

In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to certain qualifications described herein, under existing law, the interest on the Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax. Interest on the Bonds may be subject to the corporate alternative minimum tax. In the further opinion of Bond Counsel, such interest is exempt from California personal income taxes. See “TAX MATTERS” herein.

**\$12,500,000
NAPA VALLEY UNIFIED SCHOOL DISTRICT
(Napa County, California)
General Obligation Bonds of School Facilities
Improvement District No. 2 (American Canyon Area)
Election of 2022, Series B**

Dated: Date of Delivery

Due: August 1, as shown on 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 shall have the meanings assigned thereto herein.

The Napa Valley Unified School District (Napa County, California) General Obligation Bonds of School Facilities Improvement District No. 2 (American Canyon Area) Election of 2022, Series B (the “Bonds”) were authorized at an election of the registered voters residing within the Napa Valley Unified School District School Facilities Improvement District No. 2 (American Canyon Area) (the “Improvement District”) held on November 8, 2022, at which the requisite 55% of the persons voting on the proposition voted to authorize the issuance and sale of \$25,000,000 aggregate principal amount of general obligation bonds of the Improvement District. The Bonds are being issued by the District to (i) finance the acquisition, construction, modernization and equipping of sites and facilities within the Improvement District, and (ii) pay the costs of issuing the Bonds.

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

The Bonds will be issued in book-entry form only, 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 interest in the Bonds, but will instead receive credit balances on the books of their respective nominees.

The Bonds will be issued as current interest bonds. Interest on the 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, 2025. The Bonds are issuable as fully registered Bonds in denominations of \$5,000 principal amount or any integral multiple thereof.

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

The scheduled payment of principal of and interest on the Bonds maturing on August 1 2031 through August 1, 2045, inclusive, and on August 1, 2050 and August 1, 2053 (the “Insured Bonds”) when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Bonds by BUILD AMERICA MUTUAL ASSURANCE COMPANY. See “BOND INSURANCE” herein and “APPENDIX F – SPECIMEN MUNICIPAL BOND INSURANCE POLICY” attached hereto. The Bonds maturing on August 1, 2026 are not insured.



Certain of the Bonds are subject to optional redemption and mandatory sinking fund redemption as provided herein. See “THE BONDS – Redemption” herein.

**MATURITY SCHEDULE
(see inside front cover)**

The Bonds will be offered when, as and if issued and received by the Underwriter, subject to the approval of legality by Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel. Certain matters will be passed on for the District by Stradling Yocca Carlson & Rauth LLP, San Francisco, California, as Disclosure Counsel. Certain matters will be passed on for the Underwriter by Kutak Rock LLP, Denver, Colorado. The Bonds, in book-entry form, will be available through the facilities of The Depository Trust Company in New York, New York, on or about May 15, 2025.

STIFEL

MATURITY SCHEDULE

Base CUSIP⁽¹⁾: 630362

\$12,500,000

NAPA VALLEY UNIFIED SCHOOL DISTRICT
(Napa County, California)
General Obligation Bonds of School Facilities
Improvement District No. 2 (American Canyon Area)
Election of 2022, Series B

\$5,005,000 Serial Bonds

Maturity (August 1)	Principal Amount	Interest Rate	Yield	CUSIP⁽¹⁾ Suffix
2026 ⁽²⁾	\$310,000	5.000%	3.000%	FL0
2031	75,000	5.000	3.160	FN6
2032	125,000	5.000	3.230	FP1
2033	175,000	5.000	3.280	FQ9
2034	135,000	5.000	3.380	FR7
2035	180,000	5.000	3.450 ⁽³⁾	FS5
2036	215,000	5.000	3.530 ⁽³⁾	FT3
2037	250,000	5.000	3.620 ⁽³⁾	FU0
2038	290,000	5.000	3.670 ⁽³⁾	FV8
2039	330,000	5.000	3.750 ⁽³⁾	FW6
2040	365,000	5.000	3.870 ⁽³⁾	FX4
2041	415,000	5.000	3.980 ⁽³⁾	FY2
2042	455,000	5.000	4.080 ⁽³⁾	FZ9
2043	505,000	5.000	4.160 ⁽³⁾	GA3
2044	560,000	5.000	4.220 ⁽³⁾	GB1
2045	620,000	5.000	4.280 ⁽³⁾	GC9

\$4,100,000 – 5.000% Term Bonds due August 1, 2050 Yield: 4.480%⁽³⁾; CUSIP⁽¹⁾ Suffix: GD7

\$3,395,000 – 4.500% Term Bonds due August 1, 2053; Yield: 4.610%; CUSIP⁽¹⁾ Suffix: GE5

⁽¹⁾ CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. All rights reserved. CUSIP® data herein is provided by CUSIP Global Services. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only. None of the Underwriter, the Municipal Advisor or the District is responsible for the selection, uses or correctness of the CUSIP numbers set forth herein. CUSIP numbers have been assigned by an independent company not affiliated with the District, the Municipal Advisor or the Underwriter and are included solely for the convenience of the registered owners of the applicable Bonds. The CUSIP number for a specific maturity is subject to being changed after the execution and delivery of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

⁽²⁾ Uninsured Bonds.

⁽³⁾ Yield to call at par on August 1, 2034.

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 or the Improvement 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. 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 or the Improvement District since the date hereof. This Official Statement is submitted in connection with the sale of the Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

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

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

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

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

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” herein and “APPENDIX F — SPECIMEN MUNICIPAL BOND INSURANCE POLICY” attached hereto.

NAPA VALLEY UNIFIED SCHOOL DISTRICT

Board of Education

Eve Ryser, *President, Area 4*
Lisa W. Chu, Ph.D., *Vice President, Area 2*
Elba Gonzales-Mares, *Clerk, Area 6*
Robin Jankiewicz, *Member, Area 1*
Cindy Watter, *Member, Area 3*
John Henry Martin, *Member, Area 5*
Julianna Hart, *Member, Area 7*

District Administration

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

PROFESSIONAL SERVICES

Bond Counsel

Jones Hall, A Professional Law Corporation
San Francisco, California

Disclosure Counsel

Stradling Yocca Carlson & Rauth LLP
San Francisco, California

Municipal Advisor

KNN Public Finance, LLC
Berkeley, California

Paying Agent, Registrar, and Transfer Agent

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

Map of Napa Valley Unified School District School Facilities Improvement District No. 1 (Napa Area) (“SFID 1” below) and Napa Valley Unified School District School Facilities Improvement District No. 2 (American Canyon Area) (“SFID 2” below)

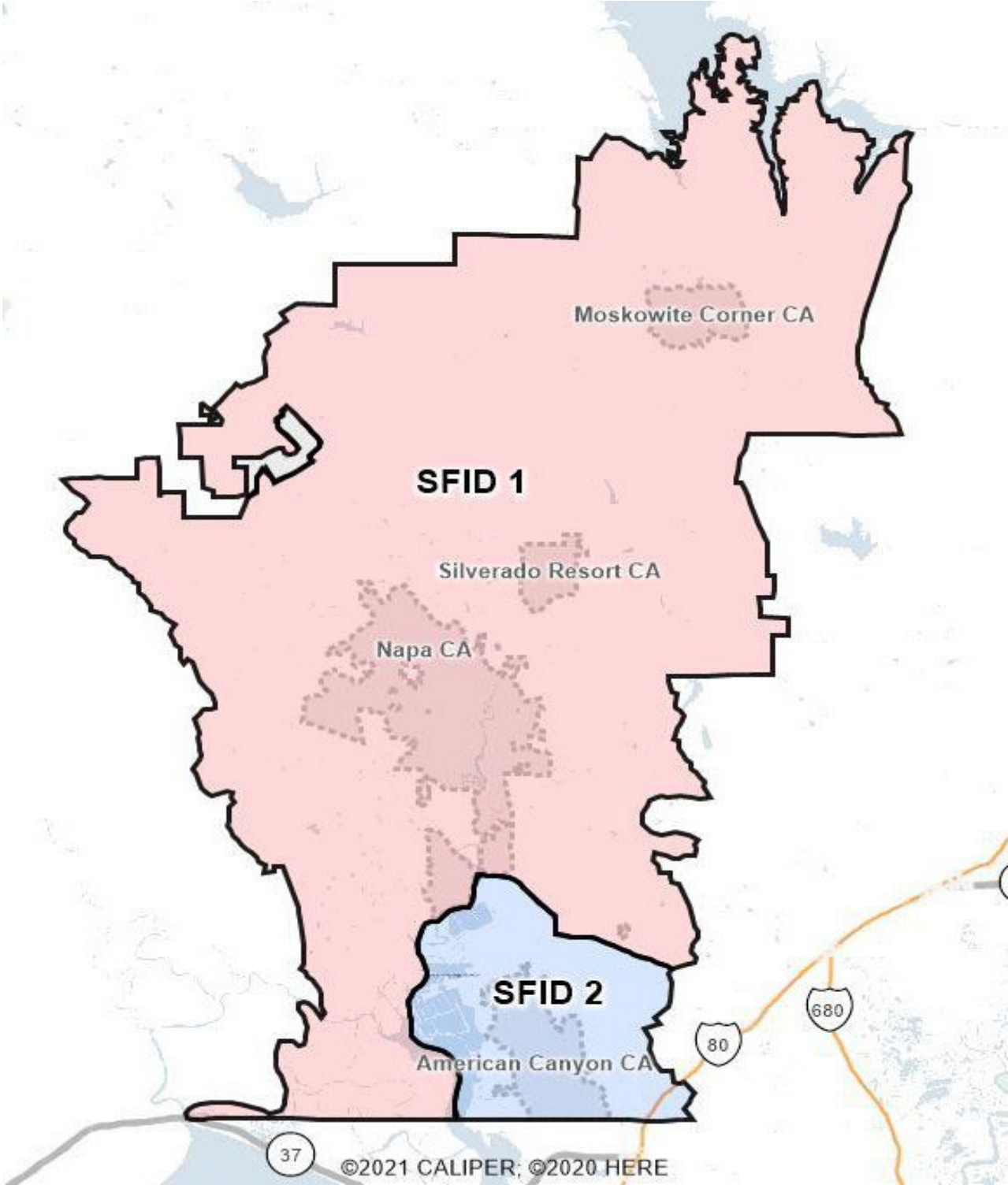


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\$12,500,000
NAPA VALLEY UNIFIED SCHOOL DISTRICT
(Napa County, California)
General Obligation Bonds of School Facilities Improvement District No. 2 (American Canyon Area)
Election of 2022, Series B

INTRODUCTION

This Official Statement, which includes the cover page, inside cover page and appendices hereto, provides information in connection with the sale of the Napa Valley Unified School District (Napa County, California) General Obligation Bonds of School Facilities Improvement District No. 2 (American Canyon Area) Election of 2022, Series B (the “Bonds”).

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

The District

The Napa Valley Unified School District (the “District”) is located in the central and southern portion of California’s Napa Valley. The District encompasses approximately 259 square miles and includes within its territory the City of Napa, the Town of Yountville, the City of American Canyon and adjacent unincorporated areas of Napa County (the “County”). The District was created in 1965 with the unification of 16 elementary districts and a high school district. The District currently operates 14 elementary schools, two TK-8 schools, four middle schools, four high schools, a continuation high school, and an Adult Education program. The District also operates one charter school. For fiscal year 2024-25, the District’s enrollment is 16,093 students and its projected average daily attendance (“ADA”) is 14,966 students.

The District is governed by a seven-member Board of Education (the “Board”), each member of which is elected by voters in seven trustee areas to serve four-year terms. Elections for positions to the Board are held every two years, alternating between four and three available positions. The management and policies of the District are administered by a Superintendent appointed by the Board who is responsible for day-to-day District operations as well as supervision of the District’s other key personnel. Dr. Rosanna Mucetti is currently the District Superintendent.

See “NAPA VALLEY UNIFIED SCHOOL DISTRICT” and “DISTRICT FINANCIAL INFORMATION” herein for information regarding the District generally. The audited financial statements of the District for fiscal year ending June 30, 2024 are attached hereto as APPENDIX B, and should be read in their entirety.

The Improvement District

The Napa Valley Unified School District School Facilities Improvement District No. 2 (American Canyon Area) (the “Improvement District”) is composed primarily of the territory of the District located within the City of American Canyon and unincorporated areas of the County. Taxable property within the Improvement District has a fiscal year 2024-25 assessed valuation of \$6,289,845,032, which represents approximately 16.88% of the assessed valuation of the District.

For more information about the Improvement District generally, see “THE IMPROVEMENT DISTRICT” herein. For more information regarding the Improvement District’s assessed valuation, including regarding risks and other factors that may affect the assessed value of property within the Improvement District, see “TAX BASE FOR REPAYMENT OF BONDS” herein.

Purpose of the Bonds

The Bonds are being issued to (i) finance the acquisition, construction, modernization and equipping of sites and facilities located within the Improvement District, and (ii) pay the costs of issuing the Bonds. See “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 being issued pursuant to certain provisions of the Government Code, the California Constitution and a resolution adopted by the Board. See “THE BONDS – Authority for Issuance” herein.

Sources of Payment for the Bonds

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

See “THE BONDS – Security and Sources of Payment” and “TAX BASE FOR REPAYMENT OF BONDS” herein.

Description of the Bonds

Form and Registration. The Bonds will be issued in fully registered book-entry 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”). DTC will act as securities depository of the Bonds. See “THE BONDS – General Provisions” and “THE BONDS – Book-Entry Only System” herein. Purchasers of the Bonds (the “Beneficial Owners”) will not receive physical certificates representing their interest in the Bonds purchased, but will instead receive credit balances on the books of their respective nominees. In the event that the book-entry only system described below is no longer used with respect to the Bonds, the Bonds will be registered in accordance with the Resolution. See “THE BONDS – Registration, Transfer and Exchange 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” herein and in APPENDIX A attached hereto) will mean Cede & Co. and will not mean the Beneficial Owners of the Bonds.

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

Redemption. Certain of the Bonds are subject to optional and mandatory sinking fund redemption prior to their stated maturity dates as further described herein. See “THE BONDS – Redemption” herein.

Payments. The Bonds will be dated as of the date of their initial execution and issuance (the “Dated Date”). Interest on the Bonds accrues from the Dated Date, and is payable semiannually on each February 1 and August 1 (each a “Interest Payment Date”), commencing August 1, 2025. Principal of the Bonds is payable on August 1 in the amounts and years as set forth on the inside cover page hereof.

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

Bond Insurance. The scheduled payment of principal of and interest on the Bonds maturing August 1, 2031 through August 1, 2045, inclusive, and on August 1, 2050 and August 1, 2053 (the “Insured Bonds”) when due will be guaranteed under the Policy (as defined herein) to be issued concurrently with the delivery of the Bonds by BAM (as defined herein). The Bonds maturing on August 1, 2026 are not insured. See also “BOND INSURANCE” and “MISCELLANEOUS – Considerations Regarding Potential Bond Insurance” herein.

Tax Matters

In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California (“Bond Counsel”) under existing law, the interest on the Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax. Interest on the Bonds may be subject to the corporate alternative minimum tax. In the further opinion of Bond Counsel, interest (and original issue discount) on the Bonds is exempt from State of California (“State”) personal income tax. In the further opinion of Bond Counsel, such interest is exempt from State personal income taxes. 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 will be available in book-entry form for delivery through the facilities of DTC in New York, New York, on or about May 15, 2025.

Concurrent Bond Offering

Concurrently with the issuance of the Bonds, the District expects to issue \$80,000,000 of its Napa Valley Unified School District (Napa County, California) General Obligation Bonds of School Facilities Improvement District No. 1 (Napa Area) Election of 2024, Series A (the “SFID No. 1 Bonds”) on or about the same time as the Bonds. Proceeds of the SFID No. 1 Bonds will be used to (i) finance the acquisition, construction, modernization and equipping of sites and facilities located within Improvement District No. 1 of the Napa Valley Unified School District (“Improvement District No. 1”), and (ii) pay the costs of issuing the SFID No. 1 Bonds. The SFID No. 1 Bonds are payable solely from *ad valorem* property taxes levied solely within Improvement District No. 1. Taxes for the payment of the SFID No. 1 Bonds will not be levied within the Improvement District. The SFID No. 1 Bonds are not being purchased by the Underwriter (as defined herein).

Continuing Disclosure

The District will covenant for the benefit of Owners and Beneficial Owners to make available certain financial information and operating data relating to the District and to provide notices of the occurrence of certain listed events in compliance with Securities and Exchange Commission (“SEC”) Rule 15c2-12(b)(5) (the “Rule”). These covenants have been made in order to assist the Underwriter in complying with the Rule. The specific nature of the information to be made available and of the notices of listed events required to be provided are summarized in APPENDIX C attached hereto.

Bond Owner’s Risks

The Bonds are general obligations of the District payable solely from the proceeds of *ad valorem* property taxes which may be levied on all taxable property in the Improvement 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 Improvement District, and certain other matters, see “TAX BASE FOR REPAYMENT OF BONDS” and “LIMITATIONS ON REMEDIES; BANKRUPTCY” herein.

Professionals Involved in the Offering

Jones Hall, A Professional Law Corporation, San Francisco, California, is acting as Bond Counsel to the District with respect to the Bonds. Stradling Yocca Carlson & Rauth LLP, San Francisco, California, is acting as Disclosure Counsel to the District relating to the Bonds. KNN Public Finance, LLC, Berkeley, California is acting as Municipal Advisor to the District with respect to the Bonds. Jones Hall, A Professional Law Corporation, Stradling Yocca Carlson & Rauth LLP and KNN Public Finance, LLC will each receive compensation from the District contingent upon the sale and delivery of the Bonds. Certain matters will be passed on for the Underwriter by Kutak Rock LLP, Denver, Colorado. From time to time, Bond Counsel and Disclosure Counsel will represent the Underwriter on matters unrelated to the Bonds or the District.

Forward Looking Statements

Certain statements included or incorporated by reference in this Official Statement constitute “forward-looking statements” within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as “plan,” “expect,” “estimate,” “project,” “budget,” “intend,” 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 ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE DISTRICT DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THE FORWARD-LOOKING STATEMENTS SET FORTH IN THIS OFFICIAL STATEMENT.

Other Information

This Official Statement speaks only as of its date, and the information contained herein is subject to change. Copies of documents referred to herein and information concerning the Bonds are available from the Napa Valley Unified School District, 2425 Jefferson Street, Napa, California 94558, telephone: (707) 253-3715. The District may impose a charge for copying, mailing and handling.

No dealer, broker, salesperson or other person has been authorized by the District to give any information or to make any representations other than as contained herein and, if given or made, such other information or representations must not be relied upon as having been authorized by the District. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

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

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

Capitalized terms used but not otherwise defined herein shall have the meanings assigned to such terms in the Resolution.

THE BONDS

Authority for Issuance

The Bonds are issued pursuant to the provisions of Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California, Article XIII A of the California Constitution and other applicable law (the “Act”), and pursuant to a resolution relating to the Bonds adopted by the Board of Education of the District on March 13, 2025 (the “Resolution”).

The Bonds received authorization at an election held on November 8, 2022 by more than fifty-five percent of the votes cast by eligible voters within the Improvement District to issue \$25,000,000 aggregate principal amount of general obligation bonds (the “Measure A2 Authorization”). The Bonds are the second series of bonds issued pursuant to the Measure A2 Authorization, and after the issuance thereof, no portion of the Measure A2 Authorization will remain.

Security and Sources of Payment

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

The taxes described above will be levied annually in addition to all other taxes in an amount sufficient to pay the principal of and interest on the Bonds when due, as described above. The levy of *ad valorem* property taxes for payment of the Bonds may include an allowance for an annual reserve, established for the purpose of avoiding fluctuating tax levies. However, the County is not obligated to establish or maintain such a reserve for any of the Bonds, and the District can make no representations that the County will do so. Such *ad valorem* property taxes, when collected, will be placed by the County in the Debt Service Fund (defined herein) established by the Resolution, which is required to be segregated and maintained by the County and which is designated for the payment of the Bonds, and interest thereon when due, and for no other purpose. Pursuant to the Resolution, the District has pledged funds on deposit in 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, none of the Bonds are a debt of the County.

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

The rate 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 Improvement District, and the amount of debt service due on the Bonds in any year. Fluctuations in the annual debt service due on the Bonds and the assessed value of taxable property in the Improvement District may cause the annual tax rates to fluctuate. Economic and other factors beyond the District's control, such as general market decline in real property values, outbreaks of disease, 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, fire, sea level rise, wildfire, flood, drought or toxic contamination, could cause a reduction in the assessed value of taxable property within the Improvement District and necessitate a corresponding increase in the annual tax rate. For further information regarding the Improvement District's assessed valuation, tax rates, overlapping debt, and other matters concerning taxation, see "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Article XIII A of the California Constitution" and "TAX BASE FOR REPAYMENT OF BONDS" herein.

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, including the Improvement District, issued after January 1, 2016 and payable, as to both principal and interest, from the proceeds of *ad valorem* property taxes that may be levied pursuant to paragraphs (2) and (3) of subdivision (b) of Section 1 of Article XIII A of the 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 such *ad valorem* property taxes are insufficient to pay all amounts then due and owing that are secured by the statutory lien.

General Provisions

The Bonds will be issued in book-entry form only and will be initially issued and registered in the name of Cede & Co., as nominee for DTC. 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. See “THE BONDS – Book-Entry Only System” herein.

The Bonds will be issued as current interest bonds, such that interest thereon will accrue from the date of delivery of the Bonds, and be payable semiannually on each Interest Payment Date, commencing August 1, 2025. Interest on the Bonds will be computed on the basis of a 360-day year comprised of twelve 30-day months. Each Bond will bear interest from the Interest Payment Date next preceding the date of registration and authentication thereof unless (i) it is authenticated as of an Interest Payment Date, in which event it will bear interest from such date, (ii) it is authenticated prior to an Interest Payment Date and after the close of business on the fifteenth (15th) day of the month preceding the Interest Payment Date (each, a “Record Date”), in which event it will bear interest from such Interest Payment Date, or (iii) it is authenticated prior to July 15, 2025, in which event it will bear interest from the date of delivery of the Bonds identified on the cover page hereof. Notwithstanding the foregoing, if interest on any Bond is in default at the time of authentication thereof, such Bond will bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon. The 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 front cover hereof.

So long as the Bonds are held in the book-entry system of DTC, all payments of principal of and interest on the Bonds will be made by the Paying Agent to Cede & Co. (as a nominee of DTC), as the registered owner of the Bonds. See also “—Book-Entry Only System” below.

Remedies for Beneficial Owners. Pursuant to the Resolution, Beneficial Owners of the Bonds have the right, for equal benefit and protection of all similarly situated Beneficial Owners:

- (a) by mandamus, suit, action or proceeding, to compel the District and its members, officers, agents or employees to perform each and every term, provision and

covenant contained in each Resolution and in the Bonds, and to require the carrying out of any or all such covenants and agreements of the District and the fulfillment of all duties imposed upon it;

- (b) by suit, action or proceeding in equity, to enjoin any acts or things which are unlawful, or the violation of any of the Bond Owners' rights; or
- (c) upon the happening and continuation of any default by the District under the Resolution or under the Bonds, by suit, action or proceeding in any court of competent jurisdiction, to require the District and its members and employees to account as if it and they were the trustees of an express trust.

Amendment of Resolution. The Board may amend the Resolution from time to time, without the consent of the Beneficial Owners, for any one or more of the following purposes:

- (a) To add to the covenants and agreements of the District in the Resolution, other covenants and agreements to be observed by the District which are not contrary to or inconsistent with the Resolution as theretofore in effect;
- (b) To confirm, as further assurance, any pledge under, and to subject to any lien or pledge created or to be created by the Resolution, of any moneys, securities or funds, or to establish any additional funds or accounts to be held under the Resolution;
- (c) To cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision in the Resolution, in a manner which does not materially adversely affect the interests of the Beneficial Owners in the opinion of nationally-recognized bond counsel filed with the District; or
- (d) To make such additions, deletions or modifications as may be necessary or desirable to assure exemption from federal income taxation of interest on the Bonds.

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Annual Debt Service

The following table summarizes the annual debt service requirements for the Bonds, assuming no optional redemptions are made:

<u>Year Ending August 1</u>	<u>Annual Principal Payment</u>	<u>Annual Interest Payment⁽¹⁾</u>	<u>Total Annual Debt Service</u>
2025	--	\$128,360.83	\$128,360.83
2026	\$310,000.00	608,025.00	918,025.00
2027	--	592,525.00	592,525.00
2028	--	592,525.00	592,525.00
2029	--	592,525.00	592,525.00
2030	--	592,525.00	592,525.00
2031	75,000.00	592,525.00	667,525.00
2032	125,000.00	588,775.00	713,775.00
2033	175,000.00	582,525.00	757,525.00
2034	135,000.00	573,775.00	708,775.00
2035	180,000.00	567,025.00	747,025.00
2036	215,000.00	558,025.00	773,025.00
2037	250,000.00	547,275.00	797,275.00
2038	290,000.00	534,775.00	824,775.00
2039	330,000.00	520,275.00	850,275.00
2040	365,000.00	503,775.00	868,775.00
2041	415,000.00	485,525.00	900,525.00
2042	455,000.00	464,775.00	919,775.00
2043	505,000.00	442,025.00	947,025.00
2044	560,000.00	416,775.00	976,775.00
2045	620,000.00	388,775.00	1,008,775.00
2046	680,000.00	357,775.00	1,037,775.00
2047	750,000.00	323,775.00	1,073,775.00
2048	815,000.00	286,275.00	1,101,275.00
2049	890,000.00	245,525.00	1,135,525.00
2050	965,000.00	201,025.00	1,166,025.00
2051	1,050,000.00	152,775.00	1,202,775.00
2052	1,130,000.00	105,525.00	1,235,525.00
2053	<u>1,215,000.00</u>	<u>54,675.00</u>	<u>1,269,675.00</u>
Total	<u>\$12,500,000.00</u>	<u>\$12,600,460.83</u>	<u>\$25,100,460.83</u>

⁽¹⁾ Interest payments on the Bonds will be made semiannually on February 1 and August 1 of each year, commencing August 1, 2025.

See “NAPA VALLEY UNIFIED SCHOOL DISTRICT – District Debt Structure” herein for a debt service schedule of all of the District’s and Improvement District’s outstanding general obligation bond debt.

Application and Investment of Bond Proceeds

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

The proceeds of the sale of the Bonds, net of costs of issuance and any premium received on the sale of the Bonds, shall be deposited in the “Napa Valley Unified School District (SFID No. 2) Election of 2022, Series B Building Fund” (the “Building Fund”) and shall be applied only for the purposes for which the Bonds are issued. Any interest earnings on moneys held in the Building Fund shall be retained in the Building Fund. At the written request of the District, any amounts remaining on deposit in the Building Fund not needed for the purposes for which the Bonds are issued shall be withdrawn and transferred to the Debt Service Fund, to be applied to pay principal and interest on the Bonds.

The *ad valorem* property taxes levied by the County for the payment of the Bonds, when collected, will be deposited into to the credit of the “Napa Valley Unified School District (SFID No. 2) Election of 2022, Series B Building Fund Debt Service Fund” (the “Debt Service Fund”). Any premium or accrued interest received on the sale of the Bonds shall be deposited in the Debt Service Fund. Any interest earnings on moneys held in the Debt Service Fund shall be retained in the Debt Service Fund. Any moneys remaining in the Debt Service Fund after the Bonds and the interest thereon have been paid, or provision for such payment has been made, shall be transferred to the general fund of the District as provided and permitted by law.

Moneys in the Building Fund and Debt Service Fund will be invested through the County Investment Pool. See “APPENDIX E – NAPA COUNTY TREASURY POOL” attached hereto.

Redemption.

Optional Redemption. The Bonds maturing on or before August 1, 2034 are not subject to redemption prior to maturity. The Bonds maturing on or after August 1, 2035 are subject to redemption prior to maturity, at the option of the District, in whole or in part among maturities on such basis as shall be designated by the District and by lot within a maturity, from any available source of funds, on August 1, 2034, or on any date thereafter, at a price equal to 100% of the principal amount thereof, without premium, together with accrued interest thereon to the redemption date.

Mandatory Redemption. The Bonds maturing on August 1, 2050 and August 1, 2053 (the “Term Bonds”), are subject to redemption prior to maturity from mandatory sinking fund payments on August 1 of each year as set forth in the applicable table below, at a redemption price equal to the principal amount thereof, together with accrued interest to the date fixed for redemption, without premium. The principal amount of such Term Bonds to be so redeemed, the dates therefor, and the final payment date are as indicated in the following respective tables.

\$4,100,000 Principal Amount Term Bonds due August 1, 2050

Sinking Fund Redemption Date	Principal Amount To Be Redeemed
08/01/2046	\$680,000
08/01/2047	750,000
08/01/2048	815,000
08/01/2049	890,000
08/01/2050 ⁽¹⁾	965,000

\$3,395,000 Principal Amount Term Bonds due August 1, 2053

Sinking Fund Redemption Date	Principal Amount To Be Redeemed
08/01/2051	\$1,050,000
08/01/2052	1,130,000
08/01/2053 ⁽¹⁾	1,215,000

⁽¹⁾ Maturity.

If any Term Bonds are redeemed pursuant to optional redemption, the total amount of all future sinking fund payments with respect to such Term Bonds shall be reduced by the aggregate principal amount of such Term Bonds so redeemed, to be allocated among such payments on a pro rata basis in integral multiples of \$5,000 principal amount (or on such other basis as the District may determine) as set forth in written notice given by the District to the Paying Agent.

Selection of Bonds for Redemption. Whenever less than all of the outstanding Bonds of any one maturity are designated for redemption, the Paying Agent will select the outstanding Bonds of such maturity to be redeemed by lot in any manner deemed fair by the Paying Agent. For the purpose of selection for optional redemption, Bonds will be deemed to consist of \$5,000 portions (principal amount), and any such portion may be separately redeemed. The Bonds may all be separately redeemed.

Redemption Notice. The Paying Agent will cause notice of any redemption to be given at least 20 days but not more than 60 days prior to the date fixed for redemption, to the owners of any Bonds designated for redemption, at their addresses appearing on the registration books. Such notice shall state the redemption date and the redemption price and, if less than all of the then outstanding Bonds are to be called for redemption, shall designate the serial numbers of the Bonds to be redeemed by giving the individual number of each Bond or by stating that all Bonds between two stated numbers, both inclusive, or by stating that all of the Bonds of one or more maturities have been called for redemption, and shall require that such Bonds be then surrendered at the designated office of the Paying Agent for redemption at the said redemption price, giving notice also that further interest on such Bonds will not accrue from and after the redemption date. Such notice may be a conditional notice of redemption and subject to rescission as set forth in “—Right to Rescind Notice of Redemption” below.

Such mailing is not a condition precedent to such redemption and the failure to give or to receive any such notice will not affect the validity of the proceedings for the redemption of such Bonds.

Partial Redemption of Bonds. Upon surrender of Bonds redeemed in part only, the District will execute and the Paying Agent will authenticate and deliver to the owner, at the expense of the District, a new Bond or Bonds, of the same maturity, of authorized denominations in aggregate principal amount equal to the unredeemed portion of the Bond or Bonds.

Effect of Notice of Redemption. From and after the date fixed for redemption, if notice of such redemption has been duly given and funds available for the payment of the principal of and interest on the Bonds so called for redemption have been duly provided, the Bonds called for redemption will cease to be entitled to any benefit under the Resolution other than the right to receive payment of the redemption price, and no interest will accrue thereon on or after the redemption date specified in the notice. The Paying Agent will cancel all Bonds redeemed and will furnish a certificate of cancellation to the District.

Right to Rescind Notice of Redemption. The District has the right to rescind any notice of the optional redemption of Bonds under the Resolution by written notice to the Paying Agent on or prior to the date fixed for redemption. Any notice of redemption shall be cancelled and annulled if for any reason funds will not be or are not available on the date fixed for redemption for the payment in full of the Bonds then called for redemption. The District and the Paying Agent shall have no liability to the owners of the Bonds or any other party related to or arising from such rescission of redemption. The Paying Agent shall give notice of such rescission of redemption in the same manner as the original notice of redemption was given under the Resolution.

Book-Entry Only System

The information under this caption concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but neither the District nor the Underwriter takes any responsibility for the accuracy or completeness thereof. The District and the Underwriter cannot and do not give any assurances that DTC, Direct Participants or Indirect Participants (as defined herein) (collectively, the "DTC Participants") will distribute to the Beneficial Owners (a) payments of principal of, interest on, or premium, if any, with respect to 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 DTC Participants are on file with DTC.

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such bond, 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 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money

market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to DTC 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 to such website.

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

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

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 DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy thereof.

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" herein and "APPENDIX A – FORM OF OPINION OF BOND COUNSEL" attached hereto) will mean Cede & Co. and will not mean the Beneficial Owners of the Bonds.

Registration, Transfer and Exchange of Bonds

If the book-entry system is discontinued, the District shall cause the Paying Agent to maintain and keep at its designated office all books and records necessary for the registration, exchange and transfer of the Bonds.

If the book-entry system is discontinued, the person in whose name a Bond is registered on the Bond registration books shall be regarded as the absolute owner of that Bond. Payment of the principal of and interest on any Bond shall be made only to or upon the order of that person; neither the District, the County nor the Paying Agent shall be affected by any notice to the contrary, but the registration may be changed as provided in the Resolution.

Bonds may be exchanged at the designated office of the Paying Agent for a like aggregate principal amount of Bonds of authorized denominations and of the same maturity. Any Bond may, in accordance with its terms, but only if (i) the District determines to no longer maintain the book-entry only

status of the Bonds, (ii) DTC determines to discontinue providing such services and no successor securities depository is named or (iii) DTC requests the District to deliver Bond certificates to particular DTC Participants, be transferred, upon the books required to be kept pursuant to the provisions of the Resolution, by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Bond for cancellation at the office of the Paying Agent, accompanied by delivery of a written instrument of transfer in a form approved by the Paying Agent, duly executed.

No exchanges of Bonds shall be required to be made (a) fifteen days prior to the date established by the Paying Agent for selection of Bonds for redemption or (b) with respect to a Bond after such Bond has been selected or called for redemption in whole or in part.

Defeasance

The Bonds may be paid by the District, in whole or in part, in any one or more of the following ways, provided that the District also pays or causes to be paid any other sums payable under the Resolution by the District:

- (a) by paying or causing to be paid the principal or redemption price of and interest on such Bonds, as and when the same become due and payable;
- (b) by irrevocably depositing, in trust, at or before maturity, money or securities in the necessary amount (as provided in the Resolution) to pay or redeem such Bonds; or
- (c) by delivering such Bonds to the Paying Agent for cancellation by it.

Whenever in the Resolution it is provided or permitted that there be deposited with or held in trust by the Paying Agent money or securities in the necessary amount to pay or redeem any Bonds issued pursuant to such Resolution, the money or securities so to be deposited or held may be held by the Paying Agent or by any other fiduciary. Such money or securities may include money or securities held by the Paying Agent in the funds and accounts established under the Resolution and will be:

- (i) lawful money of the United States of America in an amount equal to the principal amount of such Bonds and all unpaid interest thereon to maturity, except that, in the case of Bonds which are to be redeemed prior to maturity and in respect of which notice of such redemption is given as provided in the Resolution or provision satisfactory to the Paying Agent is made for the giving of such notice, the amount to be deposited or held will be the principal amount or redemption price of such Bonds and all unpaid interest thereon to the redemption date; or
- (ii) Federal Securities (not callable by the issuer thereof prior to maturity) the principal of and interest on which when due, in the opinion of a certified public accountant delivered to the District, will provide money sufficient to pay the principal or redemption price of and all unpaid interest to maturity, or to the redemption date, as the case may be, on the Bonds to be paid or redeemed, as such principal or redemption price and interest become due, provided that, in the case of Bonds which are to be redeemed prior to the maturity thereof, notice of such redemption is given as provided in the Resolution or provision satisfactory to the Paying Agent is made for the giving of such notice.

Upon the deposit, in trust, at or before maturity, of money or securities in the necessary amount (as described above) to pay or redeem any outstanding Bond (whether upon or prior to its maturity or the redemption date of such Bond), provided that, if such Bond is to be redeemed prior to maturity, notice of

such redemption has been given as provided the Resolution or provision satisfactory to the Paying Agent has been made for the giving of such notice, then all liability of the District in respect of such Bond shall cease and be completely discharged, except only that thereafter the owner thereof shall be entitled only to payment of the principal of and interest on such Bond by the District, and the District shall remain liable for such payment, but only out of such money or securities deposited with the Paying Agent as aforesaid for such payment, provided further, however, that the provisions of the Resolution shall apply in all events.

The District may at any time surrender to the Paying Agent for cancellation by it any Bonds previously issued and delivered, which the District may have acquired in any manner whatsoever, and such Bonds, upon such surrender and cancellation, shall be deemed to be paid and retired.

“Federal Securities” means: (a) any direct general non-callable obligations of the United States of America, including obligations issued or held in book entry form on the books of the Department of the Treasury of the United States of America; (b) any obligations the timely payment of principal of and interest on which are directly or indirectly guaranteed by the United States of America or which are secured by obligations described in the preceding clause (a); (c) the interest component of Resolution Funding Corporation strips which have been stripped by request to the Federal Reserve Bank of New York in book-entry form; (d) pre-refunded municipal bonds rated in the highest rating category by any Rating Agency; and (e) bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies: (i) direct obligations or fully guaranteed certificates of beneficial ownership of the U.S. Export-Import Bank; (ii) certificates of beneficial ownership of the Farmers Home Administration; (iii) participation certificates of the General Services Administration; (iv) Federal Financing Bank bonds and debentures; (v) guaranteed Title XI financings of the U.S. Maritime Administration; (vi) project notes, local authority bonds, new communities debentures and U.S. public housing notes and bonds of the U.S. Department of Housing and Urban Development; and (vii) obligations of the Federal Home Loan Bank (FHLB).

BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the Bonds, Build America Mutual Assurance Company (“BAM”) will issue its Municipal Bond Insurance Policy for the Insured Bonds (the “Policy”). The Policy guarantees the scheduled payment of principal of and interest on the Insured Bonds when due as set forth in the form of the Policy included as APPENDIX F to this Official Statement. The Bonds maturing on August 1, 2026 are not insured.

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 issuers in the U.S. public finance markets. BAM will only insure municipal bonds, as defined in Section 6901 of the New York Insurance Law, which are most often issued by 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.bambonds.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 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, 2024 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were \$498.6 million, \$253.4 million and \$245.2 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 Insured Bonds or the advisability of investing in the Insured 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".

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 <https://bambonds.com/insights/#videos>. (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 <https://bambonds.com/credit-profiles>. 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 Insured 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 Insured Bonds. Neither BAM nor any affiliate of BAM has purchased, or committed to purchase, any of the Insured Bonds, whether at the initial offering or otherwise

ESTIMATED SOURCES AND USES OF FUNDS

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

Sources of Funds

Principal Amount of Bonds	\$12,500,000.00
Net Original Issue Premium	<u>497,907.25</u>
Total Sources	<u>\$12,997,907.25</u>

Uses of Funds

Building Fund	\$12,297,610.96
Debt Service Fund	497,907.25
Underwriter's Discount	31,250.00
Costs of Issuance ⁽¹⁾	<u>171,139.04</u>
Total Uses	<u>\$12,997,907.25</u>

⁽¹⁾ Reflects the costs of issuance, including but not limited to the demographics and filing fees, printing costs, rating fees, bond insurance premium, legal fees, municipal advisory fees, and the costs and fees of the Paying Agent.

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 Improvement District. The principal of and interest on of the Bonds are payable solely from the proceeds of ad valorem property taxes levied and collected by the County on taxable property in the Improvement District. The District's general fund is not a source for the repayment of the Bonds.

Ad Valorem Property Taxation

Property taxes within the Improvement District are assessed and collected by the County at the same time and on the same rolls as the special district property taxes. Assessed valuations are the same for both the District and the County 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. Unsecured property is assessed on the "unsecured roll." Unsecured property comprises all property not attached to land, such as personal property or business property. Boats and airplanes are examples of unsecured property. 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 payable in two installments, due November 1 and February 1 of the calendar year. If unpaid, such taxes become delinquent on December 10 and April 10, respectively, and a 10% penalty attaches to any delinquent installment plus any additional amount determined by the Treasurer. After the second installment of taxes on the secured roll is delinquent, the tax collector shall collect a cost of \$10 for preparing the delinquent tax records and giving notice of delinquency. Property on the secured roll with delinquent taxes is declared tax-defaulted on July 1 of the calendar year. Such property may thereafter be redeemed, until the right of redemption is terminated, by payment of the delinquent taxes and the delinquency penalty, plus a \$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 as of July 31 become delinquent if they are not paid by August 31 and are thereafter subject to a delinquent penalty of 10%. Taxes added to the unsecured tax roll after July 31, if unpaid are delinquent and subject to a penalty of 10% on the last day of the month succeeding the month of enrollment. In the case of unsecured property taxes, an additional penalty of 1.5% per month begins to accrue when such taxes remain unpaid on the last day of the second month after the 10% penalty attaches. 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.

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 XIII A 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.

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

Assessed Valuations

The assessed valuation of property within the Improvement District is established by the County Assessor, except for public utility property which is assessed by the State Board of Equalization. Assessed valuations are reported at 100% of the “full value” of the property, as defined in Article XIII A of the California Constitution. For a discussion of how properties currently are assessed, see “CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS” herein.

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

Property within the Improvement District has a taxable assessed valuation for fiscal year 2024-25 of \$6,289,845,032. The following table represents a five-year history of assessed valuations in the Improvement District.

**ASSESSED VALUATION
Napa Valley Unified School District
School Facilities Improvement District No. 2
(American Canyon Area)**

<u>Fiscal Year</u>	<u>Local Secured</u>	<u>Utility</u>	<u>Unsecured</u>	<u>Total</u>	<u>Percent Change</u>
2020-21	\$4,053,929,156	\$491,759	\$547,578,533	\$4,601,999,448	--
2021-22	4,238,868,876	27,991,759	560,059,921	4,826,920,556	4.89%
2022-23	4,610,121,721	535,765	590,928,063	5,201,585,549	7.76
2023-24	5,108,178,184	535,765	666,677,430	5,775,391,379	11.03
2024-25	5,534,814,663	535,765	754,494,604	6,289,845,032	8.91

Source: California Municipal Statistics, Inc.; Percent change figures provided by the Municipal Advisor.

Economic and other factors beyond the District's control, such as general market decline in property values, the outbreak of disease, 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, fire (including wildfire), drought, flood, sea level rise, climate change, or toxic contamination, could cause a reduction in the assessed value of taxable property within the Improvement District. Any reduction of assessed valuation within the Improvement District would result in a corresponding increase in the annual tax rates levied by the County to pay the debt service on the Bonds. See "THE BONDS – Security and Sources of Payment" herein.

Adverse Impacts of Tariffs. The current Presidential administration has sought to alter the international trading landscape through the use of widespread tariffs. If tariffs are implemented, certain impacted countries that have been impacted by the tariffs may respond with reciprocal tariffs on imports of U.S.-made goods. The international escalation of tariffs may cause significant disruptions in local, State and national economies, including immediate material impacts to industries heavily integrated into international trade. No assurances can be made that the escalation of tariffs will not materially adversely impact the local, State or national economies or the assessed valuation of property within the District, including the assessed valuation of the top taxpayers in the District, or the ability of taxpayers within the District to pay property taxes.

Seismic Events. The District and the Improvement District are located in a seismically active region of the State. The West Napa Fault runs through the western portion of the District and the Improvement District, and the District and the Improvement District are also located in the Bay Area, into which extend three major earthquake faults that comprise the San Andreas fault system (San Andreas Fault, Hayward Fault and Calaveras Fault). On August 24, 2014, an earthquake centered in the Napa River, just south of downtown Napa, occurred and was measured at 6.0 on the earthquake magnitude scale. A future earthquake of large magnitude could result in extensive damage to property within the Improvement District and could adversely affect the assessed valuation of property within the Improvement District, or more generally the region's economy.

Droughts; Floods. California has experienced cyclical severe drought conditions over the past several years. In April 2021, the Governor announced regional drought emergencies in two Northern California counties following two years of dry conditions. These drought emergencies were eventually expanded to include all California counties by October of 2021. Among other actions, the Governor also issued Executive Order N0-27-22, which directed the State Water Control Board to issue drought declarations, including a recommendation to have urban water suppliers initiate water shortage contingency plans. Significant snowfall and precipitation in the State commencing in late 2022 and early 2023 generally eliminated most of the State's drought conditions. On March 24, 2023, the Governor rescinded most of his emergency drought declarations, including Executive Order N0-27-22. According to the U.S. Drought Monitor, as of April 15, 2025, the County is not experiencing drought conditions. The District cannot predict if there will be future drought conditions and related water usage restrictions imposed in the future. The District can also make no representations regarding to the extent to which recent significant snowfall and precipitation, or any future winter storm activity or related rainfall, mudslides or flooding conditions, may impact District facilities or the assessed value of taxable property within the Improvement District.

Wildfire. Major wildfires have occurred in recent years in different regions of the State, including significant fires throughout the fall of 2020, summer of 2021 and winters of 2024 and 2025. The Glass Fire started on September 27, 2020 from an undetermined cause and was so named due to its

origin near Glass Mountain Road, in Deer Park, Napa County. The Glass Fire also extended into portions of neighboring Sonoma County. The fire was fully contained on October 20, 2020, after burning over 67,484 acres and destroying 1,555 structures, including 308 homes and 343 commercial buildings in the County, as well as 334 homes in Sonoma County. Numerous other structures were damaged or destroyed, including an elementary school located outside the boundaries of both the District and the Improvement District, as well as wineries, restaurants and lodges in the wine country region. Property within the Improvement District did not sustain any damage as a result of the recent fires. The Governor has previously signed a number of measures into law intended to address a variety of issues related to mitigating the risk of wildfires, including forest management, mutual aid for fire departments, emergency alerts and other safety mandates. In addition, the Governor has issued executive orders in the past suspending penalties, costs and interest on late property tax payments for properties impacted by wildfires.

The Improvement District is not located in an area which the State Department of Forestry and Fire Protection has designated as a very high fire hazard severity zone (FHSV), although the northern portion of the County is. Mapping of the areas, referred to as Fire Hazard Severity Zones (FHSZ), is based on data and models of potential fuels over a 30-50 year time horizon and their associated expected fire behavior, and expected burn probabilities to quantify the likelihood and nature of vegetation fire exposure (including firebrands) to new construction. More information regarding Fire Hazard Severity Zones, including the most recent Fire Hazard Severity Zone Maps, can be found at the California Department of Forestry and Fire Protection website at <https://osfm.fire.ca.gov/what-we-do/community-wildfire-preparedness-and-mitigation/fire-hazard-severity-zones/>, though such website is not incorporated herein by reference.

Sea Level Rise. The County's most recent Multi-jurisdiction Hazard Mitigation Plan identified a risk to southern portions of the County bordering San Pablo Bay resulting from a projected, accelerated sea level rise over the next 100 years as compared to historical rates. Various other state and local agencies (including the City of Napa and the City of American Canyon) have produced reports or assessments in connection with planning for the potential effects of sea level rise, which could include extensive coastal flooding during storms, periodic tidal flooding, and increased erosion. The District is unable to predict whether sea level rise, or associated impacts thereof, will occur, and if any such events occur, whether they will have a material adverse effect on the assessed valuation of property within the Improvement District, the financial condition of the District or more generally the region's economy.

Climate Change. In addition to the events described above, climate change caused by human activities may have adverse effects on the assessed value of property within the Improvement District. As greenhouse gas emissions continue to accumulate in the atmosphere as a result of economic activity, many scientists expect that climate change will intensify, increasing the frequency, severity and timing of extreme weather events such as coastal storm surges, drought, wildfires, floods, heat waves, and raising sea levels. See also “—Drought; Floods,” “—Sea Level Rise” and “—Wildfires” above. Projections of the impact of global climate change are complex and depend on a variety of factors outside of the District's control. The various scientific studies that forecast the amount and timing of adverse impacts of climate change are based on assumptions contained in such studies, but actual events may vary materially. In addition, the scientific understanding of climate change and its effects continues to evolve. Accordingly, the District is unable to forecast with certainty when or if adverse impacts of climate change will occur or the extent of such impacts.

Appeals and Adjustments of Assessed Valuations. Under State law, property owners may apply for a reduction of their property tax assessment by filing a written application, in form prescribed by the State Board of Equalization (the “SBE”), with the appropriate county board of equalization or assessment appeals board. In most cases, the 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, fire, wildfire, drought 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 XIII A. See also “CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Article XIII A of the California Constitution” herein.

The District does not have information regarding pending appeals of assessed valuation of property within the Improvement District. No assurance can be given that property tax appeals currently pending or in the future, or actions by the county assessor, will not significantly reduce the assessed valuation of property within the Improvement District.

Assembly Bill 102. On June 27, 2017, the Governor signed into law Assembly Bill 102 (“AB 102”). AB 102 restructured the functions of the SBE and created 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 took 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 continues to perform the duties assigned by the State Constitution related to property taxes, however, effective 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 Improvement District.

Assessed Valuation and Parcels by Land Use

The following table shows the assessed valuation and parcels by land use in fiscal year 2024-25 in the Improvement District.

ASSESSED VALUATION AND PARCELS BY LAND USE
Fiscal Year 2024-25
Napa Valley Unified School District
School Facilities Improvement District No. 2
(American Canyon Area)

	2024-25	% of	No. of	% of
<u>Non-Residential:</u>	<u>Assessed Valuation</u>⁽¹⁾	<u>Total</u>	<u>Parcels</u>	<u>Total</u>
Agricultural/Rural	\$65,941,456	1.19%	39	0.59%
Commercial	369,747,458	6.68	87	1.31
Vacant Commercial	28,120,135	0.51	37	0.56
Industrial	2,033,942,489	36.75	185	2.79
Vacant Industrial	107,499,504	1.94	99	1.49
Government/Non-Taxable	<u>0</u>	<u>0.00</u>	<u>303</u>	<u>4.56</u>
Subtotal Non-Residential	\$2,605,251,042	47.07%	750	11.29%
<u>Residential:</u>				
Single Family Residence	\$2,475,369,994	44.72%	4,891	73.64%
Condominium Units	102,025,146	1.84	209	3.15
Mobile Home	23,367,070	0.42	441	6.64
Mobile Home Park	35,709,700	0.65	5	0.08
2-4 Residential Units	14,193,847	0.26	27	0.41
5+ Residential Units/Apartments	217,812,520	3.94	14	0.21
Vacant Residential	<u>61,085,344</u>	<u>1.10</u>	<u>305</u>	<u>4.59</u>
Subtotal Residential	\$2,929,563,621	52.93%	5,892	88.71%
Total	\$5,534,814,663	100.00%	6,642	100.00%

⁽¹⁾ Local secured assessed valuation; excluding tax-exempt property.

Source: California Municipal Statistics, Inc.

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Assessed Valuation Per Parcel of Single-Family Homes

The following table shows the per parcel assessed valuation of single-family homes in fiscal year 2024-25 in the Improvement District.

ASSESSED VALUATION OF SINGLE FAMILY HOMES
Fiscal Year 2024-25
Napa Valley Unified School District
School Facilities Improvement District No. 2
(American Canyon Area)

	<u>No. of Parcels</u>	<u>2024-25 Assessed Valuation</u>	<u>Average Assessed Valuation</u>	<u>Median Assessed Valuation</u>
Single Family Residential	4,891	\$2,475,369,994	\$506,107	\$506,192

<u>2024-25 Assessed Valuation</u>	<u>No. of Parcels⁽¹⁾</u>	<u>% of Total</u>	<u>Cumulative % of Total</u>	<u>Total Valuation</u>	<u>% of Total</u>	<u>Cumulative % of Total</u>
\$0 - \$49,999	10	0.204%	0.204%	\$374,021	0.015%	0.015%
50,000 - 99,999	151	3.087	3.292	10,575,796	0.427	0.442
100,000 - 149,999	104	2.126	5.418	13,429,369	0.543	0.985
150,000 - 199,999	197	4.028	9.446	34,419,789	1.390	2.375
200,000 - 249,999	237	4.846	14.292	53,295,636	2.153	4.528
250,000 - 299,999	349	7.136	21.427	95,545,421	3.860	8.388
300,000 - 349,999	322	6.584	28.011	104,654,597	4.228	12.616
350,000 - 399,999	252	5.152	33.163	94,207,526	3.806	16.422
400,000 - 449,999	347	7.095	40.258	147,753,217	5.969	22.391
450,000 - 499,999	424	8.669	48.927	202,256,161	8.171	30.562
500,000 - 549,999	423	8.649	57.575	221,821,262	8.961	39.523
550,000 - 599,999	355	7.258	64.833	203,478,142	8.220	47.743
600,000 - 649,999	361	7.381	72.214	225,342,037	9.103	56.846
650,000 - 699,999	318	6.502	78.716	214,281,747	8.657	65.503
700,000 - 749,999	295	6.031	84.747	213,986,256	8.645	74.147
750,000 - 799,999	247	5.050	89.798	191,589,780	7.740	81.887
800,000 - 849,999	197	4.028	93.825	162,476,052	6.564	88.451
850,000 - 899,999	155	3.169	96.994	135,867,134	5.489	93.940
900,000 - 949,999	71	1.452	98.446	65,409,604	2.642	96.582
950,000 - 999,999	38	0.777	99.223	36,931,974	1.492	98.074
1,000,000 and greater	38	0.777	100.000	47,674,473	1.926	100.000
	4,891	100.000%		\$2,475,369,994	100.000%	

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

Assessed Valuation and Parcels by Jurisdiction

The following table shows the distribution of taxable property within the boundaries of the Improvement District by jurisdiction, as measured by assessed valuation, for fiscal year 2024-25.

ASSESSED VALUATION AND PARCELS BY JURISDICTION
Fiscal Year 2024-25
Napa Valley Unified School District
School Facilities Improvement District No. 2
(American Canyon Area)

<u>Jurisdiction:</u>	<u>Assessed Valuation in Imp. District</u>	<u>% of Imp. District</u>	<u>Assessed Valuation of Jurisdiction</u>	<u>% of Jurisdiction in Imp. District</u>
City of American Canyon	\$4,449,576,966	70.74%	\$4,457,689,576	99.82%
City of Napa	20,041,850	0.32	17,408,270,386	0.12
Unincorporated Napa County	<u>1,820,226,216</u>	<u>28.94</u>	26,760,347,796	6.80
Total District	\$6,289,845,032	100.00%		
Napa County	\$6,289,845,032	100.00%	\$55,209,680,552	11.39%

Source: California Municipal Statistics

Alternative Method of Tax Apportionment – Teeter Plan

The County Board has approved the implementation of the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the “Teeter Plan”), as provided for in Revenue and Taxation Code Section 4701 *et seq.* Under the Teeter Plan, the County apportions secured property taxes on an accrual basis when due (irrespective of actual collections) to local political subdivisions, including the District, for which the County acts as the tax levying or tax-collection agency. The Teeter Plan is applicable to secured and supplemental property tax levies. Pursuant to the County’s Teeter Plan, the general 1% levy and the taxes required to pay the District’s and the Improvement District’s general obligation bonds are both subject to the Teeter Plan.

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

The Teeter Plan is to remain in effect unless the County Board orders its discontinuance or unless, prior to the commencement of any fiscal year of the County (which commences on July 1), the Board of Supervisors receives a petition for its discontinuance joined in by resolutions adopted by at least two-thirds of the participating revenue districts in the County, in which event the County Board is to order discontinuance of the Teeter Plan effective at the commencement of the subsequent fiscal year. The County Board may, by resolution adopted not later than July 15 of the fiscal year for which it is to apply after holding a public hearing on the matter, discontinue the procedures under the Teeter Plan with respect to any tax levying agency or assessment levying agency in the County if the rate of secured tax delinquency in that agency in any year exceeds 3% of the total of all taxes and assessments levied on the secured rolls for that agency. If the Teeter Plan is discontinued subsequent to its implementation, secured property taxes would be allocated as collected to political subdivisions (including the District) for which the County acts as the tax-levying or tax-collecting agency.

Pursuant to Revenue and Taxation Code Section 4985.2, the Treasurer may cancel any penalty, costs or other charges resulting from tax delinquency upon a finding that the late payment is due to

reasonable cause and circumstances beyond the taxpayer’s control, and occurred notwithstanding the exercise of ordinary care in the absence of willful neglect, provided the property taxes are paid within four fiscal years of such taxes coming due.

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 Improvement 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 control or the control of the County, 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 pandemic (such as the COVID-19 pandemic) or natural or manmade disaster.

Tax Rates

The following table summarizes the total *ad valorem* property tax rates levied by all taxing entities in a typical tax rate area within the Improvement District between fiscal years 2020-21 through 2024-25.

**SUMMARY OF *AD VALOREM* TAX RATES (TRA 5-007)⁽¹⁾
Fiscal Years 2020-21 through 2024-25
Napa Valley Unified School District
School Facilities Improvement District No. 2
(American Canyon Area)**

	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>	<u>2023-24</u>	<u>2024-25</u>
General	1.0000%	1.0000%	1.0000%	1.0000%	1.0000%
Napa Valley Community College	.0190	.0180	.0169	.0189	.0188
Napa Valley Unified School District	.0901	.0881	.0838	.0762	.0748
Napa Valley Unified School District SFID No. 2	--	--	--	--	<u>.0009</u>
Total	<u>1.1091%</u>	<u>1.1061%</u>	<u>1.1007%</u>	<u>1.0951%</u>	<u>1.0945%</u>

⁽¹⁾ The fiscal year 2024-25 assessed valuation of TRA 5-007 is \$782,713,152, which is 12.44% of the Improvement District total assessed valuation.

Source: California Municipal Statistics, Inc.

Principal Taxpayers

The more property (by assessed value) which is owned by a single taxpayer within the Improvement 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 Improvement District in terms of the fiscal year 2024-25 secured assessed valuations. Each taxpayer listed below is a name listed on the tax rolls. The District cannot make any representation as to whether individual persons, corporations or other organizations are liable for tax payments with respect to multiple properties held in various names that in aggregate may be larger than is suggested by the tables below.

LARGEST LOCAL SECURED TAXPAYERS
Fiscal Year 2024-25
Napa Valley Unified School District
School Facilities Improvement District No. 2
(American Canyon Area)

	<u>Property Owner</u>	<u>Primary Land Use</u>	<u>2024-25 Assessed Valuation</u>	<u>% of Total⁽¹⁾</u>
1.	DWF IV NLP II	Industrial	\$330,616,230	5.97%
2.	RAR2 - Napa Logistics Park LLC	Industrial	99,642,473	1.80
3.	SRI Napa LLC	Apartments	75,892,001	1.37
4.	Biagi & Associates LLC	Industrial	60,250,677	1.09
5.	Vintage Ranch LLC	Apartments	59,216,894	1.07
6.	SDG Hanna Court 411 LLC	Industrial	57,127,838	1.03
7.	Redwood Credit Union	Commercial	53,409,026	0.96
8.	LBA RVI-Company XLVIII LLC	Industrial	51,540,000	0.93
9.	SDG Commerce 330 LLC	Industrial	48,680,761	0.88
10.	NCC Venture 1 LLC	Industrial	47,197,807	0.85
11.	Barrel Ten Quarter Circle Land Co	Industrial	47,038,758	0.85
12.	Napa Junction Partners LLC	Apartments	46,693,244	0.84
13.	Sutter Home Winery Inc.	Industrial	45,275,267	0.82
14.	Mezzetta 125 LP	Industrial	42,876,684	0.77
15.	Napa Industrial LLC	Industrial	41,412,238	0.75
16.	Safe Harbor Partners LLC	Industrial	40,305,364	0.73
17.	1000 Green Island Rd LLC	Industrial	37,454,400	0.68
18.	Lowenberg Associates LP	Industrial	34,958,438	0.63
19.	Broadstone HC California LLC	Industrial	34,233,708	0.62
20.	SDG Lombard LLC	Industrial	33,733,407	0.61
			<u>\$1,287,555,215</u>	<u>23.26%</u>

⁽¹⁾ 2024-25 local secured assessed valuation: \$5,534,814,663.

Source: California Municipal Statistics, Inc.

Statements of Direct and Overlapping Debt

Set forth on the following page is a direct and overlapping debt report relating to the Improvement District (the “Debt Report”) prepared by California Municipal Statistics, Inc. and effective as of February 1, 2025. 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 Improvement 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 Improvement 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 first column in the table names each public agency which has outstanding debt as of the date of the Debt Report and whose territory overlaps the Improvement District, in whole or in part. Column 2 in the Debt Report shows the percentage of each overlapping agency’s assessed value located within the boundaries of the Improvement 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 column 3 of the Debt Report, which is the apportionment of each overlapping agency’s outstanding debt to taxable property located in the Improvement District.

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DIRECT AND OVERLAPPING DEBT STATEMENT
Napa Valley Unified School District
School Facilities Improvement District No. 2
(American Canyon Area)

2024-25 Assessed Valuation: \$6,289,845,032

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt 2/1/25</u>
Napa Joint Community College District	11.297%	\$7,504,569
Napa Valley Unified School District	16.883	72,220,385
Napa Valley Unified School District SFID No. 2	100.000	12,500,000⁽¹⁾
City of American Canyon 1915 Act Bonds	100.000	10,714,900
City of American Canyon Green Island Road Community Facilities District	99.645	9,580,867
California Statewide Communities Development Authority American Canyon Community Facilities District Watson Ranch	100.000	22,280,000
California Statewide Communities Development Authority Napa Pipeline Community Facilities District No. 2016-1	100.000	<u>19,060,000</u>
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		\$153,860,721
<u>OVERLAPPING GENERAL FUND DEBT:</u>		
Napa County Board of Education Certificates of Participation	11.393%	\$1,240,128
Napa Valley Unified School District General Fund Obligations	16.883	243,115
City of American Canyon General Fund Obligations	99.818	8,193,771
American Canyon Fire Protection General Fund Obligations	99.825	<u>1,375,589</u>
TOTAL OVERLAPPING GENERAL FUND DEBT		\$11,052,603
COMBINED TOTAL DEBT		\$164,913,324⁽²⁾

Ratios to 2024-25 Assessed Valuation:

Direct Debt (\$12,500,000)	0.20%
Total Direct and Overlapping Tax and Assessment Debt.....	2.45%
Combined Total Debt	2.62%

⁽¹⁾ Excludes the Bonds described herein.

⁽²⁾ Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Source: California Municipal Statistics, Inc.

CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS

The principal of and interest on the Bonds are payable solely from the proceeds of an ad valorem property tax levied by the County for the payment thereof. (See “THE BONDS – Security and Sources of Payment” herein). Articles XIII A, XIII B, XIII C and XIII D 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 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 on behalf of the District to levy taxes for payment of the Bonds. The tax levied by the County for payment of the Bonds was approved by the voters in the Improvement District in compliance with Article XIII A, Article XIII C, and all applicable laws.

Article XIII A of the California Constitution

Article XIII A limits the amount of *ad valorem* property taxes on real property to 1% of “full cash value” as determined by the county assessor. Article XIII A defines “full cash value” to mean “the county assessor’s valuation of real property as shown on the 1975-76 bill under “full cash value,” or thereafter, the appraised value of real property when purchased, newly constructed or a change in ownership has occurred after the 1975 assessment,” subject to exemptions in certain circumstances of property transfer or reconstruction. Determined in this manner, the full cash value is also referred to as the “base year value.” The full cash value is subject to annual adjustment to reflect increases, not to exceed 2% for any year, or decreases in the consumer price index or comparable local data, or to reflect reductions in property value caused by damage, destruction or other factors.

Article XIII A has been amended to allow for temporary reductions of assessed value in instances where the fair market value of real property falls below the adjusted base year value described above. Proposition 8—approved by the voters in November of 1978—provides for the enrollment of the lesser of the base year value or the market value of real property, taking into account reductions in value due to damage, destruction, depreciation, obsolescence, removal of property, or other factors causing a similar decline. In these instances, the market value is required to be reviewed annually until the market value exceeds the base year value, adjusted for inflation. 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 XIII A requires a vote of two-thirds or more of the qualified electorate of a city, county, special district or other public agency to impose special taxes, while totally precluding the imposition of any additional *ad valorem*, sales or transaction tax on real property. Article XIII A exempts from the 1% tax limitation any taxes above that level required to pay debt service (a) on any indebtedness approved by the voters prior to July 1, 1978, or (b) as the result of an amendment approved by State voters on June 3, 1986, on any bonded indebtedness approved by two-thirds or more of the votes cast by the voters for the acquisition or improvement of real property on or after July 1, 1978, or (c) on bonded indebtedness incurred by a school district or community college district for the construction, reconstruction, rehabilitation or replacement of school facilities or the acquisition or lease of real property for school facilities, approved by 55% or more of the votes cast on the proposition, but only if certain accountability measures are included in the proposition. The tax for payment of the Bonds falls within the exception described in (c) of the immediately preceding sentence. In addition, Article XIII A requires the approval

of two-thirds or more of all members of the State legislature to change any state taxes for the purpose of increasing tax revenues.

Proposition 19

On November 3, 2020, State voters approved Proposition 19, a legislatively referred constitutional amendment (“Proposition 19”), which amends Article XIII A to: (i) expand special rules that give property tax savings to homeowners that are over the age of 55, severely disabled, or whose property has been impacted by wildfire or natural disaster, when they buy a different home; (ii) narrow existing special rules for inherited properties; and (iii) dedicate most of the potential new State revenue generated from Proposition 19 toward fire protection. The District cannot make any assurance as to what effect the implementation of Proposition 19 will have on District revenues or the assessed valuation of real property in the Improvement District.

Legislation Implementing Article XIII A

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

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

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 XIII A.

Proposition 50 and Proposition 171

On June 3, 1986, the voters of the State approved Proposition 50. Proposition 50 amends Section 2 of Article XIII A 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 percent 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 percent of the Original Cash Value, then the Replacement Base Year Value is calculate by combining the

Original Base Year Value with such excessive Replacement Cash Value; if the Replacement Cash Value does not exceed 120 percent 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 XIII A 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 percent of the Original Cash Value when the replacement property is acquired or constructed within one year of the destruction, (2) 110 percent of the Original Cash Value when the replacement property is acquired or constructed within two years of the destruction, or (3) 115 percent of the Original Cash Value when the replacement property is acquired or constructed within three years of the destruction.

State-Assessed Utility Property

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

So long as the District is a community funded district (as described herein), taxes lost through any reduction in assessed valuation will not be compensated by the State as equalization aid under the State’s school financing formula. See “DISTRICT FINANCIAL INFORMATION” herein.

Article XIII B of the California Constitution

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

- (a) “change in the cost of living” with respect to school districts to mean the percentage change in California per capita income from the preceding year, and
- (b) “change in population” with respect to a school district to mean the percentage change in the ADA of the school district from the preceding fiscal year.

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

The appropriations of an entity of local government subject to Article XIII B limitations include the proceeds of taxes levied by or for that entity and the proceeds of certain state subventions to that entity. “Proceeds of taxes” include, but are not limited to, all tax revenues and the proceeds to the entity from (a) regulatory licenses, user charges and user fees (but only to the extent that these proceeds exceed the reasonable costs in providing the regulation, product or service), and (b) the investment of tax revenues.

Appropriations subject to limitation do not include (a) refunds of taxes, (b) appropriations for debt service 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 XIII B includes a requirement that all revenues received by an entity of government other than the State in a fiscal year and in the fiscal year immediately following it in excess of the amount permitted to be appropriated during that fiscal year and the fiscal year immediately following it shall be returned by a revision of tax rates or fee schedules within the next two subsequent fiscal years.

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

Article XIII C and Article XIII D of the California Constitution

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

According to the “Title and Summary” of Proposition 218 prepared by the California Attorney General, Proposition 218 limits “the authority of local governments to impose taxes and property-related assessments, fees and charges.” Among other things, Article XIII C establishes that every tax is either a “general tax” (imposed for general governmental purposes) or a “special tax” (imposed for specific purposes), prohibits special purpose government agencies such as school districts from levying general taxes, and prohibits any local agency from imposing, extending or increasing any special tax beyond its maximum authorized rate without a two-thirds vote; and also provides that the initiative power will not be limited in matters of reducing or repealing local taxes, assessments, fees and charges. Article XIII C further provides that no tax may be assessed on property other than *ad valorem* property taxes imposed in

accordance with Articles XIII and XIII A of the California Constitution and special taxes approved by a two-thirds vote under Article XIII A, Section 4. Article XIII D deals with assessments and property-related fees and charges, and explicitly provides that nothing in Article XIII C or XIII D will be construed to affect existing laws relating to the imposition of fees or charges as a condition of property development.

The District does not impose any taxes, assessments, or property-related fees or charges which are subject to the provisions of Proposition 218. It does, however, receive a portion of the basic 1% *ad valorem* property tax levied and collected by the County pursuant to Article XIII A. 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 and within the Improvement District.

Proposition 26

On November 2, 2010, voters in the State approved Proposition 26. Proposition 26 amends Article XIII C 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 XIII D. Proposition 26 provides that the local government bears the burden of proving by a preponderance of the evidence that a levy, charge, or other exaction is not a tax, that the amount is no more than necessary to cover the reasonable costs of the governmental activity, and that the manner in which those costs are allocated to a payor bear a fair or reasonable relationship to the payor’s burdens on, or benefits received from, the governmental activity.

Propositions 98 and 111

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

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

Since the Accountability Act is unclear in some details, there can be no assurances that the 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 of California approved Proposition 111 (Senate Constitutional Amendment No. 1) called the "Traffic Congestion Relief and Spending Limit Act of 1990" ("Proposition 111") which further modified Article XIII B and Sections 8 and 8.5 of Article XVI of the State Constitution with respect to appropriations limitations and school funding priority and allocation.

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

- a. Annual Adjustments to Spending Limit. The annual adjustments to the Article XIII B spending limit were liberalized to be more closely linked to the rate of economic growth. Instead of being tied to the Consumer Price Index, the "change in the cost of living" is now measured by the change in California per capita personal income. The definition of "change in population" specifies that a portion of the State's spending limit is to be adjusted to reflect changes in school attendance.
- b. Treatment of Excess Tax Revenues. "Excess" tax revenues with respect to Article XIII B are now determined based on a two-year cycle, so that the State can avoid having to return to taxpayers excess tax revenues in one year if its appropriations in the next fiscal year are under its limit. In addition, the Proposition 98 provision regarding excess tax revenues was modified. After any two-year period, if there are excess State tax revenues, 50% of the excess are to be transferred to K-14 school districts with the balance returned to taxpayers; under prior law, 100% of excess State tax revenues went to K-14 school districts, but only up to a maximum of 4% of the schools' minimum funding level. Also, reversing prior law, any excess State tax revenues transferred to K-14 school districts are not built into the school districts' base expenditures for calculating their entitlement for State aid in the next year, and the State's appropriations limit is not to be increased by this amount.
- c. Exclusions from Spending Limit. Two exceptions were added to the calculation of appropriations which are subject to the Article XIII B spending limit. First, there are excluded all appropriations for "qualified capital outlay projects" as defined by the State Legislature. Second, there are excluded any increases in gasoline taxes above the 1990 level (then nine cents per gallon), sales and use taxes on such increment in gasoline taxes, and increases in receipts from vehicle weight fees above the levels in effect on January 1, 1990. These latter provisions were necessary to make effective the transportation funding package approved by the State Legislature and the Governor, which expected to

raise over \$15 billion in additional taxes from 1990 through 2000 to fund transportation programs.

- d. Recalculation of Appropriations Limit. The Article XIII B appropriations limit for each unit of government, including the State, is to be recalculated beginning in fiscal year 1990-91. It is based on the actual limit for fiscal year 1986-87, adjusted forward to 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 (the “first test”) or (2) the amount appropriated in the prior year adjusted for changes in the cost of living (measured as in Article XIII B by reference to per capita personal income) and enrollment (the “second test”). Under Proposition 111, schools will receive the greater of (1) the first test, (2) the second test, or (3) a third test, which will replace the second test in any year when growth in per capita State general fund revenues from the prior year is less than the annual growth in California per capita personal income. Under the third test, schools will receive the amount appropriated in the prior year adjusted for change in enrollment and per capita State general fund revenues, plus an additional small adjustment factor. If the third test is used in any year, the difference between the third test and the second test will become a “credit” (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 State-wide 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, including the District, community college districts, and county offices of education. As noted above, the California Constitution previously limited property taxes to 1% of the value of property. Prior to the approval of Proposition 39, 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 acquire or improve real property that receive two-thirds voter approval after July 1, 1978.

The 55% vote requirement authorized by Proposition 39 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 such bonds may be issued only if the tax rate per \$100,000 of taxable property value projected to be levied as the result of any single election would not exceed \$60 (for a unified school district), \$30 (for a high school or elementary school district), or \$25

(for a community college district) when assessed valuation is projected to increase in accordance with Article XIII A. 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.

Jarvis v. Connell

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

Proposition 1A and Proposition 22

On November 2, 2004, California voters approved Proposition 1A, which amends the State constitution to significantly reduce the State's authority over major local government revenue sources. Under Proposition 1A, the State cannot (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 expected reduction in resources available for the State to spend on these other programs as a consequence of the passage of Proposition 22 was expected to be approximately \$1 billion in fiscal year 2010-11, with an estimated immediate fiscal effect equal to approximately 1% of the State's total general

fund spending. The longer-term effect of Proposition 22, according to the LAO analysis, was expected to be an increase in the State’s general fund costs by approximately \$1 billion annually for several decades.

Propositions 55 and 30

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 “– Proposition 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 (2014)

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 XIII B 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 State 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 State 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 community funded districts (formerly known as basic aid school districts) and small school districts having fewer than 2,501 units of average daily attendance.

Pursuant to the State Constitution and other State law, the Series A Bonds are payable from *ad valorem* property taxes to be levied within the District and the Refunding Bonds are payable from *ad valorem* property taxes to be levied within the Improvement District. 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 2 (2024)

The Kindergarten Through Grade 12 Schools and Local Community College Public Education Facilities Modernization, Repair and Safety Bond Act of 2024 (referred to herein as the “Proposition 2 (2024)”) was a ballot measure that was approved by State voters on November 5, 2024. Proposition 2 (2024) authorizes the sale and issuance of \$10 billion in State general obligation bonds for the repair, upgrade and construction of facilities at K-12 public schools, community colleges and career technical education programs, including the development of health and safety conditions.

K-12 School Facilities. Proposition 2 (2024) includes \$3.3 billion for the new construction of K-12 facilities and an additional \$4 billion for the modernization of existing K-12 facilities. Up to \$10 million of the allocation for new constructions will be reserved for small school districts with an enrollment of fewer than 2,501 students. Of the \$4 billion assigned for modernization of existing K-12 facilities, up to \$115 million will be allocated for the repairment of lead in water at school facilities. Generally, 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. However, some districts that have lower assessed property values and meet certain other socio-economic criteria will be required to pay as low as 45% and 35% of new construction costs and modernization costs, respectively. In addition, a total of \$1.2 billion will be available for the modernization and new construction of charter school facilities (\$600 million) and technical education facilities (\$600 million). The State will award funds to technical education and charter school through an application process, and charter schools must be deemed financially sound before project approval.

Community College Facilities. Proposition 2 (2024) includes \$1.5 billion for community college district facility projects, including buying land, constructing new buildings, modernizing existing buildings, and purchasing equipment.

The table below shows the expected use of bond funds under the Proposition 2 (2024):

Proposition 2 (2024) Use of Bond Funds (In Millions)	
<u>K-12 Public School Facilities</u>	
New construction	\$3,300
Modernization	4,000
Career technical education facilities	600
Charter school facilities	600
Subtotal	\$8,500
<u>Community College Facilities</u>	
Total	\$1,500
	\$10,000

Future Initiatives

Article XIII A, Article XIII B, Article XIII C and Article XIII D and Propositions 22, 26, 30, 39, 98, 55 and 51 were each adopted as measures that qualified for the ballot pursuant to the State’s initiative process. From time to time other initiative measures could be adopted further affecting District revenues or the District’s ability to expend revenues. The nature and impact of these measures cannot be anticipated by the District.

THE IMPROVEMENT DISTRICT

Authorization and Establishment. The Board of the District, at its meeting on June 9, 2022, approved a Resolution of Intention to establish the Improvement District and called a public hearing on the matter. Following the conclusion of a public hearing conducted by the District on June 23, 2022, the Improvement District was established by the Board of the District pursuant to its Resolution No. 22-44 and Chapter 2 of Part 10 of Division 1 of Title 1 of the Education Code, commencing with Section 15300 *et seq.*

Location and Territory. The Improvement District includes the property within the territory of contiguous areas of American Canyon; and all of the property that is south of Highway 12 except for those portions north of Highway 12 but south of the City of Napa or west of North Kelly Road. Bound to the west by the Napa River, to the east and south by the Napa-Solano County boundary. The Improvement District does not include property west of the Napa River or within the territory of contiguous areas of the City of Napa or any property that is north of Highway 12 except for those portions that are north of Highway 12 but south of the City of Napa or east of North Kelly Road. Taxable property within the Improvement District has a fiscal year 2024-25 assessed valuation of \$6,289,845,032, which represents approximately 16.88% of the assessed valuation of the District.

Governing Board. The Board of the District serves as the governing board of the Improvement District. See “NAPA VALLEY UNIFIED SCHOOL DISTRICT – Administration” herein.

DISTRICT FINANCIAL INFORMATION

The information in this section concerning the District's general fund finances and State funding of public education is provided as supplementary information only, and it should not be inferred from the inclusion of this information in this Official Statement that the principal of and interest on the Bonds are 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 upon all property within the Improvement District subject to taxation by the District (except certain personal property which is taxable at limited rates) in an amount sufficient for the payment thereof. See "THE BONDS – Security and Sources of Payment" herein.

State Funding of Education

District revenues consist primarily of guaranteed State moneys, local property taxes and funds received from the State in the form of categorical aid under ongoing programs of local assistance. All State aid is subject to the appropriation of funds in the State's annual budget.

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

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

The primary component of AB 97 was the implementation of the Local Control Funding Formula ("LCFF"), which replaced the revenue limit funding system for determining State apportionments, as well as the majority of categorical program funding. State allocations are now provided on the basis of target base funding grants per unit of ADA (a "Base Grant") assigned to each of four grade spans. Each Base Grant is subject to certain adjustments and add-ons, as discussed below. Full implementation of the LCFF occurred over a period of eight fiscal years, concluding with the adoption of the State budget for fiscal year 2018-19. During the implementation period, an annual transition adjustment was calculated for each school district, equal to such district's proportionate share of appropriations included in the State budget to close the gap between the prior-year funding level and the target allocation following full implementation of the LCFF. In each year, school districts had the same proportion of their respective funding gaps closed, with dollar amounts varying depending on the size of a district's funding gap.

The Base Grants per unit of ADA for each grade span, as of the first year of the LCFF's implementation, were as follows: (i) \$6,845 for grade K-3; (ii) \$6,947 for grades 4-6; (iii) \$7,154 for grades 7-8; and (iv) \$8,289 for grades 9-12. During the implementation period of the LCFF, Base Grants were required to be adjusted annually for COLAs by applying the implicit price deflator for government goods and services. The provision of COLAs is now subject to appropriation for such adjustment in the annual State budget. The differences among Base Grants are linked to differentials in statewide average revenue limit rates by district type, and are intended to recognize the generally higher costs of education

at higher grade levels. See “– State Budget Measures” herein for information on the adjusted Base Grants provided by current State budgetary legislation.

The Base Grants for grades K-3 and 9-12 are subject to adjustments of 10.4% and 2.6%, respectively, to cover the costs of class size reduction in early grades and the provision of career technical education in high schools. Unless otherwise collectively bargained for, school districts serving students in grades K-3 must maintain an average class enrollment of 24 or fewer students in grades K-3 at each school site in order to continue receiving the adjustment to the K-3 Base Grant. Such school districts must also make progress towards this class size reduction goal in proportion to the growth in their funding over the implementation period. AB 97 also provides additional add-ons to school districts that received categorical block grant funding pursuant to the Targeted Instructional Improvement and Home-to-School Transportation programs during fiscal year 2012-13.

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. The State budget for fiscal year 2021-22 also implemented a plan to expand the LCFF to include Transitional Kindergarten (TK) to all four-year olds. This plan is expected to phase in cohorts of TK students over a four-year period, concluding in fiscal year 2025-26. As a result, school districts that serve TK students will be eligible to receive an add-on equal to \$2,813, multiplied by such district’s second principal reporting period ADA for TK students for the current fiscal year. Beginning in fiscal year 2023-24, this add-on is subject to COLA adjustments to the same degree as LCFF Base Grants. For fiscal year 2024-25, the District has a projected ADA of 441 TK students.

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). The LCFF also 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 65% 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 2015-16 through 2023-24, and projected amounts for fiscal year 2024-25.

ADA, ENROLLMENT AND EL/LI ENROLLMENT PERCENTAGE
Fiscal Years 2015-16 through 2024-25
Napa Valley Unified School District

Fiscal Year	Average Daily Attendance⁽¹⁾					Enrollment⁽²⁾	
	K-3	4-6	7-8	9-12	Total ADA	Total Enrollment	% of EL/LI Enrollment
2015-16	4,641	3,649	2,443	5,753	16,486	17,192	53%
2016-17	4,506	3,572	2,430	5,655	16,163	16,891	52
2017-18	4,492	3,416	2,389	5,681	15,978	16,750	54
2018-19	4,324	3,269	2,424	5,720	15,739	16,526	52
2019-20	4,243	3,311	2,639	5,787	15,980	16,736	52
2020-21	4,631	3,561	2,627	5,801	16,620	16,962	55
2021-22	4,039	3,191	2,313	5,493	15,036	16,525	57
2022-23	4,100	3,117	2,232	5,359	14,808	16,174	66
2023-24	4,252	3,225	2,164	5,338	14,978	16,116	67
2024-25 ⁽³⁾	4,288	3,187	2,263	5,228	14,966	16,093	68

⁽¹⁾ Reflects ADA as of the second principal reporting period (P-2 ADA), ending on or before the last attendance month prior to April 15 of each school year. An attendance month is each four week period of instruction beginning with the first day of school for any school district. For the 2019-20 school year, due to the outbreak of COVID-19, P-2 ADA only reflects full school months from July 1, 2019 through February 29, 2020. See “-Considerations Regarding COVID-19” herein. Excludes County operated programs.

⁽²⁾ Reflects 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. For purposes of calculating Supplemental and Concentration Grants, a school district’s percentage of unduplicated EL/LI students is based on a rolling average of such district’s EL/LI enrollment for the then-current fiscal year and the two immediately preceding fiscal years.

⁽³⁾ Projected.

Source: Napa Valley Unified School District.

For certain school districts that would have received greater funding levels under the prior revenue limit system, the LCFF provides for a permanent economic recovery target (“ERT”) add-on, equal to the difference between the revenue limit allocations such districts would have received under the prior system in fiscal year 2020-21, and the target LCFF allocations owed to such districts in the same year. To derive the projected funding levels, the LCFF assumes the discontinuance of deficit revenue limit funding, implementation of COLAs in fiscal years 2014-15 through 2020-21, and restoration of categorical funding to pre-recession levels. The ERT add-on will be paid incrementally over the implementing period of the LCFF. The District does not qualify for the ERT add-on.

Prior to fiscal year 2022-23, the sum of a school district’s adjusted Base, Supplemental and Concentration Grants was multiplied by such district’s P-2 ADA for the current or prior year, whichever is greater. The 2022-23 State budget amended the LCFF calculation to allow the sum of a school district’s adjusted Base, Supplemental and Concentration Grants to be multiplied by such district’s P-2 ADA for the current year, prior year or average of three prior years, whichever is greater. The funding amount generated by this calculation, together with any applicable ERT, or categorical block or TK grant add-ons, will yield a district’s total LCFF allocation (with certain adjustments applicable to necessary small schools). 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 "community supported" districts (or "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. Community supported 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 a community supported district.

Recent deportation efforts initiated by the current Presidential administration may pose a potential risk to school districts relying on revenue from the LCFF. LCFF districts rely heavily on student attendance and enrollment numbers, and for certain districts, Supplemental and Concentration Grant additions for serving a high percentage of EL and LI students (defined herein), to secure funding. If undocumented students or students who have undocumented parents or caretakers cease attending school or face deportation, districts may experience a decrease in funding. The District cannot predict the potential changes to enrollment or attendance in response to the deportation efforts initiated by the current Presidential administration.

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

School districts are also required to adopt local control and accountability plans ("LCAPs") disclosing annual goals for all students, as well as certain numerically significant student subgroups, to be achieved in eight areas of State priority identified by 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 updated annually, covering a three-year period. The State Board of Education has developed a template LCAP for school districts to use.

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 with identifying and implementing programs designed to improve outcomes. Assistance may be provided by the California Collaborative for Educational Excellence, a state agency created by the LCFF and charged with assisting school districts with achieving the goals set forth in their LCAPs. The State Board of Education has developed rubrics to assess school district performance and the need for support and intervention.

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

Other 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 school district 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. However, no representation can be made that the District will continue to receive or be eligible for federal funding of education programs, including as a result of current efforts and proposals to reduce the size of the federal workforce, eliminate government programs, and/or eliminate or merge governmental agencies. In addition, school districts may receive additional local revenues beyond local property tax collections, such as leases and rentals, interest earnings, interagency services, developer fees, and other local sources.

Developer Fees. The District maintains a fund, separate and apart from the general fund, to account for developer fees levied on residential and commercial development pursuant to Education Code Section 17620. Developer fees are legally required to be used for facility improvements and construction necessitated by student population increases resulting from such development. The following table lists the annual developer fees generated for the previous four fiscal years, along with a projected amount for fiscal year 2024-25.

DEVELOPER FEE COLLECTIONS
Fiscal Years 2020-21 through 2024-25
Napa Valley Unified School District

<u>Fiscal Year</u>	<u>Total Collections</u>
2020-21	\$1,186,212
2021-22	2,933,372
2022-23	4,360,237
2023-24	3,002,864
2024-25 ⁽¹⁾	3,250,000

⁽¹⁾ Projected.

Source: Napa Valley Unified School District.

Considerations Regarding COVID-19

General. An outbreak of disease or similar public health threat, such as the ongoing coronavirus (“COVID-19”) pandemic, 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 had significant negative impacts throughout the world, including in the District. The World Health Organization declared the COVID-19 outbreak to be a pandemic in 2020, and states of emergency were previously declared by the WHO, the State and the United States. The purpose behind these declarations was to coordinate and formalize emergency actions and across federal, State and local governmental agencies, and to proactively prepare for the then-expected wider spread of the virus. All such states of emergency have since been lifted.

To date there have been millions of confirmed cases in the United States, and over one million deaths related to COVID-19. Although vaccines and vaccine boosters are currently widely available, no representation can be made as to whether the number of cases will continue to grow. The COVID-19 outbreak resulted in the imposition of restrictions on mass gatherings and widespread temporary closings of businesses, universities and schools through much of 2020 and portions of 2021, as well as supply chain issues and significant increases in inflation as these restrictions and closures were lifted. Stock markets in the U.S. and globally have been volatile, with significant declines attributed to coronavirus concerns.

District Response. As a result of the outbreak of COVID-19, the District closed its schools for in-person learning for the remainder of the 2019-20 school year effective March 16, 2020, and began instruction through distance learning. The District opened the 2020-21 school year in an all distance learning environment before transitioning back to in-person instruction.

The District has been awarded approximately \$47,854,983 in COVID-19-related relief funding. This funding includes (i) approximately \$10,921,897 in learning loss mitigation funding, (ii) approximately \$1,358,102 from the Elementary and Secondary School Emergency Relief Fund (“ESSER I”) funded by the CARES Act, (iii) approximately \$5,485,916 from ESSER (“ESSER II”) funded by the Consolidated Appropriations Act, 2021, and (iv) approximately \$12,332,017 from ESSER (“ESSER III”)

funded by the American Rescue Plan. The District has also been awarded approximately \$11,574,339 of Expanded Learning Opportunities Grants and \$6,182,712 of In-person Instruction Grants pursuant to AB 86. The District has expended all COVID-19-related relief funding.

State budgetary legislation also included provisions to mitigate ADA losses resulting from the pandemic. The fiscal year 2020-21 State budget included a temporary hold harmless provision for the purpose of calculating apportionments in fiscal year 2020-21 in which ADA for fiscal year 2020-21 was based on fiscal year 2019-20. While the fiscal year 2021-22 State budget did not extend the ADA hold harmless provision, in fiscal year 2021-22, school districts still retained the ability to receive their LCFF apportionment based on the higher of their prior fiscal year or current fiscal year ADA. To support the fiscal stability of all local educational agencies, including those with declining student populations, the 2022-23 State budget amended the LCFF calculation to consider the greater of a school district's current year, prior year or average of three prior years' ADA. Also, to minimize reductions in LCFF funding that would otherwise occur due to increased absences in fiscal year 2021-22, the 2022-23 State budget enabled all classroom-based local educational agencies that could demonstrate they provided independent study offerings to students in fiscal year 2021-22 to be funded at the greater of their current year ADA or their current year enrollment, adjusted for pre-COVID-19 absence rates in the 2021-22 fiscal year.

Other 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 if schools are required to close in the future, disruption of the regional and local economy with corresponding decreases in tax revenues, including property tax revenue, sales tax revenue and other revenues, increases in tax delinquencies, potential declines in property values, and decreases in new home sales, and real estate development. The economic consequences and the volatility 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, have had a material impact on the investments in the State pension trusts. Such investments could continue to be impacted by the lingering effects of the COVID-19 pandemic, which could materially increase the unfunded actuarial accrued liability of the STRS Defined Benefit Program and PERS Schools Pool and, in turn, result in material changes to the District's required contribution rates in future fiscal years. See "NAPA VALLEY UNIFIED SCHOOL DISTRICT – District Retirement Systems" herein.

Notwithstanding the general availability of vaccines and vaccine boosters, the ultimate geographic spread of the virus, the effectiveness of available vaccines in containing the spread or mutation of the virus, and the economic and other 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>), California Department of Public Health (<https://covid19.ca.gov/>) and the Napa County Department of Public Health (<https://www.countyofnapa.org/2739/Coronavirus-COVID-19>). *The District has not incorporated by reference the information on such websites, and the District does not assume any responsibility for the accuracy of the information on such websites.*

Budget Process

State Budgeting Requirements. The District is required by provisions of the State Education Code to maintain a balanced budget each year, in which the sum of expenditures and the ending fund balance cannot exceed the sum of revenues and the carry-over fund balance from the previous year. The State Department of Education imposes a uniform budgeting and accounting format for school districts. The budget process for school districts was substantially amended by Assembly Bill 1200 (“AB 1200”), which became State law on October 14, 1991. Portions of AB 1200 are summarized below. Additional amendments to the budget process were made by Assembly Bill 2585, effective as of September 9, 2014, including the elimination of the dual budget cycle option for school districts. All school districts must now be on a single budget cycle.

School districts must adopt a budget on or before July 1 of each year. The budget must be submitted to the county superintendent within five days of adoption or by July 1, whichever occurs first. The county superintendent will examine the adopted budget for compliance with the standards and criteria adopted by the State Board of Education and identify technical corrections necessary to bring the budget into compliance, and will determine if the budget allows the district to meet its current obligations, if the budget is consistent with a financial plan that will enable the district to meet its multi-year financial commitments, whether the budget includes the expenditures necessary to implement a LCAP, 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.

A school district whose budget has been disapproved 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 school district budgets and not later than November 8, must 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 school district’s budget is approved, the school district will operate on the lesser of its proposed budget for the current fiscal year or the last budget adopted and reviewed for the prior fiscal year.

Interim Financial Reports. Under the provisions of AB 1200, each school district is required to file interim certifications with the county office of education as to its ability to meet its financial obligations for the remainder of the then-current fiscal year and, based on current forecasts, for the subsequent 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 current fiscal year or the 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 the two subsequent fiscal years.

For school districts under fiscal distress, the county superintendent is authorized to take a number of actions to ensure that the school district meets its financial obligations, including budget revisions. However, the county superintendent is not authorized to approve any diversion of revenue from *ad valorem* property taxes levied to pay debt service on district general obligation bonds. A school district that becomes insolvent, may, upon the approval of a fiscal plan by the county superintendent, request an emergency appropriation from the State, in which case the county superintendent, the Superintendent of Public Instruction and the president of the State board or the president's designee will appoint a trustee at the direction of the county superintendent to serve the school district until it has adequate fiscal systems and controls in place. In connection with appointing such a trustee, some or all of the legislative powers of the governing board of such a school district can be suspended until the district achieves fiscal stability.

Within the past five years, the District has submitted, and the County superintendent of schools has accepted, "positive" certifications on each of its interim financial reports.

Budgeting Trends. The table on the following page summarizes the District's general fund adopted budgets for fiscal years 2020-21 through 2024-25, ending results for fiscal years 2020-21 through 2023-24, and projected actuals for fiscal year 2024-25.

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GENERAL FUND BUDGETING
Fiscal Years 2020-21 through 2024-25
Napa Valley Unified School District

	Fiscal Year 2020-21 ⁽¹⁾		Fiscal Year 2021-22 ⁽¹⁾		Fiscal Year 2022-23 ⁽¹⁾		Fiscal Year 2023-24 ⁽¹⁾		Fiscal Year 2024-25	
	Adopted Budget	Ending	Adopted Budget	Ending	Adopted Budget	Ending	Adopted Budget	Ending	Adopted Budget ⁽²⁾	Projected Actuals ⁽²⁾
REVENUES:										
LCFF	\$158,518,575	\$171,836,925	\$179,401,211	\$180,813,923	\$188,370,974	\$208,138,608	\$215,111,942	\$223,402,701	\$222,157,356	\$223,527,347
Federal Revenue	8,451,097	19,635,274	10,105,801	15,694,648	14,836,902	16,228,410	10,037,374	17,468,204	9,004,431	12,937,884
Other State Revenue	14,252,903	32,958,691	15,348,971	33,302,961	26,259,347	61,051,535	20,435,142	32,038,507	28,986,509	33,756,256
Other Local Revenue	<u>3,524,015</u>	<u>5,036,410</u>	<u>3,620,009</u>	<u>5,675,272</u>	<u>2,027,931</u>	<u>2,978,130</u>	<u>3,860,708</u>	<u>12,167,443</u>	<u>4,204,893</u>	<u>9,160,080</u>
Total Revenues	184,746,590	229,467,300	208,475,992	235,486,804	231,495,154	288,396,683	249,445,166	285,076,855	264,353,189	279,381,567
EXPENDITURES:										
Certificated Salaries	87,105,797	90,206,644	91,016,508	92,729,400	97,694,299	99,699,773	110,245,598	109,904,795	119,353,449	121,251,840
Classified Salaries	31,789,822	30,916,858	32,045,497	32,426,896	36,449,855	35,767,085	40,555,573	41,493,108	44,509,504	45,679,750
Employee Benefits	42,945,491	43,225,983	49,693,373	49,173,122	56,412,807	51,083,850	58,647,043	55,690,989	62,554,478	58,332,597
Books and Supplies	5,664,987	8,962,128	5,854,631	8,520,525	8,635,261	8,446,941	15,167,507	10,892,999	17,482,743	21,580,376
Services and Operating Expenditures	24,922,605	25,908,587	27,584,747	29,801,573	33,991,003	37,666,341	37,230,994	41,207,543	41,826,744	54,407,363
Capital Outlay	87,808	194,987	160,000	1,152,865	55,000	433,123	175,000	3,781,544	278,385	1,646,764
Other Outgo	--	--	--	--	--	--	--	--	(662,763)	(495,486)
Transfers of Direct Support/Indirect Costs	<u>(259,399)</u>	<u>(289,825)</u>	<u>(337,419)</u>	<u>(307,095)</u>	<u>(431,040)</u>	<u>(345,077)</u>	<u>(387,969)</u>	<u>(384,066)</u>	--	--
Total Expenditures	192,257,112	199,125,362	206,017,337	213,497,286	232,807,185	232,752,036	261,633,746	262,586,912	285,342,540	302,403,204
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(7,510,521)	30,341,938	2,458,655	21,989,518	(1,312,031)	55,644,647	(12,188,580)	22,489,943	(20,989,351)	(23,021,637)
OTHER FINANCING SOURCES (USES) - NET:	(500,000)	1,115,334	--	512,015	--	--	--	(27,659,020) ⁽⁴⁾	--	(4,168,628) ⁽⁴⁾
FUND BALANCE, JULY 1	<u>20,398,117</u>	<u>20,398,122</u>	<u>46,618,486⁽³⁾</u>	<u>46,618,486⁽³⁾</u>	<u>69,120,019</u>	<u>69,120,019</u>	<u>124,764,667</u>	<u>124,764,667</u>	<u>120,166,452⁽⁵⁾</u>	<u>120,166,452⁽⁵⁾</u>
FUND BALANCE, JUNE 30	<u>\$12,387,596</u>	<u>\$51,855,394</u>	<u>\$49,077,141</u>	<u>\$69,120,019</u>	<u>\$67,807,988</u>	<u>\$124,764,666</u>	<u>\$112,576,087</u>	<u>\$120,166,452</u>	<u>\$99,177,101</u>	<u>\$92,976,187</u>

(1) From the District's Audited Financial Statements for fiscal years 2020-21 through 2023-24, respectively. Reflects combined unrestricted and restricted general fund.

(2) From the District's Second Interim Report for fiscal year 2024-25, approved by the Board on March 13, 2025. Reflects restricted and unrestricted general fund. Numbers are rounded to nearest whole and may not sum.

(3) The \$(5,219,782) variance between the ending fund balance for fiscal year 2020-21 and the beginning fund balances shown for fiscal year 2021-22 results from a prior period adjustment to account for resource code changes made by the State of California that impact the timing of revenue recognition of the Expanded Learning Opportunities Grant allocations, along with an additional immaterial "clean up" adjustment of \$(32,727).

(4) Primarily reflects transfer out to the special reserve fund for capital projects.

(5) Revised to reflect actual beginning fund balance.

Source: Napa Valley Unified School District.

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.

Comparative Financial Statements

Audited financial statements for the District for the fiscal year ended June 30, 2024 and prior fiscal years are on file with the District and available for public inspection at the Napa Valley Unified School District, 2425 Jefferson Street, Napa, California 94558, telephone: (707) 253-3715. The following table reflects the District's revenues, expenditures and fund balances for fiscal years 2019-20 through 2023-24.

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**AUDITED GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES
AND FUND BALANCES⁽¹⁾**

**Fiscal Years 2019-20 through 2023-24
Napa Valley Unified School District**

	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>	<u>2023-24</u>
<u>Revenues</u>					
Total LCFF Sources	\$164,253,518	\$171,836,925	\$180,813,923	\$208,138,608	\$223,402,701
Federal Revenue	9,635,869	19,635,274	15,694,648	16,228,410	17,468,204
Other State Revenue	19,267,880	32,958,691	33,302,961	61,051,535	32,038,507
Other Local Revenue	<u>5,863,301</u>	<u>5,036,410</u>	<u>5,675,272</u>	<u>2,978,130</u>	<u>12,167,443</u>
Total Revenue	199,020,568	229,467,300	235,486,804	288,396,683	285,076,855
<u>Expenditures</u>					
Instruction	118,300,613	119,811,699	126,661,166	139,606,808	148,785,529
Instruction-related services:					
Supervision of instruction	11,135,155	10,773,967	10,323,869	10,958,821	14,648,638
Instruction library, media and technology	803,583	1,127,725	1,234,093	1,712,762	1,337,059
School site administration	13,371,732	13,244,201	13,740,058	14,119,214	15,646,296
Pupil services:					
Home-to-school transportation	3,098,965	3,168,553	4,010,176	3,892,467	5,889,675
Food services	429,144	168,385	38,771	291,798	782,214
All other pupil services	12,311,847	12,495,392	13,789,106	15,570,029	17,478,445
General administration:					
Data processing	2,712,715	2,342,385	2,131,410	2,742,015	3,294,749
All other general administration	9,611,656	12,474,524	13,699,058	15,815,430	18,172,011
Plant services	19,764,004	21,689,379	24,754,943	25,184,045	27,932,470
Facility acquisition and construction	29,548	66,124	241,900	3,287	2,408,947
Ancillary services	1,625,457	1,278,400	1,547,594	1,508,164	2,808,037
Enterprise	32,040	229,527	9,566	--	--
Community services	73,371	11,652	57,309	1,020,399	1,297,496
Other outgo	45,455	35,759	28,735	130,839	17,976
Debt service:					
Principal	216,766	207,690	1,075,331	182,688	2,031,081
Interest and fees	--	--	<u>154,201</u>	<u>13,269</u>	<u>56,289</u>
Total Expenditures	193,562,051	199,125,362	213,497,286	232,752,035	262,586,912
Excess (deficiency) of revenues over expenditures	5,458,517	30,341,938	21,989,518	55,644,648	22,489,943
<u>Other Financing Sources (Uses)</u>					
Operating transfers In	--	37,255	512,015	--	--
Operating transfers Out	(264,858)	(22,703)	--	--	(30,000,000) ⁽⁴⁾
Leases and subscriptions	--	--	--	--	2,340,980
Transfer of funds for charter reorganization	--	<u>1,100,782</u>	--	--	--
Total Other Financing Sources (Uses)	(264,858)	1,115,334	512,015	--	(27,659,020)
Net Change in Fund Balance	5,193,659	31,457,272	22,501,533	55,644,648	(5,169,077)
Beginning Balance	<u>15,115,504</u>	<u>20,398,122</u>	<u>46,618,486⁽²⁾</u>	<u>69,120,019</u>	<u>125,335,529⁽³⁾</u>
Ending Balance	<u>\$20,309,163</u>	<u>\$51,855,394</u>	<u>\$69,120,019</u>	<u>\$124,764,667</u>	<u>\$120,166,452</u>

(1) Totals may not add due to rounding.

(2) The \$(5,219,782) variance between the ending fund balance for fiscal year 2020-21 and the beginning fund balances shown for fiscal year 2021-22 results from a prior period adjustment to account for resource code changes made by State of California that impact the timing of revenue recognition of the Expanded Learning Opportunities Grant allocations, along with an additional immaterial "clean up" adjustment of \$(32,727).

(3) Reflects an adjustment to the beginning fund balance of \$570,862 to account for State Child Nutrition funds earned and received, but not booked in the District's financial records.

(4) Reflects transfer out to the special reserve fund for capital projects.

Source: Napa Valley Unified School District.

State Budget Measures

The following information concerning the State's budgets has been obtained from publicly available information which the District believes to be reliable; however, the District does not guarantee the accuracy or completeness of this information and has not independently verified such information. Furthermore, it should not be inferred from the inclusion of this information herein that the principal 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 in an amount sufficient for the payment thereof.

2024-25 State Budget. On June 29, 2024, the Governor signed the State budget for fiscal year 2024-25 (the "2024-25 State Budget"). The following is drawn from the DOF summary of the 2024-25 State Budget.

The 2024-25 State Budget reported that, emerging from the COVID-19 pandemic, the State had experienced significant revenue volatility occasioned by unprecedented revenue growth that was quickly followed by a sharp correction back towards to historical trends, as well as federal and state income tax deadline delays which significantly clouded the State's revenue forecast. The 2024-25 State Budget estimated that the State was facing a budget shortfall in fiscal year 2024-25 of approximately \$46.8 billion. The 2024-25 State Budget solved the projected deficit through a mix of broad-based measures, including:

- *Reductions* – \$16 billion of reductions to various State programs and operations, including (i) a reduction to State operations of approximately 7.95% beginning in fiscal year 2024-25 to nearly all department budgets, (ii) a permanent reduction of \$1.5 billion by reducing departmental budgets for vacant positions, (iii) an additional reduction of \$358 million (for a total of \$750 million) to the Department of Corrections and Rehabilitation in fiscal years 2022-23 through 2024-25, and (iv) various one-time and ongoing reductions to State programs, including the California Student Housing Loan Program, the Learning-Aligned Employment Program, the Middle Class Scholarship Program, affordable housing programs, healthcare workforce programs and State and local public health efforts.
- *Revenue and Internal Borrowing* – \$13.6 billion in additional revenue sources and internal borrowings from special funds, including (i) suspension of the Net Operating Loss tax deduction for companies with over \$1 million in taxable income and limits on business tax credits to \$5 million in fiscal years 2024-25 through 2026-27, (ii) an increase to the managed care organization tax of \$5.1 billion in fiscal year 2024-25, \$4.6 billion in fiscal year 2025-26 and \$4 billion in fiscal year 2026-27.
- *Reserves* – The 2024-25 State Budget withdrew \$12.2 billion from the BSA over the next two fiscal years (\$5.1 billion in fiscal year 2024-25 and \$7.1 billion in fiscal year 2025-26), and \$900 million from the Safety Net Reserve in fiscal year 2024-25. The 2024-25 State Budget also withdraws the full balance in the PSSSA (\$5.3 billion) to support LCFF costs in fiscal year 2023-24. The 2024-25 State Budget also authorizes a discretionary payment to the PSSSA in fiscal year 2024-25 of \$1.1 billion. As a result, school reserve caps are not projected to be triggered in fiscal year 2024-25 and 2025-26.
- *Fund Shifts* – The 2024-25 State Budget shifted \$6.0 billion of expenditures from the State general fund to other funds, including (i) applying a prior CalPERS supplemental pension payment to the State's overall pension liability, reducing required employer

contributions in fiscal year 2024-25 by \$1.7 billion, and (ii) \$3.9 billion from the State general fund to the Greenhouse Gas Reduction Fund to support the Transit and Intercity Rail Capital Program as well as clean energy and other climate programs.

- *Delays and Pauses* – \$3.1 billion of delays to avoid increases in future obligations and potential shortfalls, including (i) delaying for two years the expansion of the California Food Assistance Program, (ii) delaying for two years the implementation of increased pay to providers of assistance to individuals with developmental disabilities, (iii) delaying for two years the expansion of child care slots, and (iv) delaying funding to the Broadband Last Mile program, which provides funding for projects that increase internet access in low income communities, to fiscal year 2027-28.
- *Deferrals* – \$2.1 billion of deferrals in certain State payments, including (i) a deferral of \$3.2 billion (including \$1.6 billion from the State general fund) for one month of State employees’ payroll costs, and (ii) a multi-year deferral of \$524 million for the University of California/California State University compact which advances several shared student goals. The 2024-25 State Budget also authorizes LCFF apportionment deferrals of \$246 million from 2024-25 to 2025-26 (as further described herein).

For fiscal year 2023-24, the 2024-25 State Budget projected total general fund revenues and transfers of \$189.4 billion and authorized expenditures of \$223.1 billion. The State was projected to end the 2023-24 fiscal year with total reserves of \$26.4 billion, including \$22.6 billion in the BSA, \$2.9 billion in the traditional general fund reserve, and \$900 million in the Safety Net Reserve Fund. The 2024-25 State Budget also authorized the withdrawal of the full amount on deposit in the PSSSA, leaving a zero balance. For fiscal year 2024-25, the 2024-25 State Budget projected total general fund revenues and transfers of \$212.1 billion and authorizes expenditures of \$211.5 billion. The State was projected to end the 2024-25 fiscal year with total reserves of \$22.2 billion, including \$3.5 billion in the traditional general fund reserve, \$17.6 billion in the BSA and \$1.1 billion in the PSSSA. The Safety Net Reserve was projected to have a zero balance.

The 2024-25 State Budget set total funding for all K-12 education programs at \$133.8 billion, including \$81.5 billion from the State general fund and \$52.3 billion from other sources. The minimum funding guarantee in fiscal year 2024-25 was set at \$115.3 billion. The 2024-25 State Budget also made retroactive changes to the minimum funding guarantee in fiscal years 2022-23 and 2023-24, setting them at \$103.7 billion and \$98.5 billion, respectively. The 2024-25 State Budget suspended the minimum funding guarantee in fiscal year 2023-24, creating a maintenance factor obligation of approximately \$8.3 billion in fiscal year 2023-24, and was projected to create a maintenance factor obligation of approximately \$4.1 billion in fiscal year 2024-25, which would be paid in addition to the guarantee for fiscal year 2024-25. The 2024-25 State Budget projected Test 1 of the guarantee to be in effect in fiscal year 2024-25. To accommodate enrollment increases related to the expansion of Transitional Kindergarten, the 2024-25 State Budget rebenchmarked the Test 1 percentage, from approximately 38.6% to 39.2%, to increase the percentage of State general fund revenues that count towards the minimum funding guarantee.

Other significant features relating to K-12 education funding include the following:

- *LCFF* – The 2024-25 State Budget included an LCFF COLA of 1.07%. When combined with population growth adjustments, this would result in an increase of roughly \$983 million in discretionary funds for local educational agencies, as compared to the level set in the prior State budget. To fully fund the LCFF, the 2024-25 State Budget authorized the withdrawal of the full balance in the PSSSA to support ongoing LCFF costs in fiscal

year 2023-24, and uses available reappropriation and reversion funding totaling \$253.9 million to support ongoing LCFF costs in 2024-25. As a result, the adjusted Base Grants for fiscal year 2024-25 were as follows: (i) \$3,077 for TK, (ii) \$10,025 for grades K-3, (iii) \$10,177 for grades 4-6, (iv) \$10,478 for grades 7 and 8, and (v) \$12,144 for grades 9-12. The 2024-25 State Budget also provided \$89.2 million in ongoing Proposition 98 funding to reflect a 1.07% COLA for specified categorical programs.

- *Deferrals* – The 2024-25 State Budget reflected LCFF apportionment deferrals from 2023-24 to 2024-25 of approximately \$3.6 billion, and from 2024-25 to 2025-26 of approximately \$246 million. Additionally, the 2024-25 State Budget reflected approximately \$2.3 billion in categorical program deferrals from 2022-23 to 2023-24, with the deferral amount being repaid using funds on deposit in the PSSSA.
- *Teacher Preparation and Professional Development* – \$25 million in one-time Proposition 98 funding to support training for educators to administer literacy screenings. The 2024-25 State Budget also provided \$20 million in one-time Proposition 98 funding for county offices of education to develop and provided training for mathematics coaches and leaders to support the delivery of high-quality math instruction.
- *Transitional Kindergarten* – \$988.7 million in Proposition 98 funding to support the second year (the 2023-24 school year) of expanded eligibility for TK, shifting age eligibility from all children turning five years old between September 2 and February 2 to all children turning such age between September 2 to April 2 (approximately 36,000 additional children). In connection with this expansion, the 2024-25 State Budget provided \$390.2 million in Proposition 98 funding to support one additional certificated or classified staff person for every TK class. Additionally, the 2024-25 State Budget provided \$1.5 billion in ongoing Proposition 98 funding to support the third year (the 2024-25 school year) of expanded eligibility for TK, shifting age eligibility for all children turning five years old between September 2 and April 2 to all children turning such age between September 2 and June 2 (approximately 38,000 additional children). In connection with this expansion, the 2024-25 State Budget provided \$515.5 million in ongoing Proposition 98 funding to support one additional certificated or classified staff person for every TK class.
- *Facilities* – The 2024-25 State Budget delayed \$550 million of funds approved as part of previous State budgets to support the construction of new school facilities or the retrofit of existing facilities for the purpose of providing TK, full-day kindergarten or preschool classrooms. The 2024-25 State Budget also forgoes a previously planned investment of \$875 million in the State School Facilities Program.
- *Home-to-School Transportation* – The 2024-25 State Budget eliminated \$500 million in previously planned one-time Proposition 98 funding to support the greening of school bus fleets.
- *Nutrition* – An increase of \$179.4 million in ongoing Proposition 98 funding, and an additional \$120.8 million in one-time Proposition 98 funding, to fully fund the universal school meals program in 2023-24 and 2024-25.
- *Employee Assistance* – \$9 million in one-time Proposition 98 funding to provide supplemental pay for classified school staff during intersessional months when they are not employed.

- *Instruction* – \$907.1 million to support Proposition 28, the Arts and Music in Schools Funding Guarantee and Accountability Act, in fiscal year 2024-25. The 2024-25 State Budget also provided \$7 million in one-time Proposition 98 funding to support inquiry-based science instruction and assessment through the development of a bank of curriculum-embedded performance tasks. Finally, the 2024-25 State Budget provided \$5 million in one-time Proposition 98 funding to support the California Teachers Collaborative for Holocaust and Genocide Education.
- *After School Programs* - \$5 million in one-time State general fund support for after school programs in rural school districts.
- *Technology Support* – \$3.4 million, of which \$380,000 is ongoing, to support the replacement of critical computer servers, maintain warranty coverage for network infrastructure and refresh laptops, tablets and workstations for students and staff at State special schools and diagnostic centers. The 2024-25 State Budget also provided \$3.2 million in ongoing Proposition 98 funding to support the K-12 High Speed Network program.

For additional information regarding the 2024-25 State Budget, see the DOF and LAO websites www.dof.ca.gov and www.lao.ca.gov. However, the information presented on such websites is not incorporated herein by any reference.

2025-26 Proposed State Budget. On January 10, 2025, the Governor released the proposed State budget for fiscal year 2025-26 (the “Proposed 2025-26 Budget”). The following is drawn from the DOF and LAO summaries of the Proposed 2025-26 Budget.

The Proposed 2025-26 Budget reports that the State begins 2025 in a stronger fiscal position than it has in recent years. The State experienced significant budget shortfalls in recent years due to the combination of extreme revenue volatility and an unprecedented federal tax filing delay. The economy has generally performed better than projected in the 2024-25 Budget, leading to an upgraded forecast in the near term and modest upward revisions in the long term. The stronger-than-anticipated performance of the economy, stock market, and cash receipts, combined with an improved economic outlook, have all contributed to the upgraded revenue forecast, with general fund revenues before accounting to transfers and tax policy proposals projected to be higher by approximately \$16.5 billion in the three-year budget window. In its review of the Proposed 2025-26 Budget, the LAO notes that the Governor’s revenue estimates exceed the LAO’s by approximately \$9 billion, owing largely to higher estimates of personal income and corporation taxes. The Proposed 2025-26 Budget recognizes several risk factors that could affect the economy and State revenues, including stock market and asset price volatility and declines, as well as geopolitical instability. Although the Proposed 2025-26 Budget anticipates shortfalls in subsequent fiscal years that are driven by expenditures exceeding revenues, additional decisions may be necessary at the May revision to maintain a balanced budget, not only in the coming year, but also on an ongoing basis.

The 2024-25 State Budget assumed withdrawals from the BSA of approximately \$5.1 billion in 2024-25 and \$7.1 billion in 2025-26 in order to provide for a balanced budget. The Proposed 2025-26 Budget maintains the \$7.1 billion withdrawal from the BSA for 2025-26. In order to address revenue volatility and increase budget resiliency, the Proposed 2025-26 Budget proposes statutory changes to allow the State to save even more during economic upswings. The Proposed 2025-26 Budget proposes to increase the mandatory deposit level in the BSA from the current 10 percent to 20 percent of general fund revenues and exempt deposits into the BSA from the State appropriations limit. The Proposed 2025-26 Budget assumes that increased reserves would allow the State to weather future revenue volatility and

avoid needing to make reductions, deferrals and funding delays during revenue downswings or other emergencies.

For fiscal year 2024-25, the Proposed 2025-26 Budget projects total general fund revenues and transfers of \$222.5 billion and authorizes expenditures of \$232.1 billion. The State is projected to end the 2024-25 fiscal year with total reserves of approximately \$27.4 billion, including \$18.0 billion in the BSA, \$8.3 billion in traditional general fund reserves and \$1.2 billion in the PSSSA. For fiscal year 2025-26, the Proposed 2025-26 Budget projects total general fund revenues and transfers of \$225.1 billion and authorizes expenditures of \$228.9 billion. The State is projected to end the 2025-26 fiscal year with total reserves of approximately \$16.9 billion, including \$4.5 billion in the traditional general fund reserve, \$10.9 billion in the BSA and \$1.5 billion in the PSSSA. The Safety Net Reserve is projected to have a zero balance across both fiscal years 2024-25 and 2025-26.

The Proposed 2025-26 Budget sets total funding in fiscal year 2025-26 for all TK-12 education programs at \$137.1 billion, including \$83.3 billion from the State general fund and \$53.8 billion from other sources. TK-12 per-pupil funding totals \$24,764, including \$18,918 from Proposition 98 sources. The minimum funding guarantee in fiscal year 2025-26 is set at \$118.9 billion. The Proposed 2025-26 Budget also makes retroactive changes to the minimum funding guarantee in fiscal years 2023-24 and 2024-25, setting them at \$98.5 billion and \$119.2 billion, respectively. The revisions to the minimum funding guarantee represent an increase of approximately \$7.5 billion of the three-year period relative to the 2024-25 State Budget. For fiscal year 2024-25, the Proposed 2025-26 Budget appropriates \$117.6 billion, instead of the currently calculated level of \$119.2 billion, in order to mitigate the risk of potentially appropriating more resources to the minimum funding guarantee than are available in the final calculation for 2024-25. Potential adjustments will be evaluated at the May revision to the Proposed 2025-26 Budget and will not be final until the certification of the 2024-25 minimum funding guarantee. The Proposed 2025-26 Budget projects Test 1 of the guarantee to be in effect for fiscal years 2024-25 and 2025-26. To accommodate enrollment increases related to the expansion of Universal Transitional Kindergarten (further described below), the Proposed 2025-26 State Budget rebenches the Test 1 percentage, from approximately 39.2% to 39.6%, to increase the percentage of State general fund revenues that count towards the minimum funding guarantee.

Other significant features relating to TK-12 education funding include the following:

- *LCFF* – The Proposed 2025-26 Budget includes an LCFF COLA of 2.43%. When combined with population growth adjustments, this would result in an increase of roughly \$2.5 billion in discretionary funds for local educational agencies. The Proposed 2025-26 Budget assumes that budgetary deferrals of \$246.6 million are fully repaid in 2025-26. To fully fund the LCFF and maintain the level of past year principal apportionments, the Proposed 2025-26 Budget uses available reappropriation and reversion funding totaling \$25.9 million to support ongoing LCFF costs in 2023-24 and deferring LCFF funding totaling \$35.1 million from 2023-24 to 2024-25. This one-time deferral is fully repaid in 2024-25. The Proposed 2025-26 Budget also provides \$204 million in ongoing Proposition 98 funding to reflect a 2.43% COLA for specific categorical programs and the LCFF Equity Multiplier. Finally, the Proposed 2025-26 Budget reflects \$12.2 million in ongoing Proposition 98 funding to reflect ADA changes applicable to LCFF funding for county offices of education, as well as a 2.43% COLA.
- *Universal Transitional Kindergarten* – \$2.4 billion in ongoing Proposition 98 funding to support the full implementation of universal transitional kindergarten so that all children who turn 4 years old by September 1 of the school year can enroll (providing access to roughly 60,000 additional children). The Proposed 2025-26 Budget also provides an

additional \$1.5 billion in ongoing Proposition 98 funding to support further lowering the average student-to-adult ratio from 12:1 to 10:1 in every transitional kindergarten classroom, and \$10 million in one-time Proposition 98 funding to support the statewide use of English language proficiency screeners to support multilingual learnings in transitional kindergarten.

- *Before School, After School and Summer School* – \$435 million in additional ongoing Proposition 98 funding for the Expanded Learning Opportunities Program, which seeks to implement before, after and summer school instruction and enrichment for students in grades K-6, with a focus on local educational agencies with the highest concentrations of EL/LI students.
- *Literacy Instruction* – The Proposed 2025-26 Budget provides one-time Proposition 98 funding of \$500 million for TK-12 literacy and mathematics coaches and \$40 million to support necessary costs, including purchasing screening materials and training for educators, to administer literacy examinations. The one-time funds augment funds provided in previous budgets in support of implementing the State’s English Language Arts/English Language (“ELA/ELD”) Framework. The Proposed 2025-26 Budget also provides \$5 million annually through 2029-30 to initiate follow-up adoption for instructional materials and to develop a curriculum guide and resources in personal finance.
- *Teacher Preparation and Professional Development* – \$150 million in one-time Proposition 98 funding to provide financial assistance for teacher candidates and an additional \$100 million in one-time Proposition 98 funding to extend the timeline of the existing National Board Certification Program to support the teaching and mentoring of other instructional staff in high poverty schools.
- *Student Support and Professional Development Discretionary Block Grant* – \$1.8 billion in one-time Proposition 98 funds for a student support discretionary block grant. The funds will provide local educational agencies with additional fiscal support to address rising costs, as well as fund statewide priorities including: (i) professional development for teachers ELA/ELD Framework and the Literacy Roadmap; (ii) professional development for teachers on the Mathematics Framework; (iii) teacher recruitment and retention strategies; and (iv) career pathways and dual enrollment expansion efforts.
- *Learning Recovery Emergency Block Grant* – \$378.6 million one-time Proposition 98 funding to support the Learning Recovery Emergency Block Grant, which supports local educational agencies in establishing learning recovery initiatives through the 2027-28 school year.
- *Nutrition* – An increase of \$106.3 million in ongoing Proposition 98 funding to fully fund the universal school meals program in 2025-26.
- *Kitchen Infrastructure and Training* – \$150 million in one-time Proposition 98 funding for specialized kitchen equipment, infrastructure, and training to support schools in providing more freshly prepared meals made with locally grown ingredients.
- *Local Property Tax Adjustments* – \$150 million in one-time Proposition 98 funding for school districts and county offices of education in 2024-25, and a decrease of \$1.5 billion

ongoing Proposition 98 funding for school districts and county offices of education in 2025-26, resulting from increased offsetting property taxes.

- *TK-12 High Speed Network Support* – \$3.5 million in one-time State general fund support for after school programs in rural school districts.

For additional information regarding the Proposed 2025-26 Budget, see the DOF and LAO websites www.dof.ca.gov and www.lao.ca.gov. However, the information presented on such websites is not incorporated herein by any reference.

Future Actions and Events. The District cannot predict what additional actions will be taken in the future by the State legislature and the Governor to address changing State revenues and expenditures. The District also cannot predict the impact such actions will have on State revenues available in the current or future years for education. The State budget will be affected by national and State economic conditions and other factors over which the District will have no control. Certain actions or results could produce a significant shortfall of revenue and cash, and could consequently impair the State’s ability to fund schools. State budget shortfalls in future fiscal years may also have an adverse financial impact on the financial condition of the District. However, the obligation to levy *ad valorem* property taxes upon all taxable property within the Improvement District for the payment of principal of and interest on the Bonds would not be impaired.

NAPA VALLEY UNIFIED SCHOOL DISTRICT

The information in this section concerning the operations of the District and the District’s finances is provided as supplementary information only, and it should not be inferred from the inclusion of this information in this Official Statement that the principal of and interest on the Bonds are payable from the general fund of the District. The principal of and interest on the Bonds are payable solely from the proceeds of an ad valorem property tax levied annually within the Improvement District by the County in an amount sufficient for the payment thereof. See “THE BONDS – Security and Sources of Payment” herein.

Introduction

The District is located in the central and southern portion of California’s Napa Valley. The District encompasses approximately 259 square miles and includes within its territory the City of Napa, the Town of Yountville, the City of American Canyon and adjacent unincorporated areas of the County. The District was created in 1965 with the unification of 16 elementary districts and a high school district. The District currently operates 14 elementary schools, two TK-8 schools, four middle schools, four high schools, a continuation high school, and an Adult Education program. The District also operates one charter school. For fiscal year 2024-25, the District’s enrollment is 16,093 students and its projected ADA is 14,966 students.

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

Administration

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

<u>Board Member</u>	<u>Office</u>	<u>Term Expires</u>
Eve Ryser	President	December 2028
Lisa W. Chu	Vice President	December 2028
Elba Gonzales-Mares	Clerk	December 2026
Robin Jankiewicz	Member	December 2026
Cindy Watter	Member	December 2026
John Henry Martin	Member	December 2028
Julianna Hart	Member	December 2028

The management and policies of the District are administered by a Superintendent appointed by the Board who is responsible for day-to-day District operations as well as supervision of the District's other key personnel. Brief biographies of the Superintendent and Assistant Superintendent, Business and Operational Services follow:

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

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

Charter School

Charter schools are largely independent schools operating as part of the public school system created pursuant to Education Code Part 26.8 (beginning with Section 47600) of Division 4 of Title 2 (the “Charter School Law”). A charter school is usually created or organized by a group of teachers, parents and community leaders, or a community-based organization, and may be approved by an existing local public school district, a county board of education, or the State Board of Education.

A charter school is generally exempt from the laws governing school districts, except where specifically noted in the law. The Charter School Law acknowledges that among its intended purposes are: (i) to provide parents and students with expanded choices in the types of educational opportunities that are available within the public school system; (ii) to hold schools accountable for meeting measurable pupil outcomes and provide schools a way to shift from a rule-based to a performance-based system of accountability; and (iii) to provide competition within the public school system to stimulate improvements in all public schools.

The District has certain fiscal oversight and other responsibilities with respect to both independent and affiliated charter schools established within its boundaries. However, independent charter schools receive funding directly from the State, and such funding would not be reported in the District’s audited financial statements. Affiliated charter schools receive their funding from the District, and would be reflected in the District’s audited financial statements.

The District received a charter school petition for one independent charter school to open during the 2023-24 fiscal year. The District and the County Office of Education, on appeal of the District’s decision to deny the petition, both denied the charter petition. The denials by the District and County Office of Education were reversed by the State Board of Education. The District filed an appeal of the reversal with the Superior Court of California in Sacramento County. On June 29, 2023, the Court held that the State Board of Education’s reversal should be set aside, as there was no proper legal basis for the State Board of Education’s decision. The charter school responded by submitting a new petition as a countywide school to the County Office of Education. The County Office of Education approved the petition in March 2024, and the school opened in August 2024 with an enrollment of 130 students. The District has filed a lawsuit seeking a writ of mandate and declaratory relief and injunctive relief to revoke the charter. The lawsuit is scheduled for trial in November 2025. The District cannot make any representation relating to the final outcome of the pending lawsuit.

Labor Relations

The District currently employs 886 full-time certificated employees and 338 classified employees. In addition, the District employs 650 part-time faculty and staff (80 certificated and 570 classified). District employees, except management and confidential employees, are represented by the three bargaining units as noted below:

LABOR BARGAINING UNITS Napa Valley Unified School District

<u>Labor Organization</u>	<u>Number of Employees In Organization</u>	<u>Contract Expiration</u>
California School Employees Association, Napa Chapter 184	784	December 1, 2026
Napa Association Pupil Services	69	June 30, 2025
Napa Valley Educators Association	811	June 30, 2025

Source: Napa Valley Unified School District.

District Retirement Systems

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, the Municipal Advisor or the Underwriter.

STRS. All full-time certificated employees, as well as certain classified employees, are members of the California 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. Previously, 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 increased significantly prior to the implementation of AB 1469 (defined below). 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)

<u>Effective Date</u>	<u>STRS Members Hired Prior to January 1, 2013</u>	<u>STRS Members Hired After January 1, 2013</u>
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 ("PEPRA 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 ("Classic Members") hired before 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, 2021, the contribution rate was 10.250% for Classic Members and 10.205% for PEPRA Members. For fiscal year commencing July 1, 2022, the contribution rate is 10.250% for Classic Members and 10.205% for PEPRA Members. For fiscal year commencing July 1, 2023, the contribution rate is 10.250% for Classic Members and 10.205% for PEPRA Members. For fiscal year commencing July 1, 2024, the contribution rate is 10.250% for Classic Members and 10.205% for PEPRA Members.

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

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

<u>Effective Date</u>	<u>K-14 school districts</u>
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, resulting in employer contribution rates of 17.1% in fiscal year 2019-20 and 18.4% in fiscal year 2020-21. In addition, the State made a contribution of \$1.117 billion to be allocated to reduce the employer’s share of the unfunded actuarial obligation determined by the STRS Board upon recommendation from its actuary. This additional payment was reflected in the June 30, 2020 actuarial valuation. Subsequently, the State’s 2020-21 Budget redirected \$2.3 billion previously appropriated to STRS and PERS pursuant to SB 90 for long-term unfunded liabilities to further reduce the employer contribution rates in fiscal year 2020-21 and 2021-22. As a result, the effective employer contribution rate was 16.15% in fiscal year 2020-21 and 16.92% in fiscal year 2021-22. The employer contribution rate was 19.1% in fiscal year 2022-23, 19.1% in fiscal year 2023-24 and is 19.1% in fiscal year 2024-25.

The District's contributions to STRS were \$15,288,105 in fiscal year 2019-20, \$13,933,079 in fiscal year 2020-21, \$15,272,177 in fiscal year 2021-22, \$18,337,523 in fiscal year 2022-23 and \$20,182,024 in fiscal year 2023-24. The District projects \$30,825,165 for its contribution to STRS for fiscal year 2024-25.

The State also contributes to STRS, currently in an amount equal to 8.328% for fiscal year 2023-24 and 8.328% in fiscal year 2024-25. 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. However, the maximum increase or decrease in a given year is limited to 0.5% of payroll under the STRS valuation policy. Once the State has eliminated its share of the STRS' unfunded actuarial obligation, the State contribution will be immediately reduced to the base contribution rate of 2.017% of payroll.

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 California 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, 2023 included 1,595 public agencies and 1,332 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. Pursuant to SB 90, the State Legislature appropriated \$904 million to the Schools Pool, including transfers in fiscal years 2019-20 and 2020-21 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, as well as additional amounts to be applied toward certain unfunded liabilities for K-14 school district employers. In June 2020, SB 90 was amended by Assembly Bill 84/Senate Bill 111 ("AB 84"). Under AB 84, \$144 million of the State contribution under SB 90 was deemed to satisfy a portion of the State's required contribution in fiscal year 2019-20, and the amounts previously allocated toward future liabilities were redirected such that, \$430 million will satisfy a portion of the employer contribution rate in fiscal year 2020-21, and \$330 million will satisfy a portion of the employer contribution rate in fiscal year 2021-22. As a result of the payments made by the State pursuant to SB 90, as amended by AB 84, the employer contribution rate was 19.721% for fiscal year 2019-20, 20.7% in fiscal year 2020-21, and 22.91% for fiscal year 2021-22. The employer contribution rate was 25.37% in fiscal year 2022-23, 26.68% in fiscal year 2023-24, 27.05% in fiscal year 2024-25, and will be 26.81% in fiscal year 2025-26. Classic Members contribute at a rate established by statute, which is 7% in fiscal year 2023-24, 7% in fiscal year 2024-25 and 7% in fiscal year 2025-26, while PEPRA Members contribute at an actuarially

determined rate, which was 8% in both fiscal years 2023-24 and 2024-25. For the Schools Pool Actuarial Valuation as of June 30, 2024 (the “2024 PERS Actuarial Valuation”), the total normal cost did not change by more than 1% relative to the basis currently in effect, therefore the PEPRA Member contribution rate will remain 8% in fiscal year 2025-26. See “—California Public Employees’ Pension Reform Act of 2013” herein.

The District’s contributions to PERS were \$6,505,967 in fiscal year 2019-20, \$6,503,892 in fiscal year 2020-21, \$7,600,973 in fiscal year 2021-22, \$9,075,770 in fiscal year 2022-23 and \$11,170,875 in fiscal year 2023-24. The District projects \$12,925,314 for its contribution to PERS for fiscal year 2024-25.

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 2012-13 through 2023-24

<u>STRS</u>					
<u>Fiscal Year</u>	<u>Accrued Liability</u>	<u>Value of</u>		<u>Value of</u>	
		<u>Trust Assets (MVA)⁽²⁾</u>	<u>Unfunded Liability (MVA)⁽²⁾</u>	<u>Trust Assets (AVA)⁽³⁾</u>	<u>Unfunded Liability (AVA)⁽³⁾</u>
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
2018-19	310,719	225,466	102,636	205,016	105,703
2019-20	322,127	233,253	107,999	216,252	105,875
2020-21	332,082	292,980	60,136	242,363	89,719
2021-22	346,089	283,340	85,803	257,537	88,552
2022-23	359,741	299,148	85,571	273,155	86,586

<u>PERS</u>					
<u>Fiscal Year</u>	<u>Accrued Liability</u>	<u>Value of</u>		<u>Value of</u>	
		<u>Trust Assets (MVA)</u>	<u>Unfunded Liability (MVA)</u>	<u>Trust Assets (AVA)⁽³⁾</u>	<u>Unfunded Liability (AVA)⁽³⁾</u>
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⁾
2019-20 ⁽⁶⁾	104,062	71,400	32,662	-- ⁽⁴⁾	-- ⁽⁴⁾
2020-21	110,507	86,519	23,988	-- ⁽⁴⁾	-- ⁽⁴⁾
2021-22	116,982	79,386	37,596	-- ⁽⁴⁾	-- ⁽⁴⁾
2022-23	124,924	84,292	40,632	-- ⁽⁴⁾	-- ⁽⁴⁾
2023-24 ⁽⁷⁾	133,978	93,187	40,791	-- ⁽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) For the fiscal year 2020-21 actuarially determined contribution, the additional \$430 million State contribution made pursuant to AB 84 did not directly impact the actuarially determined contribution as it was not yet in the Schools Pool by the June 30, 2019 actuarial valuation date. The additional State contribution was treated as an advance payment toward the unfunded accrued liability contribution with required employer contribution rate correspondingly reduced.

(6) For the fiscal year 2021-22 actuarially required contribution, the impact of the additional \$330 million State contribution made pursuant to AB 84 is directly reflected in the actuarially determined contribution, because the additional payment was in the Schools Pool as of the June 30, 2020 actuarial valuation date, which served to reduce the required employer contribution rate by 2.16% of payroll.

(7) On April 14, 2025, the PERS Board (defined below) approved the K-14 school district contribution rate for fiscal year 2025-26 and released certain actuarial information to be incorporated into the 2024 PERS Actuarial Valuation to be released in the latter half of 2025.

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) (the “2017 Experience Analysis”), 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, and (iii) decreasing the projected wage growth to 3.50% and the projected inflation rate to 2.75%.

Based on the multi-year CalSTRS Experience Analysis (spanning from July 1, 2007, through June 30, 2022) (the “2024 Experience Analysis”), on January 10, 2024, the STRS Board adopted a new set of actuarial assumptions that will be first reflected in the STRS Defined Benefit Program Actuarial Valuation, as of June 30, 2023. The payroll growth assumption was decreased to 3.25% from 3.50% due to the projected need for fewer teachers due to projected declining enrollment in the State over the next 20 years, while the following actuarial assumptions remained unchanged since the CalSTRS Experience Analysis (spanning July 1, 2015 through July 1, 2018) (the “2020 Experience Analysis”): long-term investment return (7.0%), (ii) price inflation (2.75%), and (iii) wage growth (3.50%). Certain demographic assumptions were also updated, including changing the assumed life expectancy of STRS retirees to more closely reflect recent trends. The 2023 STRS Actuarial Valuation (defined below) continues using the Entry Age Normal Actuarial Cost Method.

The STRS Defined Benefit Program Actuarial Valuation, as of June 30, 2023 (the “2023 STRS Actuarial Valuation”) reports that, based on an actuarial value of assets, the unfunded actuarial obligation decreased by approximately \$1.966 billion since the 2022 STRS Actuarial Valuation and the funded ratio increased by 1.50% to 75.9% over such time period. The main reason for the increase in the funded ratio were the expected year-to-year change due to contributions received to pay down the unfunded actuarial accrued liability and the new actuarial assumptions (primarily the mortality assumption change) that were adopted for use in the 2023 STRS Actuarial Valuation. The STRS Board has no authority to adjust rates to pay down the portion of the unfunded actuarial obligation related to service accrued on or after July 1, 2014 for member benefits adopted after 1990 (the “Unallocated UAO”). There was a small decrease in the surplus (a negative unfunded actuarial obligation) for the Unallocated UAO from \$359 million as of June 30, 2022 to \$356 million as of June 30, 2023.

According to the 2023 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, 2044 of 100.7%. This finding assumes adjustments to contribution rates in line with the funding plan and STRS Board policies, the future recognition of the currently deferred asset gains, and is based on the valuation assumptions and valuation policy adopted by the STRS Board, including a 7.00% investment rate of return assumption.

On November 7, 2024, STRS released its 2024 Review of Funding Levels and Risks (the “STRS 2024 Review of Funding Levels and Risks”), which is based on the 2023 STRS Actuarial Valuation. The STRS 2024 Review of Funding Levels and Risks notes that funding projections have improved slightly since the completion of the June 30, 2023 actuarial valuation that was presented to the Board in May 2024 in part due to the 8.4% investment return earned by STRS in fiscal year 2023-24 and an increase of 9,000 active members, which contributed to an 8% increase in the payroll of active members.

The key results and findings noted in the STRS 2024 Review of Funding Levels and Risks were that (i) current contribution rates for the State and employers are still projected to be sufficient to allow both the State and the employers to eliminate their share of the STRS unfunded actuarial obligation by 2046; contribution rate increases are not expected to be needed for fiscal year 2025-26, (ii) The State remains well ahead of schedule to eliminate its share of the STRS unfunded actuarial obligation (currently projected to be eliminated in 2027), (iii) the largest risk facing STRS' ability to reach full funding remains investment-related risk, especially considering the Defined Benefit Program continues to mature, which will increase the system's sensitivity to investment experience, (iv) the risk that a negative investment return might impact STRS ability to reach full funding is expected to increase once the State fully eliminates its share of STRS unfunded actuarial obligation because of a trigger that will require the State contribution rate to immediately drop to 2.017% potentially limiting STRS ability to react to changing conditions, because once this occurs, the STRS Board would only be able to raise the State contribution rate by 0.5% each year, taking 12 years to simply return to the State contribution rate in place in the prior fiscal year potentially resulting in a situation where the State can no longer eliminate its share of the unfunded liability by 2046, and (v) the ability of the funding plan to allow STRS to reach full funding is dependent on STRS meeting its current actuarial assumptions over the long term; uncertain investment markets and a potential decline in the number of teachers could put pressure on STRS ability to meet some of its long-term assumptions and impact its ability to reach full funding.

The STRS 2024 Review of Funding Levels and Risks notes highlighted risks associated with longevity, the size of active membership and investments. The STRS 2024 review of Funding Levels and Risks notes that, overall, STRS experienced greater mortality than projected under previous assumptions, but it remains uncertain whether the pandemic will continue to impact mortality in the long term. In January 2024 the STRS Board adopted new mortality assumptions that were slightly lower than the data indicated, essentially not fully reflecting the impact of the pandemic. In January of 2024, the STRS Board also adopted a change to the rate at which the payroll is assumed to increase, from 3.5% to 3.25%, which reflects STRS assumption that the population of active teachers will decline slowly over time (approximately 5% through 2046). The STRS 2024 Review of Funding Levels and Risks notes that if the active membership declines and the payroll fails to grow as assumed, STRS ability to make progress toward full funding could be at risk. Retirements from active teachers are expected to increase significantly over the next 10 years. Although an increase in retirements does not necessarily impact long term funding, if school districts do not replace teachers who retire in the future, that could result in a reduction in the overall number of teachers and impact STRS ability to reach full funding by 2046. With the anticipated decline in the number of children enrolled in K-12 public schools, the risk that the number of teachers may go down in the future is real and was one of the considerations when the STRS Board lowered the payroll growth assumption. California experienced a significant decline in enrollment in both K-12 public schools and community colleges starting in 2020-21. Total enrollment in K-12 public schools dropped by approximately 310,000, or a 5% reduction, between 2019-20 and 2022-23, while the number of students enrolled at community colleges dropped by 310,000, or a 20% reduction, before increasing by approximately 30,000 in the fall of 2022. In October 2023, the State updated its projection of K-12 enrollments, with the most recent projection anticipating a decline of approximately 11% over the next 10 years and 15% over the next 20 years. If the anticipated reduction in enrolment results in a need for fewer teachers in California, it would impact the number of active teachers who participate in the STRS Defined Benefit Program and ultimately the growth in payroll. One countervailing force that could potentially offset some of the factors listed above would be the reduction of class sizes. The STRS 2024 Review of Funding Levels and Risks notes that investment volatility and the risk that STRS may not be able to meet its assumed investment return over the long-term remains the greatest risk facing STRS today. The combination of a maturing system and the decreasing timeframe of the funding plan only serves to increase this risk. STRS 2024 Review of Funding Levels and Risks notes that (i) when investment returns are below expectations, the unfunded actuarial obligation increases, requiring additional contributions to bridge the gap, however, the funding plan provides the board limited authority

to increase contribution rates for both the State and employers; (ii) the State bears the greatest risk when it comes to investment volatility due to rules set in the funding plan that allocate the largest share of the assets to the state which results in its share of the unfunded actuarial obligation being the most sensitive to investment volatility; (iii) the STRS Board has authority to increase the State's contribution by a maximum of 0.5% of payroll each year with no limit on the maximum rate; however the State contribution rate will be reduced to 2.017% of payroll once the State has eliminated its share of the unfunded liability, and (iv) since the funding plan expires in 2046, after which the STRS Board's authority to adjust contribution rates terminates, the time period over which to fund an existing and new unfunded actuarial obligation is declining each year.

On July 30, 2024, STRS reported a net return on investments of 8.4% for fiscal year 2023-24, ending with the total fund value of \$341.4 billion as of June 30, 2024. The 2023-24 return keeps STRS on track long term, as the 5-,10-, 20-, and 30-year returns, all surpass the actuarial assumption of 7.0%, during a period of inflation, rising interest rates and geopolitical uncertainty. In its news release reporting the fiscal year 2023-24 investment return, STRS noted that it is ahead of schedule in reaching full funding by 2046.

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 (revised to two percentage points in 2017). 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. The PERS Funding Risk Mitigation Policy recently triggered an automatic decrease of 0.2% in the PERS Discount Rate due to the investment return in fiscal year 2020-21, lowering such rate to 6.8%. On April 15, 2024, the PERS Board removed the automatic mechanism to reduce the discount rate and added a provision to the Funding Risk Mitigation Policy to bring an agenda item to the PERS Board for discussion if a funding risk mitigation event occurs.

On April 17, 2013, the PERS Board approved new actuarial policies aimed at returning PERS to fully-funded status within 30 years. The policies included 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.

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 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 November 17, 2021 (the “2021 Experience Study”), the PERS Board approved new actuarial assumptions, including (i) lowering the inflation rate to 2.30% per year, (ii) increasing the assumed real wage inflation assumption to 0.5%, which results in a total wage inflation of 2.80%, (iii) increasing the payroll growth rate to 2.80%, and (iv) certain changes to demographic assumptions relating to modifications to the mortality rates, retirement rates, and disability rates (both work and non-work related), and rates of salary increases due to seniority and promotion. These actuarial assumptions were incorporated into the actuarial valuation for fiscal year ending June 30, 2021 and first impacted contribution rates for school districts in fiscal year 2022-23. Based on the timing of the study, the member data used in the analysis, which runs through June 30, 2019, does not include the impacts of COVID-19. Preliminary analysis of the system experience since the beginning of the pandemic has shown demographic experience (e.g. retirements, deaths, etc.) did differ from the current actuarial assumptions in some areas, which will be more precisely quantified in future actuarial valuations.

On November 15, 2021, the PERS Board selected a new asset allocation mix through its periodic Asset Liability Management Study that will guide the fund’s investment portfolio for the next four years, retained the current 6.8% discount rate and approved adding 5% leverage to increase diversification. The new asset allocation took effect July 1, 2022 and impacted contribution rates for employers and PEPRAs employees beginning in fiscal year 2022-23.

In November 2024, PERS released its 2024 Annual Review of Funding Levels and Risk (the “2024 PERS Funding Levels and Risk Report”), which provided a summary of the current funding levels of the system, the near-term outlook for required contributions and risks faced by the system in the near and long-term. The 2024 PERS Funding Levels and Risk Report notes that over the next several years there is the potential for various factors to either further increase required contributions or add additional financial strain on employers and their ability to make required contributions, including inflation and near-term economic turmoil. The 2024 PERS Funding Levels and Risk Report notes that over the last few years, price inflation has been significantly higher than the PERS long-term assumption of 2.3%, which can affect liability measures and investment returns in several ways and which can be difficult to quantify. The most direct impact of high inflation is that retirees can receive higher than expected cost-

of-living adjustments and active employees can receive higher than expected salary increases, which could increase actuarial losses in the future. The 2024 PERS Funding Levels and Risk report concludes that, as of June 30, 2023, the PERS Retirement System had experienced a couple of years of investment returns below the expected return of 6.8%, and actuarial losses primarily due to high inflation which resulted in unexpected cost of living adjustments for retirees and higher than expected member pay increases, which resulted in increased employer contributions along with further increases forecasted for the near future. Despite the strong investment return for the fiscal year ending June 30, 2024, the 2024 PERS Funding Levels and Risk Report notes that employer contributions are currently at relatively high levels due to large amounts of unfunded accrued liability and uncertainty within the economy suggests possible economic turmoil in the near future. The 2024 PERS Funding Levels and Risk Report concludes that the ability of employers to continue making required contributions to the system is the area of greatest concern.

On April 14, 2025, the PERS Board established the employer contribution rates for fiscal year 2025-26 and released information from the 2024 PERS Actuarial Valuation, ahead of its release date in the latter half of 2025. From June 30, 2023 to June 30, 2024, the funded status of the Schools Pool increased by 2.1% (from 67.5% to 69.6%) and the unfunded accrued liability increased by approximately \$0.2 billion. The chief drivers of improvement were incoming contributions and investment return greater than expected, which were partially offset by greater-than-expected salary increases. Based on the June 30, 2024 assets as described in PERS Annual Comprehensive Financial Report, the money weighted investment return for fiscal year 2023-24 was 9.5%, generating an actuarial investment gain of \$2.2 billion, which will be amortized over 20 years with a five-year ramp, decreasing the employer contribution rate in fiscal year 2025-26 by 0.23% of pay. Due to the 5-year ramp, this impact will escalate each year until it reaches an estimated reduction of 1.05% of pay in fiscal year 2029-30. Non-investment experience during fiscal year 2023-24, which includes both demographic experience and economic experience other than from investments, produced an actuarial loss of \$2.8 billion, which will be amortized over 20 years, increasing the employer contribution rate by 1.12% in fiscal year 2025-26. Combined with a 0.21% decrease on the employer normal cost rate, the net effect of non-investment experience is an increase of 0.91% in the employer rate. The most significant source of non-investment experience was salary increase for active members, which generated an actuarial experience loss. The average salary increase was 9.7% for members actively employed during the entire year ending June 30, 2024. Total payroll in fiscal year 2023-24 increased by 12.6% over the prior year, compared with 2.8% expected. This change, driven by a combination of active headcount growth and salary increases, served to reduce the employer contribution rate for fiscal year 2025-26 by 1.58% of pay as the dollar amount of the unfunded liability contribution is divided by a larger payroll number.

Assuming all actuarial assumptions are realized, including an assumed investment return of 6.80%, and no changes to assumptions, methods or benefits will occur during the projection period, along with the expected reductions in normal cost due to the continuing transition of active members from Classic Members to PEPRA Members, the projected contribution rate for fiscal year 2026-27 is 26.9%, 27.8% in fiscal year 2027-28, 27.4% in fiscal year 2028-29, 27.0% in fiscal year 2029-30, and 26.2% in fiscal year 2030-31. The actual investment return for fiscal year 2024-25 was not known at the time these projections were made. The projections above assume the investment return for that year will be 6.8%. If the actual investment return differs from 6.80%, the actual contribution requirements for the projected years will differ from those shown above.

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 PEPRA Members, 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 (previously, such unfunded liabilities are typically included as notes to the government's financial statements); (2) more components of full pension costs being shown as expenses regardless of actual contribution levels; (3) lower actuarial discount rates being required to be used for underfunded plans in certain cases for purposes of the financial statements; (4) closed amortization periods for unfunded liabilities being required to be used for certain purposes of the financial statements; and (5) the difference between expected and actual investment returns being recognized over a closed five-year smoothing period. In addition, according to GASB, Statement No. 68 means that, for pensions within the scope of the Statement, a cost-sharing employer that does not have a special funding situation is required to recognize a net pension liability, deferred outflows of resources, deferred inflows of resources related to pensions and pension expense based on its proportionate share of the net pension liability for benefits provided through the pension plan. Because the accounting standards do not require changes in funding policies, the full extent of the effect of the new standards on the District is not known at this time. The reporting requirements for pension plans took effect for the fiscal year beginning July 1, 2013 and the reporting requirements for government employers, including the District, took effect for the fiscal year beginning July 1, 2014.

As of June 30, 2024, the District reported its proportionate shares of the net pension liabilities for the STRS and PERS programs to be \$118,462,490 and \$74,800,028, respectively. See also "APPENDIX B – 2023-24 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT – Note 11" attached hereto.

Other Postemployment Benefits

Benefit Plan. The District provides post-employment medical benefits (the “Post-Employment Benefits”) to eligible retirees of the District and their spouses and dependent children. Certificated employees hired before July 1, 2016 are eligible at age 55 with 10 years of completed service with the District. Certificated employees hired on or after July 1, 2016 are eligible at age 55 with 20 years of completed service with the District. Classified employees hired before August 15, 2016 are eligible at age 50 with 10 years of completed service to the District, provided that age plus service equals at least 65. Classified employees hired on or after August 15, 2016 and before July 1, 2017 are eligible at age 50 with 17 years of completed service to the District. Classified employees hired on or after July 1, 2017 are eligible at age 55 with 18 years of completed service to the District.

Employees are eligible to receive a District contribution towards of medical premiums, capped at \$425 per month until the age of 65. In addition, the District also will pay certain retiree dental insurance premiums until age 65. Coverage for spouses and eligible dependent children may be provided by the retiree paying the required additional premium. In addition, the District will also pay certain retiree dental insurance premiums until age 65. As of June 30, 2024, there were 655 retirees receiving Post-Employment Benefits and 1,569 active plan members.

Funding Policy. Currently, the District funds the Post-Employment Benefits on a “pay-as-you-go” basis to cover the cost of current premiums. The District recognized expenditures in fiscal year 2019-20 through 2023-24 of \$1,012,404, \$1,145,651, \$1,888,080, \$2,518,635 and \$2,675,408 respectively, for the Post-Employment Benefits. For fiscal year 2024-25, the District projects \$2,118,800 of such expenditures.

The District approved the establishment of an irrevocable, GASB-qualifying trust to fund its accrued liability for the Benefits (the “OPEB Trust”). As of March 31, 2025, the value of assets in the OPEB Trust was \$73,946.59.

GASB Statement Nos. 74 and 75. On June 2, 2015, GASB approved GASB Statement No. 74 and GASB Statement No. 75 with respect to pension accounting and financial reporting standards for public sector post-retirement benefit programs and the employers that sponsor them. GASB Statement No. 74 replaces GASB Statements No. 43 and 57 and GASB Statement No. 75 replaces GASB Statement No. 45.

Most of GASB Statement No. 74 applies to plans administered through trusts, in which contributions are irrevocable, trust assets are dedicated to providing other post-employment benefits to plan members, and trust assets are legally protected from creditors. GASB Statements No. 74 and No. 75 will require a liability for OPEB obligations, known as the Net OPEB Liability (the “NOL”), to be recognized on the balance sheet of the plan and the participating employer’s financial statements. In addition, an OPEB expense (service cost plus interest on total OPEB liability plus current-period benefit changes minus member contributions minus assumed earning on plan investments plus administrative expenses plus recognition of deferred outflows minus recognition of deferred inflows) will be recognized in the income statement of the participating employers. In the notes to its financial statements, employers providing other post-employment benefits will also have to include information regarding the year-to-year change in the NOL and a sensitivity analysis of the NOL to changes in the discount rate and healthcare trend rate. The required supplementary information will also be required to show a 10-year schedule of the plan’s net OPEB liability reconciliation and related ratios, and any actuarially determined contributions and investment returns.

Under GASB Statement No. 74, the measurement date must be the same as the plan’s fiscal year end, but the actuarial valuation date may be any date up to 24 months prior to the measurement date. For the Total OPEB Liability (the “TOL”), if the valuation date is before the measurement date, the results must be projected forward from the valuation date to the measurement date using standard actuarial roll-forward techniques. For plans that are unfunded or have assets insufficient to cover the projected benefit payments, a discount rate reflecting a 20-year tax-exempt municipal bond yield or index rate must be used. For plans with assets that meet the GASB Statement No. 74 requirements, a projection of the benefit payments and future Fiduciary Net Position (the “FNP”) is performed based on the funding policy and assumptions of the plan, along with the methodology specified in GASB.

GASB Statement No. 74 has an effective date for plan fiscal years beginning after June 15, 2016 and GASB Statement No. 75 has an effective date for plan fiscal years beginning after June 15, 2017.

Actuarial Study. The District’s most recent actuarial study calculated the District’s accrued liability in accordance with GASB No. 74 and GASB No. 75. The study concluded that, as of a June 30, 2024 measurement date, the District’s Total OPEB Liability was \$84,009,764, its Fiduciary Net Position was \$70,780 and its Net OPEB Liability was \$83,938,984.

Cybersecurity

The District, like many other public and private entities, relies on computer and other digital networks and systems to conduct its operations. As a recipient and provider of personal, private or other electronic sensitive information, the District is potentially subject to multiple cyber threats including, but not limited to, hacking, viruses, malware and other attacks on computer and other sensitive digital networks and systems. Entities or individuals may attempt to gain unauthorized access to the District’s systems for the purposes of misappropriating assets or information or causing operational disruption or damage. The District carries cybersecurity insurance.

Risk Management

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

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

The JPAs arrange for and/or provide coverage for their members. Each member district pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionately to its participation in the JPA. The JPAs are not considered component units of the District for financial reporting purposes.

Settled claims have not exceeded available insurance coverages in the past three fiscal years. Based upon prior claims experience, the District believes that it has adequate insurance coverage.

See also “APPENDIX B – 2023-24 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT – Note 7” and “—Note 8” attached hereto.

District Debt Structure

Long-Term Debt. A schedule of changes in long-term debt for the fiscal year ended June 30, 2024 is shown below:

	<u>Balance</u> <u>July 1, 2023</u>	<u>Accretions/</u> <u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2024</u>
General Obligation Bonds	\$508,846,946	\$15,445,613	\$(18,031,829)	\$506,260,730
Subscription Liabilities	307,103	2,340,980	(1,912,330)	735,753
Leases	490,807	--	(118,751)	372,056
Net Pension Liabilities	180,216,332	93,844,384	(80,798,198)	193,262,518
Net OPEB Liabilities	79,640,892	20,711,836	(16,413,744)	83,938,984
Early Retirement Incentives ⁽¹⁾	826,310	--	--	826,310
Compensated Absences	<u>2,352,706</u>	<u>2,352,706</u>	<u>(2,104,343)</u>	<u>2,601,069</u>
Total Long-term Debt	<u>\$772,681,096</u>	<u>\$134,695,519</u>	<u>\$(119,379,195)</u>	<u>\$787,997,420</u>

⁽¹⁾ The early retirement incentives were fully paid off by the District in August 2021. However, the audit continues to report the liability as outstanding. See also "APPENDIX B – 2023-24 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT – Note 6" attached hereto.

Source: *Napa Valley Unified School District.*

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General Obligation Bonds. The District has issued general obligation bonds pursuant to authorizations approved by voters of the District in 2006 (Measure G) and 2016 (Measure H). Substantially all of the bonds approved by such authorizations have been issued, and the proceeds thereof used to acquire, construct and equip District sites and facilities. The District has also sold general obligation refunding bonds to refinance certain of its bonded indebtedness. The District has issued general obligation bonds pursuant to the Measure A2 Authorization in order to acquire, construct, modernize and equip sites and facilities within the Improvement District. See also “INTRODUCTION – Concurrent Bond Offering” herein for a description of general obligation bonds of Improvement District No. 1 expected to be issued by the District concurrently with the Bonds.

The following table summarizes the outstanding general obligation bond issuances by the District and the Improvement District.

<u>Issuance</u>	<u>Initial Principal Amount</u>	<u>Principal Outstanding⁽¹⁾</u>	<u>Date of Delivery</u>
<u>The District</u>			
<i>Measure G Authorization</i>			
Series 2009C	\$21,877,729.95	\$7,682,585.00	November 10, 2009
Series 2010A	7,122,270.00	7,122,270.00	February 4, 2010
Series 2010B	34,000,000.00	34,000,000.00	February 4, 2010
<i>Measure H Authorization</i>			
Series 2016A	115,000,000.00	115,000,000.00	December 7, 2016
Series 2019C	119,000,000.00	111,070,000.00	November 13, 2019
<i>Refunding Issuances</i>			
2016A Refunding Bonds	45,980,000.00	34,875,000.00	January 21, 2016
2016 Refunding Bonds, Series C	66,850,000.00	50,900,000.00	March 9, 2016
2016 Refunding Bonds, Series D	4,935,000.00	2,640,000.00	March 9, 2016
2016 Refunding Bonds, Series E	21,460,000.00	21,460,000.00	March 9, 2016
2018 Refunding Bonds	5,655,000.00	5,545,000.00	July 2, 2018
2021 Refunding Bonds, Series B	46,225,000.00	37,475,000.00	August 17, 2021
<u>The Improvement District</u>			
<i>Measure A2 Authorization</i>			
2022 Election, Series A	\$12,500,000.00	\$12,500,000.00	August 8, 2023

⁽¹⁾ As of April 1, 2025; does not include the SFID No. 1 Bonds that are proposed to be issued on or about the same time as the Bonds. See also “INTRODUCTION – Concurrent Bond Offering” herein.
Source: Napa Valley Unified School District.

The annual debt service requirements on the District’s and the Improvement District’s outstanding general obligation bonded debt and the SFID No. 1 Bonds (assuming no further optional redemptions) are shown in the tables on the following pages.

ANNUAL GENERAL OBLIGATION BONDED DEBT SERVICE – 2006 AND 2016 AUTHORIZATIONS

Year Ending Aug. 1	Series 2009C	Series 2010A	Series 2010B⁽¹⁾	Series 2016A	Series 2019C	Total Annual Debt Service
2025	--	\$3,580,000.00	\$2,212,380.00	\$6,494,475.00	\$5,171,600.00	\$17,458,455.00
2026	--	3,955,000.00	2,212,380.00	6,816,225.00	5,317,100.00	18,300,705.00
2027	--	4,340,000.00	2,212,380.00	7,156,975.00	5,463,600.00	19,172,955.00
2028	--	4,745,000.00	2,212,380.00	7,514,725.00	5,610,600.00	20,082,705.00
2029	--	6,775,000.00	2,212,380.00	7,892,475.00	5,757,600.00	22,637,455.00
2030	\$7,065,000.00	870,000.00	2,212,380.00	8,286,875.00	5,908,800.00	24,343,055.00
2031	7,595,000.00	845,000.00	2,212,380.00	8,704,275.00	6,061,600.00	25,418,255.00
2032	7,770,000.00	1,275,000.00	2,212,380.00	9,137,875.00	6,215,600.00	26,610,855.00
2033	7,770,000.00	1,755,000.00	2,212,380.00	9,596,075.00	6,370,400.00	27,703,855.00
2034	358,648.35	--	2,212,380.00	10,071,875.00	6,535,600.00	19,178,503.35
2035	360,269.00	--	2,902,380.00	10,578,475.00	6,690,400.00	20,531,524.00
2036	360,367.65	--	3,562,481.70	11,103,475.00	6,859,800.00	21,886,124.35
2037	358,740.20	--	4,151,709.06	11,659,875.00	7,022,800.00	23,193,124.26
2038	359,900.95	--	4,751,688.80	12,245,075.00	7,184,200.00	24,540,864.75
2039	359,479.50	--	5,353,842.10	12,011,475.00	8,193,600.00	25,918,396.60
2040	359,983.80	--	5,959,915.46	12,659,175.00	8,351,600.00	27,330,674.26
2041	358,809.45	--	6,576,330.00	13,041,000.00	8,810,400.00	28,786,539.45
2042	358,846.00	--	7,198,856.20	--	22,727,400.00	30,285,102.20
2043	360,482.40	--	7,828,264.50	--	23,638,200.00	31,826,946.90
2044	360,605.35	--	--	--	24,580,400.00	24,941,005.35
2045	358,995.40	--	--	--	--	358,995.40
2046	359,497.60	--	--	--	--	359,497.60
2047	358,327.70	--	--	--	--	358,327.70
2048	359,921.10	--	--	--	--	359,921.10
2049	<u>360,000.00</u>	--	--	--	--	<u>360,000.00</u>
Total	<u>\$35,952,874.45</u>	<u>\$28,140,000.00</u>	<u>\$70,409,267.82</u>	<u>\$164,970,400.00</u>	<u>\$182,471,300.00</u>	<u>\$481,943,842.27</u>

⁽¹⁾ Represents gross debt service thereon. The Series 2010B were each designated as federally-taxable “Build America Bonds” pursuant to an irrevocable election by the District to have Sections 54AA and Section 54AA(g) of the Code apply thereto. The District expects to receive cash subsidy payments (“Subsidy Payments”) from the United States Department of the Treasury equal to 35% of the interest payable on such bonds on or about each respective semi-annual interest payment date. Such Subsidy Payments are required to be deposited, as and when received, in the respective interest and sinking funds for such bonds, to be used as a credit against future debt service thereon. The Subsidy Payments are subject to reduction (the “Sequestration Reduction”) pursuant to the federal Balanced Budget and Emergency Deficit Control Act of 1985, as amended, which currently includes provisions reducing the Subsidy Payments by 5.7% through the federal fiscal year ending September 30, 2030. The Sequestration Reduction rate will be applied unless and until a law is enacted that cancels or otherwise affects the sequester, at which time the Sequestration Reduction rate is subject to change. In addition, the Sequestration Reduction could result in further sequestration (“PAYGO Sequestration”) of subsidy payments under rules that provide for an across-the-board sequester of non-exempt mandatory spending programs if lawmakers enact net deficit-increasing legislation. A provision in the Consolidated Appropriations Act, 2023 temporarily avoided PAYGO Sequestration triggered by the American Rescue Plan Act by shifting certain sequestration totals from the federal fiscal year 2023 and 2024 scorecards to the federal fiscal year 2025 scorecard. The District cannot predict whether or how subsequent sequestration actions may affect Subsidy Payments currently scheduled for receipt in future federal fiscal years. However, notwithstanding any such reduction, the County is empowered to levy an *ad valorem* property tax sufficient to pay principal of and interest on such bonds.

Source: Napa Valley Unified School District.

ANNUAL GENERAL OBLIGATION BONDED DEBT SERVICE – REFUNDING BONDS

Year Ending Aug. 1	2016 Refunding Series A	2016 Refunding Series C	2016 Refunding Series D	2016 Refunding Series E	2018 Refunding Bonds, Series B	2021 Refunding Bonds	Total Annual Debt Service
2025	\$4,133,850.00	\$5,505,100.00	\$509,281.00	\$922,400.00	\$247,037.50	\$5,835,564.30	\$17,153,232.80
2026	4,293,850.00	4,220,600.00	327,479.00	922,400.00	247,037.50	7,542,958.80	17,554,325.30
2027	4,469,600.00	4,232,100.00	325,054.00	922,400.00	247,037.50	7,655,503.60	17,851,695.10
2028	4,644,600.00	4,232,600.00	321,817.50	922,400.00	247,037.50	8,057,940.20	18,426,395.20
2029	4,833,100.00	2,352,350.00	323,107.50	922,400.00	247,037.50	8,168,126.80	16,846,121.80
2030	5,028,600.00	1,675,100.00	323,252.50	1,757,400.00	247,037.50	2,065,646.80	11,097,036.80
2031	5,224,850.00	1,675,100.00	323,032.50	1,785,650.00	247,037.50	--	9,255,670.00
2032	5,435,850.00	1,675,100.00	322,447.50	1,810,400.00	247,037.50	--	9,490,835.00
2033	5,659,850.00	1,675,100.00	326,497.50	1,836,650.00	247,037.50	--	9,745,135.00
2034	--	4,060,100.00	--	1,874,150.00	577,037.50	--	6,511,287.50
2035	--	4,063,550.00	--	1,904,950.00	581,312.50	--	6,549,812.50
2036	--	4,064,750.00	--	1,938,800.00	580,100.00	--	6,583,650.00
2037	--	4,068,700.00	--	1,980,550.00	583,562.50	--	6,632,812.50
2038	--	4,072,950.00	--	2,021,350.00	581,075.00	--	6,675,375.00
2039	--	4,075,450.00	--	2,073,350.00	578,250.00	--	6,727,050.00
2040	--	4,080,950.00	--	2,115,950.00	583,750.00	--	6,780,650.00
2041	--	4,083,950.00	--	2,174,350.00	583,000.00	--	6,841,300.00
2042	--	4,084,200.00	--	2,232,750.00	581,250.00	--	6,898,200.00
2043	--	4,090,000.00	--	2,296,750.00	583,500.00	--	6,970,250.00
2044	--	4,095,200.00	--	2,367,750.00	584,500.00	--	7,047,450.00
2045	--	4,099,600.00	--	--	584,250.00	--	4,683,850.00
2046	--	4,108,000.00	--	--	582,750.00	--	4,690,750.00
	<u>\$43,724,150.00</u>	<u>\$80,290,550.00</u>	<u>\$3,101,969.00</u>	<u>\$34,782,800.00</u>	<u>\$9,787,675.00</u>	<u>\$39,325,740.50</u>	<u>\$211,012,884.50</u>

Source: Napa Valley Unified School District.

**ANNUAL GENERAL OBLIGATION BONDED DEBT SERVICE –
IMPROVEMENT DISTRICT No. 1**

Year Ending <u>Aug. 1</u>	The SFID No. 1 Bonds⁽¹⁾
2025	\$834,440.42
2026	8,812,612.50
2027	6,359,612.50
2028	3,577,112.50
2029	3,577,112.50
2030	3,577,112.50
2031	3,577,112.50
2032	3,577,112.50
2033	3,577,112.50
2034	3,797,112.50
2035	3,946,112.50
2036	4,102,112.50
2037	4,264,362.50
2038	4,432,112.50
2039	4,609,612.50
2040	4,790,862.50
2041	4,980,112.50
2042	5,176,362.50
2043	5,383,612.50
2044	5,595,612.50
2045	5,821,362.50
2046	6,049,362.50
2047	6,290,325.00
2048	6,539,500.00
2049	6,800,312.50
2050	7,070,925.00
2051	7,349,500.00
2052	7,643,500.00
2053	7,944,500.00
2054	8,260,750.00
2055	<u>8,590,000.00</u>
Total	<u>\$166,907,365.42</u>

⁽¹⁾ The District expects to issue its SFID No. 1 Bonds on or about the same time as the Bonds. See also “INTRODUCTION – Concurrent Bond Offering” herein.
Source: Napa Valley Unified School District.

**ANNUAL GENERAL OBLIGATION BONDED DEBT SERVICE –
THE IMPROVEMENT DISTRICT**

Year Ending Aug. 1	2022 Series A	The Bonds	Total Annual Debt Service
2025	\$1,048,612.50	\$128,360.83	\$1,176,973.33
2026	628,612.50	918,025.00	1,546,637.50
2027	628,612.50	592,525.00	1,221,137.50
2028	628,612.50	592,525.00	1,221,137.50
2029	628,612.50	592,525.00	1,221,137.50
2030	628,612.50	592,525.00	1,221,137.50
2031	628,612.50	667,525.00	1,296,137.50
2032	628,612.50	713,775.00	1,342,387.50
2033	628,612.50	757,525.00	1,386,137.50
2034	728,612.50	708,775.00	1,437,387.50
2035	738,612.50	747,025.00	1,485,637.50
2036	767,862.50	773,025.00	1,540,887.50
2037	795,362.50	797,275.00	1,592,637.50
2038	826,112.50	824,775.00	1,650,887.50
2039	859,862.50	850,275.00	1,710,137.50
2040	896,362.50	868,775.00	1,765,137.50
2041	930,362.50	900,525.00	1,830,887.50
2042	971,862.50	919,775.00	1,891,637.50
2043	1,010,362.50	947,025.00	1,957,387.50
2044	1,050,862.50	976,775.00	2,027,637.50
2045	1,091,725.00	1,008,775.00	2,100,500.00
2046	1,133,912.50	1,037,775.00	2,171,687.50
2047	1,177,162.50	1,073,775.00	2,250,937.50
2048	1,226,212.50	1,101,275.00	2,327,487.50
2049	1,275,537.50	1,135,525.00	2,411,062.50
2050	1,324,875.00	1,166,025.00	2,490,900.00
2051	1,378,962.50	1,202,775.00	2,581,737.50
2052	1,432,275.00	1,235,525.00	2,667,800.00
2053	<u>1,494,550.00</u>	<u>1,269,675.00</u>	<u>2,764,225.00</u>
Total	<u>\$27,188,962.50</u>	<u>\$25,100,460.83</u>	<u>\$52,289,423.33</u>

Source: Napa Valley Unified School District.

TAX MATTERS

Tax Exemption

Federal Tax Status. In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to the qualifications set forth below, under existing law, the interest on the Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax. Interest on the Bonds may be subject to the corporate alternative minimum tax.

The opinions set forth in the preceding paragraph are subject to the condition that the District comply with all requirements of the Internal Revenue Code of 1986, as amended (the "Tax Code") relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Bonds. The District has made certain representations and covenants in order to comply with each such requirement. Inaccuracy of those representations, or failure to comply with certain of those covenants, may cause the inclusion of such interest in gross income for federal income tax purposes, which may be retroactive to the date of issuance of the Bonds.

Tax Treatment of Original Issue Discount and Premium. If the initial offering price to the public at which a Bond is sold is less than the amount payable at maturity thereof, then such difference constitutes "original issue discount" for purposes of federal income taxes and State of California personal income taxes. If the initial offering price to the public at which a Bond is sold is greater than the amount payable at maturity thereof, then such difference constitutes "original issue premium" for purposes of federal income taxes and State of California personal income taxes. De minimis original issue discount and original issue premium are disregarded.

Under the Tax Code, original issue discount is treated as interest excluded from federal gross income and exempt from State of California personal income taxes to the extent properly allocable to each owner thereof subject to the limitations described in the first paragraph of this section. The original issue discount accrues over the term to maturity of the Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). The amount of original issue discount accruing during each period is added to the adjusted basis of such Bonds to determine taxable gain upon disposition (including sale, redemption, or payment on maturity) of such Bond. The Tax Code contains certain provisions relating to the accrual of original issue discount in the case of purchasers of the Bonds who purchase the Bonds after the initial offering of a substantial amount of such maturity. Owners of such Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Bonds with original issue discount, including the treatment of purchasers who do not purchase in the original offering, the allowance of a deduction for any loss on a sale or other disposition, and the treatment of accrued original issue discount on such Bonds under federal individual alternative minimum taxes.

Under the Tax Code, original issue premium is amortized on an annual basis over the term of the Bond (said term being the shorter of the Bond's maturity date or its call date). The amount of original issue premium amortized each year reduces the adjusted basis of the owner of the Bond for purposes of determining taxable gain or loss upon disposition. The amount of original issue premium on a Bond is amortized each year over the term to maturity of the Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). Amortized Bond premium is not deductible for federal income tax purposes. Owners of premium Bonds, including purchasers who do not purchase in the original offering, should consult their own tax advisors with respect to State of California personal income tax and federal income tax consequences of owning such Bonds.

California Tax Status. In the further opinion of Bond Counsel, interest on the Bonds is exempt from California personal income taxes.

Other Tax Considerations. Current and future legislative proposals, if enacted into law, clarification of the Tax Code or court decisions may cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent beneficial owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals, clarification of the Tax Code or court decisions may also affect the market price for, or marketability of, the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, such legislation would apply to bonds issued prior to enactment.

The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of such opinion, and Bond Counsel has expressed no opinion with respect to any proposed legislation or as to the tax treatment of interest on the Bonds, or as to the consequences of owning or receiving interest on the Bonds, as of any future date. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

Owners of the Bonds should also be aware that the ownership or disposition of, or the accrual or receipt of interest on, the Bonds may have federal or state tax consequences other than as described above. Other than as expressly described above, Bond Counsel expresses no opinion regarding other federal or state tax consequences arising with respect to the Bonds, the ownership, sale or disposition of the Bonds, or the amount, accrual or receipt of interest on the Bonds.

Form of Opinion. A copy of the proposed form of opinion of Bond Counsel 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 by the State Superintendent, 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 a petition under Chapter 9. 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 District or the Board, and is valid and binding from the time the Bonds are executed and delivered. See “THE BONDS – Security and Sources of Payment” herein. Although a statutory lien would not be automatically terminated by the filing of a Chapter 9 bankruptcy petition by the District, the automatic stay provisions of the Bankruptcy Code would apply and payments that become due and owing on the Bonds during the pendency of the Chapter 9 proceeding could be delayed, unless the Bonds are determined to be secured by a pledge of “special revenues” within the meaning of the Bankruptcy Code and the pledged *ad valorem* property taxes are applied to pay the Bonds in a manner consistent with the Bankruptcy Code.

Special Revenues

If the *ad valorem* property tax revenues that are pledged to the payment of the Bonds are determined to be “special revenues” within the meaning of the Bankruptcy Code, then the application in a manner consistent with the Bankruptcy Code of the pledged *ad valorem* property tax revenues should not be subject to the automatic stay. “Special revenues” are defined to include, among others, taxes specifically levied to finance one or more projects or systems of the debtor, but excluding receipts from general property, sales, or income taxes levied to finance the general purposes of the debtor. State law prohibits the use of the tax proceeds for any purpose other than payment of the Bonds and the Bond proceeds can only be used to finance or refinance 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 bonds in the State, so no assurance can be given that a bankruptcy court would not hold otherwise.

Possession of Tax Revenues; Remedies

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

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

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

LEGAL MATTERS

Legality for Investment in California

Under provisions of the State Financial Code, the Bonds are legal investments for commercial banks in the State 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.

Enhanced Reporting Requirements

Under Section 6049 of the Internal Revenue Code of 1986, as amended by the Tax Increase Prevention and Reconciliation Act of 2005 ("TIPRA"), interest paid on tax-exempt obligations will be subject to information reporting in a manner similar to interest paid on taxable obligations. The effective date for this provision is for interest paid after December 31, 2005, regardless of when the tax-exempt obligations were issued. The purpose of this change was to assist in relevant information gathering for the IRS relating to other applicable tax provisions. TIPRA provides that backup withholding may apply to such interest payments made after March 31, 2007 to any bondholder who fails to file an accurate Form W-9 or who meets certain other criteria. The information reporting and backup withholding requirements of TIPRA do not affect the excludability of such interest from gross income for federal income tax purposes.

Continuing Disclosure

Current Undertaking. In connection with the issuance of the Bonds, the District 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 Reports") 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 2024-25 fiscal year, and to provide notices of the occurrence of certain listed events. The Annual Reports and notices of listed events will be filed by the District in accordance with the requirements of the Rule. The specific nature of the information to be contained in the Annual Reports or the notices of listed events is included in "APPENDIX C – FORM OF CONTINUING DISCLOSURE CERTIFICATE" attached hereto. These covenants have been made in order to assist the Underwriter in complying with the Rule.

Previous Undertakings. Within the past five years, the District has not failed to file in a timely manner annual reports or notices of listed events as required by its prior undertakings pursuant to the Rule.

Litigation

No litigation is pending or threatened concerning the validity of the Bonds, and a certificate to that effect will be furnished to purchasers at the time of the original delivery of the Bonds. The District is not aware of any litigation pending or threatened questioning the political existence of the District or contesting the District's ability to receive *ad valorem* property taxes or to collect other revenues or contesting the District's ability to issue and retire the Bonds.

The District is subject to lawsuits and claims in the ordinary course of its operations. In the opinion of the District, the aggregate amount of the uninsured liabilities of the District under these lawsuits and claims will not materially affect the finances of the District.

Legal Opinion

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

MISCELLANEOUS

Ratings

The Insured Bonds are expected to be assigned a rating of "AA" by S&P, based upon the issuance of the Policy by BAM at the time the Bonds are delivered. The Bonds have also been assigned a rating of "A1" by Moody's. The ratings reflect only the views of the rating agencies, and any explanation of the significance of such ratings should be obtained from the rating agency furnishing the same. There is no assurance that the ratings will be retained for any given period of time or that the same will not be revised downward or withdrawn entirely by the rating agencies if, in the judgment of the rating agencies, circumstances so warrant. The District undertakes no responsibility to oppose any such revision or withdrawal. Any such downward revision or withdrawal of the ratings obtained may have an adverse effect on the market price of the Bonds.

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

The District has covenanted in a Continuing Disclosure Certificate to file on the Electronic Municipal Market Access website operated by the Municipal Securities Rulemaking Board notices of any rating changes on the Bonds. See "LEGAL MATTERS - Continuing Disclosure" herein and "APPENDIX C - FORM OF CONTINUING DISCLOSURE CERTIFICATE" attached hereto. Notwithstanding such covenant, information relating to rating changes on the Bonds may be publicly available from the rating agency 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 pursuant to the Rule. Purchasers of the Bonds are directed to the rating agency and its website and official media outlets for the most current rating changes with respect to the Bonds after the initial issuance of the Bonds.

Financial Statements

The District's audited financial statements with supplemental information for the year ended June 30, 2024, 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 of Chavan and Associates, LLP (the "Auditor") dated December 10, 2024, 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 in APPENDIX B to this Official Statement, the District did not request the Auditor to, and the Auditor has not undertaken to, update its report or to take any action intended or likely to elicit information concerning the accuracy, completeness or fairness of the statements made in this Official Statement, and no opinion is expressed by the Auditor with respect to any event subsequent to the date of its report.

Considerations Regarding Bond Insurance

The scheduled payment of principal of and interest on the Insured Bonds when due will be guaranteed under the Policy to be issued concurrently with the delivery of the Bonds by BAM. The Bonds maturing on August 1, 2026 are not insured.

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

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

As result of obtaining the Policy, the long-term ratings on the Insured Bonds will be dependent in part on the financial strength of BAM, and its claims paying ability. BAM's financial strength and claims paying ability are predicated upon a number of factors which could change over time. No assurance is given that the long-term ratings of BAM and of the ratings on the Insured Bonds insured thereby will not be subject to downgrade, and such event could adversely affect the market price of the Insured Bonds, or the marketability or liquidity for such Insured Bonds.

None of the District, the Municipal Advisor or Underwriter have made independent investigations into the claims paying ability of any Insurer and no assurance or representation regarding the financial strength or projected financial strength of any Insurer is given. Thus, when making an investment decision, potential investors should carefully consider the ability of the County to levy *ad valorem* property taxes to pay principal and interest on the Bonds, and the claims paying ability of an Insurer issuing a Policy in connection with the Bonds, particularly over the life of the investment.

For additional information regarding the Policy or BAM, see "BOND INSURANCE" herein.

Underwriting

The Bonds are being purchased by Stifel, Nicolaus & Company, Incorporated (the “Underwriter”). The Underwriter has agreed to purchase the Bonds at a purchase price of \$12,966,657.25 (reflecting the principal amount of the Bonds of \$12,500,000.00, plus net original issue premium of \$497,907.25 less an underwriter’s discount of \$31,250.00).

The bond purchase agreement for the Bonds provides that the Underwriter will purchase all of the Bonds if any are purchased, the obligations to make such purchases being subject to certain terms and conditions set forth in said agreements, the approval of certain legal matters by Bond Counsel, and certain other conditions.

The Underwriter may offer and sell Bonds to certain dealers and others at prices lower than the offering prices stated on the inside cover page hereof. The offering prices may be changed from time to time by the Underwriter.

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

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

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

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

APPENDIX A

FORM OF OPINION OF BOND COUNSEL

Upon issuance of the Bonds, Jones Hall, A Professional Law Corporation, as Bond Counsel, proposes to render its final approving opinion with respect to the Bonds in substantially the following form:

[LETTERHEAD OF JONES HALL]

May 15, 2025

Board of Education
Napa Valley Unified School District
2425 Jefferson Street
Napa, California 94558

OPINION: \$12,500,000 Napa Valley Unified School District (Napa County, California) General Obligation Bonds of School Facilities Improvement District No. 2 (American Canyon Area) Election of 2022, Series B

Members of the Board of Education:

We have acted as bond counsel to the Napa Valley Unified School District (the "District") in connection with the issuance by the District of \$12,500,000 principal amount of Napa Valley Unified School District (Napa County, California) General Obligation Bonds of School Facilities Improvement District No. 2 (American Canyon Area) Election of 2022, Series B (the "Bonds"), under the provisions of Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (the "Act") and Resolution No. 25-30 adopted by the Board of Education of the District (the "Board") on March 13, 2025 (the "Bond Resolution"). We have examined the law and such certified proceedings and other papers as we deemed necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon representations of the Board contained in the Bond Resolution and in the certified proceedings and other certifications and opinions furnished to us, without undertaking to verify such facts by independent investigation.

Based upon our examination, we are of the opinion, under existing law, as follows:

1. The District is duly created and validly existing as a school district with the power to cause the Board to issue the Bonds on its behalf with respect to School Facilities Improvement District No. 2 of the Napa Valley Unified School District (American Canyon Area) (the "Improvement District") and to perform its obligations under the Bond Resolution and the Bonds.

2. The Bond Resolution has been duly adopted by the Board and constitutes a valid and binding obligation of the District enforceable upon the District in accordance with its terms.

3. The Bonds have been duly authorized, executed and delivered by the District, and are valid and binding general obligations of the District with respect to the Improvement District.

4. The Board of Supervisors of Napa County is obligated to levy *ad valorem* property taxes for the payment of the Bonds and the interest thereon upon all property within the Improvement District subject to taxation by the District, without limitation as to rate or amount.

5. The interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax. It should be noted, however, that interest on the Bonds may be subject to the corporate alternative minimum tax. The opinions set forth in the preceding sentences are subject to the condition that the District comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Bonds in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes. The District has made certain representations and covenants in order to comply with each such requirement. Inaccuracy of those representations, or failure to comply with certain of those covenants, may cause the inclusion of such interest in gross income for federal income tax purposes, which may be retroactive to the date of issuance of the Bonds.

6. The interest on the Bonds is exempt from personal income taxation imposed by the State of California.

We express no opinion regarding any other tax consequences arising with respect to the ownership, sale or disposition of, or the amount, accrual or receipt of interest on, the Bonds.

The rights of the owners of the Bonds and the enforceability of the Bonds are limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally, and by equitable principles, whether considered at law or in equity.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

Respectfully submitted,

Jones Hall,
A Professional Law Corporation

APPENDIX B

2023-24 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT

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NAPA VALLEY UNIFIED SCHOOL DISTRICT
COUNTY OF NAPA
NAPA, CALIFORNIA

AUDIT REPORT

June 30, 2024



Chavan & Associates, LLP

Certified Public Accountants
16450 Monterey Road, Ste. 5
Morgan Hill, CA 95037

Napa Valley Unified School District
Napa County

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Napa Valley Unified School District
Napa County

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**FINANCIAL
SECTION**



INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Napa Valley Unified School District (the District), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Napa Valley Unified School District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of a Matter

New Accounting Standards

During the year, the Agency implemented GASB Statement No. 100, Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62. For the fiscal year ended June 30, 2024, the District restated beginning net position by \$570,862 due to an error correction. See Note 1 for additional information. Our opinion was not modified for this matter.



Responsibilities of Management for the Financial Statements

District management is responsible for the preparation and fair presentation of the financial statements in accordance with GAAS, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and GAGAS, we:

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



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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District’s basic financial statements. The combining and individual nonmajor fund financial statements, as required by the Governmental Accounting Standards Board, schedule of average daily attendance, schedule of instructional time, schedule of charter schools, and the reconciliation of the Annual Financial and Budget Report (SACS) to the audited financial statements, as required by the *2023-24 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, and 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*, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Such information is the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This 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 GAAS. In our opinion, the combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.



Other Information

Management is responsible for the other information included in the financial report. The other information comprises the organization schedule and schedule of financial trends and analysis but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated December 10, 2024 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 10, 2024
Morgan Hill, California

Management's Discussion and Analysis

Napa Valley Unified School District
Management's Discussion and Analysis
June 30, 2024

This discussion and analysis of Napa Valley Unified School District's (the District's) financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2024. The intent of this discussion and analysis is to look at the District's financial performance as a whole. Readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for the fiscal year 2023-24 are as follows:

- Total net position increased by \$56,266,206 (111%) mostly because of significant increases in operating grants and one-time money.
- The District recorded deferred outflows of resources of \$103,269,871 and deferred inflows of resources of \$34,007,425 in order to record the different components required by GASB for benefit accounting and reporting and to recognize the deferred loss from the refunding of long-term debt. While the refunding of debt resulted in millions of dollars in actual cash savings for the District, the current recognition of the amounts placed in trust accounts to cover the refunded capital appreciation bonds and other general obligation bonds, resulted in a deferred loss of \$29,611,060, which is amortized over the remaining life of the debt refunded. Deferred outflows of resources are technically not assets but increase the Statement of Net Position similar to an asset and deferred inflows of resources are technically not liabilities but decrease the Statement of Net Position similar to liabilities. See Note 1 in the notes to financial statements for a definition.
- The District had \$303,841,969 in government-wide expenses which was 85% of total government-wide revenues (this rate was 79% last year). Program specific revenues in the form of operating grants and contributions and charges for services accounted for \$76,705,914, or 25%, of the total revenues of \$359,537,313.
- General revenue of \$282,831,399 which includes property taxes, unrestricted federal and state grants and LCFF sources, was 79% of total revenues in 2024 versus 71% in 2023.
- The fund balances of all governmental funds increased by \$59,032,189, which was a 32% increase from 2022-23.
- Total governmental fund revenues and expenditures totaled \$344,800,199 and \$321,507,356, respectively.

Using the Annual Report

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

The Statement of Net Position and Statement of Activities comprise the government-wide financial statements and provide information about the activities of the entire District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed

Napa Valley Unified School District
Management's Discussion and Analysis
June 30, 2024

in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds with all other non-major funds presented in total in one column. In the case of Napa Valley Unified School District, the General Fund is by far the most significant fund.

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

Overview of the Financial Statements

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

- Government-wide financial statements, which comprise the first two statements, provide both short-term and long-term information about the District's overall financial position.
- Individual parts of the District, which are reported as fund financial statements, focus on reporting the District's operations in more detail. These fund financial statements comprise the remaining statements.
- Notes to the financials, which are included in the financial statements, provide more detailed data and explain some of the information in the statements. The required supplementary information section provides further explanations and provides additional support for the financial statements.

Government-wide Financial Statements - Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during the fiscal year 2023-24?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting practices used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses, regardless of when cash is received or paid.

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

In the Statement of Net Position and the Statement of Activities, the District reports governmental activities. Governmental activities are the activities where most of the District's programs and services are reported including, but not limited to, instruction, support services, operation and maintenance of plant, pupil transportation and extracurricular activities. The District has business-type activities for its childcare program which is reported in an enterprise fund and in the government-wide financial statements.

Napa Valley Unified School District
Management's Discussion and Analysis
June 30, 2024

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, the Building Fund, Special Reserve Fund for Capital Outlay and the Bond Interest and Redemption Fund.

Governmental Funds

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

Proprietary Funds

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

Fiduciary Funds

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

Napa Valley Unified School District
Management's Discussion and Analysis
June 30, 2024

The District as a Whole

Recall that the Statement of Net Position provides a perspective of the District as a whole. Table 1 provides a summary of the District's net position as of June 30, 2024 compared to June 30, 2023:

Table 1 - Summary of Net Position				
	2024	2023	Change	Percentage Change
Assets				
Current and Other Assets	\$ 280,236,034	\$ 228,957,091	\$ 51,278,943	22.4%
Capital Assets	585,925,939	592,084,163	(6,158,224)	-1.0%
Total Assets	\$ 866,161,973	\$ 821,041,254	\$ 45,120,719	5.5%
Deferred Outflows				
	\$ 103,269,871	\$ 96,560,730	\$ 6,709,141	6.9%
Liabilities				
Current Liabilities	\$ 40,335,486	\$ 48,821,732	\$ (8,486,246)	-17.4%
Long-Term Liabilities	787,997,420	772,681,096	15,316,324	2.0%
Total Liabilities	\$ 828,332,906	\$ 821,502,828	\$ 6,830,078	0.8%
Deferred Inflows				
	\$ 34,007,425	\$ 45,273,849	\$ (11,266,424)	-24.9%
Net Position				
Net Investment in Capital Assets	\$ 133,288,567	\$ 129,862,516	\$ 3,426,051	2.6%
Restricted	112,625,166	69,876,949	42,748,217	61.2%
Unrestricted	(138,822,220)	(148,914,158)	10,091,938	-6.78%
Total Net Position	\$ 107,091,513	\$ 50,825,307	\$ 56,266,206	110.7%

Current and other assets increased by \$45,120,719 and net position increased by \$56,266,206 which was mostly due to increased operating grants and one-time money.

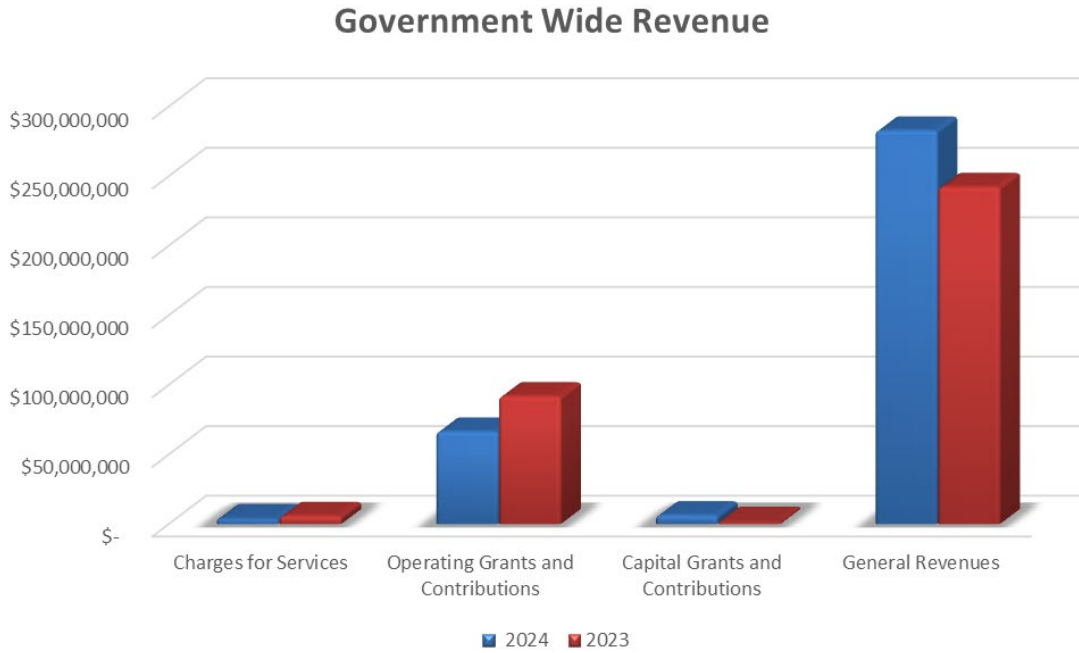
Napa Valley Unified School District
Management's Discussion and Analysis
June 30, 2024

Table 2 shows the changes in net position for the fiscal year 2023-24:

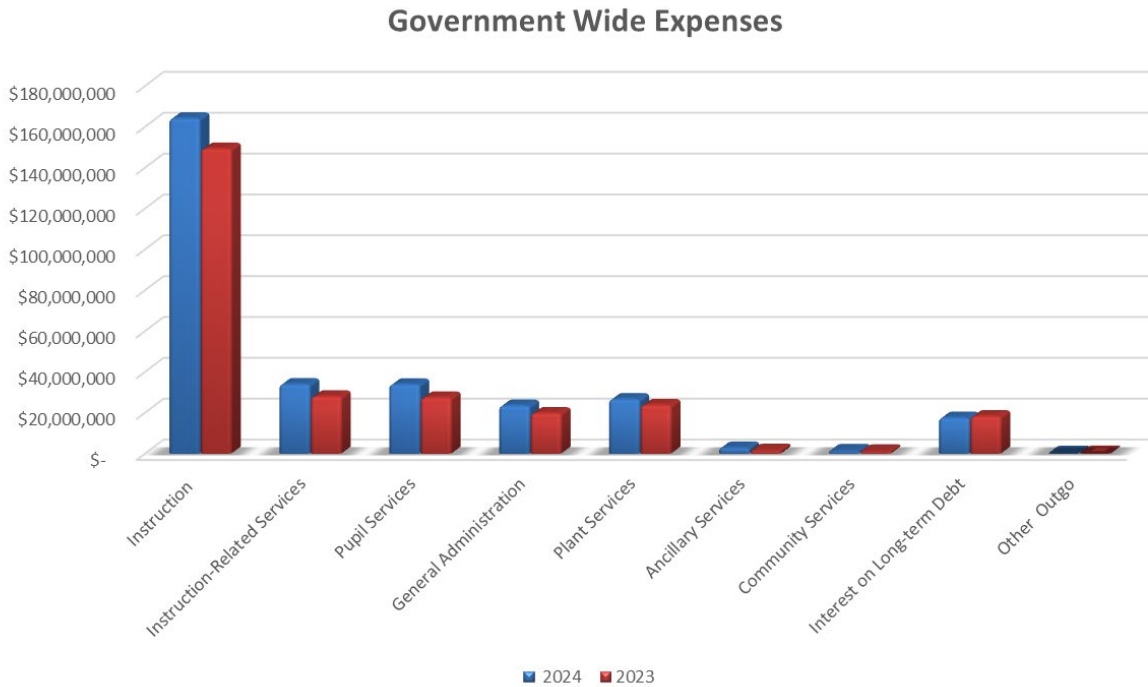
Table 2 - Change in Net Position				
	2024	2023	Change	Percentage Change
Revenues				
Program Revenues:				
Charges for Services	\$ 3,870,812	\$ 5,789,091	\$ (1,918,279)	-33.1%
Operating Grants and Contributions	66,505,561	91,850,597	(25,345,036)	-27.6%
Capital Grants and Contributions	6,329,541	1,518,160	4,811,381	316.9%
General Revenues and Special Items	282,831,399	242,285,276	40,546,123	16.7%
Total Revenues	359,537,313	341,443,124	18,094,189	5.3%
Program Expenses				
Instruction	164,143,578	149,307,173	14,836,405	9.9%
Instruction-Related Services	33,977,619	28,023,369	5,954,250	21.2%
Pupil Services	33,867,006	27,478,019	6,388,987	23.3%
General Administration	23,459,010	19,800,426	3,658,584	18.5%
Plant Services	26,640,607	23,796,383	2,844,224	12.0%
Ancillary Services	2,807,610	1,507,185	1,300,425	86.3%
Community Services	1,371,026	1,068,459	302,567	28.3%
Interest on Long-term Debt	17,557,540	18,303,731	(746,191)	-4.1%
Other Outgo	17,973	130,754	(112,781)	-86.3%
Total Expenses	303,841,969	269,415,499	34,426,470	12.8%
Change in Net Position	55,695,344	72,027,625	(16,332,281)	-22.7%
Beginning Net Position	50,825,307	(20,661,758)	71,487,065	346.0%
Prior Period Adjustments	570,862	(540,560)	1,111,422	205.6%
Ending Net Position	\$ 107,091,513	\$ 50,825,307	\$ 56,266,206	110.7%

Napa Valley Unified School District
Management's Discussion and Analysis
June 30, 2024

The following chart compares government-wide revenue by category for 2023-24 and 2022-23:



The next chart compares government-wide expenses by category for 2023-24 and 2022-23:



Napa Valley Unified School District
Management's Discussion and Analysis
June 30, 2024

Governmental Activities

Direct instruction, Instruction-Related Services, and Pupil Services represent 54% of total expenses compared to 76% last year. The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services, and identifies the cost of these services supported by revenues.

Table 3 - Net Cost of Services				
Function	2024	2023	Increase (Decrease)	Percent
Instruction	\$ 126,691,617	\$ 82,857,685	\$ 43,833,932	52.9%
Instruction-Related Services	25,520,800	21,481,904	4,038,896	18.8%
Pupil Services	17,673,427	7,671,388	10,002,039	130.4%
General Administration	21,044,325	17,308,914	3,735,411	21.6%
Plant Services	25,370,769	22,624,259	2,746,510	12.1%
Ancillary Services	1,975,778	(28,498)	2,004,276	7033.0%
Community Services	(27,669)	(92,486)	64,817	70.1%
Interest on Long-term Debt	17,557,540	18,303,731	(746,191)	-4.1%
Other	(8,670,532)	130,754	(8,801,286)	6731.2%
Total Net Cost of Services	\$ 227,136,055	\$ 170,257,651	\$ 56,878,404	33.4%

The District's Funds

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

Table 4 - Change in Fund Balances				
Funds	2024	2023	Increase (Decrease)	Percent
General Fund	\$ 120,166,452	\$ 124,764,667	\$ (4,598,215)	-3.7%
Building Fund	15,053,807	7,827,915	7,225,892	92.3%
Spec. Res. Fund for Capital Outlay Proj.	53,517,617	7,098,909	46,418,708	653.9%
Bond Interest and Redemption Fund	26,955,997	24,271,635	2,684,362	11.1%
Nonmajor Governmental Funds	27,723,252	20,462,958	7,260,294	35.5%
Internal Service Fund	1,578,423	1,537,275	41,148	2.7%
Total Fund Balances	\$ 244,995,548	\$ 185,963,359	\$ 59,032,189	31.7%

Napa Valley Unified School District
Management's Discussion and Analysis
June 30, 2024

Capital Assets

Table 5 shows June 30, 2024 balances compared to June 30, 2023:

Table 5 - Summary of Capital Assets Net of Depreciation				
Capital Asset	2024	2023	Increase (Decrease)	Percent
	Net Capital Assets	Net Capital Assets		
Land	\$ 22,335,791	\$ 22,387,126	\$ (51,335)	-0.2%
Right of Use Assets	2,213,332	807,141	1,406,191	63.5%
Site Improvements	49,988,933	45,779,386	4,209,547	9.2%
Buildings and Improvements	431,953,864	369,946,892	62,006,972	16.8%
Furniture and Equipment	6,192,735	6,291,699	(98,964)	-1.6%
Work-in-Progress	73,241,284	146,871,919	(73,630,635)	-50.1%
Totals	\$ 585,925,939	\$ 592,084,163	\$ (6,158,224)	-1.0%

See Note 4 for additional information related to the changes in capital assets.

Long Term Liabilities

Table 6 reports the balance and changes of long-term liabilities during the fiscal year 2023-24.

Table 6 - Long-term Liabilities				
Type of Debt	2024	2023	Increase (Decrease)	Percent
General Obligation Bonds	\$ 506,260,730	\$ 508,846,946	\$ (2,586,216)	-0.5%
Subscription Liabilities	735,753	307,103	428,650	58.3%
Leases	372,056	490,807	(118,751)	-31.9%
Net Pension Liabilities	193,262,518	180,216,332	13,046,186	7.2%
Net OPEB Liability	83,938,984	79,640,892	4,298,092	5.4%
Early Retirement Incentives	826,310	826,310	-	0.0%
Compensated absences	2,601,069	2,352,706	248,363	10.6%
Total Debt	\$ 787,997,420	\$ 772,681,096	\$ 15,316,324	2.0%

General Fund Budgetary Highlights

The District's budget is prepared in accordance with California law and is based on the modified accrual basis of accounting. Over the course of the year, the District revised its budget based on updated financial information. The original budget, approved at the end of June for July 1, is based on May Revised figures and updated 45 days after the State approves its final budget. In addition, the District revised its budget at First and Second Interim. The Original budget presented in the required supplementary information section includes only new revenues for 2023-24. During the budget revision process the District accounts for prior year ending balances by budgeting to use the carryover.

Napa Valley Unified School District
Management's Discussion and Analysis
June 30, 2024

Factors Bearing on the District's Future

Like many districts across California, the Napa Valley Unified School District has declining enrollment. The state budget now allows school districts to use a three-year average daily attendance calculation instead of just using the greater of the current or prior year. This gives school districts greater time to respond and right size staffing and facilities needed in response. As long as the district remains vigilant and continues to respond appropriately, this change will improve their financial outlook.

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 Rob Mangewala, Assistant Superintendent of Business Services, Napa Valley Unified School District, 2425 Jefferson Street, Napa, California 94558.

Basic Financial Statements

Napa Valley Unified School District

Statement of Net Position

June 30, 2024

	<u>Governmental Activities</u>
Assets	
Cash and investments	\$ 261,869,109
Accounts receivable	17,985,310
Inventory	311,804
Prepaid expenses	69,811
Capital assets - net	<u>585,925,939</u>
Total Assets	<u><u>\$ 866,161,973</u></u>
Deferred Outflows of Resources	
Deferred loss on early retirement of long-term debt	\$ 29,611,060
OPEB plan adjustments	14,292,678
Pension plan adjustments	<u>59,366,133</u>
Total Deferred Outflows of Resources	<u><u>\$ 103,269,871</u></u>
Liabilities	
Accounts payable	\$ 34,391,806
Unearned revenue	848,680
Accrued interest	5,095,000
Long-term liabilities:	
Due within one year	18,607,693
Due after one year	<u>769,389,727</u>
Total Liabilities	<u><u>\$ 828,332,906</u></u>
Deferred Inflows of Resources	
OPEB plan adjustments	\$ 12,680,792
Pension plan adjustments	<u>21,326,633</u>
Total Deferred Inflows of Resources	<u><u>\$ 34,007,425</u></u>
Net Position	
Net investment in capital assets	\$ 133,288,567
Restricted for:	
Educational programs	43,398,558
Adult education	487,958
Cafeteria programs	10,029,976
Capital projects	58,284,987
Unrestricted	<u>(138,822,220)</u>
Total Net Position	<u><u>\$ 107,091,513</u></u>

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

Napa Valley Unified School District
Statement of Activities
For the Fiscal Year Ended June 30, 2024

	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position
					Governmental Activities
Governmental activities:					
Instruction	\$ 164,143,578	\$ 209,301	\$ 30,913,119	\$ 6,329,541	\$ (126,691,617)
Instruction-related services:					
Supervision of instruction	15,249,081	128,801	6,517,459	-	(8,602,821)
Instruction library, media and technology	1,324,444	1,204	82,858	-	(1,240,382)
School site administration	17,404,094	30,876	1,695,621	-	(15,677,597)
Pupil services:					
Home-to-school transportation	7,362,174	51,583	88,715	-	(7,221,876)
Food services	8,849,118	19,558	11,363,021	-	2,533,461
All other pupil services	17,655,714	96,394	4,574,308	-	(12,985,012)
General administration:					
Data processing	3,263,663	-	22,401	-	(3,241,262)
All other general administration	20,195,347	27,516	2,364,768	-	(17,803,063)
Plant services	26,640,607	41,019	1,228,819	-	(25,370,769)
Ancillary services	2,807,610	8,404	823,428	-	(1,975,778)
Community services	1,371,026	1,931	1,396,764	-	27,669
Other outgo	17,973	3,254,225	5,434,280	-	8,670,532
Interest on long-term debt	17,557,540	-	-	-	(17,557,540)
Total governmental activities	<u>\$ 303,841,969</u>	<u>\$ 3,870,812</u>	<u>\$ 66,505,561</u>	<u>\$ 6,329,541</u>	<u>(227,136,055)</u>
General revenues and special item:					
Taxes and subventions:					
Taxes levied for general purposes					175,961,436
Taxes levied for debt service					33,215,134
Federal and state aid not restricted to specific purposes					52,649,717
Interest and investment earnings (loss)					4,045,234
Interagency revenue					644,192
Miscellaneous					1,578,570
Special item:					
Gain (loss) on disposal of capital assets					14,737,116
Total general revenues and special items					<u>282,831,399</u>
Change in net position					<u>55,695,344</u>
Net position beginning					50,825,307
Prior period adjustments					570,862
Net position beginning, as adjusted					<u>51,396,169</u>
Net position ending					<u>\$ 107,091,513</u>

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

Napa Valley Unified School District

Governmental Funds

Balance Sheet

June 30, 2024

	General Fund	Building Fund	Special Reserve Fund for Capital Outlay Projects	Bond Interest & Redemption Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets						
Cash and investments	\$ 133,338,608	\$ 16,283,208	\$ 54,301,774	\$ 26,708,803	\$ 29,657,750	\$ 260,290,143
Accounts receivable	15,794,617	-	-	247,194	1,943,499	17,985,310
Inventory	96,194	-	-	-	215,610	311,804
Prepaid items	36,147	87	-	-	33,577	69,811
Total Assets	\$ 149,265,566	\$ 16,283,295	\$ 54,301,774	\$ 26,955,997	\$ 31,850,436	\$ 278,657,068
Liabilities and Fund Balances						
Liabilities:						
Accounts payable	\$ 28,250,434	\$ 1,229,488	\$ 784,157	\$ -	\$ 4,127,184	\$ 34,391,263
Unearned revenue	848,680	-	-	-	-	848,680
Total Liabilities	29,099,114	1,229,488	784,157	-	4,127,184	35,239,943
Fund balances:						
Nonspendable:						
Revolving fund	88,700	-	-	-	120	88,820
Inventory	96,194	-	-	-	215,610	311,804
Prepaid items	36,147	87	-	-	33,577	69,811
Restricted for:						
Educational programs	43,398,558	-	-	-	-	43,398,558
Adult education	-	-	-	-	487,958	487,958
Cafeteria programs	-	-	-	-	10,029,976	10,029,976
Debt service	-	-	-	26,955,997	-	26,955,997
Facilities projects	-	-	-	-	16,770,752	16,770,752
Capital projects	-	15,053,720	41,514,235	-	-	56,567,955
Assigned for:						
Educational programs	51,000,000	-	-	-	-	51,000,000
Capital projects	-	-	12,003,382	-	-	12,003,382
Adult education	-	-	-	-	185,259	185,259
Unassigned:						
Reserve for economic uncert.	25,546,853	-	-	-	-	25,546,853
Total Fund Balances	120,166,452	15,053,807	53,517,617	26,955,997	27,723,252	243,417,125
Total Liabilities and Fund Balances	\$ 149,265,566	\$ 16,283,295	\$ 54,301,774	\$ 26,955,997	\$ 31,850,436	\$ 278,657,068

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

Napa Valley Unified School District
 Reconciliation of the Governmental Funds
 Balance Sheet to the Statement of Net Position
 June 30, 2024

Total fund balances - governmental funds		\$ 243,417,125
<p>Capital assets for governmental activities are not financial resources and therefore are not reported as assets in governmental funds.</p>		
Cost of capital assets	\$ 855,942,053	
Accumulated depreciation	<u>(270,016,114)</u>	585,925,939
<p>In governmental funds, interest on long-term debt is not recognized until the period in which it matures and is paid. In the government-wide statement of activities, it is recognized in the period that it is incurred. The accrued interest at the end of the period was:</p>		
		(5,095,000)
<p>An internal service fund is used by management to charge the costs of self insurance benefits to individual funds. The assets and liabilities of the internal service fund are included with governmental activities.</p>		
		1,578,423
<p>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.</p>		
		59,366,133
<p>The differences from pension plan assumptions in actuarial valuations are not included in the plans' actuarial study until the next fiscal year and are reported as deferred inflows of resources in the Statement of Net Position.</p>		
		(21,326,633)
<p>The differences between projected and actual amounts in the OPEB plan are not included in the plan actuarial study until the next fiscal year and are reported as deferred outflows or inflows of resources in the statement of net position as follows:</p>		
		1,611,886
<p>Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:</p>		
General obligation bonds	\$ 506,260,730	
Subscription Liabilities	735,753	
Leases	372,056	
Deferred loss on defeasance on long-term debt	(29,611,060)	
Net pension liabilities	193,262,518	
Net OPEB liability	83,938,984	
Early retirement incentives	826,310	
Compensated absences	<u>2,601,069</u>	<u>(758,386,360)</u>
Total net position - governmental activities		<u>\$ 107,091,513</u>

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

Napa Valley Unified School District
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2024

	General Fund	Building Fund	Special Reserve Fund for Capital Outlay Projects	Bond Interest & Redemption Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:						
LCFF Sources	\$ 223,402,701	\$ -	\$ -	\$ -	\$ -	\$ 223,402,701
Federal	17,468,204	-	-	368,154	6,569,711	24,406,069
Other state	32,038,507	-	-	97,197	14,241,114	46,376,818
Other local	12,167,443	433,742	419,421	33,477,221	4,116,784	50,614,611
Total revenues	285,076,855	433,742	419,421	33,942,572	24,927,609	344,800,199
Expenditures:						
Instruction	148,785,529	-	-	-	1,620,798	150,406,327
Instruction-related services:						
Supervision of instruction	14,648,638	-	-	-	745,687	15,394,325
Instruction library, media and technology	1,337,059	-	-	-	-	1,337,059
School site administration	15,646,296	-	-	-	1,171,073	16,817,369
Pupil services:						
Home-to-school transportation	5,889,675	-	-	-	-	5,889,675
Food services	782,214	-	-	-	8,075,940	8,858,154
All other pupil services	17,478,445	-	-	-	345,434	17,823,879
General administration:						
Data processing	3,294,749	-	-	-	-	3,294,749
All other general administration	18,172,011	-	-	-	426,522	18,598,533
Plant services	27,932,470	-	197,478	-	89,256	28,219,204
Facility acquisition and construction	2,408,947	5,489,500	2,603,591	-	5,118,867	15,620,905
Ancillary services	2,808,037	-	-	-	-	2,808,037
Community services	1,297,496	-	-	-	73,738	1,371,234
Other outgo	17,976	-	-	-	-	17,976
Debt service:						
Principal	2,031,081	-	-	14,650,000	-	16,681,081
Interest and fees	56,289	218,350	-	18,094,210	-	18,368,849
Total expenditures	262,586,912	5,707,850	2,801,069	32,744,210	17,667,315	321,507,356
Excess (deficiency) of revenues over (under) expenditures	22,489,943	(5,274,108)	(2,381,648)	1,198,362	7,260,294	23,292,843
Other financing sources (uses):						
Transfers in	-	-	30,000,000	-	-	30,000,000
Transfers out	(30,000,000)	-	-	-	-	(30,000,000)
Leases and subscriptions	2,340,980	-	-	-	-	2,340,980
Bond issuance	-	12,500,000	-	-	-	12,500,000
Premium from debt issuance	-	-	-	1,486,000	-	1,486,000
Sale of capital asset	-	-	18,800,356	-	-	18,800,356
Total other financing sources (uses)	(27,659,020)	12,500,000	48,800,356	1,486,000	-	35,127,336
Changes in fund balances	(5,169,077)	7,225,892	46,418,708	2,684,362	7,260,294	58,420,179
Fund balances beginning	124,764,667	7,827,915	7,098,909	24,271,635	20,462,958	184,426,084
Prior period adjustments	570,862	-	-	-	-	570,862
Fund balances beginning, as adjusted	125,335,529	7,827,915	7,098,909	24,271,635	20,462,958	184,996,946
Fund balances ending	\$ 120,166,452	\$ 15,053,807	\$ 53,517,617	\$ 26,955,997	\$ 27,723,252	\$ 243,417,125

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

Napa Valley Unified School District
Reconciliation of the Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balance
to the Statement of Activities
For the Fiscal Year Ended June 30, 2024

Total net change in fund balances - governmental funds		\$ 58,420,179
<p>Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital assets additions were greater or less than depreciation expense during the period.</p>		
Capital asset additions	\$ 16,933,259	
Depreciation expense	<u>(19,028,243)</u>	(2,094,984)
<p>Governmental funds do not report gains (losses) on disposal of capital assets. However, in the government-wide statement of activities and changes in net position, the cost to dispose of capital assets, net any proceeds, is accounted for as a special item.</p>		
		(4,063,240)
<p>The governmental funds report long-term debt proceeds as an other financing source, while repayment of debt principal is reported as an expenditure. Also, governmental funds report the effect of prepaid issuance cost and premiums when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. Interest is recognized as an expenditure in the governmental when it is due. The net effect of these differences in the treatment of long-term debt and related items is as follows:</p>		
General obligation bond principal payments	\$ 14,650,000	
Accreted Interest	(1,459,613)	
General obligation bond proceeds	(12,500,000)	
Bond premium capitalized	(1,486,000)	
Subscription contracts issued	(2,340,980)	
Lease principal payments	118,751	
Subscription principal payments	1,912,330	
Amortization of loss from bond defeasances	(1,843,907)	
Amortization of bond premiums	<u>3,381,829</u>	432,410
<p>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.</p>		
		733,000
<p>In the statement of activities, compensated absences are measured by the amount earned during the year. In governmental funds, however, expenditures for those items are measured by the amount of financial resources used (essentially the amounts paid). This year vacation earned was more than vacation used by:</p>		
		(248,363)
<p>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.</p>		
		10,135,540
<p>An internal service fund is used by management to charge the costs of self insurance benefits to individual funds. The net revenue of the internal service fund is reported with governmental activities.</p>		
		41,148
<p>In governmental funds, actual contributions to OPEB plans are reported as expenditures in the year incurred. However, in the government-wide statement of activities, only the current year OPEB expense as noted in the plan's valuation reports is reported as an expense, as adjusted for deferred inflows and outflows of resources.</p>		
		<u>(7,660,346)</u>
Change in net position of governmental activities		<u><u>\$ 55,695,344</u></u>

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

Napa Valley Unified School District
Statement of Net Position
Proprietary Funds
June 30, 2024

	Internal Service Fund
	Self Insurance Programs
Assets	
Current Assets:	
Cash and investments	\$ 1,578,966
Total Assets	\$ 1,578,966
Liabilities	
Current Liabilities:	
Accounts payable	\$ 543
Total Liabilities	\$ 543
Net Position	
Restricted	\$ 1,578,423
Total Net Position	\$ 1,578,423

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

Napa Valley Unified School District
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2024

	Internal Service Fund
	Self Insurance Programs
Operating Revenues	
Local revenue	\$ -
Total Operating Revenue	-
Operating Expenses	
Employee benefits	28,481
Total Operating Expenses	28,481
Operating Income (Loss)	(28,481)
Nonoperating Revenues (Expenses):	
Interest income (loss)	69,629
Change in Net Position	41,148
Beginning Net Position as adjusted	1,537,275
Ending Net Position	\$ 1,578,423

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

Napa Valley Unified School District
Statement of Cash Flows
Proprietary Funds
June 30, 2024

	Internal Service Fund
	Self Insurance Programs
Cash Flows from Operating Activities	
Cash paid for employees and claims	\$ (37,801)
Net cash provided by (used for) operating activities	(37,801)
 Cash Flows from Investing Activities	
Interest income (loss)	69,629
	69,629
Increase (Decrease) in Cash and Cash Equivalents	31,828
Cash and Cash Equivalents - Beginning, Adjusted	1,547,138
Cash and Cash Equivalents - Ending	\$ 1,578,966
 Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating income (loss)	\$ (28,481)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Changes in operating assets and liabilities:	
Increase (decrease) in accounts payable	(9,320)
Net cash provided by operating activities	\$ (37,801)

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

Napa Valley Unified School District
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2024

	Private Purpose Trust Scholarship Fund
Assets	
Cash and investments	\$ 983,476
Total Assets	\$ 983,476
Liabilities	
Accounts payable	\$ 14,065
Total Liabilities	\$ 14,065
Net Position	
Restricted for scholarships	\$ 969,411
Total Net Position	\$ 969,411

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

Napa Valley Unified School District
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Fiscal Year Ended June 30, 2024

	Private Purpose Trust Scholarship Fund
Additions:	
Donations and gifts	\$ 312,128
Interest and investment earnings (losses)	22,330
Total additions	334,458
Deductions:	
Financial assistance to students	261,395
Changes in net position	73,063
Net position beginning	896,348
Net position ending	\$ 969,411

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

Notes to the Basic Financial Statements

Napa Valley Unified School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

1. SIGNIFICANT ACCOUNTING POLICIES

A. Accounting Principles

Napa Valley Unified School District (the "District") accounts for its financial transactions in accordance with the policies and procedures of the Department of Education's *California School Accounting Manual*. The account policies of the District conform to accounting principles generally accepted in the United States of America as prescribed by the U.S. Governmental Accounting Standards Board ("GASB") and the American Institute of Certified Public Accountants ("AICPA").

B. Reporting Entity

The District is the level of government primarily accountable for activities related to public education. The governing authority consists of seven 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 does not have any component units and is not a component unit of any reporting entity for the fiscal year ended June 30, 2024.

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. Eliminations have been made to minimize the effect of interfund activities.

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.

Napa Valley Unified School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

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

Fund Financial Statements:

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

The accounting and financial treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets, 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.

Proprietary fund operating revenues result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues result from non-exchange transactions or ancillary activities.

Fiduciary funds are reported using the economic resources measurement focus.

D. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Fiduciary funds use the accrual basis of accounting.

Revenues - Exchange and Non-exchange Transactions:

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded under the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. "Available" means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. To achieve comparability of reporting among California districts, and so as not to distort normal revenue patterns

Napa Valley Unified School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

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.

The District applies all applicable GASB pronouncements for certain accounting and financial reporting guidance. In December of 2010, GASB issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. GASB 62 incorporates pronouncements issued on or before November 30, 1989 into GASB authoritative literature. In June of 2015, GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. GASB 76 supersedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. GASB 76 also amends GASB 62 and AICPA Pronouncements paragraphs 64, 74, and 82. The GAAP hierarchy sets forth what constitutes GAAP for all state and local governmental entities. It establishes the order of priority of pronouncements and other sources of accounting and financial reporting guidance that a governmental entity should apply.

The sources of authoritative GAAP are categorized in descending order of authority as follows:

- a. Officially established accounting principles—Governmental Accounting Standards Board (GASB) Statements (Category A)
- b. GASB Technical Bulletins; GASB Implementation Guides; and literature of the AICPA cleared by the GASB (Category B).

If the accounting treatment for a transaction or other event is not specified by a pronouncement in Category A, a governmental entity should consider whether the accounting treatment is specified by a source in Category B.

Deferred Outflow of Resources and Deferred Inflow of Resources:

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

Napa Valley Unified School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and as such, will not be recognized as an inflow of resources (revenue) until that time. The District has recognized a deferred inflow of resources related to the recognition of the pension liability reported which is in the Statement of Net Position.

Unearned Revenue:

Unearned revenue arises when assets (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:

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

E. Fund Accounting

The accounts of the District are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows, liabilities, deferred inflows, fund equity or retained earnings, revenues, and expenditures or expenses, as appropriate. District resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The District's accounts are organized into governmental major and nonmajor, proprietary 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 Deferred Maintenance Fund.

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

Napa Valley Unified School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

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

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

Non-major Governmental Funds:

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

The District maintains the following nonmajor special revenue funds:

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

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

- The *Capital Facilities Fund* is used to account for resources received from developer impact fees assessed under provisions of the California Environmental Quality Act ("CEQA").
- The *County Schools Facilities Fund* was established to receive apportionments from the State School Facilities Fund authorized by the State Allocation Board for new school facility construction, modernization projects and facility hardship grants.

Proprietary Funds:

Proprietary funds encompass an Internal Service Fund that used to account for services rendered on a cost reimbursement basis within the District. The District has the following proprietary fund:

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

Napa Valley Unified School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

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 custodial 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 custodial funds.

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

F. Budgets and Budgetary Accounting

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

These budgets are revised by the District's governing board during the year to give consideration to unanticipated income and expenditures. The original and final revised budgets for the General Fund are presented as Required Supplementary Information.

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

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.

Napa Valley Unified School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

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, 2022
Measurement Date	June 30, 2023
Measurement Period	July 1, 2022 to June 30, 2023

Other Postemployment Benefits Other Than Pensions (OPEB):

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources, and OPEB expense, information about the fiduciary net position of the District's Retiree Benefits Plan (the OPEB Plan) and additions to/deductions are based on the when they are due and payable in accordance with the benefit terms for the measurement period included in the OPEB plan's actuarial reports. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

Valuation Date	July 1, 2022
Measurement Date	June 30, 2024
Measurement Period	July 1, 2023 to June 30, 2024

I. Assets, Liabilities, and Equity

a) Cash and Investments

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

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

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

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.

Napa Valley Unified School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

b) Fair Value Measurements

Investments are recorded at fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction. In determining this amount, three valuation techniques are available:

- Market approach - This approach uses prices generated for identical or similar assets or liabilities. The most common example is an investment in a public security traded in an active exchange such as the NYSE.
- Cost approach - This technique determines the amount required to replace the current asset. This approach may be ideal for valuing donations of capital assets or historical treasures.
- Income approach - This approach converts future amounts (such as cash flows) into a current discounted amount.

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

c) Inventories

Inventories are recorded using the consumption method, in that inventory acquisitions are initially recorded in inventory (asset) accounts and are charged as expenditures when used. Reported inventories are equally offset by nonspendable fund balance, which indicates that these amounts are not "available for appropriation and expenditure" even though they are a component of net current assets. The District's central warehouse and cafeteria inventory valuation is First-in First-out (FIFO).

d) Prepaid expenditures

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

e) Capital Assets

Capital assets are those purchased or acquired with an original cost of \$5,000 or more and are reported at historical cost or estimated historical cost. 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. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the asset's lives are not capitalized, but are expensed as incurred. Depreciation/amortization

Napa Valley Unified School District
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For the Fiscal Year Ended June 30, 2024

on all assets is provided on the straight-line basis over an estimated useful life of 5 to 50 years depending on the asset class.

Intangible right-to-use lease assets are amortized over the shorter of the lease term or the useful life of the underlying asset, unless the lease contains a purchase option that the university has determined is reasonably certain of being exercised, then the lease asset is amortized over the useful life of the underlying asset. Intangible right-to-use subscription assets are amortized over the shorter of the subscription term or the useful life of the underlying IT asset.

f) Compensated Absences

All vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Accumulated sick leave benefits are not recognized as liabilities of the District. The District's policy is to record sick leave as an operating expense in the period taken, since such benefits do not vest, nor is payment probable; however, unused sick leave is added to the creditable service period for calculation of retirement benefits when the employee retires. At retirement, each classified member will receive .004 year of service credit for each day of unused sick leave. Credit for unused sick leave is applicable to all certificated employees and is determined by dividing the number of unused sick days by the number of base service days required to complete the last school year, if employed full-time.

g) Long-Term Liabilities

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts as well as issuance costs if related to prepaid insurance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of applicable bond premium or discount. Bond issuance costs, 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.

h) Subscription Based Information Technology Arrangements

The District recognizes subscription liabilities with an initial, individual value of \$250,000 or more. The District uses its estimated incremental borrowing rate to measure subscription liabilities unless it can readily determine the interest rate in the arrangement. The District's estimated incremental borrowing rate is calculated as described above. The District's estimated incremental borrowing rate is based on its most recent public debt issuance.

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i) Fund Balance Classifications

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

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

- Nonspendable - includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.
- Restricted - includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.
- Committed - includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision-making authority and does not lapse at year-end. Committed fund balances are imposed by the District's board of education.
- Assigned - includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund balance may be assigned by the Superintendent and Assistant Superintendent of Business.
- Unassigned includes positive fund balance within the general fund which has not been classified within the above-mentioned categories and negative fund balances in other governmental funds.

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

j) Net Position

Net position represents the difference between assets, deferred outflows, liabilities and deferred inflows. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. In addition, deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also are included in the net investment in capital assets component of net position. As of June 30, 2024, capital assets net of accumulated depreciation totaling \$585,925,939 was reduced by related debt of \$458,549,855, which excluded accreted interest and premiums attributed to cash reserves for debt service of \$36,715,738. 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

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governments. The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Educational Program restrictions reflect the amounts to be expended for federal and state funded educational programs.

Adult Education restrictions reflect the cash balances in the adult education fund that are restricted for the adult education program.

Debt Service restrictions reflect the cash balances in the debt service funds of \$26,955,999 that are restricted for debt service payments by debt covenants, reduced by outstanding bond premiums of \$36,715,738.

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 cafeteria programs.

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

Child Care Program restrictions reflect the amounts to be expended for child care services earned from the enterprise fund Child Care Program.

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.

k) Local Control Funding Formula and Property Taxes

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

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

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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.

l) Eliminations and Reclassifications

In the process of aggregating data for the Statement of Net Position and the Statement of Activities, some amounts reported as interfund activity and balances in the funds were eliminated and reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

m) 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.

J. Implemented Accounting Pronouncements

GASB Statement No. 100, *Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62*

This Statement defines *accounting changes* as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. This Statement also prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections in previously issued financial statements. The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. The District corrected an error related to accounts receivable relating to the General Fund for revenue adjusting beginning net position by \$570,862. See Note 10 for additional information.

K. Upcoming Accounting and Reporting Changes

The District is currently analyzing its accounting practices to determine the potential impact on the financial statements of the following recent GASB Statements:

GASB Statement No. 101, *Compensated Absences*

This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. However, leave that is more likely than not to be settled

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through conversion to defined benefit postemployment benefits should not be included in a liability for compensated absences.

This Statement requires that a liability for certain types of compensated absences—including parental leave, military leave, and jury duty leave—not be recognized until the leave commences. This Statement also requires that a liability for specific types of compensated absences not be recognized until the leave is used. A liability for leave that has been used but not yet paid or settled should be measured at the amount of the cash payment or noncash settlement to be made. Certain salary-related payments that are directly and incrementally associated with payments for leave also should be included in the measurement of the liabilities.

The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter.

GASB Statement No. 102, *Certain Risk Disclosures*

This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued.

If a government determines that those criteria for disclosure have been met for a concentration or constraint, it should disclose information in notes to financial statements in sufficient detail to enable users of financial statements to understand the nature of the circumstances disclosed and the government's vulnerability to the risk of a substantial impact. The disclosure should include descriptions for (1) the concentration or constraint (2) each event associated with the concentration or constraint that could cause a substantial impact if the event had occurred or had begun to occur prior to the issuance of the financial statements (3) actions taken by the government prior to the issuance of the financial statements to mitigate the risk. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter.

GASB Statement No. 103, *Financial Reporting Model Improvements*

This Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability.

This Statement establishes new accounting and financial reporting requirements or modifies existing requirements related to (a) Management's discussion and analysis (MD&A) (b) Unusual or infrequent items (c) Presentation of the proprietary fund statement of revenues, expenses, and changes in fund net position (d) Information about major component units in basic financial statements (e) Budgetary comparison information (f) Financial trend information in the statistical section

The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter.

Napa Valley Unified School District
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For the Fiscal Year Ended June 30, 2024

2. CASH AND INVESTMENTS

A summary of cash and investments as of June 30, 2024 is as follows:

Description	Carrying Amount	Fair Value
Government-Wide Statements:		
Cash on hand and in banks	\$ 1,492,423	\$ 1,492,423
Cash in revolving fund	88,820	88,820
Cash with County	260,287,866	260,287,866
Total Cash and Investments	\$ 261,869,109	\$ 261,869,109
 Fiduciary Funds:		
Cash with County	\$ 983,476	\$ 983,476

Cash in Banks and in Revolving Funds

Cash balances in banks and revolving funds are insured up to \$250,000 by the Federal Deposit Insurance Corporation ("FDIC"). These accounts are held within various financial institutions. As of June 30, 2024, the bank balances of the District's accounts with banks was \$1,599,625 which included \$849,625 that was not insured by FDIC, but was collateralized in California as required by Government Code.

Fair Value Measurements

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

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

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

Cash in County Treasury

The District is considered to be an involuntary participant in an external investment pool as the District is required to maintain substantially all of its cash with the County Treasurer in accordance with Education Code Section 41001. The fair value of the District's investment in the pool is reported in the accounting financial statements at amounts based upon the District's pro rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

Napa Valley Unified School District
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For the Fiscal Year Ended June 30, 2024

Policies and Practices

The District is authorized under California Government Code Section 53635 to make direct investments in local agency bonds, notes, or warrants within the State; U.S. Treasury instruments; registered State warrants or treasury notes; securities of the U.S. Government, or its agencies; bankers acceptances; commercial paper; certificates of deposit placed with commercial banks and/or savings and loan companies; repurchase or reverse repurchase agreements; medium term corporate notes; shares of beneficial interest issued by diversified management companies, certificates of participation, obligations with first priority security; and collateralized mortgage obligations.

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

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to the changes in market interest rates. The District manages its exposure to interest rate risk by investing in the County Treasury. The District maintains cash with the Napa County Investment Pool. The pool has a fair value of approximately \$1.21 billion and an amortized book value of \$1.25 billion. The average days to maturity for the County pool was 386 days.

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

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the California Government code requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits.

Concentration of Credit Risk

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

Napa Valley Unified School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

3. ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following as of June 30, 2024:

Receivables	General Fund	Special Reserve Fund For Capital Outlay	Bond Interest & Redemption Fund	Nonmajor Funds	Total Gov't Funds
Federal	\$ 8,941,100	\$ -	\$ -	\$ 1,471,798	\$ 10,412,898
State	993,924	-	-	34,312	1,028,236
Lottery	1,006,644	-	-	-	1,006,644
Local	4,852,949	-	247,194	437,389	5,537,532
Totals	<u>\$ 15,794,617</u>	<u>\$ -</u>	<u>\$ 247,194</u>	<u>\$ 1,943,499</u>	<u>\$ 17,985,310</u>

4. CAPITAL ASSETS AND DEPRECIATION

Capital asset activities for the year ended June 30, 2024 were as follows:

Capital Assets	Balance June 30, 2023	Additions	Transfers	Deletions	Balance June 30, 2024
Land - nondepreciable	\$ 22,387,126	\$ -	\$ -	\$ (51,335)	\$ 22,335,791
Right of use assets	980,598	2,340,980	-	-	3,321,578
Site improvements	101,316,758	1,572,520	7,951,122	(1,710,363)	109,130,037
Buildings and improvements	555,096,577	-	77,343,074	(5,760,934)	626,678,717
Furniture and equipment	20,728,284	1,356,198	-	(849,836)	21,234,646
Work-in-progress	146,871,919	11,663,561	(85,294,196)	-	73,241,284
Total capital assets	847,381,262	16,933,259	-	(8,372,468)	855,942,053
Less accumulated depreciation/amortization for:					
Right of use assets	173,457	934,789	-	-	1,108,246
Site improvements	55,537,372	4,599,783	-	(996,051)	59,141,104
Buildings and improvements	185,149,685	12,069,002	-	(2,493,834)	194,724,853
Furniture and equipment	14,436,585	1,424,669	-	(819,343)	15,041,911
Total accum. deprec./amort.	255,297,099	19,028,243	-	(4,309,228)	270,016,114
Total capital assets - net	<u>\$ 592,084,163</u>	<u>\$ (2,094,984)</u>	<u>\$ -</u>	<u>\$ (4,063,240)</u>	<u>\$ 585,925,939</u>

Napa Valley Unified School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

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

Instruction	\$ 14,907,952
School site administration	745,395
Home-to-school transportation	1,528,067
Food services	74,540
All other general administration	1,772,289
Total depreciation/amortization expense	<u>\$ 19,028,243</u>

5. INTERFUND TRANSACTIONS

Interfund transactions are reported as loans, services provided, reimbursements, or transfers. Loans are reported as interfund receivables and payables (Due From/To), as appropriate, and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers among governmental funds are netted as part of the reconciliation to the government-wide financial statements. There were no interfund balances outstanding during the year.

The following is a summary of transfer in and out balances for the year ended June 30, 2024:

	Transfers In	Transfers Out
General Fund	\$ -	\$ 30,000,000
Spec. Res. Fund for Cap. Proj.	30,000,000	-
Totals	<u>\$ 30,000,000</u>	<u>\$ 30,000,000</u>

6. LONG-TERM LIABILITIES

Schedule of Changes in Long-term Liabilities

The following is a summary of the changes in long-term liabilities for the fiscal year ended June 30, 2024:

	Balance July 01, 2023	Additions	Deletions	Balance June 30, 2024	Due Within One Year
Long-term Debt					
General Obligation Bonds	\$ 508,846,946	\$ 15,445,613	\$ 18,031,829	\$ 506,260,730	\$ 16,130,000
Subscription Liabilities	307,103	2,340,980	1,912,330	735,753	229,501
Leases	490,807	-	118,751	372,056	121,347
Net pension liabilities	180,216,332	93,844,384	80,798,198	193,262,518	-
Net OPEB liability	79,640,892	20,711,836	16,413,744	83,938,984	-
Early Retirement Incentives	826,310	-	-	826,310	826,310
Compensated Absences	2,352,706	2,352,706	2,104,343	2,601,069	1,300,535
Total Long-term Debt	<u>\$ 772,681,096</u>	<u>\$ 134,695,519</u>	<u>\$ 119,379,195</u>	<u>\$ 787,997,420</u>	<u>\$ 18,607,693</u>

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

Napa Valley Unified School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

General Obligation Bonds Payable

The Bonds are general obligations of the District. The Board of Supervisors of Napa County is empowered and is obligated to levy ad valorem taxes, without limitation of rate or amount, upon all property within the District subject to taxation by the District for the payment of interest on and principal of the Bonds when due. The District has defeased various bond issues by creating separate irrevocable trust funds. New debt has been issued and the proceeds have been used to purchase U.S. Government Securities that were placed in the trust funds. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the advance refunding met the requirements of an in-substance debt defeasance and therefore the deferred debt removed as a liability from the District's government-wide financial statements.

On July 20, 2023, the District issued \$12,500,000 in Series A General Obligation Bonds in part to assist with the ongoing bond Measure A and its associated capital projects. The funds are part of School Facilities Improvement District No.2 focusing on the American Canyon Area.

The following summarizes the bonds outstanding as of June 30, 2024:

GOB/Series	Maturity Date	Interest Rate	Original Issue	Bonds			Bonds Outstanding June 30, 2024
				Outstanding July 01, 2023	Additions	Redemptions	
2009C	2049	6.36-6.85%	\$ 21,877,730	\$ 7,682,585	\$ -	\$ -	\$ 7,682,585
2010A	2033	5.78-6.29%	7,122,270	7,122,270	-	-	7,122,270
2010B	2043	6.51%	34,000,000	34,000,000	-	-	34,000,000
2013 Refunding	2030	6-5%	48,515,000	2,305,000	-	2,305,000	-
2016 A/B Refunding	2034	1.05-5%	47,130,000	39,120,000	-	1,995,000	37,125,000
2016 C/D/E Refunding	2047	.67-5%	93,245,000	82,155,000	-	3,655,000	78,500,000
2016A	2038	3-3.54%	115,000,000	115,000,000	-	-	115,000,000
2018 Refunding	2046	1.4-3.61%	5,655,000	5,545,000	-	-	5,545,000
2019C	2044	4-5%	119,000,000	114,765,000	-	1,590,000	113,175,000
2021 GORBA	2024	4%	8,170,000	5,670,000	-	2,610,000	3,060,000
2021 GORBB	2030	.21-1.756%	46,225,000	45,185,000	-	2,495,000	42,690,000
2022A	2054	5%	12,500,000	-	12,500,000	-	12,500,000
Subtotal General Obligation Bonds			558,440,000	458,549,855	12,500,000	14,650,000	456,399,855
Bond Premiums				38,611,567	1,486,000	3,381,829	36,715,738
Accreted Interest				11,685,524	1,459,613	-	13,145,137
Total General Obligation Bonds			\$ 558,440,000	\$ 508,846,946	\$ 15,445,613	\$ 18,031,829	\$ 506,260,730

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

Year Ending June 30	Principal	Interest	Total
2025	\$ 16,130,000	\$ 18,917,364	\$ 35,047,364
2026	15,700,588	19,866,509	35,567,097
2027	16,695,849	19,700,183	36,396,032
2028	17,997,182	19,538,149	37,535,331
2029	19,664,506	19,937,204	39,601,710
2030-2034	83,373,131	101,841,036	185,214,167
2035-2039	89,193,599	56,861,682	146,055,281
2040-2044	149,340,000	27,458,165	176,798,165
2045-2049	42,390,000	3,023,200	45,413,200
2050-2054	5,915,000	991,200	6,906,200
Total Debt Service	\$ 456,399,855	\$ 288,134,692	\$ 744,534,547

Napa Valley Unified School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

Leases

The District had the following leases as of June 30, 2024:

Terms	<u>Equipment</u>
Start	7/1/2022
End	6/30/2027
Annual Rate	2.19%
Principal Paid	\$ 118,751
Interest Paid	\$ 10,729
Lease Amortization	\$ 121,403

Lease Right of Use Assets	<u>Equipment</u>
Beginning	\$ 607,018
Additions	-
Deletions	-
Ending	<u>607,018</u>
Accumulated Amortization	<u>(242,807)</u>
Subscription ROA, Net	<u>\$ 364,211</u>

Lease Liability	<u>Equipment</u>
Beginning	\$ 490,807
Additions	-
Principal Paid	<u>(118,751)</u>
Ending	372,056
Due Within One Year	<u>121,347</u>
Due in More Than One Year	<u>\$ 250,709</u>

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

For the Year			
<u>Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 121,347	\$ 8,133	\$ 129,480
2026	123,999	5,481	129,480
2027	126,710	2,770	129,480
Total Debt Service	<u>\$ 372,056</u>	<u>\$ 16,384</u>	<u>\$ 388,440</u>

Napa Valley Unified School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

Subscription Based Information Technology Agreements (SBITAs)

The District had the follow Subscription Based Information Technology Agreements as of June 30, 2024:

Terms	<u>Aeries</u>	<u>Carnegie</u>	<u>Dreambox</u>	<u>Microsoft</u>
Start	7/1/2023	7/1/2023	6/15/2023	9/1/2022
End	6/30/2026	6/30/2029	6/14/2025	8/31/2028
Annual Rate	2.36%	2.36%	2.36%	2.70%
Principal Paid	\$ 406,008	\$ 1,096,175	\$ 351,950	\$ 58,197
Interest Paid	\$ -	\$ 37,280	\$ -	\$ 8,280
Lease Amortization	\$ 135,336	\$ 263,837	\$ 351,950	\$ 62,263

Subscription Right of Use Assets	<u>Aeries</u>	<u>Carnegie</u>	<u>Dreambox</u>	<u>Microsoft</u>	<u>Total</u>
Beginning	\$ -	\$ -	\$ -	\$ 373,580	\$ 373,580
Additions	406,008	1,583,022	351,950	-	2,340,980
Deletions	-	-	-	-	-
Ending	406,008	1,583,022	351,950	373,580	2,714,560
Accumulated Amortization	(135,336)	(263,837)	(351,950)	(114,316)	(865,439)
Subscription ROA, Net	<u>\$ 270,672</u>	<u>\$ 1,319,185</u>	<u>\$ -</u>	<u>\$ 259,264</u>	<u>\$ 1,849,121</u>

Subscription Liabilities	<u>Aeries</u>	<u>Carnegie</u>	<u>Dreambox</u>	<u>Microsoft</u>	<u>Total</u>
Beginning	\$ -	\$ -	\$ -	\$ 307,103	\$ 307,103
Additions	406,008	1,583,022	351,950	-	2,340,980
Principal Paid	(406,008)	(1,096,175)	(351,950)	(58,197)	(1,912,330)
Ending	-	486,847	-	248,906	735,753
Due Within One Year	-	169,735	-	59,766	229,501
Due in More Than One Year	<u>\$ -</u>	<u>\$ 317,112</u>	<u>\$ -</u>	<u>\$ 189,140</u>	<u>\$ 506,252</u>

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

For the Year	Principal	Interest	Total
Ending June 30,			
2025	\$ 229,501	\$ 18,176	\$ 247,677
2026	137,909	12,567	150,476
2027	141,366	9,110	150,476
2028	144,910	5,566	150,476
2029	82,067	1,933	84,000
Total Debt Service	<u>\$ 735,753</u>	<u>\$ 47,352</u>	<u>\$ 783,105</u>

7. SELF INSURANCE AND RISK MANAGEMENT

Property and Liability

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year ending June 30, 2014, the District's membership in the North Bay Schools Insurance Authority (NBSIA) provided excess coverage through the Bay Area Schools Insurance Cooperative (BASIC). Settlement claims have not exceeded this coverage in any of the past three years.

Napa Valley Unified School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

8. JOINT POWERS AGREEMENTS

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

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

9. COMMITMENTS AND CONTINGENCIES

Litigation

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

Federal and State Allowances, Award, and Grants

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

Commitments

As of June 30, 2024, the District encumbered \$2,152,512 towards capital projects. These commitments are not a liability of the District's until services or goods have been rendered.

10. ADJUSTMENTS TO AND RESTATEMENTS OF BEGINNING BALANCES

During the fiscal year ended June 30, 2023, the District did not record the State Child Nutrition funds earned in the amount of \$570,862 for the General Fund in the District's trial balance nor SACS. The funds were received by the District, but were not booked in the District's financial records under the appropriate accounts, specifically under revenue as required for accurate financial reporting.

Napa Valley Unified School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

As a result, for the fiscal year ended June 30, 2024, an error correction was reported to increase beginning fund balance and net position as follows:

	Reporting Units Affected by Adjustments to and Restatements of Beginning Balances	
	Funds	Government-Wide
	General Fund Fund Balance	Net Position
Beginning, as reported	\$ 124,764,667	\$ 50,825,307
Unrecorded Revenue	570,862	570,862
Beginning, as corrected	\$ 125,335,529	\$ 51,396,169

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, 2024, 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	7.490%	7.490%
Required employer contribution rates	26.680%	26.680%

(1) Monthly benefit is a product of benefit factor, years of service, and final compensation

Napa Valley Unified School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

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, 2024, 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, 2024 the District's contributions were as follows:

	CalPERS
Contributions - employer	\$ 11,170,875

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

As of June 30, 2024, the District reported net pension liabilities for its proportionate shares of the net pension liability of the Plan as follows:

	Proportionate Share of Net Pension Liability/(Asset)
CalPERS	\$ 74,800,028

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, 2023, 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, 2022 rolled forward to June 30, 2023 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, 2023 and 2024 was as follows:

	CalPERS
Proportion - June 30, 2023	0.21585%
Proportion - June 30, 2024	0.20664%
Change - Increase/(Decrease)	-0.00921%

For the year ended June 30, 2024, the District recognized pension expense of \$9,313,390 for the Plan.

Napa Valley Unified School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	\$ 3,446,007	\$ -
Differences between Expected and Actual Experience	2,729,665	1,148,819
Differences between Projected and Actual Investment Earnings	7,989,712	-
Differences between Employer's Contributions and Proportionate Share of Contributions	9,702	187,068
Change in Employer's Proportion	-	2,952,370
Pension Contributions Made Subsequent to Measurement Date	11,170,875	-
Total	\$ 25,345,961	\$ 4,288,257

The District reported \$11,170,875 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, 2025.

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
2025	\$ 1,974,919
2026	2,103,233
2027	5,560,030
2028	248,647
2029	-
Thereafter	-
Total	\$ 9,886,829

Napa Valley Unified School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

Actuarial Assumptions - The total pension liabilities in the June 30, 2022 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2022
Measurement Date	June 30, 2023
Actuarial Cost Method	Entry-Age Normal Cost Method
 Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Payroll Growth	2.80%
Projected Salary Increase	(1)
Investment Rate of Return	6.8% (2)
Mortality	(3)

- (1) Varies by entry 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 6.9%. 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 6.9% discount rate is adequate and the use of the municipal bond rate calculation is not necessary.

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 6.8% 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 6.95%. 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.

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

Napa Valley Unified School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

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.

<u>Asset Class (a)</u>	<u>Assumed Asset Allocation</u>	<u>Long-Term Expected Real Return (1)(2)</u>
Global Equity Cap Weighted	30.00%	4.54%
Global Equity NonCap Weighted	12.00%	3.84%
Private Equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-backed Securities	5.00%	0.50%
Investment Grade Corporates	10.00%	1.56%
High Yield	5.00%	2.27%
Emerging Market Debt	5.00%	2.48%
Private Debt	5.00%	3.57%
Real Assets	15.00%	3.21%
Leverage	-5.00%	-0.59%
Total	<u>100.00%</u>	

(1) An expected inflation of 2.3% used for this period.

(2) Figures are based on the 2021-22 Asset Liability Study.

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:

	<u>CalPERS</u>
1% Decrease	5.90%
Net Pension Liability	\$ 108,141,505
Current	6.90%
Net Pension Liability	\$ 74,800,028
1% Increase	7.90%
Net Pension Liability	\$ 47,244,055

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

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Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

California State Teachers' Retirement System (CalSTRS) Pension Plan

General Information about the CalSTRS 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, 2024, 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	19.100%	19.100%
Required State contribution rates	9.710%	9.710%

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, 2024, the District's contributions were as follows:

	CalSTRS
Employer Contributions	\$ 20,182,024
State Contributions	9,078,649
Total	\$ 29,260,673

Napa Valley Unified School District
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Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to CalSTRS

As of June 30, 2024, 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	\$ 118,462,490
State	56,758,933
Total	\$ 175,221,423

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, 2023, 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, 2022 rolled forward to June 30, 2023 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 9.71 percent of the members’ creditable earnings from the fiscal year ending in the prior calendar year. Also, as a result of AB 1469, the additional state appropriation required to fully fund the benefits in effect as of 1990 by 2046 is specific in subdivision (b) of Education Code Section 22955.1. The increased contributions end as of fiscal year 2045-2046.

The District’s proportionate share of the net pension liability for the Plan as of June 30, 2023 and 2024 was as follows:

	CalSTRS
Proportion - June 30, 2023	0.15247%
Proportion - June 30, 2024	0.15554%
Change - Increase/(Decrease)	0.00307%

For the year ended June 30, 2024, the District recognized pension expense of \$20,616,093 for the Plan, of which, a total of \$9,078,649 came from state contributions.

Napa Valley Unified School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	\$ 685,941	\$ -
Differences between Expected and Actual Experience	9,309,200	6,338,344
Differences between Projected and Actual Investment Earnings	507,068	-
Differences between Employer's Contributions and Proportionate Share of Contributions	431,190	3,426,199
Change in Employer's Proportion	2,904,749	7,273,833
Pension Contributions Made Subsequent to Measurement Date	20,182,024	-
Total	\$ 34,020,172	\$ 17,038,376

The District reported \$20,182,024 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, 2025.

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
2025	\$ (5,703,396)
2026	(7,787,661)
2027	8,114,762
2028	(278,354)
2029	507,392
Thereafter	1,947,029
Total	\$ (3,200,228)

Napa Valley Unified School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

Actuarial Assumptions - The total pension liabilities in the June 30, 2022 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2022
Measurement Date	June 30, 2023
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.10%
Inflation	2.75%
Payroll Growth	3.50%
Projected Salary Increase	(1)
Investment Rate of Return	7.10% (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-2019 Ultimate Projection

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 Real Rate of Return (a) (b)
Global Equity	42.00%	4.75%
Private Equity	13.00%	6.25%
Real Estate	15.00%	3.55%
Inflation Sensitive	6.00%	3.25%
Fixed Income	12.00%	1.25%
Risk Mitigation Strategies	10.00%	1.75%
Liquidity	2.00%	-0.35%
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.
- (a) Real return is net of assumed 2.75% inflation.
- (b) 20-year geometric average.

Napa Valley Unified School District
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For the Fiscal Year Ended June 30, 2024

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	\$	198,711,374
Current		7.10%
Net Pension Liability	\$	118,462,490
1% Increase		8.10%
Net Pension Liability	\$	51,806,438

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

12. EARLY RETIREMENT INCENTIVE PLAN

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

The following is summary of the District's early retirement incentive plan liabilities and future estimated payments as of June 30, 2024:

Year Ending June 30	Payment	Interest	Total
2025	\$ 826,310	\$ -	\$ 826,310

13. POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

Plan Description - The District sponsors healthcare coverage under the California Public Employees Medical and Hospital Care Act ("PEMHCA"), commonly referred to as PERS Health. PEMHCA provides health insurance through a variety of Health Maintenance Organization (HMO) and Preferred Provider Organization (PPO) options. Participation in PEMHCA is financed in part by the District through an optional benefits plan, with contributions made to the plan.

Benefits - The District contributes monthly to PEMHCA on behalf of each retiree eligible for PEMHCA. This contribution is increased each year pursuant to the "unequal contribution method" under PEMHCA, whereby the District's contribution for retirees equals 5% of the District's contribution for active employees multiplied by the number of years the District has participated in PEMHCA.

Napa Valley Unified School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

The District also pays the PEMHCA admin fee of 0.33% of premium for all retirees participating in PEMHCA. Furthermore, the District will make additional contributions towards certain eligible retirees' premiums until age 65 according to provisions of the District's MOUs with its various employee associations, as described below.

A retiree will be eligible for a District contribution of up to \$425.00 per month towards retiree medical premiums under one of the PEMHCA options if the retiree meets the applicable age and service requirement:

Certificated (including Management and Pupil Services)

- Hired before July 1, 2016: Age 55 and completed 10 years of service with District.
- Hired on or after July 1, 2016: Age 55 and completed 20 years of service with District.

Classified (including Management, Charter, Confidential, and Supervisory)

- Hired before August 15, 2016: Age 50 and completed 10 years of service with District, provided age plus service equals at least 65.
- Hired on or after August 15, 2016 and before July 1, 2017: Age 50 and completed 17 years of service with District.
- Hired on or after July 1, 2017: Age 55 and completed 18 years of service with District.

The District provides continued coverage for eligible retirees until age 65 or the death of the retiree, if earlier. Coverage for spouses and eligible dependent children may be provided by the retiree paying the required additional premium. Surviving spouse and dependent coverage is provided if the surviving spouse pays the premium for such coverage.

In addition to the medical premiums described above, the District will pay the single retiree Delta Dental premium for non-Certificated retirees until age 65, and up to the two-party dental premium for Certificated retirees until age 65.

Employees Covered by Benefit Terms - The benefit terms covered the following employees:

Active employees	1,569
Inactive employees	<u>655</u>
Total employees	<u><u>2,224</u></u>

Contributions - The District makes contributions based on an actuarially determined rate and are approved by the authority of the District's Board. Total contributions to the OPEB plan during the year were \$1,737,005. The actuarially determined contribution for the measurement period was \$7,277,769. The District's contributions were 1.07% of covered employee payroll during the measurement period June 30, 2024 (reporting period June 30, 2024). Employees are not required to contribute to the plan.

Napa Valley Unified School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

Actuarial Assumptions - The following summarized the actuarial assumptions for the OPEB plan included in this fiscal year:

Valuation Date:	July 1, 2022
Measurement Date:	June 30, 2024
Actuarial Cost Method:	Entry-Age, Level Percent of Pay
Amortization Period:	20 years
Asset Valuation Method:	Level percentage of payroll, closed
Actuarial Assumptions:	
Discount Rate	3.97%
Inflation	2.50%
Salary Increases	3.00%
Healthcare Trend Rate	6.00%
Investment Rate of Return	6.00%, Net of OPEB plan investment expenses
Mortality	CalSTRS and CalPERS experience analysis 2015-2018 and 2000-2019
Retirement	Hired <1/1/2016: Certificated Age 55 and completed 10 years of service with District. Hired >1/1/2016: Certificated Age 55 and completed 20 years of service with District. Hired <8/15/2016: Classified Age 50 and completed 10 years of service with District. Provided age plus service equals at least 65. Hired >8/15/2016 & <1/1/17: Certificated Age 50 and completed 17 years of service with District. Hired >1/1/17: Certificated Age 55 and completed 18 years of service with District.

Note:

The discount rate was increased from 3.86% to 3.97%.

Discount Rate - The projection of cash flows used to determine the discount rate assumed that the District contribution will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to cover all future OPEB payments. Therefore, the discount rate was set to be equal to the long-term expected rate of return which was applied to all periods of projected benefit payments to determine the total OPEB liability.

Long-Term Expected Rate of Return - The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Napa Valley Unified School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

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

Asset Class	Percentage of Portfolio	Long-Term Expected Rate of Return
Equities	60.00%	4.4%
Fixed Income	40.00%	1.8%
Total	100.00%	

Changes in the Net OPEB Liability - The District's net OPEB liability was measured as of June 30, 2024 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2022 for the fiscal year ended June 30, 2024 (reporting date). The following summarizes the changes in the net OPEB liability during the year ended June 30, 2024.

Fiscal Year Ended June 30, 2024	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability (Asset)
Balance at June 30, 2023	\$ 79,704,592	\$ 63,700	\$ 79,640,892
Service cost	4,078,923	-	4,078,923
Interest in Total OPEB Liability	3,200,837	-	3,200,837
Employer contributions	-	1,737,005	(1,737,005)
Balance of changes in assumptions	(1,237,583)	-	(1,237,583)
Actual investment income	-	7,436	(7,436)
Administrative expenses	-	(356)	356
Benefit payments	(1,737,005)	(1,737,005)	-
Net changes	4,305,172	7,080	4,298,092
Balance at June 30, 2024	\$ 84,009,764	\$ 70,780	\$ 83,938,984

Covered Employee Payroll	\$ 162,785,456
TOL as a % of Covered Emp. Payroll	51.61%
Plan Fid. Net Position as a % of TOL	0.08%
Service Cost as % of Covered Emp. Payroll	2.51%
NOL as a % of Covered Emp. Payroll	51.56%

Napa Valley Unified School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

Deferred Inflows and Outflows of Resources - At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between actual and expected experience	\$ 6,168,487	\$ -
Difference between actual and expected earnings	-	2,928
Change in assumptions	8,124,191	12,677,864
Totals	\$ 14,292,678	\$ 12,680,792

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

Year Ended June 30,		
2025	\$	2,120,562
2026		845,287
2027		36,194
2028		(524,572)
2029		(277,567)
Thereafter		(588,018)
Total	\$	1,611,886

OPEB Expense - The following summarizes the OPEB expense by source during the year ended June 30, 2024.

Service cost	\$ 4,078,923
Interest in TOL	3,200,837
Expected investment income	3,625
Difference between actual and expected experience	1,995,947
Difference between actual and expected earnings	(705)
Change in assumptions	125,804
Administrative expenses	356
OPEB Expense	\$ 9,397,351

Napa Valley Unified School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

The following summarizes changes in the net OPEB liability as reconciled to OPEB expense during the year ended June 30, 2024.

Net OPEB liability ending	\$ 83,938,984
Net OPEB liability beginning	<u>(79,640,892)</u>
Change in net OPEB liability	4,298,092
Changes in deferred outflows	1,995,947
Changes in deferred inflows	1,366,307
Employer contributions and implicit subsidy	<u>1,737,005</u>
OPEB Expense	<u>\$ 9,397,351</u>

Sensitivity to Changes in the Discount Rate - The net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher, is as follows:

	Discount Rate		
	(1% Decrease)	3.97%	(1% Increase)
Net OPEB Liability (Asset)	\$ 96,329,569	\$ 83,938,984	\$ 73,881,376

Sensitivity to Changes in the Healthcare Cost Trend Rates - The net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than current healthcare cost trend rates, is as follows:

	Trend Rate		
	(1% Decrease)	6.00%	(1% Increase)
Net OPEB Liability (Asset)	\$ 71,392,814	\$ 83,938,984	\$ 100,211,667

**REQUIRED
SUPPLEMENTARY
INFORMATION**

Napa Valley Unified School District
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual (GAAP)
General Fund
For the Fiscal Year Ended June 30, 2024

	<u>Budgeted Amounts</u>		Actual (GAAP Basis)	Variance with Final Budget Positive - (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
LCFF sources	\$ 215,111,942	\$ 223,137,591	\$ 223,402,701	\$ 265,110
Federal	10,037,374	21,201,248	17,468,204	(3,733,044)
Other state	20,435,142	34,170,808	32,038,507	(2,132,301)
Other local	3,860,708	11,813,396	12,167,443	354,047
Total revenues	<u>249,445,166</u>	<u>290,323,043</u>	<u>285,076,855</u>	<u>(5,246,188)</u>
Expenditures:				
Certificated salaries	110,245,598	118,966,251	109,904,795	9,061,456
Classified salaries	40,555,573	43,105,813	41,493,108	1,612,705
Employee benefits	58,647,043	58,223,268	55,690,989	2,532,279
Books and supplies	15,167,507	29,768,359	10,892,999	18,875,360
Services and other operating expenditures	37,230,994	57,995,464	41,207,543	16,787,921
Capital outlay	175,000	2,160,200	3,781,544	(1,621,344)
Transfers of indirect/direct support costs	(387,969)	(517,957)	(384,066)	(133,891)
Total expenditures	<u>261,633,746</u>	<u>309,701,398</u>	<u>262,586,912</u>	<u>47,114,486</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(12,188,580)</u>	<u>(19,378,355)</u>	<u>22,489,943</u>	<u>41,868,298</u>
Other financing sources (uses):				
Transfers out	-	-	(30,000,000)	(30,000,000)
Leases and subscriptions	-	-	2,340,980	2,340,980
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(27,659,020)</u>	<u>(27,659,020)</u>
Changes in fund balance	<u>\$ (12,188,580)</u>	<u>\$ (19,378,355)</u>	<u>(5,169,077)</u>	<u>\$ 14,209,278</u>
Fund balance beginning			<u>124,764,667</u>	
Fund balance ending			<u>\$ 120,166,452</u>	

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.

Napa Valley Unified School District
Schedule of CalPERS Pension Plan Contributions
For the Fiscal Year Ended June 30, 2024

Plan Measurement Date	2014	2015	2016	2017	2018
Fiscal Year Ended	2015	2016	2017	2018	2019
Contractually Required Contributions	\$ 3,457,603	\$ 3,806,986	\$ 4,662,274	\$ 4,990,815	\$ 6,000,076
Contrib. in Relation to Contractually Required Contributions	3,457,603	3,806,986	4,662,274	4,990,815	6,000,076
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 29,373,910	\$ 32,133,786	\$ 33,570,521	\$ 32,134,537	\$ 33,219,333
Contrib. as % of Covered Payroll	11.77%	11.85%	13.89%	15.53%	18.06%
Plan Measurement Date	2019	2020	2021	2022	2023
Fiscal Year Ended	2020	2021	2022	2023	2024
Contractually Required Contributions	\$ 6,505,967	\$ 6,503,892	\$ 7,600,973	\$ 9,075,770	\$ 11,170,875
Contrib. in Relation to Contractually Required Contributions	6,505,967	6,503,892	7,600,973	9,075,770	11,170,875
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 33,253,655	\$ 31,419,768	\$ 33,177,534	\$ 35,773,630	\$ 42,079,460
Contrib. as % of Covered Payroll	19.56%	20.70%	22.91%	25.37%	26.55%

Notes to Schedule:

Valuation Date: June 30, 2022
Assumptions Used: Entry Age Method used for Actuarial Cost Method
Level Percentage of Payroll and Direct Rate Smoothing
3.9 Years Remaining Amortization Period
Inflation Assumed at 2.30%
Investment Rate of Returns set at 7.00%
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.

The CalPERS discount rate was increased from 7.5% to 7.65% in the District's FY16, to 7.15% in FY18, and then to 6.90% in FY23.

The CalPERS inflation assumption was decreased from 2.75% to 2.50% during the District's FY19, and to 2.30% in FY23.

The CalPERS mortality assumptions was adjusted in the District's FY19.

In 2019, the amortization period for actuarial gains and losses was shortened from 30 years to 20 years.

This schedule presents information on the District's portion of the net pension liability of CalPERS in compliance with GASB 68.

Napa Valley Unified School District
Schedule of CalPERS Proportionate Share of Net Pension Liabilities
For the Fiscal Year Ended June 30, 2024

Plan Measurement Date	2014	2015	2016	2017	2018
Fiscal Year	2015	2016	2017	2018	2019
CalPERS					
District's Proportion - NPL	0.24920%	0.25337%	0.25705%	0.26326%	0.24155%
District's Proportionate Share - NPL	\$ 28,290,268	\$ 37,346,642	\$ 50,768,334	\$ 62,847,110	\$ 64,404,835
District's Covered Payroll	\$ 26,164,403	\$ 29,373,910	\$ 32,133,786	\$ 33,570,521	\$ 32,134,537
District's Proportionate Share of NPL as a % of Covered Payroll	108.13%	127.14%	157.99%	187.21%	200.42%
Plan's Fiduciary Net Position as a % of TPL	83.38%	79.43%	73.90%	71.87%	70.85%
Plan Measurement Date					
Fiscal Year					
	2019	2020	2021	2022	2023
	2020	2021	2022	2023	2024
CalPERS					
District's Proportion - NPL	0.23850%	0.22773%	0.21752%	0.21585%	0.20664%
District's Proportionate Share - NPL	\$ 69,510,205	\$ 69,874,262	\$ 44,230,847	\$ 74,272,010	\$ 74,800,028
District's Covered Payroll	\$ 33,219,333	\$ 32,990,046	\$ 31,419,768	\$ 33,177,534	\$ 35,773,630
District's Proportionate Share of NPL as a % of Covered Payroll	209.25%	211.80%	140.77%	223.86%	209.09%
Plan's Fiduciary Net Position as a % of TPL	70.05%	70.00%	80.97%	69.76%	69.69%

The CalPERS discount rate was increased from 7.5% to 7.65% in the District's fiscal year 2016, to 7.15% in FY18, and then to 6.90% in FY23.

The CalPERS inflation assumption was decreased from 2.75% to 2.50% during the District's fiscal year 2019, and to 2.30% in FY23.

The CalPERS mortality assumptions was adjusted in the District's fiscal year 2019.

In 2019, the amortization period for actuarial gains and losses was shortened from 30 years to 20 years.

This schedule presents information on the District's portion of the net pension liability of CalPERS in compliance with GASB 68.

Napa Valley Unified School District
Schedule of CalSTRS Pension Plan Contributions
For the Fiscal Year Ended June 30, 2024

Plan Measurement Date	2014	2015	2016	2017	2018
Fiscal Year End	2015	2016	2017	2018	2019
Contractually Required Contributions	\$ 7,453,402	\$ 9,499,982	\$ 11,567,541	\$ 12,613,510	\$ 14,710,157
Contrib. in Relation to Contractually Required Contributions	7,453,402	9,499,982	11,567,541	12,613,510	14,710,157
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 83,934,707	\$ 88,536,645	\$ 91,951,836	\$ 87,411,712	\$ 90,357,230
Contrib. as % of Covered Payroll	8.88%	10.73%	12.58%	14.43%	16.28%
Plan Measurement Date	2019	2020	2021	2022	2023
Fiscal Year End	2020	2021	2022	2023	2024
Contractually Required Contributions	\$ 15,288,105	\$ 13,933,079	\$ 15,272,177	\$ 18,337,523	\$ 20,182,024
Contrib. in Relation to Contractually Required Contributions	15,288,105	13,933,079	15,272,177	18,337,523	20,182,024
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 89,420,428	\$ 86,272,935	\$ 90,261,093	\$ 96,007,974	\$ 106,460,168
Contrib. as % of Covered Payroll	17.10%	16.15%	16.92%	19.10%	18.96%

Notes to Schedule:

Valuation Date: June 30, 2022
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-2019 Ultimate Projection Scale table issued by the Society of Actuaries.

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 CalSTRS during the year.

Napa Valley Unified School District
 Schedule of CalSTRS Proportionate Share of Net Pension Liabilities
 For the Fiscal Year Ended June 30, 2024

Plan Measurement Date	2014	2015	2016	2017	2018
Fiscal Year	2015	2016	2017	2018	2019
District's Proportion - NPL	0.16600%	0.15859%	0.16184%	0.17300%	0.16300%
District's Proportionate Share - NPL	\$ 97,005,420	\$ 106,767,983	\$ 130,899,443	\$ 159,988,670	\$ 149,808,410
State's Proportionate Share of NPL					
Associated with the District	58,776,061	56,468,493	74,518,718	94,647,946	85,772,805
Total	<u>\$ 155,781,481</u>	<u>\$ 163,236,476</u>	<u>\$ 205,418,161</u>	<u>\$ 254,636,616</u>	<u>\$ 235,581,215</u>
District's Covered Payroll	\$ 74,054,594	\$ 83,934,707	\$ 88,536,645	\$ 91,951,836	\$ 87,411,712
District's Proportionate Share of NPL					
as a % of Covered Payroll	130.99%	127.20%	147.85%	173.99%	171.38%
Plan's Fiduciary Net Position					
as a % of TPL	76.52%	74.02%	70.04%	69.46%	70.99%
Plan Measurement Date	2019	2020	2021	2022	2023
Fiscal Year	2020	2021	2022	2023	2024
District's Proportion - NPL	0.16700%	0.16300%	0.16038%	0.15247%	0.15554%
District's Proportionate Share - NPL	\$ 150,827,720	\$ 157,961,670	\$ 72,985,541	\$ 105,944,322	\$ 118,462,490
State's Proportionate Share of NPL					
Associated with the District	82,287,079	81,429,241	36,723,405	53,056,916	56,758,933
Total	<u>\$ 233,114,799</u>	<u>\$ 239,390,911</u>	<u>\$ 109,708,946</u>	<u>\$ 159,001,238</u>	<u>\$ 175,221,423</u>
District's Covered Payroll	\$ 90,357,230	\$ 89,404,123	\$ 86,272,935	\$ 90,261,093	\$ 96,007,974
District's Proportionate Share of NPL					
as a % of Covered Payroll	166.92%	176.68%	84.60%	117.38%	123.39%
Plan's Fiduciary Net Position					
as a % of TPL	72.56%	71.82%	87.21%	81.20%	80.62%

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 CalSTRS in compliance with GASB 68.

Napa Valley Unified School District
Schedule of OPEB Contributions
For the Fiscal Year Ended June 30, 2024

Fiscal Year Ended	2018	2019	2020	2021	2022	2023	2024
Actuarially determined contribution (ADC)	\$ 4,740,775	\$ 4,563,403	\$ 4,700,305	\$ 4,700,305	\$ 5,437,311	\$ 7,277,769	\$ 7,277,769
Less: actual contribution in relation to ADC	(984,540)	(925,974)	(974,353)	(1,145,652)	(1,986,596)	(2,232,639)	(1,737,005)
Contribution deficiency (excess)	<u>\$ 3,756,235</u>	<u>\$ 3,637,429</u>	<u>\$ 3,725,952</u>	<u>\$ 3,554,653</u>	<u>\$ 3,450,715</u>	<u>\$ 5,045,130</u>	<u>\$ 5,540,764</u>
Covered employee payroll	\$ 100,301,653	\$ 103,403,766	\$ 106,601,821	\$ 117,692,703	\$ 135,388,261	\$ 145,602,909	\$ 162,785,456
Contrib. as a % of covered employee payroll	0.98%	0.90%	0.91%	1.04%	1.47%	1.53%	1.07%

Notes to Schedule:

Assumptions and Methods

Valuation Date:	July 1, 2022
Measurement Date:	June 30, 2024
Actuarial Cost Method:	Entry-Age, Level Percent of Pay
Amortization Period:	20 years
Asset Valuation Method:	Level percentage of payroll, closed
Actuarial Assumptions:	
Discount Rate	3.97%
Healthcare Trend Rate	2.50%
Inflation	3.00%
Payroll Increases	6.00%
Investment Rate of	6.00%, Net of OPEB plan investment expenses
Mortality	CalSTRS and CalPERS experience analysis 2015-2018 and 2000-2019
Retirement	Hired <1/1/2016: Certificated Age 55 and completed 10 years of service with District. Hired >1/1/2016: Certificated Age 55 and completed 20 years of service with District. Hired <8/15/2016: Classified Age 50 and completed 10 years of service with District. Provided age plus service equals at least 65. Hired >8/15/2016 & <1/1/17: Certificated Age 50 and completed 17 years of service with District. Hired >1/1/17: Certificated Age 55 and completed 18 years of service with District.

Other Notes

GASB 75 requires a schedule of contributions for the last ten fiscal years, or for as many years as are available if less than ten years are available.

GASB 75 was adopted as of June 30, 2018.

There were no changes in benefit terms.

The discount rate decreased from 3.62% to 2.45% in FY20/21, increased to 3.69% in FY21/22, increased to 3.86% in FY22/23 and increased to 3.97% in FY23/24.

The trend rate decreased from 6.00% to 5.25% in FY19/20, increased to 5.6% in FY21/22 and increased to 6% in FY22/23.

Napa Valley Unified School District
Schedule of Changes in Net OPEB Liability
For the Fiscal Year Ended June 30, 2024

Fiscal Year Ended	2018	2019	2020	2021	2022	2023	2024
Total OPEB liability							
Service cost	\$ 2,679,219	\$ 2,679,219	\$ 2,663,189	\$ 2,743,085	\$ 4,035,469	\$ 4,121,550	\$ 4,078,923
Interest	1,947,212	1,947,212	2,196,826	3,042,598	2,217,625	2,943,044	3,200,837
Other	-	-	-	-	-	13,302	-
Diff. between expected and actual exper.	-	-	-	-	10,543,057	(482,217)	-
Changes of assumptions	-	-	9,899,044	-	(15,714,923)	(663,857)	(1,237,583)
Benefit payments	(984,540)	(925,974)	(974,353)	(1,145,652)	(1,986,596)	(2,232,639)	(1,737,005)
Net change in Total OPEB Liability	3,641,891	3,700,457	13,784,706	4,640,031	(905,368)	3,699,183	4,305,172
Total OPEB Liability - beginning	51,143,692	54,785,583	58,486,040	72,270,746	76,910,777	76,005,409	79,704,592
Total OPEB Liability - ending	<u>\$ 54,785,583</u>	<u>\$ 58,486,040</u>	<u>\$ 72,270,746</u>	<u>\$ 76,910,777</u>	<u>\$ 76,005,409</u>	<u>\$ 79,704,592</u>	<u>\$ 84,009,764</u>
Plan fiduciary net position							
Employer contributions	\$ -	\$ 50,000	\$ -	\$ -	\$ -	\$ 2,232,639	\$ 1,737,005
Net investment income	-	4,240	22	539	(8,695)	5,616	7,436
Benefit payments	-	-	-	-	-	(2,232,639)	(1,737,005)
Other	-	-	-	-	-	13,302	-
Administrative expense	-	(65)	(268)	(300)	(365)	(326)	(356)
Net change in plan fiduciary net position	-	54,175	(246)	239	(9,060)	18,592	7,080
Plan fiduciary net position - beginning	-	-	54,175	53,929	54,168	45,108	63,700
Plan fiduciary net position - ending	<u>\$ -</u>	<u>\$ 54,175</u>	<u>\$ 53,929</u>	<u>\$ 54,168</u>	<u>\$ 45,108</u>	<u>\$ 63,700</u>	<u>\$ 70,780</u>
Net OPEB liability (asset)	\$ 54,785,583	58,431,865	72,216,817	76,856,609	75,960,301	79,640,892	83,938,984
Plan fiduciary net position as % of the total OPEB liability	0.00%	0.09%	0.07%	0.00%	0.06%	0.06%	0.06%
Covered Employee Payroll	\$ 97,292,604	\$ 100,301,653	\$ 103,403,766	\$ 106,601,821	\$ 117,692,703	\$ 135,338,261	\$ 145,602,909
NOL as % covered employee payroll	56.31%	58.26%	69.84%	72.10%	64.54%	58.85%	57.65%
TOL as % covered employee payroll	56.31%	58.31%	69.89%	72.15%	64.58%	58.89%	57.70%

Other Notes

GASB 75 requires a schedule of contributions for the last ten fiscal years, or for as many years as are available if less than ten years are available.

GASB 75 was adopted as of June 30, 2018.

There were no changes in benefit terms.

The discount rate decreased from 3.62% to 2.45% in FY20/21, increased to 3.69% in FY21/22, increased to 3.86% in FY22/23 and increased to 3.97% in FY23/24.

The trend rate decreased from 6.00% to 5.25% in FY19/20, increased to 5.6% in FY21/22 and increased to 6% in FY22/23.

**SUPPLEMENTARY
INFORMATION**

*Nonmajor Governmental Funds
Combining Schedules*

Napa Valley Unified School District
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2024

	Special Revenue Funds		Capital Projects Funds		Totals
	Adult Education Fund	Cafeteria Fund	Capital Facilities Fund	County Schools Facilities Fund	
Assets					
Cash and investments	\$ 172,894	\$ 8,947,208	\$ 8,306,610	\$ 12,231,038	\$ 29,657,750
Accounts receivable	664,297	1,279,202	-	-	1,943,499
Inventory	-	215,610	-	-	215,610
Prepaid expenses	8,809	24,768	-	-	33,577
Total Assets	\$ 846,000	\$ 10,466,788	\$ 8,306,610	\$ 12,231,038	\$ 31,850,436
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	\$ 163,974	\$ 196,314	\$ 1,812,326	\$ 1,954,570	\$ 4,127,184
Total Liabilities	163,974	196,314	1,812,326	1,954,570	4,127,184
Fund balances:					
Nonspendable:					
Revolving fund	-	120	-	-	120
Inventory	-	215,610	-	-	215,610
Prepaid expenditures	8,809	24,768	-	-	33,577
Restricted for:					
Adult education	487,958	-	-	-	487,958
Cafeteria programs	-	10,029,976	-	-	10,029,976
Facilities projects	-	-	6,494,284	10,276,468	16,770,752
Assigned for:					
Adult education	185,259	-	-	-	185,259
Total Fund Balances	682,026	10,270,474	6,494,284	10,276,468	27,723,252
Total Liabilities and Fund Balances	\$ 846,000	\$ 10,466,788	\$ 8,306,610	\$ 12,231,038	\$ 31,850,436

Napa Valley Unified School District
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2024

	Special Revenue Funds		Capital Projects Funds		Totals
	Adult Education Fund	Cafeteria Fund	Capital Facilities Fund	County Schools Facilities Fund	
Revenues:					
Federal	\$ 379,674	\$ 6,190,037	\$ -	\$ -	\$ 6,569,711
Other state	3,132,679	5,021,355	1,540	6,085,540	14,241,114
Other local	657,760	213,698	3,001,325	244,001	4,116,784
Total revenues	4,170,113	11,425,090	3,002,865	6,329,541	24,927,609
Expenditures:					
Instruction	1,620,798	-	-	-	1,620,798
Instruction-related services:					
Supervision of instruction	745,687	-	-	-	745,687
Instruction library, media and technology	-	-	-	-	-
School site administration	1,171,073	-	-	-	1,171,073
Pupil services:					
Food services	-	8,075,940	-	-	8,075,940
All other pupil services	345,434	-	-	-	345,434
General administration:					
All other general administration	172,572	229,470	24,480	-	426,522
Plant services	160	21,107	67,989	-	89,256
Facilities acquisition and construction	-	116,111	2,804,225	2,198,531	5,118,867
Community services	73,738	-	-	-	73,738
Total expenditures	4,129,462	8,442,628	2,896,694	2,198,531	17,667,315
Changes in fund balances	40,651	2,982,462	106,171	4,131,010	7,260,294
Fund balances beginning	641,375	7,288,012	6,388,113	6,145,458	20,462,958
Fund balances ending	\$ 682,026	\$ 10,270,474	\$ 6,494,284	\$ 10,276,468	\$ 27,723,252

**STATE AND FEDERAL
AWARD COMPLIANCE
SECTION**

Napa Valley Unified School District
Schedule of Average Daily Attendance
For the Fiscal Year Ended June 30, 2024

	Second Period Report	Annual Report
ADA for Napa Valley Unified School District:		
Grades TK/K through three	4,246.44	4,264.66
Grades four through six	3,219.06	3,228.16
Grades seven and eight	2,156.50	2,160.04
Grades nine through twelve	5,318.45	5,286.08
Extended year special education:		
Grades TK/K through three	5.26	5.26
Grades four through six	2.39	2.39
Grades seven and eight	1.59	1.59
Grades nine through twelve	4.09	4.09
Special education; nonpublic, nonsec:		
Grades TK/K through three	-	0.12
Grades four through six	3.15	3.49
Grades seven and eight	5.09	4.77
Grades nine through twelve	5.34	5.38
Extended year special education; nonpublic, nonsec:		
Grades four through six	0.18	0.18
Grades seven and eight	0.47	0.47
Grades nine through twelve	0.38	0.38
ADA Totals	14,968.39	14,967.06

** All classroom-based attendance

Napa Valley Unified School District
Schedule of Instructional Time
For the Fiscal Year Ended June 30, 2024

<u>Grade Level</u>	<u>Minutes Requirements</u>	<u>Actual Minutes</u>	<u>Actual Number of Days Traditional Calendar</u>	<u>Number of Days Multitrack Calendar</u>	<u>Status</u>
Kindergarten	36,000	38,745	180	0	In Compliance
Grade 1	50,400	51,405	180	0	In Compliance
Grade 2	50,400	51,405	180	0	In Compliance
Grade 3	50,400	51,405	180	0	In Compliance
Grade 4	54,000	54,495	180	0	In Compliance
Grade 5	54,000	54,495	180	0	In Compliance
Grade 6	54,000	58,554	180	0	In Compliance
Grade 7	54,000	58,554	180	0	In Compliance
Grade 8	54,000	58,554	180	0	In Compliance
Grade 9	64,800	64,960	180	0	In Compliance
Grade 10	64,800	64,960	180	0	In Compliance
Grade 11	64,800	64,960	180	0	In Compliance
Grade 12	64,800	64,960	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.

Napa Valley Unified School District
Schedule of Charter Schools
June 30, 2024

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

<u>Charter School</u>	<u>Charter School Number</u>	<u>Included in Audit</u>
Stone Bridge Charter	0679	No

Napa Valley Unified School District
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2024

Program Name	Assistance Listing		Pass-Through Entity Identifying Number	Program Expenditures
U.S. DEPARTMENT OF EDUCATION				
Direct Aid:				
Magnet School Assistance Programs	84.165A		U165A170039-18	\$ 844,026
Passed Through California Department of Education				
Department of Rehabilitation: Workability II, Transitions Partnership Program	84.126	(1)	10006	202,371
ESSA School Improvement (CSI) Funding for LEAs	84.010	(1)	15438	86,777
Title I, Part A, Basic Grants Low-Income & Neglected	84.010	(1)	14329	2,148,533
ESEA (ESSA): Title III, English Learner Student Program	84.365		14346	7,870
Title II: Supporting Effective Instruction Local Grants	84.367		14341	421,613
Title IV, Part A, Student Support and Academic Enrichment Grants	84.424		15396	81,801
Education Stabilization Fund (ESF)				
Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	(1)	15536	56,005
Elementary and Secondary School Emergency Relief III (ESSER III) Fund	84.425D	(1)	15559	5,652,520
Elementary and Secondary School Emergency Relief III (ESSER III) Fund: Learning Loss	84.425U	(1)	10155	2,101,289
Expanded Learning Opportunities (ELO) Grant: ESSER III State Reserve: Emergency Needs	84.425D	(1)	15620	402,541
Expanded Learning Opportunities (ELO) Grant: ESSER III State Reserve: Learning Loss	84.425D	(1)	15621	849,532
Total Education Stabilization Fund (ESF) Subprograms		(1)		<u>9,061,887</u>
Special Education Cluster				
IDEA Basic Local Assistance	84.027		13379	3,891,604
IDEA Private School ISP's	84.027		10115	102,964
IDEA Mental Health Average Daily Attendance (ADA) Allocation	84.027A		15197	191,671
Total Special Education Cluster				<u>4,186,239</u>
Adult Education				
Adult Education: Adult Secondary Education (Section 231)	84.002		13978	187,158
Adult Education: English Literacy & Civics Education - Local Grant	84.002A		14109	25,828
Adult Education: Adult Basic Education & ESL (Section 231)	84.002A		14508	166,688
Total Adult Education				<u>379,674</u>
Title III				
Title III, English Learning Student Program	84.365		14346	427,086
Total Title III				<u>427,086</u>
TOTAL U.S. DEPARTMENT OF EDUCATION				<u>17,847,877</u>
U.S. DEPARTMENT OF AGRICULTURE				
Passed Through California Department of Education				
Child Nutrition Cluster				
Child Nutrition: Summer Food Service Program Operations	10.559		13004	111,664
Child Nutrition: COVID CARES Act Supplemental Meal Reimbursement	84.425		15535	1,345
National School Lunch Program	10.555		13524	5,510,290
Supply Chain Assistance for School Meals	10.555F		15655	448,131
SNP COVID-19 Emergency Operational Costs Reimbursement (ECR)	10.555		15637	17,458
Local Food for Schools	10.555		15708	119,952
Total Child Nutrition Cluster				<u>6,208,840</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE				<u>6,208,840</u>
TOTAL FEDERAL PROGRAMS				<u>\$ 24,056,717</u>

(1) Audited as major program

Note: There were no federal grants passed through to subrecipients

Napa Valley Unified School District
 Reconciliation of Annual Financial and Budget Report (SACS)
 to the Audited Financial Statements
 For the Fiscal Year Ended June 30, 2024

	General Fund	Building Fund	Special Reserve Fund for Capital Outlay Projects	Bond Interest & Redemption Fund	Other Nonmajor Governmental Funds	Self Insurance Fund	Private Purpose Trust Scholarship Fund
June 30, 2024 Annual Financial and Budget Report (SACS) Fund Balances	\$ 123,451,097	\$ 15,937,440	\$ 54,418,414	\$ 28,371,850	\$ 29,738,164	\$ 1,618,187	\$ 1,014,331
Adjustments and Reclassifications:							
Fair value adjustments	(3,859,987)	(883,633)	(900,797)	(1,415,853)	(1,404,006)	(39,764)	(44,920)
Account receivable adjustments	-	-	-	-	(610,906)	-	-
Associated student body fund	575,342	-	-	-	-	-	-
June 30, 2024 Audited Financial Statements Fund Balances	<u>\$ 120,166,452</u>	<u>\$ 15,053,807</u>	<u>\$ 53,517,617</u>	<u>\$ 26,955,997</u>	<u>\$ 27,723,252</u>	<u>\$ 1,578,423</u>	<u>\$ 969,411</u>

Napa Valley Unified School District
Notes to State and Federal Award Compliance Sections
For the Fiscal Year Ended June 30, 2024

1. PURPOSE OF SCHEDULES

A. Schedule of Average Daily Attendance

Average daily attendance is a measurement of the number of pupils attending classes in the District. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments in state funds are made to school districts. This schedule provides information regarding the attendance of students at various grade levels and in different programs.

B. Schedule of Instructional Time

The District has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day and Longer Instructional Year. This schedule presents information on the amount of instructional time offered by the District and whether the District complied with the provisions of Education Code Sections 46201 through 46206 and whether the Charter Schools complied with Education Code Sections 47612 and 47612.5.

C. Schedule of Charter Schools

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

D. Schedule of 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.

E. Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

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

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

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

Napa Valley Unified School District
Notes to State and Federal Award Compliance Sections
For the Fiscal Year Ended June 30, 2024

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).

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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

5. EARLY RETIREMENT INCENTIVE PROGRAM

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

OTHER INFORMATION

Napa Valley Unified School District
Organization (Unaudited)
June 30, 2024

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

The Board of Education was comprised of the following members:

Governing Board

<u>Name</u>	<u>Office</u>	<u>Term Expires</u>
Cindy Watter	President	2026
Eve Ryser	Vice President	2024
Lisa W. Chu	Clerk	2024
Robin Jankiewicz	Member	2026
David T. Garcia	Member	2024
Elba Gonzalez-Mares	Member	2026
Julianna Hart	Member	2024

Administration

Rosanna G. Mucetti
Superintendent

Rabinder Mangewala
Assistant Superintendent
Business Services

Pat Andry-Jennings
Assistant Superintendent
Instructional Services

Dana Page
Assistant Superintendent
Human Resources

Mike Pearson
Assistant Superintendent
Operational Services

Napa Valley Unified School District
Schedule of Financial Trends and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2024

	(Budget) ⁽¹⁾			
	2025	2024	2023	2022
General Fund				
Revenues and other financial sources	\$ 268,513,589	\$ 287,417,835	\$ 288,396,683	\$ 235,998,819
Expenditures	296,383,532	262,586,912	232,752,035	213,497,286
Other uses and transfers (out)	12,200	30,000,000	-	-
Total outgo	296,395,732	292,586,912	232,752,035	213,497,286
Change in fund balance	\$ (27,882,143)	\$ (5,169,077)	\$ 55,644,648	\$ 22,501,533
Adjustments to fund balance	\$ -	\$ 570,862	\$ -	\$ (5,236,908)
Ending fund balance	\$ 92,284,309	\$ 120,166,452	\$ 124,764,667	\$ 69,120,019
Available reserves ⁽²⁾	\$ 27,056,815	\$ 25,546,853	\$ 19,504,973	\$ 20,917,954
Reserved for economic uncertainty	\$ 27,056,815	\$ 25,546,853	\$ 19,504,973	\$ 20,917,954
Unassigned fund balance	\$ -	\$ -	\$ -	\$ -
Available reserves as a percentage of total outgo	9.13%	8.73%	8.38%	9.80%
Total long-term liabilities	\$ 769,389,727	\$ 787,997,420	\$ 772,681,096	\$ 726,122,407
Average daily attendance at P-2	15,159	14,968	14,763	15,016

Average daily attendance has decreased by 253 over the past three years. The district anticipates an increase of 396 ADA for the fiscal year 2024/25.

The general fund balance has increased by \$51,046,433 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 and other uses (total

Total long-term liabilities has increased by \$46,558,689 over the past three years.

⁽¹⁾ Budget numbers are based on the first adopted budget of the fiscal year 2024/25

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

**OTHER INDEPENDENT
AUDITOR'S REPORTS**



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

Board of Trustees
Napa Valley Unified School District
Napa, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Napa Valley Unified School District (the District) as of and for the year ended June 30, 2024, 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 10, 2024.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control 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 or significant deficiencies may exist that were not identified.



Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

C & A LLP

December 10, 2024
Morgan Hill, California



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE**

Board of Trustees
Napa Valley Unified School District
Napa, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Napa Valley Unified School District's (the District) 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, 2024. 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.

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, 2024.

Basis for Opinion on Each Major federal programs

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Napa Valley Unified School District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal programs. Our audit does not provide a legal determination of Napa Valley Unified School District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the District's federal programs.



Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal programs.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Napa Valley Unified School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Napa Valley Unified School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Napa Valley Unified School District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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



Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

C & A LLP

December 10, 2024
Morgan Hill, California



INDEPENDENT AUDITOR’S REPORT ON STATE COMPLIANCE AND ON INTERNAL CONTROL OVER COMPLIANCE

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

Report of State Compliance

Opinion

We have audited the Napa Valley Unified School District’s (the District)’s compliance with the types of compliance requirements described in the *2023-24 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, 2024.

In our opinion, the District complied, in all material respects, with the laws and regulations of the State Programs noted in the table below for the fiscal year ended June 30, 2024.

Basis for Opinion on State Compliance Requirements

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the *2023-24 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting (Audit Guide)*, published by the Education Audit Appeals Panel. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Napa Valley Unified School District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the state programs identified in the *Audit Guide*. Our audit does not provide a legal determination of Napa Valley Unified School District’s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the District’s state programs.



Auditor's Responsibilities for the Audit of State Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Napa Valley Unified School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the *Audit Guide* will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Napa Valley Unified School District's compliance with the requirements of applicable state programs as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we consider necessary in the circumstances;
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the *Audit Guide*, but not for the purpose of expressing an opinion on the effectiveness of the District's internal controls over compliance. Accordingly, we express no such opinion; and
- Select and test transactions and records to determine the District's compliance with the state laws and regulations applicable to the following items:



2023-24 K-12 Audit Guide Procedures	Procedures Performed
Local Education Agencies Other than Districts:	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	Yes
Continuation Education	Yes
Instructional Time	Yes
Instructional Materials	Yes
Ratio of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	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
Apprenticeship: Related and Supplemental Instruction	Yes
Comprehensive School Safety Plan	Yes
District of Choice	N/A
Home to School Transportation Reimbursement	Yes
School Districts, County Offices of Education, and Charter Schools	
Proposition 28 Arts and Music in Schools	Yes
After School Education and Safety Program:	
General Requirements	N/A
After School	N/A
Before School	N/A
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study-Course Based	N/A
Immunizations	N/A
Educator Effectiveness	Yes
Expanded Learning Opportunities Grant	Yes
Career Technical Education Incentive Grant	Yes
Expanded Learning Opportunity Program	Yes
Transitional Kindergarten	Yes
Charter Schools:	
Attendance	N/A
Mode of Instruction	N/A
Nonclassroom-Based Instruction/Independent Study for	
Charter Schools	N/A
Determination of Funding for Nonclassroom - Based Instruction	N/A
Annual Instructional Minutes - Classroom Based	N/A
Charter School Facility Grant Program	N/A



We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

C & A LLP

December 10, 2024
Morgan Hill, California

**FINDINGS AND
RECOMMENDATIONS**

Napa Valley Unified School District
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2024

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 None Reported

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:

<u>CFDA Numbers</u>	<u>Name of Federal Program</u>
84.424C/D/U	Education Stabilization Fund (ESF) Subprograms
80.010	Title I, Part A, Basic Grants Low-Income & Neglected
84.126	Department of Rehabilitation: Workability II, Transitions Partnership Program

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 None Reported

Type of auditor's report issued on compliance over state programs: Unmodified

Napa Valley Unified School District
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2024

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None

Section IV - State Award Findings and Questioned Costs

None

Napa Valley Unified School District
Status of Prior Year Findings and Recommendations
For the Fiscal Year Ended June 30, 2024

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None

Section IV - State Award Findings and Questioned Costs

None

APPENDIX C

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the Napa Valley Unified School District (the “District”) in connection with the issuance of \$12,500,000 of the Napa Valley Unified School District (Napa County, California) General Obligation Bonds of School Facilities Improvement District No. 2 (American Canyon Area) Election of 2022, Series B (the “Bonds”). The Bonds are being issued pursuant to a Resolution of the Board of Education of the District adopted on March 13, 2025 (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 S.E.C. Rule 15c2-12(b)(5).

SECTION 2. Definitions. In addition to the definitions set forth in the Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the District pursuant to, and as described in, Sections 3 and 4 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 the KNN Public Finance, LLC, or any successor Dissemination Agent designated in writing by the District (which may be the District) and which has filed with the District a written acceptance of such designation.

“Financial Obligation” means: (a) a debt obligation; (b) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of (a) or (b). The term “Financial Obligation” does not include municipal securities as to which a final official statement has been provided to the Repository consistent with the Rule.

“Holders” shall mean registered owners of the Bonds.

“Improvement District” means the Napa Valley Unified School District School Facilities Improvement District No. 2 (American Canyon Area).

“Listed Events” shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

“Official Statement” shall mean the Official Statement, dated as of May 1, 2025, relating to the offer and sale of the Bonds.

“Participating Underwriter” shall mean any of the original underwriters 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 2024-25 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(f).

(b) Not later than thirty (30) days (nor more than sixty (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 fifteen (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. 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 and the Improvement 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 as of the last completed fiscal year;
- (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) the assessed value of taxable property in the Improvement District, as shown on the most recent equalized assessment roll;
- (f) the top twenty taxpayers in the Improvement District, as shown on the most recent equalized assessment roll; and
- (g) only if the County no longer includes the tax levy for payment of such Bonds in its Teeter Plan, the property tax levies, collections and delinquencies for the Improvement District for the most recently completed fiscal year; and

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the District or related public entities, which have been submitted to the Repository or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The District shall clearly identify each such other document so included by reference.

(b) The Annual Report shall be filed in an electronic format, and 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, 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 or 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. default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the District, any of which reflect financial difficulties.

10. bankruptcy, insolvency, receivership or similar event (within the meaning of the Rule) of the District. For the purposes of the event identified in this Section 5(a)(9), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the District in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District.

(b) Pursuant to the provisions of this Section 5, the District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material:

1. non-payment related defaults.
2. modifications to rights of Bondholders.
3. optional, contingent or unscheduled bond calls.
4. unless described under Section 5(a)(5) above material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds.
5. release, substitution or sale of property securing repayment of the Bonds.
6. the consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms.
7. appointment of a successor or additional trustee or paying agent with respect to the Bonds or the change of name of such a trustee or paying agent.
8. Incurrence of a Financial Obligation of the District, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the District, any of which affect 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 fifteen (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, it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

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

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

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

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

financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

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

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

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

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

Dated: May 15, 2025

NAPA VALLEY UNIFIED SCHOOL DISTRICT

By: _____
Authorized Officer

EXHIBIT A

NOTICE TO REPOSITORY OF FAILURE TO FILE ANNUAL REPORT

Name of District: NAPA VALLEY UNIFIED SCHOOL DISTRICT

Name of Bond Issue: General Obligation Bonds of School Facilities Improvement District No. 2
(American Canyon Area) Election of 2022, Series B

Date of Issuance: May 15, 2025

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

Dated: _____

NAPA VALLEY UNIFIED SCHOOL DISTRICT

By _____ [form only; no signature required]

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APPENDIX D

ECONOMIC AND DEMOGRAPHIC PROFILE FOR THE CITY OF AMERICAN CANYON AND NAPA COUNTY

The following information regarding the City of American Canyon (the “City”), and Napa 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, Bond Counsel, the Underwriter or the Municipal Advisor.

General

City of American Canyon. A General Law City, American Canyon is the second largest city in the County, and was incorporated on January 1, 1992. It is located at the southern end of Napa Valley, has a total area of 4.8 square miles, and operates with a Council-Manager form of government. Four Council members and a Mayor are elected at large to staggered four-year terms. The City has a large industrial district and is a wine processing hub, with easy access to state and interstate highways.

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

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Population

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

**POPULATION ESTIMATES
2015 through 2024
City of American Canyon, Napa County and the State of California**

<u>Year⁽¹⁾</u>	<u>City of American Canyon</u>	<u>Napa County</u>	<u>State of California</u>
2015 ⁽¹⁾	20,907	140,654	38,810,306
2016 ⁽¹⁾	21,038	141,119	39,036,749
2017 ⁽¹⁾	21,233	140,837	39,273,915
2018 ⁽¹⁾	21,655	139,786	39,429,439
2019 ⁽¹⁾	21,706	138,982	39,503,656
2020 ⁽²⁾	21,623	138,019	39,538,223
2021 ⁽²⁾	21,523	137,128	39,327,868
2022 ⁽²⁾	21,641	135,564	39,114,785
2023 ⁽²⁾	21,379	134,508	39,061,058
2024 ⁽²⁾	21,758	135,029	39,128,162

⁽¹⁾ As of January 1.

⁽²⁾ As of May 1.

Source: 2015-19 (2010 Demographic Research Unit Benchmark): California Department of Finance for January 1. 2020-24 (2020 Demographic Research Unit Benchmark): California Department of Finance for May 1.

Income

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

**PER CAPITAL PERSONAL INCOME
2014 through 2023
Napa County, State of California, and United States**

<u>Year</u>	<u>Napa County</u>	<u>State of California</u>	<u>United States</u>
2014	\$58,255	\$50,617	\$46,289
2015	62,802	53,816	48,062
2016	66,433	55,862	48,974
2017	68,093	58,214	51,006
2018	69,039	60,984	53,311
2019	73,298	64,219	55,567
2020	82,962	70,098	59,123
2021	87,015	76,882	64,460
2022	89,219	76,941	66,244
2023	94,973	81,255	69,810

Note: Per capita personal income is the total personal income divided by the total mid-year population estimates of the U.S. Bureau of the Census. Last updated: February 20, 2015 – revised statistics for 2010-2019.

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 tables list the principal employers located in the City and the County.

PRINCIPAL EMPLOYERS 2024 City of American Canyon

<u>Employer Name</u>	<u>Industry</u>	<u>Number of Employees</u>
Amazon	Motor Freight Transportation and Warehousing	743
Walmart Supercenter	Retail Trade: General Merchandise Stores	340
NVUSD	Services: Education	327
Lion Nathan USA, Inc.	Manufacturing: Food and Kindred Products	250
GL Mezetta	Manufacturing: Food and Kindred Products	204
Coca-Cola AmCan Beverages	Manufacturing: Food and Kindred Products	200
Wine Direct, Inc.	Motor Freight Transportation and Warehousing	200
Ikea Distribution Services, Inc.	Motor Freight Transportation and Warehousing	159
A Bright Future, Inc.	Services: Health	140
Barry Callebaut USA, Inc.	Manufacturing: Food and Kindred Products	140

Source: City of American Canyon Comprehensive Annual Financial Report, Fiscal Year Ended June 30, 2024.

PRINCIPAL EMPLOYERS 2024 Napa County

<u>Employer Name</u>	<u>Industry</u>	<u>Number of Employees</u>
Napa State Hospital	Services: Health	2,335
County of Napa	Public Administration	1,441
Trinchero Family Estates	Manufacturing: Food and Kindred Products	1,168
Napa Valley Unified School District	Services: Education	1,164
Providence Queen of the Valley	Services: Health	934
Veterans' Home of California	Services: Health	654
Adventist Health St. Helena	Services: Health	619
Wal-Mart	Retail Trade: General Merchandise Stores	575
City of Napa	Public Administration	459
Treasury Wine Estates	Manufacturing: Food and Kindred Products	451

Source: County of Napa Comprehensive Annual Financial Report, Fiscal Year Ended June 30, 2024.

Employment

The following table summarizes the labor force, employment and unemployment figures for the years 2019 through 2023 for the City, the County, the State and the United States.

LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT ANNUAL AVERAGES
2019 through 2023⁽¹⁾
City of American Canyon, Napa County, State of California, and United States

<u>Year and Area</u>	<u>Labor Force</u>	<u>Employment⁽²⁾</u>	<u>Unemployment</u>	<u>Unemployment Rate (%)⁽³⁾</u>
<u>2019</u>				
City of American Canyon	11,800	11,500	300	2.8
Napa County	73,200	71,100	2,100	2.9
State of California	19,411,600	18,627,400	784,200	4.0
United States	163,539,000	157,538,000	6,001,000	3.7
<u>2020</u>				
City of American Canyon	11,100	10,100	1,000	8.8
Napa County	68,900	62,700	6,200	8.9
State of California	18,821,200	16,923,100	1,908,100	10.0
United States	160,742,000	147,795,000	12,947,000	8.1
<u>2021</u>				
City of American Canyon	11,000	10,300	700	6.0
Napa County	68,400	64,300	4,200	6.1
State of California	19,041,000	18,127,700	913,300	4.8
United States	161,204,000	152,581,000	8,623,000	5.3
<u>2022</u>				
City of American Canyon	11,300	11,000	400	3.2
Napa County	70,500	68,100	2,300	3.3
State of California	19,252,900	18,440,900	811,100	4.2
United States	164,287,000	158,291,000	5,996,000	3.6
<u>2023</u>				
City of American Canyon	11,600	11,200	400	3.5
Napa County	72,000	69,400	2,500	3.5
State of California	19,308,300	18,388,300	920,000	4.8
United States	167,116,000	161,037,000	6,080,000	3.6

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 2023 Benchmark.

Industry

The County is included in the Napa Metropolitan Statistical Area. The distribution of employment is presented in the following table for the past five years. These figures are multi county-wide statistics and may not necessarily accurately reflect employment trends in the County.

INDUSTRY EMPLOYMENT & LABOR FORCE ANNUAL AVERAGES
2020 through 2024
Napa County (Napa Metropolitan Statistical Area)

<u>Category</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Total Farm	5,000	5,300	5,600	6,200	6,300
Total Nonfarm	65,800	67,800	72,500	74,100	75,500
Total Private	56,200	58,300	63,100	64,700	65,800
Goods Producing	16,900	17,800	18,900	19,400	19,800
Mining, Logging and Construction	4,100	4,500	4,400	4,400	4,200
Manufacturing	12,800	13,300	14,500	15,000	15,500
Nondurable Goods	11,500	11,800	13,000	13,500	13,900
Service Providing	49,000	50,000	53,500	54,800	55,800
Private Service Providing	39,300	40,500	44,100	45,300	46,100
Trade, Transportation and Utilities	9,500	9,800	10,100	10,000	10,000
Wholesale Trade	1,600	1,500	1,500	1,500	1,400
Retail Trade	6,200	6,200	6,200	6,200	6,300
Transportation, Warehousing and Utilities	1,800	2,100	2,400	2,400	2,300
Information	200	300	300	300	300
Financial Activities	2,100	2,100	2,100	2,100	2,100
Professional and Business Services	6,700	6,500	6,700	6,900	7,200
Private Education and Health Services	9,900	9,900	10,100	10,500	11,100
Leisure and Hospitality	9,100	10,200	12,700	13,300	13,300
Other Services	1,700	1,800	2,100	2,100	2,100
Government	<u>9,700</u>	<u>9,400</u>	<u>9,400</u>	<u>9,500</u>	<u>9,700</u>
Total, All Industries	<u>70,800</u>	<u>73,000</u>	<u>78,100</u>	<u>80,400</u>	<u>81,800</u>

Note: The "Total, All Industries" data is not directly comparable to the employment data found herein.

Source: State of California, Employment Development Department, Labor Market Information Division, Average Labor Force and Industry Employment. March 2024 Benchmark.

Commercial Activity

Summaries of annual taxable sales for the City and the County for the last five years are shown in the following tables.

**ANNUAL TAXABLE SALES
2020 through 2024
City of American Canyon
(Dollars in Thousands)**

<u>Year</u>	Total Retail and Food Services: <u>Permits</u>	Retail and Food	Total All Outlets: <u>Permits</u>	Total All Outlets:
		Services: Taxable <u>Transactions</u>		Taxable <u>Transactions</u>
2020	260	\$165,047	553	\$204,680
2021	255	192,185	541	243,109
2022	266	249,881	576	317,631
2023	253	273,519	549	368,381
2024	234	259,976	536	343,891

Source: "Taxable Sales in California," California Department of Tax and Fee Administration.

**ANNUAL TAXABLE SALES
2020 through 2024
Napa County
(Dollars in Thousands)**

<u>Year</u>	Total Retail and Food Services: <u>Permits</u>	Retail and Food	Total All Outlets: <u>Permits</u>	Total All Outlets:
		Services: Taxable <u>Transactions</u>		Taxable <u>Transactions</u>
2020	3,203	\$1,967,685	7,740	\$3,275,192
2021	2,948	2,463,898	7,412	4,155,803
2022	2,930	2,741,183	7,635	4,656,019
2023	2,837	2,740,125	7,577	4,622,153
2024	2,781	2,662,634	7,683	4,514,264

Source: "Taxable Sales in California," California Department of Tax and Fee Administration.

Construction Activity

The annual building permit valuations and number of permits for new dwelling units issued for the past five years for the City and the County are shown in the following tables.

BUILDING PERMITS AND VALUATIONS 2019 through 2023 City of American Canyon (Dollars in Thousands)

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Valuation					
Residential	\$1,116	\$923	\$1,209	\$22,051	\$19,876
Non-Residential	<u>50,696</u>	<u>52,828</u>	<u>3,786</u>	<u>20,899</u>	<u>4,023</u>
Total	\$51,812	\$53,751	\$4,995	\$42,950	\$23,899
Units					
Single Family	2	1	2	93	74
Multiple Family	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>5</u>
Total	<u>2</u>	<u>1</u>	<u>2</u>	<u>93</u>	<u>79</u>

Note: Totals may not add to sum because of rounding.

Source: Construction Industry Research Board.

BUILDING PERMITS AND VALUATIONS 2019 through 2023 Napa County (Dollars in Thousands)

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Valuation					
Residential	\$187,117	\$160,869	\$232,876	\$322,516	\$336,861
Non-Residential	<u>192,498</u>	<u>168,770</u>	<u>114,368</u>	<u>197,786</u>	<u>140,913</u>
Total	\$379,615	\$329,639	\$347,244	\$520,302	\$477,774
Units					
Single Family	232	228	322	389	367
Multiple Family	<u>17</u>	<u>0</u>	<u>86</u>	<u>399</u>	<u>83</u>
Total	<u>249</u>	<u>228</u>	<u>408</u>	<u>788</u>	<u>450</u>

Note: Totals may not add to sum because of rounding.

Source: Construction Industry Research Board.

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APPENDIX E

NAPA COUNTY TREASURY POOL

The following information concerning the Napa County Treasury Pool (the “Treasury Pool”) has been provided by the Treasurer, and has not been confirmed or verified by the District or the Underwriter. None of the District, the Municipal Advisor and the Underwriter have made an independent investigation of the investments in the Treasury Pool and have made no assessment of the current County investment policy. The value of the various investments in the Treasury Pool will fluctuate on a daily basis as a result of a multitude of factors, including generally prevailing interest rates and other economic conditions. Additionally, the Treasurer, with the consent of the Napa County Board of Supervisors may change the County investment policy at any time. Therefore, there can be no assurance that the values of the various investments in the Treasury Pool will not vary significantly from the values described herein. Finally, neither the District, the Municipal Advisor nor the Underwriter make any representation as to the accuracy or adequacy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof, or that the information contained or incorporated hereby by reference is correct as of any time subsequent to its date. Additional information regarding the Treasury Pool may be obtained from the Treasurer at <http://www.countyofnapa.org/treasurer>; however, the information presented on such website is not incorporated herein by any reference.

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A Tradition of Stewardship
A Commitment to Service

**Treasurer – Tax Collector
Central Collections**

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

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

Robert G. Minahen
Treasurer – Tax Collector

April 9, 2025

Board of Supervisors
1195 Third Street
Napa, CA 94559

Dear Honorable Board Members:

I hereby submit the attached Treasurer's Monthly Investment Report for March 2025, for your information. In accordance with Government Code Section 53646 (b) (4), this report includes a listing of the investments in the treasury's portfolio.

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

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

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "R. G. Minahen".

Robert G. Minahen
Treasurer-Tax Collector
Napa County

cc: County Executive Officer Ryan Alsop
County Auditor-Controller: Tracy Schulze



A Tradition of Stewardship
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Robert G. Minahen
Treasurer – Tax Collector

TREASURY OVERSIGHT COMMITTEE

Chairperson: Tracy Schulze
Auditor-Controller
County of Napa

Current Members: Belia Ramos
Member, Board of Supervisors
County of Napa

Barbara Nemko
Superintendent of Schools
Napa County Office of Education

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

Patricia Clarey
Member
Representing: Special Districts

James Hudak
Member of the Public

MONTHLY
INVESTMENT
REPORT

March 31, 2025

NAPA COUNTY TREASURER-TAX COLLECTOR





A Tradition of Stewardship
A Commitment to Service

April 9, 2025

Treasurer – Tax Collector
Central Collections
1195 Third St.
Suite 108
Napa, CA 94559
www.countyofnapa.org
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Robert G. Minahen
Treasurer – Tax Collector

This report provides a detailed overview of the Treasury Pool's performance and economic context as of March 2025. Here are some key takeaways:

1. **Market Value & Portfolio Performance**
 - The Treasury Pool's market value remained constant during the month, closing at \$1.131 billion.
 - The Weighted Average Maturity (WAM) declined slightly to 402 days, indicating a shift toward shorter-term holdings.
 - The Effective Rate of Return for the month fell to 2.27% from 2.67%, though the year-to-date return remains strong at 2.69%.
 - The forward-looking Effective Rate of Return for the next 365 days is 2.98%.
2. **Economic & Federal Reserve Outlook**
 - The Trump Administration rolled out severe global tariffs on all trading partners throughout the world. The tariffs have caused markets to crash and the probability of recession now rated high.
 - Bond yields dropped significantly (25-50 basis points) following the tariff announcements.
 - The Federal Reserve Committee held interest rates steady during the April meeting pointing to severe economic uncertainty.
 - March's job growth of 228,000 exceeded expectations underscoring the resilience of the labor market through March.
3. **Portfolio Strategy & Risk Management**
 - The market value is \$10.3 million below book value, though expected maturities will reduce market losses.
 - \$280 million in low-yield investments (<1.00%) mature in 2025, positioning the portfolio for higher future returns.
 - Liquidity is well managed, with 11.09% in primary liquidity and 34.97% in secondary liquidity, mitigating interest rate risks.
4. **Investment Earnings & Future Strategy**
 - Record-high investment returns were achieved in FY 2023-24 and year-to-date earnings have already surpassed the prior year.
 - Year-to-date investment earnings stand at \$25.9 million (up from \$19.2 million last year).
 - The pool will look to lock in longer-term yields post-April's property tax installment while maintaining liquidity benchmarks.
5. **Credit Quality**
 - The portfolio maintains a strong composite credit rating of AA1.

Overall Outlook

While economic uncertainty remains a challenge, the Treasury Pool appears well-positioned for future growth, with strategic liquidity management and a favorable investment outlook.

RELATIONSHIP TO POLICY

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

1. Safety = There are no "at risk" investments in the portfolio during this reporting period.
2. Liquidity = 11.12% of the portfolio matures within 90 days.
\$73,000,000.00 are available on a daily basis and \$426,066,936.36 could be liquidated at a \$3,563,320.99 profit.
3. Yield = Interest maximization is consistent with safety, liquidity and cash flow considerations.

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

The average weighted days to maturity was 402 days.
The Annualized Yield to Maturity or Call rate of return for this period was 2.978%

Investment instruments used during the month of March 2025 were :
Agencies of the Fed Government, Corporate Notes,
Taxable Muni Bond, Teeter Notes, LAIF, and CAMP
United States Treasury Notes

YEAR TO DATE COMPARISONS

A comparison of the Investment Portfolios of March 2024 with that of March 2025.

	March 2024	March 2025
LAIF (Local Agencies Invst Fund)	1,000,000.00	13,000,000.00
Federal Agency Securities	770,158,080.45	626,972,850.53
Treasury Notes	83,605,099.49	158,115,803.20
Corporate Notes	246,799,736.04	253,948,341.29
Teeter Notes	9,153,570.38	12,300,521.94
Taxable Municipal Bonds	2,651,300.00	11,609,407.85
CAMP	75,000,000.00	60,000,000.00
TOTAL	<u>1,188,367,786.36</u>	<u>1,135,946,924.81</u>

A comparison of interest received during the month of March 2024 with that of March 2025.

	March 2024	March 2025
Interest of LAIF	0.00	0.00
Interest on Federal Agency Securities	676,937.50	865,080.00
Interest on Treasury Notes	0.00	103,125.00
Interest on Corporate	307,128.27	680,944.94
Interest on Teeter	0.00	0.00
Interest on Taxable Municipal Bonds	0.00	127,500.00
Interest on CAMP	351,125.99	214,566.20
TOTAL	<u>1,335,191.76</u>	<u>1,991,216.14</u>

A comparison of the cumulative interest received in the period of July 1, 2023 through March 31, 2024 with that of July 1, 2024 through March 31, 2025.

	2023-2024	2024-2025
Interest on LAIF	142,317.90	166,540.56
Interest on Federal Agency Securities	10,670,227.09	12,509,726.60
Interest on Treasury Notes	1,287,500.00	4,199,375.00
Interest on Corporate	3,672,998.20	5,736,775.16
Interest on Teeter Notes	325,147.47	446,251.07
Interest on Taxable Municipal Bonds	35,698.15	321,038.63
Interest on CAMP	3,074,830.87	2,553,791.38
TOTAL	<u>19,208,719.68</u>	<u>25,933,498.40</u>



A Tradition of Stewardship
A Commitment to Service

for Monthly Investment
Portfolio Management
Portfolio Summary
March 31, 2025

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

Investments	Par Value	Market Value	Book Value	% of Portfolio	Term	Days to Maturity	YTM/C 365 Equiv.
LAIF	13,000,000.00	13,000,000.00	13,000,000.00	1.14	1	1	4.620
CAMP	60,000,000.00	60,000,000.00	60,000,000.00	5.28	1	1	5.290
Corporate Notes	252,431,000.00	249,926,071.59	253,948,341.29	22.36	1,538	704	3.063
Federal Agency Coupon Securities	578,948,772.72	569,867,744.65	578,357,500.53	50.91	1,643	299	2.147
Discount Federal Agency	50,000,000.00	49,394,750.00	48,615,350.00	4.28	243	105	4.315
Treasury Coupon Securities	138,000,000.00	138,440,630.00	137,546,476.54	12.11	745	528	4.343
Treasury Bills	21,000,000.00	20,803,810.00	20,569,326.66	1.81	184	80	4.212
Taxable Municipal Bond	11,825,000.00	11,917,502.50	11,609,407.85	1.02	1,066	716	4.801
Teeter Notes	12,300,521.94	12,300,521.94	12,300,521.94	1.08	1,826	1,390	2.907
Investments	1,137,505,294.66	1,125,651,030.68	1,135,946,924.81	100.00%	1,315	402	2.978
Cash and Accrued Interest							
Accrued Interest at Purchase		86,881.95	86,881.95				
Ending Accrued Interest		5,552,314.08	5,552,314.08				
Subtotal		5,639,196.03	5,639,196.03				
Total Cash and Investments	1,137,505,294.66	1,131,290,226.71	1,141,586,120.84		1,315	402	2.978

Total Earnings	March 31 Month Ending	Fiscal Year To Date
Current Year	2,198,623.67	22,342,172.24
Average Daily Balance	1,138,048,190.40	1,106,147,167.23
Effective Rate of Return	2.27%	2.69%

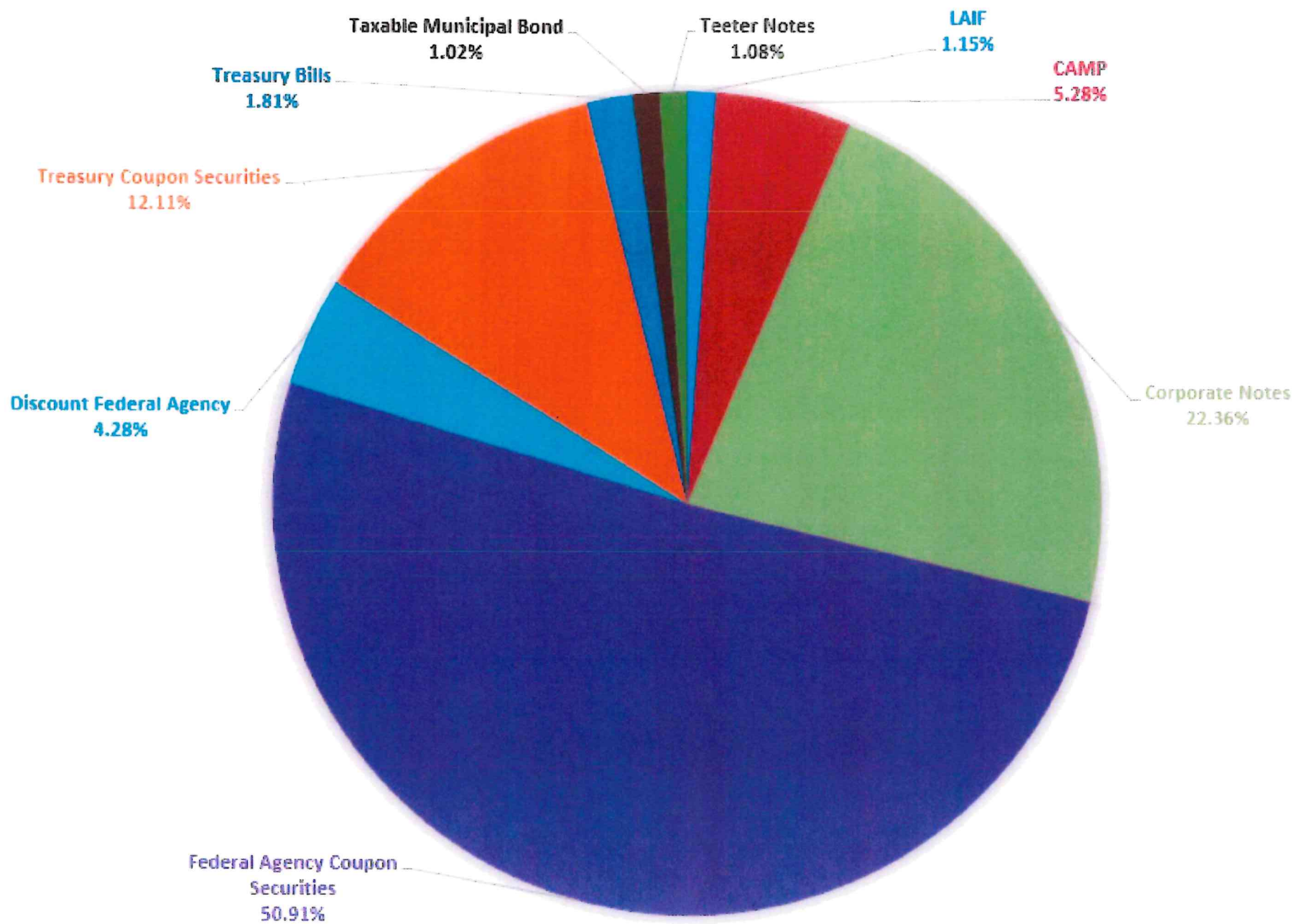
I certify that the information included in this report is accurate and correct to the best of my knowledge and belief.


Robert G. Minahen, Treasurer-Tax Collector 4/9/2025

Reporting period 03/01/2025-03/31/2025
Data Updated: SET_MI: 04/04/2025 09:51
Run Date: 04/04/2025 - 09:52

Portfolio NAPA
CP
PM (PRF_PM1) 7.3.11
Report Ver. 7.3.11

BOOK VALUE BY INVESTMENT TYPE



**for Monthly Investment
Portfolio Management
Portfolio Details - Investments
March 31, 2025**

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	YTM/C 360	YTM/C 365	Days to Maturity	Maturity Date
LAIF												
LAIF	LAIF	State of California			13,000,000.00	13,000,000.00	13,000,000.00	4.620	4.557	4.620	1	
Subtotal and Average			9,129,032.26		13,000,000.00	13,000,000.00	13,000,000.00		4.557	4.620	1	
CAMP												
CAMP-NAPA-CO	CAMP-NAPA-CO	Napa County			60,000,000.00	60,000,000.00	60,000,000.00	5.290	5.218	5.290	1	
CAMP - NVUSD	CAMP-NVUSD	Napa County		07/01/2024	0.00	0.00	0.00	5.550	5.474	5.550	1	
Subtotal and Average			60,000,000.00		60,000,000.00	60,000,000.00	60,000,000.00		5.218	5.290	1	
Corporate Notes												
002824BF6	12144	Abbott Labs		12/19/2023	5,000,000.00	4,970,150.00	4,938,142.50	3.750	4.142	4.200	608	11/30/2026
02079KAC1	12072	Alphabet Inc		12/20/2022	5,000,000.00	4,857,550.00	4,679,050.00	1.998	3.846	3.900	501	08/15/2026
023135BQ8	11800	Amazon.com Inc		06/09/2020	1,250,000.00	1,242,262.50	1,250,000.00	0.800	0.789	0.800	63	06/03/2025
023135BX3	11927	Amazon.com Inc		05/27/2021	15,000,000.00	14,498,700.00	15,054,000.00	1.000	0.913	0.926	376	05/12/2026
037833BY5	11906	APPLE, INC		03/31/2021	6,000,000.00	5,947,620.00	6,584,700.00	3.250	1.178	1.194	236	02/23/2026
037833DN7	11938	APPLE, INC		09/24/2021	5,000,000.00	4,855,600.00	5,253,000.00	2.050	0.989	1.002	466	09/11/2026
037833DN7	11970	APPLE, INC		12/15/2021	5,000,000.00	4,855,600.00	5,144,350.00	2.050	1.398	1.418	466	09/11/2026
037833BZ2	12004	APPLE, INC		04/14/2022	5,000,000.00	4,887,250.00	4,895,500.00	2.450	2.929	2.970	398	08/04/2026
06048WK41	11873	Bank of America Corp		11/25/2020	5,000,000.00	4,889,900.00	5,000,000.00	1.000	0.789	0.800	238	11/25/2025
06048WN22	11931	Bank of America Corp		08/26/2021	15,000,000.00	14,355,000.00	15,000,000.00	1.250	1.233	1.250	512	08/26/2026
06048WV56	12018	Bank of America Corp		05/05/2022	2,000,000.00	1,992,040.00	2,000,000.00	4.000	3.945	4.000	399	05/05/2026
110122DD7	12231	Bristol-Myers Squibb Co		12/10/2024	5,000,000.00	4,899,550.00	4,906,900.00	3.450	4.074	4.130	866	11/15/2027
14020AEL4	12173	Capital Impact Partners		03/11/2024	5,000,000.00	5,017,900.00	5,000,000.00	5.500	5.425	5.500	713	03/15/2027
14913R2C0	11825	Caterpillar Finl Services		07/13/2020	6,000,000.00	5,977,380.00	6,213,420.00	1.450	0.691	0.701	44	05/15/2025
17291LM69	12191	Citi Bank		04/17/2024	5,000,000.00	4,968,900.00	5,000,000.00	5.280	5.208	5.280	1,477	04/17/2029
30231GAT9	11939	Exxon Mobil Co		09/28/2021	7,271,000.00	7,190,219.19	7,870,784.79	3.043	1.111	1.127	334	03/01/2026
427866BK3	12255	Hershey Company		02/27/2025	5,000,000.00	5,043,450.00	5,055,000.00	4.550	4.098	4.155	1,059	02/24/2028
44891ADF1	12236	Hyundai Capital America		12/11/2024	6,000,000.00	5,927,220.00	5,940,840.00	4.300	4.615	4.679	906	09/24/2027
4581X0EM6	12237	Inter-American Devel Bk		12/11/2024	10,500,000.00	10,562,580.00	10,540,320.00	4.375	4.126	4.183	671	02/01/2027
45906M5G2	12182	INTL BK RECON & DEVELOP		04/16/2024	5,000,000.00	5,066,800.00	5,000,000.00	4.750	4.685	4.750	1,476	04/16/2029
45906M5H0	12222	INTL BK RECON & DEVELOP		11/15/2024	5,000,000.00	5,029,000.00	5,060,000.00	5.170	4.368	4.429	1,484	04/24/2029
24422EXV6	12227	John Deere Capital CORP		12/09/2024	10,000,000.00	10,002,800.00	9,991,900.00	4.200	4.432	4.494	835	07/15/2027
48128GV56	11831	JP MORGAN CHASE		08/18/2020	5,000,000.00	4,904,350.00	5,000,000.00	0.800	0.789	0.800	139	08/18/2025
48128GX54	11862	JP MORGAN CHASE		10/30/2020	5,000,000.00	4,860,400.00	5,000,000.00	0.750	0.740	0.750	212	10/30/2025
48130CHD0	12168	JP MORGAN CHASE		02/20/2024	10,000,000.00	10,098,100.00	10,000,000.00	4.950	4.882	4.950	1,421	02/20/2029
48130CC45	12257	JP MORGAN CHASE		03/13/2025	5,000,000.00	5,007,450.00	5,000,000.00	4.550	4.488	4.550	1,077	03/13/2030
57629W4S6	12217	Massmutual Global Funding		11/14/2024	10,000,000.00	10,149,700.00	10,167,300.00	5.100	4.297	4.357	738	04/09/2027

Data Updated: SET_MI: 04/04/2025 09:51

Run Date: 04/04/2025 - 09:52

Portfolio NAPA
CP
PM (PRF_PM2) 7.3.11

**for Monthly Investment
Portfolio Management
Portfolio Details - Investments
March 31, 2025**

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	YTM/C 360	YTM/C 365	Days to Maturity	Maturity Date
Corporate Notes												
66815L2A6	11925	Northwestern Mutual Gbl		05/03/2021	5,000,000.00	4,862,150.00	4,923,650.00	0.800	1.119	1.135	288	01/14/2026
66815L2K4	12232	Northwestern Mutual Gbl		12/10/2024	5,000,000.00	4,994,900.00	5,010,650.00	4.350	4.207	4.265	897	09/15/2027
66815L2T5	12250	Northwestern Mutual Gbl		12/18/2024	5,000,000.00	4,963,300.00	4,961,050.00	4.110	4.353	4.413	894	09/12/2027
64952WEY5	12098	New York Life Gl		03/23/2023	3,000,000.00	3,035,820.00	3,049,950.00	4.850	4.398	4.459	1,013	01/09/2028
64952WFK4	12240	New York Life Gl		12/13/2024	7,000,000.00	7,023,170.00	7,035,700.00	4.600	4.423	4.484	1,709	12/05/2029
64952WFK4	12251	New York Life Gl		12/18/2024	5,000,000.00	5,016,550.00	5,004,500.00	4.600	4.516	4.579	1,709	12/05/2029
6944PL2S7	12107	Pacific Life GF		04/11/2023	5,000,000.00	5,055,800.00	5,031,250.00	4.900	4.150	4.208	1,099	04/04/2028
74256LEE5	11929	PRINCIPAL LIFE		05/27/2021	10,260,000.00	10,178,843.40	10,382,094.00	1.250	0.938	0.951	83	06/23/2025
74460WAA5	11926	Public Storage		05/03/2021	10,650,000.00	10,326,346.50	10,530,720.00	0.875	1.228	1.245	320	02/15/2026
89236TLN3	12155	Toyota Mtr Corp		01/22/2024	10,000,000.00	10,043,900.00	10,000,000.00	5.000	4.932	5.000	1,392	01/22/2029
89236TLQ6	12157	Toyota Mtr Corp		01/29/2024	9,500,000.00	9,471,500.00	9,500,000.00	5.000	4.931	5.000	300	07/26/2028
91324PEC2	11971	Unitedhealth Group Inc		12/15/2021	3,000,000.00	2,896,320.00	2,973,570.00	1.150	1.338	1.356	379	05/15/2026
Subtotal and Average			256,493,999.35		252,431,000.00	249,926,071.59	253,948,341.29		3.021	3.063	704	
Federal Agency Coupon Securities												
3133ELQ49	11818	Federal Farm Credit Bank		07/09/2020	5,000,000.00	4,954,850.00	5,000,000.00	0.700	0.690	0.700	90	06/30/2025
3133ELZ80	11822	Federal Farm Credit Bank		07/29/2020	10,000,000.00	9,878,000.00	10,000,000.00	0.580	0.572	0.580	119	07/29/2025
3133EL2U7	11824	Federal Farm Credit Bank		08/04/2020	5,000,000.00	4,937,400.00	5,000,000.00	0.680	0.671	0.680	125	08/04/2025
3133EL4W1	11835	Federal Farm Credit Bank		08/31/2020	5,000,000.00	4,921,500.00	4,995,000.00	0.610	0.622	0.630	146	08/25/2025
3133EMB0	11848	Federal Farm Credit Bank		09/30/2020	5,000,000.00	4,908,750.00	4,996,250.00	0.530	0.538	0.545	181	09/29/2025
3133EMHF2	11868	Federal Farm Credit Bank		11/24/2020	5,000,000.00	4,886,450.00	5,000,000.00	0.600	0.592	0.600	237	11/24/2025
3133ENHA1	11961	Federal Farm Credit Bank		12/14/2021	5,000,000.00	4,792,500.00	5,000,000.00	1.500	1.479	1.500	622	12/14/2026
3133ENHC7	11966	Federal Farm Credit Bank		12/14/2021	7,000,000.00	6,724,900.00	7,000,000.00	1.600	1.578	1.600	622	12/14/2026
3133EN4X5	12074	Federal Farm Credit Bank		12/23/2022	5,000,000.00	4,989,050.00	4,997,250.00	3.875	3.837	3.890	631	12/23/2026
3133EPBL8	12086	Federal Farm Credit Bank		02/23/2023	5,000,000.00	5,018,200.00	4,996,400.00	4.250	4.214	4.273	601	11/23/2026
3133EPFU4	12102	Federal Farm Credit Bank		04/12/2023	5,000,000.00	4,931,100.00	4,995,450.00	3.500	0.664	0.673	1,107	04/12/2028
3133EPFT7	12111	Federal Farm Credit Bank		04/13/2023	5,000,000.00	4,983,500.00	4,962,500.00	3.750	3.963	4.018	377	04/13/2026
3133EPFT7	12120	Federal Farm Credit Bank		04/19/2023	5,000,000.00	4,983,500.00	4,958,214.03	3.750	3.995	4.050	377	04/13/2026
3133EPRS6	12135	Federal Farm Credit Bank		12/11/2023	8,420,000.00	8,434,229.80	8,426,062.40	4.875	4.759	4.825	118	07/28/2025
3133EPNV3	12136	Federal Farm Credit Bank		12/11/2023	1,500,000.00	1,504,440.00	1,491,480.00	4.375	4.572	4.635	363	03/30/2026
3133EPX91	12162	Federal Farm Credit Bank		02/05/2024	5,000,000.00	5,010,850.00	4,993,400.00	4.125	4.115	4.172	664	01/25/2027
3133EP3Z6	12169	Federal Farm Credit Bank		02/28/2024	5,000,000.00	5,052,650.00	4,997,250.00	4.375	4.330	4.390	1,063	02/28/2028
3133EPNG6	12181	Federal Farm Credit Bank		04/10/2024	10,000,000.00	10,048,800.00	9,938,310.00	4.375	4.606	4.670	448	06/23/2026
3133EP4A0	12242	Federal Farm Credit Bank		12/16/2024	9,075,000.00	9,138,525.00	9,074,513.04	4.250	4.192	4.250	1,429	02/28/2029
3130AJTX7	11821	Federal Home Loan Bank		07/21/2020	10,437,500.00	10,321,956.88	10,437,500.00	0.720	0.710	0.720	111	07/21/2025
3130AJSY6	11828	Federal Home Loan Bank		07/15/2020	5,675,000.00	5,614,788.25	5,672,162.50	0.680	0.681	0.690	105	07/15/2025

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Federal Agency Coupon Securities												
3130AJZ36	11837	Federal Home Loan Bank		08/31/2020	5,000,000.00	4,925,100.00	4,997,500.00	0.600	0.602	0.610	148	08/27/2025
3130AK4T0	11840	Federal Home Loan Bank		09/11/2020	5,000,000.00	4,919,550.00	4,995,000.00	0.580	0.592	0.600	163	09/11/2025
3130AK6H4	11845	Federal Home Loan Bank		09/25/2020	5,000,000.00	4,909,450.00	4,993,250.00	0.500	0.520	0.527	174	09/22/2025
3130AKBX3	11864	Federal Home Loan Bank		11/12/2020	2,780,000.00	2,724,817.00	2,774,440.00	0.520	0.554	0.561	197	10/15/2025
3130AKJE7	11891	Federal Home Loan Bank		12/30/2020	10,000,000.00	9,731,200.00	9,997,500.00	0.560	0.557	0.565	273	12/30/2025
3130AKKG0	11894	Federal Home Loan Bank		12/30/2020	10,000,000.00	9,733,500.00	10,000,000.00	0.520	0.513	0.520	273	12/30/2025
3130AM2J0	11913	Federal Home Loan Bank		04/28/2021	10,000,000.00	9,686,300.00	10,000,000.00	1.050	1.036	1.050	27	04/28/2026
3130ALZQ0	11914	Federal Home Loan Bank		04/28/2021	5,000,000.00	4,848,250.00	5,000,000.00	1.250	1.007	1.021	392	04/28/2026
3130ALZQ0	11915	Federal Home Loan Bank		04/28/2021	10,000,000.00	9,698,500.00	10,000,000.00	1.250	1.007	1.021	392	04/28/2026
3130ALZM9	11916	Federal Home Loan Bank		04/29/2021	14,400,000.00	13,926,672.00	14,400,000.00	1.030	1.016	1.030	28	04/29/2026
3130AM4K5	11917	Federal Home Loan Bank		04/30/2021	2,727,272.72	2,660,618.17	2,727,272.72	1.750	1.233	1.250	394	04/30/2026
3130ALZA5	11919	Federal Home Loan Bank		04/29/2021	5,000,000.00	4,935,750.00	5,000,000.00	2.000	0.493	0.500	28	04/29/2026
3130AM2S0	11922	Federal Home Loan Bank		04/28/2021	5,000,000.00	4,863,900.00	5,000,000.00	1.500	1.140	1.156	392	04/28/2026
3130AM6U1	11923	Federal Home Loan Bank		04/28/2021	5,000,000.00	4,850,900.00	5,000,000.00	1.250	0.983	0.996	392	04/28/2026
3130ANL73	11930	Federal Home Loan Bank		09/08/2021	5,000,000.00	4,831,150.00	5,000,000.00	1.600	1.302	1.320	525	09/08/2026
3130ANVG2	11932	Federal Home Loan Bank		08/31/2021	2,000,000.00	1,921,540.00	2,000,000.00	1.150	0.875	0.887	514	08/28/2026
3130ANV72	11933	Federal Home Loan Bank		09/23/2021	1,500,000.00	1,458,675.00	1,500,000.00	1.500	0.890	0.700	83	09/23/2026
3130ANX39	11934	Federal Home Loan Bank		09/30/2021	10,000,000.00	9,630,600.00	10,000,000.00	1.250	0.493	0.500	182	09/30/2026
3130ANXC9	11935	Federal Home Loan Bank		09/29/2021	5,000,000.00	4,854,650.00	5,000,000.00	1.250	0.765	0.775	89	09/29/2026
3130ANYR5	11936	Federal Home Loan Bank		09/30/2021	3,780,000.00	3,610,089.00	3,780,000.00	0.950	0.937	0.950	90	09/30/2026
3130ANYN4	11937	Federal Home Loan Bank		09/30/2021	5,000,000.00	4,777,500.00	5,000,000.00	1.000	0.986	1.000	90	09/30/2026
3130APN43	11945	Federal Home Loan Bank		11/05/2021	5,950,000.00	5,790,897.00	5,957,437.50	2.250	1.542	1.563	574	10/27/2026
3130AQAY9	11967	Federal Home Loan Bank		12/30/2021	2,620,000.00	2,507,680.60	2,620,000.00	1.500	1.479	1.500	90	12/30/2026
3130AQBE2	11974	Federal Home Loan Bank		12/30/2021	3,430,000.00	3,291,530.90	3,430,000.00	1.650	1.627	1.650	90	12/30/2026
3130AQEW9	11980	Federal Home Loan Bank		01/14/2022	5,000,000.00	4,781,150.00	5,000,000.00	1.500	1.479	1.500	13	01/14/2027
3130AQFF5	11981	Federal Home Loan Bank		12/30/2021	5,000,000.00	4,782,150.00	5,000,000.00	1.470	1.450	1.470	90	12/30/2026
3130AQKJ1	11986	Federal Home Loan Bank		01/28/2022	7,500,000.00	7,191,825.00	7,500,000.00	1.700	1.677	1.700	27	01/28/2027
3130AQRH8	11987	Federal Home Loan Bank		02/25/2022	5,000,000.00	4,817,850.00	5,000,000.00	2.000	1.973	2.000	54	02/25/2027
3130ASM97	12083	Federal Home Loan Bank		02/01/2023	4,675,000.00	4,667,894.00	4,625,912.50	4.000	4.390	4.451	23	07/24/2025
3130AV6J6	12093	Federal Home Loan Bank		03/07/2023	5,000,000.00	5,018,200.00	4,968,750.00	4.500	4.659	4.724	346	03/13/2026
3130AUU36	12138	Federal Home Loan Bank		12/12/2023	10,000,000.00	10,000,100.00	9,886,200.00	4.125	4.596	4.660	346	03/13/2026
3130AYX92	12165	Federal Home Loan Bank		02/12/2024	5,000,000.00	5,004,100.00	5,000,000.00	4.750	4.685	4.750	317	02/12/2029
3130AYXU5	12166	Federal Home Loan Bank		02/15/2024	3,445,000.00	3,453,819.20	3,435,526.25	4.450	4.450	4.512	682	02/12/2029
3130AYYU7	12167	Federal Home Loan Bank		02/15/2024	5,370,000.00	5,385,519.30	5,356,575.00	4.650	4.642	4.707	314	02/09/2029
3130B0VU0	12183	Federal Home Loan Bank		04/17/2024	10,000,000.00	10,013,300.00	10,000,000.00	5.060	4.993	5.062	472	07/17/2028
3130B0YK9	12192	Federal Home Loan Bank		04/19/2024	10,000,000.00	10,031,100.00	10,000,000.00	5.125	5.057	5.127	472	07/17/2028

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Federal Agency Coupon Securities												
3130B13D7	12193	Federal Home Loan Bank		04/24/2024	10,000,000.00	10,011,800.00	10,000,000.00	5.500	5.427	5.502	114	07/24/2028
3130ATHW0	12234	Federal Home Loan Bank		12/11/2024	3,300,000.00	3,316,500.00	3,300,759.00	4.125	4.058	4.114	892	09/10/2027
3130ASVS5	12235	Federal Home Loan Bank		12/11/2024	1,000,000.00	978,510.00	971,300.00	3.000	4.058	4.114	892	09/10/2027
3130B43N9	12239	Federal Home Loan Bank		12/11/2024	10,000,000.00	9,995,000.00	10,000,000.00	4.375	4.317	4.377	71	01/26/2027
3130B43N9	12243	Federal Home Loan Bank		12/17/2024	5,000,000.00	4,997,500.00	4,999,450.00	4.375	4.322	4.382	71	01/26/2027
3130B42M2	12244	Federal Home Loan Bank		12/17/2024	5,000,000.00	4,996,900.00	5,000,000.00	4.440	4.379	4.440	70	06/10/2027
3130B4BK6	12245	Federal Home Loan Bank		12/23/2024	5,000,000.00	4,993,400.00	5,000,000.00	4.500	4.438	4.500	813	06/23/2027
3130B4BW0	12246	Federal Home Loan Bank		12/19/2024	10,000,000.00	10,031,800.00	10,000,000.00	4.500	4.439	4.500	437	06/12/2028
3130B5Q50	12259	Federal Home Loan Bank		03/28/2025	5,000,000.00	4,983,050.00	5,000,000.00	4.250	4.192	4.250	1,092	03/28/2030
3134GWUG9	11843	Federal Home Loan Mtg Corp		09/24/2020	5,000,000.00	4,911,350.00	5,000,000.00	0.570	0.562	0.570	84	09/24/2025
3134GWVQ5	11846	Federal Home Loan Mtg Corp		09/30/2020	5,000,000.00	4,907,650.00	5,000,000.00	0.500	0.493	0.500	90	09/30/2025
3134GWXK7	11849	Federal Home Loan Mtg Corp		09/30/2020	5,000,000.00	4,908,850.00	5,000,000.00	0.550	0.542	0.550	90	09/30/2025
3134GW4Z6	11856	Federal Home Loan Mtg Corp		10/27/2020	10,000,000.00	9,791,400.00	10,000,000.00	0.540	0.533	0.540	209	10/27/2025
3134GXEJ9	11871	Federal Home Loan Mtg Corp		11/24/2020	10,000,000.00	9,771,600.00	10,000,000.00	0.640	0.631	0.640	53	11/24/2025
3134GXFA7	11874	Federal Home Loan Mtg Corp		11/30/2020	5,000,000.00	4,885,100.00	5,000,000.00	0.650	0.641	0.650	239	11/26/2025
3134GXHL1	11884	Federal Home Loan Mtg Corp		12/30/2020	10,000,000.00	9,744,100.00	10,000,000.00	0.700	0.690	0.700	273	12/30/2025
3134GXSH8	12022	Federal Home Loan Mtg Corp		05/17/2022	5,000,000.00	4,975,400.00	5,000,000.00	4.000	3.945	4.000	776	05/17/2027
3134GXU36	12066	Federal Home Loan Mtg Corp		12/16/2022	4,259,000.00	4,242,389.90	4,217,730.29	4.200	4.521	4.583	56	08/27/2027
3134GXX25	12067	Federal Home Loan Mtg Corp		12/16/2022	5,105,000.00	5,099,537.65	5,073,655.30	4.400	4.579	4.642	54	08/25/2027
3134H1ML4	12142	Federal Home Loan Mtg Corp		12/19/2023	5,000,000.00	5,002,000.00	4,962,500.00	4.500	4.606	4.670	1,358	12/19/2028
3134HAED1	12200	Federal Home Loan Mtg Corp		08/14/2024	5,000,000.00	4,921,450.00	4,957,500.00	4.000	4.133	4.190	1,596	08/14/2029
3134HAN58	12233	Federal Home Loan Mtg Corp		12/16/2024	5,000,000.00	4,995,300.00	5,000,000.00	4.650	4.586	4.650	1,172	06/16/2028
3136G4R62	11829	Federal National Mtg Assn		08/28/2020	5,000,000.00	4,925,550.00	5,000,000.00	0.625	0.616	0.625	57	08/28/2025
3136G4P49	11830	Federal National Mtg Assn		08/19/2020	5,000,000.00	4,928,750.00	5,000,000.00	0.600	0.592	0.600	48	08/19/2025
3136G4X32	11832	Federal National Mtg Assn		08/26/2020	5,000,000.00	4,927,050.00	5,000,000.00	0.600	0.592	0.600	55	08/26/2025
3136G4W41	11834	Federal National Mtg Assn		08/27/2020	5,000,000.00	4,927,050.00	5,000,000.00	0.650	0.641	0.650	54	08/25/2025
3135G05S8	11839	Federal National Mtg Assn		09/08/2020	8,000,000.00	7,889,840.00	8,000,000.00	0.500	0.493	0.500	43	08/14/2025
3136G44F7	11847	Federal National Mtg Assn		09/30/2020	5,000,000.00	4,908,850.00	5,000,000.00	0.550	0.542	0.550	90	09/30/2025
3135G06A6	11859	Federal National Mtg Assn		10/29/2020	10,000,000.00	9,800,800.00	10,000,000.00	0.580	0.632	0.641	26	10/20/2025
3135G06B4	11861	Federal National Mtg Assn		10/29/2020	5,000,000.00	4,897,750.00	4,997,500.00	0.560	0.563	0.571	21	10/22/2025
3136G45P4	11863	Federal National Mtg Assn		10/30/2020	10,000,000.00	9,789,900.00	10,000,000.00	0.550	0.542	0.550	26	10/27/2025
3135GA4V0	11865	Federal National Mtg Assn		11/25/2020	10,000,000.00	9,770,600.00	10,000,000.00	0.625	0.616	0.625	54	11/25/2025
3135GA4P3	11866	Federal National Mtg Assn		11/18/2020	5,000,000.00	4,888,300.00	5,000,000.00	0.650	0.641	0.650	231	11/18/2025
3135G06K4	11878	Federal National Mtg Assn		12/17/2020	5,000,000.00	4,875,350.00	5,000,000.00	0.650	0.641	0.650	77	12/17/2025
3135GABA8	11882	Federal National Mtg Assn		12/30/2020	5,000,000.00	4,868,850.00	5,000,000.00	0.625	0.616	0.625	90	12/30/2025
3135GABA8	11887	Federal National Mtg Assn		12/30/2020	10,000,000.00	9,737,700.00	10,000,000.00	0.625	0.616	0.625	90	12/30/2025

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Federal Agency Coupon Securities												
3136GA5T2	12254	Federal National Mtg Assn		01/23/2025	5,000,000.00	5,004,550.00	5,000,000.00	5.050	4.981	5.050	205	01/23/2030
3136GAD22	12256	Federal National Mtg Assn		03/12/2025	5,000,000.00	4,996,500.00	5,000,000.00	4.300	4.241	4.300	702	03/04/2030
Subtotal and Average			581,784,075.80		578,948,772.72	569,867,744.65	578,357,500.53		2.118	2.147	299	
Discount Federal Agency												
313385JT4	12208	Federal Home Loan Bank		08/27/2024	10,000,000.00	9,863,500.00	9,816,866.67	4.105	4.286	4.345	119	07/29/2025
313385JD9	12215	Federal Home Loan Bank		11/14/2024	10,000,000.00	9,879,400.00	9,719,200.00	4.160	4.316	4.376	105	07/15/2025
313385JD9	12228	Federal Home Loan Bank		12/10/2024	15,000,000.00	14,819,100.00	14,632,908.33	4.060	4.206	4.264	105	07/15/2025
313385HV1	12238	Federal Home Loan Bank		12/12/2024	15,000,000.00	14,832,750.00	14,646,375.00	4.100	4.247	4.306	97	07/07/2025
Subtotal and Average			48,615,350.00		50,000,000.00	49,394,750.00	48,615,350.00		4.256	4.315	105	
Treasury Coupon Securities												
91282CHQ7	12137	U.S. Treasury		12/11/2023	5,000,000.00	5,031,050.00	4,972,656.25	4.125	4.197	4.255	1,217	07/31/2028
91282CHM6	12140	U.S. Treasury		12/15/2023	5,000,000.00	5,030,100.00	5,008,750.00	4.500	4.366	4.426	470	07/15/2026
91282CJT9	12158	U.S. Treasury		02/05/2024	5,000,000.00	5,003,500.00	4,982,031.25	4.000	4.074	4.130	654	01/15/2027
91282CFM8	12159	U.S. Treasury		02/05/2024	5,000,000.00	5,026,150.00	5,010,937.50	4.125	4.003	4.059	912	09/30/2027
91282CHQ7	12170	U.S. Treasury		03/01/2024	10,000,000.00	10,062,100.00	9,942,187.50	4.125	4.211	4.269	1,217	07/31/2028
91282CHM6	12179	U.S. Treasury		04/09/2024	10,000,000.00	10,060,200.00	9,962,500.00	4.500	4.609	4.673	470	07/15/2026
91282CGX3	12194	U.S. Treasury		05/01/2024	10,000,000.00	9,995,700.00	9,873,046.88	3.875	5.126	5.198	29	04/30/2025
912828ZT0	12211	U.S. Treasury		10/30/2024	10,000,000.00	9,933,100.00	9,764,106.60	0.250	4.320	4.380	60	05/31/2025
91282CAB7	12223	U.S. Treasury		11/22/2024	10,000,000.00	9,865,600.00	9,720,846.50	0.250	4.340	4.400	121	07/31/2025
91282CHN4	12224	U.S. Treasury		12/05/2024	13,000,000.00	13,018,330.00	13,036,562.50	4.750	4.242	4.301	121	07/31/2025
91282CKD2	12225	U.S. Treasury		12/06/2024	5,000,000.00	5,053,700.00	5,031,250.00	4.250	4.030	4.086	1,429	02/28/2029
91282CHL8	12226	U.S. Treasury		12/09/2024	10,000,000.00	10,006,800.00	10,020,312.50	4.625	4.191	4.249	90	06/30/2025
91282CKZ3	12241	U.S. Treasury		12/13/2024	10,000,000.00	10,098,100.00	10,067,187.50	4.375	4.041	4.098	835	07/15/2027
91282CKZ3	12252	U.S. Treasury		12/19/2024	15,000,000.00	15,147,150.00	15,063,281.25	4.375	4.142	4.199	835	07/15/2027
91282CKY6	12253	U.S. Treasury		12/19/2024	15,000,000.00	15,109,050.00	15,090,820.31	4.625	4.154	4.212	455	06/30/2026
Subtotal and Average			137,546,476.54		138,000,000.00	138,440,630.00	137,546,476.54		4.284	4.343	528	
Treasury Bills												
912797NN3	12247	U.S. Treasury		12/18/2024	5,000,000.00	4,965,850.00	4,908,650.00	4.060	4.193	4.251	58	05/29/2025
912797NP8	12248	U.S. Treasury		12/18/2024	6,000,000.00	5,954,460.00	5,885,643.33	4.060	4.196	4.255	65	06/05/2025
912797LW5	12249	U.S. Treasury		12/18/2024	10,000,000.00	9,883,500.00	9,775,033.33	3.970	4.109	4.166	100	07/10/2025
Subtotal and Average			20,569,326.66		21,000,000.00	20,803,810.00	20,569,326.66		4.154	4.212	80	

**for Monthly Investment
Portfolio Management
Portfolio Details - Investments
March 31, 2025**

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	YTM/C 360	YTM/C 365	Days to Maturity	Maturity Date
Taxable Municipal Bond												
738850SZ0	12131	Poway Unif SD-TX		12/11/2023	1,750,000.00	1,706,775.00	1,651,300.00	2.309	4.539	4.602	487	08/01/2026
13063D3P1	12195	State of California		05/29/2024	5,000,000.00	5,157,550.00	5,104,850.00	5.100	4.539	4.602	1,430	03/01/2029
91412HGE7	12187	Univ CA Revenue-Muni		04/15/2024	4,505,000.00	4,485,628.50	4,309,437.95	0.883	4.981	5.050	44	05/15/2025
91412HGE7	12188	Univ CA Revenue-Muni		04/15/2024	570,000.00	567,549.00	543,819.90	0.883	5.228	5.301	44	05/15/2025
Subtotal and Average			11,609,407.85		11,825,000.00	11,917,502.50	11,609,407.85		4.736	4.801	716	
Teeter Notes												
TTRN2021	11841	Napa County		09/01/2020	509,794.53	509,794.53	509,794.53	0.780	0.769	0.780	153	09/01/2025
TTRN2122	11941	Napa County		09/01/2021	644,631.70	644,631.70	644,631.70	1.270	1.253	1.270	518	09/01/2026
TTRN2223	12025	Napa County		09/01/2022	526,905.52	526,905.52	526,905.52	4.130	4.085	4.141	883	09/01/2027
TTRN2324	12124	Napa County		09/01/2023	2,503,255.19	2,503,255.19	2,503,255.19	5.100	5.044	5.114	1,249	09/01/2028
TTRN2425	12210	Napa County		09/01/2024	8,115,935.00	8,115,935.00	8,115,935.00	2.410	2.377	2.410	1,614	09/01/2029
Subtotal and Average			12,300,521.94		12,300,521.94	12,300,521.94	12,300,521.94		2.867	2.907	1,390	
Total and Average			1,138,048,190.40		1,137,505,294.66	1,125,651,030.68	1,135,946,924.81		2.937	2.978	402	

**for Monthly Investment
Portfolio Management
Portfolio Details - Cash
March 31, 2025**

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	YTM/C 360	YTM/C 365	Days to Maturity
		Average Balance	0.00			86,881.95	86,881.95				0
				Accrued Interest at Purchase							
				Ending Accrued Interest		5,552,314.08	5,552,314.08				
				Subtotal		5,639,196.03	5,639,196.03				
		Total Cash and Investment Value	1,138,048,190.40		1,137,505,294.66	1,131,290,226.71	1,141,586,120.84		2.937	2.978	402



A Tradition of Stewardship
A Commitment to Service

**for Monthly Investment
Activity Report
Sorted By Custodian
March 1, 2025 - March 31, 2025**

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

CUSIP	Investment #	Issuer	Percent of Portfolio	Par Value Beginning Balance	Current Rate	Transaction Date	Purchases or Deposits	Par Value Redemptions or Withdrawals	Ending Balance
Custodian: Bank of New York Mellon									
Corporate Notes									
654106AH6	11807	NIKE Inc			2.400	03/27/2025	0.00	5,000,000.00	
48130CC45	12257	JP MORGAN CHASE			4.550	03/13/2025	5,000,000.00	0.00	
Subtotal and Balance				252,431,000.00			5,000,000.00	5,000,000.00	252,431,000.00
Federal Agency Coupon Securities									
3133EMJP8	11888	Federal Farm Credit Bank			0.490	03/10/2025	0.00	5,000,000.00	
3133EMJP8	11890	Federal Farm Credit Bank			0.490	03/10/2025	0.00	5,000,000.00	
3133EPER2	12100	Federal Farm Credit Bank			4.000	03/28/2025	0.00	7,675,000.00	
3136GAD22	12256	Federal National Mtg Assn			4.300	03/12/2025	5,000,000.00	0.00	
3130B5Q50	12259	Federal Home Loan Bank			4.250	03/28/2025	5,000,000.00	0.00	
Subtotal and Balance				586,623,772.72			10,000,000.00	17,675,000.00	578,948,772.72
Discount Federal Agency									
Subtotal and Balance				50,000,000.00					50,000,000.00
Treasury Coupon Securities									
Subtotal and Balance				138,000,000.00					138,000,000.00
Treasury Bills									
Subtotal and Balance				21,000,000.00					21,000,000.00
Taxable Municipal Bond									
Subtotal and Balance				11,825,000.00					11,825,000.00
Custodian Subtotal			92.501%	1,059,879,772.72			15,000,000.00	22,675,000.00	1,052,204,772.72
Custodian: County of Napa									
CAMP									
Subtotal and Balance				60,000,000.00					60,000,000.00

for Monthly Investment
Activity Report
March 1, 2025 - March 31, 2025

CUSIP	Investment #	Issuer	Percent of Portfolio	Par Value Beginning Balance	Current Rate	Transaction Date	Purchases or Deposits	Par Value Redemptions or Withdrawals	Ending Balance
Custodian: County of Napa									
Teeter Notes									
				12,300,521.94					12,300,521.94
			6.356%	72,300,521.94			0.00	0.00	72,300,521.94
Custodian: Local Agency Investment Fund									
LAIF									
LAIF	LAIF	State of California			4.620		5,000,000.00	0.00	
				8,000,000.00			5,000,000.00	0.00	13,000,000.00
			1.143%	8,000,000.00			5,000,000.00	0.00	13,000,000.00
		Total	100.000%	1,140,180,294.66			20,000,000.00	22,675,000.00	1,137,505,294.66



A Tradition of Stewardship
A Commitment to Service

**for Monthly Investment
Aging Report
By Maturity Date
Grouped by Fund
As of March 31, 2025**

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

					Maturity Par Value	Percent of Portfolio	Current Book Value	Current Market Value
Fund: GENERAL FUND								
Aging Interval:	0 days	(03/31/2025 - 03/31/2025)	2 Maturities	0 Payments	60,000,000.00	5.27%	60,000,000.00	60,000,000.00
Aging Interval:	1 - 90 days	(04/01/2025 - 06/29/2025)	9 Maturities	0 Payments	53,585,000.00	4.71%	53,130,218.66	53,162,354.25
Aging Interval:	91 - 180 days	(06/30/2025 - 09/27/2025)	26 Maturities	0 Payments	200,207,500.00	17.60%	198,310,492.23	197,557,838.37
Aging Interval:	181 - 365 days	(09/28/2025 - 03/31/2026)	29 Maturities	0 Payments	198,201,000.00	17.42%	199,021,974.79	193,586,400.85
Aging Interval:	366 - 730 days	(04/01/2026 - 03/31/2027)	48 Maturities	0 Payments	298,157,272.72	26.21%	297,933,568.31	291,209,436.86
Aging Interval:	731 - 1095 days	(04/01/2027 - 03/30/2028)	19 Maturities	0 Payments	112,664,000.00	9.90%	112,785,690.84	112,845,391.88
Aging Interval:	1096 - 1460 days	(03/31/2028 - 03/30/2029)	19 Maturities	0 Payments	137,390,000.00	12.08%	137,406,758.04	137,829,550.40
Aging Interval:	1461 - 1825 days	(03/31/2029 - 03/30/2030)	10 Maturities	0 Payments	52,000,000.00	4.57%	52,057,700.00	51,987,400.00
Total for			162 Investment	0 Payments		100.00	1,110,646,402.87	1,098,178,372.61
Fund: LAIF-Local Agency Invest. Fund								
Aging Interval:	0 days	(03/31/2025 - 03/31/2025)	1 Maturities	0 Payments	13,000,000.00	1.14%	13,000,000.00	13,000,000.00
Total for			1 Investment	0 Payments		100.00	13,000,000.00	13,000,000.00
Fund: TEETER INVESTMENT POOL								
Aging Interval:	91 - 180 days	(06/30/2025 - 09/27/2025)	1 Maturities	0 Payments	509,794.53	0.04%	509,794.53	509,794.53
Aging Interval:	366 - 730 days	(04/01/2026 - 03/31/2027)	1 Maturities	0 Payments	644,631.70	0.06%	644,631.70	644,631.70
Aging Interval:	731 - 1095 days	(04/01/2027 - 03/30/2028)	1 Maturities	0 Payments	526,905.52	0.05%	526,905.52	526,905.52

Data Updated: SET_MI: 04/04/2025 09:51
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for Monthly Investment
Aging Report
Grouped by Fund
As of March 31, 2025

				Maturity Par Value	Percent of Portfolio	Current Book Value	Current Market Value
Fund: TEETER INVESTMENT POOL							
Aging Interval: 1096 - 1460 days	(03/31/2028 - 03/30/2029)	1 Maturities	0 Payments	2,503,255.19	0.22%	2,503,255.19	2,503,255.19
Aging Interval: 1461 - 1825 days	(03/31/2029 - 03/30/2030)	1 Maturities	0 Payments	8,115,935.00	0.71%	8,115,935.00	8,115,935.00
Aging Interval: 1826 days and	(03/31/2030 -)	0 Maturities	0 Payments	0.00	0.00%	0.00	0.00
Total for		5 Investment	0 Payments		100.00	12,300,521.94	12,300,521.94



A Tradition of Stewardship
A Commitment to Service

**for Monthly Investment
Aging Report
By Maturity Date
Grouped by Fund - Sorted by Maturity Date
As of March 31, 2025**

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

CUSIP	Investment #	Fund	Security Type	Issuer	Maturity Date	Description	Asset Class	Investment	Maturity Par Value	Percent of Portfolio	Current Book Value	Current Market Value		
Fund: GENERAL FUND														
Aging Interval: 0 days (03/31/2025 - 03/31/2025)														
CAMP-NAPA-CO	CAMP-NAPA-CO	100	LA2	COUNTY	03/31/2025	Cash	Cash	Amort	60,000,000.00	5.27%	60,000,000.00	60,000,000.00		
CAMP - NVUSD	CAMP-NVUSD	100	LA2	COUNTY	03/31/2025	Cash	Cash	Amort	0.00	0.00%	0.00	0.00		
Subtotal for									2 Maturities	0 Payments	60,000,000.00	5.27%	60,000,000.00	60,000,000.00
Aging Interval: 1 - 90 days (04/01/2025 - 06/29/2025)														
91282CGX3	12194	100	TRC	USTR	04/30/2025	Mat/Sale	Long	Fair	10,000,000.00	0.88%	9,873,046.88	9,992,000.00		
14913R2C0	11825	100	MTN	CATERP	05/15/2025	Mat/Sale	Long	Fair	6,000,000.00	0.53%	6,213,420.00	5,961,600.00		
91412HGE7	12187	100	MC1	UCREV	05/15/2025	Mat/Sale	Long	Fair	4,505,000.00	0.40%	4,309,437.95	4,474,861.55		
91412HGE7	12188	100	MC1	UCREV	05/15/2025	Mat/Sale	Long	Fair	570,000.00	0.05%	543,819.90	566,186.70		
912797NN3	12247	100	ATD	USTR	05/29/2025	Mat/Sale	Short	Fair	5,000,000.00	0.44%	4,908,650.00	4,949,200.00		
912828ZT0	12211	100	TRC	USTR	05/31/2025	Mat/Sale	Short	Fair	10,000,000.00	0.88%	9,764,106.60	9,902,600.00		
023135BQ8	11800	100	MTN	AMAZON	06/03/2025	Mat/Sale	Long	Fair	1,250,000.00	0.11%	1,250,000.00	1,238,450.00		
912797NP8	12248	100	ATD	USTR	06/05/2025	Mat/Sale	Short	Fair	6,000,000.00	0.53%	5,885,643.33	5,934,420.00		
74256LEE5	11929	100	MTN	PRINCI	06/23/2025	Mat/Sale	Long	Fair	10,260,000.00	0.90%	10,382,094.00	10,143,036.00		
Subtotal for									9 Maturities	0 Payments	53,585,000.00	4.71%	53,130,218.66	53,162,354.25
Aging Interval: 91 - 180 days (06/30/2025 - 09/27/2025)														
3133ELQ49	11818	100	FAC	FFCB	06/30/2025	Mat/Sale	Long	Fair	5,000,000.00	0.44%	5,000,000.00	4,939,950.00		
91282CHL8	12226	100	TRC	USTR	06/30/2025	Mat/Sale	Short	Fair	10,000,000.00	0.88%	10,020,312.50	10,010,700.00		
313385HV1	12238	100	AFD	FHLB	07/07/2025	Mat/Sale	Short	Amort	15,000,000.00	1.32%	14,646,375.00	14,778,000.00		
912797LW5	12249	100	ATD	USTR	07/10/2025	Mat/Sale	Short	Fair	10,000,000.00	0.88%	9,775,033.33	9,850,000.00		
3130AJSY6	11828	100	FAC	FHLB	07/15/2025	Mat/Sale	Long	Fair	5,675,000.00	0.50%	5,672,162.50	5,597,820.00		
313385JD9	12215	100	AFD	FHLB	07/15/2025	Mat/Sale	Short	Amort	10,000,000.00	0.88%	9,719,200.00	9,842,800.00		
313385JD9	12228	100	AFD	FHLB	07/15/2025	Mat/Sale	Short	Fair	15,000,000.00	1.32%	14,632,908.33	14,764,200.00		
3130AJTX7	11821	100	FAC	FHLB	07/21/2025	Mat/Sale	Long	Fair	10,437,500.00	0.92%	10,437,500.00	10,291,061.87		
3130ASM97	12083	100	FAC	FHLB	07/24/2025	Mat/Sale	Long	Fair	4,675,000.00	0.41%	4,625,912.50	4,668,174.50		
3133EPRS6	12135	100	FAC	FFCB	07/28/2025	Mat/Sale	Long	Fair	8,420,000.00	0.74%	8,426,062.40	8,437,682.00		
3133ELZ80	11822	100	FAC	FFCB	07/29/2025	Mat/Sale	Long	Fair	10,000,000.00	0.88%	10,000,000.00	9,846,900.00		
313385JT4	12208	100	AFD	FHLB	07/29/2025	Mat/Sale	Short	Amort	10,000,000.00	0.88%	9,616,866.67	9,826,800.00		
91282CAB7	12223	100	TRC	USTR	07/31/2025	Mat/Sale	Short	Fair	10,000,000.00	0.88%	9,720,846.50	9,835,700.00		

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Portfolio NAPA
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for Monthly Investment
Aging Report
Grouped by Fund - Sorted by Maturity Date
As of March 31, 2025

CUSIP	Investment #	Fund	Security Type	Issuer	Maturity Date	Description	Asset Class	Investment	Maturity Par Value	Percent of Portfolio	Current Book Value	Current Market Value		
Fund: GENERAL FUND														
Aging Interval: 91 - 180 days (06/30/2025 - 09/27/2025)														
91282CHN4	12224	100	TRC	USTR	07/31/2025	Mat/Sale	Short	Fair	13,000,000.00	1.14%	13,036,562.50	13,023,920.00		
3133EL2U7	11824	100	FAC	FFCB	08/04/2025	Mat/Sale	Long	Fair	5,000,000.00	0.44%	5,000,000.00	4,922,750.00		
3135G05S8	11839	100	FAC	FNMA	08/14/2025	Mat/Sale	Long	Fair	8,000,000.00	0.70%	8,000,000.00	7,862,480.00		
48128GV56	11831	100	MTN	JPMORG	08/18/2025	Mat/Sale	Long	Fair	5,000,000.00	0.44%	5,000,000.00	4,887,350.00		
3136G4P49	11830	100	FAC	FNMA	08/19/2025	Mat/Sale	Long	Fair	5,000,000.00	0.44%	5,000,000.00	4,913,800.00		
3133EL4W1	11835	100	FAC	FFCB	08/25/2025	Mat/Sale	Long	Fair	5,000,000.00	0.44%	4,995,000.00	4,911,550.00		
3136G4W41	11834	100	FAC	FNMA	08/25/2025	Mat/Sale	Long	Fair	5,000,000.00	0.44%	5,000,000.00	4,912,450.00		
3136G4X32	11832	100	FAC	FNMA	08/26/2025	Mat/Sale	Long	Fair	5,000,000.00	0.44%	5,000,000.00	4,911,600.00		
3130AJZ36	11837	100	FAC	FHLB	08/27/2025	Mat/Sale	Long	Fair	5,000,000.00	0.44%	4,997,500.00	4,912,850.00		
3136G4R62	11829	100	FAC	FNMA	08/28/2025	Mat/Sale	Long	Fair	5,000,000.00	0.44%	5,000,000.00	4,911,800.00		
3130AK4T0	11840	100	FAC	FHLB	09/11/2025	Mat/Sale	Long	Fair	5,000,000.00	0.44%	4,995,000.00	4,905,250.00		
3130AK6H4	11845	100	FAC	FHLB	09/22/2025	Mat/Sale	Long	Fair	5,000,000.00	0.44%	4,993,250.00	4,895,300.00		
3134GWUG9	11843	100	FAC	FHLMC	09/24/2025	Mat/Sale	Long	Fair	5,000,000.00	0.44%	5,000,000.00	4,896,950.00		
Subtotal for									26 Maturities	0 Payments	200,207,500.00	17.60%	198,310,492.23	197,557,838.37
Aging Interval: 181 - 365 days (09/28/2025 - 03/31/2026)														
3133EMBJ0	11848	100	FAC	FFCB	09/29/2025	Mat/Sale	Long	Fair	5,000,000.00	0.44%	4,996,250.00	4,894,200.00		
3134GWWQ5	11846	100	FAC	FHLMC	09/30/2025	Mat/Sale	Long	Fair	5,000,000.00	0.44%	5,000,000.00	4,892,850.00		
3134GWXK7	11849	100	FAC	FHLMC	09/30/2025	Mat/Sale	Long	Fair	5,000,000.00	0.44%	5,000,000.00	4,894,300.00		
3136G44F7	11847	100	FAC	FNMA	09/30/2025	Mat/Sale	Long	Fair	5,000,000.00	0.44%	5,000,000.00	4,894,300.00		
3130AKBX3	11864	100	FAC	FHLB	10/15/2025	Mat/Sale	Long	Fair	2,780,000.00	0.24%	2,774,440.00	2,717,172.00		
3135G06A6	11859	100	FAC	FNMA	10/20/2025	Mat/Sale	Long	Fair	10,000,000.00	0.88%	10,000,000.00	9,770,900.00		
3135G06B4	11861	100	FAC	FNMA	10/22/2025	Mat/Sale	Long	Fair	5,000,000.00	0.44%	4,997,500.00	4,883,800.00		
3134GW4Z6	11856	100	FAC	FHLMC	10/27/2025	Mat/Sale	Long	Fair	10,000,000.00	0.88%	10,000,000.00	9,762,900.00		
3136G45P4	11863	100	FAC	FNMA	10/27/2025	Mat/Sale	Long	Fair	10,000,000.00	0.88%	10,000,000.00	9,762,000.00		
48128GX54	11862	100	MTN	JPMORG	10/30/2025	Mat/Sale	Long	Fair	5,000,000.00	0.44%	5,000,000.00	4,844,650.00		
3135GA4P3	11866	100	FAC	FNMA	11/18/2025	Mat/Sale	Long	Fair	5,000,000.00	0.44%	5,000,000.00	4,873,750.00		
3133EMHF2	11868	100	FAC	FFCB	11/24/2025	Mat/Sale	Long	Fair	5,000,000.00	0.44%	5,000,000.00	4,870,550.00		
3134GXEJ9	11871	100	FAC	FHLMC	11/24/2025	Mat/Sale	Long	Fair	10,000,000.00	0.88%	10,000,000.00	9,745,500.00		
06048WK41	11873	100	MTN	BOFA	11/25/2025	Mat/Sale	Long	Fair	5,000,000.00	0.44%	5,000,000.00	4,847,150.00		
3135GA4V0	11865	100	FAC	FNMA	11/25/2025	Mat/Sale	Long	Fair	10,000,000.00	0.88%	10,000,000.00	9,741,900.00		
3134GXFA7	11874	100	FAC	FHLMC	11/26/2025	Mat/Sale	Long	Fair	5,000,000.00	0.44%	5,000,000.00	4,872,200.00		
3135G06K4	11878	100	FAC	FNMA	12/17/2025	Mat/Sale	Long	Fair	5,000,000.00	0.44%	5,000,000.00	4,862,400.00		
3130AKJE7	11891	100	FAC	FHLB	12/30/2025	Mat/Sale	Long	Fair	10,000,000.00	0.88%	9,997,500.00	9,703,500.00		
3130AKKG0	11894	100	FAC	FHLB	12/30/2025	Mat/Sale	Long	Fair	10,000,000.00	0.88%	10,000,000.00	9,700,300.00		

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Fund: GENERAL FUND												
Aging Interval: 181 - 365 days (09/28/2025 - 03/31/2026)												
3134GXHL1	11884	100	FAC	FHLMC	12/30/2025	Mat/Sale	Long	Fair	10,000,000.00	0.88%	10,000,000.00	9,717,800.00
3135GABA8	11882	100	FAC	FNMA	12/30/2025	Mat/Sale	Long	Fair	5,000,000.00	0.44%	5,000,000.00	4,855,350.00
3135GABA8	11887	100	FAC	FNMA	12/30/2025	Mat/Sale	Long	Fair	10,000,000.00	0.88%	10,000,000.00	9,710,700.00
66815L2A6	11925	100	MTN	NWVG	01/14/2026	Mat/Sale	Long	Fair	5,000,000.00	0.44%	4,923,650.00	4,850,450.00
74460WAA5	11926	100	MTN	PUBSTO	02/15/2026	Mat/Sale	Long	Fair	10,650,000.00	0.94%	10,530,720.00	10,286,622.00
037833BY5	11906	100	MTN	APPLE	02/23/2026	Mat/Sale	Long	Fair	6,000,000.00	0.53%	6,584,700.00	5,936,760.00
30231GAT9	11939	100	MTN	EXXON	03/01/2026	Mat/Sale	Long	Fair	7,271,000.00	0.64%	7,870,784.79	7,179,021.85
3130AV6J6	12093	100	FAC	FHLB	03/13/2026	Mat/Sale	Long	Fair	5,000,000.00	0.44%	4,968,750.00	5,017,100.00
3130AUU36	12138	100	FAC	FHLB	03/13/2026	Mat/Sale	Long	Fair	10,000,000.00	0.88%	9,886,200.00	9,994,900.00
3133EPNV3	12136	100	FAC	FFCB	03/30/2026	Mat/Sale	Long	Fair	1,500,000.00	0.13%	1,491,480.00	1,503,375.00
					Subtotal for	29 Maturities	0 Payments		198,201,000.00	17.42%	199,021,974.79	193,586,400.85
Aging Interval: 366 - 730 days (04/01/2026 - 03/31/2027)												
3133EPFT7	12111	100	FAC	FFCB	04/13/2026	Mat/Sale	Long	Fair	5,000,000.00	0.44%	4,962,500.00	4,979,800.00
3133EPFT7	12120	100	FAC	FFCB	04/13/2026	Mat/Sale	Long	Fair	5,000,000.00	0.44%	4,958,214.03	4,979,800.00
3130AM2J0	11913	100	FAC	FHLB	04/28/2026	Mat/Sale	Long	Fair	10,000,000.00	0.88%	10,000,000.00	9,644,200.00
3130ALZQ0	11914	100	FAC	FHLB	04/28/2026	Mat/Sale	Long	Fair	5,000,000.00	0.44%	5,000,000.00	4,837,300.00
3130ALZQ0	11915	100	FAC	FHLB	04/28/2026	Mat/Sale	Long	Fair	10,000,000.00	0.88%	10,000,000.00	9,674,600.00
3130AM2S0	11922	100	FAC	FHLB	04/28/2026	Mat/Sale	Long	Fair	5,000,000.00	0.44%	5,000,000.00	4,851,200.00
3130AM6U1	11923	100	FAC	FHLB	04/28/2026	Mat/Sale	Long	Fair	5,000,000.00	0.44%	5,000,000.00	4,837,300.00
3130ALZM9	11916	100	FAC	FHLB	04/29/2026	Mat/Sale	Long	Fair	14,400,000.00	1.27%	14,400,000.00	13,883,328.00
3130ALZA5	11919	100	FAC	FHLB	04/29/2026	Mat/Sale	Long	Fair	5,000,000.00	0.44%	5,000,000.00	4,925,450.00
3130AM4K5	11917	100	FAC	FHLB	04/30/2026	Mat/Sale	Long	Fair	2,727,272.72	0.24%	2,727,272.72	2,654,236.36
06048VV56	12018	100	MTN	BOFA	05/05/2026	Mat/Sale	Long	Fair	2,000,000.00	0.18%	2,000,000.00	1,979,880.00
023135BX3	11927	100	MTN	AMAZON	05/12/2026	Mat/Sale	Long	Fair	15,000,000.00	1.32%	15,054,000.00	14,455,650.00
91324PEC2	11971	100	MTN	UNHLTH	05/15/2026	Mat/Sale	Long	Fair	3,000,000.00	0.26%	2,973,570.00	2,887,710.00
3133EPNG6	12181	100	FAC	FFCB	06/23/2026	Mat/Sale	Long	Fair	10,000,000.00	0.88%	9,938,310.00	10,043,200.00
91282CKY6	12253	100	TRC	USTR	06/30/2026	Mat/Sale	Long	Fair	15,000,000.00	1.32%	15,090,820.31	15,105,450.00
91282CHM6	12140	100	TRC	USTR	07/15/2026	Mat/Sale	Long	Fair	5,000,000.00	0.44%	5,008,750.00	5,029,100.00
91282CHM6	12179	100	TRC	USTR	07/15/2026	Mat/Sale	Long	Fair	10,000,000.00	0.88%	9,962,500.00	10,058,200.00
738850SZ0	12131	100	MC1	POWSCD	08/01/2026	Mat/Sale	Long	Fair	1,750,000.00	0.15%	1,651,300.00	1,703,852.50
037833BZ2	12004	100	MTN	APPLE	08/04/2026	Mat/Sale	Long	Fair	5,000,000.00	0.44%	4,895,500.00	4,884,000.00
02079KAC1	12072	100	MTN	ALPHAB	08/15/2026	Mat/Sale	Long	Fair	5,000,000.00	0.44%	4,679,050.00	4,847,350.00
06048WN22	11931	100	MTN	BOFA	08/26/2026	Mat/Sale	Long	Fair	15,000,000.00	1.32%	15,000,000.00	14,214,300.00
3130ANVG2	11932	100	FAC	FHLB	08/28/2026	Mat/Sale	Long	Fair	2,000,000.00	0.18%	2,000,000.00	1,915,420.00

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Fund: GENERAL FUND														
Aging Interval: 366 - 730 days (04/01/2026 - 03/31/2027)														
3130ANL73	11930	100	FAC	FHLB	09/08/2026	Mat/Sale	Long	Fair	5,000,000.00	0.44%	5,000,000.00	4,817,350.00		
037833DN7	11938	100	MTN	APPLE	09/11/2026	Mat/Sale	Long	Fair	5,000,000.00	0.44%	5,253,000.00	4,844,750.00		
037833DN7	11970	100	MTN	APPLE	09/11/2026	Mat/Sale	Long	Fair	5,000,000.00	0.44%	5,144,350.00	4,844,750.00		
3130ANV72	11933	100	FAC	FHLB	09/23/2026	Mat/Sale	Long	Fair	1,500,000.00	0.13%	1,500,000.00	1,453,830.00		
3130ANXC9	11935	100	FAC	FHLB	09/29/2026	Mat/Sale	Long	Fair	5,000,000.00	0.44%	5,000,000.00	4,838,200.00		
3130ANX39	11934	100	FAC	FHLB	09/30/2026	Mat/Sale	Long	Fair	10,000,000.00	0.88%	10,000,000.00	9,599,300.00		
3130ANYR5	11936	100	FAC	FHLB	09/30/2026	Mat/Sale	Long	Fair	3,780,000.00	0.33%	3,780,000.00	3,597,350.40		
3130ANYN4	11937	100	FAC	FHLB	09/30/2026	Mat/Sale	Long	Fair	5,000,000.00	0.44%	5,000,000.00	4,760,800.00		
3130APN43	11945	100	FAC	FHLB	10/27/2026	Mat/Sale	Long	Fair	5,950,000.00	0.52%	5,957,437.50	5,776,200.50		
3133EPBL8	12086	100	FAC	FFCB	11/23/2026	Mat/Sale	Long	Fair	5,000,000.00	0.44%	4,996,400.00	5,011,200.00		
002824BF6	12144	100	MTN	ABBOTT	11/30/2026	Mat/Sale	Long	Fair	5,000,000.00	0.44%	4,938,142.50	4,965,950.00		
3133ENHA1	11961	100	FAC	FFCB	12/14/2026	Mat/Sale	Long	Fair	5,000,000.00	0.44%	5,000,000.00	4,776,650.00		
3133ENHC7	11966	100	FAC	FFCB	12/14/2026	Mat/Sale	Long	Fair	7,000,000.00	0.62%	7,000,000.00	6,703,410.00		
3133EN4X5	12074	100	FAC	FFCB	12/23/2026	Mat/Sale	Long	Fair	5,000,000.00	0.44%	4,997,250.00	4,981,400.00		
3130AQAY9	11967	100	FAC	FHLB	12/30/2026	Mat/Sale	Long	Fair	2,620,000.00	0.23%	2,620,000.00	2,498,825.00		
3130AQBE2	11974	100	FAC	FHLB	12/30/2026	Mat/Sale	Long	Fair	3,430,000.00	0.30%	3,430,000.00	3,280,349.10		
3130AQFF5	11981	100	FAC	FHLB	12/30/2026	Mat/Sale	Long	Fair	5,000,000.00	0.44%	5,000,000.00	4,765,050.00		
3130AQEW9	11980	100	FAC	FHLB	01/14/2027	Mat/Sale	Long	Fair	5,000,000.00	0.44%	5,000,000.00	4,764,900.00		
91282CJT9	12158	100	TRC	USTR	01/15/2027	Mat/Sale	Long	Fair	5,000,000.00	0.44%	4,982,031.25	4,998,250.00		
3133EPX91	12162	100	FAC	FFCB	01/25/2027	Mat/Sale	Long	Fair	5,000,000.00	0.44%	4,993,400.00	5,004,000.00		
3130B43N9	12239	100	FAC	FHLB	01/26/2027	Mat/Sale	Long	Fair	10,000,000.00	0.88%	10,000,000.00	9,998,700.00		
3130B43N9	12243	100	FAC	FHLB	01/26/2027	Mat/Sale	Long	Fair	5,000,000.00	0.44%	4,999,450.00	4,999,350.00		
3130AQKJ1	11986	100	FAC	FHLB	01/28/2027	Mat/Sale	Long	Fair	7,500,000.00	0.66%	7,500,000.00	7,167,825.00		
4581X0EM6	12237	100	MTN	IADB	02/01/2027	Mat/Sale	Long	Fair	10,500,000.00	0.92%	10,540,320.00	10,553,970.00		
3130AQRH8	11987	100	FAC	FHLB	02/25/2027	Mat/Sale	Long	Fair	5,000,000.00	0.44%	5,000,000.00	4,803,050.00		
14020AEL4	12173	100	MTN	CAIMPA	03/15/2027	Mat/Sale	Long	Fair	5,000,000.00	0.44%	5,000,000.00	5,012,700.00		
Subtotal for									48 Maturities	0 Payments	298,157,272.72	26.21%	297,933,568.31	291,209,436.86
Aging Interval: 731 - 1095 days (04/01/2027 - 03/30/2028)														
57629W4S6	12217	100	MTN	MASSMU	04/09/2027	Mat/Sale	Long	Fair	10,000,000.00	0.88%	10,167,300.00	10,145,600.00		
3134GXSH8	12022	100	FAC	FHLMC	05/17/2027	Mat/Sale	Long	Fair	5,000,000.00	0.44%	5,000,000.00	4,963,400.00		
3130B42M2	12244	100	FAC	FHLB	06/10/2027	Mat/Sale	Long	Fair	5,000,000.00	0.44%	5,000,000.00	4,998,000.00		
3130B4BK6	12245	100	FAC	FHLB	06/23/2027	Mat/Sale	Long	Fair	5,000,000.00	0.44%	5,000,000.00	4,994,800.00		
24422EXV6	12227	100	MTN	JOHNDE	07/15/2027	Mat/Sale	Long	Fair	10,000,000.00	0.88%	9,991,900.00	9,978,600.00		
91282CKZ3	12241	100	TRC	USTR	07/15/2027	Mat/Sale	Long	Fair	10,000,000.00	0.88%	10,067,187.50	10,085,600.00		

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Fund: GENERAL FUND														
Aging Interval: 731 - 1095 days (04/01/2027 - 03/30/2028)														
91282CKZ3	12252	100	TRC	USTR	07/15/2027	Mat/Sale	Long	Fair	15,000,000.00	1.32%	15,063,281.25	15,128,400.00		
3134GXX25	12067	100	FAC	FHLMC	08/25/2027	Mat/Sale	Long	Fair	5,105,000.00	0.45%	5,073,655.30	5,103,570.60		
3134GXU36	12066	100	FAC	FHLMC	08/27/2027	Mat/Sale	Long	Fair	4,259,000.00	0.37%	4,217,730.29	4,241,623.28		
3130ATHW0	12234	100	FAC	FHLB	09/10/2027	Mat/Sale	Long	Fair	3,300,000.00	0.29%	3,300,759.00	3,306,138.00		
3130ASVS5	12235	100	FAC	FHLB	09/10/2027	Mat/Sale	Long	Fair	1,000,000.00	0.09%	971,300.00	975,210.00		
66815L2T5	12250	100	MTN	NWVG	09/12/2027	Mat/Sale	Long	Fair	5,000,000.00	0.44%	4,961,050.00	4,963,600.00		
66815L2K4	12232	100	MTN	NWVG	09/15/2027	Mat/Sale	Long	Fair	5,000,000.00	0.44%	5,010,650.00	4,992,400.00		
44891ADF1	12236	100	MTN	HYNMTR	09/24/2027	Mat/Sale	Long	Fair	6,000,000.00	0.53%	5,940,840.00	5,941,380.00		
91282CFM8	12159	100	TRC	USTR	09/30/2027	Mat/Sale	Long	Fair	5,000,000.00	0.44%	5,010,937.50	5,017,400.00		
110122DD7	12231	100	MTN	BRISTO	11/15/2027	Mat/Sale	Long	Fair	5,000,000.00	0.44%	4,906,900.00	4,898,850.00		
64952WEY5	12098	100	MTN	NYLIFE	01/09/2028	Mat/Sale	Long	Fair	3,000,000.00	0.26%	3,049,950.00	3,032,220.00		
427868BK3	12255	100	MTN	HERSCO	02/24/2028	Mat/Sale	Long	Fair	5,000,000.00	0.44%	5,055,000.00	5,037,300.00		
3133EP3Z6	12169	100	FAC	FFCB	02/28/2028	Mat/Sale	Long	Fair	5,000,000.00	0.44%	4,997,250.00	5,041,300.00		
Subtotal for									19 Maturities	0 Payments	112,664,000.00	9.90%	112,785,690.84	112,845,391.88
Aging Interval: 1096 - 1460 days (03/31/2028 - 03/30/2029)														
6944PL2S7	12107	100	MTN	PACLIF	04/04/2028	Mat/Sale	Long	Fair	5,000,000.00	0.44%	5,031,250.00	5,056,050.00		
3133EPFU4	12102	100	FAC	FFCB	04/12/2028	Mat/Sale	Long	Fair	5,000,000.00	0.44%	4,995,450.00	4,916,850.00		
3130B4BW0	12246	100	FAC	FHLB	06/12/2028	Mat/Sale	Long	Fair	10,000,000.00	0.88%	10,000,000.00	10,026,500.00		
3134HAN58	12233	100	FAC	FHLMC	06/16/2028	Mat/Sale	Long	Fair	5,000,000.00	0.44%	5,000,000.00	4,990,550.00		
3130B0VU0	12183	100	FAC	FHLB	07/17/2028	Mat/Sale	Long	Fair	10,000,000.00	0.88%	10,000,000.00	10,007,000.00		
3130B0YK9	12192	100	FAC	FHLB	07/17/2028	Mat/Sale	Long	Fair	10,000,000.00	0.88%	10,000,000.00	10,025,700.00		
3130B13D7	12193	100	FAC	FHLB	07/24/2028	Mat/Sale	Long	Fair	10,000,000.00	0.88%	10,000,000.00	10,019,800.00		
89236TLQ6	12157	100	MTN	TOYOTA	07/26/2028	Mat/Sale	Long	Fair	9,500,000.00	0.84%	9,500,000.00	9,471,500.00		
91282CHQ7	12137	100	TRC	USTR	07/31/2028	Mat/Sale	Long	Fair	5,000,000.00	0.44%	4,972,656.25	5,019,900.00		
91282CHQ7	12170	100	TRC	USTR	07/31/2028	Mat/Sale	Long	Fair	10,000,000.00	0.88%	9,942,187.50	10,039,800.00		
3134H1ML4	12142	100	FAC	FHLMC	12/19/2028	Mat/Sale	Long	Fair	5,000,000.00	0.44%	4,962,500.00	5,004,050.00		
89236TLN3	12155	100	MTN	TOYOTA	01/22/2029	Mat/Sale	Long	Fair	10,000,000.00	0.88%	10,000,000.00	10,000,200.00		
3130AYVU7	12167	100	FAC	FHLB	02/09/2029	Mat/Sale	Long	Fair	5,370,000.00	0.47%	5,356,575.00	5,387,076.60		
3130AYX92	12165	100	FAC	FHLB	02/12/2029	Mat/Sale	Long	Fair	5,000,000.00	0.44%	5,000,000.00	5,003,450.00		
3130AYXU5	12166	100	FAC	FHLB	02/12/2029	Mat/Sale	Long	Fair	3,445,000.00	0.30%	3,435,526.25	3,449,444.05		
48130CHD0	12168	100	MTN	JPMORG	02/20/2029	Mat/Sale	Long	Fair	10,000,000.00	0.88%	10,000,000.00	10,093,100.00		
3133EP4A0	12242	100	FAC	FFCB	02/28/2029	Mat/Sale	Long	Fair	9,075,000.00	0.80%	9,074,513.04	9,130,629.75		
91282CKD2	12225	100	TRC	USTR	02/28/2029	Mat/Sale	Long	Fair	5,000,000.00	0.44%	5,031,250.00	5,041,000.00		
13063D3P1	12195	100	MC1	STATE	03/01/2029	Mat/Sale	Long	Fair	5,000,000.00	0.44%	5,104,850.00	5,146,950.00		

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Subtotal for					19 Maturities	0 Payments		137,390,000.00	12.08%		137,406,758.04	137,829,550.40
Aging Interval: 1461 - 1825 days (03/31/2029 - 03/30/2030)												
45906M5G2	12182	100	MTN	IBRD	04/16/2029	Mat/Sale	Long	Fair	5,000,000.00	0.44%	5,000,000.00	5,055,000.00
17291LM69	12191	100	MTN	CITIBK	04/17/2029	Mat/Sale	Long	Fair	5,000,000.00	0.44%	5,000,000.00	4,965,550.00
45906M5H0	12222	100	MTN	IBRD	04/24/2029	Mat/Sale	Long	Fair	5,000,000.00	0.44%	5,060,000.00	5,027,750.00
3134HAED1	12200	100	FAC	FHLMC	08/14/2029	Mat/Sale	Long	Fair	5,000,000.00	0.44%	4,957,500.00	4,911,150.00
64952WFK4	12240	100	MTN	NYLIFE	12/05/2029	Mat/Sale	Long	Fair	7,000,000.00	0.62%	7,035,700.00	7,012,250.00
64952WFK4	12251	100	MTN	NYLIFE	12/05/2029	Mat/Sale	Long	Fair	5,000,000.00	0.44%	5,004,500.00	5,008,750.00
3136GA5T2	12254	100	FAC	FNMA	01/23/2030	Mat/Sale	Long	Fair	5,000,000.00	0.44%	5,000,000.00	5,006,950.00
3136GAD22	12256	100	FAC	FNMA	03/04/2030	Mat/Sale	Long	Fair	5,000,000.00	0.44%	5,000,000.00	5,000,000.00
48130CC45	12257	100	MTN	JPMORG	03/13/2030	Mat/Sale	Long	Fair	5,000,000.00	0.44%	5,000,000.00	5,000,000.00
3130B5Q50	12259	100	FAC	FHLB	03/28/2030	Mat/Sale	Long	Fair	5,000,000.00	0.44%	5,000,000.00	5,000,000.00
Subtotal for					10 Maturities	0 Payments		52,000,000.00	4.57%		52,057,700.00	51,987,400.00
Total for					162 Investment	0 Payments			100.00		1,110,646,402.87	1,098,178,372.61
Fund: LAIF-Local Agency Invest. Fund												
Aging Interval: 0 days (03/31/2025 - 03/31/2025)												
LAIF	LAIF	101	LA1	STATE	03/31/2025	Cash	Cash	Fair	13,000,000.00	1.14%	13,000,000.00	13,000,000.00
Subtotal for					1 Maturities	0 Payments		13,000,000.00	1.14%		13,000,000.00	13,000,000.00
Total for					1 Investment	0 Payments			100.00		13,000,000.00	13,000,000.00
Fund: TEETER INVESTMENT POOL												
Aging Interval: 91 - 180 days (06/30/2025 - 09/27/2025)												
TTRN2021	11841	200	MUN	COUNTY	09/01/2025	Mat/Sale	Long	Fair	509,794.53	0.04%	509,794.53	509,794.53
Subtotal for					1 Maturities	0 Payments		509,794.53	0.04%		509,794.53	509,794.53
Aging Interval: 366 - 730 days (04/01/2026 - 03/31/2027)												
TTRN2122	11941	200	MUN	COUNTY	09/01/2026	Mat/Sale	Long	Fair	644,631.70	0.06%	644,631.70	644,631.70
Subtotal for					1 Maturities	0 Payments		644,631.70	0.06%		644,631.70	644,631.70
Aging Interval: 731 - 1095 days (04/01/2027 - 03/30/2028)												
TTRN2223	12025	200	MUN	COUNTY	09/01/2027	Mat/Sale	Long	Fair	526,905.52	0.05%	526,905.52	526,905.52
Subtotal for					1 Maturities	0 Payments		526,905.52	0.05%		526,905.52	526,905.52

for Monthly Investment
Aging Report
Grouped by Fund - Sorted by Maturity Date
As of March 31, 2025

CUSIP	Investment #	Fund	Security Type	Issuer	Maturity Date	Description	Asset Class	Investment	Maturity Par Value	Percent of Portfolio	Current Book Value	Current Market Value		
Fund: TEETER INVESTMENT POOL														
Aging Interval: 1096 - 1460 days (03/31/2028 - 03/30/2029)														
TTRN2324	12124	200	MUN	COUNTY	09/01/2028	Mat/Sale	Long	Fair	2,503,255.19	0.22%	2,503,255.19	2,503,255.19		
Subtotal for									1 Maturities	0 Payments	2,503,255.19	0.22%	2,503,255.19	2,503,255.19
Aging Interval: 1461 - 1825 days (03/31/2029 - 03/30/2030)														
TTRN2425	12210	200	MUN	COUNTY	09/01/2029	Mat/Sale	Long	Fair	8,115,935.00	0.71%	8,115,935.00	8,115,935.00		
Subtotal for									1 Maturities	0 Payments	8,115,935.00	0.71%	8,115,935.00	8,115,935.00
Aging Interval: 1826 days and (03/31/2030 -)														
Subtotal for									0 Maturities	0 Payments	0.00	0.00%	0.00	0.00
Total for									5 Investment	0 Payments	100.00	12,300,521.94	12,300,521.94	

APPENDIX F

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

SPECIMEN

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)

SPECIMEN



BAM

**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

