NEW ISSUE—FULL BOOK-ENTRY | **RATINGS: Moody's: "Aa2"; S&P: "AA-"**
(See "RATINGS" herein)

In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California ("Bond Counsel"), under existing statutes, regulations, rulings and judicial decisions, interest (and original issue discount) on the Bonds is exempt from State of California personal income tax. In the opinion of Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain opinions and representations and compliance with certain covenants and requirements described herein, interest (and original issue discount) on the Series A Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals and corporations. In the opinion of Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, interest on the Series B Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). See "TAX MATTERS" herein with respect to tax consequences relating to the Bonds.

$44,755,000
NAPA VALLEY COMMUNITY COLLEGE DISTRICT
(Napa and Sonoma Counties, California)

$9,935,000	$34,820,000
2014 General Obligation Refunding Bonds, Series A	**2014 General Obligation Refunding Bonds, Series B**
(2014 Crossover)	**(Federally Taxable)**

Dated: Date of Delivery | **Due: August 1, as shown on the insider 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 not otherwise defined shall have the meanings set forth herein.

The Napa Valley Community College District (Napa and Sonoma Counties, California) 2014 General Obligation Refunding Bonds, Series A (2014 Crossover) (the "Series A Bonds"), are being issued by the Napa Valley Community College District (the "District") (i) to advance refund, on a crossover basis, certain of the outstanding Napa Valley Community College District (Napa and Sonoma Counties, California) General Obligation Bonds, Election of 2002, Series C (the "Series 2002C Bonds"), and (ii) to pay the costs of issuing the Series A Bonds.

The Napa Valley Community College District (Napa and Sonoma Counties, California) 2014 General Obligation Refunding Bonds, Series B (Federally Taxable) (the "Series B Bonds," and, together with the Series A Bonds, the "Bonds"), are being issued by the District (i) to advance refund certain of the outstanding Napa Valley Community College District (Napa and Sonoma Counties, California) 2005 General Obligation Refunding Bonds (the "2005 Refunding Bonds"), (ii) to advance refund certain of the outstanding Napa Valley Community College District (Napa and Sonoma Counties, California) 2006 General Obligation Refunding Bonds (the "2006 Refunding Bonds"), and (iii) to pay the costs of issuing the Series B Bonds.

Prior to August 1, 2017 (the "Crossover Date"), the Series A Bonds shall be secured by and payable solely from proceeds of the Series A Bonds deposited into an escrow fund established therefor. From and after the Crossover Date, the Series A Bonds shall, without any further action on the part of the District or the Owners or Beneficial Owners of the Series A Bonds, constitute general obligations of the District payable solely from *ad valorem* property taxes. The Series B Bonds represent general obligations of the District, payable solely from *ad valorem* property taxes. With respect to the Series A Bonds from and after the Crossover Date only, and at all times that the Series B Bonds are outstanding, the Boards of Supervisors of Napa and Sonoma Counties shall be empowered and obligated to annually levy *ad valorem* property taxes upon all property 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 Bonds will be issued in book-entry form only, and will be initially issued and registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). Purchasers of the Bonds (the "Beneficial Owners") will not receive certificates representing their interests in the Bonds. See "THE BONDS – Book-Entry Only System" herein.

The Bonds will be issued as current interest bonds, such that interest thereon shall accrue from the date of delivery and be payable semiannually on February 1 and August 1 of each year, commencing August 1, 2014. The Bonds are issuable 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 the designated paying agent, bond registrar and transfer agent (collectively, the "Paying Agent") to DTC for subsequent disbursement to DTC Participants (defined herein) who will remit such payments to the Beneficial Owners of the Bonds. Wells Fargo Bank, National Association has been appointed to act as Paying Agent for the Bonds. See "THE BONDS – Book-Entry Only System" herein.

The Bonds are not subject to redemption prior to their stated maturity dates.

Maturity Schedules
(See inside front cover)

The Bonds are offered when, as and if issued, subject to the approval as to their legality by Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California, Bond Counsel and Disclosure Counsel to the District. It is anticipated that the Bonds in book-entry form will be available for delivery through the facilities of The Depository Trust Company, in New York, New York, on or about June 26, 2014.

PiperJaffray®

Dated: June 3, 2014.

MATURITY SCHEDULES

$9,935,000
NAPA VALLEY COMMUNITY COLLEGE DISTRICT
(Napa and Sonoma Counties, California)
2014 General Obligation Refunding Bonds, Series A
(2014 Crossover)

Base CUSIP[(1)]: 630360

$9,935,000 Serial Bonds

Maturity (August 1)	Principal Amount	Interest Rate	Yield	CUSIP[(1)]
2020	$3,035,000	5.000%	1.500%	EC5
2021	6,900,000	5.000	1.780	ED3

$34,820,000
NAPA VALLEY COMMUNITY COLLEGE DISTRICT
(Napa and Sonoma Counties, California)
2014 General Obligation Refunding Bonds, Series B
(Federally Taxable)

Base CUSIP[(1)]: 630360

$34,820,000 Serial Bonds

Maturity (August 1)	Principal Amount	Interest Rate	Yield	CUSIP[(1)]
2014	$715,000	0.321%	0.321%	EE1
2015	965,000	0.461	0.461	EF8
2016	3,220,000	0.711	0.711	EG6
2017	8,620,000	1.221	1.221	EH4
2018	8,595,000	1.776	1.776	EJ0
2019	9,130,000	2.226	2.226	EK7
2020	3,575,000	2.710	2.710	EL5

(1) CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by Standard & Poor's Financial Services LLC on behalf of The American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. Neither the Underwriter nor the District make any representations regarding the selection or correctness of the CUSIP numbers set forth herein.

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

The issuance and sale of the Bonds have not been registered under the Securities Act of 1933 or the Securities Exchange Act of 1934, both as amended, in reliance upon exemptions provided thereunder by Sections 3(a)2 and 3(a)12, respectively, for the issuance and sale of such municipal securities. The Bonds are not registered under the securities laws of any state. 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.

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

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

The Underwriter has provided the following sentence for inclusion in this Official Statement:

> "The Underwriter has reviewed the information in this official statement pursuant to their responsibilities to investors under the federal securities laws, but the Underwriter does not guarantee the accuracy or completeness of such information."

In connection with this offering, the Underwriter may overallot or effect transactions which stabilize or maintain the market prices of the Bonds at levels 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 securities dealers and dealer banks and banks acting as agent at prices lower than the public offering prices stated on the inside cover page and said public offering prices may be changed from time to time by the Underwriter.

The District maintains a website. However, the information presented on the District's website 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.

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PROFESSIONAL SERVICES

Bond Counsel and Disclosure Counsel

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

Paying Agent, Registrar, Transfer Agent and Escrow Agent

Wells Fargo Bank, National Association
San Francisco, California

Verification Agent

Causey Demgen & Moore P.C.
Denver, Colorado

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$44,755,000
NAPA VALLEY COMMUNITY COLLEGE DISTRICT
(Napa and Sonoma Counties, California)

$9,935,000	**$34,820,000**
2014 General Obligation Refunding Bonds, Series A	**2014 General Obligation Refunding Bonds, Series B**
(2014 Crossover)	**(Federally Taxable)**

INTRODUCTION

This Official Statement, which includes the cover page, inside cover page and appendices hereto, provides information in connection with the sale of the (i) Napa Valley Community College District (Napa and Sonoma Counties, California) 2014 General Obligation Refunding Bonds, Series A (2014 Crossover) (the "Series A Bonds"), and (ii) Napa Valley Community College District (Napa and Sonoma Counties, California) 2014 General Obligation Refunding Bonds, Series B (Federally Taxable) (the "Series B Bonds," and, together with the Series A Bonds, the "Bonds").

This Introduction is not a summary of this Official Statement. It is only a brief description of and guide to, and is qualified by, more complete and detailed information contained in the entire Official Statement, including the cover page, inside cover 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 Community College District (the "District") was established in 1942 and provides higher education in Napa County (the "County") and a portion of Sonoma County (collectively with the County, the "Counties"). The District encompasses approximately 800 square miles and serves local communities in the cities of St. Helena, Napa, Calistoga, Yountville and American Canyon and the unincorporated areas of Napa County and Sonoma County. The District currently operates Napa Valley College, including a main campus, an education center, and two outreach centers, which provides collegiate-level instruction across a wide spectrum of subjects for grades 13 and 14. Napa Valley College has a full-time equivalent enrollment of 5,541. The District employs 703 full and part-time faculty and staff. The District serves a resident population of approximately 139,045. The District has a 2013-14 total assessed valuation of $29,732,841,897.

The governing board of the District is the Board of Trustees (the "Board"). The Board includes seven voting members elected by the voters of the District (the "Trustees"). The Trustees serve four-year terms. Elections for Trustee positions to the Board are held every two years, alternating between three and four available positions. The management and policies of the District are administered by a Board-appointed Superintendent/President. Dr. Ronald Kraft is the District's current Superintendent/President.

Purpose of the Bonds

Series A Bonds. The Series A Bonds are being issued (i) to advance refund, on a crossover basis, certain of the outstanding Napa Valley Community College District (Napa and Sonoma Counties, California) General Obligation Bonds, Election of 2002, Series C (the "Series 2002C Bonds"), and (ii) to pay the costs of issuing the Series A Bonds.

Series B Bonds. The Series B Bonds are being issued (i) to advance refund certain of the outstanding Napa Valley Community College District (Napa and Sonoma Counties, California) 2005 General Obligation Refunding Bonds (the "2005 Refunding Bonds"), (ii) to advance refund certain of the outstanding Napa Valley Community College District (Napa and Sonoma Counties, California) 2006 General Obligation Refunding Bonds (the "2006 Refunding Bonds"), and (iii) to pay the costs of issuing the Series B Bonds.

The Series 2002C Bonds, the 2005 Refunding Bonds, and 2006 Refunding Bonds to be refunded with the proceeds of the Bonds are collectively referred to herein as the "Refunded Bonds." See "THE BONDS – Application and Investment of Bond Proceeds" and "ESTIMATED SOURCES AND USES OF FUNDS" herein.

Concurrently with the issuance of the Bonds, the District will enter into an Escrow Agreement (the "Escrow Agreement") with Wells Fargo Bank, National Association (the "Escrow Agent"), pursuant to which the District will deposit the net proceeds of the Bonds into the Escrow Fund (defined herein) held pursuant thereto, such proceeds to be used to purchase certain non-callable Federal Securities (as defined herein), the maturing principal of which, together with interest and earnings thereon, and any other proceeds of the Bonds held as cash, will be sufficient to pay (i) the debt service due on the Series A Bonds on and prior to August 1, 2017 (the "Crossover Date"), (ii) the redemption price of the Refunded Series 2002C Bonds on the Crossover Date, such date being the first optional redemption date therefor, (iii) the redemption price for the Refunded 2005 Refunding Bonds on August 1, 2015, such date being the first optional redemption date therefor, and (iv) the redemption price for the Refunded 2006 Refunding Bonds on August 1, 2016, such date being the first optional redemption date therefor. See "THE BONDS – Application and Investment of Bond Proceeds" herein.

Authority for Issuance of the Bonds

The Bonds are issued pursuant to certain provisions of the Government Code and other applicable law, and pursuant to a resolution adopted by the Board of Trustees of the District. See "THE BONDS – Authority for Issuance" herein.

Security and Sources of Payment for the Bonds

Prior to the Crossover Date, the Series A Bonds will be secured by and payable solely from amounts on deposit in the Escrow Fund. From and after the Crossover Date, the Series A Bonds shall, without further action on the part of the District or the Owners or Beneficial Owners of the Series A Bonds (as such terms are defined herein), constitute general obligations of the District payable solely from the proceeds of *ad valorem* property taxes. The Series B Bonds are general obligations of the District payable solely from the proceeds of *ad valorem* property taxes. With respect to the Series A Bonds from and after the Crossover Date only, and at all times that the Series B Bonds are outstanding, the Boards of Supervisors of Napa and Sonoma Counties (the "County Boards") shall be empowered and obligated to annually levy *ad valorem* taxes upon all property within the District subject to taxation thereby without limitation of rate or amount (except as to certain personal property which is taxable at limited rates) for the payment of the principal of and interest on the Bonds.

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 form only, without coupons. Purchasers of the Bonds (the "Beneficial Owners") will not receive physical certificates representing their interests in the Bonds purchased. 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 "– Book-Entry Only System" herein. In the event that the book-entry only system described below is no longer used with respect to the Bonds, the Bonds will be registered in accordance with the Resolution described herein. See "THE BONDS – Discontinuation of Book-Entry Only System; Payment to Beneficial Owners" 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 captions "INTRODUCTION – Tax Matters" and "TAX MATTERS," and in APPENDIX A) will mean Cede & Co. and will not mean the Beneficial Owners of the Bonds.

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

Redemption. The Bonds are not subject to redemption prior to their stated maturity dates. See also "THE BONDS– Redemption" herein.

Payments. The Bonds will be issued as current interest bonds, such that interest thereon will accrue from the initial date of delivery of the Bonds (the "Date of Delivery"), such interest to be payable semiannually on February 1 and August 1 of each year, commencing on August 1, 2014 (each, a "Bond Payment Date"). Principal of the Bonds is payable on August 1 in the amounts and years set forth on the inside cover page hereof.

Payments of the principal of and interest on the Bonds will be made by the designated paying agent, bond registrar and transfer agent (collectively, the "Paying Agent"), to DTC for subsequent disbursement through DTC Participants (defined herein) to the Beneficial Owners. Wells Fargo Bank, National Association has been appointed to act as Paying Agent for the Bonds.

Tax Matters

Series A Bonds. In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California ("Bond Counsel"), based on existing statutes, regulations, rulings and judicial decisions and assuming the accuracy of certain representations and the compliance with certain covenants and requirements described herein, interest on the Series A Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals and corporations. In the further opinion of Bond Counsel, interest on the Series A Bonds is exempt from State of California personal income tax. In addition, the difference between the issue price of a Series A Bonds (the first price at which a substantial amount of the Series A Bonds of a maturity is to be sold to the public) and the stated redemption price at maturity with respect to the Series A Bonds constitutes original issue discount, and the amount of original issue discount that accrues to the owner of the Series A Bonds is excluded from gross income of such owner for federal income tax purposes, is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, and is exempt from State of California personal income tax. See "TAX MATTERS – Series A Bonds" herein.

Series B Bonds. In the opinion of Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, interest (and original issue discount) on the Series B Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). In the further opinion of Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, interest (and original issue discount) on the Series B Bonds is exempt from State of California personal income tax. See "TAX MATTERS – Series B Bonds" herein.

Offering and Delivery of the Bonds

The Bonds are offered when, as and if issued, subject to approval as to their legality by Bond Counsel. It is anticipated that the Bonds in book-entry form will be available for delivery through the facilities of DTC in New York, New York on or about June 26, 2014.

Bond Owner's Risks

Prior to August 1, 2017 (the "Crossover Date"), the Series A Bonds shall be secured by and payable solely from proceeds of the Series A Bonds deposited into an escrow fund established therefor. At all times, the Series B Bonds, and, after the Crossover Date, the Series A Bonds, are general obligations of the District payable solely from *ad valorem* property taxes which may be levied without limitation as to rate or amount (except with respect to certain personal property which is taxable at limited rates) on all property subject to taxation by the District, as further described herein. For more complete information regarding the District's financial condition and taxation of property within the District, see "NAPA VALLEY COMMUNITY COLLEGE DISTRICT" and "TAX BASE FOR REPAYMENT OF BONDS" herein.

Continuing Disclosure

The District will covenant for the benefit of Owners and Beneficial Owners of the Bonds to make available certain financial information and operating data relating to the District and to provide notices of the occurrence of certain listed events, in order to assist the Underwriter in complying with S.E.C. Rule 15c2-12(b)(5) (the "Rule"). See "LEGAL MATTERS – Continuing Disclosure" herein. 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.

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," "intend," "estimate," "project," "budget" or other similar words. Such forward-looking statements include, but are not limited to, certain statements contained in the information regarding the District herein.

THE 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.

Professionals Involved in the Offering

Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California, is acting as Bond Counsel and Disclosure Counsel to the District with respect to the Bonds, and will receive compensation from the District contingent upon the sale and delivery of the Bonds. In addition to acting as Paying Agent for the Bonds, Wells Fargo Bank, National Association is acting as Escrow Agent for the Bonds. Causey Demgen & Moore P.C., Denver, Colorado, is acting as verification agent for the Bonds.

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 Community College District, 2277 Napa-Vallejo Highway, Napa, California 94558, telephone (707) 256-7181. The District may impose a charge for copying, mailing and handling.

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

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

Certain of 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 (defined herein).

THE BONDS

Authority for Issuance

The Bonds are issued pursuant to the provisions of Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code, commencing with Section 53550 *et seq.*, and other applicable law, and pursuant to a resolution adopted by the Board of Trustees of the District on May 8, 2014 (the "Resolution").

Crossover Refunding

The District intends to apply the net proceeds of the sale of the Series A Bonds to effect a crossover refunding of the Refunded Series 2002C Bonds on the Crossover Date, such date being the first optional redemption date therefor, at a redemption price equal to 100% the principal amount of the Refunded 2002 Series 2002C Bonds, plus interest accrued thereon to the Crossover Date. See also "APPLICATION AND INVESTMENT OF BOND PROCEEDS."

Until the Crossover Date, the proceeds of the Series A Bonds will be deposited into the Escrow Fund under the terms of the Escrow Agreement and invested in certain non-callable Federal Securities that will provide for the payment of interest on the Refunded Series 2002C Bonds on and through the Crossover Date. On the Crossover Date, funds on deposit in the Escrow Fund will be applied to the redemption of the Refunded Series 2002C Bonds.

The sufficiency of amounts deposited into and of the investments held in the Escrow Fund to effect the payment of interest on the Bonds and the refunding of the Refunded Bonds will be verified by Causey Demgen & Moore P.C. (the "Verification Agent"). From and after the Crossover Date, the Series A Bonds will constitute general obligations of the District payable solely from the proceeds of *ad valorem* property taxes levied. See "– Security and Sources of Payment" herein.

Security and Sources of Payment

Prior to the Crossover Date, the Series A Bonds will be secured by and payable solely from monies on deposit in the Escrow Fund. From and after the Crossover Date, the Series A Bonds shall, without further action on the part of the District or the Owners or Beneficial Owners of the Series A Bonds, constitute general obligations of the District, payable solely from *ad valorem* property taxes. The Series B Bonds are general obligations of the District payable solely from the proceeds of *ad valorem* property taxes. With respect to the Series A Bonds from and after the Crossover Date only, and at all times that the Series B Bonds are outstanding, the Boards of Supervisors of the Counties shall be empowered and obligated to annually levy *ad valorem* property taxes upon all property 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 during the period that the Bonds are outstanding in an amount sufficient to pay the respective principal of and interest thereon when due. Such taxes, when collected, will be placed by the Counties in the respective Debt Service Funds (defined herein), which are each segregated and maintained by the County and which are designated for the payment of principal of and interest on the Series A Bonds and Series B Bonds, as applicable, when due, and for no other purpose. Although the Counties are obligated to levy *ad valorem* property taxes for the payment of the Series A Bonds from and after the Crossover Date and for the payment of the Series B Bonds at all times they are outstanding, and the County will maintain the Debt Service Funds, the Bonds are not a debt of the Counties.

The moneys in the Debt Service Funds, 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 Counties to the Paying Agent who will in turn remit the funds to DTC for remittance of such principal and interest to its Participants (as defined herein) for subsequent disbursement to the Beneficial Owners of the Bonds.

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

Description of the Bonds

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. Purchasers will not receive certificates representing their interests in the Bonds. See "THE BONDS – Book Entry Only System" herein.

Interest with respect to the Bonds accrues from their date of delivery, and is payable semiannually on each Bond Payment Date, commencing August 1, 2014. Interest on the Bonds will be computed on the basis of a 360-day year of 12, 30-day months. Each Bond shall bear interest from the Bond Payment Date next preceding the date of authentication thereof unless it is authenticated as of a day during the period from the 16th day of the month immediately preceding any Bond Payment Date to and including such Bond Payment Date, in which event it shall bear interest from such Bond Payment Date, or unless it is authenticated on or before July 15, 2014, in which event it shall bear interest from its date of delivery. 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 cover hereof.

The principal of the Bonds will be payable in lawful money of the United States of America to the registered owner thereof, upon the surrender thereof at the office of the Paying Agent. The interest on the Bonds will be payable in lawful money of the United States of America to the person whose name appears on the bond registration books of the Paying Agent as the registered owner thereof as of the close of business on the 15th day of the month next preceding any Bond Payment Date (a "Record Date"), whether or not such day is a business day, such interest to be paid by check or draft mailed on such Bond Payment Date to such registered owner at such registered owner's address as it appears on such registration books or at such address as the registered owner may have filed with the Paying Agent for that purpose. The interest payments on the Bonds will be made in immediately available funds (e.g., by wire transfer) to any registered owner of at least $1,000,000 of outstanding Bonds who have requested in writing such method of payment of interest on the Bonds prior to the close of business on the Record Date immediately preceding any Bond Payment Date.

Annual Debt Service

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

	Series A Bonds		Series B Bonds		
Year Ending August 1	Annual Principal Payment	Annual Interest Payment[(1)]	Annual Principal Payment	Annual Interest Payment[(1)]	Total Annual Debt Service
2014	--	$48,295.14	$715,000	$57,132.80	$820,427.94
2015	--	496,750.00	965,000	585,356.56	2,047,106.56
2016	--	496,750.00	3,220,000	580,907.90	4,297,657.90
2017	--	496,750.00	8,620,000	558,013.70	9,674,763.70
2018	--	496,750.00	8,595,000	452,763.50	9,544,513.50
2019	--	496,750.00	9,130,000	300,116.30	9,926,866.30
2020	$3,035,000	496,750.00	3,575,000	96,882.50	7,203,632.50
2021	6,900,000	345,000.00	--	--	7,245,000.00
Total	$9,935,000	$3,373,795.14	$34,820,000	$2,631,173.26	$50,759,968.40

(1) Interest payments on the Bonds will be made semiannually on February 1 and August 1 of each year, commencing August 1, 2014.

See "NAPA VALLEY COMMUNITY COLLEGE DISTRICT – District Debt Structure" herein for a full debt service schedule of all of the District's outstanding general obligation bond debt.

Application and Investment of Bond Proceeds

Series A Bonds. The Series A Bonds are being issued (i) to advance refund, on a crossover basis, certain of the outstanding Series 2002C Bonds, and (ii) to pay the costs of issuing the Series A Bonds.

Any accrued interest and surplus moneys from the sale of the Series A Bonds or following the redemption of the Series 2002C Bonds shall be kept separate and apart in a fund designated as the "Napa Valley Community College District, 2014 General Obligation Refunding Bonds, Series A Debt Service Fund" (the "Series A Debt Service Fund") and used only for payment of principal of and interest on the Series A Bonds, and for no other purpose. Any excess proceeds of the Series A Bonds not needed for the authorized purposes for which the Series A Bonds are being issued shall be transferred to the Series A Debt Service Fund and applied to the payment of principal of and interest on the Series A Bonds. If, after payment in full of the Series A Bonds, there remain excess proceeds, any such excess amounts shall be transferred to the general fund of the District.

Series B Bonds. The Series B Bonds are being issued (i) to advance refund certain of the outstanding 2005 Refunding Bonds, (ii) to advance refund certain of the outstanding 2006 Refunding Bonds, and (iii) to pay the costs of issuing the Series B Bonds.

Any accrued interest and surplus moneys from the sale of the Series B Bonds or following the redemption of the 2005 Refunding Bonds and the 2006 Refunding Bonds, shall be kept separate and apart in a fund designated as the "Napa Valley Community College District, 2014 General Obligation Refunding Bonds, Series B Debt Service Fund" (the "Series B Debt Service Fund" and together with the Series A Debt Service Fund, the "Debt Service Funds") and used only for payment of principal of and interest on the Series B Bonds, and for no other purpose. Any excess proceeds of the Series B Bonds not needed for the authorized purposes for which the Series B Bonds are being issued shall be transferred to the Series B Debt Service Fund and applied to the payment of principal of and interest on the Series B Bonds. If, after payment in full of the Series B Bonds, there remain excess proceeds, any such excess amounts shall be transferred to the general fund of the District.

Escrow Sufficiency. The net proceeds from the sale of the Bonds shall be paid the Escrow Agent, to the credit of the "Napa Valley Community College District 2014 General Obligation Refunding Bonds, Series A and Series B Escrow Fund" (the "Escrow Fund"). Pursuant to the Escrow Agreement, amounts deposited in the Escrow Fund will be used to purchase certain Federal Securities (as such term is defined in the Resolution) the principal of and interest on which will be sufficient, together with any monies deposited in the Escrow Fund and held as cash, to enable the Escrow Agent to pay (i) the debt service due on the Series A Bonds on and prior to the Crossover Date, (ii) the redemption price of the Refunded Series 2002C Bonds on the Crossover Date, such date being the first optional redemption date therefor, (iii) the redemption price for the Refunded 2005 Refunding Bonds on August 1, 2015, such date being the first optional redemption date therefor, and (iv) the redemption price for the Refunded 2006 Refunding Bonds on August 1, 2016, such date being the first optional redemption date therefor. **Prior to the Crossover Date, the Refunded Series 2002C Bonds will remain general obligations of the District payable solely from *ad valorem* property taxes.** Amounts on deposit in the Escrow Fund are not available to pay any other obligations of the District.

The following charts describes the initial investments of the proceeds of the Bonds:

ESCROW FUND DEPOSIT
WITH RESPECT TO THE SERIES A BONDS
Federal Securities

Type of Security	Par Amount	Maturity Date	Yield
U.S. Treasury Certificate of Indebtedness	$38,690.00	8/1/2014	0.03%
U.S. Treasury Certificate of Indebtedness	200,014.00	2/1/2015	0.06
U.S. Treasury Note	200,086.00	8/1/2015	0.11
U.S. Treasury Note	200,196.00	2/1/2016	0.23
U.S. Treasury Note	200,427.00	8/1/2016	0.42
U.S. Treasury Note	200,848.00	2/1/2017	0.64
U.S. Treasury Note	10,903,429.00	8/1/2017	0.86

ESCROW FUND DEPOSIT
WITH RESPECT TO THE SERIES B BONDS
Federal Securities

Type of Security	Par Amount	Maturity Date	Yield
U.S. Treasury Certificate of Indebtedness	$764,570.00	8/1/2014	0.03%
U.S. Treasury Certificate of Indebtedness	719,221.00	2/1/2015	0.06
U.S. Treasury Note	8,104,481.00	8/1/2015	0.11
U.S. Treasury Note	544,394.00	2/1/2016	0.23
U.S. Treasury Note	24,395,020.00	8/1/2016	0.42

The sufficiency of the securities and cash on deposit in the Escrow Fund, together with realizable interest and earnings thereon, to pay (i) the debt service due on the Series A Bonds prior to the Crossover Date, and (ii) the redemption price of and the accrued interest due on the Refunded Bonds, on the above-referenced dates, will be verified by the Verification Agent. As a result of the deposit and application of funds so provided in the Escrow Agreement, and assuming the accuracy of the Underwriter's and Verification Agent's computations, the Refunded Bonds will be defeased and the obligation of the Counties to levy *ad valorem* property taxes for payment thereof will terminate.

Investment of Funds. Moneys in the Escrow Fund will be invested as described above, subject to the provisions of the Escrow Agreement. Moneys in the Debt Service Funds may be invested in any one or more investments generally permitted to community college districts under the laws of the State of California or as permitted by the Resolution. Moneys in the Debt Service Funds are expected to be invested through the Napa County Treasury Pool. See "APPENDIX E - NAPA COUNTY INVESTMENT POOL" herein.

Refunded Bonds. The Refunded Bonds consist of those maturities of the Series 2002C Bonds, the 2005 Refunding Bonds, and the 2006 Refunding Bonds listed in the following tables.

REFUNDED BONDS
Napa Valley Community College District
General Obligation Bonds, Election of 2002, Series C

Maturities to be Refunded (August 1)	CUSIP	Original Denominational Amount to be Refunded	Accreted Value as of Redemption Date[1]	Redemption Date	Redemption Price (% of Par Amount)
2020	630360DM4	$2,414,580.60	$3,917,634.60	8/1/2017	100%
2021	630360DN2	4,161,052.50	6,784,305.00	8/1/2017	100

REFUNDED BONDS
Napa Valley Community College District
2005 General Obligation Refunding Bonds

Maturities to be Refunded (August 1)	CUSIP	Principal Amount to be Refunded	Interest Rate	Redemption Date	Redemption Price (% of Par Amount)
2016	630360BP9	$1,950,000	4.000%	8/1/2015	100%
2016	630360BQ7	300,000	5.000	8/1/2015	100
2017	630360BR5	350,000	4.250	8/1/2015	100
2017	630360BS3	2,100,000	5.250	8/1/2015	100
2018	630360BT1	2,685,000	5.250	8/1/2015	100

(1) Accreted Value will be composed of the initial principal amount of the Refunded 2002 Series C Bonds and the interest accreting thereon between the original date of issuance and the Crossover Date.

REFUNDED BONDS
Napa Valley Community College District
2006 General Obligation Refunding Bonds

Maturities to be Refunded (August 1)	CUSIP	Principal Amount to be Refunded	Interest Rate	Redemption Date	Redemption Price (% of Par Amount)
2017	630360DG7	$5,270,000	5.000%	8/1/2016	100%
2018	630360DH5	5,790,000	5.000	8/1/2016	100
2019	630360DJ1	9,290,000	5.000	8/1/2016	100
2020	630360DK8	3,500,000	5.000	8/1/2016	100

A portion of the Series 2002C Bonds, the 2005 Refunding Bonds, and the 2006 Refunding Bonds, as listed in the following tables, are not being refunded from proceeds of the Bonds.

UNREFUNDED BONDS
Napa Valley Community College District
General Obligation Bonds, Election of 2002, Series C

Maturity Date (August 1)	CUSIP	Original Denominational Amount
2020	630360DL6	$456,251.00
2021	630360DN2	1,122,223.25
2022	630360DP7	5,112,258.00
2023	630360DQ5	4,943,123.00
2024	630360DR3	1,068,103.00
2025	630360DS1	956,413.00
2026	630360DT9	850,541.00
2027	630360DU6	628,883.00
2028	630360DV4	77,832.00
2029	630360DW2	3,962,532.00
2030	630360DX0	3,861,180.00
2031	630360DY8	3,732,298.00
2032	630360DZ5	3,605,867.00
2033	630360EA9	3,482,995.00
2034	630360EB7	3,363,866.00

UNREFUNDED BONDS
Napa Valley Community College District
2005 General Obligation Refunding Bonds

Maturity Date (August 1)	CUSIP	Original Par Amount	Interest Rate
2014	630360BJ3	$1,185,000	3.625%
2014	630360BK0	475,000	4.000
2014	630360BL8	235,000	4.250
2015	630360BM6	1,490,000	4.000
2015	630360BN4	575,000	4.500

UNREFUNDED BONDS
Napa Valley Community College District
2006 General Obligation Refunding Bonds

Maturity Date (August 1)	CUSIP	Original Par Amount	Interest Rate	Original Denominational Amount	Final Maturity Value
2014	630360DC6	$2,650,000	3.75%	--	$2,650,000
2014	630360DD4	--	--	$139,094	340,000
2015	630360DE2	--	--	1,157,838	3,180,000
2016	630360DF9	--	--	1,628,351	5,025,000

Redemption

The Bonds are not subject to redemption, whether optional or mandatory, prior to their fixed maturity dates.

Book-Entry Only System

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy or completeness thereof. The District cannot and does not give any assurances that DTC, DTC Participants or Indirect Participants (as defined herein) will distribute to the Beneficial Owners (a) payments of interest, principal 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, DTC Participants or DTC 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 "MMI Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.

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

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 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" and together with the Direct Participants, the "Participants"). DTC has an S&P (as defined herein) rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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

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

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

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

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

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

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.

Discontinuation of Book-Entry Only System; Payment to Beneficial Owners

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

Transfer and Exchange of Bonds

Any Bond may be exchanged for Bonds of like tenor, maturity and Transfer Amount (which with respect to any outstanding Bonds means the principal amount thereof) upon presentation and surrender at the designated office of the Paying Agent, initially located in San Francisco, California, together with a request for exchange signed by the registered Owner or by a person legally empowered to do so in a form satisfactory to the Paying Agent. A Bond may be transferred on the Bond Register only upon presentation and surrender of the Bond at the designated office of the Paying agent together with an assignment executed by the Owner of by a person legally empowered to do so in a form satisfactory to the Paying Agent. Upon exchange or transfer, the Paying Agent shall register, authenticate and deliver a new Bond or Bonds of like tenor and of any authorized denomination or denominations requested by the Owner equal to the Transfer Amount of the Bond surrendered and bearing or accruing interest at the same rate and maturing on the same date.

Neither the District nor the Paying Agent will be required (a) to issue or transfer any Bonds during a period beginning with the opening of business on the 15th business day next preceding either any Bond Payment Date or any date of selection of Bonds to be redeemed and ending with the close of business on the applicable Bond Payment Date or any day on which the applicable notice of redemption is given or (b) to transfer any Bonds which have been selected or called for redemption in whole or in part.

Defeasance

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

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

(b) Government Obligations. By irrevocably depositing with an independent escrow agent selected by the District noncallable Government Obligations (as defined below) together with cash, if required, in such amount as will, in the opinion of an independent certified public accountant, together with interest to accrue thereon and moneys transferred from the respective Debt Service Funds if any, together with the interest to accrue thereon, be fully sufficient to pay and discharge all Bonds outstanding and designated for defeasance (including all principal, premium, if any, and interest due with respect thereto), at or before their maturity date;

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

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

ESTIMATED SOURCES AND USES OF FUNDS

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

	Series A Bonds	Series B Bonds
Sources of Funds		
Principal Amount of Bonds	$9,935,000.00	$34,820,000.00
Net Original Issue Premium	2,091,694.65	--
Total Sources	$ 12,026,694.65	$34,820,000.00
Uses of Funds		
Costs of Issuance(1)	$83,004.12	$292,313.09
Deposit to Escrow Fund	11,943,690.53	34,527,686.91
Total Uses	$12,026,694.65	$34,820,000.00

(1) Reflects all costs of issuance, including but not limited to the Underwriter's discount, demographics fees, legal fees, ratings fees, and the costs and fees of the Verification Agent, Paying Agent and Escrow Agent. See "MISCELLANEOUS – Underwriting" herein.

TAX BASE FOR REPAYMENT OF BONDS

The information in this section describes ad valorem *property taxation, assessed valuation, and other measures of the tax base of the District. Prior to the Crossover Date, the Series A Bonds shall be secured by and payable solely from monies on deposit in the Escrow Fund. With respect to the Series A Bonds from and after the Crossover Date only, and at all times that the Series B Bonds are outstanding, the Bonds are payable solely from* ad valorem *property taxes levied and collected by the Counties on taxable property in the District. The District's general fund is not a source for the repayment of the Bonds.*

Ad Valorem Property Taxation

District property taxes are assessed and collected by the Counties at the same time and on the same tax rolls as county, city and special district taxes. Assessed valuations are the same for both District and Counties taxing purposes.

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

The valuation of secured property is established as of January 1 and is subsequently equalized in August. Property taxes are payable in two installments, due November 1 and February 1 respectively and become delinquent after December 10 and April 10 respectively. A 10% penalty attaches to any delinquent installment plus a $10 cost on the second installment. In addition, property on the secured roll with respect to which taxes are delinquent is declared tax defaulted on or about June 30 of the fiscal year.

Such property may thereafter be redeemed 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 tax-collecting authority of the relevant county.

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

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

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

Future assessed valuation growth allowed under Article XIIIA (new construction, certain changes of ownership, 2% inflation) will be allocated on the basis of "situs" among the jurisdictions that serve the tax rate area within which the growth occurs. Local agencies and schools 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 in the District is established by the tax assessing authority for the county in which such property is located, 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 XIIIA of the California Constitution. For a discussion of how properties currently are assessed and re-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 District has a total assessed valuation for fiscal year 2013-14 of $29,732,841,897. Shown in the following table are the assessed valuations for the District for the period 2009-10 through 2013-14.

ASSESSED VALUATIONS
Fiscal Years 2009-10 through 2013-14
Napa Valley Community College District

Napa County Portion

	Local Secured	Utility	Unsecured	Total
2009-10	$25,854,558,844	$3,816,210	$1,266,109,869	$27,124,484,923
2010-11	25,938,452,654	3,816,210	1,198,057,720	27,140,326,584
2011-12	26,203,716,611	2,729,142	1,204,560,407	27,411,006,160
2012-13	26,694,931,908	2,729,142	1,277,746,177	27,975,407,227
2013-14	28,167,239,166	1,083,474	1,299,768,716	29,468,091,356

Sonoma County Portion

	Local Secured	Utility	Unsecured	Total
2009-10	$232,246,093	$0	$13,129,994	$245,376,087
2010-11	233,384,362	0	13,570,923	246,955,285
2011-12	227,667,973	0	13,712,936	241,380,909
2012-13	237,182,370	0	12,764,375	249,946,745
2013-14	255,750,170	0	9,000,371	264,750,541

Total District

	Local Secured	Utility	Unsecured	Total
2009-10	$26,086,804,937	$3,816,210	$1,279,239,863	$27,369,861,010
2010-11	26,171,837,016	3,816,210	1,211,628,643	27,387,281,869
2011-12	26,431,384,584	2,729,142	1,218,273,343	27,652,387,069
2012-13	26,932,114,278	2,729,142	1,290,510,552	28,225,353,972
2013-14	28,422,989,336	1,083,474	1,308,769,087	29,732,841,897

Source: California Municipal Statistics, Inc.

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

Appeals and Adjustments of Assessed Valuations

Under California law, property owners may apply for a reduction of their property tax assessment by filing a written application, in form prescribed by the State Board of Equalization, with the appropriate county board of equalization or assessment appeals board. County assessors may independently reduce assessed values as well based upon the above factors or reductions in the fair market value of the taxable property. In most cases, an appeal is filed because the applicant believes that present market conditions (such as residential home prices) cause the property to be worth less than its current assessed value. Any reduction in the assessment ultimately granted as a result of such appeal applies to the year for which application is made and during which the written application was filed. Such reductions are subject to yearly reappraisals and may be adjusted back to their original values when market conditions improve. Once the property has regained its prior value, adjusted for inflation, it once again is subject to the annual inflationary factor growth rate allowed under Article XIIIA. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Article XIIIA of the California Constitution" herein.

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.

No assurance can be given that property tax appeals in the future will not significantly reduce the assessed valuation of property within the District.

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Assessed Valuation and Parcels by Land Use

The following table presents a breakdown of the District's fiscal year 2013-14 secured assessed valuation and parcels by land use.

ASSESSED VALUATION AND PARCELS BY LAND USE
Fiscal Year 2013-14
Napa Valley Community College District

Non-Residential:	2013-14 Assessed Valuation[1]	% of Total	No. of Parcels	% of Total
Agricultural/Vineyards	$7,332,317,878	25.80%	5,918	11.48%
Commercial	2,403,585,050	8.46	1,814	3.52
Vacant Commercial	87,619,335	0.31	421	0.82
Industrial/Winery	1,763,752,859	6.21	432	0.84
Vacant Industrial	128,820,052	0.45	275	0.53
Subtotal Non-Residential	$11,716,095,174	41.22%	8,860	17.18%
Residential:				
Single Family Residence	$10,986,309,544	38.65%	29,691	57.59%
Condominium/Townhouse	741,072,408	2.61	3,040	5.90
Rural Residential	3,789,284,629	13.33	6,994	13.57
Mobile Home Park	86,203,582	0.30	33	0.06
2-4 Residential Units	471,975,857	1.66	1,744	3.38
5+ Residential Units/Apartments	448,619,815	1.58	439	0.85
Vacant Residential	183,428,327	0.65	758	1.47
Subtotal Residential	$16,706,894,162	58.78%	42,699	82.82%
Total	$28,422,989,336	100.00%	51,559	100.00%

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

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Assessed Valuation and Parcels by Jurisdiction

The following table presents a breakdown of the District's fiscal year 2013-14 secured assessed valuation and parcels by jurisdiction.

ASSESSED VALUATION AND PARCELS BY JURISDICTION[1]
Fiscal Year 2013-14
Napa Valley Community College District

Jurisdiction:	Assessed Valuation in District	% of District	Assessed Valuation of Jurisdiction	% of Jurisdiction in District
City of American Canyon	$2,233,695,851	7.51%	$2,233,695,851	100.00%
City of Calistoga	707,262,503	2.38	707,262,503	100.00
City of Napa	9,218,760,715	31.01	9,218,760,715	100.00
City of Saint Helena	1,940,230,649	6.53	1,940,230,649	100.00
Town of Yountville	566,095,263	1.90	566,095,263	100.00
Unincorporated Napa County	14,802,046,375	49.78	14,802,046,375	100.00
Unincorporated Sonoma County	264,750,541	0.89	28,338,653,459	0.93
Total District	$29,732,841,897	100.00%		
Total Napa County	$29,468,091,356	99.11%	$29,468,091,356	100.00%
Total Sonoma County	264,750,541	0.89	67,392,824,201	0.39
Total District	$29,732,841,897	100.00%		

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

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Assessed Valuation of Single Family Homes

The following table displays the fiscal year 2013-14 assessed valuation of single family residential parcels within the District.

ASSESSED VALUATION OF SINGLE FAMILY HOMES
Fiscal Year 2013-14
Napa Valley Community College District

	No. of Parcels	2013-14 Assessed Valuation	Average Assessed Valuation	Median Assessed Valuation
Single Family Residential	29,691	$10,986,309,544	$370,022	$283,953
Condominiums	3,040	741,072,408	$243,774	$189,000
Total	32,731	$11,727,381,952	$358,296	$273,770

2013-14 Assessed Valuation	No. of Parcels[(1)]	% of Total	Cumulative % of Total	Total Valuation	% of Total	Cumulative % of Total
$0 - 49,999	912	2.786%	2.786%	$38,110,279	0.325%	0.325%
$50,000 - 99,999	3,387	10.348	13.134	247,451,759	2.110	2.435
$100,000 - 149,999	3,092	9.447	22.581	386,828,567	3.299	5.734
$150,000 - 199,999	3,462	10.577	33.158	608,473,547	5.188	10.922
$200,000 - 249,999	3,779	11.546	44.704	849,659,631	7.245	18.167
$250,000 - 299,999	3,617	11.051	55.754	992,589,281	8.464	26.631
$300,000 - 349,999	2,797	8.545	64.300	908,973,051	7.751	34.382
$350,000 - 399,999	2,901	8.863	73.163	1,089,813,503	9.293	43.675
$400,000 - 449,999	1,985	6.065	79.228	839,539,016	7.159	50.833
$450,000 - 499,999	1,310	4.002	83.230	621,823,924	5.302	56.136
$500,000 - 549,999	875	2.673	85.903	458,439,365	3.909	60.045
$550,000 - 599,999	694	2.120	88.024	397,847,208	3.392	63.437
$600,000 - 649,999	594	1.815	89.838	369,979,939	3.155	66.592
$650,000 - 699,999	477	1.457	91.296	321,268,222	2.739	69.332
$700,000 - 749,999	439	1.341	92.637	318,133,145	2.713	72.044
$750,000 - 799,999	342	1.045	93.682	264,351,688	2.254	74.299
$800,000 - 849,999	238	0.727	94.409	195,751,355	1.669	75.968
$850,000 - 899,999	185	0.565	94.974	161,630,351	1.378	77.346
$900,000 - 949,999	156	0.477	95.451	144,226,531	1.230	78.576
$950,000 - 999,999	170	0.519	95.970	165,967,680	1.415	79.991
$1,000,000 and greater	1,319	4.030	100.000	2,346,523,910	20.009	100.000
Total	32,731	100.000%		$11,727,381,952	100.000%	

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

Tax Levies, Collections and Delinquencies

Taxes are levied for each fiscal year on taxable real and personal property which is situated in the District as of the preceding January 1. A supplemental tax is levied when property changes hands or new construction is completed.

A ten percent penalty attaches to any delinquent payment for secured roll taxes. In addition, property on the secured roll with respect to which taxes are delinquent becomes tax-defaulted. Such property may thereafter be redeemed by payment of the delinquent taxes and the delinquency penalty, plus a redemption penalty (i.e., interest) to the time of redemption. If taxes are unpaid for a period of five years or more, the property is subject to auction sale by the applicable County Tax Collector.

In the case of unsecured property taxes, a 10% penalty attaches to delinquent taxes on property on the unsecured roll, and an additional penalty of 1.5% per month begins to accrue beginning December 1 of the fiscal year, and a lien is recorded against the assessee. The taxing authority has four ways of collecting unsecured personal property taxes: (1) a civil action against the taxpayer; (2) filing a certificate in the office of the applicable County Clerk specifying certain facts in order to obtain a judgment lien on specific property of the taxpayer; (3) filing a certificate of delinquency for record in the applicable County Recorder's office in order to obtain a lien on specified property of the taxpayer; and (4) seizure and sale of personal property, improvements or possessory interests belonging or assessed to the assessee.

The Counties levy and collect all property taxes for property falling within their respective taxing boundaries. The annual secured tax levies and delinquencies for the Napa County portion of the District in fiscal years 2008-09 through 2012-13 are shown below.

SECURED TAX CHARGES AND DELINQUENCIES
2008-09 through 2012-13
Napa Valley Community College District
(Napa County Portion)

	Secured Tax Charge[1]	Amt. Del. June 30	% Del. June 30
2008-09	$306,896,476	$10,967,726	3.57%
2009-10	309,340,138	8,710,190	2.82
2010-11	304,659,953	6,025,434	1.98
2011-12	314,018,675	6,917,195	2.20
2012-13	320,354,418	4,838,608	1.51

(1) All taxes collected by Napa County.
(2) Bond debt service levy only.
Source: California State Controller's Office.

Alternative Method of Tax Apportionment - Teeter Plan

The Boards of Supervisors of each of the Counties has approved the implementation of the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the "Teeter Plan"), as provided for in Section 4701 *et seq.* of the California Revenue and Taxation Code. Under the Teeter Plan, each of the Counties apportions secured property taxes on an accrual basis when due (irrespective of actual collections) to its local political subdivisions, including the District, for which the respective county acts as the tax-levying or tax-collecting agency.

The Teeter Plan of each of the Counties is applicable to all tax levies for which such county acts as the tax-levying or tax-collecting agency, or for such county's treasury is the legal depository of the tax collections. As adopted by each of the Counties, the Teeter Plan excludes Mello-Roos Community Facilities Districts and special assessment districts which provide for accelerated judicial foreclosure of property for which assessments are delinquent.

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

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

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Tax Rates

Representative tax rate areas ("TRAs") located within the District are Napa County Tax Rate Areas 85-001, 72-048, and 2-000. The table below demonstrates the total tax rates, based on a percentage of *ad valorem* assessed valuation, levied by all taxing entities in these TRAs during the five-year period from 2009-10 through 2013-14.

TYPICAL TAX RATES PER $100 OF ASSESSED VALUATION
Fiscal Years 2009-10 through 2013-14
Napa Valley Community College District

	2009-10	2010-11	2011-12	2012-13	2013-14
TRA 85-001 – 2013-14 Assessed Valuation: $4,583,637,869(1)					
General	1.0000%	1.0000%	1.0000%	1.0000%	1.0000%
Napa Valley Joint Community College District	.0253	.0167	.0245	.0250	.0266
Saint Helena Unified School District	.0255	.0247	.0255	.0249	.0478
Total	1.0508%	1.0414%	1.0500%	1.0499%	1.0744%
TRA 72-048 – 2013-14 Assessed Valuation: $2,390,299,911(2)					
General	1.0000%	1.0000%	1.0000%	1.0000%	1.0000%
Napa Valley Joint Community College District	.0253	.0167	.0245	.0250	.0266
Napa Valley Unified School District	.0733	.0612	.0728	.0654	.0720
Total	1.0986%	1.0779%	1.0973%	1.0904%	1.0986%
TRA 2-000 – 2013-14 Assessed Valuation: $1,851,030,107(3)					
General	1.0000%	1.0000%	1.0000%	1.0000%	1.0000%
Napa Valley Joint Community College District	.0253	.0167	.0245	.0250	.0266
Napa Valley Unified School District	.0733	.0612	.0728	.0654	.0720
City of Napa	.0150	.0150	.0150	.0150	.0150
Total	1.1136%	1.0929%	1.1123%	1.1054%	1.1136%

(1) The 2013-14 total assessed valuation of TRA 85-001 is $4,583,637,869, which is 15.4% of the District's total assessed valuation.
(2) The 2013-14 assessed valuation of TRA 72-048 is $2,390,299,911, which is 8.0% of the District's total assessed valuation.
(3) The 2013-14 assessed valuation of TRA 2-000 is $1,851,030,107, which is 6.2% of the District's total assessed valuation.
Source: California Municipal Statistics, Inc.

Largest Property Owners

The following table lists the 20 largest local secured taxpayers in the District in terms of their fiscal year 2013-14 secured assessed valuations.

LARGEST LOCAL SECURED TAXPAYERS
Fiscal Year 2013-14
Napa Valley Community College District

	Property Owner	Primary Land Use	2013-14 Assessed Valuation	% of Total [1]
1.	Realty Income Properties 2 LLC	Winery/Vineyards	$346,813,064	1.22%
2.	Kaiser Foundation Hospitals	Industrial – Data Center	213,242,187	0.75
3.	Treasury Wine Estates Americas Company	Winery/Vineyards	199,561,606	0.70
4.	Sutter Home Winery Inc.	Winery/Vineyards	163,792,704	0.58
5.	Kenneth E. and Gail Laird	Winery/Vineyards	113,367,920	0.40
6.	Robert Mondavi Properties Inc.	Winery/Vineyards	107,502,237	0.38
7.	Joseph P. and Nancy J. Schoendorf	Residence	103,944,851	0.37
8.	Dey Laboratories LP	Industrial	87,745,237	0.31
9.	Meritage Resort LLC	Hotel	87,293,487	0.31
10.	Peter A. and Vernice H. Gasser Foundation	Commercial	80,567,738	0.28
11.	Duckhorn Wine Co.	Winery/Vineyards	78,923,331	0.28
12.	Jackson Family Investments LLC	Winery/Vineyards	78,785,793	0.28
13.	Inland American Lodging Napa Solano LLC	Hotel	77,913,690	0.27
14.	Cakebread Properties	Winery/Vineyards	75,104,103	0.26
15.	Beckstoffer Vineyards	Winery/Vineyards	75,032,742	0.26
16.	Hawthorne Village LP	Apartments	64,117,359	0.23
17.	Calistoga Ranch Club	Hotel	53,158,659	0.19
18.	Domaine Chandon Inc.	Winery/Vineyards	52,656,327	0.19
19.	Kodo Inc.	Winery/Vineyards	52,425,014	0.18
20.	Cordorniu Napa Inc.	Winery/Vineyards	50,762,755	0.18
			$2,162,710,804	7.61%

[1] 2013-14 Total District Secured Assessed Valuation: $28,422,989,336.
Source: California Municipal Statistics, Inc.

Statement of Direct and Overlapping Debt

Set forth on the following page is a direct and overlapping debt report (the "Debt Report"), dated as of April 28, 2014, prepared by California Municipal Statistics, Inc. for debt issued as of May 1, 2014. The Debt Report is included for general information purposes only. The District has not reviewed the Debt Report for completeness or accuracy and makes no representation in connection therewith.

The Debt Report generally includes long-term obligations sold in the public credit markets by public agencies whose boundaries overlap the boundaries of the District in whole or in part. Such long-term obligations generally are not payable from revenues of the District (except as indicated) nor are they necessarily obligations secured by land within the District. In many cases, long-term obligations issued by a public agency are payable only from the general fund or other revenues of such public agency.

The table shows the percentage of each overlapping entity's assessed value located within the boundaries of the District. The table also shows the corresponding portion of the overlapping entity's existing debt payable from property taxes levied within the District. The total amount of debt for each overlapping entity is not given in the table.

The first column in the table names each public agency which has outstanding debt as of the date of the report and whose territory overlaps the District in whole or in part. The second column shows the percentage of each overlapping agency's assessed value located within the boundaries of the District. This percentage, multiplied by the total outstanding debt of each overlapping agency (which is not shown in the table) produces the amount shown in the third column, which is the apportionment of each overlapping agency's outstanding debt to taxable property in the District.

STATEMENT OF DIRECT AND OVERLAPPING BONDED DEBT
Napa Valley Community College District

2013-14 Assessed Valuation: $29,732,841,897

DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:	% Applicable	Debt 5/1/14
Napa Joint Community College District	**100.000%**	**$103,443,005**[1]
Calistoga Joint Unified School District	99.962	17,413,696
Napa Valley Unified School District	100.000	267,165,000
St. Helena Unified School District	100.000	64,606,232
Fairfield-Suisun Joint Unified School District	0.843	660,617
Howell Mountain School District	100.000	2,377,492
City of St. Helena	100.000	505,000
City and County 1915 Act Bonds	100.000	32,570,528
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		$488,741,570
OVERLAPPING GENERAL FUND DEBT:		
Napa County Certificates of Participation	100.000%	$38,215,000
Napa County Board of Education Certificates of Participation	100.000	3,060,000
Sonoma County General Fund Obligations	0.393	112,652
Sonoma County Pension Obligations	0.393	1,804,518
Sonoma County Office of Education Certificates of Participation	0.393	6,936
Calistoga Joint Unified School District Certificates of Participation	99.962	759,711
Fairfield-Suisun Unified School District Certificates of Participation	0.843	12,871
City of American Canyon General Fund Obligations	100.000	1,905,000
City of Calistoga Certificates of Participation	100.000	4,188,353
Town of Yountville General Fund Obligations	100.000	14,125,000
TOTAL OVERLAPPING GENERAL FUND DEBT		$64,190,041
OVERLAPPING TAX INCREMENT DEBT:		$13,575,000
COMBINED TOTAL DEBT		$566,506,611[2]

Ratios to 2013-14 Assessed Valuation:
Direct Debt ($103,443,005) 0.35%
Total Direct and Overlapping Tax and Assessment Debt............1.64%
Combined Total Debt..1.91%

Ratios to Redevelopment Incremental Valuation ($641,290,927):
Total Overlapping Tax Increment Debt......................................2.12%

(1) Excludes the Bonds.
(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.
Source: California Municipal Statistics, Inc.

CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS

With respect to the Series A Bonds from and after the Crossover Date only, and at all times that the Series B Bonds are outstanding, the principal of and interest on such Bonds are payable solely from the proceeds of an ad valorem *property tax levied by the Counties for the payment thereof. See "THE BONDS – Security and Sources of Payment" herein. Articles XIIIA, XIIIB, XIIIC and XIIID of the Constitution, Propositions 98 and 111, and certain other provisions of law discussed below, are included in this section to describe the potential effect of these Constitutional and statutory measures on the ability of the Counties 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 District to levy taxes for payment of the Bonds.*

Article XIIIA of the California Constitution

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

Article XIIIA has been amended to allow for temporary reductions of assessed value in instances where the fair market value of real property falls below the adjusted base year value described above. Proposition 8—approved by 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 adjusted base year value. Reductions in assessed value could result in a corresponding increase in the annual tax rate levied by the Counties to pay debt service on the Bonds. See "THE BONDS – Security and Sources of Payment" and "TAX BASE FOR REPAYMENT OF BONDS – Assessed Valuations" herein.

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

Legislation Implementing Article XIIIA

Legislation has been enacted and amended a number of times since 1978 to implement Article XIIIA. Under current law, local agencies are no longer permitted to levy directly any property tax (except to pay voter-approved indebtedness). The 1% property tax is automatically levied by the 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 XIIIA.

Unitary Property

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

The California electric utility industry has been undergoing significant changes in its structure and in the way in which components of the industry are regulated and owned. Sale of electric generation assets to largely unregulated, nonutility companies may affect how those assets are assessed, and which local agencies are to receive the property taxes. The District is unable to predict the impact of these changes on its utility property tax revenues, or whether legislation may be proposed or adopted in response to industry restructuring, or whether any future litigation may affect ownership of utility assets or the State's methods of assessing utility property and the allocation of assessed value to local taxing agencies, including the District. So long as the District is not a basic aid district, taxes lost through any reduction in assessed valuation will be compensated by the State as equalization aid under the State's education financing formula. See "FUNDING OF COMMUNITY COLLEGE DISTRICTS IN CALIFORNIA – Major Revenues" and "NAPA VALLEY COMMUNITY COLLEGE DISTRICT" herein.

Article XIIIB of the California Constitution

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

(a) "change in the cost of living" with respect to school districts and community college districts to mean the percentage change in California per capita income from the preceding year, and

(b) "change in population" with respect to school districts and community college districts to mean the percentage change in the average daily attendance of the school district or community college district from the preceding fiscal year.

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

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

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

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

Article XIIIB also includes a requirement that fifty percent of all revenues received by the State in a fiscal year and in the fiscal year immediately following it in excess of the amount permitted to be appropriated during that fiscal year and the fiscal year immediately following it shall be transferred and allocated to the State School Fund pursuant to Section 8.5 of Article XVI of the State Constitution. See "—Propositions 98 and 111" below.

Article XIIIC and Article XIIID 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 XIIIC and XIIID (respectively, "Article XIIIC" and "Article XIIID"), which contain a number of provisions affecting the ability of local agencies, including community college districts, to levy and collect both existing and future taxes, assessments, fees and charges.

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

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

Proposition 26

On November 2, 2010, voters in the State approved Proposition 26. Proposition 26 amends Article XIIIC of the State Constitution to expand the definition of "tax" to include "any levy, charge, or exaction of any kind imposed by a local government" except the following: (1) a charge imposed for a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of conferring the benefit or granting the privilege; (2) a charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of providing the service or product; (3) a charge imposed for the reasonable regulatory costs to a local government for issuing licenses and permits, performing investigations, inspections, and audits, enforcing agricultural marketing orders, and the administrative enforcement and adjudication thereof; (4) a charge imposed for entrance to or use of local government property, or the purchase, rental, or lease of local government property; (5) a fine, penalty, or other monetary charge imposed by the judicial branch of government or a local government, as a result of a violation of law; (6) a charge imposed as a condition of property development; and (7) assessments and property-related fees imposed in accordance with the provisions of Article XIIID. Proposition 26 provides that the local government bears the burden of proving by a preponderance of the evidence that a levy, charge, or other exaction is not a tax, that the amount is no more than necessary to cover the reasonable costs of the governmental activity, and that the manner in which those costs are allocated to a payor bear a fair or reasonable relationship to the payor's burdens on, or benefits received from, the governmental activity.

Propositions 98 and 111

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

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

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

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

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

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

b. Treatment of Excess Tax Revenues. "Excess" tax revenues with respect to Article XIIIB are now determined based on a two-year cycle, so that the State can avoid having to return to taxpayers excess tax revenues in one year if its appropriations in the next fiscal year are under its limit. In addition, the Proposition 98 provision regarding excess tax revenues was modified. After any two-year period, if there are excess State tax revenues, 50% of the excess are to be transferred to K-14 school districts with the balance returned to taxpayers; under prior law, 100% of excess State tax revenues went to K-14 school districts, but only up to a maximum of 4% of the schools' minimum funding level. Also, reversing prior law, any excess State tax revenues transferred to K-14 school districts are not built into such 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 XIIIB spending limit. First, there are excluded all appropriations for "qualified capital outlay projects" as defined by the Legislature. Second, there are excluded any increases in gasoline taxes above the 1990 level (then nine cents per gallon), sales and use taxes on such increment in gasoline taxes, and increases in receipts from vehicle weight fees above the levels in effect on January 1, 1990. These latter provisions were necessary to make effective the transportation funding package approved by the Legislature and the Governor of the State of California (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 XIIIB appropriations limit for each unit of government, including the State, is to be recalculated beginning in fiscal year 1990-91. It is based on the actual limit for fiscal year 1986-87, adjusted forward to 1990-91 as if Proposition 111 had been in effect.

e. School Funding Guarantee. There is a complex adjustment in the formula enacted in Proposition 98 which guarantees K-14 school districts a certain amount of State general fund revenues. Under prior law, K-14 school districts were guaranteed the greater of (1) 40.9% of State general fund revenues (the "first test") or (2) the amount appropriated in the prior year adjusted for changes in the cost of living (measured as in Article XIIIB by reference to per capita personal income) and enrollment (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" 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 fifty-five percent (rather than two-thirds) of the voters in local elections and permits property taxes to exceed the current one percent limit in order to repay the bonds and (2) changes existing statutory law regarding charter school facilities. As adopted, the constitutional amendments may be changed only with another Statewide vote of the people. The statutory provisions could be changed by a majority vote of both houses of the Legislature and approval by the Governor, but only to further the purposes of the proposition. The local school jurisdictions affected by this proposition are K-12 school districts, community college districts, and county offices of education. As noted above, the California Constitution previously limited property taxes to one percent of the value of property, and property taxes could only exceed this limit to pay for (1) any local government debts approved by the voters prior to July 1, 1978 or (2) bonds to buy or improve real property that receive two-thirds voter approval after July 1, 1978.

The fifty-five percent 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 facilities bonds to be approved by fifty-five percent of the voters. These provisions require that the tax rate levied as the result of any single election be no more than $60 (for a unified school district), $30 (for an elementary or high school district), or $25 (for a community college district), per $100,000 of taxable property value, when assessed valuation is projected to increase in accordance with Article XIIIA of the Constitution. These requirements are not part of Proposition 39 and can be changed with a majority vote of both houses of the Legislature and approval by the Governor.

Proposition 1A and Proposition 22

On November 2, 2004, California voters approved Proposition 1A, which amends the State constitution to significantly reduce the State's authority over major local government revenue sources. Under Proposition 1A, the State cannot (i) reduce local sales tax rates or alter the method of allocating the revenue generated by such taxes, (ii) shift property taxes from local governments to schools or community colleges, (iii) change how property tax revenues are shared among local governments without two-thirds 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, will be an increase in the State's general fund costs by approximately $1 billion annually for several decades. See "FUNDING OF COMMUNITY COLLEGE DISTRICTS IN CALIFORNIA - Dissolution of Redevelopment Agencies."

Proposition 30

On November 6, 2012, voters of the State approved the Temporary Taxes to Fund Education, Guaranteed Local Public Safety Funding, Initiative Constitutional Amendment (also known as "Proposition 30"), which temporarily increases the State Sales and Use Tax and personal income tax rates on higher incomes. Proposition 30 temporarily imposes an additional tax on all retailers, at the rate of 0.25% of gross receipts from the sale of all tangible personal property sold in the State from January 1, 2013 to December 31, 2016. Proposition 30 also imposes an additional excise tax on the storage, use, or other consumption in the State of tangible personal property purchased from a retailer on and after January 1, 2013 and before January 1, 2017, for storage, use, or other consumption in the State. This excise tax will be levied at a rate of 0.25% of the sales price of the property so purchased. Beginning in the taxable year commencing January 1, 2012 and through the taxable year ending December 31, 2018, Proposition 30 increases the marginal personal income tax rate by: (i) 1% for taxable income over $250,000 but less than $300,000 for single filers (over $340,000 but less than $408,000 for joint filers), (ii) 2% for taxable income over $300,000 but less than $500,000 for single filers (over $408,000 but less than $680,000 for joint filers), and (iii) 3% for taxable income over $500,000 for single filers (over $680,000 for joint filers).

The revenues generated from the temporary tax increases will be included in the calculation of the Proposition 98 minimum funding guarantee for school districts and community college districts. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Propositions 98 and 111" herein. From an accounting perspective, the revenues generated from the temporary tax increases will be 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 average daily attendance ("ADA") and no community college district will receive less than $100 per full time equivalent student. The governing board of each school district and community college district is granted sole authority to determine how the moneys received from the EPA are spent, provided that, the appropriate governing board is required to make these spending determinations in open session at a public meeting and such local governing boards are prohibited from using any funds from the EPA for salaries or benefits of administrators or any other administrative costs.

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 "State Controller")). 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 State 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 State 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.

Future Initiatives

Article XIIIA, Article XIIIB, Article XIIIC and Article XIIID of the California Constitution and Propositions 98, 39, 22, 26 and 30 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.

FUNDING OF COMMUNITY COLLEGE DISTRICTS IN CALIFORNIA

The information in this section concerning State funding of community colleges is provided as supplementary information only, and it should not be inferred from the inclusion of this information in this Official Statement that the principal of or interest on the Bonds is payable from State revenues. Prior to the Crossover Date, the Series A Bonds will be secured by and payable solely from monies on deposit in the Escrow Fund. With respect to the Series A Bonds from and after the Crossover Date only, and at all times that the Series B Bonds are outstanding, the Bonds are payable from the proceeds of an ad valorem *property tax required to be levied by the Counties in an amount sufficient for the payment thereof.*

Major Revenues

California community college districts (other than Basic Aid Districts, as described below) receive, on average, approximately 52 percent of their funds from the State, 44 percent from local sources, and 4 percent from federal sources. State funds include general apportionment, categorical funds, capital construction, the lottery (which is less than 3 percent), and other minor sources. Local funds include property taxes, student fees, and miscellaneous sources.

A bill passed the State's legislature ("SB 361"), and signed by the Governor on September 29, 2006, established the present system of funding for community college districts. This system includes allocation of state general apportionment revenues to community college districts based on criteria developed by the Board of Governors of the California Community Colleges (the "Board of Governors") in accordance with prescribed statewide minimum requirements. In establishing these minimum requirements, the Board of Governors was required to acknowledge community college districts' need to receive an annual allocation based on the number of colleges and comprehensive centers in each respective district, plus funding received based on the number of credit and noncredit full time equivalent students ("FTES") in each district.

SB 361 also specifies that, commencing with the 2006-07 fiscal year the minimum funding per FTES will be: (a) not less than $4,367 per credit FTES (subject to cost of living adjustments funded through the budget act in subsequent fiscal years); (b) at a uniform rate of $2,626 per noncredit FTES (adjusted for the change in cost of living provided in the budget act in subsequent fiscal years); and (c) set at $3,092 per FTES (adjusted for the change in cost of living provided in the budget act in subsequent fiscal years) for a new instructional category of "career development and college preparation" ("CDCP") enhanced non-credit rate. Pursuant to SB 361, the Chancellor of the California Community Colleges (the "Chancellor") developed criteria for one-time grants for districts that would have received more funding under the prior system or a proposed rural college access grant, than under the new system.

Local revenues are first used to satisfy District expenditures. The major local revenue source is local property taxes that are collected from within District boundaries. Student enrollment fees from the local community college district generally account for the remainder of local revenues for the District. Property taxes and student enrollment fees are applied towards fulfilling the District's financial need. Once these sources are exhausted, State funds are used. State aid is subject to the appropriation of funds in the State's annual budget. Decreases in State revenues may affect appropriations made by the legislature to the District. The sum of the property taxes, student enrollment fees, and State aid generally comprise the District's revenue limit.

"Basic Aid" community college districts are those districts whose local property tax and student enrollment fee collections exceed the revenue allocation determined by the program-based model. Basic Aid districts do not receive any funds from the State. The current law in California allows these districts to keep the excess funds without penalty. The implication for Basic Aid districts is that the legislatively determined annual cost of living adjustment and other politically determined factors are less significant in determining such districts' primary funding sources. Rather, property tax growth and the local economy become the determinant factors. The District is not a Basic Aid district.

A small part of a community college district's budget is from local sources other than property taxes and student enrollment fees, such as interest income, donations and sales of property. Every community college district receives the same amount of lottery funds per pupil from the State, however, these are not categorical funds as they are not for particular programs or students. The initiative authorizing the lottery does require the funds to be used for instructional purposes, and prohibits their use for capital purposes.

Tax Shifts and Triple Flip

Assembly Bill No. 1755 ("AB 1755"), introduced February 10, 2003 and substantially amended June 23, 2003, requires the shifting of property taxes between redevelopment agencies and schools, including community college districts. On July 29, 2003, the Assembly amended Senate Bill

No. 1045 to incorporate all of the provisions of AB 1755, except that the Assembly reduced the amount of the required Education Revenue Augmentation Fund ("ERAF") shift to $135 million. Legislation commonly referred to as the "Triple Flip" was approved by the voters on March 2, 2004, as part of a bond initiative formally known as the "California Economic Recovery Act." This act authorized the issuance of $15 billion in bonds to finance the 2002-03 and 2003-04 State budget deficits, which are payable from a fund established by the redirection of tax revenues through the "Triple Flip." Under the "Triple Flip," one-quarter of local governments' one percent share of the sales tax imposed on taxable transactions within their jurisdiction is redirected to the State. In an effort to eliminate the adverse impact of the sales tax revenue redirection on local government, the legislation redirects property taxes in the ERAF to local government. Because the ERAF monies were previously earmarked for schools, the legislation provides for schools to receive other State general fund revenues.

Budget Procedure

On or before August 15, the Board of Trustees of the District is required under Section 58305 of the California Code of Regulations, Title V, to adopt a balanced budget. Each September, every State agency, including the Chancellor's Office of the California Community Colleges, submits to the Department of Finance ("DOF") proposals for changes in the State budget. These proposals are submitted in the form of Budget Change Proposals ("BCPs"), involving analyses of needs, proposed solutions and expected outcomes. Thereafter, the DOF makes recommendations to the governor, and by June 10 a proposed State budget is presented by the governor to the legislature. The Governor's Budget is then analyzed and discussed in committees and hearings begin in the State Assembly and Senate. In May, based on the debate, analysis and changes in the economic forecasts, the governor issues a revised budget with changes he or she can support. The law requires the legislature to submit its approved budget by June 15, and by June 30 the governor should announce his or her line item reductions and sign the State budget. In response to growing concern for accountability and with enabling legislation (AB 2910, Chapter 1486, Statutes of 1986), the statewide governing board of the California community colleges (the "Board of Governors") and the Chancellor's Office have established expectations for sound district fiscal management and a process for monitoring and evaluating the financial condition to ensure the financial health of California's community college districts. In accordance with statutory and regulatory provisions, the Chancellor has been given the responsibility to identify districts at risk and, when necessary, the authority to intervene to bring about improvement in their financial condition. To stabilize a district's financial condition, the Chancellor may, as a last resort, seek an appropriation for an emergency apportionment.

The monitoring and evaluation process is designed to provide early detection and amelioration that will stabilize the financial condition of a district before an emergency apportionment is necessary. This is accomplished by (1) assessing the financial condition of districts through the use of various information sources and (2) taking appropriate and timely follow-up action to bring about improvement in a district's financial condition, as needed. A variety of instruments and sources of information are used to provide a composite of each district's financial condition, including quarterly financial status reports, annual financial and budget reports, attendance reports, annual district audit reports, district input and other financial records. In assessing each district's financial condition, the Chancellor will pay special attention to each district's general fund balance, spending pattern, and full-time equivalent student patterns. Those districts with greater financial difficulty will receive follow-up visits from the Chancellor's Office where financial solutions to the district's problems will be addressed and implemented.

See "NAPA VALLEY COMMUNITY COLLEGE DISTRICT – General Fund Budgeting" herein for more information regarding the District's recent budgets.

Minimum Funding Guarantees for California Community College Districts Under Propositions 98 and 111

General. In 1988, California voters approved Proposition 98, an initiative that amended Article XVI of the State Constitution and provided specific procedures to determine a minimum guarantee for annual K-14 funding. The constitutional provision links the K-14 funding formulas to growth factors that are also used to compute the State appropriations limit. Proposition 111 (Senate Constitutional Amendment 1), adopted in May 1990, among other things, changed some earlier school funding provisions of Proposition 98 relating to the treatment of revenues in excess of the State spending limit and added a third funding "test" to calculate the annual funding guarantee. This third calculation is operative in years in which State general fund tax revenue growth is weak. The amendment also specified that under Test 2 (see below), the annual cost of living adjustment ("COLA") for the minimum guarantee for annual K-14 funding would be the change in California's per-capita personal income, which is the same COLA used to make annual adjustments to the State appropriations limit (Article XIII B).

Calculating Minimum Funding Guarantee. There are currently three tests which determine the minimum level of K-14 funding. Under implementing legislation for Proposition 98 (AB 198 and SB 98 of 1989), each segment of public education (K-12 districts, community college districts, and direct elementary and secondary level instructional services provided by the State) has separately calculated amounts under the Proposition 98 tests. The base year for the separate calculations is 1989-90. Each year, each segment is entitled to the greater of the amounts separately computed for each under Test 1 or 2. Should the calculated amount under Proposition 98 guarantee (K-14 education aggregated) be less than the sum of the separate calculations, then the Proposition 98 guarantee amount shall be prorated to the three segments in proportion to the amount calculated for each. This statutory split has been suspended in every year beginning with 1992-93. In those years, community colleges received less than was required from the statutory split.

Test 1 guarantees that K-14 education will receive at least the same funding share of the State general fund budget it received in 1986-87. Initially, that share was just over 40 percent. Because of the major shifts of property tax from local government to community colleges and K-12 which began in 1992-93 and increased in 1993-94, the percentage dropped to 33.0%.

Test 2 provides that K-14 education will receive as a minimum, its prior-year total funding (including State general fund and local revenues) adjusted for enrollment growth and per-capita personal income COLA.

A third formula, established pursuant to Proposition 111 as "Test 3," provides an alternative calculation of the funding base in years in which State per-capita general fund revenues grow more slowly than per-capita personal income. When this condition exists, K-14 minimum funding is determined based on the prior-year funding level, adjusted for changes in enrollment and COLA where the COLA is measured by the annual increase in State per-capita general fund revenues, instead of the higher per-capita personal income factor. The total allocation, however, is increased by an amount equal to one-half of one percent of the prior-year funding level as a funding supplement.

In order to make up for the lower funding level under Test 3, in subsequent years K-14 education receives a maintenance allowance equal to the difference between what should have been provided if the revenue conditions had not been weak and what was actually received under the Test 3 formula. This maintenance allowance is paid in subsequent years when the growth in per-capita State tax revenue outpaces the growth in per-capita personal income.

The enabling legislation to Proposition 111, Chapter 60, Statutes of 1990 (SB 98, Garamendi), further provides that K-14 education shall receive a supplemental appropriation in a Test 3 year if the annual growth rate in non-Proposition 98 per-capita appropriations exceeds the annual growth rate in per-pupil total spending.

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-thirds 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 will be approximately $1 billion in fiscal year 2010-11, with an estimated immediate fiscal effect equal to approximately 1% of the State's total general fund spending. The longer-term effect of Proposition 22, according to the LAO analysis, will be an increase in the State's general fund costs by approximately $1 billion annually for several decades.

Dissolution of Redevelopment Agencies

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

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

Among the various types of enforceable obligations, the first priority for payment is tax allocation bonds issued by the former redevelopment agency; second is revenue bonds, which may have been issued by the host city, but only where the tax increment revenues were pledged for repayment and only where other pledged revenues are insufficient to make scheduled debt service payments; third is administrative costs of the Successor Agency, equal to at least $250,000 in any year, unless the oversight board reduces such amount for any fiscal year or a lesser amount is agreed to by the Successor Agency; then, fourth tax revenues in the Trust Fund in excess of such amounts, if any, will be allocated as residual distributions to local taxing entities in the same proportions as other tax revenues. Moreover, all unencumbered cash and other assets of former redevelopment agencies will also be allocated to local taxing entities in the same proportions as tax revenues. Notwithstanding the foregoing portion of this paragraph, the order of payment is subject to modification in the event a Successor Agency timely reports to the State Controller and the Department of Finance that application of the foregoing will leave the Successor Agency with amounts insufficient to make scheduled payments on enforceable obligations. If the county auditor-controller verifies that the Successor Agency will have insufficient amounts to make scheduled payments on enforceable obligations, it shall report its findings to the State Controller. If the State Controller agrees there are insufficient funds to pay scheduled payments on enforceable obligations, the amount of such deficiency shall be deducted from the amount remaining to be distributed to taxing agencies, as described as the fourth distribution above, then from amounts available to the Successor Agency to defray administrative costs. In addition, if a taxing agency entered into an agreement pursuant to Health and Safety Code Section 33401 for payments from a redevelopment agency under which the payments were to be subordinated to certain obligations of the redevelopment agency, such subordination provisions shall continue to be given effect.

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

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

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

The District can make no representations as to the extent to which its revenue limit apportionments may be offset by the future receipt of pass-through tax increment revenues, or any other surplus property tax revenues pursuant to the Dissolution Act.

State Assistance

California community college districts' principal funding formulas and revenue sources are derived from the budget of the State of California. The following information concerning the State of California's budgets has been obtained from publicly available information which the District believes to be reliable; however, neither the District nor the Underwriter guaranty 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 Counties in an amount sufficient for the payment thereof.*

2013-14 Budget. On June 27, 2013, the Governor signed into law the State budget for fiscal year 2013-14 (the "2013-14 Budget"). In July 2013, the Legislative Analyst's Office (the "LAO") released a preliminary version of a report entitled "California Spending Plan" which outlined key provisions of the 2013-14 Budget. The LAO released the final version of the California Spending Plan in November of 2013, updated to reflect various budget-related bills signed by the Governor between July and October of 2013. The following information is drawn from the final version of the California Spending Plan.

The 2013-14 Budget generally adopted the revenue projections previously included in the Governor's May revision to the proposed budget. However, the 2013-14 Budget also adopted certain LAO estimates regarding tax increment revenue collections and baseline property tax revenues. The 2013-14 Budget projected total general fund revenues for fiscal year 2012-13 of $98.2 billion, and general fund expenditures of $95.7 billion. The 2013-14 Budget projected that the State would end the 2012-13 fiscal year with a $254 million general fund surplus. For fiscal year 2013-14, general fund revenues were projected at $97.1 billion and expenditures at $96.3, leaving the State with a projected general fund surplus for fiscal year 2013-14 of approximately $1.1 billion. As adopted, the 2013-14 Budget did not reflect the adoption of Senate Bill 105 in September of 2013, which appropriated $315 million of general fund support to the State Department of Corrections and Rehabilitation. After accounting for this legislation, the LAO estimated the projected general fund surplus for fiscal year 2013-14 to be approximately $700 million.

For fiscal year 2012-13, the Proposition 98 minimum funding guarantee was set at $56.5 billion, including $40.5 billion of support from the State general fund. This funding level was approximately $2.9 billion higher than that set by the adopted budget for fiscal year 2012-13. The increase was due largely to an increase in State general fund revenues that count towards the minimum funding guarantee, as well as a growth in baseline property tax revenues. Although the minimum funding guarantee was higher, fiscal year 2012-13 local property tax collections were $734 million lower than projected by the prior State budget. This difference largely resulted from of lower-than projected tax increment revenue collections. As a result, the State general fund cost to support the fiscal year 2012-13 minimum funding guarantee increased by approximately $3.7 billion.

For fiscal year 2013-14, the Proposition 98 minimum funding guarantee was set at $55.3 billion, including $39.1 billion of support from the State general fund. This funding level reflected a total decline of $1.2 billion from the prior year, and resulted largely from certain provisions of Proposition 98 that excluded a portion of the prior-year appropriation from the calculation of the minimum funding guarantee for fiscal year 2013-14. These provisions were designed to prevent funding appropriations from permanently increasing the minimum funding guarantee in future years, and were implemented when, as in fiscal year 2012-13, the minimum funding guarantee increased at a much faster rate than per capita personal income. The 2013-14 Budget also projected that property tax collections will be approximately $215 million higher than the prior year, such that the State general fund cost to support the fiscal year 2013-14 minimum funding guarantee would be reduced. The budget package authorized a general fund backfill for school districts and community college districts if redevelopment agency property tax revenues came in lower than anticipated.

The 2013-14 Budget provided $6 billion of Proposition 98 funding for community college districts, including $3.7 billion from the general fund, with ongoing funding per FTES increasing from $5,524 in fiscal year 2012-13 to $5,792 in fiscal year 2013-14. Significant features related to funding of community colleges included:

- *Base Funding.* $89.4 million to fund enrollment growth, and $87.5 million to fund a cost-of-living adjustment to general purposes apportionment funding.
- *Deferral Reduction.* Since 2002, the State has engaged in the practice of deferring certain apportionments to school districts in order to manage the State's cash flow. This practice has included deferring certain apportionments from one fiscal year to the next. The 2013-14 Budget includes $178.6 million of Proposition 98 funding to reduce fiscal year 2012-13 apportionment deferrals, and $30 million to reduce fiscal year 2013-14 deferrals. This will reduce outstanding community college deferrals to $592 million by the end of the 2013-14 fiscal year.
- *Proposition 39 Implementation* – Proposition 39 (approved at the November 2012 general election) increases state corporate tax revenues and requires that, for a five year period beginning in fiscal year 2013-14, a portion of these revenues be applied to energy efficiency and alternative energy projects. The 2013-14 Budget allocates the entire increase associated with these supplemental corporate tax revenues to the calculation of the minimum funding guarantee, and appropriates a total of $467 million for Proposition 39-related programs and support. This includes $47 million for a new energy project grant program for community

college districts. The Chancellor is provided discretion on how to allocate this funding. Community college districts must prioritize projects according to certain criteria, such as the age of facilities to be improved, and must receive approval from the California Energy Commission ("CEC") for projects prior to expending funds. The 2013-14 Budget also provides $28 million to the CEC to provide low and no-interest loans to school districts, charter schools, community college districts, and county offices of education for eligible energy projects and technical assistance.

- *Career Technical Education Pathways Grant Program* – $250 million in one-time Proposition 98 funding to create the California Career Pathways Trust, the primary purpose of which will be to improve linkages between career technical (vocational) programs and schools and community colleges, as well as between K-14 education and local businesses. The program authorizes several types of activities, such as creating new technical programs and curriculum. The program is open to school districts, county offices of education, charter schools and community college districts. Funds will be allocated through a competitive grant process, and the State Superintendent of Instruction, in consultation with the Community College Chancellor's Office and interested business organizations, is charged with reviewing grant applications. Grant funds will be available for expenditure in fiscal years 2013-14 through 2015-16. By December 1, 2014, grant recipients must report to the State Legislature and the Governor of program outcomes.
- *Adult Education.* $25 million of Proposition 98 funding for a new Adult Education Consortium Program. School districts and community college districts that form regional consortia are eligible to apply for funds. While the funds are allocated to the State budget for community college districts, the 2013-14 Budget charges both the State Department of Education and the Chancellor's Office with awarding grants to consortium applicants. The grants, which may be spent over two years, are to be used by consortium members to develop joint plans for serving adult learners in their area. The 2013-14 Budget also shifts the school district-run apprenticeship program (a type of adult education relating to job training) to community college districts.
- *Online Courses.* $16.9 million of Proposition 98 funding to fund a new community college technology initiative designed to increase student access to high-quality online courses and provide alternative means for students to earn college credits. The majority of the funding is intended to support the acquisition of a common learning management system for the community college system. Other projects include the creation of an online course inventory that would be offered by a consortium of community colleges to students Statewide, a single online portal for course selection and access, centralized and round-the-clock technical and tutorial support for online students, additional professional development for faculty teaching online courses, and the development of standardized tests to allow students to obtain academic credit for learning outside of the traditional classroom setting.
- *Categorical Programs*. $118 million of base augmentations to various categorical programs, including (i) $50 million for Student Success and Support program to fund services such as academic counseling and orientation (with an allowance to use up to $14 million to augment technology programs for electronic transcripts, electronic planning tools and a common assessment system), (ii) $15 million for Extended Opportunities Programs and Services to provide academic and financial support services for underprepared or financially needy students, (iii) $15 million for the Disable Students Program and Services, (iv) $8 million for various services provided to colleges students through the CalWORKs program, (v) $30 million in one-time funding to the Physical Plant and Instructional Support Program, to fund facility maintenance projects and instructional equipment purchases, and (vi) $150,000 to

support a joint community college-California State University common course numbering initiative.

For additional information regarding the State's budgets and revenue projections and a more detailed description of the 2013-14 Budget, see the State Department of Finance website at www.dof.ca.gov and the LAO's website at www.lao.ca.gov. However, the information presented on such websites is not incorporated herein by reference.

Fiscal Outlook Report. In November 2013, the LAO released a summary of its revised projections for State general fund tax revenues and related spending (the "Fiscal Outlook Report"). The following information is drawn from the Fiscal Outlook Report.

The Fiscal Outlook Report provided the LAO's projections of the State's general fund revenues and expenditures for fiscal years 2013-14 through 2019-20 under current law. The LAO's projections primarily reflected current-law spending requirements and tax provisions, while relying on the LAO's independent assessment of the outlook for the State's economy, demographics, revenues, and expenditures.

The LAO projects that the State will have a \$5.6 billion general fund reserve at the end of fiscal year 2014-15. This projected reserve is the sum of (i) a \$234 million ending reserve for fiscal year 2012-13, (ii) a \$2.2 billion projected operating surplus in fiscal year 2013-14 and (iii) a \$3.2 billion projected operating surplus in fiscal year 2014-15.

The LAO currently projects that general fund revenue for fiscal year 2012-13 will be \$99.8 billion (approximately \$1.65 billion higher than projected in the State's 2013-14 Budget). This increase is principally due to higher than expected personal income tax collections. As a result the LAO currently projects that the Proportion 98 minimum funding guarantee for fiscal year 2012-13 will be \$58.2 billion (approximately \$1.74 billion more than was projected in the 2012-13 Budget), including \$42.2 billion of support from the State's general fund (approximately \$1.75 billion more than was assumed in the 2013-14 Budget). The higher State revenues result in more than a dollar-for-dollar increase in the Proposition 98 minimum funding guarantee due to the State's decision to make maintenance factor payments under Test 1 of Proposition 98. The State will be making a \$5.4 billion maintenance factor payment in fiscal year 2012-13, which will leave approximately \$5.6 billion in outstanding maintenance factor). See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Proposition 98 and 111" herein.

For fiscal year 2013-14, the LAO currently projects an operating surplus of approximately \$1.1 billion higher than was assumed in the 2013-14 Budget. This projection is based primarily on \$4.7 billion in higher revenues, largely due to (i) approximately \$5.2 billion in higher-than-assumed personal income tax collections, (ii) approximately \$3.1 billion in higher-than-assumed general fund Proposition 98 spending, and (iii) \$300 million in higher-than-assumed non-Proposition 98 general fund spending. The LAO currently projects that Proposition 98 minimum funding guarantee for fiscal year 2013-14 will be \$57.96 billion (approximately \$2.67 billion more than was projected in the 2013-14 Budget), including \$42.1 billion of support from the State's general fund (approximately \$3.07 billion more than was assumed in the 2013-14 Budget). This projected increase in the general fund Proposition 98 funding is due in part to the LAO's forecast that local property taxes will be \$393 million lower than assumed in 2013-14 Budget. In fiscal year 2013-14, the LAO estimates that a \$941 million maintenance factor will be created (increasing the State's outstanding maintenance factor to approximately \$6.8 billion).

For fiscal year 2014-15, the LAO projects an operating surplus of approximately \$3.2 billion. This projection is based primarily on the LAO's assumption that: (i) general fund revenues will increase to \$107.62 billion (\$5.8 billion more than projected 2013-14 general fund revenues of \$101.85 billion),

(ii) approximately $3.3 billion in higher general fund Proposition 98 minimum funding spending over the projected fiscal year 2013-14 levels and (iii) $1.5 billion in higher non-Proposition 98 general fund spending over projected fiscal year 2013-14 levels. The LAO currently projects that Proposition 98 minimum funding guarantee for fiscal year 2014-15 will be $62.2 billion, including $45.4 billion of support from the State's general fund.

The Fiscal Outlook Report provides projections through fiscal year 2019-20. While the LAO projects that the Proposition 98 minimum funding guarantee will increase to $73.7 billion in fiscal year 2019-20, the LAO currently projects that the general fund contribution to Proposition 98 funding over that period will only increase to $49.1 billion due to expected increases in property tax revenues. The LAO also notes, that under their current forecast, the State will be unable to meet the time frame it set for full implementation of the LCFF. By 2019-20, the LAO currently forecasts that the State can fund approximately 90% of the full LCFF cost. See – "DISTRICT FINANCIAL MATTERS – State Funding of Education" herein.

Additional information regarding the Fiscal Outlook Report may be obtained from the LAO at www.lao.ca.gov. However, such information is not incorporated herein by any reference.

Governor's Proposed 2014-15 Budget. On January 9, 2014, the Governor released his proposed State budget for fiscal year 2014-15 (the "Proposed Budget"). The LAO has released a series of reports summarizing the provisions of the Proposed Budget, including "2014-15 Budget: Overview of the Governor's Budget," "2014-15 Budget: Proposition 98 Education Analysis" and "2014-15 Budget: Analysis of the Higher Education Budget." The following information is drawn from such reports.

The Proposed Budget projects that, for fiscal years 2012-13 and 2013-14 combined, general fund revenues and transfers will be $4.8 billion higher than that projected by the 2013-14 Budget. In addition, the Proposed Budget provides for a $558 million upward fund balance adjustment to the ending balance for fiscal year 2011-12, and certain other prior years, related mainly to revenue accruals. The Proposed Budget assumes that the current economic recovery will accelerate in fiscal year 2014-15, leading to broad-based improvements in the State and federal economies. As a result, the Proposed Budget projects that State general fund revenues will exceed expenditures over the next three fiscal years.

The Proposed Budget assumes, for fiscal year 2013-14, total general fund revenues of $100.1 billion and total expenditures of $98.5 billion. The State is projected to end the 2013-14 fiscal year with a general fund surplus of $3 billion. For fiscal year 2014-15, the Proposed Budget assumes total general fund revenues of $106.1 billion and authorizes expenditures of $106.8 billion. The State is projected to end the 2014-15 fiscal year with a $2.3 billion general fund surplus. This projected reserve is a combination of $693 million in the State's general fund traditional reserve, and an authorized deposit of $1.6 billion into the Budget Stabilization Account (the "BSA") established by the California Balanced Budget Act of 2004 (also known as Proposition 58).

The Proposed Budget provides an $11.8 billion total increase in Proposition 98 spending over three fiscal years. Of this amount, $3.7 billion is retroactively allocated to fiscal years 2012-13 and 2013-14, resulting in revisions to the Proposition 98 minimum funding guarantee for these years. For fiscal year 2012-13, the guarantee is revised at $58.3 billion, an increase of $1.9 billion over the level set by the fiscal year 2013-14 budget. For fiscal year 2013-14, the Proposition 98 minimum funding guarantee is revised to $56.8 billion, an increase of $1.5 billion over the prior level. For both fiscal years, the Proposed Budget allocates the bulk of the increased funding to retire outstanding school district and community college district apportionment deferrals, as further discussed herein.

For fiscal year 2014-15, the Proposed Budget sets the minimum funding guarantee at $61.6 billion, including $45.1 billion from the general fund. This reflects an increase of $4.7 billion, or 8%, from the revised level for fiscal year 2013-14. The increase is driven by a strong year-to-year growth in general fund revenues and increases in property tax collections. With respect to community college districts, the Proposed Budget provides a total of $6.7 billion in Proposition 98 funding, including $4.4 billion from the State general fund, an increase of $489 million (or 7.3%) from the revised level for 2013-14:

- *Base Funding.* An increase of $155 million in Proposition 98 funding for a 3% growth in enrollment, and $48.5 million to fund a 0.86% statutory COLA to general purpose apportionment funding. The Proposed Budget also directs the Board of Governors to adopt a new enrollment growth allocation formula that gives first priority to districts identified as having the greatest unmet higher education needs. All community college districts would receive some additional growth funding, and over time would be restored to pre-recession apportionment levels.

- *Student Fees.* The Proposed Budget makes no changes to the current enrollment fee of $46 per credit.

- *Repayment of Apportionment Deferrals.* $236 million in Proposition 98 funding which, together with $357 million from increased funding allocable to fiscal years 2012-13 and 2013-14 (discussed above), would be used to eliminate all remaining outstanding community college district apportionment deferrals.

- *Statewide Performance Strategies.* $1.1 million in non-Proposition 98 funding to fund nine additional staff positions at the State Chancellor's Office with the purpose of developing indicators of student success and monitor district performance. The Proposed Budget also provides $2.5 million in Proposition 98 funding for local technical assistance to districts in the areas of academic affairs, student services, workforce and economic development, and finance.

- *Student Success.* $200 million in Proposition 98 funding to improve and expand student success programs, including $100 million to support all community college students statewide (and using an apportionment formula based on enrollment), and $100 million to serve high need students. The Chancellor's Office would be tasked with defining what constitutes "high need," as well as developing the methodology for allocating these monies to districts.

- *Deferred Maintenance; Instructional Equipment.* A one-time increase of $175 million in Proposition 98 funding, split equally between deferred maintenance and instructional equipment purchases.

- *Proposition 39.* A $101 million reduction in funding for Proposition 39 energy projects, stemming from lower-than-projected corporate tax revenue collections. To accommodate the reduction, the Proposed Budget provides no additional funding in fiscal year 2014-15 for the revolving loan program and reduces school district and community college district grants by $65 million and $8 million, respectively.

- *Budgetary Stabilization Account.* As part of the Proposed Budget, the Governor proposes a constitutional amendment to strengthen existing provisions of law that require the State to adopt a balanced budget in each year and deposit a portion of State general fund revenues into the BSA. The Proposed Budget would increase the size of the required maximum balance of the BSA to 10% of estimated general fund revenues. The Proposed Budget would require that any capital gains income taxes exceeding 6.5% of general fund revenues to be deposited in the BSA, until the maximum balance is met. In addition, the Proposed Budget would create a dedicated Proposition 98 reserve with the BSA to smooth out year-to-year school spending. The deposit to this dedicated reserve would be calculated by determining the portion of the increase in the Proposition 98 minimum funding guarantee caused by capital gains income taxes above the 6.5% threshold described above. Reserve deposits would count towards the guarantee in any year they are made, resulting in less total appropriations to school districts and community college districts in such years. In years where the growth in the minimum funding guarantee is insufficient to cover any specified growth or required COLAs, funds from the reserve would be applied. For any portion of the BSA outside of the Proposition 98 reserve, the Proposed Budget would places limits on the amounts that could be withdrawn in the first year of a revenue downturn.

- *Settlement Obligations.* The Proposed Budget makes a final payment $316 million required by the Quality Education Investment Act of 2006, which implemented the terms of a legal settlement requiring additional, non-Proposition 98 State funding for low-performing schools, and community college district career technical education. The Proposed Budget also provides $188 million to fund a required deposit to the State Emergency Repair Program.

- *Redevelopment Revenue.* The Proposed Budget revises the projected collection of pass-through tax increment revenues for fiscal year 2013-14; the Proposed Budget now projects such collections will be $405 million lower than previously estimated. The Governor anticipates that court rulings will delay the distribution of some redevelopment agency assets that were assumed to provide State general fund savings in fiscal year 2013-14.

For additional information regarding the Proposed Budget, see the Department of Finance website at www.dof.ca.gov. However, the information presented on such website is not incorporated herein by reference.

May Revision. On May 13, 2014, the Governor released his May revision (the "May Revision") to the Proposed Budget. The LAO has released a report summarizing the provisions of the May Revision, entitled "The 2014-15 Budget: Overview of the May Revision." The following information is drawn from the May Revision and the LAO report.

The May Revision continues to project slow economic expansion in the State and national economy. The May Revision attributes changes since the Proposed Budget largely to current data on cash receipts and new tax return data.

For fiscal year 2013-14, the May Revision projects year-end general fund revenues of $102.2 billion, approximately $2 billion higher than projected in the Proposed Budget. The May Revision attributes this increase primarily to higher Personal Income Tax collections. State general fund expenditures are also expected to increase by approximately $2.2 billion, for a year-end total of $100.7 billion. The May Revision projects that the State will end fiscal year 2013-14 with a $2.9 billion general fund surplus. For fiscal year 2014-15, the May Revision projects State general fund revenues of $105.3 billion, approximately $843 million higher than previously projected, and authorizes State general fund expenditures of $107.8 billion. The State is projected to end fiscal year 2014-15 with a $528 million general fund surplus. The projected gains in fiscal years 2014-15 and 2015-16 are partially offset by a $513 million downward adjustment to the fiscal year 2012-13 State general fund revenues, bringing the State general fund revenues to $99.4 billion.

For fiscal year 2013-14, the May Revision sets the Proposition 98 minimum funding guarantee at $58.3 billion, an increase of approximately $1.5 billion from the level included in the Proposed Budget. The May Revision allocates this increased funding to the repayment of existing inter-year budgetary deferrals, the implementation of the Common Core academic standards, and the continued implementation of the Local Control Funding Formula, a funding formula for K-12 school districts.

For fiscal year 2014-15, the May Revision sets the minimum funding guarantee at $60.9 billion, a reduction of approximately $700 million from the level included in the Proposed Budget.

Significant revisions made to the Proposed Budget include the following:

- *Drought.* In February 2014 the State legislature passed legislation providing $687 million in fiscal year 2013-14 for various activities related to responding to the current drought in the State. The May Revision proposes an additional $142 million in fiscal year 2014-15 to continue and expand upon those activities. The LAO projects that the drought will present substantial economic burdens, particularly for those communities dependent on agriculture and those communities experiencing severe water supply issues. The February 2014 legislation and the May Revision include a total of $53 million for food, employment and rental housing assistance for those communities in the State most affected by the drought. In the near term, the LAO projects that the net statewide effects of the drought on economic activity will likely be modest.

- *Teacher Pensions.* The May Revision proposes a plan of shared responsibility among the State, school districts and community college districts, and teachers to eliminate the approximately $74 billion of unfunded CalSTRS (as defined herein) liability in approximately 30 years. Under the proposed plan, contributions from these entities would increase from about $450 million in the first year, reaching more than $5 billion annually. The May Revision proposes that (i) school districts and community college districts will be responsible for approximately 70% of the additional contributions, more than doubling the contribution rate to 19.1% of payroll by 2020-21; (ii) the State will be responsible for approximately 20% of the additional contributions, increasing the contribution rate by approximately 80% to 6.3% of payroll by 2016-17; and (iii) teachers will be responsible for approximately 10% of the additional contributions, increasing the contribution rate of teachers hired before January 1, 2013 by approximately 28% to 10.25% of payroll by 2016-17, and increasing the contribution rate of teachers hired after January 1, 2013 by approximately 15% to 9.21% of payroll by 2016-17.

- *Apportionments*. The May Revision proposes a decrease of $16 million in Proposition 98 funding in fiscal year 2014-15, reflecting (i) a reduction of growth from 3% to 2.75%, and (ii) a downward revision of 0.01% to the COLA. The May Revision provides for $187.7 million of Proposition 98 funding, with $10.4 million allocated for general apportionment growth, and $47.3 million allocated for a COLA.

- *Career Technical Education*. The May Revision provides for an increase of $50 million in Proposition 98 funding to support one-time and ongoing costs to improve student success in career technical education, including support for the Economic and

Workforce Development program at the Community College Chancellor's Office. Additionally, beginning in fiscal year 2015-16, the May Revision proposes an increase in the funding rate for career development and college preparation noncredit courses to equal the funding rate for credit courses.

- *Deferred Maintenance.* For fiscal year 2014-15, the May Revision rescinds the Proposed Budget's $87.5 million increase in Proposition 98 funding for instructional equipment, but proposes an additional $60.5 million in Proposition 98 funding, for a total of $148 million, for deferred maintenance. The May Revision does not require community college districts to provide matching funds for deferred maintenance in fiscal year 2014-15.

- *Technology Infrastructure.* The May Revision proposes a $1.4 million one-time increase in Proposition 98 funding and a $4.6 million ongoing increase in Proposition 98 funding to upgrade bandwidth and replace technology equipment at community college districts.

- *Proposition 39.* The May Revision proposes a $1.5 million decrease in Proposition 98 funding in fiscal year 2014-15, reflecting a reduced State corporate tax revenue forecast.

- *Local Property Tax Adjustment*. The May Revision proposes an increase of $17.7 million in Proposition 98 funding in fiscal year 2014-15, reflecting a decrease in offsetting local property tax revenues.

- *Student Enrollment Fee Adjustment*. The May Revision proposes an increase of $24.7 million in Proposition 98 funding in fiscal year 2014-15, reflecting a decrease in offsetting student enrollment fee revenues.

- *California Community Colleges Mandates Block Grant*. In order to align mandate block grant funding with the revised FTES estimate, the May Revision proposes a decrease of $345,000 in Proposition 98 funding.

Additional information regarding the May Revision may be obtained from the Department of Finance website at www.dof.ca.gov and the LAO's website at www.lao.ca.gov. However, the information presented on such websites is not incorporated herein by reference.

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

NAPA VALLEY COMMUNITY COLLEGE DISTRICT

The information in this section concerning the operations of the District and the District's finances are provided as supplementary information only, and it should not be inferred from the inclusion of this information in this Official Statement that the principal of or interest on the Bonds is payable from the general fund of the District. Prior to the Crossover Date, the Series A Bonds will be secured by and payable solely from monies on deposit in the Escrow Fund. With respect to the Series A Bonds from and after the Crossover Date only, and at all times that the Series B Bonds are outstanding, the Bonds are payable from the proceeds of an ad valorem *property tax required to be levied by the Counties in an amount sufficient for the payment thereof. See "THE BONDS – Security and Sources of Payment" herein.*

Introduction

The Napa Valley Community College District (the "District") was established in 1942 and provides higher education in Napa County and a portion of Sonoma County. The District encompasses approximately 800 square miles and serves local communities in the cities of St. Helena, Napa, Calistoga, Yountville and American Canyon and the unincorporated areas of Napa County and Sonoma County. The District currently operates Napa Valley College, including a main campus, an education center, and two outreach centers, which provides collegiate-level instruction across a wide spectrum of subjects for grades 13 and 14. . Napa Valley College has a full-time equivalent enrollment of 5,541. The District employs 703 full and part-time faculty and staff. The District serves a resident population of approximately 139,045. The District has a 2013-14 total assessed valuation of $29,732,841,897.

Administration

The governing board of the District is called the Board of Trustees (the "Board"). The Board includes seven voting members elected by the voters of the District (the "Trustees"). The Trustees serve four-year terms. Elections for Trustee positions to the Board are held every two years, alternating between three and four available positions. Current Trustees, together with their office and the date their term expires, are listed below:

Name	Office	Current Term Expires
Bruce Ketron	Chair	December 2014
Dan Digardi	Vice President	December 2016
Michael Baldini	Member	December 2014
William Blair	Member	December 2014
JoAnn Busenbark	Member	December 2014
Mary Ann Mancuso	Member	December 2014
Rafael Rios	Member	December 2016

The Superintendent/President of the District is appointed by the Board and reports to the Board. The Superintendent/President is responsible for management of the District's day-to-day operations and supervises the work of other key administrators.

Brief biographies of the Superintendent/President and the Director of Fiscal Services follow:

Dr. Ronald Kraft, Superintendent/President. Dr. Ronald Kraft has served as the District's Superintendent/President since May 2013. Previously, he served as Interim President of the District from August 2012 through May 2013. Prior to serving the District, Dr. Kraft served as the President of CEO MAAS Companies, Inc., a management, planning and consulting company exclusively serving California community colleges, from 2011 through 2012. He has additionally served as a community college and higher education consultant from 2009 through 2011; as the President and CEO of Southern California University of Health Sciences, Whittier, California, from 2007 through 2009; as the President and CEO of Washington State Community & Technical College Systems Alliance, Bellevue, Washington, from 2004 through 2007; and as the Special Assistant to the President/Vice President of Institutional Advancement of Lord Fairfax Community College, Middletown, Virginia, from 2003 through 2004. From 1996 through 2003, Dr. Kraft worked in the private sector in managerial, operational, planning and consulting roles. Dr. Kraft began his career in higher education by serving Southwestern Community College, Chula Vista, California, as a Professor of Business from 1988 through 1996, Department Chair of Business from 1990 through 1992, and Director of Outreach/Community Programs from 1992 through 1996. He was a Governing Board Member and President of the Grossmont-Cuyamaca Community College District, El Cajon, California, from 1992 through 2004. Dr. Kraft holds a Bachelor's degree in business from San Diego State University, a Master's degree in education from San Diego State University, and a Ph.D. in higher education leadership from Capella University.

Glenna Aguada, Director of Fiscal Services. Glenna Aguada has served as the District's Director of Fiscal Services since January 2013. Previously, Ms. Aguada served as the District's Chief Accountant for more than 10 years. She has worked within the District's Administrative Services/Fiscal Services division for more than 30 years. Prior to her work with the District, Ms. Aguada served as the accountant for the Union Hotel in Benicia, California. Ms. Aguada holds an Associate of Science degree in Accounting from Napa Valley Community College, and retains a California state license to prepare income taxes.

Enrollment

The following table shows the District's FTES for fiscal years 2005-06 through 2012-13, and a projection for fiscal year 2013-14:

DISTRICT ENROLLMENT
Fiscal Years 2005-06 through 2013-14
Napa Valley Community College District

Year	Total FTES[1]
2005-06	5,812
2006-07	5,926
2007-08	6,059
2008-09	6,477
2009-10	6,661
2010-11	5,877
2011-12	5,601
2012-13	5,419
2013-14[2]	5,542

(1) One FTES is equivalent to 525 student contact hours, which is determined based on a State formula of one student multiplied by 15 weekly contact hours multiplied by 35 weeks. Accordingly, the number of FTES in the District may not equal the number of students enrolled in the District. Reflects resident FTES counts only. Non-resident FTES are generally excluded from State funding formula calculations.
(2) Projected.
Source: Napa Valley Community College District.

Labor Relations

The District employs 90 full-time certified professionals, 135 full-time classified employees, 31 administrators, and 8 confidential employees. In addition, the District employs 239 part-time faculty and 200 short-term non-academic staff. These employees, except management, supervisory/professional employees, confidential, and short-term non-academic employees, are represented by the labor organizations in the following table:

LABOR RELATIONS ORGANIZATIONS
Napa Valley Community College District

Labor Organization	Number of Employees in Organization	Contract Expiration Date
Napa Valley Community College District and Napa Valley College Faculty Association / California Teachers' Association / National Education Association	92	June 30, 2015
Napa Valley Community College District and Napa Valley College Association of Classified Professionals, SEIU Local 614	134	September 30, 2013[1]

(1) Members of this bargaining unit are working under the terms of their expired contract.
: *Napa Valley Community College District.*

Retirement Programs

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

CalSTRS. All full-time certificated employees, as well as certain classified employees, are members of the State Teachers' Retirement System ("CalSTRS"). CalSTRS provides retirement, disability and survivor benefits to plan members and beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the State Teachers' Retirement Law. The District is currently required by such statutes to contribute 8.25% of eligible salary expenditures, while participants contribute 8% of their respective salaries. The State also contributes to CalSTRS, currently in an amount equal to 3.041% of teacher payroll. The State's contribution reflects a base contribution of 2.017% and a supplemental contribution of 1.024% that will vary from year-to-year based on statutory criteria.

The District's contribution to CalSTRS was $972,872 for fiscal year 2010-11, $826,704 for fiscal year 2011-12, $793,465 for fiscal year 2012-13, and is budgeted to be $818,618 for fiscal year 2013-14. In each such year, the District's contributions to CalSTRS were equal to 100 percent of the required contributions for that year.

See "APPENDIX B – EXCERPTS FROM THE 2012-13 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT – Notes to Financial Statements, Notes 9" herein.

CalPERS. Classified employees working four or more hours per day are members of the Public Employees' Retirement System ("CalPERS"). CalPERS 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, with the Public Employees' Retirement Laws. The District is currently required to contribute to CalPERS at an actuarially determined rate, which is 11.442% for fiscal year 2013-14, while participants enrolled in CalPERS prior to the Implementation Date (defined herein) contribute 7% of their respective salaries. Participants enrolled after the Implementation Date contribute at an actuarially determined rate, which is 6% of their respective salaries for fiscal year 2013-14. See "—California Public Employees' Pension Reform Act of 2013" herein.

The District's contribution to CalPERS was $1,471,933 for fiscal year 2010-11, $1,446,795 for fiscal year 2011-12, $1,623,012 for fiscal year 2012-13, and is budgeted to be $1,416,686 for fiscal year 2013-14. In each such year, the District's contributions to CalSTRS were equal to 100 percent of the required contributions for that year.

See "APPENDIX B – EXCERPTS FROM THE 2012-13 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT – Notes to Financial Statements, Notes 9" herein.

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

Both CalSTRS and CalPERS 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 CalSTRS and CalPERS.

FUNDED STATUS
CalSTRS (Defined Benefit Program) and CalPERS
(Dollar Amounts in Millions) [(1)]

Plan	Accrued Liability	Value of Trust Assets	Unfunded Liability
Public Employees Retirement Fund (CalPERS)	$59,439	$44,854[(2)]	$(14,585)
State Teachers' Retirement Fund Defined Benefit Program (CalSTRS)	215,189	144,232[(3)]	(70,957)

(1) Amounts may not add due to rounding.
(2) Reflects market value of assets as of June 30, 2012.
(3) Reflects actuarial value of assets as of June 30, 2012.
Source: CalPERS State & Schools Actuarial Valuation; CalSTRS Defined Benefit Program Actuarial Valuation.

On March 14, 2012, the CalPERS Board voted to lower the CalPERS' rate of expected price inflation and its investment rate of return (net of administrative expenses) (the "CalPERS Discount Rate") from 7.75% to 7.5%. As one consequence of such decrease, the annual contribution amounts paid by CalPERS member public agencies, including the District, have been increased by 1 to 2% for miscellaneous plans and by 2 to 3% for safety plans beginning in fiscal year 2013-14. On February 18, 2014, the CalPERS Board voted to keep the CalPERS Discount Rate unchanged at 7.5%.

On April 17, 2013, the CalPERS Board of Administration (the "CalPERS Board") approved new actuarial policies aimed at returning CalPERS to fully-funded status within 30 years. The policies include a rate smoothing method with a 30-year amortization period for gains and losses, a five-year increase of public agency contribution rates, including the contribution rate of the 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 CalPERS Board has delayed the implementation of the new actuarial policies until fiscal year 2015-16 for the State, K-14 school districts and all other public agencies.

Also on February 18, 2014, the CalPERS Board approved new demographic assumptions reflecting (i) expected longer life spans of public agency employees and related increases in costs for the CalPERS system and (ii) trends of higher rates of retirement for certain public agency employee classes, including police officers and firefighters. The cost of the revised assumptions shall be amortized over a 20-year period and related increases in public agency contribution rates shall be effected over a three year period. The CalPERS Board will implement the new demographic assumptions in fiscal year 2016-17 for the State, K-14 school districts and all other public agencies.

Unlike CalPERS, CalSTRS contribution rates for participant employers and employees hired prior to the Implementation Date (defined herein), as well as the State's base contribution rate, are set by statute and do not currently vary from year-to-year based on actuarial valuations. As a result, and due in part to investment losses, the unfunded liability of CalSTRS has increased significantly. This unfunded liability is expected to continue to increase in the absence of legislation requiring additional or increased contributions. The District can make no representations regarding the future program liabilities of CalSTRS, or whether the District will be required to make larger contributions to CalSTRS in the future. The District can also provide no assurances that the District's required contributions to CalPERS 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 CalSTRS and CalPERS, most substantially affecting new employees hired after January 1, 2013 (the "Implementation Date"). For CalSTRS participants hired after the Implementation Date, the Reform Act changes the normal retirement age by increasing the eligibility for the 2% age factor (the age factor is the percent of final compensation to which an employee is entitled to for each year of service) from age 60 to 62 and increasing the eligibility of the maximum age factor of 2.4% from age 63 to 65. Similarly, for non-safety CalPERS 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 CalPERS and CalSTRS, the Reform Act also: (i) requires all new participants enrolled in CalPERS and CalSTRS 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 CalSTRS and CalPERS to determine the final compensation amount for employees based upon the highest annual compensation earnable averaged over a consecutive 36-month period as the basis for calculating retirement benefits for new participants enrolled after the Implementation Date (currently 12 months for CalSTRS members who retire with 25 years of service), and (iii) caps "pensionable compensation" for new participants enrolled after the Implementation Date at 100% of the federal Social

Security contribution and benefit base for members participating in Social Security or 120% for members not participating in social security, while excluding previously allowed forms of compensation under the formula such as payments for unused vacation, annual leave, personal leave, sick leave, or compensatory time off.

Accumulation Program for Part-Time and Limited-Service Employees. The District has also adopted the Accumulation Program for Part-Time and Limited-Service Employees ("APPLE"). The APPLE Plan is covered under Section 401A of the Code. APPLE Plan participants include all individuals who have worked for the District on or after January 1, 1992, provided that they are not covered by CalPERS or CalSTRS through District employment. Participant account balances are fully vested and cannot be forfeited. Participant account balances will be paid in a single distribution upon retirement or other termination.

Each APPLE Plan participant makes tax deferred contributions to the APPLE Plan equal to 3.75% of his or her total compensation, and the District then matches that amount. Accounts are established in the name of each participant. Employee contributions are allocated directly to employee accounts. The minimum allocation participants will receive is 7.50% of compensation.

The District's contribution to the APPLE Plan was $42,305 for fiscal year 2010-11, $45,876 for fiscal year 2011-12, $46,830 for fiscal year 2012-13, and is budgeted to be $8,813 for fiscal year 2013-14. In each such year, the District's contributions to the APPLE Plan were equal to 100 percent of the required contributions for that year.

Supplemental Early Retirement Plan. The District provided a Board of Trustees-approved Supplemental Early Retirement Plan ("SERP") retirement plan in 2010. The future cost of the SERP Plan to the District as of June 30, 2013, was $726,484. The SERP Plan is a fixed annuity product designed to qualify under Section 403(b) of the Code. Eligibility was restricted to regular faculty, regular classified, and administrative and confidential District employees as of December 12, 2009, each of whom had at least five years of consecutive service as a regular employee with the District as of June 30, 2010, each of whom was at least 55 years of age as of June 30, 2010, each of whom resigned or retired from employment with the District effective no later than June 30, 2010, and each of whom applied for benefits under the SERP Plan by February 12, 2010. SERP Plan payments are to be made from the District's general fund, with annual payments of $363,242 due in each of the fiscal years ending June 30, 2014 and June 30, 2015. Following such payments the SERP Plan will terminate.

See "APPENDIX B – EXCERPTS FROM THE 2012-13 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT – Notes to Financial Statements, Notes 6 and 9" herein.

Post-Employment Health Care Benefits

Plan Description. The District currently provides postemployment health care benefits for eligible retired employees, each of whom must have at least fifteen years of District service, and their dependents through its post-employment health care plan (the "OPEB Plan"). OPEB Plan health care benefits are provided to eligible retired District employees until such employees attain age 65, after which time the OPEB Plan will provide MediCare supplemental coverage for the retiree. The District contributes 100 percent of the amount of the benefit premium costs incurred by retirees. As of June 30, 2013, membership of the Plan consists of 218 retirees and beneficiaries currently receiving benefits, and 275 active employee plan members.

Funding Policy. The District's contribution is currently based on a projected pay-as-you-go basis to cover the cost of benefits for current retirees. For fiscal year 2011-12, the District's contribution to the Plan was $1,108,320, all of which was used for premiums. For fiscal year 2012-13, the District's contribution to the Plan was $1,092,855, all of which was used for premiums. The District's contribution to the Plan is budgeted to be $1,270,160 for fiscal year 2013-14.

Actuarial Valuation. The District has implemented GASB Statement #45, Accounting and Financial Reporting by Employers for Postemployment Benefit Plans Other Than Pension Plans, pursuant to which the District has commissioned and received several actuarial studies of its outstanding liabilities with respect to the Plan. The most recent of these studies concluded that the market value of the District's OPEB Plan assets, as of a June 30, 2013 valuation date, was $1,042,517, the District's OPEB Plan actuarial accrued liability ("AAL") , as of June 30, 2013 was $28,493,739, and the District's OPEB Plan unfunded actuarial accrued liability ("UALL"), as of June 30, 2013 was $28.451.222. As of June 30, 2013, the OPEB Plan was funded at a ratio of 4%. The June 30, 2013 valuation utilized a normal cost actuarial cost method, valued OPEB Plan assets at market value, and calculated amortization using a level dollar basis method over a period of 28 years. The June 30, 2013 valuation calculated the annual required contribution ("ARC") to be $3,141,398 for the period ending June 30, 2014 and $3,201,082 for the period ending June 30, 2015. The ARC is composed of the value of future benefits earned by current employees during each fiscal year (the "Normal Cost"), and the amount necessary to amortize the AAL. Collectively, the ARC is the amount that would be necessary to fund both the Normal Cost and the AAL in accordance with GASB Statements Nos. 43 and 45

Net Obligation. As of June 30, 2014, the District recognized a net long-term obligation (the "Net OPEB Liability") of $15,585,284, based on its contributions towards the ARC during fiscal year 2013-14 and certain accounting adjustments, and reflecting a net increase of $1,756,503 from the District's prior fiscal year.

See "– District Debt Structure – Long-Term Debt," below, and "APPENDIX B – EXCERPTS FROM THE 2012-13 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT – Notes to Financial Statements, Notes 6 and 7" herein.

Risk Management

Joint Powers Authority Risk Pools. The District is exposed to various risk of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The District's property and liability coverage is self-insured through a joint powers authority, the Northern California Community Colleges Self Insurance Authority ("NCCCSIA"). The District retains the risk up to $1,000 per occurrence. The NCCCSIA retains the risk up to $25,000 on property and $25,000 on liability. Insurance above these levels is ceded to another joint powers authority, the Statewide Association of Community Colleges ("SWACC," and, together with NCCCSIA, the "JPAs") to a level of $25 million on liability and $250 million on property. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

The relationship between the District and the JPAs in which it participates is such that the JPAs are not component units of the District for financial reporting purposes. The JPAs are governed by boards consisting of a representative from each member district. The boards control the operations of the JPAs, including the selection of management and approval of operating budgets, independent of any influence by the member district beyond their representation on the governing board. The District pays a premium to each of the JPAs commensurate with the level of coverage requested.

Member districts share surpluses and deficits proportionate to their participation in the JPAs. The JPAs are independently accountable for their fiscal matters and maintain their own accounting records. Budgets are not subject to any approval other than that of the governing board.

Workers' Compensation. The District is also a member of the NCCCSIA for its workers' compensation coverage. Workers' compensation coverage is funded to 99% confidence levels with aggregate losses capped at $150,000,000 via the Protected Insurance Program for Schools ("PIPS") joint powers authority. The intent of PIPS is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the pool. The workers' compensation experience of the participating districts is calculated as one experience, and a common premium rate is applied to all districts in PIPS. Each participant pays its workers' compensation premium based on its individual rate. Participation in PIPS is limited to community college districts that can meet the JPA's selection criteria.

Dental Insurance Program The District participates in the dental insurance program organized by the Schools Self-Insurance of Contra Costa County ("SSICCC") joint powers authority, which was created to provide dental self-insurance for school districts.

See also "APPENDIX B – EXCERPTS FROM THE 2012-13 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT – Notes to Financial Statements, Note 8" herein.

Accounting Practices

The accounting policies of the District conform to generally accepted accounting principles in accordance with policies and procedures of the California Community College Budget and Accounting Manual. This manual, according to Section 84030 of the California Education Code, is to be followed by all California community college districts. The GASB has released Statement No. 34, which makes changes in the annual financial statements for all governmental agencies in the United States, especially in recording of fixed assets and their depreciation, and in the way the report itself is formatted. These requirements became effective on May 15, 2002 for the District, as well as for any other governmental agency with annual revenues of between $10 million and $100 million. 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.

General Fund Budgeting

The following tables show the District's general fund adopted budgets for the years ended June 30, 2011 through June 30, 2014, unaudited general fund results for the fiscal years ending June 30, 2011 through June 30, 2013, and projected totals for fiscal year 2013-14.

GENERAL FUND BUDGETING
Fiscal Years 2010-11 through 2013-14
Napa Valley Community College District

	Fiscal Year 2010-11		Fiscal Year 2011-12		Fiscal Year 2012-13		Fiscal Year 2013-14	
REVENUES:	**Budgeted**[1]	**Unaudited**[1]	**Budgeted**[1]	**Unaudited**[1]	**Budgeted**[1]	**Unaudited**[1]	**Budgeted**[1]	**Unaudited**[1]
Federal	$2,525,827	$2,713,467	$1,335,008	$2,589,922	$2,111,282	$2,090,728	$2,010,475	$2,251,301
State	14,128,056	15,755,477	13,772,873	15,489,513	12,776,224	12,733,654	12,181,708	14,091,927
Local	22,688,824	22,172,864	21,847,287	21,569,363	22,974,428	22,848,958	24,968,134	23,240,211
TOTAL REVENUES	39,342,707	40,641,808	36,955,168	39,648,798	37,861,934	37,673,340	39,160,317	39,583,439
EXPENDITURES:								
Academic Salaries	15,472,216	16,316,096	13,741,458	14,297,688	13,264,094	13,882,236	12,512,136	13,646,001
Classified Salaries	10,147,446	9,835,107	8,896,489	9,311,080	8,878,916	9,542,855	7,696,411	9,038,105
Employee Benefits	8,189,231	7,678,092	8,332,220	7,642,194	8,810,194	8,535,085	8,217,109	8,328,800
Supplies and Materials	1,165,148	912,419	864,090	1,124,565	952,515	1,068,008	748,100	983,122
Other Operating Expenses and Services	4,304,298	5,097,624	4,472,087	5,138,295	5,658,520	5,479,356	4,570,728	5,265,678
Capital Outlay	589,274	500,679	310,306	386,102	533,199	537,797	31,800	691,305
TOTAL EXPENDITURES	39,867,613	40,340,017	36,616,650	37,899,924	38,097,438	39,045,337	33,776,284	37,953,011
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(524,906)	301,791	338,518	1,748,874	(235,504)	(1,371,997)	5,384,033	1,630,428
OTHER FINANCING SOURCES	1,223,300	841,757	2,507,105	1,130,953	1,245,867	1,144,510	1,572,160	1,135,855
OTHER OUTGO	1,259,390	1,015,981	2,845,623	1,303,343	1,320,435	1,312,022	6,842,697	1,243,599
NET INCREASE (DECREASE) IN FUND BALANCE	(560,996)	127,567	--	1,576,484	(310,072)	(1,539,509)	113,496	1,522,684
BEGINNING FUND BALANCE								
Net Beginning Balance, July 1	3,423,470	2,594,223	4,999,954	3,423,470	3,460,445	4,999,954	4,983,129	3,460,445
Prior Year Adjustment	--	701,680[2]	--	--	--	--	--	--
Adjusted Beginning Balance	--	3,295,903	--	--	--	--	--	--
ENDING FUND BALANCE, JUNE 30	$2,862,474	$3,423,470	$4,999,954	$4,999,954	$3,150,373	$3,460,445	$5,096,625	$4,983,129

(1) From the District's CCFS-311 Reports filed with the California Community Colleges Chancellor's Office. For audited results summaries of expenses, revenues and changes in net assets for the District's primary government funds for fiscal years 2010-11 through 2012-13, see "NAPA VALLEY COMMUNITY COLLEGE DISTRICT – Comparative Financial Statements," below.
(2) Reflects accrual accounting adjustments.
Source: Napa Valley Community College District.

Comparative Financial Statements

The following table reflects the District's audited revenues, expenditures and changes in net assets in the District's primary government funds from fiscal years 2008-09 through 2012-13:

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Summary of Audited Revenues, Expenditures and Changes in Net Assets [1]
Fiscal Years 2008-09 through 2012-13
Napa Valley Community College District

	2008-09 Audited	2009-10 Audited	2010-11 Audited	2011-12 Audited[3]	2012-13 Audited[3]
OPERATING REVENUES					
Tuition and Fees	$3,652,726	$4,104,071	$3,311,421	$10,984,917	$10,218,480
Less: Scholarship Discounts and Allowances	(766,008)	(711,309)	(1,465,166)	(5,454,356)	(6,490,684)
Net Tuition and Fees	2,886,718	3,392,762	1,846,255	5,530,561	3,727,796
Grants and contracts, Non-Capital					
Federal	2,313,624	2,816,738	2,659,377	2,159,390	2,251,301
State	7,496,552	5,343,948	5,017,815	6,584,597	5,394,353
Local	858,423	627,063	447,195	7,907,487	928,051
Other Operating Payments	2,188,034	449,642	--	--	--
Enterprise Sales and Contracts	2,170,277	2,000,551	1,762,484	--	1,451,148
TOTAL OPERATING REVENUES	17,913,628	14,630,704	11,733,126	22,182,035	13,752,649
OPERATING EXPENSE					
Salaries	29,474,163	27,402,774	24,926,263	24,811,127	23,722,753
Employee Benefits	11,314,064	12,842,143	8,158,085	11,968,525	10,631,748
Supplies, Materials, and Other Operating Expenses	9,972,526	10,145,003	15,623,104	8,913,360	6,490,094
Utilities	755,289	685,672	--	--	--
Depreciation	2,213,666	2,285,062	2,226,825	3,456,155	2,826,765
TOTAL OPERATING EXPENSE	53,729,708	53,360,654	50,934,277	49,149,167	43,671,360
OPERATING INCOME/LOSS	(35,816,080)	(38,729,950)	(39,201,151)	(26,967,132)	(29,918,711)
NON-OPERATING REVENUES/(EXPENSES)					
State Apportionments, Non-Capital	7,458,942	10,110,039	10,225,655	6,921,816	3,834,394
Local Property Taxes	21,224,876	17,596,677	21,745,851	17,954,112	26,272,534
State Taxes and Other Revenues	1,066,037	1,088,186	2,729,677	65,528	5,611,506
Investment Income – Non-Capital	481,570	187,370	190,300	320,881	44,972
Financial Aid Revenues – Federal	3,195,577	4,986,802	6,508,210	7,183,574	6,728,499
Financial Aid Revenues – State and Local	289,190	326,759	386,124	460,739	429,757
Financial Aid Expenses	(3,523,882)	(5,299,496)	(6,880,551)	(7,644,313)	(7,026,525)
Amortization Expense	(128,402)	(128,402)	--	--	--
Interest Expense	--	--	(2,428,637)	(12,767,754)	(7,130,961)
Other Non-operating Revenues – Grants & Gifts, Non-Capital	30,945	66,668	--	--	--
TOTAL NON-OPERATING EXPENSE	30,094,853	28,934,603	32,476,629	12,494,583	28,764,176
INCOME BEFORE OTHER REVENUES	(5,721,227)	(9,795,347)	(6,724,522)	(14,472,549)	(1,154,535)
OTHER REVENUES					
State Apportionments, Capital	10,938,270	1,618,747	--	227,919	--
Local Property Taxes and Revenues, Capital	6,668,600	7,092,838	--	--	157,104
Investment Income, Capital	1,683,766	360,191	--	--	--
Interest Expense, Capital	(6,296,027)	(6,372,302)	--	--	--
Gain – Disposal of Capital Assets	8,500	--	--	--	--
Other Non-operating Expense	(28,000)	(29,000)	--	--	--
CHANGE IN NET ASSETS	7,253,882	(7,124,873)	(6,724,522)	(14,224,630)	(997,431)
NET ASSETS					
Net Assets - Beginning	18,637,808	25,891,690	18,766,817	14,962,415	717,785
Prior Period Adjustment	--	--	2,920,120[2]	--	3,115,661[3]
Net Assets – As Adjusted	--	--	21,686,937	--	3,833,446
Net Assets - Ending	$25,891,690	$18,766,817	$14,962,415	$717,785	$2,836,015

(1) See "NAPA VALLEY COMMUNITY COLLEGE DISTRICT – General Fund Budgeting" above for fiscal year 2013-14 general fund estimated actual revenues, expenditures and fund balances.

(2) Adjustment to beginning net assets to decrease outstanding long-term debt by $2.9 million and increase net assets by the same amount, due to recalculation of outstanding long term debt balances as of July 1, 2010. The adjustment involves reductions to general obligation bonds for accreted interest, unamortized premium on general obligation bonds and compensated absences, of $1.4 million, $1.4 million, and $0.3 million respectively, and an addition to the supplemental employee retirement plan of $0.1 million.

(3) Adjustment of $3,115,661 to increase beginning net position to account for the capitalized interest resulting from the District's implementation of Governmental Accounting Standards Board ("GASB") Statement No. 6, and an adjustment to the construction in progress category. This new accounting standard requires capitalization of interest expense on bonded debt that had previously been expensed.

Source: Napa Valley Community College District.

District Debt Structure

Short-Term Debt. The District has no short-term debt obligations.

Long-Term Debt. A schedule of changes of the District in long-term debt for the year ended June 30, 2013, is shown below:

Governmental Activities	Balance July 1, 2012	Additions	Deductions	Balance July 1, 2013
General Obligation Bonds[1]:	$138,118,948	$4,976,095	$5,275,000	$137,820,043
Bond Premium	7,132,825	--	794,041	6,338,784
Compensated Absences	1,206,449	767,788	698,144	1,276,093
SERP Plan	1,108,663	--	363,242	745,421
OPEB Plan	11,689,518	2,139,263	--	13,828,781
TOTAL	$159,256,403	$7,883,146	$7,130,427	$160,009,122

(1) Includes debt service on the Refunded Bonds expected to be refinanced with proceeds of the Bonds.
Source: Napa Valley Community College District.

See "APPENDIX B – EXCERPTS FROM THE 2012-13 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT – Notes to Financial Statements, Note 6" herein.

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General Obligation Bonds. On November 5, 2002, the requisite fifty-five percent vote of the qualified electors of the District voting thereon approved the issuance and sale of general obligation bonds of the District in the maximum amount of $133,800,000 (the "2002 Authorization"). On April 6, 2005, the District issued, pursuant to the 2002 Authorization, its General Obligation Bonds, Election of 2002 Series B in the aggregate principal amount of $64,997,722.95 (the "Series 2004B Bonds") as current interest bonds and capital appreciation bonds. On August 2, 2007, the District issued, pursuant to the 2002 Authorization, the Series 2002C Bonds in the aggregate principal amount of $43,799,997.15 as capital appreciation bonds. On April 6, 2005, the District issued the 2005 Refunding Bonds in the aggregate principal amount of $21,473,115.55 as current interest bonds and capital appreciation bonds, the proceeds of which were used to advance refund a portion of the District's then-outstanding General Obligation Bonds, Election of 2002, Series A. On November 30, 2006, the District issued the 2006 Refunding Bonds in the aggregate principal amount of $43,335,283.25 as current interest bonds and capital appreciation bonds, the proceeds of which were used to advance refund a portion of the District's then-outstanding Series 2004B Bonds.

The following table shows the annual debt service requirements of all of the District's general obligation bonded debt, assuming no optional redemptions are made.

GENERAL OBLIGATION BONDS – CONSOLIDATED DEBT SERVICE SCHEDULE
Napa Valley Community College District

Year Ending (August 1)	Series 2002B Bonds	Series 2002C Bonds	2005 Refunding Bonds	2006 Refunding Bonds	Series A Bonds	Series B Bonds	Total Annual Debt Service
2014	$1,406,062.50	--	$4,673,396.88	$340,000.00	$48,295.14	$772,132.80	$7,239,887.32
2015	1,601,600.00	--	2,150,475.00	3,180,000.00	496,750.00	1,550,356.56	8,979,181.56
2016	--	--	--	5,025,000.00	496,750.00	3,800,907.90	9,322,657.90
2017	--	--	--	--	496,750.00	9,178,013.70	9,674,763.70
2018	--	--	--	--	496,750.00	9,047,763.50	9,544,513.50
2019	--	--	--	--	496,750.00	9,430,116.30	9,926,866.30
2020	--	$2,075,000.00	--	--	3,531,750.00	3,671,882.50	9,278,632.50
2021	--	2,225,000.00	--	--	7,245,000.00	--	9,470,000.00
2022	--	10,675,000.00	--	--	--	--	10,675,000.00
2023	--	10,875,000.00	--	--	--	--	10,875,000.00
2024	8,595,000.00	2,485,000.00	--	--	--	--	11,080,000.00
2025	8,940,000.00	2,355,000.00	--	--	--	--	11,295,000.00
2026	9,295,000.00	2,210,000.00	--	--	--	--	11,505,000.00
2027	10,000,000.00	1,725,000.00	--	--	--	--	11,725,000.00
2028	11,725,000.00	225,000.00	--	--	--	--	11,950,000.00
2029	100,000.00	12,075,000.00	--	--	--	--	12,175,000.00
2030	--	12,405,000.00	--	--	--	--	12,405,000.00
2031	--	12,645,000.00	--	--	--	--	12,645,000.00
2032	--	12,885,000.00	--	--	--	--	12,885,000.00
2033	--	13,130,000.00	--	--	--	--	13,130,000.00
2034	--	13,380,000.00	--	--	--	--	13,380,000.00
TOTAL	$51,662,662.50	$111,370,000.00	$6,823,871.88	$8,545,000.00	$13,308,795.14	$37,451,173.26	$229,161,502.80

TAX MATTERS

General

Series A Bonds. In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California ("Bond Counsel"), under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described herein, interest on the Series A Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals and corporations. In the further opinion of Bond Counsel, interest on the Series A Bonds is exempt from State of California personal income tax. Bond Counsel notes that, with respect to corporations, interest on the Series A Bonds may be included as an adjustment in the calculation of alternative minimum taxable income which may affect the alternative minimum tax liability of corporations.

The difference between the issue price of a Series A Bond (the first price at which a substantial amount of the Series A Bonds of the same series and maturity is to be sold to the public) and the stated redemption price at maturity with respect to such Series A Bond constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a Bond Owner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by the Bond Owner will increase the Bond Owner's basis in the Series A Bond. In the opinion of Bond Counsel, the amount of original issue discount that accrues to the owner of the Series A Bond is excluded from the gross income of such owner for federal income tax purposes, is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, and is exempt from State of California personal income tax.

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

The amount by which a Bond Owner's original basis for determining loss on sale or exchange in the applicable Series A Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable Series A Bond premium, which must be amortized under Section 171 of the Code; such amortizable Series A Bond premium reduces the Bond Owner's basis in the applicable Series A Bond (and the amount of tax-exempt interest received), and is not deductible for federal income tax purposes. The basis reduction as a result of the amortization of Series A Bond premium may result in a Bond Owner realizing a taxable gain when a Series A Bond is sold by the Owner for an amount equal to or less (under certain circumstances) than the original cost of the Series A Bond to the Owner. Purchasers of the Series A Bonds should consult their own tax advisors as to the treatment, computation and collateral consequences of amortizable Series A Bond premium.

The IRS has initiated an expanded program for the auditing of tax-exempt bond issues, including both random and targeted audits. It is possible that the Series A Bonds will be selected for audit by the IRS. It is also possible that the market value of the Series A Bonds might be affected as a result of such an audit of the Series A Bonds (or by an audit of similar bonds). No assurance can be given that in the course of an audit, as a result of an audit, or otherwise, Congress or the IRS might not change the Code (or interpretation thereof) subsequent to the issuance of the Series A Bonds to the extent that it adversely affects the exclusion from gross income of interest on the Series A Bonds or their market value.

SUBSEQUENT TO THE ISSUANCE OF THE SERIES A BONDS, THERE MIGHT BE FEDERAL, STATE OR LOCAL STATUTORY CHANGES (OR JUDICIAL OR REGULATORY INTERPRETATIONS OF FEDERAL, STATE OR LOCAL LAW) THAT AFFECT THE FEDERAL, STATE OR LOCAL TAX TREATMENT OF THE INTEREST ON THE SERIES A BONDS OR THE MARKET VALUE OF THE BONDS. LEGISLATIVE CHANGES HAVE BEEN PROPOSED IN CONGRESS, WHICH, IF ENACTED, WOULD RESULT IN ADDITIONAL FEDERAL INCOME TAX BEING IMPOSED ON CERTAIN OWNERS OF TAX-EXEMPT STATE OR LOCAL OBLIGATIONS SUCH AS THE SERIES A BONDS. THE INTRODUCTION OR ENACTMENT OF ANY SUCH CHANGES COULD ADVERSELY AFFECT THE MARKET VALUE OR LIQUIDITY OF THE SERIES A BONDS. NO ASSURANCE CAN BE GIVEN THAT, SUBSEQUENT TO THE ISSUANCE OF THE SERIES A BONDS, SUCH CHANGES (OR OTHER CHANGES) WILL NOT BE INTRODUCED OR ENACTED OR INTERPRETATIONS WILL NOT OCCUR. BEFORE PURCHASING ANY OF SERIES A BONDS, ALL POTENTIAL PURCHASERS SHOULD CONSULT THEIR TAX ADVISORS REGARDING POSSIBLE STATUTORY CHANGES OR JUDICIAL OR REGULATORY CHANGES OR INTERPRETATIONS, AND THEIR COLLATERAL TAX CONSEQUENCES RELATING TO THE SERIES A BONDS.

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

Although Bond Counsel has rendered an opinion that interest (and original issue discount) on the Series A Bonds is excluded from gross income for federal income tax purposes provided that the District continues to comply with certain requirements of the Code, the ownership of the Series A Bonds and the accrual or receipt of interest (and original issue discount) with respect to the Series A Bonds may otherwise affect the tax liability of certain persons. Bond Counsel expresses no opinion regarding any such tax consequences. Accordingly, before purchasing any of the Series A Bonds, all potential purchasers should consult their tax advisors with respect to collateral tax consequences relating to the Series A Bonds.

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

Series B Bonds. In the opinion of Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, interest on the Series B Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Code but is exempt from State of California personal income tax.

Except for certain exceptions, the difference between the issue price of a Series B Bond (the first price at which a substantial amount of the Series B Bonds of the same maturity is to be sold to the public) and the stated redemption price at maturity with respect to such Series B Bond (to the extent the redemption price at maturity is greater than the issue price) constitutes original issue discount. Original issue discount accrues under a constant yield method. The amount of original issue discount deemed received by the Beneficial Owner of a Series B Bond will increase the Beneficial Owner's basis in the Series B Bond. Beneficial Owners of Series B Bonds should consult their own tax advisor with respect to taking into account any original issue discount on the Series B Bonds.

The amount by which a Series B Bond Beneficial Owner's original basis for determining loss on sale or exchange in the applicable Series B Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable bond premium, which the Beneficial Owner of a Series B Bond may elect to amortize under Section 171 of the Code. Such amortizable bond premium reduces the Series B Bond Beneficial Owner's basis in the applicable Series B Bond (and the amount of taxable interest received) and is deductible for federal income tax purposes. The basis reduction as a result of the amortization of Series B Bond premium may result in the Beneficial Owner of a Series B Bond realizing a taxable gain when a Series B Bond is sold by the Beneficial Owner for an amount equal to or less (under certain circumstances) than the original cost of the Series B Bond to the Beneficial Owner. The Beneficial Owners of the Series B Bonds that have a basis in the Series B Bonds that is greater than the principal amount of the Series B Bonds should consult their own tax advisors with respect to whether or not they should elect to amortize such premium under Section 171 of the Code.

The federal tax and State of California personal income tax discussion set forth above with respect to the Series B Bonds is included for general information only and may not be applicable depending upon a Beneficial Owner's particular situation. The ownership and disposal of the Series B Bonds and the accrual or receipt of interest with respect to the Series B Bonds may otherwise affect the tax liability of certain persons. Bond Counsel expresses no opinion regarding any such tax consequences.

ANY FEDERAL TAX ADVICE CONTAINED HEREIN WITH RESPECT TO THE SERIES B BONDS IS NOT INTENDED OR WRITTEN TO BE USED, AND IT CANNOT BE USED, FOR THE PURPOSE OF AVOIDING PENALTIES UNDER THE CODE. THE FEDERAL TAX ADVICE CONTAINED HEREIN WITH RESPECT TO THE SERIES B BONDS WAS WRITTEN TO SUPPORT THE PROMOTING AND MARKETING OF THE SERIES B BONDS. BEFORE PURCHASING ANY OF THE SERIES B BONDS, ALL POTENTIAL PURCHASERS SHOULD CONSULT THEIR INDEPENDENT TAX ADVISORS WITH RESPECT TO THE TAX CONSEQUENCES RELATING TO THE SERIES B BONDS AND THE TAXPAYER'S PARTICULAR CIRCUMSTANCES.

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

LEGAL MATTERS

Legality for Investment in California

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

Continuing Disclosure

Current Undertakings. In connection with the issuance of the Bonds, the District has covenanted for the benefit of bondholders (including 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 2013-14 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 S.E.C. Rule 15c2-12(b)(5) (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. The District has previously entered into undertakings pursuant to the Rule with respect to its outstanding general obligation bonds. Within the past five years, the District has failed to file in a timely manner the annual reports for fiscal years 2008-09, 2009-10, 2011-12 and 2012-13, as well as certain listed event notices relating to ratings changes of the District and its bond insurers, as required by its prior continuing disclosure undertakings. The District also filed its annual report of fiscal year 2010-11 several weeks after the deadline for such filing. All such reports and notices have since been filed, and, for the past five years, the District is currently in material compliance with its existing continuing disclosure undertakings. Within the past five years, the District has never filed a notice of a failure to provide annual financial information, on or before the date specified in its prior continuing disclosure agreements. Additional information regarding the District's filings in the past five years is available on http://www.emma.msrb.org. However, the information presented on such website is not incorporated herein by any reference.

Future Undertakings. The District has retained a dissemination agent to assist it in preparing and filing future annual reports and notices of enumerated events required under its existing continuing disclosure obligations with respect to the District's outstanding general obligation bonds, including the Bonds.

Absence of Material 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 to collect other revenues or contesting the District's ability to issue and retire the Bonds.

There are a number of lawsuits and claims pending against the District. 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.

Information Reporting Requirements

On May 17, 2006, the President signed the Tax Increase Prevention and Reconciliation Act of 2005 ("TIPRA"). Under Section 6049 of the Code, as amended by TIPRA, interest paid on tax-exempt obligations is subject to information reporting in a manner similar to interest paid on taxable obligations. 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.

Escrow Verification

Upon delivery of the Bonds, Causey Demgen & Moore P.C., Denver, Colorado, will deliver a report on the mathematical accuracy of certain computations based upon certain information and assumptions provided to them by the Underwriter (defined herein) relating to (a) the adequacy of the maturing principal of and interest on the Federal Securities in the Escrow Fund, together with any moneys held therein as cash, to pay (i) the debt service due on the Series A Bonds on and prior to the Crossover Date, (ii) the redemption price of the Refunded Series 2002C Bonds on the Crossover Date, such date being the first optional redemption date therefor, (iii) the redemption price for the Refunded 2005 Refunding Bonds on August 1, 2015, such date being the first optional redemption date therefor, and (iv) the redemption price for the Refunded 2006 Refunding Bonds on August 1, 2016, such date being the first optional redemption date therefor, and (b) the computations of yield of the Bonds and the Federal Securities in the Escrow Fund which support Bond Counsel's opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes.

Legal Opinions

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

Financial Statements

Excerpts from the District's audited financial statements with required supplemental information for the year ended June 30, 2013, the independent auditor's report of the District, the related statements of activities and of cash flows for the year then ended, and the report dated December 14, 2013 of Christy White Associates (the "Auditor"), are included in this Official Statement as APPENDIX B. In connection with the inclusion of the excerpts from 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.

RATINGS

The Bonds have been assigned ratings of "Aa2" and "AA-" by Moody's and S&P, respectively. The ratings reflect only the view of the rating agencies, and any explanation of the significance of such ratings should be obtained from the rating agencies at the following addresses: Moody's Investors Service, 7 World Trade Center at 250 Greenwich Street, New York, NY 10007; Standard & Poor's, 55 Water Street, 45th Floor, New York, New York 10041. 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.

UNDERWRITING

The Bonds are being purchased by Piper Jaffray & Co. (the "Underwriter"). The Underwriter has agreed, pursuant to a purchase contract by and between the District and the Underwriter, to purchase all of the Series A Bonds for a purchase price of $11,977,019.65 (which is equal to the principal amount of the Series A Bonds of $9,935,000.00, plus original issue premium of $2,091,694.65, and less an Underwriter's discount of $49,675.00). The Underwriter has agreed, pursuant to a purchase contract by and between the District and the Underwriter, to purchase all of the Series B Bonds for a purchase price of $34,645,900.00 (which is equal to the principal amount of the Series B Bonds of $34,820,000.00, and less an Underwriter's discount of $174,100.00). The purchase contract related to the Bonds provides that the Underwriter will purchase all of the Bonds if any are purchased, the obligation to make such purchase being subject to certain terms and conditions set forth in the purchase contract, the approval of certain legal matters by bond counsel and certain other conditions. The initial offering prices stated on the inside cover of this Official Statement may be changed from time to time by the Underwriter. The Underwriter may offer and sell Bonds to certain dealers and others at prices lower than such initial offering prices. The offering prices may be changed from time to time by the Underwriter.

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

ADDITIONAL INFORMATION

The purpose of this Official Statement is to supply information to prospective buyers of the Bonds. Quotations from and summaries and explanations of the Bonds, the Resolution providing for issuance of the Bonds, and the constitutional provisions, statutes and other documents referenced herein, do not purport to be complete, and reference is made to said documents, constitutional provisions and statutes for full and complete statements of their provisions.

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

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

NAPA VALLEY COMMUNITY COLLEGE DISTRICT

By: /s/ Glenna Aguada
Director of Fiscal Services

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APPENDIX A

FORMS OF OPINIONS OF BOND COUNSEL FOR THE BONDS

Upon issuance and delivery of the Bonds, Stradling Yocca Carlson & Rauth, Bond Counsel, proposes to render its final approving opinion with respect to the Series A Bonds substantially in the following form.

June 26, 2014

Board of Trustees
Napa Valley Community College District

Members of the Board of Trustees:

We have examined a certified copy of the record of the proceedings relative to the issuance and sale of $9,935,000.00 Napa Valley Community College District (Napa and Sonoma Counties, California) 2014 General Obligation Refunding Bonds, Series A (2014 Crossover) (the "Bonds"). As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

Based on our examination as bond counsel of existing law, certified copies of such legal proceedings and such other proofs as we deem necessary to render this opinion, we are of the opinion, as of the date hereof and under existing law, that:

1. Such proceedings and proofs show lawful authority for the issuance and sale of the Bonds pursuant to Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, and a resolution (the "Resolution") of the Board of Trustees of the Napa Valley Community College District (the "District").

2. The Bonds, prior to August 1, 2017 (the "Crossover Date"), will be secured by and payable solely from proceeds of the Bonds on deposit in an escrow fund established therefor. From and after the Crossover Date, the Bonds shall constitute valid and binding general obligations of the District, payable as to both principal and interest from the proceeds of a levy of *ad valorem* taxes on all property within the District subject to taxation thereby, which taxes are unlimited as to rate or amount.

3. Under existing statutes, regulations, rulings and judicial decisions, interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals and corporations; however, it should be noted that, with respect to corporations, such interest on the Bonds may be included as an adjustment in the calculation of alternative minimum taxable income, which may affect the alternative minimum tax liability of such corporations.

4. Interest on the Bonds is exempt from State of California personal income tax.

5. The difference between the issue price of a Bond (the first price at which a substantial amount of the Bonds of a maturity is to be sold to the public) and the stated redemption price at

maturity with respect to such Bonds constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a Bondowner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by a Bondowner will increase the Bondowner's basis in the applicable Bond. Original issue discount that accrues to the Bondowner is excluded from the gross income of such owner for federal income tax purposes, is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, and is exempt from State of California personal income tax.

6. The amount by which a Bondowner's original basis for determining loss on sale or exchange in the applicable Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable Bond premium, which must be amortized under Section 171 of the of the Internal Revenue Code of 1986, as amended (the "Code"); such amortizable Bond premium reduces the Bondowner's basis in the applicable Bond (and the amount of tax-exempt interest received), and is not deductible for federal income tax purposes. The basis reduction as a result of the amortization of Bond premium may result in a Bondowner realizing a taxable gain when a Bond is sold by the Bondowner for an amount equal to or less (under certain circumstances) than the original cost of the Bond to the Bondowner. Purchasers of the Bonds should consult their own tax advisors as to the treatment, computation and collateral consequences of amortizable Bond premium.

The opinions expressed herein may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. The Resolution and the Tax Certificate relating to the Bonds permit certain actions to be taken or to be omitted if a favorable opinion of Bond Counsel is provided with respect thereto. No opinion is expressed herein as to the effect on the exclusion from gross income of interest (and original issue discount) for federal income tax purposes with respect to any Bond if any such action is taken or omitted based upon the advice of counsel other than ourselves. Other than expressly stated herein, we express no opinion regarding tax consequences with respect to the Bonds.

The opinions expressed herein as to the exclusion from gross income of interest (and original issue discount) on the Bonds are based upon certain representations of fact and certifications made by the District and others and are subject to the condition that the District complies with all requirements of the Code, that must be satisfied subsequent to the issuance of the Bonds to assure that such interest (and original issue discount) will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause interest (and original issue discount) on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The District has covenanted to comply with all such requirements.

It is possible that subsequent to the issuance of the Bonds there might be federal, state, or local statutory changes (or judicial or regulatory interpretations of federal, state, or local law) that affect the federal, state, or local tax treatment of the Bonds or the market value of the Bonds. No assurance can be given that subsequent to the issuance of the Bonds such changes or interpretations will not occur.

The rights of the owners of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

Respectfully submitted,

Upon issuance and delivery of the Bonds, Stradling Yocca Carlson & Rauth, Bond Counsel, proposes to render its final approving opinion with respect to the Series B Bonds substantially in the following form.

June 26, 2014

Board of Trustees
Napa Valley Community College District

Members of the Board of Trustees:

We have examined a certified copy of the record of the proceedings relative to the issuance and sale of $34,820,000.00 Napa Valley Community College District (Napa and Sonoma Counties, California) 2014 General Obligation Refunding Bonds, Series B (Federally Taxable) (the "Bonds"). As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

Based on our examination as bond counsel of existing law, certified copies of such legal proceedings and such other proofs as we deem necessary to render this opinion, we are of the opinion, as of the date hereof and under existing law, that:

1. Such proceedings and proofs show lawful authority for the issuance and sale of the Bonds pursuant to Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, and a resolution (the "Resolution") of the Board of Trustees of the Napa Valley Community College District (the "District").

2. The Bonds constitute valid and binding general obligations of the District, payable as to both principal and interest from the proceeds of a levy of *ad valorem* taxes on all property within the boundaries of the District, which taxes are unlimited as to rate or amount.

3. Under existing statutes, regulations, rulings and judicial decisions, interest (and original issue discount) on the Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code").

4. Interest on the Bonds is exempt from State of California personal income tax.

5. Except for certain exceptions, the difference between the issue price of a Bond (the first price at which a substantial amount of the Bonds of a maturity is to be sold to the public) and the stated payment price at maturity with respect to such Bond constitutes original issue discount. Original issue discount accrues under a constant yield method. The amount of original issue discount deemed received by a Bond owner will increase the Bond owner's basis in the applicable Bond.

Except as expressly set forth in paragraphs (3), (4) and (5), we express no opinion regarding any tax consequences with respect to the Bonds.

The opinions expressed herein are based upon our analysis and interpretation of existing statutes, regulations, rulings and judicial decisions and cover certain matters not directly addressed by such authorities. The opinions expressed herein may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. Our engagement as bond counsel to the District terminates upon the issuance of the Bonds.

Any federal tax advice contained herein with respect to the Bonds is not intended or written to be used, and it cannot be used, for the purpose of avoiding penalties under the Code. The federal tax advice contained herein with respect to the Bonds was written to support the promoting and marketing of the Bonds. Before purchasing any of the Bonds, all potential purchasers should consult their independent tax advisors with respect to the tax consequences relating to the Bonds and the taxpayer's particular circumstances.

The rights of the owners of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

Respectfully submitted,

APPENDIX B

EXCERPTS FROM THE 2012-13 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT

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NAPA VALLEY COMMUNITY COLLEGE DISTRICT

COUNTY OF NAPA

AUDIT REPORT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2013

San Diego

Los Angeles

San Francisco
Bay Area

christy white associates
A PROFESSIONAL
ACCOUNTANCY CORPORATION

NAPA VALLEY COMMUNITY COLLEGE DISTRICT
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
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A PROFESSIONAL ACCOUNTANCY CORPORATION
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Christy White, CPA

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Michael Ash, CPA

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Napa Valley Community College District
Napa, California

Report on the Financial Statements

We have audited the accompanying financial statements of Napa Valley Community College District, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Napa Valley Community College District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Napa Valley Community College District, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information, such as management's discussion and analysis on pages 4 through 10, and the schedule of funding progress on page 44 be presented to supplement the basic financial statements. Such information, although not 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 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 Napa Valley Community College District's basic financial statements. The supplementary information listed in the table of contents, including the schedule of expenditures of Federal awards, which is required by the U.S. Office of Management and Budget Circular A-133, *Audits of State, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2013 on our consideration of Napa Valley Community College District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Napa Valley Community College District's internal control over financial reporting and compliance.

Christy White Associates

San Diego, California
December 14, 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Napa Valley Community College District (the District) was founded in 1942 as a political subdivision of the State of California. It provides higher education in the greater Napa area, which consists of portions of four counties. The District consists of one main campus in Napa with one educational center in St. Helena. The District also offers classes and programs at various other locations throughout the District. The District serves approximately 10,000 full and part-time, credit and non-credit students per semester.

The following discussion and analysis provides an overview of the financial position and activities of the Napa Valley Community College District for the fiscal year ended June 30, 2013. Please read it in conjunction with the financial statements and notes thereto which follow this section. Responsibility for the completeness and accuracy of this information rests with the District management.

FINANCIAL HIGHLIGHTS

- Total net position was $2.8 million at June 30, 2013. This was an increase of $2.1 million or 295.1% percent over the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

The District was required to implement the reporting standards of Governmental Accounting Standards Board (GASB) Statement No. 34, as amended by GASB Statement No. 35 on July 1, 2002. This adoption changed the format and the content of the District's basic financial statements. The District is following the Business Type Activity (BTA) model. Rather than issuing fund-type financial statements, these Statements require the following components to be included in the District's financial statements:

- Management's Discussion and Analysis

- Basic financial statements including Statements of Net Position, Statements of Revenues, Expenses, and Changes in Net Position, and Statements of Cash Flows for the District as a whole.

- Notes to financial statements

Additionally, fund balance is referred to as Net Position, and the Statements of Cash Flows are presented using the direct method.

The basic financial statements are designed to provide readers with a broad overview of the District's finances, using accounting methods similar to those used by private sector companies. These statements offer short-term and long-term financial information about the District's activities.

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

The Statement of Net Position presents the assets, liabilities, and net position of the District as of the end of the fiscal year ended June 30, 2013 and is prepared using the accrual basis of accounting, which is similar to the accounting basis used by most private sector organizations. The difference between total assets and total liabilities (net position) is one indicator of the current financial condition of the District, or one way to measure the financial health of the District.

The net position is divided into three major categories. The first category, Net investment in Capital Assets, represents the equity amount in property, plant, and equipment owned by the District. The second category is Expendable Restricted Net Position. This net position is available for expenditure by the District, but must be spent for purposes as determined by external entities and/or donors that have placed time or purpose restrictions on the use of the assets. Restrictions can also be enforced through agreements, laws, or regulations of creditors, other governmental agencies, imposed bylaws through constitutional provisions or enabling legislation. The final category is Unrestricted Net Position that is available to the District for any lawful purpose. Although unrestricted, the District's Governing Board may place internal restrictions on this net position, but it retains the power to change, remove, or modify such restrictions.

The Statements of Revenues, Expenses, and Changes in Net Position represent the operating results of the District. The purpose of the statements is to present the revenues received by the District, both operating and non-operating, the expenses paid by the District, operating and non-operating, and any other revenues, expenses, gains and losses. Thus, these statements present the District's results of operations.

Changes in total net position are based on the activity presented in the Statements of Revenues, Expenses, and Changes in Net Position.

Generally, operating revenues are earned for providing goods and services to the various customers and constituencies of the District. Operating expenses are those expenses incurred to acquire or produce the goods and services provided in return for the operating revenues and to fulfill the mission of the District. Non-operating revenues are those received or pledged for which goods and services are not provided. For example, state appropriations are non-operating revenues because they are provided by the State Legislature to the District without the Legislature directly receiving commensurate goods and services for the revenues.

The Statements of Cash Flows provide information about cash receipts and cash payments during the fiscal year, major uses, and sources of cash. These statements also help users assess the District's ability to generate positive cash flows, meet obligations as they become due and evaluate the need for external financing.

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

The Statements of Cash Flows are divided into five parts. The first part reflects operating cash flows and shows the net cash provided by the operating activities of District. The second part details cash received for non-operating, non-investing, and non-capital activities of the institution. The third section deals with the cash used for the acquisition and construction of capital and related financing activities. The fourth part provides information from investing activities. This section reflects the cash received and spent for short-term investments and any interest paid or received on those investments. The final section reconciles the net cash from operating activities to the operating loss reflected on the Statements of Revenues, Expenses, and Changes in Net Position. The net cash reconciliation is shown in the expanded version of the Statements of Cash Flows in the financial statements.

The Statements of Net Position as of June 30, 2013 and 2012 is summarized below:

	Primary Government		
	2013	2012	Net Change
ASSETS			
Current assets	$ 21,448,674	$ 19,146,899	$ 2,301,775
Non-current assets	148,062,011	148,314,212	(252,201)
Total Assets	169,510,685	167,461,111	2,049,574
LIABILITIES			
Current liabilities	12,728,790	11,958,488	770,302
Non-current liabilities	153,945,880	154,784,838	(838,958)
Total Liabilities	166,674,670	166,743,326	(68,656)
NET POSITION			
Net investment in capital assets	7,351,161	7,474,970	(123,809)
Restricted	7,676,264	7,598,976	77,288
Unrestricted	(12,191,410)	(14,356,161)	2,164,751
Total Net Position	$ 2,836,015	$ 717,785	$ 2,118,230

The District's total assets increased $2.0 million or 1.22 percent from the previous year. The majority of the increase was based on increases of capital assets as detailed in the capital assets section of this report, consistent with the GASB Statement No. 35 provisions, and decreases in current assets.

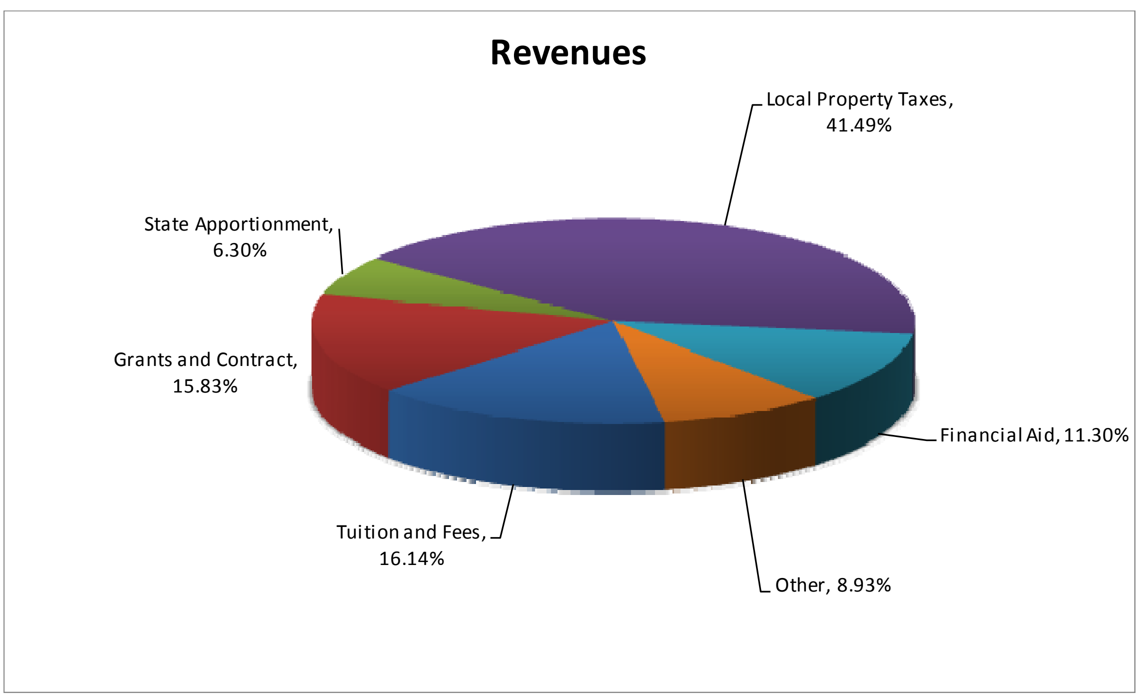
Total liabilities decreased $0.07 million or 0.04 percent. This is related mainly to the annual payments of general obligation bonds offset by the increase in other post-employment benefits.

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

The Statements of Revenues, Expenses, and Changes in Net Position for the fiscal years ended June 30, 2013 and 2012 are summarized below:

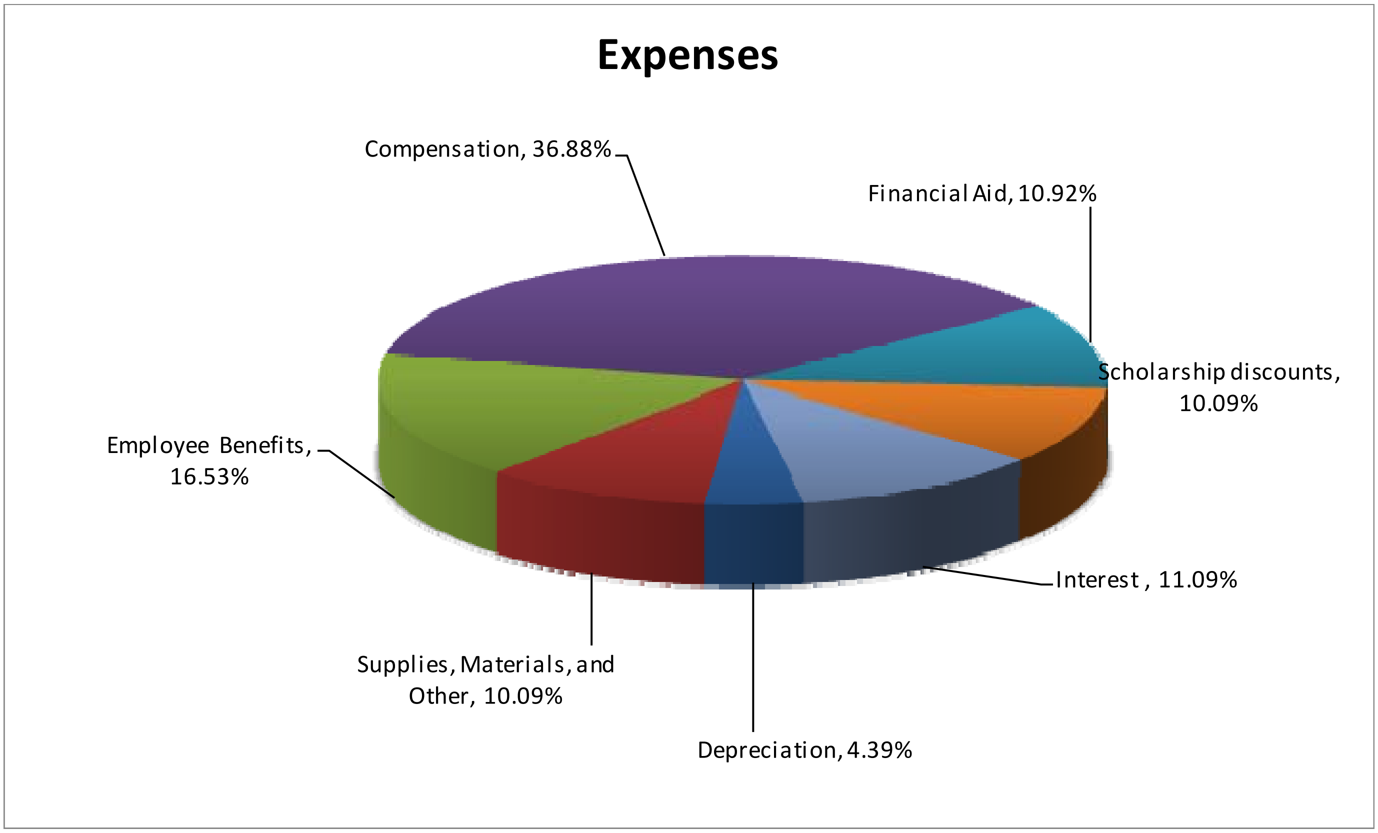
	Primary Government		
	2013	2012	Net Change
Revenues			
Tuition and fees (net)	$ 3,727,796	$ 3,894,374	$ (166,578)
Grants and contracts, noncapital	8,573,705	9,844,312	(1,270,607)
Enterprises sales	1,451,148	1,636,187	(185,039)
General revenues - property taxes	26,272,534	24,761,274	1,511,260
General revenues - state revenues	9,445,900	6,987,344	2,458,556
General revenues - other	7,203,228	7,965,194	(761,966)
Total Revenue	56,674,311	55,088,685	1,585,626
Expenses			
Operating expenses	43,671,360	49,149,167	(5,477,807)
Other nonoperating expenses	14,157,486	20,412,067	(6,254,581)
Total Expenses	57,828,846	69,561,234	(11,732,388)
Change in net position	$ (1,154,535)	$ (14,472,549)	$ 13,318,014

Operating and nonoperating revenues are comparatively reflected below:



OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

Operating and nonoperating expenses are comparatively reflected below:



OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

District Fiduciary Responsibility

The District is the trustee, or fiduciary, for certain amounts held on behalf of students, clubs, and donors for student loans and scholarships. The District's fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position. Net position of fiduciary activities are excluded from the District's net position because the District cannot use fiduciary assets to finance its operations. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

Capital Assets

As of June 30, 2013, the District had approximately $181.5 million invested in capital assets. Capital assets consist of land and land improvements, buildings and building improvements, construction in progress, vehicles, data processing equipment, and other equipment that met the capitalization threshold recommended by GASB Statement No. 35. These assets have accumulated depreciation of $34.9 million, leaving a net capital asset amount of $146.5 million.

Note 5 to the financial statements provides detail information on capital assets. A summary of capital assets net of accumulated depreciation and changes therein is presented below:

	Primary Government		
	2013	2012	Net Change
Land and construction in progress	$ 977,897	$ 4,064,675	$ (3,086,778)
Buildings and equipment	180,538,744	172,656,965	7,881,779
Accumulated depreciation	(34,982,748)	(31,330,161)	(3,652,587)
Total Capital Assets	$ 146,533,893	$ 145,391,479	$ 1,142,414

Total net capital assets increased $1.1 million. Major changes consisted of capitalized interest resulting from the implementation of the Governmental Accounting Standards Board (GASB) Statement No. 62 - *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements.*

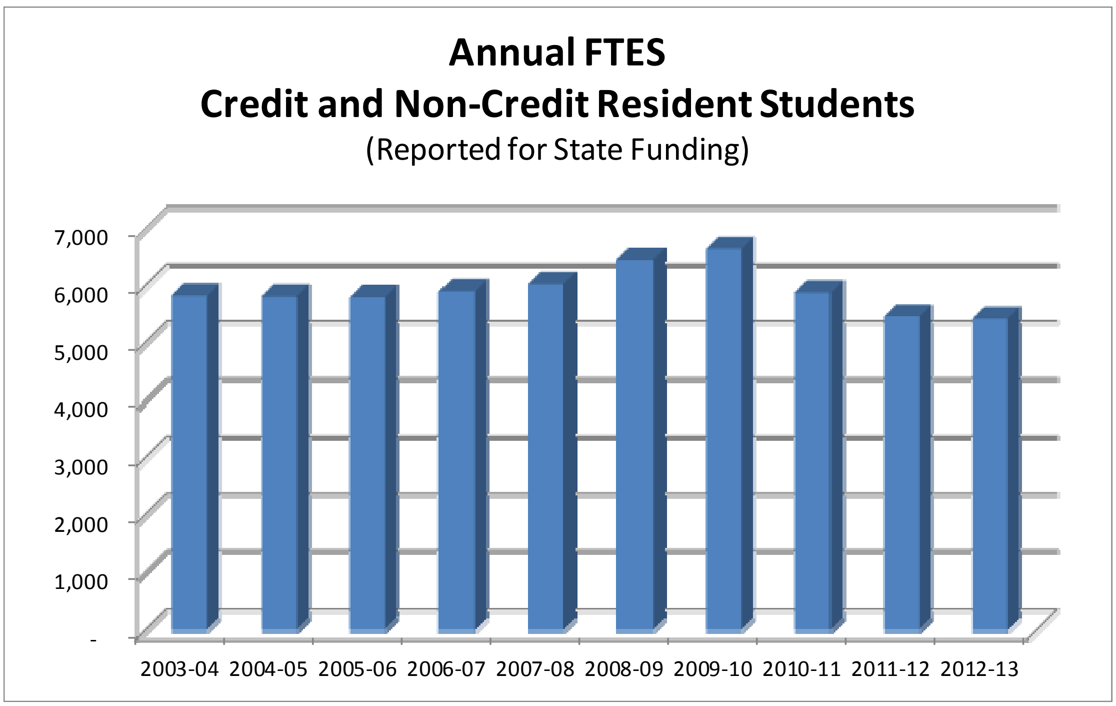
ECONOMIC FACTORS THAT MAY AFFECT THE FUTURE

The FY 2013-2014 state budget for community colleges included a cost of living adjustment (COLA) of 1.57% on general purpose apportionments and 1.63% for growth funding statewide. The college is prepared to earn the additional growth funds while containing enrollments to available funding levels. Enrollment fees remain at $46/unit. Although enrollment fees have increased 130% in the last 5 years, they are still among the lowest in the nation.

For the first time in many years, the state provided funding for instructional equipment and scheduled maintenance in its FY 2013-2014 budget. The scheduled maintenance funds will assist in addressing the facility maintenance needs of the college. The District has begun the process to prepare and complete its Facility Master Plan for use in prioritizing facilities' related project funding.

HISTORICAL FULL TIME EQUIVALENT STUDENTS (FTES) TRENDS

In 2012-2013, the District reported 5,418 credit and non-credit resident FTES. See the below chart for a historical perspective on the changes in FTES over the past 10 fiscal years.



CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have any questions about this report or need additional financial information, you may contact the Director of Fiscal Services, Business and Finance, at Napa Valley Community College District, 2277 Napa-Vallejo Highway, Napa, CA 94558.

FINANCIAL SECTION

NAPA VALLEY COMMUNITY COLLEGE DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2013

	Primary Government	Component Unit
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 16,219,466	$ 40,869
Accounts receivable	4,106,122	3,956
Prepaid expenses	504,784	69
Due from fiduciary funds	618,302	-
Total Current Assets	21,448,674	44,894
NONCURRENT ASSETS		
Deferred cost on issuance	1,528,118	-
Depreciable assets, net of accumulated depreciation	146,533,893	-
Total Noncurrent Assets	148,062,011	-
TOTAL ASSETS	169,510,685	44,894
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	2,692,430	1,484
Due to fiduciary funds	22,204	-
Deferred revenue	2,253,917	-
Accrued interest payable	1,696,997	-
Current Portion - Long-term debt	6,063,242	-
Total Current Liabilities	12,728,790	1,484
NONCURRENT LIABILITIES		
Noncurrent portion - Long-term debt	153,945,880	-
TOTAL LIABILITIES	166,674,670	1,484
NET POSITION		
Net investment in capital assets	7,351,161	-
Restricted for:		
Debt service	6,793,377	-
Capital projects	882,887	-
Unrestricted	(12,191,410)	43,410
TOTAL NET POSITION	$ 2,836,015	$ 43,410

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

NAPA VALLEY COMMUNITY COLLEGE DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Primary Government	Component Unit
OPERATING REVENUES		
Student Tuition and Fees	$ 10,218,480	$ -
Less: Scholarship discount & allowance	(6,490,684)	-
Net tuition & fees	3,727,796	-
Grants and Contracts, noncapital:		
Federal	2,251,301	-
State	5,394,353	-
Local	928,051	55
Enterprise Sales and Charges	1,451,148	56,612
Subtotal	10,024,853	56,667
TOTAL OPERATING REVENUES	13,752,649	56,667
OPERATING EXPENSES		
Salaries	23,722,753	-
Benefits	10,631,748	-
Supplies, materials, & other operating expenses	6,490,094	27,816
Depreciation	2,826,765	-
TOTAL OPERATING EXPENSES	43,671,360	27,816
OPERATING LOSS	(29,918,711)	28,851
NONOPERATING REVENUES/(EXPENSES)		
State apportionments, non-capital	3,834,394	-
Local property taxes	26,272,534	-
State taxes & other revenues	5,611,506	-
Investment income - Non-capital	44,972	3
Financial aid revenues - federal	6,728,499	-
Financial aid revenues - state and local	429,757	-
Financial aid expenses	(7,026,525)	-
Interest expense	(7,130,961)	-
TOTAL NONOPERATING REVENUES	28,764,176	3
LOSS BEFORE OTHER REVENUES	(1,154,535)	28,854
OTHER REVENUES		
Local property taxes and revenues, capital	157,104	-
TOTAL OTHER REVENUES	157,104	-
DECREASE IN NET ASSETS	(997,431)	28,854
NET POSITION, BEGINNING OF YEAR	717,785	5,953,021
ADJUSTMENT FOR RESTATEMENT (see Note 12)	3,115,661	(5,938,465)
NET POSITION, AS RESTATED	3,833,446	14,556
NET POSITION, END OF YEAR	$ 2,836,015	$ 43,410

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

NAPA VALLEY COMMUNITY COLLEGE DISTRICT
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Primary Government	Component Unit
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and fees	$ 3,435,137	$ -
Grants, contracts and sales	10,339,432	55,029
Payments to or on behalf of employees	(34,550,625)	-
Payments to vendors for supplies and services	(5,985,127)	(28,014)
Net Cash Used in Operating Activities	(26,761,183)	27,015
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State apportionments	6,093,788	-
Property taxes	26,258,002	-
State taxes and other nonoperating activity	5,960,526	-
Net Cash Provided by Non-capital Financing Activities	38,312,316	-
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Acquisition and construction of capital assets	(1,257,503)	-
Local property tax, capital projects	157,104	-
Principal paid on capital debt	(5,275,000)	-
Interest paid on capital debt	(2,206,731)	-
Net Cash Used by Capital Financing Activities	(8,582,130)	-
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income	44,972	3
NET DECREASE IN CASH & CASH EQUIVALENTS	3,013,975	27,018
CASH & CASH EQUIVALENTS, BEGINNING OF YEAR	13,205,491	13,851
CASH & CASH EQUIVALENTS, END OF YEAR	$ 16,219,466	$ 40,869

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

	Primary Government	Component Unit
RECONCILIATION OF NET OPERATING LOSS TO NET CASH FLOWS FROM OPERATING ACTIVITIES		
Operating gain/(loss)	$ (29,918,711)	$ 28,851
Adjustments to Reconcile Operating Loss to Net Cash Flows from Operating Activities:		
Depreciation expense	2,826,765	-
Changes in Assets and Liabilities:		
Receivables, net	21,920	(1,583)
Prepaid items	13,288	-
Accounts payable and accrued liabilities	(196,124)	(253)
Deferred revenue	422,035	-
Compensated absences	69,644	-
Total Adjustments	3,157,528	(1,836)
Net Cash Flows From Operating Activities	$ (26,761,183)	$ 27,015

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

NAPA VALLEY COMMUNITY COLLEGE DISTRICT
STATEMENT OF NET POSITION – FIDUCIARY FUNDS
JUNE 30, 2013

	Agency			
	Associated Students Napa Valley College	**Student Representation Fee**	**District Trust**	**Total 2013**
ASSETS				
Cash and cash equivalents	$ 72,294	$ 35,197	$ 1,179,066	$ 1,286,557
Investments	-	-	1,042,517	1,042,517
Accounts receivable	105	-	57,963	58,068
Due from other funds	23,801	2,203	-	26,004
Prepaid expenses	-	-	10,197	10,197
Total Assets	96,200	37,400	2,289,743	2,423,343
LIABILITIES				
Accounts payable	-	273	1,050,268	1,050,541
Deferred revenue	15,070	5,197	41,373	61,640
Due to other funds	406	4,878	618,302	623,586
Due to student groups	80,724	27,052	-	107,776
Total Liabilities	96,200	37,400	1,709,943	1,843,543
NET ASSETS				
Reserved	-	-	579,800	579,800
Total Liabilities and Net Assets	$ 96,200	$ 37,400	$ 2,289,743	$ 2,423,343

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

NAPA VALLEY COMMUNITY COLLEGE DISTRICT
STATEMENT OF CHANGES IN NET POSITION – FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

		2013
		District Trust
ADDITIONS		
Operating revenues	$	-
Total Additions		-
DEDUCTIONS		
Operating expenses		52,572
Total Deductions		52,572
Change in Net Assets		(52,572)
Net Assets - Beginning		632,372
Net Assets - Ending	$	579,800

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

NOTE 1 – ORGANIZATION

The Napa Valley Community College District (the District) was founded in 1942 as a political subdivision of the State of California. It provides higher education in the greater Napa area, which consists of portions of four counties. The District consists of one main campus in Napa with one educational center in St. Helena. The District also offers classes and programs at various other locations throughout the District. The District serves approximately 10,000 full and part-time, credit and non-credit students per semester. Full-Time Equivalent Students (FTES) for 2012-2013 were 5,418.

Financial Reporting Entity

The District has adopted GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*. This statement amends GASB Statement No. 14, *The Financial Reporting Entity*, to provide additional guidance to determine whether certain organizations, for which the District is not financially accountable, should be reported as component units based on the nature and significance of their relationship with the District.

In evaluating how to define the District for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in generally accepted accounting principles and GASB Statement No. 14 and Statement No. 39. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the Board of Trustee's ability to exercise oversight responsibility. A second criterion used in evaluating potential component units is the scope of public service. A third criterion used to evaluate potential component units is the existence of special financing relationships, regardless of whether the District is able to exercise oversight responsibilities.

For financial reporting purposes, the District includes all funds, agencies, and authorities that are controlled by or are dependent on the District's executive and legislative branches. Control by or dependence on the District was determined on the basis of budget adoption, taxing, authority, outstanding debt secured by revenues or general obligations of the District, obligations of the District to finance any deficits that may occur, or receipt of significant subsidies from the District.

As a result, the financial statements of the District include the financial activities of the District and the combined totals of the trust and agency funds, which represent the various scholarships and student organizations within the District.

The District, the Napa Valley College Foundation (the Foundation), and the Napa Valley Viticulture & Wine Technology Foundation (the VWT Foundation) have financial and operational relationships that require analysis to determine whether they meet the reporting entity definition criteria of the Governmental Accounting Standards Board (GASB) for inclusion as component units of the District. After analysis the VWT Foundation was determined to have met these criteria, while the Foundation did not. Accordingly, the financial activities of the VWT Foundation have been included in the financial statements of the District. The separately audited financial statements of the Foundation may be obtained from the District. The VWT Foundation does not issue separate audited financial statements at this time.

NOTE 1 – ORGANIZATION (continued)

Financial Reporting Entity (continued)

The following are those aspects of the relationship between the District and the component units that satisfies the GASB:

Accountability The VWT Foundation operates under a master agreement with the District in accordance with the California Education Code requirements. The District is able to impose its will upon the VWT Foundation.

Discrete Presentation For financial presentation purposes, the VWT Foundation financial activities have been discretely presented with the financial activities of the District.

Joint Powers Agencies and Public Entity Risk Pools

The District is associated with four joint powers agencies (JPAs). These organizations do not meet the criteria for inclusion as component units of the District. The JPAs are the Northern California Community College Self Insurance Authority (NCCCSIA), Statewide Association of Community Colleges (SWACC), Schools Self-Insurance of Contra Costa County (SSICCC), and Protected Insurance Program for Schools (PIPS). See Note 8 for more information.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

For financial reporting purposes, the District is considered a special-purpose government engaged only in business-type activities as defined by GASB Statements No. 34 and No. 35 as amended by GASB Statements No. 37 and No. 38. Accordingly, the District's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. All significant intra-agency and intra-fund transactions have been eliminated.

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place and amounts are available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within 90 days of fiscal year end.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include state apportionments, property taxes, certain grants, entitlements, and donations. Revenue from state apportionments is generally recognized in the fiscal year in which it is apportioned from the state. Revenue from property taxes is recognized in the fiscal year in which the taxes are received. Revenue from certain grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include time and purpose requirements.

The accounting policies of the District conform to accounting principles generally accepted in the United States of America (U.S. GAAP) as applicable to colleges and universities, as well as those prescribed by the California Community Colleges Chancellor's Office.

The District reports are based on all applicable GASB pronouncements, as well as applicable Financial Accounting Standards Board (FASB) pronouncements issued on or before November 30, 1989, now codified in the FASB Accounting Standards Codification, unless those pronouncements conflict with or contradict GASB pronouncements. When applicable, certain prior year amounts have been reclassified to conform to current year presentation. The budgetary and financial accounts of the District are maintained in accordance with the State Chancellor's Office Budget and Accounting Manual.

The financial statements are presented in accordance with the reporting model as prescribed in GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, and GASB Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities*, as amended by GASB Statements No. 37 and No. 38. The Business type activities model followed by the District requires the following components of the District's financial statements:

- Management's Discussion and Analysis
- Basic Financial Statements for the District as a whole including:
    - Statements of Net Position
    - Statements of Revenues, Expenses, and Changes in Net Position
    - Statements of Cash Flows
- Notes to Financial Statements

Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand and demand deposits. Cash equivalents also include cash with county treasury balances for purposes of the statements of cash flows.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments

In accordance with GASB Statement No. 31, *Accounting and Reporting for Certain Investments and for External Investment Pools*, investments are stated at fair market value. Fair market value is estimated based on published market prices at year-end. Investments for which there are no quoted market prices are not material.

Accounts Receivable

Accounts receivable consists of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty and staff, the majority of each residing in the State of California. Accounts receivable also include amounts due from the Federal government, State and local governments, or private sources, in connection with reimbursements of allowable expenditures made pursuant to the District's grants and contracts. The District utilizes the allowance method with respect to its accounts receivable. The allowance was $681,556 at June 30, 2013.

Prepaid Expenditures

Prepaid expenditures or expenses represent payments made to vendors for services that will benefit periods beyond June 30, 2013.

Inventory

Inventory, primarily bookstore merchandise, is carried at the lower of cost or market using the first-in, first-out (FIFO) method.

Deferred Charges

Deferred charges are bond issuance costs and are deferred and amortized over the term of bonds using the straight-line method since the results are not significantly different from the effective interest method.

Capital Assets and Depreciation

Capital assets are long-lived assets of the District as a whole and include land, construction-in-progress, buildings, leasehold improvements, and equipment. The District maintains an initial unit cost capitalization threshold of $5,000. Assets are recorded at historical cost, or estimated historical cost, when purchased or constructed. The District does not possess any infrastructure. Donated capital assets are recorded at estimated fair market value at the date of donation. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Major outlays for capital improvements are capitalized as construction-in-progress as the projects are constructed. Routine repairs and maintenance that do not extend the life of the building or equipment are charged as operating expenses in the year the expense is incurred.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital Assets and Depreciation (continued)

Depreciation of capital assets is computed and recorded by the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings, 50 years; improvements, 20 to 65 years; equipment, 5 to 20 years; library books, 5 years; technology equipment, 5 years. Land and construction in progress are considered nondepreciable capital assets; therefore, no depreciation is computed.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the entity-wide financial statements.

Deferred Issuance Costs, Premiums, and Discounts

Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight line method.

Compensated Absences

Compensated absence costs are accrued when earned by employees. Accumulated unpaid employee vacation benefits are recognized at year-end as liabilities of the District.

Deferred Revenue

Deferred revenue arises when potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period or when resources are received by the District prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Deferred revenues include (1) amounts received for tuition and fees prior to the end of the fiscal year that are related to the subsequent fiscal year and (2) amounts received from federal and state grants received before the eligibility requirements are met.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Net Position

GASB Statements No. 34 and No. 35 report equity as "Net Position." Net position is classified according to external donor restrictions or availability of assets for satisfaction of District obligations according to the following net position categories:

- **Net investment in Capital Assets–** Capital Assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets.

- **Restricted – Expendable –** Net position whose use by the District is subject to externally imposed constraints that can be fulfilled by actions of the District pursuant to those constraints or by the passage of time.

- **Unrestricted –** Net position that are not subject to externally imposed constraints. Unrestricted net position may be designated for specific purposes by action of the Board of Trustees or may otherwise be limited by contractual agreements with outside parties.

When both restricted and unrestricted resources are available for use, it is the District's practice to use restricted resources first and the unrestricted resources when they are needed. The entity-wide financial statements report $7,676,264 of restricted net position.

Operating Revenues and Expenses

Classification of Revenues – The District has classified its revenues as either operating or nonoperating according to the following criteria:

- **Operating revenues –** Operating revenues include activities that have the characteristics of exchange transactions, such as, (1) student tuition and fees, net of scholarship discounts and allowances, (2) internal service – self-insurance charges, (3) most federal, state, and local grants and contracts, and (4) interest on institutional student loans.

- **Nonoperating revenues –** Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as state apportionments, property taxes, investment income, and other revenue sources described in GASB Statement No. 34.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Operating Revenues and Expenses (continued)

Classification of Expenses – Nearly all the District's expenses are from exchange transactions and are classified as either operating or nonoperating according to the following criteria:

- **Operating expenses –** Operating expenses are necessary costs to provide the services of the District and include employee salaries and benefits, supplies, operating expenses, and student financial aid.

- **Nonoperating expenses –** Nonoperating expenses include interest expense and other expenses not directly related to the services of the District.

State Apportionments

Certain current year apportionments from the state are based on financial and statistical information of the previous year. Any corrections due to the recalculation of the apportionment are made in February of the subsequent year and are recorded in the District's financial records when received.

On-Behalf Payments

GASB Statement No. 24 requires direct on-behalf payments for fringe benefits and salaries made by one entity to a third party recipient for the employees for another legally separate entity be recognized as revenues and expenditures by the employer entity. The State of California makes direct on-behalf payments to the State Teachers Retirement System (STRS) on behalf of all community colleges in California. The amounts of on-behalf payments were $579,689.

Estimates

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

Property Tax

Secured property taxes are recorded as revenue when apportioned in the fiscal year of the levy. The counties apportion 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.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property Tax

Property taxes are recorded as local revenue sources by the District. The California Community Colleges Chancellor's Office reduces that District's entitlement by the District's local property tax revenue and student fees. The balance is paid from the State's General Fund and is referred to as the State apportionment. The District's base revenue is the amount of general purpose tax revenue, per full-time equivalent student (FTES) that the District is entitled to by law.

Scholarship Discounts and Allowances

Student tuition and fee revenue is reported net of scholarship discounts and allowances in the Statements of Revenues, Expenditures, and Changes in Net Position. Scholarship discounts and allowances represent the difference between stated charges for enrollment fees and the amount that is paid by students or third parties making payment on the students' behalf. To the extent that fee waivers and discounts have been used to satisfy tuition and fee charges, the District has recorded a scholarship discount and allowance.

Interfund Activity

Exchange transactions between funds of the District are reported as revenues and expenses within the statements of Revenues, Expenses, and Changes in Net Position. Flows of cash or goods from one fund to another without a requirement for repayment are recognized as interfund transfers within the District's fund financial statements. Amounts owing between funds for both exchange and non-exchange transactions are recorded as interfund receivables and payables within the District's fund financial statements. Interfund transfers and interfund receivables and payables are eliminated during the consolidation process in the entity-wide financial statements.

New Accounting Pronouncement

In March 2012, GASB issued Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre November 30, 1989 FASB and AICPA Pronouncements. GASB Statement No. 62 establishes standards of financial accounting and reporting for capitalizing interest cost as a part of the historical cost of acquiring certain assets. For the purposes of applying this Statement, interest cost includes interest recognized on obligations having explicit interest rates and interest imputed on certain types of payables.

The District has implemented the provisions of this Statement for the year ended June 30, 2013. See Note 12 for more information.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

New Accounting Pronouncement (continued)

Concepts Statement No. 4 also identifies net position as the residual of all other elements presented in a statement of financial position. This Statement amends the net asset reporting requirements in Statement No. 34, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets.

The District has implemented the provisions of this Statement for the year ended June 30, 2013.

In March 2012, the GASB issued Statement No. 65, Items Previously Reported as Assets and Liabilities. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

Concepts Statement No. 4, Elements of Financial Statements, introduced and defined the elements included in financial statements, including deferred outflows of resources and deferred inflows of resources. In addition, Concepts Statement No. 4 provides that reporting a deferred outflow of resources or a deferred inflow of resources should be limited to those instances identified by the Board in authoritative pronouncements that are established after applicable due process. Prior to the issuance of this Statement, only two such pronouncements have been issued. Statement No. 53, Accounting and Financial Reporting for Derivative Instruments, requires the reporting of a deferred outflow of resources or a deferred inflow of resources for the changes in fair value of hedging derivative instruments, and Statement No. 60, Accounting and Financial Reporting for Service Concession Arrangements, requires a deferred inflow of resources to be reported by a transferor government in a qualifying service concession arrangement. This Statement amends the financial statement element classification of certain items previously reported as assets and liabilities to be consistent with the definitions in Concepts Statement No. 4. This Statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources.

The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012, and will be incorporated in the 2013-14 fiscal year.

In June 2012, the GASB issued Statement No. 68, Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

New Accounting Pronouncement (continued)

This Statement replaces the requirements of Statement No. 27, Accounting for Pensions by State and Local Governmental Employers, as well as the requirements of Statement No. 50, Pension Disclosures, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements No. 27 and No. 50 remain applicable for pensions that are not covered by the scope of this Statement. The scope of this Statement addresses accounting and financial reporting for pensions that are provided to the employees of state and local governmental employers through pension plans that are administered through trusts.

This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures, as well as note disclosure and required supplementary information requirements.

This Statement is effective for fiscal years beginning after June 15, 2014, and will be implemented by the District in the 2014-15 fiscal year.

NOTE 3 – CASH AND INVESTMENTS

Policies and Practices

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

Investment in County Treasury – The District is considered to be an involuntary participant in an external investment pool as the District is required to deposit all receipts and collections of monies with their County Treasurer (Education Code Section 41001). The fair market value of the District's investment in the pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair market 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.

NOTE 3 – CASH AND INVESTMENTS

General Authorizations

Primary Institution – Credit Risk

California Government Code, Section 53601, limits investments in commercial paper to "prime" quality of the highest ranking, or of the highest letter and numerical rating as provided by nationally recognized statistical rating organizations (NRSRO), and limits investments in medium-term notes to a rating of A or better. Individual securities must be backed by the federal government or rated AAA, AA, or A by Standard & Poor's or Aaa. Aa, or A by Moody's indices. The District's investment policy established safety of principal as of primary investment objective. The District's investment in the County investment pool is unrated.

Component Units – Credit Risk

The Component Units' investment policies allow for investment in equity securities and fixed income instruments. Any corporate obligations must be rated BBB or a better rating by Standard & Poor's or a similar rating agency. The Component Units' investments are rated at least BBB or better by Standard & Poor's as of June 30, 2013.

Limitations as they relate to interest rate risk, credit risk, and concentration of credit risk are indicated in the schedules below:

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

Authorized Under Debt Agreements

Investments of debt proceeds held by bond trustees are governed by provisions of the debt agreements rather than the general provisions of the California Government Code. These provisions allow for the acquisition of investment agreements with maturities of up to 30 years.

NOTE 3 – CASH AND INVESTMENTS (continued)

Summary of Cash and Investments

Cash and investments as of June 30, 2013, consist of the following:

Governmental Funds:		
Cash on hand and in banks	$	596,242
Investment in Napa County Investment Pool		15,623,224
Total Cash and Investments	$	16,219,466
Fiduciary Funds:		
Cash on hand	$	1,286,557

Interest Rate Risk

Interest rate risk is risk to the earnings or market value of a portfolio due to uncertain future interest rates. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair market value to changes in market interest rates. The District manages its exposure to interest rate risk by primarily investing in the County Investment Pool and in other investment agreements.

Specific Identification

Information about the sensitivity of the fair market values of the District's investments to market interest rate fluctuations is indicated by the 405 day weighted average maturity for the District's deposits of $15,623,224 held with the Napa County Treasurer.

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investment in the County pool is not required to be rated, nor has it been rated as of June 30, 2013. As of June 30, 2013, the Napa County Treasury was not rated.

NOTE 3 – CASH AND INVESTMENTS (continued)

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 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. As of June 30, 2013, the District's bank balance was not exposed to custodial credit risk because the first $250,000 deposited per bank was covered under the FDIC insurance limit, and the remaining balance was collateralized with securities held by the pledging financial institution's trust department or agency.

NOTE 4 – ACCOUNTS RECEIVABLE

Receivables for the District consisted primarily of intergovernmental grants, entitlements, interest, and other local sources. All receivables are considered collectible in full.

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the District for the fiscal year ended June 30, 2013 was as follows:

	Balance July 01, 2012	Additions	Deductions	Adjustments	Balance June 30, 2013
Capital Assets not being Depreciated					
Land	$ 977,897	$ -	$ -	$ -	$ 977,897
Construction in progress	3,086,778	-	-	(3,086,778)	-
Total Capital Assets not Being Depreciated	4,064,675	-	-	(3,086,778)	977,897
Capital Assets being Depreciated					
Site improvements	42,711,097	-	-		42,711,097
Buildings & improvements	113,489,550	-	-	7,111,586	120,601,136
Furniture & equipment	16,456,318	853,518	83,325		17,226,511
Total Capital Assets Being Depreciated	172,656,965	853,518	83,325	7,111,586	180,538,744
Total Capital Assets	176,721,640	853,518	83,325	4,024,808	181,516,641
Less Accumulated Depreciation					
Land improvements	17,173,133	171,919	-		17,345,052
Buildings & improvements	12,809,205	2,087,514	-	909,147	15,805,866
Furniture & equipment	1,347,823	567,332	83,325		1,831,830
Total Accumulated Depreciation	31,330,161	2,826,765	83,325	909,147	34,982,748
Net Capital Assets	$ 145,391,479	$ (1,973,247)	$ -	$ 3,115,661	$ 146,533,893

Depreciation expense for the year was $2,826,765.

NOTE 6 – LONG-TERM OBLIGATIONS

Summary

The changes in the District's long-term obligations for the 2013 fiscal year consisted of the following:

	Balance July 01, 2012	Additions	Deductions	Balance June 30, 2013	Due Within One Year
Long-Term Obligations					
General obligation bonds	$ 138,118,948	$ 4,976,095	$ 5,275,000	$ 137,820,043	$ 5,700,000
Premium on bonds	7,132,825	-	794,041	6,338,784	-
Compensated absences	1,206,449	767,788	698,144	1,276,093	-
Supplemental employee retirement plan	1,108,663	-	363,242	745,421	363,242
Other postemployment benefits	11,689,518	2,139,263	-	13,828,781	-
Totals	$ 159,256,403	$ 7,883,146	$ 7,130,427	$ 160,009,122	$ 6,063,242

Description of Debt

Payments on the general obligation bonds are made by the bond interest and redemption fund with local property tax collections. The General Fund makes payments for the compensated absences, other postemployment benefits and the supplemental employee retirement plan. Accrued vacation will be paid by the fund for which the employee worked.

Original issuance premiums and issuance costs are amortized over the life of the bonds as a component of interest expense on the bonds.

NOTE 6 – LONG-TERM OBLIGATIONS (continued)

Bonded Debt

The outstanding general obligation bonded debt as of June 30, 2013 is as follows:

Series	Issue Date	Interest Yield	Maturity Date	Bonds Outstanding July 1, 2012	Accreted Interest Addition	Redeemed	Bonds Outstanding June 30, 2013	Due Within One Year
2002 Series B	3/17/2005	3.00% - 5.38%	8/1/2029	$ 27,496,583	$ 1,214,187	$ 665,000	$ 28,045,770	$ 1,165,000
2002 Series C	7/18/2007	4.7% - 5.18%	8/1/2034	55,055,070	2,881,461	-	57,936,531	-
2005 Refunding	3/4/2005	3.50% - 5.25%	8/1/2018	18,324,124	220,020	2,000,000	16,544,144	1,745,000
2006 Refunding	11/16/2006	3.75% - 5.00%	8/1/2020	37,243,171	660,427	2,610,000	35,293,598	2,790,000
			Total	$ 138,118,948	$ 4,976,095	$ 5,275,000	$ 137,820,043	$ 5,700,000

2002 General Obligation Bonds, Election 2002, Series B

General obligation bonds were approved by a local election in November 2002. The total amount approved by the voters was $133,800,000. During March 2005, the District issued, from the November 2002 election, the General Obligation Bonds, Series B in the amount of $64,997,723. The bonds issued consisted of $49,010,000 of Current Interest Serial bonds and $15,987,723 in Capital Appreciation Serial bonds. The bonds mature beginning on August 1, 2006 through August 1, 2029, with interest rates ranging from 3.00 percent to 5.38 percent. At June 30, 2013, the principal balance outstanding (including accreted interest to date) was $27,496,583.

Year Ending June 30,	Principal	Interest	Total
2014	$ 1,165,000	$ 2,097,025	$ 3,262,025
2015	1,345,000	2,050,425	3,395,425
2016	1,540,000	1,989,900	3,529,900
2017	-	1,928,300	1,928,300
2018	-	1,858,500	1,858,500
2019-2023	-	6,625,500	6,625,500
2024-2028	12,498,187	393,500	12,891,687
2029-2030	3,489,537	-	3,489,537
Total	$ 20,037,724	$ 16,943,150	$ 36,980,874

** Principal excludes $8,008,047 accreted interest as of June 30, 2013.*

NOTE 6 – LONG-TERM OBLIGATIONS (continued)

Bonded Debt (continued)

2002 General Obligation Bonds, Election 2002, Series C

During July 2007, the District issued, from the November 2002 election, the General Obligation bonds, Series C in the amount of $43,799,997. The bonds issued consisted of $43,799,997 of Capital Appreciation bonds. The bonds mature beginning on August 1, 2020 through August 1, 2034, with interest yields ranging from 4.70 percent to 5.18 percent. At June 30, 2013, the principal balance outstanding (including accreted interest to date) was $55,055,070.

Year Ending June 30,	Principal	Interest	Total
2014	$ -	$ -	$ -
2015	-	-	-
2016	-	-	-
2017	-	-	-
2018	-	-	-
2019-2023	13,266,366	-	13,266,366
2024-2028	8,447,061	-	8,447,061
2029-2033	15,239,708	-	15,239,708
2034-2035	6,846,861	-	6,846,861
	$ 43,799,996	$ -	$ 43,799,996

** Principal excludes $14,136,535 accreted interest as of June 30, 2013.*

NOTE 6 – LONG-TERM OBLIGATIONS (continued)

Bonded Debt (continued)

2005 General Obligation Bonds, Refunding Bonds

Proceeds from the 2005 General Obligation Refunding Bonds of $21,473,116, issued in March 2005, were used to advance refund the outstanding Election 2002, Series A bonds. Investments backed by the U.S. government were purchased and placed in an irrevocable trust with an escrow agent. The investments and fixed earnings on the investments are sufficient to fully provide for all future debt service on the refunded bonds, and accordingly the refunding transaction met the criteria for an in-substance defeasance. The liabilities related to the refunded bonds were removed from the District's financial statements for the fiscal year ended June 30, 2005.

The bonds issued consisted of $13,090,000 of Current Interest bonds and $8,383,116 in Capital Appreciation bonds. The bonds mature beginning on August 1, 2005 through August 1, 2018, with interest rates ranging from 3.50 percent to 5.25 percent. At June 30, 2013, the principal balance outstanding (including accreted interest to date) was $18,324,124.

Year Ended June 30,	Principal*	Interest	Total
2014	$ 1,745,000	$ 577,581	$ 2,322,581
2015	1,895,000	516,507	2,411,507
2016	2,065,000	444,563	2,509,563
2017	2,250,000	359,087	2,609,087
2018	2,450,000	266,087	2,716,087
2019	2,685,000	140,963	2,825,963
Total	$ 13,090,000	$ 2,304,788	$ 15,394,788

** Principal excludes $4,601,884 accreted interest as of June 30, 2013.*

NOTE 6 – LONG-TERM OBLIGATIONS (continued)

Bonded Debt (continued)

2006 General Obligation Bonds, Refunding Bonds

Proceeds from the 2005 General Obligation Refunding Bonds of $43,335,283, issued in November 2006, were used to advance refund a portion of the outstanding Election 2002, Series B bonds. Investments backed by the U.S. government were purchased and placed in an irrevocable trust with an escrow agent. The investments and fixed earnings on the investments are sufficient to fully provide for all future debt service on the refunded bonds, and accordingly the refunding transaction met the criteria for an in-substance defeasance. The liabilities related to the refunded bonds were removed from the District's financial statements for the fiscal year ended June 30, 2007.

The bonds issued consisted of $40,410,000 of Current Interest bonds and $2,925,283 in Capital Appreciation bonds. The bonds mature beginning on August 1, 2007 through August 1, 2020, with interest rates ranging from 3.75 percent to 5.00 percent. At June 30, 2013, the principal balance outstanding (including accreted interest to date) was $37,243,171.

Year Ended June 30,	Principal*	Interest	Total
2014	$ 2,790,000	$ 1,398,187	$ 4,188,187
2015	2,789,094	1,291,875	4,080,969
2016	1,157,838	1,192,500	2,350,338
2017	1,628,350	1,192,500	2,820,850
2018	5,270,000	1,192,500	6,462,500
2019-2021	18,580,000	1,743,500	20,323,500
Total	$ 32,215,282	$ 8,011,062	$ 40,226,344

** Principal excludes $3,078,315 accreted interest as of June 30, 2013.*

NOTE 6 – LONG-TERM OBLIGATIONS (continued)

Supplemental Early Retirement Plan

The District provided a board approved SERP retirement plan in 2010. The future cost to the District as of June 30, 2013, was $726,484. The supplemental Employee Retirement Plan (SERP) is a fixed annuity product designed to qualify under 403 (b) of the Internal Revenue Service Code. Eligibility is restricted to Regular Faculty, Regular Classified or Administrative/Confidential employees in paid status as of December 12, 2009, had at least five years of consecutive service as a regular employee with the District as of June 30, 2010.; was at least 55 years of age as of June 30, 2010; had resigned/retired from employment with the District effective no later than June 30, 2010; and applied for benefits under the plan by February 12, 2010. Payments are to be made from the District's General Fund according to the following schedule:

Years Ending June 30,	Pacific Life	PARS	Total
2014	$ 344,305	$ 18,937	$ 363,242
2015	344,305	18,937	363,242
	$ 688,610	$ 37,874	$ 726,484

Compensated Absences

Compensated absences refer to accumulated unpaid employee vacation benefits that are accrued as a liability as the benefits are earned. At June 30, 2013, the balance outstanding was $1,276,093.

NOTE 7 – OTHER POSTEMPLOYMENT BENEFITS

The District provides postemployment health care benefits in accordance with District employment contracts to all employees and their eligible dependents who retire from the District until attaining age 65 with at least fifteen years in service. When the retiree attains age 65, the District's plan will provide MediCare supplemental coverage for the employee. The District contributes 100 percent of the amount of the benefit premium costs incurred by retirees.

NOTE 7 – OTHER POSTEMPLOYMENT BENEFITS (continued)

Plan Description and Contribution Information

Membership of the plan consisted of the following at June 30, 2013, the date of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits	218
Active plan members	275
Total	493
Number of participating employers	1

Funded Status and Funding Progress – OPEB Plans

The funded status of the plan as of the most recent actuarial valuation date is as follows:

Actuarial Valuation Date	Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio
6/30/2011	$ 409,215	$ 30,530,071	$ 30,120,856	1%

Actuarial valuations of an ongoing plan involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedules of funding progress, presented as required supplementary information following the notes to the financial statements, present multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

The accompanying schedules of employer contributions present trend information about the amounts contributed to the plan by the employer in comparison to the ARC, an amount that is actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost for each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designated to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

NOTE 7 – OTHER POSTEMPLOYMENT BENEFITS (continued)

Funded Status and Funding Progress – OPEB Plans (continued)

Additional information as of the latest actuarial valuation follows:

Valuation Date	6/30/2011
Actuarial Cost Method	Normal Cost
Amortization Method	Level Dollar Basis
Amortization Period	28 Years
Asset Valuation	Market Value Basis
Actuarial Assumptions:	
Inflation rate	3.25%
Discount rate	5.00%
Healthcare cost trend rates:	
Long-term	6.5%

Annual OPEB Cost and Net OPEB Asset

The following table shows the elements of the District's annual OPEB cost for the year, the amount actually paid on behalf of the plan, and changes in the District's net OPEB obligation for the fiscal year ended June 30, 2013:

Annual required contribution (ARC)	$ 3,445,941
Interest on net OPEB obligation	584,476
Adjustment to ARC	(798,299)
Annual OPEB cost	3,232,118
Contributions made:	
Pay-as-you-go cost	1,092,855
Total contributions made	1,092,855
Increase in net OPEB obligation	2,139,263
Net OPEB obligation - July 1, 2012	11,689,518
Net OPEB obligation - June 30, 2013	$ 13,828,781

NOTE 8 – RISK MANAGEMENT

Property and Liability

The District is exposed to various risk of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District's property and liability coverage is self-insured through the Northern California Community Colleges Self Insurance Authority (NCCCSIA). The District retains the risk up to $1,000 per occurrence. The NCCCSIA retains the risk up to $25,000 on property and $25,000 on liability. Insurance above these levels is ceded to another joint powers authority, Statewide Association of Community Colleges (SWACC) to a level of $25 million on liability and $250 million on property. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been significant reduction in coverage from the prior year.

Workers' Compensation

The District is also a member of the NCCCSIA for its workers' compensation coverage. Workers' compensation coverage is funded to 99% confidence levels with aggregate losses capped at $150,000,000 through the Protected Insurance Program for Schools (PIPS) JPA.

Dental Insurance Program

The District participates in the dental insurance program, organized by the Schools Self-Insurance of Contra Costa County (SSICCC), which is a joint powers authority created to provide dental self-insurance for school districts.

Participation in Public Entity Risk Pools and JPAs

The District pays annual premiums for its property liability and workers' compensation coverage. The relationship between the District and the JPA is such that it is not a component unit of the District for financial reporting purposes. The JPAs have budgeting and financial reporting requirements independent of member units and their financial statements are not presented in these financial statements; however, transactions between the JPAs and the District are included in these statements. Audited financial statements are available from the respective entities.

NOTE 9 – EMPLOYEE RETIREMENT SYSTEMS

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

California State Teachers' Retirement System (CalSTRS)

Plan Description

All certificated employees and those employees meeting minimum standards adopted by the Board of Governors of California Community Colleges and employed 50 percent or more of a full-time equivalent position participate in the Defined Benefit Plan (DB Plan). Part-time educators hired under a contract of less than 50 percent or on an hourly or daily basis without contract may elect membership in the Cash Balance Benefit Program (CB Benefit Program). Since January 1, 1999, both of these plans have been part of the California State Teachers' Retirement Plan (CalSTRS), a cost-sharing, multiple-employer contributory public employee retirement system. The state Teachers' Retirement Law (Part 13 of the California Education Code, Section 22000 et seq.) established benefit provisions for CalSTRS. Copies of the CalSTRS annual financial report may be obtained from the CalSTRS Executive Office, 7667 Folsom Boulevard; Sacramento, California 95851.

The CalSTRS, a defined benefit pension plan, provides retirement, disability, and death benefits, and depending on which component of the CalSTRS the employee is in, post-retirement cost-of-living adjustment may also be offered. Employees in the DB Plan attaining the age of 60 with five years of credited California service (service) are eligible for "normal" retirement and are entitled to a monthly benefit of two percent of their final compensation for each year of service. Final compensation is generally defined as the average salary earnable for the highest for three consecutive years of service. The plan permits early retirement options at age 55 or as early as age 50 with at least 30 years of service. While early retirement can reduce the two percentage factor used at age 60, service of 30 or more years will increase the percentage age factor to be applied. Disability benefits are generally the maximum of 50 percent of final compensation for most applicants. Eligible dependent children can increase this benefit up to a maximum of 90 percent of final compensation. After five years of credited service, members become 100 percent vested in retirement benefits earned to date. If a member's employment is terminated, the accumulated member contributions are refundable. The features of the CB Benefit Program include immediate vesting, variable contribution rates that can be bargained, guaranteed interest rates, and flexible retirement options. Participation in the CB Benefit Program is optional; however, if the employee selects the CB Benefit Program and their basis of employment changes to half time or more, the member will automatically become a member of the DB Plan.

NOTE 9 – EMPLOYEE RETIREMENT SYSTEMS (continued)

California State Teachers' Retirement System (CalSTRS) (continued)

Funding Policy

Active members of the DB Plan are required to contribute eight percent of their salary while the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalSTRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2012-2013 was 8.25 percent of annual payroll. The contribution requirements of the plan members are established by state statute. The CB Benefit Program is an alternative CalSTRS contribution plan for instructors. Instructors who choose not to sign up for the DB Plan or FICA may participate in the CB Benefit Program. The District contribution rate for the CB Benefit Program is always a minimum of four percent with the sum of the District and employee contribution always being equal or greater than eight percent.

Annual Pension Cost

The District's total contributions to CalSTRS for the fiscal years ended June 30, 2013, 2012, and 2011, were $793,465, $826,704, and $972,872, respectively, and equal 100 percent of the required contributions for each year.

California Public Employees' Retirement System (CalPERS)

Plan Description

All full-time classified employees participate in the CalPERS System, an agent multiple-employer contributory public employee retirement system that acts as a common investment and administrative agent for participating public entities within the State of California. The Napa Valley Community College District is part of a "cost-sharing" pool with CalPERS. Employees are eligible for retirement as early as age 50 with five years of service. At age 55, the employee is entitled to a monthly benefit of 2.0 percent of final compensation for each year of service credit. Retirement compensation is reduced if the plan is coordinated with Social Security. Retirement after age 55 will increase the percentage rate to a maximum of 2.5 percent at age 63 with an increased rate. The plan also provides death and disability benefits. Retirement benefits fully vest after five years of credited service. Upon separation from the Fund, member's accumulated contributions are refundable with interest credited through the date of separation.

NOTE 9 – EMPLOYEE RETIREMENT SYSTEMS (continued)

California Public Employees' Retirement System (CalPERS) (continued)

Plan Description, Continued

The California Public Employees' Retirement Law (Part 3 of the California Government Code, Section 20000 et seq.) establishes benefit provisions for CalPERS. CalPERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 P Street; Sacramento, California 95814.

Funding Policy

Active plan members are required to contribute seven percent of their salary (seven percent of monthly salary over $133.33 if the member participates in Social Security), and the District is required to contribute 5.187% of the employees 7% (PERS Pickup). The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The District's contribution rate to CalPERS for fiscal year 2012-2013 was 11.417 percent of annual payroll.

Annual Pension Cost

The District's contributions to CalPERS for fiscal years ending June 30, 2013, 2012, and 2011, were $1,623,012, $1,446,795, and $1,471,933, respectively, and equaled 100 percent of the required contributions for each year.

On-Behalf Payments

The State of California makes contributions to CalSTRS and CalPERS of behalf of the District. These payments consist of State General Fund contributions to CalSTRS which amounted to $610,316 (5.175 percent of 2010-2011 salaries subject to CalSTRS). A contribution from the state to CalPERS was not required for the fiscal year ended June 30, 2013. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. These amounts have been reflected in the financial statements as a component of nonoperating revenue and employee benefit expense.

NOTE 9 – EMPLOYEE RETIREMENT SYSTEMS (continued)

Accumulation Program for Part-Time and Limited-Service Employees

The District has also adopted the Accumulation Program for Part-Time and Limited-Service Employees (APPLE). The Plan is covered under *Internal Revenue Code*, Section 401A. Plan participants include all individuals who have worked for the District on or after January 1, 1992, provided that they are not covered by any other retirement program (e.g., CalPERS or CalSTRS) through District employment. Participant account balances are fully vested and cannot be forfeited. Participant account balances will be paid in a single distribution upon retirement or other termination.

Funding Policy

Each participant makes tax deferred contributions to APPLE equal to 3.75% of total compensation, and the District then matches that amount. Accounts are established in the name of each participant. Employee contributions are allocated directly to employee accounts. The minimum allocation participants will receive is 7.50% of compensation.

Annual Pension Cost

The District's contributions to APPLE for the fiscal years ended June 30, 2013, 2012 and 2011, were $46,830, $45,876, and $42,305, respectively, and equaled 100% of the required contributions for each year.

NOTE 10 – COMMITMENTS AND CONTINGENCIES

Grants

The District receives financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the District. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District as of June 30, 2013.

Litigation

The District is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District at June 30, 2013.

NOTE 10 – COMMITMENTS AND CONTINGENCIES (continued)

Operating Leases

The District entered into various operating leases for land, buildings, and equipment. All leases contain termination clauses providing for cancellation upon written notice to lessors. It is expected that in the normal course of business most of these leases will be replaced by similar leases.

Construction Commitments

The District had no significant construction commitments at June 30, 2013.

NOTE 11 – RELATED PARTY TRANSACTIONS

As described in Note 1, the Foundation is a supporting organization of the District and the College; therefore, transactions between the Foundation and the District, District personnel, students at the College, and programs of the College, are expected. Per the Foundation's Bylaws, the College President is responsible for Foundation operations and District and College personnel serve in ex-officio and voting capacities on the Foundation's Board.

During the year ended June 30, 2013, the Foundation indirectly supported the District by providing grants to students of the College, paying programmatic expenditures, and/or reimbursing District personnel and departments for programmatic costs.

The Foundation was further supported by the involvement of College and District personnel in the Foundation's events and programs. The total amount of these contributions has not been segregated from the non-District affiliated contributions.

NOTE 12 – ADJUSTMENT FOR RESTATEMENT

An adjustment of $3,115,661 to increase beginning net position was made to account for the capitalized interest resulting from the District implementation of Governmental Accounting Standards Board (GASB) Statement No. 62 as well as an adjustment to the construction in progress category. This new accounting standard requires capitalization of interest expense on bonded debt that had previously been expensed. See Note 5 for increase to capital assets.

An adjustment of $5,938,465 to reduce component unit beginning net position was made to remove the Napa Valley College Foundation from discrete presentation. GASB Statement No. 61 *The Financial Reporting Entity: Omnibus* modified requirements for inclusion of component units in the financial reporting entity. The Napa Valley College Foundation is no longer considered a component unit which would require discrete presentation.

REQUIRED SUPPLEMENTARY INFORMATION

NAPA VALLEY COMMUNITY COLLEGE DISTRICT
SCHEDULE OF FUNDING PROGRESS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Actuarial Valuation Date	Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
6/30/2011	$ 409,215	$ 30,530,071	$ 30,120,856	1%	$ 18,208,000	165%
7/1/2010	$ -	$ 31,961,907	$ 31,961,907	0%	$ 17,516,000	182%

APPENDIX C

FORM OF CONTINUING DISCLOSURE CERTIFICATE FOR THE BONDS

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Napa Valley Community College District (the "District") in connection with the issuance of $44,755,000.00 of the District's 2014 General Obligation Refunding Bonds, Series A and Series B (the "Bonds"). The Bonds are being issued pursuant to a Resolution of the Board of Trustees of the District adopted on May 8, 2014. 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 Willdan Financial Services, 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.

"Holders" shall mean the registered owners of the Bonds.

"Listed Events" shall mean any of the events listed in Section 5(a) or 5(b) of this Disclosure Certificate.

"Official Statement" shall mean the Official Statement, dated as of June 3, 2014, relating to the offer and sale of the Bonds.

"Participating Underwriter" shall mean Piper Jaffray & Co., or 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 2013-14 Fiscal Year, provide to the Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; *provided* that the audited financial statements of the District may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the District's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(b).

(b) Not later than 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 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.

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

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

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

(a) State funding received by the District for the last completed fiscal year;

(b) FTES of the District for the last completed fiscal year;

(c) outstanding District indebtedness;

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

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, as prescribed by the Municipal Securities Rulemaking Board.

SECTION 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5(a), the District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds in a timely manner not in excess of 10 business days after the occurrence of the event:

1. principal and interest payment delinquencies.

2. tender offers.

3. defeasances.

4. rating changes.

5. adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, or Notices of Proposed Issue (IRS Form 5701-TEB).

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

7. unscheduled draws on credit enhancement reflecting financial difficulties.

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

9. bankruptcy, insolvency, receivership or similar event (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(b), the District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material:

1. non-payment related defaults.

2. modifications to rights of Bondholders.

3. optional, contingent or unscheduled Bond calls.

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

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

6. the consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms.

7. Appointment of a successor or additional trustee or paying agent with respect to the Bonds or the change of name of such a trustee or paying agent.

(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) or Section 5(b), as applicable.

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

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

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

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

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the District shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the District. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(b), 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 attorneys 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: June 26, 2014

NAPA VALLEY COMMUNITY COLLEGE DISTRICT

By: ____
Director of Fiscal Services

ACKNOWLEDGED AND ACCEPTED BY:

WILLDAN FINANCIAL SERVICES

By: ____
Authorized Representative

EXHIBIT A

NOTICE TO REPOSITORY OF FAILURE TO FILE ANNUAL REPORT

Name of District: NAPA VALLEY COMMUNITY COLLEGE DISTRICT

Name of Bond Issue: 2014 General Obligation Refunding Bonds, Series A and Series B

Date of Issuance: June 26, 2014

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 COMMUNITY COLLEGE DISTRICT

By ____[form only; no signature required]_____

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APPENDIX D

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

County of Napa

Napa County. Napa County (the "County"), located in Northern California about fifty miles northeast of San Francisco, 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. The County is bordered on the west by Sonoma County, on the northeast by Yolo County, on the north by Lake County, and on the southeast by Solano County. Napa County is characterized by northwest to southwest mountain ranges and valleys, the major valley being that of Napa River. The topography is also marked by Lake Berryessa, an approximately 25 mile long, man-made lake in the northeastern part of the County, and Mt. Saint Helena, approximately 4,444 feet high, to the northeast.

City of Napa

The City was founded in 1847 and sits at the southern end of the Napa Valley. Originally incorporated as a city in 1872, it was reincorporated in 1874 as the City of Napa and is the County seat. The City has a population of over 77,000 residents and is the 100th largest city in California and has a City Council composed of a mayor and four council members elected at large to four-year terms.

Population

The historic population of the City of Napa, the County and the State is shown below.

POPULATION ESTIMATES
City of Napa, County of Napa and State of California
2001-2014

Year(1)	City of Napa	County of Napa	State of California
2001	73,233	125,396	34,256,789
2002	73,482	127,064	34,725,516
2003	73,959	128,683	35,163,609
2004	74,701	129,814	35,570,847
2005	74,499	130,472	35,869,173
2006	74,620	131,330	36,116,202
2007	74,688	132,537	36,399,676
2008	75,186	133,969	36,704,375
2009	76,090	135,225	36,966,713
2010	76,856	136,316	37,223,900
2011	77,208	137,232	37,427,946
2012	77,514	137,733	37,668,804
2013	78,093	138,754	37,984,138
2014	78,358	139,255	38,340,074

(1) January 1 data. Years 2011-2014 with 2010 Census Benchmark.
Source: State of California, Department of Finance, E-4 Population Estimates for Cities, Counties and the State.

Personal Income

The following tables show the personal income and per capita personal income for the City, the County, State of California and United States from 2006-2012.

PERSONAL INCOME
Napa County, State of California, and United States
2006-2012

Year	Napa County	California	United States
2006	$6,395,555	$1,499,451,517	$11,376,460,000
2007	6,704,907	1,564,440,661	11,990,244,000
2008	6,833,434	1,596,281,897	12,429,284,000
2009	6,571,807	1,536,429,610	12,073,738,000
2010	6,687,317	1,579,148,473	12,423,332,000
2011	7,081,641	1,683,203,700	13,179,561,000
2012	7,620,637	1,768,039,281	13,729,063,000

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

PER CAPITA PERSONAL INCOME[1]
County of Napa, State of California, and United States
2006-2012

Year	Napa County	California	United States
2006	$48,658	$41,627	$38,127
2007	50,571	43,157	39,804
2008	50,960	43,609	40,873
2009	48,579	41,569	39,357
2010	48,875	42,297	40,163
2011	51,325	44,666	42,298
2012	54,807	46,477	43,735

(1) 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. All dollar estimates are in current dollars (not adjusted for inflation).
Source: U.S. Department of Commerce, Bureau of Economic Analysis.

Employment

The following table summarizes the labor force, employment and unemployment figures over the period 2009 through 2013 for the City, the County, and the State.

LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT ANNUAL AVERAGES
City of Napa, County of Napa, and State of California
2009-2013[1]

Year and Area	Labor Force	Employment[2]	Unemployment[3]	Unemployment Rate (%)
2009				
City of Napa	45,100	41,100	4,000	8.9%
Napa County	75,600	69,100	6,500	8.6
State of California	18,220,100	16,155,000	2,065,100	11.3
2010				
City of Napa	45,000	40,400	4,600	10.2%
Napa County	75,300	68,000	7,300	9.7
State of California	18,336,300	16,068,400	2,267,900	12.4
2011				
City of Napa	45,400	41,100	4,300	9.5%
Napa County	76,000	69,100	6,900	9.1
State of California	18,417,900	16,249,600	2,168,300	11.8
2012				
City of Napa	46,200	42,400	3,800	8.2%
Napa County	77,300	71,300	6,000	7.8
State of California	18,519,000	16,589,700	1,929,300	10.4
2013				
City of Napa	46,700	43,700	3,100	6.5%
Napa County	78,300	73,400	4,900	6.3
State of California	18,596,800	16,933,300	1,663,500	8.9

(1) Data is based on annual averages, unless otherwise specified and is not seasonally adjusted.
(2) Includes persons involved in labor-management trade disputes.
(3) Includes all persons without jobs who are actively seeking work.
Source: California Employment Development Department and U.S. Department of Labor, Bureau of Labor Statistics. March 2013 Benchmark.

Largest Employers

The table below ranks major employers in the County by number of employees.

MAJOR EMPLOYERS
County of Napa
2014

Company	Number of Employees	Description
Pacific Union College Ltd.	1,000-4,999	Education–Universities and Colleges
Queen of the Valley Medical Center	1,000-4,999	Hospitals
Dolce Silverado Resort	500-999	Hotels and Motels
Mylan Specialty LP	500-999	Physicians and Surgeons Equipment & Supplies–Mfrs.
Napa Valley College	500-999	Education–Universities and Colleges
Owens Corning	500-999	Building Materials-Mfrs.
Treasury Wine Estates	500-999	Wineries (Mfrs.)
Veterans Home of CA	500-999	Government-Specialty Hosp. Ex Psychiatric
Domaine Chandon-Etoile Restaurant	250-499	Wineries (Mfrs.)
Health & Human Services	250-499	Health & Welfare Agencies
Health & Human Services Agency	250-499	County Government-Public Health Programs
Health & Human Services Agency	250-499	County Government-Social/Human Resources
Marriott-Napa Valley	250-499	Hotels and Motels
Meritage Resort & Spa	250-499	Resorts
Napa County Health & Human Service	250-499	County Government-Public Health Programs
Pavilion-Vintage Estate	250-499	Wedding Chapels
Sutter Home Winery	250-499	Exporters (Wholesale)
Syar Industries Inc.	250-499	Marketing Programs & Services
Trinchero Family Estates	250-499	Wineries (Mfrs.)
Universal Protection Service	250-499	Security Guard & Patrol Service
Walmart Supercenter	250-499	Department Stores
Walmart Supercenter	250-499	Department Stores
Yolano Engineers Inc.	250-499	Surveyors-Land
Auberge Du Soleil	100-249	Hotels & Motels
Walmart	100-249	Department Stores

Source: America's Labor Market Information System (ALMIS) Employer Database, 2014 2nd Edition. Employer information provided by Infogroup, Omaha, NE.

The City is included in the Napa Metropolitan Statistical Area. The distribution of employment in the Napa area is presented in the following table for the years 2009 through 2013. These figures are multi county-wide statistics and may not necessarily accurately reflect employment trends in the City.

INDUSTRY EMPLOYMENT & LABOR FORCE
Napa Metropolitan Statistical Area
2009-2013(1)

Category	2009	2010	2011	2012	2013
Total Farm	4,900	4,700	4,800	4,800	5,000
Total Nonfarm	61,400	60,600	61,200	63,600	66,600
Total Private	50,700	50,200	51,200	53,700	56,600
Goods Producing	14,000	13,300	13,300	13,900	14,900
Mining, Logging and Construction	3,000	2,600	2,500	2,700	3,200
Manufacturing	11,000	10,700	10,900	11,200	11,700
Nondurable Goods	9,300	9,300	9,500	9,700	10,100
Service Providing	47,400	47,300	47,900	49,700	51,700
Private Service Providing	36,700	37,000	37,900	39,900	41,700
Trade, Transportation and Utilities	8,800	8,900	8,800	9,200	9,600
Wholesale Trade	1,500	1,500	1,400	1,600	1,700
Retail Trade	5,800	5,800	5,700	5,900	6,100
Transportation, Warehousing and Utilities	1,600	1,500	1,600	1,800	1,900
Information	600	600	600	600	600
Financial Activities	2,400	2,300	2,200	2,300	2,200
Professional and Business Services	5,700	5,300	5,500	6,100	6,700
Educational and Health Services	8,500	8,700	8,800	9,100	9,600
Leisure and Hospitality	8,800	9,300	10,000	10,700	11,100
Other Services	1,900	1,900	1,900	1,900	2,000
Government	10,600	10,300	10,100	9,900	10,000
Total, All Industries	66,300	65,200	66,000	68,400	71,600

(1) Annual averages, unless otherwise specified
Note: Items may not add to total due to independent rounding.
Source: California Employment Development Department, Labor Market Information Division. March 2013 Benchmark.

Commercial Activity

A summary of historic taxable sales within the City of Napa for years 2008 through 2012 is shown in the following table.

TAXABLE SALES
City of Napa
2008-2012
(Dollars in Thousands)

Year	Retail Permits	Retail Stores Taxable Transactions	Total Permits	Total Outlets Taxable Transactions
2008	1,079	$898,221	2,498	$1,095,026
2009	1,450	817,811	2,393	971,174
2010	1,455	848,200	2,409	992,329
2011	1,479	908,482	2,407	1,062,733
2012	1,561	968,384	2,496	1,140,469

Note: In 2009, retail permits expanded to include permits for food services.
Source: "Taxable Sales in California (Sales & Use Tax)," California Board of Equalization.

Taxable sales in the County of Napa from 2008 through 2012 are shown in the following table.

TAXABLE SALES
County of Napa
2008-2012
(Dollars in Thousands)

Year	Retail Permits	Retail Stores Taxable Transactions	Total Permits	Total Outlets Taxable Transactions
2008	1,855	$1,499,296	5,023	$2,548,990
2009	2,673	1,325,300	4,992	2,216,283
2010	2,752	1,383,036	5,148	2,301,907
2011	2,840	1,500,810	5,245	2,494,845
2012	3,039	1,612,489	5,516	2,718,679

Note: In 2009, retail permits expanded to include permits for food services.
Source: "Taxable Sales in California (Sales & Use Tax)," California Board of Equalization.

Building Activity

In addition to annual building permit valuations, the numbers of permits for new dwelling units issued each year from 2009 through 2013 in the County and City are shown in the following tables.

BUILDING PERMITS AND VALUATIONS
County of Napa
2009-2013

	2009	2010	2011	2012	2013
Valuation ($000's)					
Residential	--	--	$55,850	$88,253	$110,888
Non-Residential	--	--	165,939	48,879	142,267
Total	--	--	$221,789	$137,132	$253,155
Units					
Single Family	--	--	128	133	97
Multiple Family	--	--	26	20	140
Total	--	--	154	153	237

Note: Totals may not add to sum because of rounding. Years 2009-2010 information not available.
Source: Construction Industry Research Board.

Residential building activity for the years 2009 through 2013 for the City of Napa is shown in the following tables.

BUILDING PERMIT VALUATIONS
City of Napa
2009-2013

	2009	2010	2011	2012	2013
Valuation ($000's)					
Residential	--	--	$16,294	$23,850	$34,498
Non-Residential	--	--	67,755	26,911	26,321
Total	--	--	$84,049	$50,761	$60,819
Units					
Single Family	--	--	58	61	45
Multiple Family	--	--	26	8	136
Total	--	--	84	69	181

Note: Totals may not add to sum because of rounding. Years 2009-2010 information not available.
Source: Construction Industry Research Board.

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APPENDIX E

NAPA COUNTY INVESTMENT 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. The District and the Underwriter have not 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 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; 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.co.napa.ca.us

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

Tamie R Frasier
Treasurer – Tax Collector

April 17, 2014

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 2014 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,

Tamie R. Frasier
Napa County Treasurer-Tax Collector

cc: County Executive Officer: Nancy Watt
County Auditor-Controller: Tracy Schulze

A Tradition of Stewardship
A Commitment to Service

Treasurer – Tax Collector
Central Collections

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Suite 108
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Tamie R Frasier
Treasurer – Tax Collector

TREASURY OVERSIGHT COMMITTEE

Chairperson:

Mark Luce
Member, Board of Supervisors, District 2
County of Napa

Current Members:

Tracy Schulze
Auditor-Controller
County of Napa

Barbara Nemko
Superintendent of Schools
Napa County Office of Education

Jill Techel
Mayor, City of Napa
Representing: Special Districts

Sean Maher
St. Helena Unified School District
Representing: Napa County Schools

MONTHLY

INVESTMENT

REPORT

March 31, 2014

TAMIE R. FRASIER
NAPA COUNTY TREASURER-TAX COLLECTOR

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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 - 23.14% of the portfolio matures within 90 days.
   $50,000,000.00 are available on a daily basis and $470,099,504.81 could be liquidated at a profit.
3. Maximization - 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 338 days.
The effective rate of return for this period was 0.45%

Investment instruments used during the month of MARCH 2014 were :
Agencies of the Federal Government, US Treasury Notes, TEETER Notes
LAIF, and Certificates of Deposit.

YEAR TO DATE COMPARISONS

A comparison of the Investment Portfolios of MARCH 2013 with that of MARCH 2014.

	March 2013	March 2014
Time Bank Deposits	100,000.00	100,000.00
LAIF (Local Agencies Invst Fund)	41,500,000.00	50,000,000.00
Corporate Notes	0.00	0.00
Federal Agency Securities	410,675,000.00	468,324,924.93
Treasury Notes	43,000,000.00	3,998,391.11
TEETER Notes	9,120,666.67	7,215,501.52
Sweep - Overnight	0.00	0.00
TOTAL	504,395,666.67	529,638,817.56

A comparison of interest received during the month of MARCH 2013 with that of MARCH 2014.

	March 2013	March 2014
Interest on Time Deposits	0.00	0.00
Interest of LAIF	0.00	0.00
Interest on Corporate Notes	0.00	0.00
Interest on Federal Agency Securities	172,910.40	183,053.33
Interest on Treasury Notes	0.00	0.00
Interest on Teeter Notes	0.00	0.00
Interest on Sweep	0.00	0.00
Interest on Trust Account	196.53	216.60
TOTAL	173,106.93	183,269.93

A comparison of the cumulative interest received in the period of July 1, 2012 through June 30, 2013 with that of July 1, 2013 through June 30, 2014.

	2012-13	2013-14
Interest on Time Deposits	75.00	75.00
Interest on LAIF	125,915.86	85,158.21
Interest on Corporate Notes	63,184.72	0.00
Interest on Federal Agency Securities	1,513,761.86	1,628,180.37
Interest on Treasury Notes	40,983.05	24,016.77
Interest on Teeter Notes	132,808.87	74,200.80
Interest on Sweep	0.00	0.00
Interest on Trust Account	1,090.45	834.79
TOTAL	1,877,819.81	1,812,465.94

A Tradition of Stewardship
A Commitment to Service

NAPA COUNTY
Portfolio Management
Portfolio Summary
March 31, 2014

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.
Time Deposit - Bank	100,000.00	100,000.00	100,000.00	0.02	180	41	0.120
LAIF	50,000,000.00	50,000,000.00	50,000,000.00	9.44	1	1	0.240
Federal Agency Coupon Securities	263,395,000.00	261,096,680.30	263,371,740.00	49.73	1,431	559	0.778
Federal Agency Disc. -At Cost	205,060,000.00	205,004,222.33	204,953,184.93	38.70	203	112	0.094
Treasury Discounts -At Cost	4,000,000.00	3,998,596.00	3,998,391.11	0.75	181	37	0.082
Teeter Notes	7,215,501.52	7,215,501.52	7,215,501.52	1.36	1,826	1,174	1.692
Investments	**529,770,501.52**	**527,415,000.15**	**529,638,817.56**	**100.00%**	**816**	**338**	**0.470**
Cash and Accrued Interest							
Accrued Interest at Purchase		6,333.33	6,333.33				
Ending Accrued Interest		565,716.97	565,716.97				
Subtotal		572,050.30	572,050.30				
Total Cash and Investments Value	**529,770,501.52**	**527,987,050.45**	**530,210,867.86**		**816**	**338**	**0.470**

Total Earnings	March 31 Month Ending	Fiscal Year To Date
Current Year	200,742.18	1,787,173.09
Average Daily Balance	**523,485,905.40**	**514,391,601.55**
Effective Rate of Return	**0.45%**	**0.46%**

I certify....

Tamie R. Frasier 3/31/2014

Tamie R. Frasier, Trasurer-Tax Collector

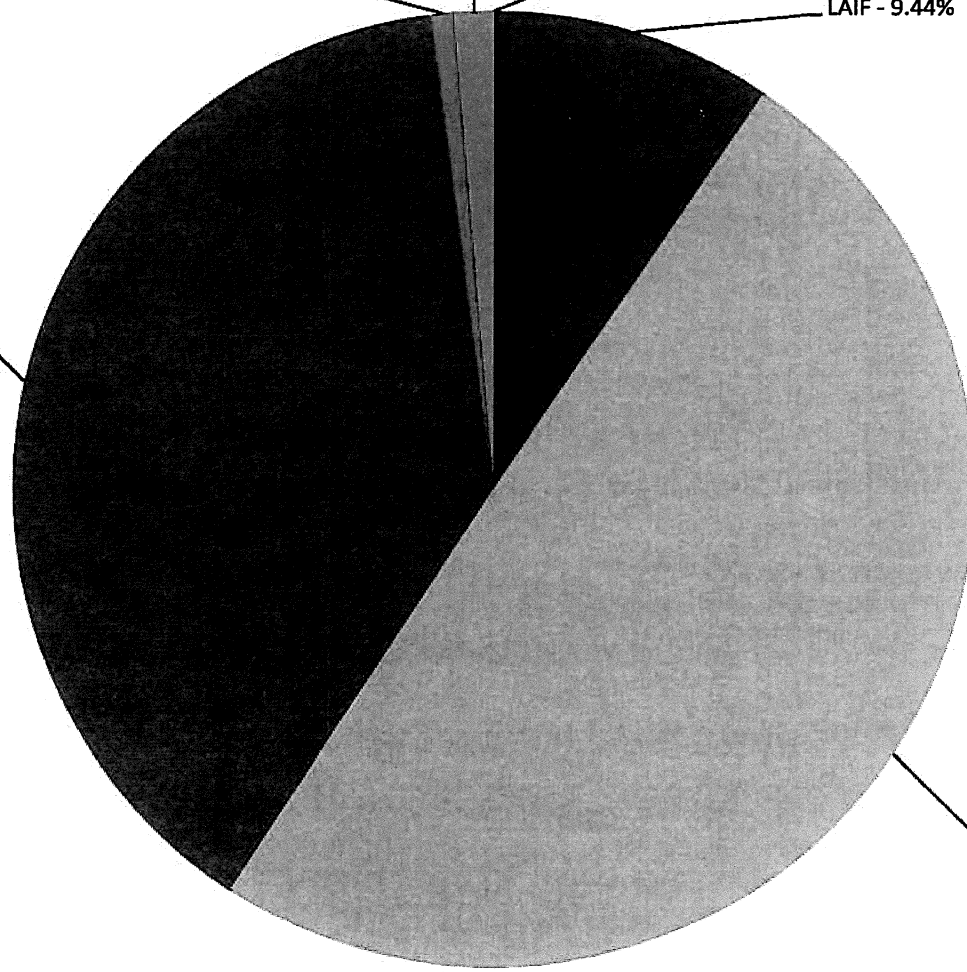
Reporting period 03/01/2014-03/31/2014
Data Updated: SET_0012: 04/07/2014 12:16
Run Date: 04/07/2014 - 12:16

Portfolio NAPA
CP
PM (PRF_PM1) 7.3.0
Report Ver. 7.3.3b

NAPA COUNTY
Portfolio Management
Portfolio Summary

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

Book Value by Investment Type



Run: 04/07/2014 12:19

Portfolio NAPA
CP
PPM Bktypep

A Tradition of Stewardship
A Commitment to Service

NAPA COUNTY
Aging Report
By Maturity Date
As of March 31, 2014

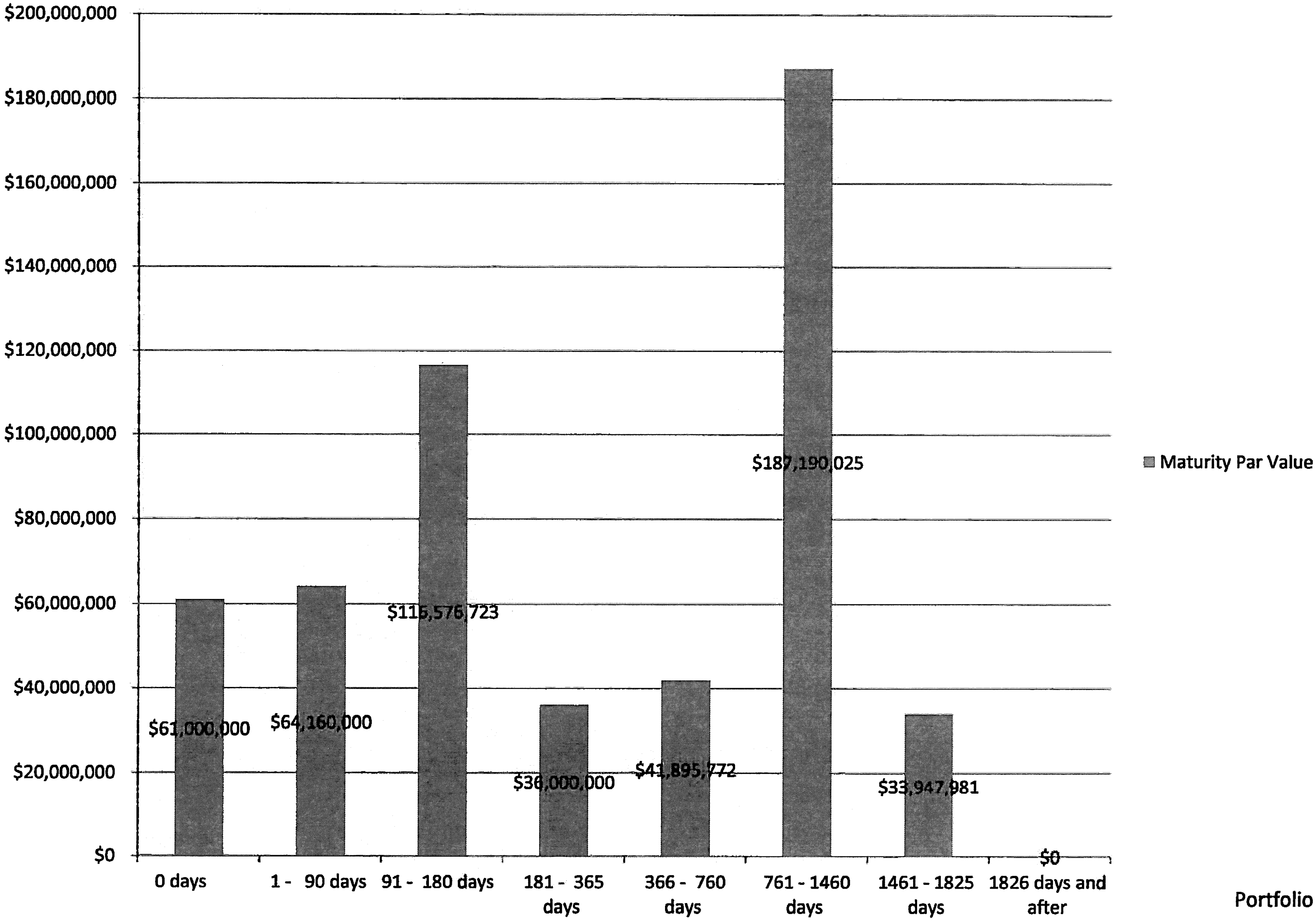
Napa County
1195 Third Street
suite 108
Napa, CA 94559
(707)253-4320

					Maturity Par Value	Percent of Portfolio	Current Book Value	Current Market Value
Aging Interval:	0 days	(03/31/2014 - 03/31/2014)	4 Maturities	0 Payments	61,000,000.00	11.28%	60,996,298.33	60,998,459.90
Aging Interval:	1 - 90 days	(04/01/2014 - 06/29/2014)	19 Maturities	0 Payments	64,160,000.00	11.86%	64,132,855.33	64,147,026.35
Aging Interval:	91 - 180 days	(06/30/2014 - 09/27/2014)	30 Maturities	0 Payments	116,576,723.27	21.56%	116,513,338.84	116,545,671.32
Aging Interval:	181 - 365 days	(09/28/2014 - 03/31/2015)	9 Maturities	0 Payments	36,000,000.00	6.66%	35,982,345.14	35,994,892.43
Aging Interval:	366 - 760 days	(04/01/2015 - 04/29/2016)	12 Maturities	0 Payments	41,895,772.14	7.75%	41,888,272.14	41,924,712.14
Aging Interval:	761 - 1460 days	(04/30/2016 - 03/30/2018)	51 Maturities	0 Payments	187,190,025.11	34.62%	187,182,025.11	186,157,442.31
Aging Interval:	1461 - 1825 days	(03/31/2018 - 03/30/2019)	10 Maturities	0 Payments	33,947,981.00	6.28%	33,939,981.00	33,553,670.70
Aging Interval:	1826 days and after	(03/31/2019 -)	0 Maturities	0 Payments	0.00	0.00%	0.00	0.00
		Total for	135 Investments	0 Payments		100.00	540,635,115.89	539,321,875.15

NAPA COUNTY
Aging Report
By Maturity Date

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

Investments within the Aging Period



Portfolio NAPA
CP
PAG Agprds

Run: 04/07/2014 12:17

NAPA COUNTY
Portfolio Management
Portfolio Details - Investments
March 31, 2014

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
Time Deposit - Bank												
TCD05122014	10779	Umpqua Bank		11/13/2013	100,000.00	100,000.00	100,000.00	0.120	0.118	0.120	41	05/12/2014
		Subtotal and Average	100,000.00		100,000.00	100,000.00	100,000.00		0.118	0.120	41	
LAIF												
LAIF	LAIF	State of California			50,000,000.00	50,000,000.00	50,000,000.00	0.240	0.237	0.240	1	
		Subtotal and Average	49,290,322.58		50,000,000.00	50,000,000.00	50,000,000.00		0.237	0.240	1	
Federal Agency Coupon Securities												
31331KF96	10244	Federal Farm Credit Bank		10/14/2011	3,000,000.00	3,009,450.00	3,000,000.00	0.700	0.690	0.700	196	10/14/2014
3133EADW5	10403	Federal Farm Credit Bank		04/18/2012	3,000,000.00	3,011,940.00	2,998,500.00	0.550	0.557	0.565	503	08/17/2015
3133EAX29	10437	Federal Farm Credit Bank		09/18/2012	4,000,000.00	3,957,400.00	4,000,000.00	0.980	1.069	1.084	1,266	09/18/2017
3133EAZ76	10440	Federal Farm Credit Bank		09/26/2012	3,000,000.00	2,993,580.00	3,000,000.00	0.690	0.681	0.690	909	09/26/2016
3133EA3K2	10547	Federal Farm Credit Bank		10/11/2012	4,000,000.00	3,985,840.00	4,000,000.00	0.620	0.612	0.620	924	10/11/2016
3133EA4B1	10550	Federal Farm Credit Bank		10/16/2012	4,000,000.00	4,000,160.00	4,000,000.00	0.440	0.434	0.440	563	10/16/2015
3133EA5W4	10558	Federal Farm Credit Bank		10/24/2012	4,000,000.00	3,980,080.00	4,000,000.00	0.650	0.641	0.650	937	10/24/2016
3133EA3E6	10589	Federal Farm Credit Bank		10/04/2012	3,000,000.00	3,000,150.00	3,000,000.00	0.480	0.473	0.480	643	01/04/2016
3133EC5B6	10592	Federal Farm Credit Bank		11/29/2012	4,000,000.00	3,977,600.00	4,000,000.00	0.640	0.631	0.640	973	11/29/2016
3133EC5B6	10593	Federal Farm Credit Bank		11/29/2012	3,000,000.00	2,983,200.00	3,000,000.00	0.640	0.631	0.640	973	11/29/2016
3133EC6F6	10596	Federal Farm Credit Bank		12/05/2012	4,000,000.00	4,006,160.00	4,000,000.00	0.350	0.345	0.350	426	06/01/2015
3133EC5L4	10597	Federal Farm Credit Bank		12/05/2012	4,000,000.00	3,947,040.00	4,000,000.00	0.770	0.759	0.770	1,161	06/05/2017
3133ECA61	10608	Federal Farm Credit Bank		12/18/2012	4,000,000.00	4,000,080.00	4,000,000.00	0.320	0.316	0.320	443	06/18/2015
3133ECAQ7	10609	Federal Farm Credit Bank		12/19/2012	4,000,000.00	3,982,280.00	4,000,000.00	0.540	0.533	0.540	902	09/19/2016
3133ECAQ7	10623	Federal Farm Credit Bank		12/24/2012	4,000,000.00	3,982,280.00	3,996,000.00	0.540	0.559	0.567	902	09/19/2016
3133ECB45	10626	Federal Farm Credit Bank		12/26/2012	4,000,000.00	3,934,280.00	4,000,000.00	0.900	0.888	0.900	1,365	12/26/2017
3133ECBN3	10629	Federal Farm Credit Bank		12/27/2012	4,000,000.00	3,975,440.00	4,000,000.00	0.650	0.641	0.650	1,001	12/27/2016
3133ECBM5	10634	Federal Farm Credit Bank		01/07/2013	4,000,000.00	4,000,160.00	4,000,000.00	0.460	0.454	0.460	646	01/07/2016
3133ECDZ4	10645	Federal Farm Credit Bank		02/01/2013	4,000,000.00	3,989,760.00	4,000,000.00	0.500	0.493	0.500	853	08/01/2016
3133ECEK6	10648	Federal Farm Credit Bank		02/06/2013	4,000,000.00	3,966,960.00	4,000,000.00	0.780	0.769	0.780	1,042	02/06/2017
3133ECG65	10655	Federal Farm Credit Bank		02/25/2013	3,000,000.00	3,000,150.00	3,000,000.00	0.500	0.493	0.500	695	02/25/2016
3133ECGC2	10656	Federal Farm Credit Bank		02/26/2013	4,000,000.00	3,924,200.00	4,000,000.00	1.080	1.065	1.080	1,427	02/26/2018
3133ECGF5	10660	Federal Farm Credit Bank		03/04/2013	700,000.00	696,332.00	700,000.00	0.800	0.789	0.800	1,063	02/27/2017
3133ECHB3	10662	Federal Farm Credit Bank		03/07/2013	4,000,000.00	3,998,880.00	4,000,000.00	0.450	0.444	0.450	706	03/07/2016
3133ECGC2	10664	Federal Farm Credit Bank		03/13/2013	4,000,000.00	3,924,200.00	4,000,000.00	1.080	1.065	1.080	1,427	02/26/2018
3133ECLC6	10690	Federal Farm Credit Bank		04/12/2013	4,000,000.00	3,930,720.00	4,000,000.00	0.800	0.789	0.800	1,290	10/12/2017
3133ECLB8	10691	Federal Farm Credit Bank		04/12/2013	4,000,000.00	3,985,200.00	4,000,000.00	0.450	0.444	0.450	833	07/12/2016
3133ECLB8	10692	Federal Farm Credit Bank		04/12/2013	4,000,000.00	3,985,200.00	4,000,000.00	0.450	0.444	0.450	833	07/12/2016

NAPA COUNTY
Portfolio Management
Portfolio Details - Investments
March 31, 2014

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	YTM/C 360	YTM/C 365	Days to Maturity	Maturity Date
Federal Agency Coupon Securities												
3133ECL85	10693	Federal Farm Credit Bank		04/15/2013	4,000,000.00	4,000,080.00	4,000,000.00	0.290	0.286	0.290	470	07/15/2015
3133ECLG7	10697	Federal Farm Credit Bank		04/17/2013	4,000,000.00	3,985,240.00	4,000,000.00	0.690	0.681	0.690	16	04/17/2017
3133ECMJ0	10704	Federal Farm Credit Bank		04/25/2013	4,000,000.00	3,945,240.00	4,000,000.00	0.740	0.730	0.740	1,211	07/25/2017
3133ECQT4	10716	Federal Farm Credit Bank		05/30/2013	4,000,000.00	3,957,600.00	4,000,000.00	0.750	0.740	0.750	59	05/30/2017
3133ECWB6	10733	Federal Farm Credit Bank		08/05/2013	4,000,000.00	4,003,080.00	4,000,000.00	0.400	0.395	0.400	126	08/05/2015
3133ED6D9	10829	Federal Farm Credit Bank		02/28/2014	4,000,000.00	3,999,680.00	4,012,160.00	0.500	0.355	0.360	764	05/04/2016
3133EDGA4	10832	Federal Farm Credit Bank		03/05/2014	4,000,000.00	3,976,040.00	4,000,000.00	1.070	1.055	1.070	65	09/05/2017
3133EDHG0	10836	Federal Farm Credit Bank		03/19/2014	4,000,000.00	3,967,400.00	4,000,000.00	1.390	1.371	1.390	352	03/19/2018
3133813R4	10576	Federal Home Loan Bank		11/09/2012	4,000,000.00	3,932,560.00	4,000,000.00	1.000	0.986	1.000	8	11/09/2017
313381B53	10610	Federal Home Loan Bank		12/20/2012	4,000,000.00	3,975,600.00	3,997,840.00	0.580	0.586	0.594	958	11/14/2016
3133813R4	10630	Federal Home Loan Bank		12/28/2012	3,000,000.00	2,949,420.00	3,000,000.00	1.000	0.986	1.000	8	11/09/2017
313381MR3	10631	Federal Home Loan Bank		12/28/2012	4,000,000.00	3,988,960.00	4,000,000.00	0.550	0.542	0.550	88	06/28/2016
313381LC7	10632	Federal Home Loan Bank		12/28/2012	4,000,000.00	3,924,880.00	4,000,000.00	0.950	0.937	0.950	27	12/28/2017
313382GP2	10676	Federal Home Loan Bank		04/05/2013	4,000,000.00	3,942,560.00	4,000,000.00	0.900	0.888	0.900	1,283	10/05/2017
313382QF3	10679	Federal Home Loan Bank		04/09/2013	4,000,000.00	3,921,920.00	4,000,000.00	1.010	0.996	1.010	1,469	04/09/2018
313382QT3	10705	Federal Home Loan Bank		04/25/2013	2,000,000.00	1,961,900.00	2,000,000.00	1.000	0.986	1.000	24	01/25/2018
313383DQ1	10720	Federal Home Loan Bank		06/18/2013	4,000,000.00	3,928,680.00	4,000,000.00	1.000	0.986	1.000	78	12/18/2017
313383HX2	10722	Federal Home Loan Bank		06/19/2013	4,000,000.00	3,960,840.00	4,000,000.00	1.625	1.603	1.625	1,540	06/19/2018
313383JZ5	10726	Federal Home Loan Bank		06/27/2013	1,195,000.00	1,178,628.50	1,195,000.00	1.450	1.430	1.450	87	06/27/2018
3130A05Y2	10757	Federal Home Loan Bank		09/30/2013	4,000,000.00	4,000,120.00	4,000,240.00	0.090	0.081	0.082	90	06/30/2014
3130A0MV9	10818	Federal Home Loan Bank		01/29/2014	3,000,000.00	3,001,380.00	3,000,000.00	0.750	0.740	0.750	28	07/29/2016
3130A0ZW3	10835	Federal Home Loan Bank		03/17/2014	4,000,000.00	3,974,374.80	4,000,000.00	0.900	0.888	0.900	77	03/17/2017
3130A1C30	10844	Federal Home Loan Bank		03/27/2014	4,000,000.00	3,984,760.00	4,000,000.00	1.000	0.986	1.000	87	03/27/2017
3134G3Y38	10587	Federal Home Loan Mtg Corp		11/27/2012	3,000,000.00	2,945,970.00	3,000,000.00	0.900	0.977	0.991	1,336	11/27/2017
3134G43F3	10707	Federal Home Loan Mtg Corp		04/30/2013	4,000,000.00	3,901,320.00	4,000,000.00	1.020	1.006	1.020	29	04/30/2018
3134G42G2	10708	Federal Home Loan Mtg Corp		04/30/2013	4,000,000.00	3,904,160.00	4,000,000.00	1.050	1.036	1.050	29	04/30/2018
3134G46D5	10719	Federal Home Loan Mtg Corp		06/12/2013	4,000,000.00	3,910,560.00	4,000,000.00	1.200	1.184	1.200	72	06/12/2018
3134G47M4	10723	Federal Home Loan Mtg Corp		06/26/2013	1,500,000.00	1,488,465.00	1,500,000.00	1.500	1.479	1.500	86	06/26/2018
3134G4Z35	10841	Federal Home Loan Mtg Corp		03/26/2014	4,000,000.00	3,989,120.00	3,992,000.00	0.600	0.671	0.681	269	09/26/2016
3135G0RK1	10575	Federal National Mtg Assn		11/07/2012	4,000,000.00	3,941,840.00	3,994,000.00	0.900	0.987	1.001	36	11/07/2017
3136G04M0	10582	Federal National Mtg Assn		11/21/2012	3,000,000.00	2,994,180.00	3,000,000.00	0.750	0.740	0.750	50	11/21/2016
3136G05S6	10594	Federal National Mtg Assn		11/30/2012	4,000,000.00	3,938,040.00	4,000,000.00	0.900	0.888	0.900	59	08/30/2017
3135GOTV5	10644	Federal National Mtg Assn		01/30/2013	4,000,000.00	3,934,840.00	4,000,000.00	1.030	1.123	1.138	1,400	01/30/2018
3135GOTY9	10650	Federal National Mtg Assn		02/15/2013	4,000,000.00	3,993,160.00	4,000,000.00	0.600	0.592	0.600	867	08/15/2016
3136G1GJ2	10671	Federal National Mtg Assn		03/27/2013	4,000,000.00	3,952,960.00	4,000,000.00	0.850	0.838	0.850	87	06/27/2017
3136G1HD4	10673	Federal National Mtg Assn		03/28/2013	4,000,000.00	3,965,240.00	4,000,000.00	0.750	0.740	0.750	88	03/28/2017

NAPA COUNTY
Portfolio Management
Portfolio Details - Investments
March 31, 2014

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	YTM/C 360	YTM/C 365	Days to Maturity	Maturity Date
Federal Agency Coupon Securities												
3136G1HC6	10674	Federal National Mtg Assn		03/28/2013	4,000,000.00	3,961,640.00	4,000,000.00	0.850	0.838	0.850	88	03/28/2018
3136G1KY4	10706	Federal National Mtg Assn		04/29/2013	4,000,000.00	3,987,040.00	4,000,000.00	0.500	0.493	0.500	28	07/29/2016
3135G0WX7	10713	Federal National Mtg Assn		05/21/2013	4,000,000.00	3,913,880.00	4,000,000.00	1.000	0.986	1.000	44	02/15/2018
3135G0WA7	10715	Federal National Mtg Assn		05/29/2013	4,000,000.00	3,923,840.00	4,000,000.00	1.125	1.109	1.125	88	03/28/2018
3135G0XK4	10717	Federal National Mtg Assn		05/30/2013	4,000,000.00	3,928,000.00	4,000,000.00	1.050	1.036	1.050	54	05/25/2018
3135G0XS7	10718	Federal National Mtg Assn		06/06/2013	4,000,000.00	3,922,600.00	3,992,000.00	1.125	1.150	1.166	66	06/06/2018
3135G0QB2	10725	Federal National Mtg Assn		06/27/2013	4,000,000.00	4,010,160.00	3,994,000.00	0.500	0.557	0.565	569	10/22/2015
		Subtotal and Average	**257,474,965.81**		**263,395,000.00**	**261,096,680.30**	**263,371,740.00**		**0.768**	**0.778**	**559**	
Federal Agency Disc. -At Cost												
313313VA3	10765	Federal Farm Credit Bank		10/29/2013	3,000,000.00	2,998,973.10	2,998,966.67	0.080	0.080	0.081	1	04/02/2014
313313A81	10815	Federal Farm Credit Bank		01/07/2014	4,000,000.00	3,998,160.00	3,997,186.67	0.120	0.121	0.123	127	08/06/2014
313313K56	10823	Federal Farm Credit Bank		02/10/2014	4,000,000.00	3,997,957.60	3,996,446.67	0.130	0.131	0.133	196	10/14/2014
313313F52	10824	Federal Farm Credit Bank		02/14/2014	4,000,000.00	3,998,466.40	3,997,200.00	0.120	0.121	0.123	164	09/12/2014
313313K80	10833	Federal Farm Credit Bank		03/10/2014	4,000,000.00	3,998,435.20	3,997,544.44		0.102	0.103	199	10/17/2014
313385WZ5	10755	Federal Home Loan Bank		09/26/2013	4,000,000.00	3,998,385.20	3,998,172.22	0.070	0.071	0.072	48	05/19/2014
313385VV5	10762	Federal Home Loan Bank		10/22/2013	3,000,000.00	2,998,866.60	2,998,793.33		0.080	0.081	20	04/21/2014
313385WE2	10774	Federal Home Loan Bank		11/06/2013	3,060,000.00	3,059,058.13	3,058,884.38	0.075	0.075	0.076	29	04/30/2014
313385XL5	10777	Federal Home Loan Bank		11/19/2013	5,000,000.00	4,998,456.50	4,998,133.33	0.070	0.070	0.071	59	05/30/2014
313385XT8	10783	Federal Home Loan Bank		11/22/2013	3,000,000.00	2,999,007.30	2,998,775.00	0.075	0.076	0.077	66	06/06/2014
313385A22	10805	Federal Home Loan Bank		12/20/2013	5,000,000.00	4,997,897.50	4,996,593.06	0.110	0.111	0.113	121	07/31/2014
313385A30	10807	Federal Home Loan Bank		12/24/2013	4,000,000.00	3,998,375.20	3,997,188.89	0.115	0.116	0.118	122	08/01/2014
313385ZB5	10808	Federal Home Loan Bank		12/26/2013	4,000,000.00	3,998,333.20	3,997,521.11	0.115	0.116	0.118	98	07/08/2014
313385ZJ8	10809	Federal Home Loan Bank		12/26/2013	4,000,000.00	3,998,293.20	3,997,431.67	0.115	0.116	0.118	105	07/15/2014
313385ZR0	10810	Federal Home Loan Bank		12/27/2013	4,000,000.00	3,998,464.40	3,997,700.00	0.100	0.101	0.103	112	07/22/2014
313385A22	10811	Federal Home Loan Bank		12/27/2013	4,000,000.00	3,998,318.00	3,997,600.00	0.100	0.101	0.103	121	07/31/2014
313385A30	10812	Federal Home Loan Bank		12/31/2013	4,000,000.00	3,998,375.20	3,997,633.33	0.100	0.101	0.102	122	08/01/2014
313385ZM1	10817	Federal Home Loan Bank		01/21/2014	4,000,000.00	3,998,897.60	3,998,417.78	0.080	0.080	0.081	108	07/18/2014
313385A30	10820	Federal Home Loan Bank		02/03/2014	4,000,000.00	3,998,375.20	3,998,210.00	0.090	0.090	0.091	122	08/01/2014
313385D78	10821	Federal Home Loan Bank		02/06/2014	4,000,000.00	3,998,701.20	3,997,846.67	0.095	0.096	0.097	150	08/29/2014
313385D78	10822	Federal Home Loan Bank		02/07/2014	5,000,000.00	4,998,376.50	4,997,462.50	0.090	0.091	0.092	150	08/29/2014
313385B96	10827	Federal Home Loan Bank		02/21/2014	4,000,000.00	3,998,980.00	3,998,833.33	0.060	0.060	0.061	136	08/15/2014
313385D78	10831	Federal Home Loan Bank		03/03/2014	4,000,000.00	3,998,701.20	3,998,408.89	0.080	0.080	0.081	150	08/29/2014
313397VZ1	10746	Federal Home Loan Mtg Corp		09/11/2013	4,000,000.00	3,999,920.00	3,997,991.11	0.080	0.081	0.082	24	04/25/2014
313397WP2	10753	Federal Home Loan Mtg Corp		09/23/2013	3,000,000.00	2,999,910.00	2,998,860.00	0.060	0.061	0.061	38	05/09/2014
313397XL0	10754	Federal Home Loan Mtg Corp		09/24/2013	5,000,000.00	4,999,750.00	4,997,933.33	0.060	0.061	0.061	59	05/30/2014

NAPA COUNTY
Portfolio Management
Portfolio Details - Investments
March 31, 2014

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	YTM/C 360	YTM/C 365	Days to Maturity	Maturity Date
Federal Agency Disc. -At Cost												
313397XD8	10769	Federal Home Loan Mtg Corp		11/05/2013	4,000,000.00	3,999,840.00	3,998,231.11	0.080	0.081	0.082	52	05/23/2014
313397YH8	10786	Federal Home Loan Mtg Corp		11/27/2013	3,000,000.00	2,999,790.00	2,998,120.83	0.110	0.111	0.112	80	06/20/2014
313397WT4	10789	Federal Home Loan Mtg Corp		12/03/2013	3,000,000.00	2,999,880.00	2,998,524.17	0.110	0.110	0.112	42	05/13/2014
313397XC0	10792	Federal Home Loan Mtg Corp		12/04/2013	3,000,000.00	2,999,880.00	2,998,450.83	0.110	0.110	0.112	51	05/22/2014
313397ZM6	10798	Federal Home Loan Mtg Corp		12/06/2013	4,000,000.00	3,999,520.00	3,997,013.33	0.120	0.122	0.123	108	07/18/2014
313397ZM6	10800	Federal Home Loan Mtg Corp		12/10/2013	4,000,000.00	3,999,520.00	3,997,066.67	0.120	0.122	0.123	108	07/18/2014
313397H38	10825	Federal Home Loan Mtg Corp		02/19/2014	3,000,000.00	2,999,250.00	2,998,540.00	0.080	0.081	0.082	178	09/26/2014
313397F22	10826	Federal Home Loan Mtg Corp		02/20/2014	3,000,000.00	2,999,340.00	2,998,492.50	0.090	0.091	0.092	161	09/09/2014
313397M57	10839	Federal Home Loan Mtg Corp		03/25/2014	5,000,000.00	4,998,250.00	4,997,262.50	0.090	0.092	0.093	212	10/30/2014
313397M65	10842	Federal Home Loan Mtg Corp		03/26/2014	4,000,000.00	3,998,560.00	3,997,810.00	0.090	0.092	0.093	213	10/31/2014
313397M65	10843	Federal Home Loan Mtg Corp		03/27/2014	4,000,000.00	3,998,560.00	3,998,062.22	0.080	0.082	0.083	213	10/31/2014
313385WE2	10763	Federal National Mtg Assn		10/25/2013	5,000,000.00	4,998,461.00	4,998,052.08	0.075	0.076	0.077	29	04/30/2014
313385YT7	10782	Federal National Mtg Assn		11/21/2013	4,000,000.00	3,998,588.00	3,998,158.33	0.075	0.076	0.077	90	06/30/2014
313385WE2	10785	Federal National Mtg Assn		11/27/2013	3,000,000.00	2,999,076.60	2,999,037.50	0.075	0.075	0.076	29	04/30/2014
313385WE2	10790	Federal National Mtg Assn		12/04/2013	3,000,000.00	2,999,076.60	2,999,142.50	0.070	0.070	0.071	29	04/30/2014
313589YT4	10793	Federal National Mtg Assn		12/05/2013	5,000,000.00	4,999,600.00	4,997,125.00	0.100	0.101	0.103	90	06/30/2014
313589YW7	10797	Federal National Mtg Assn		12/06/2013	4,000,000.00	3,999,600.00	3,997,445.56	0.110	0.111	0.113	93	07/03/2014
313589YT4	10802	Federal National Mtg Assn		12/13/2013	3,000,000.00	2,999,760.00	2,998,010.00	0.120	0.121	0.123	90	06/30/2014
313589A29	10803	Federal National Mtg Assn		12/13/2013	5,000,000.00	4,999,350.00	4,995,847.22	0.130	0.132	0.134	121	07/31/2014
313589ZE6	10804	Federal National Mtg Assn		12/16/2013	4,000,000.00	3,999,560.00	3,997,470.00	0.110	0.111	0.113	101	07/11/2014
313385YD2	10806	Federal National Mtg Assn		12/23/2013	3,000,000.00	2,998,912.50	2,998,395.83	0.110	0.110	0.112	76	06/16/2014
313589C43	10816	Federal National Mtg Assn		01/17/2014	3,000,000.00	2,999,430.00	2,998,757.50	0.070	0.071	0.072	139	08/18/2014
313385H74	10828	Federal National Mtg Assn		02/27/2014	3,000,000.00	2,999,153.70	2,998,835.42	0.085	0.086	0.086	182	09/30/2014
313589G98	10830	Federal National Mtg Assn		02/28/2014	4,000,000.00	3,999,040.00	3,998,035.56	0.085	0.087	0.088	176	09/24/2014
313385H74	10837	Federal National Mtg Assn		03/24/2014	5,000,000.00	4,998,589.50	4,998,152.78	0.070	0.072	0.073	182	09/30/2014
313589ZU0	10838	Federal National Mtg Assn		03/24/2014	4,000,000.00	3,999,480.00	3,999,180.00		0.060	0.061	115	07/25/2014
313589J95	10840	Federal National Mtg Assn		03/25/2014	4,000,000.00	3,998,720.00	3,998,231.11	0.080	0.082	0.083	192	10/10/2014
		Subtotal and Average	**205,406,724.39**		**205,060,000.00**	**205,004,222.33**	**204,953,184.93**		**0.093**	**0.094**	**112**	
Treasury Discounts -At Cost												
912796CK3	10775	U.S. Treasury		11/08/2013	4,000,000.00	3,998,596.00	3,998,391.11	0.080	0.081	0.082	37	05/08/2014
		Subtotal and Average	**3,998,391.11**		**4,000,000.00**	**3,998,596.00**	**3,998,391.11**		**0.081**	**0.082**	**37**	
Teeter Notes												
TTRN0910	10212	Napa County		09/01/2009	576,723.27	576,723.27	576,723.27	0.440	1.198	1.214	153	09/01/2014
TTRN1011	10213	Napa County		09/01/2010	895,772.14	895,772.14	895,772.14	0.780	1.029	1.043	518	09/01/2015

NAPA COUNTY
Portfolio Management
Portfolio Details - Investments
March 31, 2014

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
Teeter Notes												
TTRN1112	10214	Napa County		09/01/2011	1,204,599.57	1,204,599.57	1,204,599.57	1.230	1.180	1.196	884	09/01/2016
TTRN1213	10215	Napa County		09/01/2012	1,285,425.54	1,285,425.54	1,285,425.54	1.710	1.565	1.586	1,249	09/01/2017
TTRN1314	10750	Napa County		09/01/2013	3,252,981.00	3,252,981.00	3,252,981.00	2.180	2.150	2.180	1,614	09/01/2018
		Subtotal and Average	7,215,501.52		7,215,501.52	7,215,501.52	7,215,501.52		1.669	1.692	1,174	
		Total and Average	523,485,905.40		529,770,501.52	527,415,000.15	529,638,817.56		0.463	0.470	338	

A Tradition of Stewardship
A Commitment to Service

NAPA COUNTY
Activity Report
Sorted By Custodian
March 1, 2014 - March 31, 2014

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	Par Value Purchases or Deposits	Par Value Redemptions or Withdrawals	Ending Balance
Custodian: Bank of New York Mellon									
Time Deposit - Bank									
		Subtotal and Balance		**100,000.00**					**100,000.00**
Federal Agency Coupon Securities									
3134G3SE1	10375	Federal Home Loan Mtg Corp			1.000	03/21/2014	0.00	3,400,000.00	
3133EAYQ5	10416	Federal Farm Credit Bank			0.710	03/06/2014	0.00	3,000,000.00	
3133EC2L7	10577	Federal Farm Credit Bank			0.440	03/04/2014	0.00	4,000,000.00	
3136G1W54	10756	Federal National Mtg Assn			1.000	03/27/2014	0.00	3,000,000.00	
3133EDGA4	10832	Federal Farm Credit Bank			1.070	03/05/2014	4,000,000.00	0.00	
3130A0ZW3	10835	Federal Home Loan Bank			0.900	03/17/2014	4,000,000.00	0.00	
3133EDHG0	10836	Federal Farm Credit Bank			1.390	03/19/2014	4,000,000.00	0.00	
3134G4Z35	10841	Federal Home Loan Mtg Corp			0.600	03/26/2014	4,000,000.00	0.00	
3130A1C30	10844	Federal Home Loan Bank			1.000	03/27/2014	4,000,000.00	0.00	
		Subtotal and Balance		**256,795,000.00**			**20,000,000.00**	**13,400,000.00**	**263,395,000.00**
Federal Agency Disc. -At Cost									
313589UF8	10734	Federal National Mtg Assn			0.090	03/14/2014	0.00	3,000,000.00	
313589UY7	10735	Federal National Mtg Assn			0.080	03/31/2014	0.00	4,000,000.00	
313397US8	10738	Federal Home Loan Mtg Corp			0.090	03/25/2014	0.00	4,000,000.00	
313385UY0	10741	Federal Home Loan Bank			0.050	03/31/2014	0.00	4,000,000.00	
313385UN4	10758	Federal Home Loan Bank			0.060	03/21/2014	0.00	3,000,000.00	
313385UV6	10761	Federal Home Loan Bank				03/28/2014	0.00	3,000,000.00	
313385TU0	10766	Federal Home Loan Bank			0.040	03/03/2014	0.00	3,000,000.00	
313385TV8	10788	Federal Home Loan Bank			0.060	03/04/2014	0.00	3,000,000.00	
313385UY0	10791	Federal Home Loan Bank			0.060	03/31/2014	0.00	3,000,000.00	
313385UJ3	10796	Federal Home Loan Bank			0.060	03/17/2014	0.00	4,000,000.00	
313385D78	10831	Federal Home Loan Bank			0.080	03/03/2014	4,000,000.00	0.00	
313313K80	10833	Wells Fargo			0.100	03/10/2014	4,000,000.00	0.00	
313385H74	10837	Federal National Mtg Assn			0.070	03/24/2014	5,000,000.00	0.00	
313589ZU0	10838	Wells Fargo			0.060	03/24/2014	4,000,000.00	0.00	
313397M57	10839	Federal Home Loan Mtg Corp			0.090	03/25/2014	5,000,000.00	0.00	
313589J95	10840	Federal National Mtg Assn			0.080	03/25/2014	4,000,000.00	0.00	

NAPA COUNTY
Activity Report
March 1, 2014 - March 31, 2014

CUSIP	Investment #	Issuer	Percent of Portfolio	Par Value Beginning Balance	Current Rate	Transaction Date	Par Value Purchases or Deposits	Par Value Redemptions or Withdrawals	Ending Balance
Custodian: Bank of New York Mellon									
Federal Agency Disc. -At Cost									
313397M65	10842	Federal Home Loan Mtg Corp			0.090	03/26/2014	4,000,000.00	0.00	
313397M65	10843	Federal Home Loan Mtg Corp			0.080	03/27/2014	4,000,000.00	0.00	
		Subtotal and Balance		205,060,000.00			34,000,000.00	34,000,000.00	205,060,000.00
Treasury Discounts -At Cost									
		Subtotal and Balance		4,000,000.00					4,000,000.00
Teeter Notes									
		Subtotal and Balance		3,829,704.27					3,829,704.27
		Custodian Subtotal	89.923%	469,784,704.27			54,000,000.00	47,400,000.00	476,384,704.27
Custodian: County of Napa									
Teeter Notes									
		Subtotal and Balance		3,385,797.25					3,385,797.25
		Custodian Subtotal	0.639%	3,385,797.25			0.00	0.00	3,385,797.25
Custodian: Local Agency Investment Fund									
LAIF									
LAIF	LAIF	State of California			0.240		8,500,000.00	8,500,000.00	
		Subtotal and Balance		50,000,000.00			8,500,000.00	8,500,000.00	50,000,000.00
		Custodian Subtotal	9.438%	50,000,000.00			8,500,000.00	8,500,000.00	50,000,000.00
		Total	100.000%	523,170,501.52			62,500,000.00	55,900,000.00	529,770,501.52

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