with the Repository in a timely manner not in excess of 10 business days after the occurrence of the event or (ii) provide notice of such reportable event to the Dissemination Agent in format suitable for filing with the Repository in a timely manner not in excess of 10 business days after the occurrence of the event. The Dissemination Agent shall have no duty to independently prepare or file any report of Listed Events. The Dissemination Agent may conclusively rely on the District's determination of materiality pursuant to Section 5(c).

SECTION 6. Termination of Reporting Obligation. The District's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the District shall give notice of such termination in the same manner as for a Listed Event under Section 5(a).

SECTION 7. Dissemination Agent. The District may, from time to time, appoint or engage a Dissemination Agent (or substitute Dissemination Agent) to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent may resign upon 15 days written notice to the District. Upon such resignation, the District shall act as its own Dissemination Agent until it appoints a successor. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the District pursuant to this Disclosure Certificate and shall not be responsible to verify the accuracy, completeness or materiality of any continuing disclosure information provided by the District. The District shall compensate the Dissemination Agent for its fees and expenses hereunder as agreed by the parties. Any entity succeeding to all or substantially all of the Dissemination Agent's corporate trust business shall be the successor Dissemination Agent without the execution or filing of any paper or further act.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the District may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, or 5(a) or 5(b), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances;

(c) The amendment or waiver does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds; and

(d) No duties of the Dissemination Agent hereunder shall be amended without its written consent thereto.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the District shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the District. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(a), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the District chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the District shall have no obligation under this Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of the District to comply with any provision of this Disclosure Certificate any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default under the Resolutions, and the sole remedy under this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate. The Dissemination Agent acts hereunder solely for the benefit of the District; this Disclosure Certificate shall confer no duties on the Dissemination Agent to the Participating Underwriter, the Holders and the Beneficial Owners. The District agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorney's fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's gross negligence or willful misconduct. The obligations of the District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds. The Dissemination Agent shall have no liability for the failure to report any event or any financial information as to which the District has not provided an information report in format suitable for filing with the Repository. The Dissemination Agent shall not be required to monitor or enforce the District's duty to comply with its continuing disclosure requirements hereunder.

SECTION 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the District, the Dissemination Agent, the Participating Underwriter and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Dated: May 7, 2020

GOLDEN VALLEY UNIFIED SCHOOL DISTRICT

By: ____________________________________
Superintendent

**EXHIBIT A**

NOTICE TO REPOSITORY OF FAILURE TO FILE ANNUAL REPORT

Name of District: GOLDEN VALLEY UNIFIED SCHOOL DISTRICT

Name of Bond Issue: Election of 2006 General Obligation Bonds, Series C (Federally Tax-Exempt);

Date of Issuance: May 7, 2020

NOTICE IS HEREBY GIVEN that the District has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Certificate relating to the Bonds. The District anticipates that the Annual Report will be filed by _____________.

Dated:_______________________

GOLDEN VALLEY UNIFIED SCHOOL DISTRICT

By ______[form only; no signature required]_________

# APPENDIX D

# ACCRETED VALUES TABLES

BOND ACCRETED VALUE TABLE

GOLDEN VALLEY UNIFIED SCHOOL DISTRICT
Election of 2006 Series C GO Bonds
**FINAL**

| Date | Insured CAB Bonds 08/01/2023 1.75% | Insured CAB Bonds 08/01/2024 1.77% | Insured CAB Bonds 08/01/2025 1.85% | Insured CAB Bonds 08/01/2026 1.94% | Insured CAB Bonds 08/01/2027 2.03% | Insured CAB Bonds 08/01/2028 2.14% | Insured CAB Bonds 08/01/2029 2.29% | Insured CAB Bonds 08/01/2030 2.45% | Insured CAB Bonds 08/01/2031 2.64% | Insured CAB Bonds 08/01/2032 2.79% |
|---|---|---|---|---|---|---|---|---|---|---|
| 05/07/2020 | 4,726.10 | 4,640.55 | 4,540.60 | 4,433.05 | 4,320.35 | 4,196.20 | 4,051.90 | 3,897.10 | 3,724.05 | 3,562.55 |
| 08/01/2020 | 4,745.35 | 4,659.65 | 4,560.15 | 4,453.05 | 4,340.75 | 4,217.05 | 4,073.50 | 3,919.35 | 3,746.90 | 3,585.65 |
| 02/01/2021 | 4,786.85 | 4,700.90 | 4,602.35 | 4,496.25 | 4,384.80 | 4,262.20 | 4,120.15 | 3,967.35 | 3,796.35 | 3,635.70 |
| 08/01/2021 | 4,828.75 | 4,742.50 | 4,644.90 | 4,539.90 | 4,429.30 | 4,307.80 | 4,167.30 | 4,015.95 | 3,846.50 | 3,686.40 |
| 02/01/2022 | 4,871.00 | 4,784.50 | 4,687.90 | 4,583.90 | 4,474.30 | 4,353.90 | 4,215.05 | 4,065.15 | 3,897.25 | 3,737.85 |
| 08/01/2022 | 4,913.60 | 4,826.80 | 4,731.25 | 4,628.40 | 4,519.70 | 4,400.50 | 4,263.30 | 4,114.95 | 3,948.70 | 3,790.00 |
| 02/01/2023 | 4,956.60 | 4,869.55 | 4,775.00 | 4,673.25 | 4,565.55 | 4,447.55 | 4,312.10 | 4,165.35 | 4,000.80 | 3,842.85 |
| 08/01/2023 | 5,000.00 | 4,912.65 | 4,819.20 | 4,718.60 | 4,611.90 | 4,495.15 | 4,361.50 | 4,216.35 | 4,053.65 | 3,896.45 |
| 02/01/2024 | | 4,956.10 | 4,863.75 | 4,764.40 | 4,658.70 | 4,543.25 | 4,411.45 | 4,268.00 | 4,107.15 | 3,950.80 |
| 08/01/2024 | | 5,000.00 | 4,908.75 | 4,810.60 | 4,706.00 | 4,591.85 | 4,461.95 | 4,320.30 | 4,161.35 | 4,005.90 |
| 02/01/2025 | | | 4,954.15 | 4,857.25 | 4,753.75 | 4,641.00 | 4,513.05 | 4,373.25 | 4,216.30 | 4,061.80 |
| 08/01/2025 | | | 5,000.00 | 4,904.35 | 4,802.00 | 4,690.65 | 4,564.70 | 4,426.80 | 4,271.95 | 4,118.45 |
| 02/01/2026 | | | | 4,951.95 | 4,850.75 | 4,740.85 | 4,616.95 | 4,481.05 | 4,328.35 | 4,175.90 |
| 08/01/2026 | | | | 5,000.00 | 4,900.00 | 4,791.60 | 4,669.85 | 4,535.90 | 4,385.45 | 4,234.20 |
| 02/01/2027 | | | | | 4,949.75 | 4,842.85 | 4,723.30 | 4,591.50 | 4,443.35 | 4,293.25 |
| 08/01/2027 | | | | | 5,000.00 | 4,894.65 | 4,777.40 | 4,647.75 | 4,502.00 | 4,353.15 |
| 02/01/2028 | | | | | | 4,947.05 | 4,832.10 | 4,704.65 | 4,561.45 | 4,413.85 |
| 08/01/2028 | | | | | | 5,000.00 | 4,887.40 | 4,762.30 | 4,621.65 | 4,475.45 |
| 02/01/2029 | | | | | | | 4,943.35 | 4,820.65 | 4,682.65 | 4,537.85 |
| 08/01/2029 | | | | | | | 5,000.00 | 4,879.70 | 4,744.45 | 4,601.15 |
| 02/01/2030 | | | | | | | | 4,939.45 | 4,807.10 | 4,665.35 |
| 08/01/2030 | | | | | | | | 5,000.00 | 4,870.55 | 4,730.45 |
| 02/01/2031 | | | | | | | | | 4,934.85 | 4,796.45 |
| 08/01/2031 | | | | | | | | | 5,000.00 | 4,863.35 |
| 02/01/2032 | | | | | | | | | | 4,931.20 |
| 08/01/2032 | | | | | | | | | | 5,000.00 |
| 02/01/2033 | | | | | | | | | | |
| 08/01/2033 | | | | | | | | | | |
| 02/01/2034 | | | | | | | | | | |
| 08/01/2034 | | | | | | | | | | |
| 02/01/2035 | | | | | | | | | | |
| 08/01/2035 | | | | | | | | | | |
| 02/01/2036 | | | | | | | | | | |
| 08/01/2036 | | | | | | | | | | |
| 02/01/2037 | | | | | | | | | | |
| 08/01/2037 | | | | | | | | | | |
| 02/01/2038 | | | | | | | | | | |
| 08/01/2038 | | | | | | | | | | |
| 02/01/2039 | | | | | | | | | | |
| 08/01/2039 | | | | | | | | | | |

BOND ACCRETED VALUE TABLE

GOLDEN VALLEY UNIFIED SCHOOL DISTRICT
Election of 2006 Series C GO Bonds
**FINAL**

| Date | Insured CAB Bonds 08/01/2023 1.75% | Insured CAB Bonds 08/01/2024 1.77% | Insured CAB Bonds 08/01/2025 1.85% | Insured CAB Bonds 08/01/2026 1.94% | Insured CAB Bonds 08/01/2027 2.03% | Insured CAB Bonds 08/01/2028 2.14% | Insured CAB Bonds 08/01/2029 2.29% | Insured CAB Bonds 08/01/2030 2.45% | Insured CAB Bonds 08/01/2031 2.64% | Insured CAB Bonds 08/01/2032 2.79% |
|---|---|---|---|---|---|---|---|---|---|---|
| 02/01/2040 | | | | | | | | | | |
| 08/01/2040 | | | | | | | | | | |
| 02/01/2041 | | | | | | | | | | |
| 08/01/2041 | | | | | | | | | | |
| 02/01/2042 | | | | | | | | | | |
| 08/01/2042 | | | | | | | | | | |
| 02/01/2043 | | | | | | | | | | |
| 08/01/2043 | | | | | | | | | | |
| 02/01/2044 | | | | | | | | | | |
| 08/01/2044 | | | | | | | | | | |
| 02/01/2045 | | | | | | | | | | |

BOND ACCRETED VALUE TABLE

GOLDEN VALLEY UNIFIED SCHOOL DISTRICT
Election of 2006 Series C GO Bonds
**FINAL**

| Date | Insured CAB Bonds 08/01/2033 2.99% | Insured CAB Bonds 08/01/2034 3.13% | Insured CAB Bonds 08/01/2035 3.21% | Insured CAB Bonds 08/01/2036 3.26% | Insured CAB Bonds 08/01/2037 3.32% | Insured CAB Bonds 08/01/2038 3.39% | Insured CAB Bonds 08/01/2039 3.43% | Insured CAB Bonds 08/01/2040 3.47% | Insured CAB Bonds 08/01/2041 3.51% | Insured CAB Bonds 08/01/2042 3.55% |
|---|---|---|---|---|---|---|---|---|---|---|
| 05/07/2020 | 3,375.95 | 3,213.55 | 3,078.15 | 2,957.95 | 2,834.80 | 2,708.80 | 2,599.50 | 2,492.65 | 2,388.35 | 2,286.60 |
| 08/01/2020 | 3,399.45 | 3,236.90 | 3,101.10 | 2,980.35 | 2,856.70 | 2,730.10 | 2,620.20 | 2,512.75 | 2,407.80 | 2,305.45 |
| 02/01/2021 | 3,450.25 | 3,287.60 | 3,150.85 | 3,028.90 | 2,904.10 | 2,776.40 | 2,665.15 | 2,556.35 | 2,450.10 | 2,346.40 |
| 08/01/2021 | 3,501.85 | 3,339.05 | 3,201.45 | 3,078.30 | 2,952.30 | 2,823.45 | 2,710.85 | 2,600.70 | 2,493.05 | 2,388.00 |
| 02/01/2022 | 3,554.20 | 3,391.30 | 3,252.80 | 3,128.45 | 3,001.35 | 2,871.30 | 2,757.35 | 2,645.85 | 2,536.85 | 2,430.40 |
| 08/01/2022 | 3,607.30 | 3,444.35 | 3,305.00 | 3,179.45 | 3,051.15 | 2,919.95 | 2,804.65 | 2,691.75 | 2,581.35 | 2,473.55 |
| 02/01/2023 | 3,661.25 | 3,498.25 | 3,358.05 | 3,231.30 | 3,101.80 | 2,969.45 | 2,852.75 | 2,738.45 | 2,626.65 | 2,517.45 |
| 08/01/2023 | 3,716.00 | 3,553.00 | 3,411.95 | 3,283.95 | 3,153.30 | 3,019.80 | 2,901.65 | 2,785.95 | 2,672.75 | 2,562.15 |
| 02/01/2024 | 3,771.55 | 3,608.60 | 3,466.75 | 3,337.50 | 3,205.65 | 3,071.00 | 2,951.40 | 2,834.30 | 2,719.65 | 2,607.60 |
| 08/01/2024 | 3,827.95 | 3,665.10 | 3,522.35 | 3,391.90 | 3,258.85 | 3,123.05 | 3,002.05 | 2,883.45 | 2,767.40 | 2,653.90 |
| 02/01/2025 | 3,885.15 | 3,722.45 | 3,578.90 | 3,447.15 | 3,312.95 | 3,176.00 | 3,053.50 | 2,933.50 | 2,815.95 | 2,701.00 |
| 08/01/2025 | 3,943.25 | 3,780.70 | 3,636.35 | 3,503.35 | 3,367.95 | 3,229.80 | 3,105.90 | 2,984.40 | 2,865.40 | 2,748.95 |
| 02/01/2026 | 4,002.20 | 3,839.90 | 3,694.70 | 3,560.45 | 3,423.85 | 3,284.55 | 3,159.15 | 3,036.15 | 2,915.65 | 2,797.75 |
| 08/01/2026 | 4,062.00 | 3,900.00 | 3,754.00 | 3,618.50 | 3,480.70 | 3,340.25 | 3,213.35 | 3,088.85 | 2,966.85 | 2,847.40 |
| 02/01/2027 | 4,122.75 | 3,961.00 | 3,814.25 | 3,677.50 | 3,538.45 | 3,396.85 | 3,268.45 | 3,142.45 | 3,018.90 | 2,897.95 |
| 08/01/2027 | 4,184.40 | 4,023.00 | 3,875.50 | 3,737.40 | 3,597.20 | 3,454.40 | 3,324.50 | 3,196.95 | 3,071.90 | 2,949.40 |
| 02/01/2028 | 4,246.95 | 4,085.95 | 3,937.70 | 3,798.35 | 3,656.90 | 3,513.00 | 3,381.50 | 3,252.40 | 3,125.80 | 3,001.75 |
| 08/01/2028 | 4,310.45 | 4,149.90 | 4,000.90 | 3,860.25 | 3,717.60 | 3,572.50 | 3,439.50 | 3,308.85 | 3,180.65 | 3,055.05 |
| 02/01/2029 | 4,374.90 | 4,214.85 | 4,065.10 | 3,923.20 | 3,779.35 | 3,633.10 | 3,498.50 | 3,366.25 | 3,236.50 | 3,109.25 |
| 08/01/2029 | 4,440.30 | 4,280.80 | 4,130.35 | 3,987.15 | 3,842.05 | 3,694.65 | 3,558.50 | 3,424.65 | 3,293.30 | 3,164.45 |
| 02/01/2030 | 4,506.65 | 4,347.80 | 4,196.65 | 4,052.10 | 3,905.85 | 3,757.30 | 3,619.55 | 3,484.10 | 3,351.10 | 3,220.60 |
| 08/01/2030 | 4,574.05 | 4,415.85 | 4,264.00 | 4,118.15 | 3,970.70 | 3,820.95 | 3,681.60 | 3,544.55 | 3,409.90 | 3,277.80 |
| 02/01/2031 | 4,642.40 | 4,484.95 | 4,332.45 | 4,185.30 | 4,036.60 | 3,885.75 | 3,744.75 | 3,606.05 | 3,469.75 | 3,335.95 |
| 08/01/2031 | 4,711.80 | 4,555.15 | 4,401.95 | 4,253.50 | 4,103.60 | 3,951.60 | 3,808.95 | 3,668.60 | 3,530.65 | 3,395.20 |
| 02/01/2032 | 4,782.25 | 4,626.45 | 4,472.60 | 4,322.85 | 4,171.75 | 4,018.60 | 3,874.30 | 3,732.25 | 3,592.60 | 3,455.45 |
| 08/01/2032 | 4,853.75 | 4,698.85 | 4,544.40 | 4,393.30 | 4,241.00 | 4,086.70 | 3,940.75 | 3,797.00 | 3,655.65 | 3,516.80 |
| 02/01/2033 | 4,926.35 | 4,772.40 | 4,617.35 | 4,464.90 | 4,311.40 | 4,155.95 | 4,008.30 | 3,862.90 | 3,719.80 | 3,579.20 |
| 08/01/2033 | 5,000.00 | 4,847.05 | 4,691.45 | 4,537.70 | 4,382.95 | 4,226.40 | 4,077.05 | 3,929.90 | 3,785.10 | 3,642.75 |
| 02/01/2034 | | 4,922.95 | 4,766.75 | 4,611.65 | 4,455.70 | 4,298.05 | 4,147.00 | 3,998.10 | 3,851.50 | 3,707.40 |
| 08/01/2034 | | 5,000.00 | 4,843.25 | 4,686.85 | 4,529.65 | 4,370.90 | 4,218.10 | 4,067.45 | 3,919.10 | 3,773.20 |
| 02/01/2035 | | | 4,921.00 | 4,763.25 | 4,604.85 | 4,445.00 | 4,290.45 | 4,138.00 | 3,987.90 | 3,840.15 |
| 08/01/2035 | | | 5,000.00 | 4,840.90 | 4,681.30 | 4,520.35 | 4,364.05 | 4,209.80 | 4,057.85 | 3,908.35 |
| 02/01/2036 | | | | 4,919.80 | 4,759.00 | 4,596.95 | 4,438.85 | 4,282.85 | 4,129.10 | 3,977.70 |
| 08/01/2036 | | | | 5,000.00 | 4,838.00 | 4,674.85 | 4,515.00 | 4,357.15 | 4,201.55 | 4,048.30 |
| 02/01/2037 | | | | | 4,918.35 | 4,754.10 | 4,592.45 | 4,432.75 | 4,275.30 | 4,120.15 |
| 08/01/2037 | | | | | 5,000.00 | 4,834.70 | 4,671.20 | 4,509.70 | 4,350.30 | 4,193.30 |
| 02/01/2038 | | | | | | 4,916.65 | 4,751.30 | 4,587.90 | 4,426.65 | 4,267.75 |
| 08/01/2038 | | | | | | 5,000.00 | 4,832.80 | 4,667.50 | 4,504.35 | 4,343.50 |
| 02/01/2039 | | | | | | | 4,915.65 | 4,748.50 | 4,583.40 | 4,420.60 |
| 08/01/2039 | | | | | | | 5,000.00 | 4,830.90 | 4,663.85 | 4,499.05 |

BOND ACCRETED VALUE TABLE

GOLDEN VALLEY UNIFIED SCHOOL DISTRICT
Election of 2006 Series C GO Bonds
**FINAL**

| Date | Insured CAB Bonds 08/01/2033 2.99% | Insured CAB Bonds 08/01/2034 3.13% | Insured CAB Bonds 08/01/2035 3.21% | Insured CAB Bonds 08/01/2036 3.26% | Insured CAB Bonds 08/01/2037 3.32% | Insured CAB Bonds 08/01/2038 3.39% | Insured CAB Bonds 08/01/2039 3.43% | Insured CAB Bonds 08/01/2040 3.47% | Insured CAB Bonds 08/01/2041 3.51% | Insured CAB Bonds 08/01/2042 3.55% |
|---|---|---|---|---|---|---|---|---|---|---|
| 02/01/2040 | | | | | | | | 4,914.70 | 4,745.70 | 4,578.90 |
| 08/01/2040 | | | | | | | | 5,000.00 | 4,829.00 | 4,660.20 |
| 02/01/2041 | | | | | | | | | 4,913.75 | 4,742.90 |
| 08/01/2041 | | | | | | | | | 5,000.00 | 4,827.10 |
| 02/01/2042 | | | | | | | | | | 4,912.75 |
| 08/01/2042 | | | | | | | | | | 5,000.00 |
| 02/01/2043 | | | | | | | | | | |
| 08/01/2043 | | | | | | | | | | |
| 02/01/2044 | | | | | | | | | | |
| 08/01/2044 | | | | | | | | | | |
| 02/01/2045 | | | | | | | | | | |

BOND ACCRETED VALUE TABLE

GOLDEN VALLEY UNIFIED SCHOOL DISTRICT
Election of 2006 Series C GO Bonds
**FINAL**

| Date | Insured CAB Bonds 08/01/2043 3.58% | Insured CAB Bonds 08/01/2044 3.61% | Insured CAB Bond due 2/1/45 02/01/2045 3.63% |
|---|---|---|---|
| 05/07/2020 | 2,192.45 | 2,101.00 | 2,053.75 |
| 08/01/2020 | 2,210.70 | 2,118.60 | 2,071.05 |
| 02/01/2021 | 2,250.25 | 2,156.85 | 2,108.65 |
| 08/01/2021 | 2,290.55 | 2,195.75 | 2,146.90 |
| 02/01/2022 | 2,331.55 | 2,235.40 | 2,185.85 |
| 08/01/2022 | 2,373.30 | 2,275.75 | 2,225.55 |
| 02/01/2023 | 2,415.75 | 2,316.85 | 2,265.95 |
| 08/01/2023 | 2,459.00 | 2,358.65 | 2,307.05 |
| 02/01/2024 | 2,503.05 | 2,401.20 | 2,348.95 |
| 08/01/2024 | 2,547.85 | 2,444.55 | 2,391.55 |
| 02/01/2025 | 2,593.45 | 2,488.70 | 2,435.00 |
| 08/01/2025 | 2,639.85 | 2,533.60 | 2,479.15 |
| 02/01/2026 | 2,687.10 | 2,579.35 | 2,524.15 |
| 08/01/2026 | 2,735.20 | 2,625.90 | 2,570.00 |
| 02/01/2027 | 2,784.20 | 2,673.30 | 2,616.65 |
| 08/01/2027 | 2,834.00 | 2,721.55 | 2,664.10 |
| 02/01/2028 | 2,884.75 | 2,770.65 | 2,712.50 |
| 08/01/2028 | 2,936.40 | 2,820.70 | 2,761.70 |
| 02/01/2029 | 2,988.95 | 2,871.60 | 2,811.85 |
| 08/01/2029 | 3,042.45 | 2,923.45 | 2,862.85 |
| 02/01/2030 | 3,096.90 | 2,976.20 | 2,914.85 |
| 08/01/2030 | 3,152.35 | 3,029.90 | 2,967.75 |
| 02/01/2031 | 3,208.75 | 3,084.60 | 3,021.60 |
| 08/01/2031 | 3,266.20 | 3,140.30 | 3,076.45 |
| 02/01/2032 | 3,324.65 | 3,196.95 | 3,132.30 |
| 08/01/2032 | 3,384.20 | 3,254.70 | 3,189.15 |
| 02/01/2033 | 3,444.75 | 3,313.45 | 3,247.00 |
| 08/01/2033 | 3,506.45 | 3,373.25 | 3,305.95 |
| 02/01/2034 | 3,569.20 | 3,434.10 | 3,365.95 |
| 08/01/2034 | 3,633.10 | 3,496.10 | 3,427.05 |
| 02/01/2035 | 3,698.10 | 3,559.20 | 3,489.25 |
| 08/01/2035 | 3,764.30 | 3,623.45 | 3,552.60 |
| 02/01/2036 | 3,831.70 | 3,688.85 | 3,617.05 |
| 08/01/2036 | 3,900.30 | 3,755.45 | 3,682.70 |
| 02/01/2037 | 3,970.10 | 3,823.25 | 3,749.55 |
| 08/01/2037 | 4,041.15 | 3,892.25 | 3,817.60 |
| 02/01/2038 | 4,113.50 | 3,962.50 | 3,886.90 |
| 08/01/2038 | 4,187.15 | 4,034.00 | 3,957.45 |
| 02/01/2039 | 4,262.10 | 4,106.85 | 4,029.25 |
| 08/01/2039 | 4,338.35 | 4,180.95 | 4,102.40 |

BOND ACCRETED VALUE TABLE

GOLDEN VALLEY UNIFIED SCHOOL DISTRICT
Election of 2006 Series C GO Bonds
**FINAL**

| Date | Insured CAB Bonds 08/01/2043 3.58% | Insured CAB Bonds 08/01/2044 3.61% | Insured CAB Bond due 2/1/45 02/01/2045 3.63% |
|---|---|---|---|
| 02/01/2040 | 4,416.05 | 4,256.45 | 4,176.85 |
| 08/01/2040 | 4,495.05 | 4,333.25 | 4,252.65 |
| 02/01/2041 | 4,575.55 | 4,411.45 | 4,329.85 |
| 08/01/2041 | 4,657.45 | 4,491.10 | 4,408.45 |
| 02/01/2042 | 4,740.80 | 4,572.15 | 4,488.45 |
| 08/01/2042 | 4,825.65 | 4,654.70 | 4,569.90 |
| 02/01/2043 | 4,912.05 | 4,738.70 | 4,652.85 |
| 08/01/2043 | 5,000.00 | 4,824.25 | 4,737.30 |
| 02/01/2044 | | 4,911.35 | 4,823.30 |
| 08/01/2044 | | 5,000.00 | 4,910.85 |
| 02/01/2045 | | | 5,000.00 |

## APPENDIX E

## GENERAL ECONOMIC AND DEMOGRAPHIC INFORMATION FOR THE CITY OF MADERA AND MADERA COUNTY

*The following information regarding the City of Madera (the "City") and Madera County (the "County") is included only for the purpose of supplying general information regarding the local community and economy. The Bonds are not a debt of the City or of the County. This material has been prepared by or excerpted from the sources as noted herein and has not been reviewed for accuracy by the District.*

### General

***The City of Madera.*** The City is located in western Madera County, and is the County seat. It was incorporated on March 27, 1907 as a general law city, and has a total area of 15.8 square miles. The City operates under a council-manager form of government and is governed by a six-member city council whose members are each elected by the district they represent, with the Mayor elected at large, to serve four-year terms.

***Madera County.*** The County, encompassing 2,147 square miles, is located in the exact geographical center of the State of California (the "State"), framed by the Sierra Nevada range to the east and the San Joaquin River to the south and west. It was formed during a special election held on May 16, 1893.

The area's major transportation route, Highway 99, bisects the County and provides a corridor along which most of its commercial and residential activity is sited. State Highways 152, 145 and 41 provide convenient access to Interstate 5, the major north-south route throughout California.

With a history of wine-making in the County, the Madera appellation is among the oldest in the State, and the Madera American Viticultural Area (AVA) was designated in 1985. The County now also hosts a growing industrial base, along with local, county, state and national parks.

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## Population

The following table shows historical population figures for the City, the County and the State for the past 10 years.

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

| Year[1] | City of Madera | Madera County | State of California |
|---|---|---|---|
| 2010[2] | 61,416 | 150,865 | 37,253,956 |
| 2011 | 61,616 | 151,458 | 37,594,781 |
| 2012 | 62,377 | 151,753 | 37,971,427 |
| 2013 | 62,809 | 151,626 | 38,321,459 |
| 2014 | 62,853 | 153,376 | 38,622,301 |
| 2015 | 64,067 | 154,900 | 38,952,462 |
| 2016 | 64,418 | 154,849 | 39,214,803 |
| 2017 | 64,944 | 156,794 | 39,504,609 |
| 2018 | 65,671 | 158,328 | 39,740,508 |
| 2019 | 66,419 | 159,536 | 39,927,315 |

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

## Income

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

**PER CAPITAL PERSONAL INCOME**
**2009 through 2018**
**Madera County, State of California, and United States**

| Year | Madera County | State of California | United States |
|---|---|---|---|
| 2009 | $25,889 | $42,044 | $39,284 |
| 2010 | 28,446 | 43,634 | 40,546 |
| 2011 | 29,992 | 46,170 | 42,735 |
| 2012 | 31,698 | 48,798 | 44,599 |
| 2013 | 33,160 | 49,277 | 44,851 |
| 2014 | 35,754 | 52,324 | 47,058 |
| 2015 | 36,357 | 55,758 | 48,978 |
| 2016 | 37,209 | 57,739 | 49,870 |
| 2017 | 38,062 | 60,156 | 51,885 |
| 2018 | 39,897 | 63,557 | 54,446 |

Note: Per capital personal income is the total personal income divided by the total mid-year population estimates of the U.S. Bureau of the Census. Revised estimates for 2010 through 2018 reflect county population estimates available as of March, 2019. All dollar estimates are in current dollars (not adjusted for inflation).
*Source: U.S. Department of Commerce, Bureau of Economic Analysis.*

**Principal Employers**

The following table lists the principal employers located in the County.

**PRINCIPAL EMPLOYERS**
**2019**
**Madera County**

| Company | Description | Number of Employees |
|---|---|---|
| Children's Hospital Central California | Hospitals | 1,000 - 4,999 |
| Valley State Prison for Women | Government | 1,000 - 4,999 |
| Madera Community Hospital | Hospitals | 500 - 999 |
| Ardagh Group | Glass Containers (manufacturers) | 250 - 499 |
| BAC | Assembly & Fabricating Service (mfrs.) | 250 - 499 |
| Baltimore Aircoil Co. | Refrigeration Equipment-Supplies & Pars (mfrs.) | 250 - 499 |
| Central AG Labor Service | Labor Contractors | 250 - 499 |
| Certain Teed Corp | Building Materials - Manufacturers | 250 - 499 |
| Chukchansi Gold Resort & Casino | Casinos | 250 - 499 |
| Lamanuzzi & Pantaleo Cold Storage | Fruits & Vegetables - Growers & Shippers | 250 - 499 |
| San Joaquin Wine Co., Inc. | Wineries - Manufacturers | 250 - 499 |
| Walmart | Department Stores | 250 – 499 |
| EVAPCO Inc. | Evaporative Coolers Mfg & Wholesale | 100 – 249 |
| Georgia-Pacific Corp. | Sawmills (mfrs.) | 100 – 249 |
| Home Depot | Home Centers | 100 – 249 |
| Lion Brothers Farm | Farming Service | 100 – 249 |
| Lowe's Home Improvement | Home Centers | 100 – 249 |
| Madera City Hall | Government Offices | 100 – 249 |
| Madera High School | Schools | 100 – 249 |
| Madera Rehab Center | Senior Citizens Service | 100 – 249 |
| Madera South Highschool | School Districts | 100 – 249 |
| Millview School | Schools – Nursery & Kindergarten | 100 – 249 |
| Sierra Tel | Telephone Companies | 100 – 249 |
| Span Construction Inc. | Contractors – Equip/Supls - Dlrs/Svc (whls) | 100 – 249 |
| Warnock Food Products | Food Products & Manufacturers | 100 – 249 |

*Source: State of California, Employment Development Department, as extracted from the America's Labor Market Information System (ALMIS) Employer Database, 2020 1st Edition.*

**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 Madera, Madera County, State of California, and United States**

| Year and Area | Labor Force | Employment[(2)] | Unemployment | Unemployment Rate (%)[(3)] |
|---|---|---|---|---|
| **2014** | | | | |
| City of Madera | 26,700 | 24,100 | 2,600 | 9.7 |
| Madera County | 61,800 | 54,900 | 6,900 | 11.2 |
| State of California | 18,714,700 | 17,310,900 | 1,403,800 | 7.5 |
| United States | 155,922,000 | 146,305,000 | 9,617,000 | 6.2 |
| **2015** | | | | |
| City of Madera | 26,100 | 23,700 | 2,400 | 9.1 |
| Madera County | 59,800 | 53,500 | 6,300 | 10.5 |
| State of California | 18,851,100 | 17,681,800 | 1,169,200 | 6.2 |
| United States | 157,130,000 | 148,834,000 | 8,296,000 | 5.3 |
| **2016** | | | | |
| City of Madera | 27,400 | 24,700 | 2,700 | 9.8 |
| Madera County | 61,100 | 55,400 | 5,600 | 9.2 |
| State of California | 19,044,500 | 18,002,800 | 1,041,700 | 5.5 |
| United States | 159,187,000 | 151,436,000 | 7,751,000 | 4.9 |
| **2017** | | | | |
| City of Madera | 27,400 | 25,000 | 2,400 | 8.8 |
| Madera County | 61,000 | 56,100 | 4,900 | 8.1 |
| State of California | 19,205,300 | 18,285,500 | 919,800 | 4.8 |
| United States | 160,320,000 | 153,337,000 | 6,982,000 | 4.4 |
| **2018** | | | | |
| City of Madera | 27,600 | 25,500 | 2,100 | 7.7 |
| Madera County | 61,500 | 57,200 | 4,300 | 7.0 |
| 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 Madera Metropolitan Statistical Area (the "Metropolitan Statistical Area"). The distribution of employment in the Metropolitan Statistical Area is presented in the following table for the last five years. These figures may be multi county-wide statistics and may not necessarily accurately reflect employment trends in the County.

**INDUSTRY EMPLOYMENT & LABOR FORCE ANNUAL AVERAGES**
**2014 through 2018**
**Madera County (Madera Metropolitan Statistical Area)**

| Category | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|---|---|---|---|---|
| Total Farm | 11,800 | 11,300 | 12,100 | 12,000 | 12,100 |
| Total Nonfarm | 35,700 | 34,900 | 36,600 | 37,500 | 38,500 |
| Total Private | 25,900 | 25,700 | 26,300 | 26,800 | 27,500 |
| Goods Producing | 5,100 | 5,000 | 5,200 | 5,100 | 5,200 |
| Mining, Logging and Construction | 1,300 | 1,500 | 1,800 | 1,800 | 1,900 |
| Manufacturing | 3,700 | 3,500 | 3,400 | 3,300 | 3,400 |
| Service Providing | 30,600 | 29,900 | 31,400 | 32,400 | 33,200 |
| Private Service Producing | 20,800 | 20,700 | 21,100 | 21,600 | 22,300 |
| Trade, Transportation and Utilities | 5,500 | 5,600 | 5,700 | 5,700 | 5,900 |
| Wholesale Trade | 900 | 1,000 | 1,000 | 900 | 1,000 |
| Retail Trade | 3,600 | 3,700 | 3,800 | 3,800 | 3,900 |
| Transportation, Warehousing and Utilities | 900 | 900 | 900 | 900 | 1,000 |
| Information | 400 | 400 | 300 | 300 | 300 |
| Financial Activities | 800 | 800 | 800 | 700 | 700 |
| Professional and Business Services | 2,500 | 2,200 | 2,300 | 2,300 | 2,300 |
| Educational and Health Services | 7,600 | 7,700 | 7,800 | 8,300 | 8,700 |
| Leisure and Hospitality | 3,000 | 3,100 | 3,300 | 3,400 | 3,500 |
| Other Services | 1,000 | 1,000 | 1,000 | 900 | 900 |
| Government | 9,800 | 9,200 | 10,400 | 10,700 | 11,000 |
| Total, All Industries | 47,500 | 46,200 | 48,800 | 49,500 | 50,600 |

Note: The "Total, All Industries" data is not directly comparable to the employment data found herein.
*Source:* *State of California, Employment Development Department, Labor Market Information Division, Annual Average Labor Force and Industry Employment. March 2018 Benchmark.*

## Commercial Activity

Summaries of annual taxable sales for the City and the County from 2015 through 2018 are shown in the following tables.

**ANNUAL TAXABLE SALES**
**2015 through 2018**
**City of Madera**
**(Dollars in Thousands)**

| Year | Retail Permits | Retail Stores Taxable Transactions | Total Permits | Total Outlets Taxable Transactions |
|---|---|---|---|---|
| 2015 | 852 | $472,460 | 1,176 | $649,825 |
| 2016 | 917 | 492,637 | 1,263 | 652,692 |
| 2017 | 929 | 514,857 | 1,257 | 704,555 |
| 2018 | 900 | 540,463 | 1,279 | 725,286 |

*Source: "Taxable Sales in California (Sales & Use Tax)," California State Board of Equalization.*

**ANNUAL TAXABLE SALES**
**2015 through 2018**
**Madera County**
**(Dollars in Thousands)**

| Year | Retail Permits | Retail Stores Taxable Transactions | Total Permits | Total Outlet Taxable Transactions |
|---|---|---|---|---|
| 2015 | 2,029 | $998,247 | 3,039 | $1,521,267 |
| 2016 | 2,110 | 1,034,343 | 3,136 | 1,542,013 |
| 2017 | 2,070 | 1,092,819 | 3,096 | 1,633,919 |
| 2018 | 2,000 | 1,149,045 | 3,110 | 1,677,951 |

*Source: "Taxable Sales in California (Sales & Use Tax)," California Board of Equalization.*

## Construction Activity

The annual building permit valuations and number of permits for new dwelling units issued from 2014 through 2018 for the City and the County are shown in the following tables.

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

| | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|---|---|---|---|---|
| **Valuation** | | | | | |
| Residential | $19,640 | $20,026 | $27,956 | $26,270 | $25,721 |
| Non-Residential | 11,677 | 6,874 | 8,220 | 4,453 | 19,361 |
| Total | $31,317 | $26,900 | $36,176 | $30,723 | $45,082 |
| **Units** | | | | | |
| Single Family | 158 | 145 | 190 | 117 | 170 |
| Multiple Family | -- | -- | -- | -- | -- |
| Total | 158 | 145 | 190 | 117 | 170 |

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

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

| | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|---|---|---|---|---|
| **Valuation** | | | | | |
| Residential | $37,506 | $42,130 | $56,760 | $112,414 | $129,688 |
| Non-Residential | 33,880 | 64,151 | 32,091 | 42,925 | 85,498 |
| Total | $71,386 | $106,281 | $88,851 | $155,339 | $215,186 |
| **Units** | | | | | |
| Single Family | 210 | 203 | 304 | 410 | 521 |
| Multiple Family | 4 | -- | -- | -- | -- |
| Total | 214 | 203 | 304 | 410 | 521 |

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

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## APPENDIX F

## MADERA COUNTY INVESTMENT POOL

*The following information concerning the Madera County Investment Pool (the "Investment Pool") has been provided by the Treasurer, and has not been confirmed or verified by the District, the Financial Advisor or the Underwriter. The District, the Financial Advisor and the Underwriter have not made an independent investigation of the investments in the Investment Pool and have made no assessment of the current County investment policy. The value of the various investments in the Investment 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 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 Investment Pool will not vary significantly from the values described herein. Finally, none of the District, the Financial 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 Investment Pool may be obtained from the Treasurer at http://www.madera-county.com/index.php/treasurertax-collector-home; however, the information presented on such website is not incorporated herein by any reference.*

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# COUNTY OF MADERA
## OFFICE OF THE TREASURER/TAX COLLECTOR
## TRACY KENNEDY
200 W. 4th Street, 2nd Floor, Madera, CA 93637
Telephone: (559) 675-7713 Fax: (559) 673-0262
e-mail: treasurer@madera-county.com


## MEMORANDUM

Date: March 10, 2020
To: Madera County Commingled Investment Pool Participants
From: Tracy Kennedy, Treasurer-Tax Collector
Subject: Investment Portfolio Summary - February 2020

Tracy Kennedy

## REQUIREMENT

In compliance with Government Code 53646 (b) the County Treasurer is, at a minimum, required to submit a quarterly investment report within 30 days following the end of each quarter. The Treasurer, however, elected to exceed the minimum requirement by increasing its frequency to a monthly report and disseminate to all pool participants.

Also required in the report is a disclosure of type of investment, name of issuer, date of maturity, par value and the sub total amounts invested for each category held by the County Treasurer including the market value provided by our custodial bank Wells Fargo. For your convenience, our investment reports can also be found on our website at:

www.maderacounty.com/government/treasurer-tax-collector.

While the County Treasurer takes all economic conditions under advisement, our primary goal is to ensure proper liquidity is available for all depositors while taking into consideration all pool expenditure requirements.

c.c. Alview-Dairyland
Bass Lake School District
Chawanakee Unified School District
Chowchilla Elementary School District
Chowchilla High School District
County Administrative Officer
County Auditor-Controller
County Board of Supervisors
County Superintendent of Schools
Golden Valley School District
Madera Cemetery District
Madera County District Attorney
Madera County Transportation Commission
Madera Unified School District
Raymond-Knowles School District
Philip Toler, County Special Districts
Yosemite Unified School District

# Portfolio Management by Fund
# Portfolio Management
# Portfolio Summary
# February 29, 2020

Madera County
200 W. 4th Street
Madera, CA 93637
(559)675-7013

| Investments | Par Value | Market Value | Book Value | % of Portfolio | Term | Days to Maturity | YTM 360 Equiv. |
|---|---|---|---|---|---|---|---|
| Medium Term Notes | 34,000,000.00 | 34,228,630.00 | 34,014,919.45 | 7.58 | 1,416 | 344 | 2.011 |
| Federal Agency Coupon Securities | 92,000,000.00 | 92,305,390.00 | 91,945,752.52 | 20.50 | 1,369 | 681 | 1.850 |
| Treasury Coupon Securities | 30,000,000.00 | 30,147,044.91 | 30,057,075.92 | 6.70 | 296 | 243 | 1.564 |
| CAMP: CA Asset Mgmt Program | 172,909,408.54 | 172,909,408.54 | 172,909,408.54 | 38.55 | 1 | 1 | 2.190 |
| Depository Accounts | 31,295,625.10 | 31,295,625.10 | 31,295,625.10 | 6.98 | 1 | 1 | 1.854 |
| Local Agency Investment Funds | 74,162,692.79 | 74,162,692.79 | 74,162,692.79 | 16.53 | 1 | 1 | 2.015 |
| Treasury Discounts -Amortizing | 5,000,000.00 | 4,996,650.00 | 4,980,625.00 | 1.11 | 93 | 18 | 1.527 |
| Municipal Bond | 9,180,000.00 | 9,180,000.00 | 9,180,000.00 | 2.05 | 5,978 | 5,138 | 3.416 |
| **Investments** | **448,547,726.43** | **449,225,441.34** | **448,546,099.32** | **100.00%** | **532** | **288** | **2.030** |

| Total Earnings | February 29 Month Ending | Fiscal Year To Date |
|---|---|---|
| Current Year | 805,092.79 | 6,288,689.38 |
| **Average Daily Balance** | **460,818,413.36** | **432,909,174.55** |
| **Effective Rate of Return** | **2.20%** | **2.17%** |

AVERAGE DAYS TO CALL DATE: 288

1. THE COUNTY'S PORTFOLIO IS IN COMPLIANCE WITH THE 2020 INVESTMENT POLICY VALID 1/1/2020 THROUGH 12/31/2020.

2. THE MADERA COUNTY CO-MINGLED INVESTMENT POOL IS ABLE TO MEET THE POOL'S EXPENDITURE REQUIREMENTS FOR THE NEXT SIX MONTHS.

3. MARKET VALUE SOURCE: WELLS FARGO BANK

Tracy Kennedy 3-10-20

Tracy Kennedy, Treasurer-Tax Collector

**Reporting period 02/01/2020-02/29/2020**
Data Updated: SET_1PM: 03/10/2020 11:14
Run Date: 03/10/2020 - 11:14

Portfolio MAD
NL! RC
PM (PRF_PM1) 7.3.0
Report Ver. 7.3.6.1

# Portfolio Management by Fund
## Portfolio Management
## Portfolio Details - Investments
## February 29, 2020



| CUSIP | Investment # | Issuer | Average Balance | Purchase Date | Par Value | Market Value | Book Value | Stated Rate | Days to Maturity | YTM 360 | Maturity Date |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Medium Term Notes** | | | | | | | | | | | |
| 459200HM6 | 1562 | IBM CORP | | 04/27/2017 | 4,000,000.00 | 3,999,920.00 | 3,998,347.54 | 1.625 | 75 | 1.687 | 05/15/2020 |
| 17325FAE8 | 1570 | Citibank,NA | | 06/20/2017 | 5,000,000.00 | 5,003,900.00 | 5,000,940.30 | 2.100 | 103 | 2.033 | 06/12/2020 |
| 931142CZ4 | 1491 | WalMart | | 03/04/2016 | 3,000,000.00 | 3,036,930.00 | 3,043,322.80 | 3.250 | 238 | 1.716 | 10/25/2020 |
| 594918BG8 | 1599 | Microsoft Corp | | 12/07/2017 | 4,000,000.00 | 4,012,440.00 | 3,996,117.78 | 2.000 | 247 | 2.071 | 11/03/2020 |
| 949746RS2 | 1506 | WELLS FARGO | | 04/25/2016 | 5,000,000.00 | 5,038,900.00 | 5,024,699.83 | 2.500 | 368 | 2.122 | 03/04/2021 |
| 713448DX3 | 1587 | Pepsico Inc. | | 10/23/2017 | 3,000,000.00 | 3,025,710.00 | 3,000,000.00 | 2.000 | 410 | 1.973 | 04/15/2021 |
| 594918BP8 | 1548 | Microsoft Corp | | 01/11/2017 | 3,000,000.00 | 3,014,730.00 | 2,973,570.49 | 1.550 | 525 | 2.140 | 08/08/2021 |
| 17275RBJ0 | 1586 | Cisco Systems | | 10/23/2017 | 3,000,000.00 | 3,021,420.00 | 2,985,492.54 | 1.850 | 568 | 2.074 | 09/20/2021 |
| 037833AY6 | 1564 | APPLE INC. | | 05/15/2017 | 4,000,000.00 | 4,074,680.00 | 3,992,428.17 | 2.150 | 710 | 2.219 | 02/09/2022 |
| | | **Subtotal and Average** | **40,516,924.61** | | **34,000,000.00** | **34,228,630.00** | **34,014,919.45** | | **344** | **2.011** | |
| **Federal Agency Coupon Securities** | | | | | | | | | | | |
| 3133EGDW2 | 1517 | Federal Farm Credit | | 06/08/2016 | 4,000,000.00 | 4,000,080.00 | 4,000,000.00 | 1.520 | 99 | 1.499 | 06/08/2020 |
| 3135G0D75 | 1547 | Federal National Mortg. Assoc. | | 01/09/2017 | 4,000,000.00 | 4,002,160.00 | 3,997,862.59 | 1.500 | 113 | 1.588 | 06/22/2020 |
| 3133EGLB9 | 1524 | Federal Farm Credit | | 07/13/2016 | 5,000,000.00 | 5,000,000.00 | 5,000,000.00 | 1.190 | 134 | 1.174 | 07/13/2020 |
| 3130ADYY2 | 1610 | Federal Home Loan Bank | | 04/13/2018 | 5,000,000.00 | 5,019,250.00 | 5,000,000.00 | 2.400 | 136 | 2.368 | 07/15/2020 |
| 3130AH2E2 | 1623 | Federal Home Loan Bank | | 09/10/2019 | 2,000,000.00 | 2,005,360.00 | 2,000,000.00 | 1.750 | 193 | 1.726 | 09/10/2020 |
| 3133EKR65 | 1624 | Federal Farm Credit | | 09/23/2019 | 2,000,000.00 | 2,007,800.00 | 2,000,000.00 | 1.800 | 206 | 1.775 | 09/23/2020 |
| 3133EGXX8 | 1534 | Federal Farm Credit | | 10/13/2016 | 5,000,000.00 | 5,000,100.00 | 5,000,000.00 | 1.340 | 226 | 1.322 | 10/13/2020 |
| 3133EGEU5 | 1519 | Federal Farm Credit | | 06/14/2016 | 4,000,000.00 | 4,000,080.00 | 4,000,000.00 | 1.540 | 288 | 1.519 | 12/14/2020 |
| 3133EJ4Q9 | 1618 | Federal Farm Credit | | 01/11/2019 | 2,000,000.00 | 2,024,500.00 | 2,000,000.00 | 2.550 | 316 | 2.515 | 01/11/2021 |
| 3133EF2P1 | 1499 | Federal Farm Credit | | 04/12/2016 | 3,000,000.00 | 3,000,090.00 | 3,000,000.00 | 1.680 | 407 | 1.657 | 04/12/2021 |
| 3130A7S48 | 1498 | Federal Home Loan Bank | | 04/20/2016 | 3,000,000.00 | 3,000,090.00 | 3,000,000.00 | 1.625 | 415 | 1.603 | 04/20/2021 |
| 3130A8QS5 | 1596 | Federal Home Loan Bank | | 12/05/2017 | 4,000,000.00 | 4,008,040.00 | 3,949,018.01 | 1.125 | 500 | 1.982 | 07/14/2021 |
| 3134GT5H2 | 1622 | Federal Home Loan Mortgage Cor | | 09/09/2019 | 1,000,000.00 | 1,000,140.00 | 1,000,000.00 | 1.860 | 557 | 1.835 | 09/09/2021 |
| 3133EG6F7 | 1553 | Federal Farm Credit | | 02/07/2017 | 5,000,000.00 | 5,080,900.00 | 5,000,964.29 | 1.950 | 585 | 1.914 | 10/07/2021 |
| 3134GUZW3 | 1634 | Federal Home Loan Mortgage Cor | | 12/17/2019 | 3,000,000.00 | 3,005,550.00 | 3,000,000.00 | 1.700 | 656 | 1.677 | 12/17/2021 |
| 3134GSAX3 | 1602 | Federal Home Loan Mortgage Cor | | 01/08/2018 | 5,000,000.00 | 5,017,550.00 | 4,997,907.63 | 2.220 | 852 | 2.207 | 07/01/2022 |
| 3134GUS50 | 1635 | Federal Home Loan Mortgage Cor | | 01/13/2020 | 3,000,000.00 | 3,004,200.00 | 3,000,000.00 | 1.700 | 864 | 1.677 | 07/13/2022 |
| 3134GUMS6 | 1627 | Federal Home Loan Mortgage Cor | | 10/30/2019 | 3,000,000.00 | 3,007,830.00 | 3,000,000.00 | 1.800 | 880 | 1.776 | 07/29/2022 |
| 3130ACEH3 | 1581 | Federal Home Loan Bank | | 09/22/2017 | 3,000,000.00 | 3,001,230.00 | 3,000,000.00 | 1.750 | 935 | 2.104 | 09/22/2022 |
| 3133ELJN5 | 1642 | Federal Farm Credit | | 01/24/2020 | 3,000,000.00 | 3,034,350.00 | 3,000,000.00 | 1.640 | 1,059 | 1.618 | 01/24/2023 |
| 3134GVAK4 | 1643 | Federal Home Loan Mortgage Cor | | 02/07/2020 | 3,000,000.00 | 3,006,420.00 | 3,000,000.00 | 1.700 | 1,073 | 1.677 | 02/07/2023 |
| 3134GSME2 | 1614 | Federal Home Loan Mortgage Cor | | 05/22/2018 | 6,000,000.00 | 6,021,120.00 | 6,000,000.00 | 3.010 | 1,177 | 2.969 | 05/22/2023 |
| 3134GU3B4 | 1638 | Federal Home Loan Mortgage Cor | | 01/21/2020 | 3,000,000.00 | 3,014,940.00 | 3,000,000.00 | 1.710 | 1,237 | 1.687 | 07/21/2023 |
| 3134GUUV0 | 1630 | Federal Home Loan Mortgage Cor | | 12/05/2019 | 3,000,000.00 | 3,000,150.00 | 3,000,000.00 | 1.900 | 1,283 | 1.874 | 09/05/2023 |

# Portfolio Management by Fund
## Portfolio Management
## Portfolio Details - Investments
## February 29, 2020

| CUSIP | Investment # | Issuer | Average Balance | Purchase Date | Par Value | Market Value | Book Value | Stated Rate | Days to Maturity | YTM 360 | Maturity Date |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Federal Agency Coupon Securities** | | | | | | | | | | | |
| 3130AHM59 | 1629 | Federal Home Loan Bank | | 11/27/2019 | 3,000,000.00 | 3,009,540.00 | 3,000,000.00 | 1.875 | 1,640 | 1.849 | 08/27/2024 |
| 3130AHGL1 | 1628 | Federal Home Loan Bank | | 11/04/2019 | 2,000,000.00 | 2,019,940.00 | 2,000,000.00 | 1.875 | 1,709 | 1.849 | 11/04/2024 |
| 3133EK5M4 | 1626 | Federal Farm Credit | | 11/05/2019 | 3,000,000.00 | 3,013,980.00 | 3,000,000.00 | 2.000 | 1,710 | 1.973 | 11/05/2024 |
| | | **Subtotal and Average** | **97,979,606.56** | | **92,000,000.00** | **92,305,390.00** | **91,945,752.52** | | **681** | **1.850** | |
| **Treasury Coupon Securities** | | | | | | | | | | | |
| 912828XY1 | 1639 | UNITED STATES GOVERNMENT | | 01/22/2020 | 5,000,000.00 | 5,026,704.95 | 5,028,258.08 | 2.500 | 121 | 1.528 | 06/30/2020 |
| 9128282J8 | 1637 | UNITED STATES GOVERNMENT | | 01/17/2020 | 5,000,000.00 | 5,003,912.09 | 4,998,849.59 | 1.500 | 136 | 1.542 | 07/15/2020 |
| 912828Y46 | 1640 | UNITED STATES GOVERNMENT | | 01/22/2020 | 5,000,000.00 | 5,028,150.00 | 5,026,055.30 | 2.625 | 152 | 1.552 | 07/31/2020 |
| 9128282Q2 | 1636 | UNITED STATES GOVERNMENT | | 01/17/2020 | 5,000,000.00 | 5,004,300.00 | 4,997,978.38 | 1.500 | 167 | 1.559 | 08/15/2020 |
| 912828L32 | 1641 | UNITED STATES GOVERNMENT | | 01/22/2020 | 5,000,000.00 | 5,003,900.00 | 4,994,981.70 | 1.375 | 183 | 1.555 | 08/31/2020 |
| 9128287F1 | 1625 | UNITED STATES GOVERNMENT | | 09/23/2019 | 2,000,000.00 | 2,021,320.00 | 2,000,000.00 | 1.750 | 517 | 1.726 | 07/31/2021 |
| 912828XR6 | 1631 | UNITED STATES GOVERNMENT | | 12/11/2019 | 3,000,000.00 | 3,058,757.87 | 3,010,952.87 | 1.750 | 821 | 1.598 | 05/31/2022 |
| | | **Subtotal and Average** | **30,097,429.89** | | **30,000,000.00** | **30,147,044.91** | **30,057,075.92** | | **243** | **1.564** | |
| **CAMP: CA Asset Mgmt Program** | | | | | | | | | | | |
| SYS1486 | 1486 | California Asset Mgmt. Program | | | 172,909,408.54 | 172,909,408.54 | 172,909,408.54 | 2.220 | 1 | 2.190 | |
| | | **Subtotal and Average** | **172,640,360.81** | | **172,909,408.54** | **172,909,408.54** | **172,909,408.54** | | **1** | **2.190** | |
| **Depository Accounts** | | | | | | | | | | | |
| SYS1143 | 1143 | BANK OF THE WEST | | | 31,295,625.10 | 31,295,625.10 | 31,295,625.10 | 1.880 | 1 | 1.854 | |
| | | **Subtotal and Average** | **31,260,773.71** | | **31,295,625.10** | **31,295,625.10** | **31,295,625.10** | | **1** | **1.854** | |
| **Local Agency Investment Funds** | | | | | | | | | | | |
| SYS119 | 119 | Local Agency Investment Fund | | | 74,162,692.79 | 74,162,692.79 | 74,162,692.79 | 2.043 | 1 | 2.015 | |
| | | **Subtotal and Average** | **74,162,692.79** | | **74,162,692.79** | **74,162,692.79** | **74,162,692.79** | | **1** | **2.015** | |
| **Treasury Discounts -Amortizing** | | | | | | | | | | | |
| 912796TL3 | 1633 | Don Collins | | 12/17/2019 | 5,000,000.00 | 4,996,650.00 | 4,980,625.00 | 1.500 | 18 | 1.527 | 03/19/2020 |
| | | **Subtotal and Average** | **4,980,625.00** | | **5,000,000.00** | **4,996,650.00** | **4,980,625.00** | | **18** | **1.527** | |
| **Municipal Bond** | | | | | | | | | | | |
| MD1617 | 1617 | Hidden Lakes | | 08/07/2018 | 350,000.00 | 350,000.00 | 350,000.00 | 2.330 | 121 | 2.316 | 06/30/2020 |
| MD1616 | 1616 | MD19 A & B Parkwood | | 08/07/2018 | 250,000.00 | 250,000.00 | 250,000.00 | 2.330 | 121 | 1.831 | 06/30/2020 |
| MC1560 | 1560 | Pub Fin Auth (Bass Lake) | | 04/05/2017 | 5,965,000.00 | 5,965,000.00 | 5,965,000.00 | 3.500 | 4,932 | 3.452 | 09/01/2033 |

# Portfolio Management by Fund
## Portfolio Management
## Portfolio Details - Investments
## February 29, 2020



| CUSIP | Investment # | Issuer | Average Balance | Purchase Date | Par Value | Market Value | Book Value | Stated Rate | Days to Maturity | YTM 360 | Maturity Date |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Municipal Bond** | | | | | | | | | | | |
| SYS1621 | 1621 | Rolling Hills | | 01/30/2019 | 2,615,000.00 | 2,615,000.00 | 2,615,000.00 | 3.750 | 6,759 | 3.632 | 09/02/2038 |
| | | **Subtotal and Average** | **9,180,000.00** | | **9,180,000.00** | **9,180,000.00** | **9,180,000.00** | | **5,138** | **3.416** | |
| | | **Total and Average** | **460,818,413.36** | | **448,547,726.43** | **449,225,441.34** | **448,546,099.32** | | **288** | **2.030** | |

# Portfolio Management by Fund
## Portfolio Management
## Portfolio Details - Cash
## February 29, 2020

| CUSIP | Investment # | Issuer | Average Balance | Purchase Date | Par Value | Market Value | Book Value | Stated Rate | Days to Maturity | YTM 360 |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Average Balance | 0.00 | | | | | | 0 | |
| | | Total Cash and Investments | 460,818,413.36 | | 448,547,726.43 | 449,225,441.34 | 448,546,099.32 | | 288 | 2.030 |

# APPENDIX G

## SPECIMEN MUNICIPAL BOND INSURANCE POLICY

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# MUNICIPAL BOND INSURANCE POLICY

ISSUER: [NAME OF ISSUER]

Policy No: _____

MEMBER: [NAME OF MEMBER]

BONDS: $__________ in aggregate principal amount of [NAME OF TRANSACTION] [and maturing on]

Effective Date: _________

Risk Premium: $__________
Member Surplus Contribution: $ _________
Total Insurance Payment: $_________



BUILD AMERICA MUTUAL ASSURANCE COMPANY ("BAM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") for the Bonds named above (as set forth in the documentation providing for the issuance and securing of the Bonds), for the benefit of the Owners or, at the election of BAM, 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 first Business Day following the Business Day on which BAM shall have received Notice of Nonpayment, BAM will disburse (but without duplication in the case of duplicate claims for the same Nonpayment) to or for the benefit of each Owner of the Bonds, the face amount of principal of and interest on the Bonds that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by BAM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of such 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 BAM. 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 BAM is incomplete, it shall be deemed not to have been received by BAM for purposes of the preceding sentence, and BAM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, any of whom may submit an amended Notice of Nonpayment. Upon disbursement under this Policy in respect of a Bond and to the extent of such payment, BAM shall become the owner of such Bond, any appurtenant coupon to such Bond and right to receipt of payment of principal of or interest on such Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under such Bond. Payment by BAM either to the Trustee or Paying Agent for the benefit of the Owners, or directly to the Owners, on account of any Nonpayment shall discharge the obligation of BAM under this Policy with respect to said Nonpayment.

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 (as defined herein) 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 BAM 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 made to an Owner by or on behalf of the Issuer of principal or interest that is Due for Payment, which payment has been recovered from such Owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means delivery to BAM of a notice of claim and certificate, by certified mail, email or telecopy as set forth on the attached Schedule or other acceptable electronic delivery, in a form satisfactory to BAM, from and signed by an Owner, the Trustee or the Paying Agent, which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount, (d) payment instructions and (e) the date such claimed amount becomes or 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, the Member or any other person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

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

To the fullest extent permitted by applicable law, BAM 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 BAM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy. This Policy may not be canceled or revoked.

This Policy sets forth in full the undertaking of BAM 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, 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. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW. THIS POLICY IS ISSUED WITHOUT CONTINGENT MUTUAL LIABILITY FOR ASSESSMENT.

In witness whereof, BUILD AMERICA MUTUAL ASSURANCE COMPANY has caused this Policy to be executed on its behalf by its Authorized Officer.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By: ________________________________________

Authorized Officer

**Notices (Unless Otherwise Specified by BAM)**

Email:
claims@buildamerica.com
Address:
200 Liberty Street, 27th floor
New York, New York 10281
Telecopy:
212-962-1524 (attention: Claims)

# CALIFORNIA

# ENDORSEMENT TO

# MUNICIPAL BOND INSURANCE POLICY

# NO.

This Policy is not covered by the California Insurance Guaranty Association established pursuant to Article 15.2 of Chapter 1 of Part 2 of Division 1 of the California Law.

Nothing herein shall be construed to waive, alter, reduce or amend coverage in any other section of the Policy. If found contrary to the Policy language, the terms of this Endorsement supersede the Policy language

IN WITNESS WHEREOF, BUILDAMERICA MUTUAL ASSURANCE COMPANY has caused this policy to be executed on its behalf by its Authorized Officer.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By

______________________________________________

Authorized Officer

# ACCRETED VALUE

# ENDORSEMENT TO

# MUNICIPAL BOND INSURANCE POLICY

# NO.

Re: Bonds Maturing on

It is further understood that with respect to the Bonds maturing on the dates referenced above, the amount insured under this Policy is that portion of the accreted value (as set forth in the bond documents under which the Bonds are issued) of said Bonds which shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

Nothing herein shall be construed to waive, alter, reduce or amend coverage in any other section of the Policy. If found contrary to the Policy language, the terms of this Endorsement supersede the Policy language.

IN WITNESS WHEREOF, BUILDAMERICA MUTUAL ASSURANCE COMPANY has caused this policy to be executed on its behalf by its Authorized Officer.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By

_______________________________________________

Authorized Officer