NEW ISSUE — FULL BOOK-ENTRY

RATING: S&P: "AA-"
See "MISCELLANEOUS – Rating" herein

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

$19,315,000
BONITA UNIFIED SCHOOL DISTRICT
(Los Angeles County, California)
2016 General Obligation Refunding Bonds

Dated: Date of Delivery **Due: August 1, as shown below**

This cover page contains certain information for general 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 but not otherwise defined on this cover page shall have the meanings assigned to such terms herein.

The Bonita Unified School District (Los Angeles County, California) 2016 General Obligation Refunding Bonds (the "Bonds") in the aggregate principal amount of $19,315,000, are being issued by the Bonita Unified School District (the "District") to (i) advance refund the District's outstanding Election of 2008 General Obligation Bonds, Series B and (ii) pay the costs of issuance of the Bonds.

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

The Bonds will be issued in book-entry form only, and will be initially issued and registered in the name of Cede & Co. as nominee for The Depository Trust Company, New York, New York (collectively referred to herein as "DTC"). Purchasers of the Bonds (the "Beneficial Owners") will not receive physical certificates representing their interests in the Bonds. The Bonds will be dated as of their date of initial delivery (the "Date of Delivery") and will be issued as current interest bonds, such that interest thereon will accrue from the Date of Delivery and be payable semiannually on February 1 and August 1 of each year, commencing August 1, 2016. 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 (the "Paying Agent"), to DTC for subsequent disbursement to DTC Participants (as defined herein) who will remit such payments to the Beneficial Owners of the Bonds. See "THE BONDS – Book-Entry Only System" herein. U.S. Bank National Association has been appointed as agent of the Treasurer and Tax Collector of Los Angeles County to act as Paying Agent for the Bonds.

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

MATURITY SCHEDULE
Base CUSIP[(2)]: 098203
$19,315,000 Serial Bonds

Maturity (August 1)	Principal Amount	Interest Rate	Yield	CUSIP[(2)]	Maturity (August 1)	Principal Amount	Interest Rate	Yield	CUSIP[(2)]
2016	$105,000	2.000%	0.450%	UF7	2027	$930,000	5.000%	2.150%[(1)]	US9
2017	30,000	2.000	0.740	UG5	2028	1,295,000	5.000	2.260[(1)]	UT7
2018	30,000	2.000	1.000	UH3	2029	35,000	2.625	2.920	UU4
2019	30,000	2.000	1.100	UJ9	2030	35,000	2.750	2.980	UV2
2020	30,000	2.000	1.200	UK6	2031	935,000	5.000	2.560[(1)]	UW0
2021	30,000	2.000	1.310	UL4	2032	980,000	3.000	3.120	UX8
2022	30,000	2.000	1.460	UM2	2033	3,255,000	3.000	3.160	UY6
2023	30,000	2.000	1.620	UN0	2034	1,110,000	3.000	3.170	UZ3
2024	30,000	2.000	1.770	UP5	2035	3,335,000	3.000	3.210	VA7
2025	35,000	2.000	1.910	UQ3	2036	3,260,000	3.000	3.260	VB5
2026	1,020,000	5.000	1.930[(1)]	UR1	2037	2,745,000	3.125	3.310	VC3

The Bonds will be offered when, as and if issued and received by the Underwriter, subject to the approval as to their legality by Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California, Bond Counsel and Disclosure Counsel. Certain legal matters will be passed upon for the Underwriter by Kutak Rock LLP, Denver, Colorado. 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 March 1, 2016.

STIFEL

Dated: February 2, 2016

[(1)] Yield to call at par on August 1, 2025.

[(2)] CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services ("CGS"), managed by S&P Capital IQ on behalf of The American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. None of the Underwriter, the Financial Advisor or the District is responsible for the selection or correctness of the CUSIP numbers set forth herein. CUSIP numbers have been assigned by an independent company not affiliated with the District, the Financial Advisor or the Underwriter and are included solely for the convenience of the registered owners of the applicable Bonds. Neither the District, the Financial Advisor nor the Underwriter are responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the applicable Bonds or as included herein. The CUSIP number for a specific maturity is subject to being changed after the execution and delivery of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds

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BONITA UNIFIED SCHOOL DISTRICT

BOARD OF EDUCATION

Jim Elliot, *President*
Glenn Creiman, *Vice President*
Chuck Coyne, *Member*
Diane Koach, *Member*
Patti Latourelle, *Member*

DISTRICT ADMINISTRATION

Kurt Madden, *Superintendent*
Ann Sparks, *Assistant Superintendent, Business Services*
Joan Velasco, *Senior Director, Fiscal Services*

PROFESSIONAL SERVICES

BOND COUNSEL AND DISCLOSURE COUNSEL

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

FINANCIAL ADVISOR

Keygent LLC
El Segundo, California

PAYING AGENT AND ESCROW AGENT

U.S. Bank National Association,
as agent of the
Treasurer and Tax Collector of Los Angeles County
Los Angeles, California

VERIFICATION AGENT

Causey Demgen & Moore P.C.
Denver, Colorado

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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 municipal securities. 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 in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.”

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

$19,315,000
BONITA UNIFIED SCHOOL DISTRICT
(Los Angeles County, California)
2016 General Obligation Refunding Bonds

INTRODUCTION

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

Changes Since the Preliminary Official Statement

Since the publication of the Preliminary Official Statement, the District has submitted an application to the Internal Revenue Service for a New Clean Renewable Energy Bond allocation. See "BONITA UNIFIED SCHOOL DISTRICT – District Debt Structure – New Clean Renewable Energy Bond" herein.

General

The Bonita Unified School District (the "District") was formed by an election held on December 10, 1957 to unify the former districts of La Verne Elementary, La Verne Heights Elementary, San Dimas Elementary and Bonita Union High. The District encompasses an area of approximately 49 square miles, including the cities of La Verne and San Dimas, and is located in the eastern portion of Los Angeles County (the "County"). The District currently operates two comprehensive high schools, one continuation high school, one alternative school, two middle schools, and eight elementary schools. For fiscal year 2015-16, taxable property within the District has an assessed valuation of $8,444,258,627 and the District's average daily attendance ("ADA") is projected to be 9,935 students.

The District is governed by a five-member Board of Education (the "Board"), each member of which is elected to a four-year term. Elections for positions to the Board are held every two years, alternating between two and three available positions. The management and policies of the District are administered by a Superintendent appointed by the Board who is responsible for day-to-day District operations as well as the supervision of the District's other key personnel. Kurt Madden is currently the District's Superintendent.

For more information regarding the District generally, see "BONITA UNIFIED SCHOOL DISTRICT," herein and for more information regarding the District's assessed valuation, see "TAX BASE FOR PAYMENT OF BONDS" herein.

Purpose of the Bonds

The Bonds are being issued to (i) advance refund the District's outstanding Election of 2008 General Obligation Bonds, Series B (the "2008 Series B Bonds") and (ii) pay the costs of issuance of the Bonds. The 2008 Series B Bonds to be refunded with the proceeds of the Bonds are also referred to herein as the "Refunded Bonds." See "THE BONDS – Refunding Plan" and "ESTIMATED SOURCES AND USES OF FUNDS" herein.

Authority for Issuance of the Bonds

The Bonds are issued pursuant to certain provisions of the State of California Government Code and pursuant to a resolution adopted by the Board. See "THE BONDS – Authority for Issuance" herein.

Sources of Payment for the Bonds

The Bonds are general obligations of the District payable solely from the proceeds of *ad valorem* property taxes. The Board of Supervisors of the County is empowered and obligated to annually levy *ad valorem* taxes, without limitation as to rate or amount (except certain personal property which is taxable at limited rates), upon all property subject to taxation by the District, for the payment of the principal of and interest on the Bonds when due. See "THE BONDS – Security and Sources of Payment" and "TAX BASE FOR PAYMENT OF BONDS" herein.

Description of the Bonds

Form and Registration. The Bonds will be issued in fully registered book-entry form only, without coupons. The Bonds will be initially registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Bonds. See "THE BONDS – General Provisions" and "THE BONDS – Book-Entry Only System" herein. Purchasers of the Bonds (the "Beneficial Owners") will not receive physical certificates representing their interests in the Bonds purchased. In the event that the book-entry only system described below is no longer used with respect to the Bonds, the Bonds will be registered in accordance with the Resolution (as defined 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," "Bondowners" or "Holders" of the Bonds (other than under the caption "TAX MATTERS" herein and in APPENDIX A hereto) will mean Cede & Co. and will not mean the Beneficial Owners of the Bonds.

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

Redemption. The Bonds maturing on or after August 1, 2026 are subject to redemption prior to their stated maturity dates, at the option of the District, from any source of funds, on August 1, 2025, or on any date thereafter, as a whole or in part. See "THE BONDS – Redemption" herein.

Payments. The Bonds will be dated as of the date of their initial delivery (the "Date of Delivery"). Interest on the Bonds accrues from the Date of Delivery, and is payable semiannually on each February 1 and August 1 (each a "Bond Payment Date"), commencing August 1, 2016. Principal of the Bonds is payable on August 1 in the amounts and years as set forth on the cover page hereof. Payments of the principal of and interest on the Bonds will be made by the designated paying agent, registrar and transfer agent (the "Paying Agent") to DTC for subsequent disbursement through DTC Participants (as defined herein) to the Beneficial Owners of the Bonds. U.S. Bank National Association, Los Angeles, California, has been appointed as agent of the Treasurer and Tax Collector of the County (the "Treasurer") to act as Paying Agent for the Bonds.

Tax Matters

In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California ("Bond Counsel"), based on existing statutes, regulations, rulings and judicial decisions and assuming the accuracy of certain representations and compliance with certain covenants and requirements described herein, interest 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. In the further opinion of Bond Counsel, interest on the Bonds is exempt from State of California (the "State") personal income tax. In addition, 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 the Bond constitutes original issue discount, and the amount of original issue discount that accrues to the owner of the Bond 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 personal income tax. See "TAX MATTERS" herein.

Offering and Delivery of the Bonds

The Bonds are offered when, as and if issued, subject to approval as to their legality by Bond Counsel. It is anticipated that the Bonds in book-entry form will be available for delivery through the facilities of DTC in New York, New York, on or about March 1, 2016.

Bond Owner's Risks

The Bonds are general obligations of the District payable solely from the proceeds of *ad valorem* taxes which may be levied on all taxable property in the District, without limitation as to rate or amount (except with respect to certain personal property which is taxable at limited rates). For more complete information regarding the District's financial condition and taxation of property within the District, see "TAX BASE FOR PAYMENT OF BONDS," "DISTRICT FINANCIAL INFORMATION" and "BONITA UNIFIED SCHOOL DISTRICT" herein.

Continuing Disclosure

The District will covenant for the benefit of the Owners and Beneficial Owners of the Bonds to make available certain financial information and operating data relating to the District and to provide notices of the occurrence of certain listed events, in order to assist the Underwriter (as defined herein) in complying with Securities and Exchange Commission Rule 15c2-12(b)(5) (the "Rule"). See "LEGAL MATTERS – Continuing Disclosure" herein. The specific nature of the information to be made available and the notices of listed events required to be provided are described in "APPENDIX C – FORM OF CONTINUING DISCLOSURE CERTIFICATE" attached hereto.

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. Certain matters will be passed on for the Underwriter by Kutak Rock LLP, Denver, Colorado. U.S. Bank National Association will act as Escrow Agent (as defined herein) for the Refunded Bonds. Keygent LLC is acting as financial advisor to the District with respect to the Bonds. Causey Demgen & Moore P.C., Denver, Colorado will act as the verification agent (the "Verification Agent") with respect to the Bonds and the Refunded Bonds.

Forward-Looking Statements

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "project," "intend," "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.

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 Bonita Unified School District, 115 West Allen Avenue, San Dimas, California 91773, telephone: (909) 971-8200. 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.

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 the State Government Code (the "Act") and other applicable law, and pursuant to a resolution adopted by the Board on May 6, 2015 (the "Resolution").

Security and Sources of Payment

The Bonds are general obligations of the District, payable solely from the proceeds of *ad valorem* property taxes. The Board of Supervisors of the County is empowered and obligated to annually levy *ad valorem* property taxes upon all property within the District subject to taxation thereby, without limitation as to rate or amount (except certain personal property which is taxable at limited rates), for the payment of the principal of and interest on the Bonds when due. The levy may include an allowance for an annual reserve, established for the purpose of avoiding fluctuating tax levies. The County, however, is not obligated to establish such a reserve, and the District can make no representation that such reserve will be established by the County or that such a reserve, if previously established by the County, will be maintained in the future.

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

Such taxes will be levied annually in addition to all other taxes during the period that the Bonds are outstanding in an amount sufficient to pay the principal of and interest on the Bonds when due. Such taxes, when collected, will be placed by the County in the "Bonita Unified School District 2016 General Obligation Refunding Bonds Debt Service Fund" (the "Debt Service Fund"), which is segregated and maintained by the County and which has been designated for the payment of the principal of and interest on the Bonds when due, and for no other purpose. Pursuant to the Resolution, the District has pledged amounts on deposit in the Debt Service Fund to the payment of principal of and interest on the Bonds, and for no other purpose. Although the County is obligated to levy *ad valorem* property taxes for the payment of the Bonds, and will maintain the Debt Service Fund pledged to the repayment of the Bonds, the Bonds are not a debt of the County.

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

The rate of the annual *ad valorem* property taxes levied by the County to repay the Bonds 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 due on the Bonds and the assessed valuation of taxable property in the District may cause the annual tax rates to fluctuate. Economic and other factors beyond the District's control, such as general market decline in land values, disruption in financial markets that may reduce the availability of financing for purchasers of property, reclassification of property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by the State and local agencies and property used for qualified education, hospital, charitable or religious purposes), or the complete or partial destruction of the taxable property caused by a natural or manmade disaster, such as earthquake, drought, flood or toxic contamination, could cause a reduction in the assessed valuation 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 PAYMENT OF BONDS – Assessed Valuations" herein.

General Provisions

The Bonds will be issued in book-entry form only, and will be initially issued and registered in the name of Cede & Co., as nominee for DTC. Purchasers will not receive physical certificates representing their interests in the Bonds. The Bonds will be dated as of the Date of Delivery.

Interest on the Bonds accrues from the Date of Delivery, and is payable semiannually on each Bond Payment Date, commencing August 1, 2016. Interest on the Bonds will be computed on the basis of a 360-day year of 12, 30-day months. Each Bond will bear interest from the Bond Payment Date next preceding the date of authentication thereof unless it is authenticated as of a day during the period from the 16th day of the month next preceding any Bond Payment Date to that Bond Payment Date, inclusive, in which event it will bear interest from such Bond Payment Date, or unless it is authenticated on or before July 15, 2016, in which event it will bear interest from the Date of Delivery. The Bonds are issuable in denominations of $5,000 principal amount or any integral multiple thereof. The Bonds mature on August 1, in the years and amounts set forth on the cover page hereof.

Payment of interest will be made on any Bond Payment Date to the person appearing on the 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"), such interest to be paid by check mailed to such Bond Owner on the Bond Payment Date at his or her address as it appears on such registration books or at such other address as he or she may have filed with the Paying Agent for that purpose on or before the Record Date. The Bond Owner in an aggregate principal amount of $1,000,000 or more may request in writing to the Paying Agent that such Bond Owner be paid interest by wire transfer to the bank and account number on file with the Paying Agent as of the Record Date. The principal of and redemption premium, if any, payable on the Bonds shall be payable upon maturity or redemption upon surrender at the designated office of the Paying Agent. The principal of, premiums, if any, and interest on the Bonds will be payable in lawful money of the United States of America.

Annual Debt Service

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

Year Ending August 1	Annual Principal Payment	Annual Interest Payment[(1)]	Total Annual Debt Service
2016	$105,000.00	$276,026.04	$381,026.04
2017	30,000.00	660,362.50	690,362.50
2018	30,000.00	659,762.50	689,762.50
2019	30,000.00	659,162.50	689,162.50
2020	30,000.00	658,562.50	688,562.50
2021	30,000.00	657,962.50	687,962.50
2022	30,000.00	657,362.50	687,362.50
2023	30,000.00	656,762.50	686,762.50
2024	30,000.00	656,162.50	686,162.50
2025	35,000.00	655,562.50	690,562.50
2026	1,020,000.00	654,862.50	1,674,862.50
2027	930,000.00	603,862.50	1,533,862.50
2028	1,295,000.00	557,362.50	1,852,362.50
2029	35,000.00	492,612.50	527,612.50
2030	35,000.00	491,693.76	526,693.76
2031	935,000.00	490,731.26	1,425,731.26
2032	980,000.00	443,981.26	1,423,981.26
2033	3,255,000.00	414,581.26	3,669,581.26
2034	1,110,000.00	316,931.26	1,426,931.26
2035	3,335,000.00	283,631.26	3,618,631.26
2036	3,260,000.00	183,581.26	3,443,581.26
2037	2,745,000.00	85,781.26	2,830,781.26
Total	$19,315,000.00	$11,217,301.12	$30,532,301.12

(1) Interest payments on the Bonds will be made semiannually on February 1 and August 1 of each year, commencing August 1, 2016.

See "BONITA UNIFIED SCHOOL DISTRICT – District Debt Structure – General Obligation Bonds" for a complete debt service schedule of all of the District's outstanding general obligation bonded debt.

Refunding Plan

The Bonds are being issued to (i) advance refund the Refunded Bonds and (ii) pay the costs of issuance of the Bonds.

Escrow Fund. The net proceeds from the sale of the Bonds will be deposited with U.S. Bank National Association, acting as escrow agent (the "Escrow Agent"), to the credit of the "Bonita Unified School District 2016 General Obligation Refunding Bonds Escrow Fund" (the "Escrow Fund") established pursuant to an escrow agreement relating to the Refunded Bonds (the "Escrow Agreement") by and between the District and the Escrow Agent. Pursuant to the Escrow Agreement, the amount deposited in the Escrow Fund will be used to purchase certain Federal Securities (as 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 redemption price of the Refunded Bonds on August 1, 2021, the first optional redemption date therefor, as well as interest due thereon on and before such date.

Escrow Verification. The sufficiency of the amounts on deposit in the Escrow Fund, together with realizable interest and earnings thereon, if any, to pay the principal of and interest on or Accreted Value of the Refunded Bonds, as described above, 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 County to levy *ad valorem* property taxes for payment of the Refunded Bonds will terminate. See "LEGAL MATTERS – Escrow Verification" herein.

Debt Service Fund. The accrued interest and surplus moneys in the Escrow Fund, when received by the District from the sale of the Bonds or following the redemption of the Refunded Bonds, shall be kept separate and apart in the Debt Service Fund and used only for payment of the principal of and interest on the Bonds. Any excess proceeds of the Bonds not needed for the authorized purposes for which the Bonds are being issued will be transferred to the Debt Service Fund and applied to the payment of principal of and interest on the Bonds. If, after payment in full of the Bonds, there remain excess proceeds, any such excess amounts shall be transferred to the general fund of the District.

Moneys in the Debt Service Fund are expected to be invested through the County's pooled investment fund. See "APPENDIX E – LOS ANGELES COUNTY TREASURY POOL" attached hereto.

Redemption

Optional Redemption. The Bonds maturing on or before August 1, 2025 are not subject to redemption prior to their respective maturity dates. The Bonds maturing on or after August 1, 2026 are subject to redemption prior to their respective stated maturity dates at the option of the District, from any source of available funds, as a whole or in part, on any date on or after August 1, 2025, at a redemption price equal to the principal amount of the Bonds called for redemption, together with interest accrued thereon to the date fixed for redemption, without premium.

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

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

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

"Information Services" means Financial Information, Inc.'s "Daily Called Bond Service," 1 Cragwood Road, 2nd Floor, South Plainfield, New Jersey 07080, Attention: Editor; Mergent Inc., 585 Kingsley Park Drive, Fort Mill, South Carolina 29715, Attention: Called Bond Department; and Standard and Poor's J.J. Kenny Information Services' "Called Bond Record," 55 Water Street, 45th Floor, New York, New York 10041.

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

A certificate of the Paying Agent or the District that a Redemption Notice has been given as provided in the Resolution will be conclusive as against all parties. Neither failure to receive any Redemption Notice nor any defect in any such Redemption Notice so given will affect the sufficiency of the proceedings for the redemption of the affected Bonds. Each check issued or other transfer of funds made by the Paying Agent for the purpose of redeeming Bonds will bear or include the CUSIP number, if any, identifying, by issue and maturity, the Bonds being redeemed with the proceeds of such check or other transfer. Such Redemption Notice may state that no representation is made as to the accuracy or correctness of CUSIP numbers printed thereon, or on the Bonds.

Partial Redemption of Bonds. Upon the surrender of any Bond redeemed in part only, the Paying Agent will execute and deliver to the Owner thereof a new Bond or Bonds of like tenor and maturity and of authorized denominations equal in principal amounts to the unredeemed portion of the Bond surrendered. Such partial redemption is valid upon payment of the amount required to be paid to such Owner, and the District will be released and discharged thereupon from all liability to the extent of such payment.

Effect of Notice of Redemption. Notice having been given as described above, and the moneys for the redemption (including the interest accrued to the applicable date of redemption) having been set aside as described in "- Defeasance" herein, the Bonds to be redeemed will become due and payable on such date of redemption.

If, on such redemption date, moneys for the redemption of all the Bonds to be redeemed, together with interest accrued to such redemption date, will be held in trust as described in "- Defeasance" herein so as to be available therefor on such redemption date, and if a Redemption Notice thereof will have been given as described above, then from and after such redemption date, interest on the Bonds to be redeemed will cease to accrue and become payable. All money held for the redemption of the Bonds shall be held in trust for the account of the Owners of the Bonds so to be redeemed.

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

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

Book-Entry Only System

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy or completeness thereof. The District cannot and does not give any assurances that DTC or DTC Participants 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 or DTC Participants will act in the manner described in this Official Statement. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with the Participants are on file with DTC.

The 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 3.6 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC is rated "AA+" by Standard & Poor's. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com. However, the information presented on such website is not incorporated herein by reference.

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

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

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

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

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

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

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

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

The principal of the Bonds and any premium and interest upon the redemption thereof will be payable in lawful money of the United States of America upon presentation and surrender of the Bonds at the designated office of the Paying Agent. Interest on the Bonds will be paid by the Paying Agent by check or draft mailed to the person whose name appears on the registration books of the Paying Agent as the registered Owner, and to that person's address appearing on the registration books as of the close of business on the Record Date. At the written request of any registered Owner of at least $1,000,000 in aggregate principal amount, interest shall be wired to a bank and account number on file with the Paying Agent as of the Record Date.

Any Bond may be exchanged for a Bond of like tenor, series, maturity and principal amount upon presentation and surrender at the designated office of the Paying Agent, together with a request for exchange signed by the registered Owner or by a person legally empowered to do so in a form satisfactory to the Paying Agent. A Bond may be transferred on the registration books of the Paying Agent only upon presentation and surrender of such Bond at the designated office of the Paying Agent together with an assignment executed by the Owner or by a person legally empowered to do so in a form satisfactory to the Paying Agent. Upon such exchange or transfer, the Paying Agent will 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 principal amount of the Bond surrendered and bearing interest at the same rate and maturing on the same date.

Neither the District nor the Paying Agent will be required to (a) issue or transfer any Bonds during a period beginning with the opening of business on the 16th 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 Bond Payment Date, or any day on which the applicable Redemption Notice is given or (b) transfer any Bonds which have been selected or called for redemption in whole or in part.

Defeasance

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

(a) Cash: by irrevocably depositing with an independent escrow agent selected by the District an amount of cash which, together with amounts transferred from the Debt Service Fund, if any, is sufficient to pay all Bonds outstanding and designated for defeasance (including all principal thereof, accrued interest thereon and redemption premiums, 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 together with cash and amounts transferred from the Debt Service Fund, if any, in such amount as will, together with interest to accrue thereon, in the opinion of an independent certified public accountant, be fully sufficient to pay and discharge all Bonds outstanding and designated for defeasance (including all principal thereof, accrued interest thereon and redemption premiums, if any) at or before their maturity date;

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

"Government Obligations" means direct and general obligations of the United States of America, or obligations that are unconditionally guaranteed as to principal and interest by the United States of America (which may consist of obligations of the Resolution Funding Corporation that constitute interest strips). 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 Moody's Investors Service ("Moody's") or Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business ("S&P").

ESTIMATED SOURCES AND USES OF FUNDS

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

Sources of Funds	
Principal Amount of the Bonds	$19,315,000.00
Net Original Issue Premium	573,371.75
Total Sources	$19,888,371.75
Uses of Funds	
Deposit to Escrow Fund	$19,658,001.45
Costs of Issuance[1]	230,370.30
Total Uses	$19,888,371.75

(1) Reflects the costs of issuance of the Bonds, including the underwriting discount, legal fees, printing costs, rating agency fees, and the costs and fees of the Financial Advisor, Paying Agent, Escrow Agent and Verification Agent.

TAX BASE FOR PAYMENT OF BONDS

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

Ad Valorem Property Taxation

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

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

The valuation of secured property is established as of January 1 and is subsequently equalized in August. Property taxes on the secured roll are due in two installments, November 1 and February 1 of the fiscal year. If unpaid, such taxes become delinquent after December 10 and April 10, respectively, and a 10% penalty attaches to any delinquent installment, plus a minimum $10 cost on the second installment plus any additional amount determined by the Treasurer. Property on the secured roll with delinquent taxes 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 minimum $15 redemption fee and a redemption penalty of 1.5% per month to the time of redemption. If taxes are unpaid for a period of five years or more, the property is then subject to sale by the Treasurer.

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

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

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

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

Assessed Valuations

Property within the District has a total assessed valuation for fiscal year 2015-16 of $8,444,258,627. The following table represents a 13-year history of assessed valuations in the District.

ASSESSED VALUATIONS
Fiscal Years 2003-04 through 2015-16
Bonita Unified School District

	Local Secured	Utility	Unsecured	Total
2003-04	$4,890,694,129	$4,206,509	$240,826,730	$5,135,727,368
2004-05	5,173,401,722	3,439,257	266,940,836	5,443,781,815
2005-06	5,577,798,270	3,155,395	289,184,896	5,870,138,561
2006-07	6,077,543,842	2,975,611	301,118,975	6,381,638,428
2007-08	6,592,886,968	964,363	291,784,980	6,885,636,311
2008-09	6,930,419,779	964,363	303,208,864	7,234,593,006
2009-10	6,896,619,264	964,363	323,063,140	7,220,646,767
2010-11	6,851,246,341	964,363	304,294,508	7,156,505,212
2011-12	6,928,881,209	964,363	296,063,802	7,225,909,374
2012-13	7,043,001,594	964,363	313,882,511	7,357,848,468
2013-14	7,235,688,586	964,363	318,302,877	7,554,955,826
2014-15	7,617,067,318	964,363	328,787,856	7,946,819,537
2015-16	8,093,875,727	964,363	349,418,537	8,444,258,627

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

Drought. On January 17, 2014, the Governor of the State (the "Governor") declared a State-wide Drought State of Emergency. As of such date, the State faced water shortfalls due to the driest year in recorded State history; the State's rivers and reservoirs were below their record low levels, and manual and electronic readings recorded the water content of snowpack at the highest elevations in the State (chiefly in the Sierra Nevada mountain range) at about 20% of normal average for the winter season. As part of his State of Emergency declaration, the Governor directed State officials to assist agricultural producers and communities that may be economically impacted by dry conditions. Following the Governor's declaration, the California State Water Resources Control Board (the "Water Board") issued a statewide notice of water shortages and potential future curtailment of water right diversions. On April 1, 2015, the Governor issued an executive order mandating certain conservation measures including a requirement that the Water Board impose restrictions to achieve a statewide 25% reduction in urban water usage through February 28, 2016.

The District cannot make any representation regarding the effects that the current drought has had, or, if it should continue, may have on the value of taxable property within the District, or to what extent the drought could cause disruptions to economic activity within the boundaries of the District.

Appeals and Adjustments of Assessed Valuations.

Under State law, property owners may apply for a reduction of their property tax assessment by filing a written application, in form prescribed by the State Board of Equalization, with the appropriate county board of equalization or assessment appeals board. In most cases, the appeal is filed because the applicant believes that present market conditions (such as residential home prices) cause the property to be worth less than its current assessed value. Any reduction in the assessment ultimately granted as a result of such appeal applies to the year for which application is made and during which the written application was filed.

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.

In addition to the above-described taxpayer appeals, county assessors may independently reduce assessed valuations based on changes in the market value of property, or for other factors such as the complete or partial destruction of taxable property caused by natural or man-made disasters such as earthquakes, floods, fire, drought or toxic contamination pursuant to relevant provisions of the State Constitution. See also "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Article XIIIA of the California Constitution" herein. Such reductions are subject to yearly reappraisals by the county assessor and may be adjusted back to their original values when real estate market conditions improve. Once property has regained its prior assessed value, adjusted for inflation, it once again is subject to the annual inflationary growth rate factor allowed under Article XIIIA.

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

Assessed Valuation of Single Family Homes

The following table shows a per-parcel analysis of single family residences within the District, in terms of their fiscal year 2015-16 assessed valuation.

ASSESSED VALUATION OF SINGLE FAMILY HOMES
Fiscal Year 2015-16
Bonita Unified School District

	No. of Parcels	2015-16 Assessed Valuation	Average Assessed Valuation	Median Assessed Valuation
Single Family Residential	15,629	$5,445,511,653	$348,424	$318,855

2015-16 Assessed Valuation	No. of Parcels[(1)]	% of Total	Cumulative % of Total	Total Valuation	% of Total	Cumulative % of Total
$0 - $49,999	351	2.246%	2.246%	$13,299,783	0.244%	0.244%
50,000 - 99,999	1,152	7.371	9.617	82,621,021	1.517	1.761
100,000 - 149,999	944	6.040	15.657	118,804,320	2.182	3.943
150,000 - 199,999	1,357	8.683	24.339	239,516,443	4.398	8.342
200,000 - 249,999	1,610	10.301	34.641	363,893,732	6.682	15.024
250,000 - 299,999	1,710	10.941	45.582	470,083,342	8.632	23.657
300,000 - 349,999	1,707	10.922	56.504	552,857,443	10.153	33.809
350,000 - 399,999	1,512	9.674	66.178	565,830,457	10.391	44.200
400,000 - 449,999	1,272	8.139	74.317	539,760,163	9.912	54.112
450,000 - 499,999	1,053	6.737	81.054	498,549,580	9.155	63.267
500,000 - 549,999	737	4.716	85.770	386,672,556	7.101	70.368
550,000 - 599,999	619	3.961	89.731	355,250,694	6.524	76.892
600,000 - 649,999	434	2.777	92.508	270,897,572	4.975	81.866
650,000 - 699,999	334	2.137	94.645	224,909,620	4.130	85.996
700,000 - 749,999	231	1.478	96.123	166,633,263	3.060	89.056
750,000 - 799,999	122	0.781	96.903	94,413,405	1.734	90.790
800,000 - 849,999	95	0.608	97.511	78,395,329	1.440	92.230
850,000 - 899,999	82	0.525	98.036	71,878,091	1.320	93.550
900,000 - 949,999	61	0.390	98.426	56,199,202	1.032	94.582
950,000 - 999,999	52	0.333	98.759	50,644,169	0.930	95.512
1,000,000 and greater	194	1.241	100.000	244,401,468	4.488	100.000
Total	15,629	100.000%		$5,445,511,653	100.000%	

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

Assessed Valuation and Parcels by Land Use

The following table shows an analysis of the distribution of taxable property within the District by principal land use, the number of parcels, and the secured assessed valuation of such parcels in fiscal year 2015-16.

ASSESSED VALUATION AND PARCELS BY LAND USE
Fiscal Year 2015-16
Bonita Unified School District

Non-Residential:	2015-16 Assessed Valuation[1]	% of Total	No. of Parcels	% of Total
Agricultural/Rural	$3,263,850	0.04%	29	0.15%
Commercial	1,067,985,585	13.19	503	2.57
Vacant Commercial	61,122,136	0.76	163	0.83
Industrial	580,842,463	7.18	305	1.56
Vacant Industrial	55,364,276	0.68	140	0.71
Recreational	93,274,785	1.15	45	0.23
Government/Social/Institutional	99,460,057	1.23	416	2.12
Miscellaneous	3,388,935	0.04	101	0.52
Subtotal Non-Residential	$1,964,702,087	24.27%	1,702	8.69%
Residential:				
Single Family Residence	$5,445,511,653	67.28%	15,629	79.78%
Condominium/Townhouse	139,842,729	1.73	855	4.36
Mobile Home Park	32,635,011	0.40	27	0.14
2-4 Residential Units	158,625,322	1.96	485	2.48
5+ Residential Units/Apartments	278,858,521	3.45	44	0.22
Vacant Residential	73,700,404	0.91	849	4.33
Subtotal Residential	$6,129,173,640	75.73%	17,889	91.31%
Total	$8,093,875,727	100.00%	19,591	100.00%

[1] Local secured assessed valuation, excluding tax-exempt property.
Source: California Municipal Statistics, Inc.

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Assessed Valuation by Jurisdiction

The following table shows the District's assessed valuation by jurisdiction for fiscal year 2015-16.

ASSESSED VALUATION AND PARCELS BY JURISDICTION[(1)]
Fiscal Year 2015-16
Bonita Unified School District

Jurisdiction:	Assessed Valuation in District	% of District	Assessed Valuation of Jurisdiction[(1)]	% of Jurisdiction in District
City of Glendora	$288,788,301	3.42%	$6,323,792,039	4.57%
City of La Verne	3,788,811,450	44.87	3,836,805,384	98.75
City of Pomona	21,490,002	0.25	9,840,105,629	0.22
City of San Dimas	4,174,333,537	49.43	4,786,407,652	87.21
Unincorporated Los Angeles County	170,835,337	2.02	94,074,237,523	0.18
Total District	$8,444,258,627	100.00%		
Los Angeles County	$8,444,258,627	100.00%	$1,274,286,494,005	0.66%

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

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Secured Tax Charges and Delinquencies

The following table shows secured tax charges and delinquency information for the District for fiscal years 2006-07 through 2014-15.

SECURED TAX CHARGES AND DELINQUENCIES
Fiscal Years 2006-07 through 2014-15
Bonita Unified School District

	Secured Tax Charge[1]	Amt. Del. June 30	% Del. June 30
2006-07	$9,778,047.69	$369,157.10	3.78%
2007-08	10,688,030.66	534,256.87	5.00
2008-09	11,186,009.09	524,219.47	4.69
2009-10	11,126,772.07	381,927.32	3.43
2010-11	11,085,981.31	266,130.95	2.40
2011-12	11,244,766.83	234,713.15	2.09
2012-13	11,508,530.01	206,968.42	1.80
2013-14	11,847,482.45	174,801.42	1.48
2014-15	12,498,339.56	180,260.96	1.44

	Secured Tax Charge[2]	Amt. Del. June 30	% Del. June 30
2006-07	$2,151,242.42	$61,112.00	2.84%
2007-08	2,052,661.24	74,514.23	3.63
2008-09	2,758,111.66	85,684.13	3.11
2009-10	5,163,114.72	116,334.64	2.25
2010-11	4,988,761.95	76,925.74	1.54
2011-12	6,241,981.46	90,218.13	1.45
2012-13	5,730,758.69	64,640.53	1.13
2013-14	5,777,142.05	53,324.17	0.92
2014-15	7,030,195.31	66,530.50	0.95

(1) 1% General Fund apportionment. Excludes redevelopment agency impounds. Reflects county wide delinquency rate.
(2) General obligation bond debt service levy.
Source: California Municipal Statistics, Inc.

Alternative Method of Tax Apportionment - "Teeter Plan"

Certain counties in the State operate under a statutory program entitled Alternate Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the "Teeter Plan"). Under the Teeter Plan local taxing entities receive 100% of their tax levies net of delinquencies, but do not receive interest or penalties on delinquent taxes collected by the county. **The County has not adopted the Teeter Plan, and consequently the Teeter Plan is not available to local taxing entities within the County, such as the District. The District's receipt of property taxes is therefore subject to delinquencies.**

The District participates in the California Statewide Delinquent Tax Finance Authority ("CSDTFA"). CSDTFA is a joint exercise of powers agency formed for the purpose of purchasing delinquent *ad valorem* property taxes of its members in accordance with Section 6516.6 of the State Government Code. The District anticipates that CSDTFA will from time to time purchase delinquent *ad valorem* property tax receivables from the District at a purchase price equal to 110% of such receivable. Any penalty charges collected with respect to such delinquencies will be retained by CSDTFA. CSDTFA does not ensure that the District will receive the timely payment of *ad valorem* property taxes levied to secure the Bonds. See also "— *Ad Valorem* Property Taxation" herein.

Tax Rates

A representative tax rate area (a "TRA") located within the District is TRA 5063. The table below shows the total *ad valorem* property tax rates, as a percentage of assessed valuation, levied by all taxing entities in this TRA during the five-year period from fiscal years 2011-12 through 2015-16.

Typical Total Tax Rates (TRA 5063)[(1)]
Fiscal Years 2011-12 through 2015-16
Bonita Unified School District

	2011-12	2012-13	2013-14	2014-15	2015-16
General	1.000000%	1.000000%	1.000000%	1.000000%	1.000000%
Metropolitan Water District	.003700	.003500	.003500	.003500	.003500
Mt. San Antonio Community College	.026415	.028957	.020231	.021294	.021537
Bonita Unified School District	.091659	.082513	.080526	.092597	.084894
Total	1.121774%	1.114970%	1.104257%	1.117391%	1.109931%

(1) The fiscal year 2015-16 assessed valuation of TRA 5063 is $2,194,209,517.
Source: California Municipal Statistics, Inc.

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Principal Taxpayers

The following table lists the 20 largest local secured taxpayers in the District based on their fiscal year 2015-16 local secured assessed valuations.

LARGEST LOCAL SECURED TAXPAYERS
Fiscal Year 2015-16
Bonita Unified School District

	Property Owner	Primary Land Use	2015-16 Assessed Valuation	% of Total[(1)]
1.	Diamond Ridge Development LLC	Shopping Center	$91,588,579	1.13%
2.	444 North Amelia Avenue LLC	Apartments	47,937,275	0.59
3.	PK I La Verne Town Center LP	Shopping Center	46,081,119	0.57
4.	Majestic Mapa Properties LLC	Office Building	42,130,234	0.52
5.	PK III San Dimas Marketplace LP	Shopping Center	42,009,125	0.52
6.	WNRA Monte Vista LLC	Apartments	39,444,904	0.49
7.	Lonehill Manor LP	Mobile Home Park	36,473,463	0.45
8.	Galileo San Dimas LP	Shopping Center	33,834,958	0.42
9.	Costco Wholesale Corporation	Commercial	32,281,681	0.40
10.	Kohl's Department Stores Inc.	Commercial	25,509,602	0.32
11.	CNL Retirement AURL California A Pack LP	Rest Home	25,295,000	0.31
12.	Avalon Villa San Dimas LP	Apartments	25,227,639	0.31
13.	Laverne Commons LLC	Shopping Center	23,905,726	0.30
14.	Raintree San Dimas LLC	Apartments	22,646,101	0.28
15.	Western Corporate Federal Credit	Industrial	22,518,735	0.28
16.	Meiloon Valley LLC	Shopping Center	21,782,189	0.27
17.	Palace Entertainment	Water Park	20,878,065	0.26
18.	Wal Mart Real Estate Business Trust	Commercial	19,563,215	0.24
19.	M and O Properties Ltd.	Commercial	19,395,612	0.24
20.	La Verne Courtyard LLC	Shopping Center	18,868,966	0.23
			$657,372,188	8.12%

(1) The fiscal year 2015-16 local secured assessed valuation of the District is $8,093,875,727.
Source: California Municipal Statistics, Inc.

Statement of Direct and Overlapping Debt

Set forth on the following page is a direct and overlapping debt report (the "Debt Report") prepared by California Municipal Statistics, Inc. effective as of January 1, 2016. The Debt Report is included for general information purposes only. The District has not reviewed the Debt Report for completeness or accuracy and makes no representation in connection therewith.

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

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

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

STATEMENT OF DIRECT AND OVERLAPPING DEBT
Bonita Unified School District

2015-16 Assessed Valuation: $8,444,258,627

DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:	% Applicable	Debt 1/1/16
Los Angeles County Flood Control District	0.669%	$101,038
Metropolitan Water District	0.345	380,422
Mount San Antonio Community College District	10.665	39,347,748
Bonita Unified School District	**100.000**	**124,862,395**[1]
Los Angeles County Regional Park and Open Space Assessment District	0.663	335,544
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		$165,027,147
DIRECT AND OVERLAPPING GENERAL FUND DEBT:		
Los Angeles County General Fund Obligations	0.663%	$11,834,177
Los Angeles County Superintendent of Schools Certificates of Participation	0.663	52,671
Bonita Unified School District Certificates of Participation	**100.000**	**942,096**
City of La Verne Certificates of Participation	98.749	1,102,364
City of La Verne Pension Obligation Bonds	98.749	4,379,518
City of Pomona General Fund and Pension Obligation Bonds	0.218	181,177
City of San Dimas Certificates of Participation	87.212	5,258,884
Los Angeles County Sanitation District Nos. 21 and 22	4.702 & 16.879	1,962,652
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT		$25,713,539
OVERLAPPING TAX INCREMENT DEBT:		$15,129,782
COMBINED TOTAL DEBT		$205,870,468[2]

Ratios to 2015-16 Assessed Valuation:
Direct Debt ($124,862,395).. 1.48%
Total Direct and Overlapping Tax and Assessment Debt...... 1.95%
Combined Direct Debt ($125,804,491) 1.49%
Combined Total Debt 2.44%

Ratio to Redevelopment Incremental Valuation ($2,330,701,475):
Total Overlapping Tax Increment Debt................................ 0.65%

(1) Excludes the Bonds, and includes the Refunded Bonds expected to be refinanced with proceeds of the Bonds.
(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.
Source: California Municipal Statistics, Inc.

CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS

The principal of and interest on the Bonds are payable solely from the proceeds of an ad valorem *property tax levied by the County for the payment thereof. See "THE BONDS – Security and Sources of Payment" herein. Articles XIIIA, XIIIB, XIIIC and XIIID of the State Constitution, Propositions 98 and 111, and certain other provisions of law discussed below, are included in this section to describe the potential effect of these Constitutional and statutory measures on the ability of the County to levy taxes on behalf of the District and of the District to spend tax proceeds for operating and other purposes, and it should not be inferred from the inclusion of such materials that these laws impose any limitation on the ability of the County to levy taxes for payment of the principal of and interest on 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 base year value, adjusted for inflation. Reductions in assessed value could result in a corresponding increase in the annual tax rate levied by the County to pay debt service on the Bonds. See "THE BONDS – Security and Sources of Payment" and "TAX BASE FOR PAYMENT 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 55% or more of the votes cast on the proposition, but only if certain accountability measures are included in the proposition. The tax for payment of the Bonds falls within the exception described in (c) of the immediately preceding sentence. In addition, Article XIIIA requires the approval of two-thirds or more of all members of the legislature of the State (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 or 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 State Supreme Court have upheld the general validity of Article XIIIA.

State-Assessed Utility Property

Some amount of property tax revenue of the District is derived from utility property which is considered part of a utility system with components located in many taxing jurisdictions. Under the State Constitution, such property is assessed by the State Board of Equalization 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 State Board of Equalization, 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 State electric utility industry has experienced 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 school financing formula. See "DISTRICT FINANCIAL INFORMATION – State Funding of Education" herein.

Article XIIIB of the California Constitution

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

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

(b) “change in population” with respect to a school district to mean the percentage change in the ADA of the school district from the preceding fiscal year.

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

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

Appropriations subject to limitation do not include (a) refunds of taxes, (b) appropriations for 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 50% of all revenues received by the State in a fiscal year and in the fiscal year immediately following it in excess of the amount permitted to be appropriated during that fiscal year and the fiscal year immediately following it shall be transferred and allocated to the State School Fund pursuant to Section 8.5 of Article XVI of the State Constitution. See “— Propositions 98 and 111” herein.

Article XIIIC and Article XIIID of the California Constitution

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

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

The District does not impose any taxes, assessments, or property-related fees or charges which are subject to the provisions of Proposition 218. It does, however, receive a portion of the basic 1% *ad valorem* property tax levied and collected by the County pursuant to Article XIIIA of the State 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 of the State approved Proposition 98, a combined initiative constitutional amendment and statute called the "Classroom Instructional Improvement and Accountability Act" (the "Accountability Act"). Certain provisions of the Accountability Act have, however, been modified by Proposition 111, discussed below, the provisions of which became effective on July 1, 1990. The Accountability Act changed State funding of public education below the university level and the operation of the State's appropriations limit. The Accountability Act guarantees State funding for K-12 school districts and community college districts (hereinafter referred to collectively as "K-14 school districts") at a level equal to the greater of (a) the same percentage of the State general fund revenues as the percentage appropriated to such districts in the 1986-87 fiscal year, and (b) the amount actually appropriated to such districts from the State general fund in the previous fiscal year, adjusted for increases in enrollment and changes in the cost of living. The Accountability Act permits the State Legislature to suspend this formula for a one-year period.

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

Since the Accountability Act is unclear in some details, there can be no assurances that the State Legislature or a court might not interpret the Accountability Act to require a different percentage of State general fund revenues to be allocated to K-14 school districts, or to apply the relevant percentage to the State's budgets in a different way than is proposed in the State 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 State per capita personal income. The definition of "change in population" specifies that a portion of the State's spending limit is to be adjusted to reflect changes in school attendance.

b. Treatment of Excess Tax Revenues. "Excess" tax revenues with respect to Article XIIIB are now determined based on a two-year cycle, so that the State can avoid having to return to taxpayers excess tax revenues in one year if its appropriations in the next fiscal year are under its limit. In addition, the Proposition 98 provision regarding excess tax revenues was modified. After any two-year period, if there are excess State tax revenues, 50% of the excess are to be transferred to K-14 school districts with the balance returned to taxpayers; under prior law, 100% of excess State tax revenues went to K-14 school districts, but only up to a maximum of 4% of the minimum funding level for such districts. Also, reversing prior law, any excess State tax revenues transferred to K-14 school districts are not built into K-14 school 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 State Legislature. Second, there are excluded any increases in gasoline taxes above the 1990 level (then nine cents per gallon), sales and use taxes on such increment in gasoline taxes, and increases in receipts from vehicle weight fees above the levels in effect on January 1, 1990. These latter provisions were necessary to make effective the transportation funding package approved by the State Legislature and the Governor, which was expected to raise over $15 billion in additional taxes from 1990 through 2000 to fund transportation programs.

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

e. School Funding Guarantee. There is a complex adjustment in the formula enacted in Proposition 98 which guarantees K-14 school districts a certain amount of State general fund revenues. Under prior law, K-14 school districts were guaranteed the greater of (1) 40.9% of State general fund revenues ("Test 1") or (2) the amount appropriated in the prior year adjusted for changes in the cost of living (measured as in Article XIIIB by reference to per capita personal income) and enrollment ("Test 2"). Under Proposition 111, schools will receive the greater of (1) Test 1, (2) Test 2, or (3) a third test ("Test 3"), which will replace Test 2 in any year when growth in per capita State general fund revenues from the prior year is less than the annual growth in the State per capital personal income. Under Test 3, K-14 school districts will receive the amount appropriated in the prior year adjusted for change in enrollment and per capita State general fund revenues, plus an additional small adjustment factor. If Test 3 is used in any year, the difference between Test 3 and Test 2 will become a "credit" 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, State voters approved an amendment (commonly known as Proposition 39) to the State Constitution. This amendment (1) allows school facilities bond measures to be approved by 55% (rather than two-thirds) of the voters in local elections and permits property taxes to exceed the current 1% limit in order to repay the bonds and (2) changes existing statutory law regarding charter school facilities. As adopted, the constitutional amendments may be changed only with another statewide vote of the people. The statutory provisions could be changed by a majority vote of both houses of the State Legislature and approval by the Governor, but only to further the purposes of the proposition. The local school jurisdictions affected by this proposition are K-12 school districts, including the District, community college districts, and county offices of education. As noted above, the State Constitution previously limited property taxes to 1% of the value of property. Property taxes could only exceed this limit to pay for (1) any local government debts approved by the voters prior to July 1, 1978 or (2) bonds to acquire or improve real property that receive two-thirds voter approval after July 1, 1978.

The 55% vote requirement authorized by Proposition 39 applies only if the local bond measure presented to the voters includes: (1) a requirement that the bond funds can be used only for construction, rehabilitation, equipping of school facilities, or the acquisition or lease of real property for school facilities; (2) a specific list of school projects to be funded and certification that the school board has evaluated safety, class size reduction, and information technology needs in developing the list; and (3) a requirement that the school board conduct annual, independent financial and performance audits until all bond funds have been spent to ensure that the bond funds have been used only for the projects listed in the measure. Legislation approved in June 2000 placed certain limitations on local school bonds to be approved by 55% of the voters. These provisions require that the tax rate projected to be levied as the result of any single election be no more than $60 (for a unified school district, such as the District), $30 (for a high school or elementary school district), or $25 (for a community college district) per $100,000 of taxable property value, when assessed valuation is projected to increase in accordance with Article XIIIA of the State Constitution. These requirements are not part of Proposition 39 and can be changed with a majority vote of both houses of the State Legislature and approval by the Governor. See "- Article XIIIA of the California Constitution" herein.

Jarvis vs. Connell

On May 29, 2002, the State 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). 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 State 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 State Supreme Court upheld the holding of the Court of Appeal, stating that the Controller is not authorized under State law to disburse funds prior to the enactment of a budget or other proper appropriation, but under federal law, the Controller is required, notwithstanding a budget impasse and the limitations imposed by State law, to timely pay those State employees who are subject to the minimum wage and overtime compensation provisions of the federal Fair Labor Standards Act.

Proposition 1A and Proposition 22

On November 2, 2004, State voters approved Proposition 1A, which amends the State Constitution to significantly reduce the State's authority over major local government revenue sources. Under Proposition 1A, the State cannot (i) reduce local sales tax rates or alter the method of allocating the revenue generated by such taxes, (ii) shift property taxes from local governments to schools or community colleges, (iii) change how property tax revenues are shared among local governments without two-third approval of both houses of the State Legislature or (iv) decrease Vehicle License Fee revenues without providing local governments with equal replacement funding. Proposition 1A does allow the State to approve voluntary exchanges of local sales tax and property tax revenues among local governments within a county. Proposition 1A also amends the State Constitution to require the State to suspend certain State laws creating mandates in any year that the State does not fully reimburse local governments for their costs to comply with the mandates. This provision does not apply to mandates relating to schools or community colleges or to those mandates relating to employee rights.

Proposition 22, The Local Taxpayer, Public Safety, and Transportation Protection Act, approved by the voters of the State on November 2, 2010, prohibits the State from enacting new laws that require redevelopment agencies to shift funds to schools or other agencies and eliminates the State's authority to shift property taxes temporarily during a severe financial hardship of the State. In addition, Proposition 22 restricts the State's authority to use State fuel tax revenues to pay debt service on state transportation bonds, to borrow or change the distribution of state fuel tax revenues, and to use vehicle license fee revenues to reimburse local governments for state mandated costs. Proposition 22 impacts resources in the State's general fund and transportation funds, the State's main funding source for schools and community colleges, as well as universities, prisons and health and social services programs. According to an analysis of Proposition 22 submitted by the Legislative Analyst's Office (the "LAO") on July 15, 2010, the expected reduction in resources available for the State to spend on these other programs as a consequence of the passage of Proposition 22 was projected to be approximately $1 billion in fiscal year 2010-11, with an estimated immediate fiscal effect equal to approximately 1% of the State's total general fund spending. The longer-term effect of Proposition 22, according to the LAO analysis, was expected to be an increase in the State's general fund costs by approximately $1 billion annually for several decades. See also "DISTRICT FINANCIAL INFORMATION – State Dissolution of Redevelopment Agencies" herein.

Proposition 30

On November 6, 2012, State voters 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. For personal income taxes imposed beginning in the taxable year commencing January 1, 2012 and 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 $300,001 for single filers (over $500,000 but less than $600,001 for joint filers and over $340,000 but less than $408,001 for head-of-household filers), (ii) 2% for taxable income over $300,000 but less than $500,001 for single filers (over $600,000 but less than $1,000,001 for joint filers and over $408,000 but less than $680,001 for head-of-household filers), and (iii) 3% for taxable income over $500,000 for single filers (over $1,000,000 for joint filers and over $680,000 for head-of-household filers).

The revenues generated from the temporary tax increases will be included in the calculation of the Proposition 98 minimum funding guarantee for school districts and community college districts. See "– 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 are being distributed to school districts and community college districts in the same manner as existing unrestricted per-student funding, except that no school district will receive less than $200 per unit of ADA and no community college district will receive less than $100 per full time equivalent student. The governing board of each school district and community college district is granted sole authority to determine how the moneys received from the EPA are spent, provided that the appropriate governing board is required to make these spending determinations in open session at a public meeting and such local governing boards are prohibited from using any funds from the EPA for salaries or benefits of administrators or any other administrative costs.

Proposition 2

On November 4, 2014, voters approved the Rainy Day Budget Stabilization Fund Act (also known as "Proposition 2"). Proposition 2 is a legislatively-referred constitutional amendment which makes certain changes to State budgeting practices, including substantially revising the conditions under which transfers are made to and from the State's Budget Stabilization Account (the "BSA") established by the California Balanced Budget Act of 2004 (also known as Proposition 58).

Under Proposition 2, and beginning in fiscal year 2015-16 and each fiscal year thereafter, the State will generally be required to annually transfer to the BSA an amount equal to 1.5% of estimated State general fund revenues (the "Annual BSA Transfer"). Supplemental transfers to the BSA (a "Supplemental BSA Transfer") are also required in any fiscal year in which the estimated State general fund revenues that are allocable to capital gains taxes exceed 8% of the total estimated general fund tax revenues. Such excess capital gains taxes—net of any portion thereof owed to K-14 school districts pursuant to Proposition 98—will be transferred to the BSA. Proposition 2 also increases the maximum size of the BSA to an amount equal to 10% of estimated State general fund revenues for any given fiscal year. In any fiscal year in which a required transfer to the BSA would result in an amount in excess of the 10% threshold, Proposition 2 requires such excess to be expended on State infrastructure, including deferred maintenance.

For the first 15-year period ending with the 2029-30 fiscal year, Proposition 2 provides that half of any required transfer to the BSA, either annual or supplemental, must be appropriated to reduce certain State liabilities, including making certain payments owed to K-14 school districts, repaying State interfund borrowing, reimbursing local governments for State mandated services, and reducing or prefunding accrued liabilities associated with State-level pension and retirement benefits. Following the initial 15-year period, the Governor and the State Legislature are given discretion to apply up to half of any required transfer to the BSA to the reduction of such State liabilities. Any amount not applied towards such reduction must be transferred to the BSA or applied to infrastructure, as described above.

Proposition 2 changes the conditions under which the Governor and the State Legislature may draw upon or reduce transfers to the BSA. The Governor does not retain unilateral discretion to suspend transfers to the BSA, nor does the State Legislature retain discretion to transfer funds from the BSA for any reason, as previously provided by law. Rather, the Governor must declare a "budget emergency," defined as an emergency within the meaning of Article XIIIB of the Constitution or a determination that estimated resources are inadequate to fund State general fund expenditures, for the current or ensuing fiscal year, at a level equal to the highest level of State spending within the three immediately preceding fiscal years. Any such declaration must be followed by a legislative bill providing for a reduction or transfer. Draws on the BSA are limited to the amount necessary to address the budget emergency, and no draw in any fiscal year may exceed 50% of the funds on deposit in the BSA unless a budget emergency was declared in the preceding fiscal year.

Proposition 2 also requires the creation of the Public School System Stabilization Account (the "PSSSA") into which transfers will be made in any fiscal year in which a Supplemental BSA Transfer is required (as described above). Such transfer will be equal to the portion of capital gains taxes above the 8% threshold that would otherwise be paid to K-14 school districts as part of the minimum funding guarantee. A transfer to the PSSSA will only be made if certain additional conditions are met, as follows: (i) the minimum funding guarantee was not suspended in the immediately preceding fiscal year, (ii) the operative Proposition 98 formula for the fiscal year in which a PSSSA transfer might be made is "Test 1," (iii) no maintenance factor obligation is being created in the budgetary legislation for the fiscal year in which a PSSSA transfer might be made, (iv) all prior maintenance factor obligations have been fully repaid, and (v) the minimum funding guarantee for the fiscal year in which a PSSSA transfer might be made is higher than the immediately preceding fiscal year, as adjusted for ADA growth and cost of living. Proposition 2 caps the size of the PSSSA at 10% of the estimated minimum guarantee in any fiscal year, and any excess funds must be paid to K-14 school districts. Reductions to any required transfer to the PSSSA, or draws on the PSSSA, are subject to the same budget emergency requirements described above. However, Proposition 2 also mandates draws on the PSSSA in any fiscal year in which the estimated minimum funding guarantee is less than the prior year's funding level, as adjusted for ADA growth and cost of living.

Future Initiatives

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

DISTRICT FINANCIAL INFORMATION

The information in this section concerning State funding of public education and the District's finances is provided as supplementary information only, and it should not be inferred from the inclusion of this information in this Official Statement that the principal of or interest on the Bonds are payable from the general fund of the District. The principal of and interest on the Bonds are payable solely from the proceeds of an ad valorem *property tax which is required to be levied by the County in the District in an amount sufficient for the payment thereof. See "THE BONDS – Security and Sources of Payment" herein.*

State Funding of Education

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

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

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

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

Fiscal Year	Average Daily Attendance[1]	Change	ADA Base Revenue Limit[2]	Deficit Revenue Limit Per ADA[2]
2007-08	9,654	--	$5,788.11	$5,788.11
2008-09	9,626	(28)	6,117.11	5,637.28
2009-10	9,593	(33)	6,379.11	5,208.22
2010-11	9,549	(44)	6,375.77	5,230.49
2011-12	9,535	(14)	6,497.11	5,176.15
2012-13	9,528	(7)	6,731.71	5,237.68

(1) Reflects ADA as of the second principal reporting period ("P-2 ADA"), which ends on or before the last attendance month prior to April 15 of each school year. An attendance month is equal to each four-week period of instruction beginning with the first day of school for a particular school district.
(2) Deficit revenue limit funding, when provided for in State budgetary legislation, reduced the revenue limit allocations received by school districts by applying a deficit factor to the base revenue limit for the given fiscal year, and resulted from an insufficiency of appropriation funds in the State budget to provide for State aid owed to school districts. The State's practice of deficit revenue limit funding was most recently reinstated beginning in fiscal year 2008-09, and discontinued following the implementation of the LCFF (as defined herein) in fiscal year 2013-14.
Source: Bonita Unified School District.

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

The primary component of AB 97, as amended by SB 91, was the implementation of the Local Control Funding Formula ("LCFF"), which replaced the revenue limit funding system for determining State apportionments, as well as the majority of State categorical program funding. State allocations are provided on the basis of target base funding grants per unit of ADA (a "Base Grant") assigned to each of four grade spans. Each Base Grant is subject to certain adjustments and add-ons, as discussed below. Full implementation of the LCFF is expected to occur over a period of several fiscal years. Beginning in fiscal year 2013-14, an annual transition adjustment is required to be calculated for each school district, equal to such district's proportionate share of appropriations included in the State budget to close the gap between the prior-year funding level and the target allocation following full implementation of the LCFF. In each year, school districts will have the same proportion of their respective funding gaps closed, with dollar amounts varying depending on the size of a district's funding gap.

The Base Grants per unit of ADA for each grade span are as follows: (i) $6,845 for grades K-3; (ii) $6,947 for grades 4-6; (iii) $7,154 for grades 7-8; and (iv) $8,289 for grades 9-12. Beginning in fiscal year 2013-14, and in each subsequent year, the Base Grants are to be adjusted for COLAs by applying the implicit price deflator for government goods and services. Following full implementation of the LCFF, the provision of COLAs will be subject to appropriation for such adjustment in the annual State budget. The differences among Base Grants are linked to differentials in statewide average revenue limit rates by district type, and are intended to recognize the generally higher costs of education at higher grade levels. See "—State Budget Measures" herein for information on the adjusted Base Grants provided by current State budgetary legislation.

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

School districts that serve students of limited English proficiency ("EL" students), students from low income families that are eligible for free or reduced priced meals ("LI" students) and foster youth are eligible to receive additional funding grants. Enrollment counts are unduplicated, such that students may not be counted as both EL and LI (foster youth automatically meet the eligibility requirements for free or reduced priced meals, and are therefore not discussed separately herein). A supplemental grant add-on (each, a "Supplemental Grant") is authorized for school districts that serve EL/LI students, equal to 20% of the applicable Base Grant multiplied by such district's percentage of unduplicated EL/LI student enrollment. School districts whose EL/LI populations exceed 55% of their total enrollment are eligible for a concentration grant add-on (each, a "Concentration Grant") equal to 50% of the applicable Base Grant multiplied by the percentage of such district's unduplicated EL/LI student enrollment in excess of the 55% threshold.

The following table shows a breakdown of the District's ADA by grade span, total enrollment, and the percentage of EL/LI student enrollment, for fiscal years 2012-13 through 2015-16.

ADA, ENROLLMENT AND EL/LI ENROLLMENT PERCENTAGE
Fiscal Years 2012-13 through 2015-16
Bonita Unified School District

	Average Daily Attendance[1]					Enrollment[2]	
Fiscal Year	K-3	4-6	7-8	9-12	Total ADA	Total Enrollment	% of EL/LI Enrollment
2012-13	2,601	2,115	1,468	3,344	9,528	9,794	35.3%
2013-14	2,752	2,098	1,458	3,336	9,644	9,969	34.9
2014-15	2,826	2,110	1,535	3,360	9,831	10,160	37.8
2015-16	2,827[3]	2,119[3]	1,600[3]	3,389[3]	9,935[3]	10,268	37.7

[1] Except for fiscal year 2015-16, reflects P-2 ADA.
[2] Fiscal year 2012-13 reflects enrollment as of October report submitted to the California Basic Educational Data System ("CBEDS"). Fiscal years 2013-14 through 2015-16 reflect certified enrollment as of the fall census day (the first Wednesday in October), which is reported to the California Longitudinal Pupil Achievement Data System ("CALPADS") in each school year and used to calculate each school district's unduplicated EL/LI student enrollment. Adjustments may be made to the certified EL/LI counts by the State Department of Education. CALPADS figures generally exclude preschool and adult transitional students. For purposes of calculating Supplemental and Concentration Grants, a school district's fiscal year 2013-14 percentage of unduplicated EL/LI students is expressed solely as a percentage of its total fiscal year 2013-14 total enrollment. For fiscal year 2014-15, the percentage of unduplicated EL/LI enrollment is based on the two-year average of EL/LI enrollment in fiscal years 2013-14 and 2014-15. Beginning in fiscal year 2015-16, a school district's percentage of unduplicated EL/LI students will be based on a rolling average of such district's EL/LI enrollment for the then-current fiscal year and the two immediately preceding fiscal years.
[3] Projected.
Source: Bonita Unified School District.

For certain school districts that would have received greater funding levels under the prior revenue limit system, the LCFF provides for a permanent economic recovery target ("ERT") add-on, equal to the difference between the revenue limit allocations such districts would have received under the prior system in fiscal year 2020-21, and the target LCFF allocations owed to such districts in the same year. To derive the projected funding levels, the LCFF assumes the discontinuance of deficit revenue limit funding, implementation of a 1.94% COLA in fiscal years 2014-15 through 2020-21, and restoration of categorical funding to pre-recession levels. The ERT add-on will be paid incrementally over the LCFF implementation period. The District does not qualify for the ERT add-on.

The sum of a school district's adjusted Base, Supplemental and Concentration Grants will be multiplied by such district's P-2 ADA for the current or prior year, whichever is greater (with certain adjustments applicable to small school districts). This funding amount, together with any applicable ERT or categorical block grant add-ons, will yield a district's total LCFF allocation. Generally, the amount of annual State apportionments received by a school district will amount to the difference between such total LCFF allocation and such district's share of applicable local property taxes. Most school districts receive a significant portion of their funding from such State apportionments. As a result, decreases in State revenues may significantly affect appropriations made by the State Legislature to school districts.

Certain schools districts, known as "basic aid" districts, have allocable local property tax collections that equal or exceed such districts' total LCFF allocation, and result in the receipt of no State apportionment aid. Basic aid school districts receive only special categorical funding, which is deemed to satisfy the "basic aid" requirement of $120 per student per year guaranteed by Article IX, Section 6 of the State Constitution. The implication for basic aid districts is that the legislatively determined allocations to school districts, and other politically determined factors, are less significant in determining their primary funding sources. Rather, property tax growth and the local economy are the primary determinants. The District does not currently qualify as a basic aid district.

Accountability. Regulations adopted by the State Board of Education require that school districts increase or improve services for EL/LI students in proportion to the increase in funds apportioned to such districts on the basis of the number and concentration of such EL/LI students, and detail the conditions under which school districts can use supplemental or concentration funding on a school-wide or district-wide basis.

School districts are also required to adopt local control and accountability plans ("LCAPs") disclosing annual goals for all students, as well as certain numerically significant student subgroups, to be achieved in eight areas of State priority identified by the LCFF. LCAPs may also specify additional local priorities. LCAPs must specify the actions to be taken to achieve each goal, including actions to correct identified deficiencies with regard to areas of State priority. LCAPs are required to be adopted every three years, beginning in fiscal year 2014-15, and updated annually thereafter. The State Board of Education has developed and adopted a template LCAP for use by school districts.

Support and Intervention. AB 97, as amended by SB 91, establishes a new system of support and intervention to assist school districts in meeting the performance expectations outlined in their respective LCAPs. School districts must adopt their LCAPs (or annual updates thereto) in tandem with their annual operating budgets, and not later than five days thereafter submit such LCAPs or updates to their respective county superintendents of schools. On or before August 15 of each year, a county superintendent may seek clarification regarding the contents of a district's LCAP (or annual update thereto), and the district is required to respond to such a request within 15 days. Within 15 days of receiving such a response, the county superintendent can submit non-binding recommendations for amending the LCAP or annual update, and such recommendations must be considered by the respective school district at a public hearing within 15 days. A district's LCAP or annual update must be approved by the county superintendent by October 8 of each year if the superintendent determines that (i) the LCAP or annual update adheres to the State template, and (ii) the district's budgeted expenditures are sufficient to implement the actions and strategies outlined in the LCAP.

A school district is required to receive additional support if its respective LCAP or annual update thereto is not approved, if the district requests technical assistance from its applicable county superintendent, or if the district does not improve student achievement across more than one State priority for one or more student subgroups. Such support can include a review of a district's strengths and weaknesses in the eight State priority areas, or the assignment of an academic expert to assist the district with identifying and implementing programs designed to improve outcomes. Assistance may be provided by the California Collaborative for Educational Excellence, a state agency created by the LCFF and charged with assisting school districts with achieving the goals set forth in their LCAPs. The State Board of Education has developed rubrics to assess school district performance and the need for support and intervention.

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

Other State Sources. In addition to State allocations determined pursuant to the LCFF, the District receives other State revenues consisting primarily of restricted revenues designed to implement State mandated programs. Beginning in fiscal year 2013-14, categorical spending restrictions associated with a majority of State mandated programs were eliminated, and funding for these programs was folded into the LCFF. Categorical funding for certain programs was excluded from the LCFF, and school districts will continue to receive restricted State revenues to fund these programs.

Other Revenue Sources

Federal and Local Sources. The federal government provides funding for several of the District's programs, including special education programs, programs under the No Child Left Behind Act, and specialized programs such as Drug Free Schools, Innovative Strategies, and Vocational & Applied Technology. In addition, school districts may receive additional local revenues beyond local property tax collections, such as interest earnings, interagency services, Developer Fees (as discussed herein) and other local sources.

Developer Fees. The District maintains the Capital Facilities Fund, separate and apart from its general fund, to account for developer fees collected by the District (the "Developer Fees"). Developer Fees are assessed on development within the District's boundaries according to the following fee schedule: $3.17 per square foot for single family housing, $3.36 per square foot for multi-family housing, and $0.54 per square foot for commercial development. In fiscal years 2012-13, 2013-14 and 2014-15, the District received $1,031,613, $905,633 and $484,652 in Developer Fees, respectively. The District has projected that it will receive approximately $250,000 in Developer Fees in fiscal year 2015-16.

State Dissolution of Redevelopment Agencies

On December 30, 2011, the State 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 the State 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 State Constitution, as amended by Proposition 22. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Proposition 1A and Proposition 22" herein. ABX1 27 would have permitted redevelopment agencies to continue operations provided their establishing cities or counties agreed to make specified payments to school districts and county offices of education, totaling $1.7 billion statewide.

ABX1 26 was modified by Assembly Bill No. 1484 (Chapter 26, Statutes of 2011-12) ("AB 1484"), which, together with ABx1 26, is referred to herein as the "Dissolution Act." The Dissolution Act provides that all rights, powers, duties and obligations of a redevelopment agency under the California Community Redevelopment Law that have not been repealed, restricted or revised pursuant to ABx1 26 will be vested in a successor agency, generally the county or city that authorized the creation of the redevelopment agency (each, a "Successor Agency"). All property tax revenues that would have been allocated to a redevelopment agency, less the corresponding county auditor-controller's cost to administer the allocation of property tax revenues, are now allocated to a corresponding Redevelopment Property Tax Trust Fund ("Trust Fund"), to be used for the payment of pass-through payments to local taxing entities, and thereafter to bonds of the former redevelopment agency and any "enforceable obligations" of the Successor Agency, as well as to pay certain administrative costs. The Dissolution Act defines "enforceable obligations" to include bonds, loans, legally required payments, judgments or settlements, legal binding and enforceable obligations, and certain other obligations.

Among the various types of enforceable obligations, the first priority for payment is tax allocation bonds issued by the former redevelopment agency; second is revenue bonds, which may have been issued by the host city, but only where the tax increment revenues were pledged for repayment and only where other pledged revenues are insufficient to make scheduled debt service payments; third is administrative costs of the Successor Agency, not to exceed $250,000 in any year, to the extent such costs have been approved in an administrative budget; then, fourth tax revenues in the Trust Fund in excess of such amounts, if any, will be allocated as residual distributions to local taxing entities in the same proportions as other tax revenues. Moreover, all unencumbered cash and other assets of former redevelopment agencies will also be allocated to local taxing entities in the same proportions as tax revenues. Notwithstanding the foregoing portion of this paragraph, the order of payment is subject to modification in the event a Successor Agency timely reports to the State Controller and the State 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, including the District. Per statute, 100% of contractual and statutory two percent pass-throughs, and 56.7% of statutory pass-throughs authorized under the Community Redevelopment Law Reform Act of 1993 (AB 1290, Chapter 942, Statutes of 1993) ("AB 1290"), are restricted to educational facilities without offset against 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 apportionments from the State may be offset by the future receipt of residual distributions or from unencumbered cash and assets of former redevelopment agencies or any other surplus property tax revenues pursuant to the Dissolution Act.

Budget Process

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

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

On or before August 15, the county superintendent will approve, conditionally approve or disapprove the adopted budget for each school district. Budgets will be disapproved if they fail the above standards. The district board must be notified by August 15 of the county superintendent's recommendations for revision and reasons for the recommendations. The county superintendent may assign a fiscal advisor or appoint a committee to examine and comment on the superintendent's recommendations. The committee must report its findings no later than August 20. Any recommendations made by the county superintendent must be made available by the district for public inspection. No later than September 22, the county superintendent must notify the State Superintendent of Public Instruction of all school districts whose budget may be disapproved.

A school district whose budget has been disapproved must revise and readopt its budget by September 8, reflecting changes in projected income and expense since July 1, including responding to the county superintendent's recommendations. The county superintendent must determine if the budget conforms with the standards and criteria applicable to final school district budgets and not later than October 8, must approve or disapprove the revised budgets. If the budget is disapproved, the county superintendent will call for the formation of a budget review committee pursuant to Education Code Section 42127.1. No later than October 8, the county superintendent must notify the State Superintendent of Public Instruction of all school districts whose budget has been disapproved. Until a school district's budget is approved, the school district will operate on the lesser of its proposed budget for the current fiscal year or the last budget adopted and reviewed for the prior fiscal year.

Interim Financial Reporting. Under the provisions of AB 1200, each school district is required to file interim certifications with the county office of education as to its ability to meet its financial obligations for the remainder of the then-current fiscal year and, based on current forecasts, for the subsequent two fiscal years. The county office of education reviews the certification and issues either a positive, negative or qualified certification. A positive certification is assigned to any school district that will meet its financial obligations for the current fiscal year and subsequent two fiscal years. A negative certification is assigned to any school district that will be unable to meet its financial obligations for the remainder of the current fiscal year or the subsequent fiscal year. A qualified certification is assigned to any school district that may not meet its financial obligations for the current fiscal year or the two subsequent fiscal years.

The District has never had an adopted budget disapproved by the County Superintendent of Schools, nor has it received a negative or qualified certification on any of its interim financial reports. For all interim reporting periods, the District has designated, and the County office of education has accepted, its interim financial reports as "positive."

General Fund Budgeting Trends. The table on the following page summarizes the District's combined restricted and unrestricted general fund budgets for fiscal years 2012-13 through 2015-16, audited ending results for fiscal years 2012-13 through 2014-15, and projected ending results for fiscal year 2015-16.

GENERAL FUND BUDGETING[1]
Fiscal Years 2012-13 through 2015-16
Bonita Unified School District

	Fiscal Year 2012-13		Fiscal Year 2013-14		Fiscal Year 2014-15		Fiscal Year 2015-16	
	Budgeted[2]	Audited[2]	Budgeted[2]	Audited[2]	Budgeted[2]	Audited[2]	Budgeted[3]	Projected[3]
REVENUES								
LCFF/Revenue Limit Sources[4]	$50,413,925	$50,711,708	$51,195,784	$62,253,455	$68,521,228	$69,456,250	$77,957,610	$78,542,385
Federal	3,496,080	3,444,235	3,107,152	2,666,155	2,878,288	3,513,838	2,986,263	3,339,083
Other State	9,558,910	10,027,265	10,991,645	5,413,551	2,636,962	3,821,098	8,299,549	8,553,790
Other Local	5,242,846	9,902,461	7,072,370	9,877,113	10,457,971	11,765,817	10,348,654	10,715,950
Total Revenues	68,711,761	74,085,669	72,366,951	80,210,274	84,494,449	88,557,003	99,592,076	101,151,209
EXPENDITURES								
Certificated Salaries	37,297,063	37,211,674	39,264,827	39,928,531	44,262,836	43,630,845	46,177,096	46,826,593
Classified Salaries	10,535,842	10,360,313	11,003,093	11,414,927	13,205,484	13,625,351	14,074,694	14,286,659
Employee Benefits	12,695,446	13,216,675	13,392,952	13,242,711	15,566,610	14,990,409	17,195,035	16,228,413
Books and Supplies	2,672,800	2,526,529	2,683,856	4,226,618	3,283,623	3,421,105	4,077,631	7,967,297
Services and Other Operating Expenditures	9,762,783	10,057,930	10,120,253	9,593,809	10,321,113	10,409,740	11,262,415	11,363,426
Capital Outlay	188,800	322,123	139,000	1,482,562	551,240	3,096,636	548,840	1,259,719
Intergovernmental Transfers	314,000	2,135,669	314,000	1,805,240	1,614,692	1,853,742	--	--
Debt Service	5,858	15,212	17,193	61,614	--	--	--	--
Other Outgo	--	--	--	--	--	--	1,689,042[5]	1,709,125[5]
Total Expenditures	73,472,592	75,846,125	76,935,174	81,756,012	88,805,598	91,027,828	95,024,753	99,641,233
Revenues Over (Under) Expenditures	(4,760,831)	(1,760,456)	(4,568,223)	(1,545,738)	(4,311,149)	(2,470,825)	4,567,323	1,509,976
OTHER FINANCING SOURCES (USES)								
Proceeds from Long-Term Debt	--	100,181	--	192,757	--	--	--	--
Interfund Transfers In	--	--	--	972,255	500,000	--	--	--
Interfund Transfers Out	--	--	--	--	--	--	--	--
Other Sources	--	--	--	--	--	88,209	--	--
Other Uses	--	--	--	--	--	--	--	--
Contributions	--	--	--	--	--	--	--	--
Total Other Financing Sources (Uses)	--	100,181	--	1,165,012	500,000	88,209	--	--
Net change in Fund Balances	(4,760,831)	(1,660,275)	(4,568,223)	(380,726)	(3,811,149)	(2,382,616)	4,567,323	1,509,976
Fund Balance, July 1	15,641,209	15,641,209	13,980,934	13,980,934	13,600,208	13,600,208	11,217,592	11,217,592
Fund Balance, June 30	$10,880,378	$13,980,934	$9,412,711	$13,600,208	$9,789,059	$11,217,592	$15,784,915	$12,727,568

(1) Reflects financial activity of the District's combined restricted and unrestricted general fund.
(2) From the District's Comprehensive Audited Financial Statements for fiscal years 2012-13 through 2014-15.
(3) Figures from the District's fiscal year 2015-16 First Interim Financial Report, approved by the Board on December 9, 2015.
(4) Prior to fiscal year 2013-14, reflects revenue limit sources. Beginning in fiscal year 2013-14, reflects LCFF sources. See "– State Funding of Education" herein.
(5) For presentation purposes, reflects combination of "Other Outgo (excluding Transfers of Indirect Costs)" and "Other Outgo – Transfers of Indirect Costs."
Source: Bonita Unified School District.

Comparative Financial Statements

The tables on the following pages reflect the District's general fund revenues, expenditures and changes in fund balance for fiscal years 2010-11 through 2014-15. Fiscal year 2010-11 is presented separately from fiscal years 2011-12 through 2014-15 due to a change in the auditor's reporting format. The District's audited financial statements for fiscal year 2014-15 are attached hereto as APPENDIX B.

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AUDITED GENERAL FUND REVENUES, EXPENDITURES AND FUND BALANCES[1]
Fiscal Year 2010-11
Bonita Unified School District

	2010-11
REVENUES	
General Revenues:	
Property taxes	$9,375,004
Federal and state aid not restricted to specific purpose	50,281,294
Interagency revenues	1,613
Interest and investment earnings	171,312
Miscellaneous	1,341,951
Program Revenues:	
Charges for services	109,341
Operating grants and contributions	14,608,007
Capital grants and contributions	--
Total Revenues	75,888,522
EXPENDITURES	
Current	
Instruction	46,285,357
Instruction-related activities:	
Supervision of Instruction	2,828,569
Instructional Library, media, and technology	499,035
School site administration	4,991,827
Pupil services:	
Home-to-school transportation	1,151,026
Food services	1,175
All other pupil services	3,706,694
General administration:	
Data processing	1,377,434
All other general administration	2,956,763
Plant services	6,859,226
Facility acquisition and construction	622,379
Ancillary services	1,035,849
Community services	55,851
Other outgo	--
Transfers between agencies	2,237,414
Debt service- Principal	360,636
Debt service- Interest	12,990
Debt service- Issuance Costs and discounts	--
Total Expenditures	74,982,225
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	906,297
OTHER FINANCING SOURCES/(USES)	
Interfund Transfers In	--
Interfund Transfers Out	--
Contributions	--
Proceeds from Long-Term Debt	--
Total Other Financing Sources (Uses)	--
EXCESS OF REVENUES & OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	906,297
Fund Balance, July 1, as originally stated	13,871,490
Adjustments for Restatement	1,285,669[2]
Fund Balance, July 1, as restated	15,157,159
Fund Balance , June 30	$16,063,456

(1) From the District's Audited Financial Statements for fiscal years 2010-11. Reflects combined unrestricted and restricted general fund financial activity.
(2) The beginning fund balance for fiscal year 2010-11 was restated by $1,285,669 to include the beginning fund balances of the Adult Education Fund and the Deferred Maintenance Fund. Such funds no longer qualified to be reported as Special Revenue Funds under Governmental Accounting Standards Board ("GASB") Statement No. 54 and are therefore reported in the general fund.
Source: Bonita Unified School District.

AUDITED GENERAL FUND REVENUES, EXPENDITURES AND FUND BALANCES[(1)]
Fiscal Years 2011-12 through 2014-15
Bonita Unified School District

	2011-12	2012-13	2013-14	2014-15
REVENUES				
LCFF/Revenue limit sources[(2)]	$50,130,677	$50,711,708	$62,253,455	$69,456,250
Federal sources	5,769,757	3,444,235	2,666,155	3,513,838
Other state sources	10,461,913	10,027,265	5,413,551	6,069,577
Other local sources	8,879,816	9,902,461	9,877,113	11,765,817
Total Revenues	75,242,163	74,085,669	80,210,274	90,805,482
EXPENDITURES				
Current:				
Instruction	46,134,746	46,570,766	50,135,214	55,625,016
Instruction-Related Services:				
Supervision of Instruction	2,519,241	2,449,092	2,025,433	2,791,291
Instructional Library, media, and technology	652,647	618,473	674,588	686,953
School site administration	5,042,091	4,922,735	5,456,666	5,952,605
Pupil Support Services:				
Home-to-school transportation	1,320,790	1,118,880	1,308,353	1,696,753
Food services	2,471	66	7,412	19,771
All other pupil services	4,111,223	4,548,468	4,857,333	5,906,330
Ancillary services	944,431	980,396	1,070,822	1,224,728
Community services	54,280	66,139	75,091	60,345
General Administration Services:				
Data processing services	1,403,153	1,370,991	1,679,347	2,475,196
Other general administration	3,399,094	3,620,684	3,911,401	4,216,518
Plant services	6,693,883	7,274,280	7,591,032	8,351,366
Transfers of Indirect Costs	--	(140,103)	(149,117)	(65,000)
Facility acquisition and construction	456,802	--	--	--
Capital Outlay	--	92,524	1,062,894	2,415,693
Intergovernmental Transfers	1,911,119	2,135,669	1,805,241	981,034
Debt Service:				
Issuance costs	32,996	201,853	182,688	--
Principal	3,968	10,774	44,454	294,771
Interest	1,424	4,438	17,160	642,937
Total Expenditures	74,684,359	75,846,125	81,756,012	93,276,307
Excess (Deficiency) of Revenues Over (Under) Expenditures	557,804	(1,760,456)	(1,545,738)	(2,470,825)
OTHER FINANCING SOURCES (USES)				
Interfund transfers in	--	--	972,255	--
Interfund transfers out	--	--	--	--
Proceeds from capital leases	--	100,181	192,757	88,209
Proceeds from general obligation bonds				
Premiums from issuance of debt				
Transfer to escrow agent for defeased debt	--	--	--	--
Total Other Financing Sources and Uses	--	100,181	1,165,012	88,209
Net Change in Fund Balance	557,804	(1,660,275)	(380,726)	(2,382,616)
Fund Balance, July 1	16,063,456	16,621,260	13,980,934	13,600,208
Adjustments for Restatement	--	(980,051)[(3)]	--	--
Fund Balance, July 1, as Restated	16,063,456	15,641,209	13,980,934	13,600,208
Fund Balance , June 30	$16,621,260	$13,980,934	$13,600,208	$11,217,592

(1) From the District's Audited Financial Statements for fiscal years 2011-12 through 2014-15, respectively. Reflects combined unrestricted and restricted general fund financial activity. Additionally, for fiscal year 2011-12, reflects financial activity of the Deferred Maintenance Fund and Adult Education Fund, in accordance with GASB Statement No. 54. However, in fiscal year 2012-13, the Board committed the ending fund balance in the Deferred Maintenance Fund and Adult Education Fund, resulting in those funds qualifying as Special Revenue Funds under GASB Statement No. 54. Accordingly, beginning in fiscal year 2013-14, such funds are no longer reported within the general fund.

(2) Prior to fiscal year 2013-14, reflects revenue limit sources. For fiscal year 2013-14, reflects LCFF sources. See "– State Funding of Education – Local Control Funding Formula" herein.

(3) The beginning fund balance for fiscal year 2012-13 was restated by ($980,051) to recognize the beginning fund balances of the Adult Education Fund and the Deferred Maintenance Fund, which are no longer reported within the general fund. See footnote (1) above.

Source: Bonita Unified School District.

Accounting Practices

The accounting policies of the District conform to generally accepted accounting principles in accordance with policies and procedures of the California School Accounting Manual. This manual, according to Section 41010 of the State Education Code, is to be followed by all State school districts. Revenues are recognized in the period in which they become both measurable and available to finance expenditures of the current fiscal period. Expenditures are recognized in the period in which the liability is incurred.

State Budget Measures

The following information concerning the State's budgets has been obtained from publicly available information which the District believes to be reliable; however, the District does not guarantee the accuracy or completeness of this information and has not independently verified such information. Furthermore, it should not be inferred from the inclusion of this information herein that the principal of or interest on the Bonds is payable from the general fund of the District. The Bonds are payable solely from the proceeds of an ad valorem *property tax required to be levied by the County in an amount sufficient for the payment thereof.*

2015-16 Budget. On June 24, 2015, the Governor signed into law the State budget for fiscal year 2015-16 (the "2015-16 Budget"). The following information is drawn from the State Department of Finance's summary of the 2015-16 Budget, as well as a summary prepared by the LAO.

For fiscal year 2014-15, the 2015-16 Budget projects total State general fund revenues of $111.3 billion, and total State general fund expenditures of $114.5 billion. The 2015-16 Budget projects that the State will end the 2014-15 fiscal year with a general fund ending balance of $2.4 billion and total reserves of $3 billion (including $1.5 billion in the traditional general reserve and $1.6 billion in the BSA). For fiscal year 2015-16, the 2015-16 Budget projects total State general fund revenues of $115 billion and total expenditures of $115.4 billion, leaving the State with a year-end general fund balance of approximately $2 billion. The 2015-16 Budget projects total year-end reserves of $4.6 billion, including $1.1 billion in the traditional general fund reserve and $3.5 billion in the BSA.

As a result of higher than anticipated State revenues, the 2015-16 Budget includes revised estimates to the Proposition 98 minimum funding guarantees for fiscal years 2013-14 and 2014-15. The 2013-14 minimum guarantee is revised upward to $58.9 billion, an increase of $612 million over the estimate included in the 2014-15 State budget. For fiscal year 2014-15, the 2015-16 Budget revises the minimum guarantee upward to $66.3 billion, an increase of $5.4 billion over the estimate included in the 2014-15 State budget.

The 2015-16 Budget sets the Proposition 98 minimum funding guarantee for fiscal year 2015-16 at $68.4 billion, including $49.4 billion of support from the State general fund. This represents a year-to-year increase of $2.1 billion over the revised level for fiscal year 2014-15. For K-12 education, the 2015-16 Budget provides total Proposition 98 funding of $59.5 billion, including $43.2 billion from the State general fund. Under the 2015-16 Budget, K-12 per-pupil spending in fiscal year 2015-16 is $9,942, an increase of $1,011 (or 11%) from the prior year.

Significant features of the 2015-16 Budget related to K-12 education include the following:

- *Local Control Funding Formula* – An increase of $6 billion in Proposition 98 funding to continue the transition to the LCFF, bringing total LCFF funding to $52 billion. This represents a 13% year-to-year increase, and is projected to close the remaining funding implementation gap between the prior year and the LCFF target levels by approximately 52%. As a result, the adjusted 2015-16 Base Grants are as follows: (i) $7,820 for grades K-3, (ii) $7,189 for grades 4-6, (iii) $7,403 for grades 7-8, and (iv) $8,801 for grades 9-12. See also "– State Funding of Education – Local Control Funding Formula" herein.

- *Career Technical Education (CTE)* – The 2015-16 Budget establishes the Career Technical Education Incentive Grant Program for local education agencies to establish new or expand high-quality CTE programs. The 2015-16 Budget provides $400 million in fiscal year 2015-16 to fund the program, as well as $300 million and $200 million for fiscal years 2016-17 and 2017-18, respectively. The program allocates this funding into three pools for large, medium-sized and small applicants, based on ADA in grades 7-12. Specifically, 4% of total funding is available for agencies with less than 140 ADA, 8% is available for agencies with ADAs between 140 and 550, and the remainder for agencies with more than 550 ADA. Local education agencies will be required to provide local-to-state matching funds in each of the three years. When determining grant recipients, the State Department of Education will be required to give priority to those agencies that are establishing new programs, serve a large number of EL, LI and foster youth students, serve pupil groups with above-average dropout rates, or are located in areas of high unemployment.

- *K-14 Deferrals* – $992 million to eliminate all outstanding apportionment deferrals, including $897 million for K-12 education, consistent with a revenue-based trigger mechanism included in the 2014-15 State budget.

- *Maintenance Factor/Settle Up Payments* – The 2015-16 Budget reduces the outstanding Proposition 98 maintenance factor to $772 million. The maintenance factor is created in years where the State provides less growth in K-14 funding than growth in the State economy by implementing "Test 3" or suspends the guarantee entirely. The 2015-16 Budget also provides $256 million in "settle up" payments to repay obligations created in years where revenue projections understate the minimum funding guarantee.

- *Educator Support* – An increase of $500 million in one-time Proposition 98 funding for educator support, including beginning teacher and administrator support, mentoring and professional development. These funds will be allocated to local educational agencies in an equal amount per certificated staff and are available for expenditure over the next three fiscal years.

- *Special Education* – $60.1 million of Proposition 98 funding, including $50.1 million of ongoing funding and $10 million of one-time funds, to implement selected programmatic changes in special education services. The changes are intended to implement recommendations issued by a State taskforce formed in 2013, as well as to make targeted investments designed to improve the delivery of services and outcomes for disabled students.

- *K-12 High- Speed Internet Access* – An increase of $50 million in one-time Proposition 98 funding to support additional internet connectivity and infrastructure.

- *Mandates* – An increase of $3.2 billion in one-time Proposition 98 funding to reduce a backlog of unpaid reimbursement claims to K-12 local educational agencies for the cost of State-mandated programs. After accounting for this payment, the outstanding K-12 mandate backlog is approximately $1.2 billion.

- *Adult Education* – $500 million to fund the Adult Education Block Grant program. Prior budgetary legislation mandated the establishment of regional adult education consortia composed of school districts, community college districts and certain other stakeholders to coordinate the delivery of adult education services. Up to $375 million is available to be distributed directly to K-12 school districts and county offices of education to match amounts that have been spent on adult education within the past two years. The balance will be apportioned directly to consortia for distribution to their member agencies. Beginning in fiscal year 2016-17, all funds for adult education will be apportioned directly to consortia. The 2015-16 Budget also provides $25 million in one-time Proposition 98 funding to assist consortia develop or update data systems necessary to evaluate the effectiveness of their programs, as well as to fund State-level activities to develop consistent data policies and data collection procedures.

- *Categorical Programs* – The 2015-16 Budget provides $40 million to fund a 1.02% COLA for select K-12 categorical programs.

- *Emergency Repair Program* – $273 million to make the final payment towards funding the Emergency Repair Program, which was created as the result of a legal settlement in 2004 to provide local educational agencies funding for critical repair projects.

- *Basic Skills Pilot Program* – $10 million of Proposition 98 funding to support a pilot program designed to incentivize high schools, community college districts and the California State University system to coordinate the delivery of basic skills instruction to incoming CSU students.

- *Special Education* – $67 million to fund a package of special-education related activities, including $52 million in ongoing funding and $15 million in one-time funds.

For additional information regarding the 2015-16 Budget, see the State Department of Finance website at www.dof.ca.gov and the LAO's website at www.lao.ca.gov. However, the information presented on such websites is not incorporated herein by reference.

Proposed 2016-17 Budget. On January 7, 2016, the Governor released his proposed State budget for fiscal year 2016-17 (the "Proposed Budget"). The following information is drawn from the State Department of Finance's summary of the Proposed Budget.

The Proposed Budget assumes, for fiscal year 2015-16, total general fund revenues of $121.2 billion and total expenditures of $116.1 billion. The State is projected to end the 2015-16 fiscal year with a general fund surplus of $4.2 billion. The Proposed Budget also projects a year-end balance in the BSA of $4.5 billion. For fiscal year 2016-17, the Proposed Budget assumes total general fund revenues of $125.8 billion and authorizes expenditures of $122.6 billion. The State is projected to end fiscal year 2016-17 with a general fund surplus of $2.2 billion. The Proposed Budget projects that the BSA balance will grow by approximately $1.6 billion as a result of projected increases to State revenues. The Proposed Budget also authorizes an additional deposit of $2 billion, bringing the total balance of the BSA to $8 billion by the end of fiscal year 2016-17.

The Proposed Budget provides for retroactive increases to the Proposition 98 minimum funding guarantee for fiscal years 2014-15 and 2015-16 of $400 million and $800 million, respectively. For fiscal year 2016-17, the Proposed Budget sets the minimum funding guarantee at $71.6 billion. Ongoing Proposition 98 per-pupil expenditures in fiscal year 2016-17 are set at $10,591, reflecting an increase of $368 above the revised prior-year level.

Significant proposals or adjustments with respect to K-12 education funding include the following:

- *Local Control Funding Formula.* $2.8 billion of Proposition 98 funding to school districts and charter schools to continue the implementation of the LCFF, an increase of 5.4% from the prior fiscal year. This amount is estimated to close approximately 50% of the remaining funding gap between fiscal year 2013-14 funding levels and the LCFF target rates. As a result, the Proposed Budget projects total LCFF formula implementation to be at 95%. The Proposed Budget also provides $1.7 million to support a COLA to LCFF funding levels for county offices of education.

- *Early Education Block Grant.* $1.6 billion to fund a block grant for local educational agencies that combines existing Proposition 98 grant funding for three statewide programs: the State Preschool Program, Transitional Kindergarten and the Preschool Quality Rating and Improvement System Grant. Block grant funds will be distributed based on factors such population and equity amongst schools with large populations of disadvantaged children. However, no local educational agency will receive less funding under this block grant than it received under prior funding models.

- *Discretionary Funding* – Approximately $1.2 billion in one-time Proposition 98 funding for school districts, charter schools and county offices of education to be used at local discretion. These funds will also offset any applicable reimbursements claims for the cost of State-mandated programs.

- *Charter Schools* – An increase of $61 million in Proposition 98 funding to support a projected growth in charter school ADA. The Proposed Budget also provides $20 million of one-time funds to support operational startup costs for new charter schools in 2016 and 2017, to offset the loss of federal funding previously available for this purpose.

- *Categorical Programs* –$22.9 million in Proposition 98 funding to support a 0.47% COLA for select K-12 categorical programs that remain outside the LCFF.

- *Special Education* – A decrease of $15.5 million in Proposition 98 funding for special education, as a result of a projected decrease in special education ADA.

- *Proposition 39* – Passed by voters in November 2012, Proposition 39 increases State corporate tax revenues and requires that, for a five-year period starting in fiscal year 2013-14, a portion of these additional revenues be used allocated to local education agencies to improve energy efficiency and expand the use of alternative energy in public buildings. The Proposed Budget allocates $365.4 million of such funds to support school district and charter school energy efficiency projects.

- *Truancy and Dropout Prevention* – Proposition 47, approved by voters in November 2014, reduces penalties for certain non-serious and non-violent property and drug offenses, and requires that State expenditures savings resulting from these reduced penalties by invested into K-12 truancy and dropout prevention. The Proposed Budget allocates $7.3 million of such funding to K-12 local education agencies.

- *Behavioral Supports* – $30 million in one-time Proposition 98 funding to assist local educational agencies provide coordinated academic and behavioral support systems.

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

Future Actions. The District cannot predict what actions will be taken in the future by the 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 school districts. State budget shortfalls in future fiscal years may also have an adverse financial impact on the financial condition of the District. However, the obligation to levy *ad valorem* property taxes upon all taxable property within the District for the payment of principal of and interest on the Bonds would not be impaired.

BONITA UNIFIED SCHOOL DISTRICT

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

Introduction

The District was formed by an election held on December 10, 1957, to unify the former districts of La Verne Elementary, La Verne Heights Elementary, San Dimas Elementary and Bonita Union High. The District encompasses an area of approximately 49 square miles, including the cities of La Verne and San Dimas, and is located in the eastern portion of the County. The District currently operates two comprehensive high schools, one continuation high school, one alternative school, two middle schools, and eight elementary schools. For fiscal year 2015-16, taxable property within the District has an assessed valuation of $8,444,258,627 and the District's ADA is projected to be 9,935 students.

Administration

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

BOARD OF EDUCATION
Bonita Unified School District

Board Member	Office	Term Expires
Jim Elliot	President	December 2019
Glenn Creiman	Vice President	December 2019
Chuck Coyne	Member	December 2017
Diane Koach	Member	December 2019
Patti Latourelle	Member	December 2017

The Superintendent of the District is responsible for administering the affairs of the District in accordance with the policies of the Board. Kurt Madden is the District's Superintendent. The Assistant Superintendent, Business Services is the chief financial officer of the District. Ann Sparks is the Assistant Superintendent, Business Services. Brief biographies of the Superintendent, Assistant Superintendent, Business Services, and Senior Director, Fiscal Services follow:

Kurt Madden, Superintendent. Mr. Madden joined the District as Superintendent in June 2015. Immediately prior thereto, he served as Superintendent of Bear Valley Unified School District. Mr. Madden's previous positions also include Principal, Assistant Principal, and high school teacher. Mr. Madden received his Bachelor of Arts degree in physical education and his Masters degree in exercise physiology from San Diego State University.

Ann Sparks, Assistant Superintendent, Business Services. Ms. Sparks became Assistant Superintendent, Business Services for the District in 2002 after serving as Senior Director of Fiscal Services beginning in September 2001. Prior to serving the District, Ms. Sparks held management positions in the Division of Business Operations at the Los Angeles County Office of Education from 1995 to 2001. Ms. Sparks also previously held administrative positions in both education and banking, including Controller at Rowland Unified School District, Vice President/Controller of Vista Bank and Assistant Treasurer at First Federal Savings and Loan of San Gabriel Valley. She received both her Bachelors and Masters from California State University, Fullerton, in the fields of accounting, business administration, and finance. Ms. Sparks also earned a Certificate of School Business Administration from California State University, Fullerton in 1996.

Joan Velasco, Senior Director, Fiscal Services. Ms. Velasco became the Senior Director, Fiscal Services for the Bonita Unified School District in February 2013. Prior to joining the District, she served as Director of Fiscal Services and Risk Management for the Placentia-Yorba Linda Unified School District from 2006 through 2013. She has also worked as a school site administrator and teacher. Ms. Velasco received a Masters in Education in 2005 from California State University Fullerton and a Masters in Business in 1996 from Golden Gate University. She is a Certified Public Accountant, a Certified Business Manager and a Certified School Risk Manager. Ms. Velasco worked outside of the school system in public accounting firms and a law firm from 1988 through 1997.

District Enrollment

The following table shows enrollment figures for the District for fiscal years 2008-09 through 2015-16.

HISTORICAL ENROLLMENT
Fiscal Years 2008-09 through 2015-16
Bonita Unified School District

Fiscal Year	Enrollment[1]	% Change
2008-09	9,808	--
2009-10	9,848	0.41%
2010-11	9,841	(0.07)
2011-12	9,800	(0.42)
2012-13	9,794	(0.06)
2013-14	9,969	1.79
2014-15	10,160	1.92
2015-16	10,268	1.06

(1) For fiscal years 2008-09 through 2012-13, reflects enrollment as of the October CBEDS report. For fiscal years 2013-14 and later, reflects enrollment as of the October CALPADS report.
Source: Bonita Unified School District.

Labor Relations

As of July 1, 2015 the District employed 515.86 full-time equivalent certificated employees and 387.12 full-time equivalent classified employees. These employees, except management and some part-time employees, are represented by the two bargaining units as noted below:

DISTRICT EMPLOYEES
Bonita Unified School District

Labor Organization	Number of Employees In Bargaining Unit	Contract Expiration Date
California School Employees Association	451	June 30, 2016
Bonita Unified Teachers Association	492	June 30, 2018

Source: Bonita Unified School District.

District Retirement Systems

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

STRS. All full-time certificated employees, as well as certain classified employees, are members of the State Teachers' Retirement System ("STRS"). STRS provides retirement, disability and survivor benefits to plan members and beneficiaries under a defined benefit program (the "STRS Defined Benefit Program"). The STRS Defined Benefit Program is funded through a combination of investment earnings and statutorily set contributions from three sources: employees, employers, and the State. Benefit provisions and contribution amounts are established by State statutes, as legislatively amended from time to time.

Prior to fiscal year 2014-15, and unlike typical defined benefit programs, neither the employee, employer nor State contribution rates to the STRS Defined Benefit Program varied annually to make up funding shortfalls or assess credits for actuarial surpluses. In recent years, the combined employer, employee and State contributions to the STRS Defined Benefit Program have not been sufficient to pay actuarially required amounts. As a result, and due to significant investment losses, the unfunded actuarial liability of the STRS Defined Benefit Program has increased significantly in recent fiscal years. In September 2013, STRS projected that the STRS Defined Benefit Program would be depleted in 31 years assuming existing contribution rates continued, and other significant actuarial assumptions were realized. In an effort to reduce the unfunded actuarial liability of the STRS Defined Benefit Program, the State recently passed the legislation described below to increase contribution rates.

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

MEMBER CONTRIBUTION RATES
STRS Defined Benefit Program

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

Source: AB 1469.

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

K-14 SCHOOL DISTRICT CONTRIBUTION RATES
STRS Defined Benefit Program

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

Source: AB 1469.

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

The District's contributions to STRS were $3,031,217 for fiscal year 2012-13, $3,275,045 for fiscal year 2013-14, and $3,855,528 for fiscal year 2014-15. The District has projected a contribution of $5,010,877 to STRS for fiscal year 2015-16.

The State also contributes to STRS, currently in an amount equal to 4.891% of teacher payroll for fiscal year 2015-16. The State's contribution reflects a base contribution rate of 2.017%, and a supplemental contribution rate that will vary from year to year based on statutory criteria. Pursuant to AB 1469, the State contribution rate will increase over a three-year period to a total of 6.328% in fiscal year 2016-17. Based upon the recommendation from its actuary, for fiscal year 2017-18 and each fiscal year thereafter, the STRS Board is required, with certain limitations, to increase or decrease the State's contribution rates to reflect the contribution required to eliminate the unfunded actuarial accrued liability attributed to benefits in effect before July 1, 1990. In addition, the State is currently required to make an annual general fund contribution up to 2.5% of the fiscal year covered STRS member payroll to the Supplemental Benefit Protection Account (the "SBPA"), which was established by statute to provide supplemental payments to beneficiaries whose purchasing power has fallen below 85% of the purchasing power of their initial allowance.

PERS. Classified employees working four or more hours per day are members of the Public Employees' Retirement System ("PERS"). PERS provides retirement and disability benefits, annual COLA's, and death benefits to plan members and beneficiaries. Benefit provisions are established by the State statutes, as legislatively amended from time to time. PERS operates a number of retirement plans including the Public Employees Retirement Fund ("PERF"). PERF is a multiple-employer defined benefit retirement plan. In addition to the State, employer participants at June 30, 2014 included 1,580 public agencies and 1,513 K-14 school districts. PERS acts as the common investment and administrative agent for the member agencies. The State and K-14 school districts (for "classified employees," which generally consist of school employees other than teachers) are required by law to participate in PERF. Employees participating in PERF generally become fully vested in their retirement benefits earned to date after five years of credited service. One of the plans operated by PERS is for K-14 school districts throughout the State (the "Schools Pool").

Contributions by employers to the Schools Pool are based upon an actuarial rate determined annually and contributions by plan members vary based upon their date of hire. The District is currently required to contribute to PERS at an actuarially determined rate, which is 11.847% of eligible salary expenditures for fiscal year 2015-16. Participants enrolled in PERS prior to January 1, 2013 contribute 7% of their respective salaries, while participants enrolled after January 1, 2013 contribute at an actuarially determined rate, which is 6% of their respective salaries for fiscal year 2015-16. See "—California Public Employees' Pension Reform Act of 2013" herein.

The District's contributions to PERS were $1,297,555 for fiscal year 2012-13, $1,362,426 for fiscal year 2013-14, and $1,611,055 for fiscal year 2014-15. The District has projected a contribution of $1,868,619 to PERS for fiscal year 2015-16.

For further information about the District's contributions to STRS and PERS, see "APPENDIX B – THE 2014-15 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT – Note 12" attached hereto.

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

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

FUNDED STATUS
STRS Defined Benefit Program and PERS
(Dollar Amounts in Millions) (1)
Fiscal Years 2010-11 through 2013-14

STRS

Fiscal Year	Accrued Liability	Value of Trust Assets (MVA)(2)	Unfunded Liability (MVA)(2)(3)	Value of Trust Assets (AVA)(4)	Unfunded Liability (AVA)(4)
2010-11	$208,405	$147,140	$68,365	$143,930	$64,475
2011-12	215,189	143,118	80,354	144,232	70,957
2012-13	222,281	157,176	74,374	148,614	73,667
2013-14	231,213	179,749	61,807	158,495	72,718

PERS

Fiscal Year	Accrued Liability	Value of Trust Assets (MVA)(2)	Unfunded Liability (MVA)(2)	Value of Trust Assets (AVA)(4)	Unfunded Liability (AVA)(4)
2010-11	$58,358	$45,901	$12,457	$51,547	$6,811
2011-12	59,439	44,854	14,585	53,791	5,648
2012-13	61,487	49,482	12,005	56,250	5,237
2013-14	65,600	56,838	8,761	--(5)	--(5)

(1) Amounts may not add due to rounding.
(2) Reflects market value of assets.
(3) Excludes assets allocated to the SBPA reserve.
(4) Reflects actuarial value of assets.
(5) Effective for the June 30, 2014 actuarial valuation, PERS no longer uses an actuarial value of assets.
Source: PERS Schools Pool Actuarial Valuation; STRS Defined Benefit Program Actuarial Valuation.

According to the STRS Defined Benefit Program Actuarial Valuation, as of June 30, 2014, the future revenue from contributions and appropriations for the STRS Defined Benefit Program was projected to be sufficient to finance its obligations. This finding reflects the scheduled contribution increases specified in AB 1469 and is based on the valuation assumptions and the valuation policy adopted by the STRS Board.

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

On March 14, 2012, the PERS Board voted to lower the PERS' rate of expected price inflation and its investment rate of return (net of administrative expenses) (the "PERS Discount Rate") from 7.75% to 7.5%. As one consequence of such decrease, the annual contribution amounts paid by PERS 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 PERS Board voted to keep the PERS Discount Rate unchanged at 7.5%. On November 17, 2015, the PERS Board voted to reduce the PERS Discount Rate to 6.5% over a period of 20 years. This change could result in increased contributions over time from both employers and employees

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

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

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

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

GASB Statement Nos. 67 and 68. On June 25, 2012, the Governmental Accounting Standards Board ("GASB") approved two new standards ("Statements") with respect to pension accounting and financial reporting standards for state and local governments and pension plans. The new Statements, No. 67 and No. 68, will replace GASB Statement No. 27 and most of Statements No. 25 and No. 50. The changes will impact the accounting treatment of pension plans in which state and local governments participate. Major changes include: (1) the inclusion of unfunded pension liabilities on the government's balance sheet (currently, such unfunded liabilities are typically included as notes to the government's financial statements); (2) more components of full pension costs being shown as expenses regardless of actual contribution levels; (3) lower actuarial discount rates being required to be used for underfunded plans in certain cases for purposes of the financial statements; (4) closed amortization periods for unfunded liabilities being required to be used for certain purposes of the financial statements; and (5) the difference between expected and actual investment returns being recognized over a closed five-year smoothing period. In addition, according to GASB, Statement No. 68 means that, for pensions within the scope of the Statement, a cost-sharing employer that does not have a special funding situation is required to recognize a net pension liability, deferred outflows of resources, deferred inflows of resources related to pensions and pension expense based on its proportionate share of the net pension liability for benefits provided through the pension plan. Because the accounting standards do not require changes in funding policies, the full extent of the effect of the new standards on the District is not known at this time. The reporting requirements for pension plans took effect for the fiscal year beginning July 1, 2013 and the reporting requirements for government employers, including the District, took effect for the fiscal year beginning July 1, 2014.

The District's net pension liabilities for its proportionate shares of the net pension liability of STRS and PERS, as of June 30, 2015, are as shown in the following table.

Pension Plan	Proportionate Share of Net Pension Liability
STRS	$52,008,930
PERS	12,794,194
Total	$64,803,124

For more information, see "APPENDIX B – THE 2014-15 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT – Note 10" attached hereto.

Other Post-Employment Benefits

Plan Description. The District administers a single-employer defined benefit other post-employment benefit plan (the "Plan") through PERS that provides medical, dental and vision insurance benefits (the "Benefits") for retirees and their covered eligible dependents. Retirees age 55 with at least 10 years of service who were designated as teachers or management (certificated) and retirees age 50 with at least 10 years of service who were designated classified or management (non-teaching), who are enrolled in one of the PERS health plans at retirement, will be offered a lifetime monthly subsidy from the District. For the current year, the monthly subsidy is in the amount of $115 per retiree.

Additionally, select retirees receive a lifetime subsidy equal to the actual cost of their healthcare benefits. There are currently two retirees receiving this subsidy.

As of the valuation date of the Actuarial Report (as described below), there were 154 retirees and beneficiaries receiving Benefits under the Plan, and 593 active Plan members not yet receiving Benefits under the Plan.

Funding Policy. The District's funding policy is based on the projected pay-as-you-go financing requirements, with additional amounts to prefund the Benefits as determined annually by the Board. During fiscal year 2014-15, the District contributed $189,307, all of which was used for current premiums. The District has projected a contribution of $197,000 in fiscal year 2015-16, all of which will be used for current premiums.

Actuarial Report. The District has implemented GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions ("GASB 45"), pursuant to which the District has commissioned and received several actuarial studies of its outstanding liabilities with respect to the Benefits under the Plan. The most recent of these studies (the "Actuarial Report"), determined that, as of a July 1, 2014 valuation date, the unfunded actuarial accrued liability (the "UAAL") with respect to the Benefits was $10,805,323, and that the annual required contribution (the "ARC") was $1,198,434. The ARC is the amount that would be necessary to fund the value of future Benefits earned by current employees during each fiscal year (the "Normal Cost") and the amount necessary to amortize the UAAL, in accordance with the GASB Statements Nos. 43 and 45.

Net OPEB Obligation. As of June 30, 2015, the District recognized a long-term obligation (the "Net OPEB Obligation") of $6,834,412 with respect to its accrued liability for the Benefits under the Plan. The Net OPEB Obligation is based on the District's contributions towards the ARC during fiscal year 2014-15, plus interest on the prior year's Net OPEB Obligation and minus any adjustments to reflect the amortization thereof. See "APPENDIX B – THE 2014-15 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT – Note 11" attached hereto.

Early Retirement Incentives

Employees who reach qualifying age and have performed 10 years of service for the District are entitled to an annual payment for 10 years or until Medicare or Social Security retirement age is reached, whichever comes first. The amount is prorated based upon the percentage of full-time employment. Previously the amount was $2,000 per year for certificated employees and $2,200 per year for classified employees.

The District has offered several early retirement incentives over the last several fiscal years. In fiscal year 2007-2008, certificated employees were offered an additional $4,000 per year (for a total of $6,000), and classified employees were offered an additional $1,000 per year (for a total of $3,200).

In fiscal year 2008-09, certificated employees were offered one of two retirement incentives: (a) $6,000 per year for no more than 10 years ($4,000 per year greater than the traditional retirement incentive); or (b) a one-time cash payment of 20% of their annual contracted salary to be paid in fiscal year 2009-10, plus $2,000 per year for a maximum of 10 years or to the age of 65. Five employees chose option (a) above and 15 chose option (b) above. During fiscal year 2009-10, the District extended the same offer as in the previous year, and 12 employees chose option (a) above, while six chose option (b) above.

In fiscal year 2008-09, classified employees were eligible for a one-time retirement incentive equal to 10% of their base salary payable in two semi-annual installments. Additionally, such employees receive the $2,200 per year for 10 years or until they are eligible to receive full Social Security benefits. Eleven employees signed up for this incentive in fiscal year 2008-09. In fiscal year 2009-10, the District extended the same offer as in the previous year. In such year, 13 employees signed up for the incentive, of which four received only the 10% incentive because they had already reached full retirement age.

In fiscal year 2011-12, certificated and classified employees were offered a retirement incentive of up to 25% of their annual salary if certain numbers of staff opted to retire. Not enough classified staff decided to retire so they were not eligible to receive that incentive. Twenty-three certificated staff opted to retire which resulted in a retirement incentive obligation at June 30. The retirement incentive was paid in two installments.

No retirement incentive was offered in fiscal year 2012-13.

In fiscal year 2013-14, certificated and classified employees were offered a retirement incentive of up to 25% of their base salary. Payments were made in two equal installments; one in October 2014 and one in March 2015. Additionally, certificated employees who elected to retire will also receive $2,000 per year, and classified employees will receive $2,200 per year, until the employee is eligible for social security. In total, 26 employees elected to take the incentive.

Currently, 115 retirees are receiving benefits under the above-described early retirement incentives. Expenditures are recognized on a pay-as-you-go basis, as employees are paid. The District budgets these benefits on an annual basis and funds them on the pay-as-you-go method. During fiscal year 2014-15, expenditures of $628,816 were incurred for the early retirement incentives. For fiscal year 2015-16, the District projects that it will incur $846,664 of expenditures for the early retirement incentives.

The estimated future liability of the District with respect to the early retirement incentives, as of June 30, 2015, was $1,419,541. This figure was estimated by multiplying the number of retirees receiving benefits by the annual payment for each retiree and by the number of years remaining of eligibility.

Joint Ventures

The District participates in joint ventures under a joint powers agreement (“JPA”) with the Alliance of Schools for Cooperative Insurance Program (“ASCIP”) and Valley Insurance Programs (“VIP”). The relationships between the District and the JPAs are such that the JPA’s are not a component unit of the District for financial reporting purposes. VIP and ASCIP are governed by boards consisting of a representative from each member district. The governing boards control the operations of their respective JPA’s independent of any influence by the member districts beyond their representation on the governing board. Each member district pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionately to its participation in the JPA’s.

Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. ASCIP provides for property and liability insurance coverage for the District. Settled claims have not exceeded commercial coverage in any of the past three years, and there has not been a significant reduction in coverage from the prior year.

VIP provides insurance coverage to the District for workers’ compensation up to $750,000 per claim self-insured retention, with excess coverage provided by VIP’s excess coverage insurance carrier, Hanover.

For fiscal year 2015-16, the District has a cap of $7,500 on employer paid health and welfare benefits. The District contracts with various entities to provide employees medical and surgical benefits, dental benefits, and vision benefits.

District Debt Structure

Short-Term Obligations. The District currently has no outstanding short-term debt.

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Long-Term Obligations. A schedule of changes in long-term debt for the fiscal year ended June 30, 2015 is shown below:

	Balance July 1, 2014[1]	Additions	Deductions	Balance June 30, 2015
General Obligation Bonds[2]				
Principal payments	$129,392,395	$25,255,000	$27,075,000	$127,572,395
Accreted interest	988,682	299,987	--	1,288,669
Unamortized issuance premium	6,639,939	2,194,674	1,646,483	7,188,130
Total - General Obligation Bonds	137,021,016	27,749,661	28,721,483	136,049,194
Certificates of Participation:				
Principal payments	1,167,806	--	225,711	942,095
Accreted interest	1,335,188	368,053	623,783	1,079,458
Total - COPs	2,502,994	368,053	849,494	2,021,553
Capital leases	261,290	88,209	69,988	279,511
Compensated absences	1,295,732	61,009	--	1,356,741
Early retirement incentive	1,003,309	1,045,048	628,816	1,419,541
Other postemployment benefits	5,904,905	929,507	--	6,834,412
Net pension liability	80,988,961	--	16,185,837	64,803,124
Totals	$228,978,207	$30,241,487	$46,455,618	$212,764,076

(1) The beginning balance has been restated to reflect the Net Pension Liability in accordance with GASB Statement No. 68. See "- District Retirement Systems – GASB Statement Nos. 67 and 68" herein.
(2) Includes the Refunded Bonds expected to be refinanced with the Bonds, and does not include the Bonds.
Source: Bonita Unified School District.

General Obligation Bonds. The District received authorization at an election held on March 2, 2004, by at least 55% of the votes cast by eligible voters within the District, to issue $56,360,000 maximum principal amount of general obligation bonds (the "2004 Authorization"). On July 22, 2004, the District caused the issuance of its Election of 2004 General Obligation Bonds, Series A in the aggregate principal amount of $29,999,790 (the "2004 Series A Bonds"). On December 20, 2006, the District caused the issuance of its Election of 2004 General Obligation Bonds, Series B in the aggregate principal amount of $26,360,000 (the "2004 Series B Bonds"). On March 21, 2012 the District issued its 2012 General Obligation Refunding Bonds in the aggregate principal amount of $22,530,000 (the "2012 Refunding Bonds"), the proceeds of which were used to advance refund a portion of the then-outstanding 2004 Series A Bonds. On October 2, 2014, the District issued its 2014 General Obligation Refunding Bonds in the aggregate principal amount of $25,255,000 (the "2014 Refunding Bonds"), the proceeds of which were used to advance refund a portion of the then-outstanding 2004 Series B Bonds.

The District received authorization at an election held on November 4, 2008, by at least 55% of the votes cast by eligible voters within the District, to issue $83,560,000 maximum principal amount of general obligation bonds (the "2008 Authorization"). On September 23, 2009, the District caused the issuance of its Election of 2008 General Obligation Bonds, Series A in the aggregate principal amount of $5,400,000 (the "2008 Series A Bonds"). Concurrently with the issuance of the 2008 Series A Bonds, on September 23, 2009, the District caused the issuance of its Election of 2008 General Obligation Bonds, Series A-1 (Build America Bonds – Direct Payment to District) (Federally Taxable) in the aggregate principal amount of $24,600,000 (the "2008 Series A-1 Bonds"). On May 26, 2011, the District caused the issuance of its 2008 Series B Bonds in the aggregate principal amount of $16,802,605. Concurrently with the issuance of the 2008 Series B Bonds, the District caused the issuance of its Election of 2008 General Obligation Bonds, Series B-1 (Qualified School Construction Bonds – Direct Payment to District) (Federally Taxable) in the aggregate principal amount of $9,455,000 (the "2008 Series B-1

Bonds"). On March 27, 2014, the District caused the issuance of its Election of 2008 General Obligation Bonds, Series C in the aggregate principal amount of $27,300,000 (the "2008 Series C Bonds"). The District expects to use the proceeds of the Bonds to advance the outstanding 2008 Series B Bonds.

The table on the following page shows the total debt service with respect to the District's outstanding general obligation bonded debt, including the Bonds (and assuming no optional redemptions).

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TOTAL OUTSTANDING BONDED DEBT
Bonita Unified School District

Year Ending August 1	2004 Authorization: 2004 Series A Bonds	2004 Series B Bonds	2012 Refunding Bonds	2014 Refunding Bonds	2008 Authorization[2]: 2008 Series A Bonds	2008 Series A-1 Bonds[1][4]	2008 Series B-1 Bonds[3][4]	2008 Series C Bonds	The Bonds	Total Annual Debt Service
2016	--	$367,500.00	$1,883,650.00	$1,022,500.00	$456,000.00	$1,660,400.00	$497,698.00	$1,256,150.00	$381,026.04	$7,524,924.04
2017	--	--	1,945,000.00	1,412,500.00	519,000.00	1,660,400.00	497,698.00	1,256,150.00	690,362.50	7,981,110.50
2018	--	--	2,028,650.00	1,444,700.00	525,000.00	1,660,400.00	497,698.00	1,256,150.00	689,762.50	8,102,360.50
2019	--	--	2,092,250.00	1,507,500.00	1,000,000.00	1,660,400.00	497,698.00	1,256,150.00	689,162.50	8,703,160.50
2020	--	--	2,166,450.00	1,562,000.00	1,000,000.00	1,660,400.00	497,698.00	1,256,150.00	688,562.50	8,831,260.50
2021	--	--	2,235,650.00	1,612,500.00	1,000,000.00	1,660,400.00	6,097,698.00	1,256,150.00	687,962.50	14,550,360.50
2022	--	--	2,304,850.00	1,659,000.00	--	2,560,400.00	214,338.00	1,256,150.00	687,362.50	8,682,100.50
2023	--	--	2,378,850.00	1,726,500.00	--	2,806,400.00	214,338.00	1,256,150.00	686,762.50	9,069,000.50
2024	--	--	2,462,250.00	1,793,750.00	--	2,934,400.00	214,338.00	1,256,150.00	686,162.50	9,347,050.50
2025	--	--	2,535,000.00	1,845,500.00	--	2,950,400.00	4,069,338.00	1,256,150.00	690,562.50	13,346,950.50
2026	--	--	2,614,250.00	1,892,250.00	--	3,048,400.00	--	1,391,150.00	1,674,862.50	10,620,912.50
2027	--	--	2,695,000.00	1,989,000.00	--	3,032,800.00	--	1,630,750.00	1,533,862.50	10,881,412.50
2028	$1,000,000.00	--	1,911,000.00	1,919,400.00	--	3,110,400.00	--	1,231,750.00	1,852,362.50	11,024,912.50
2029	--	--	--	5,154,900.00	--	3,074,400.00	--	2,931,750.00	527,612.50	11,688,662.50
2030	--	--	--	5,325,400.00	--	3,281,600.00	--	2,906,750.00	526,693.76	12,040,443.76
2031	--	--	--	5,503,225.00	--	3,336,815.00	--	2,061,350.00	1,425,731.26	12,327,121.26
2032	--	--	--	--	--	3,376,437.50	--	2,201,950.00	1,423,981.26	7,002,368.76
2033	--	--	--	--	--	925,467.50	--	2,335,350.00	3,669,581.26	6,930,398.76
2034	--	--	--	--	--	3,555,422.50	--	2,396,550.00	1,426,931.26	7,378,903.76
2035	--	--	--	--	--	--	--	3,696,325.00	3,618,631.26	7,314,956.26
2036	--	--	--	--	--	--	--	4,095,000.00	3,443,581.26	7,538,581.26
2037	--	--	--	--	--	--	--	4,995,750.00	2,830,781.26	7,826,531.26
2038	--	--	--	--	--	--	--	8,221,500.00	--	8,221,500.00
Total	$1,000,000.00	$367,500.00	$29,252,850.00	$37,370,625.00	$4,500,000.00	$47,955,742.50	$13,298,540.00	$52,657,425.00	$30,532,301.12	$216,934,983.62

(1) The 2008 Series A-1 Bonds are designated as "Build America Bonds" pursuant to an irrevocable election by the District to have Section 54AA and Section 54AA(g) of the Internal Revenue Code of 1986, as amended apply thereto. The District expects to receive a cash subsidy payment from the United States Department of the Treasury equal to 35% of the interest payable on such bonds on or about each semi-annual interest payment date (each, a "BAB Subsidy"). This table reflects gross debt service payments with respect to the 2008 Series A-1 Bonds and does not reflect the anticipated receipt of the BAB Subsidy.

(2) Excludes debt service on the Refunded Bonds expected to be refunded with proceeds of the Bonds. Following the refunding described herein, none of the 2008 Series B Bonds will remain outstanding.

(3) The 2008 Series B-1 Bonds are designated as "Qualified School Construction Bonds" pursuant to an irrevocable election by the District to have Section 54F and Section 6431 of the Internal Revenue Code of 1986, as amended, as amended by the Hiring Incentives to Restore Employment Act of 2010, apply thereto. The District expects to receive a cash subsidy payment from the United States Department of the Treasury equal to the lesser of the (a) interest payable on such bonds on such semi-annual interest payment date or (b) amount of interest that would have been payable on such semi-annual interest payment date if such interest were determined at a federal tax credit rate applicable to the 2008 Series B-1 Bonds (each, a "QSCB Subsidy," and together with the BAB Subsidy, the "Subsidy Payments"). This table reflects gross debt service payments with respect to the 2008 Series B-1 Bonds and does not reflect the anticipated receipt of the QSCB Subsidy.

(4) The Subsidy Payments are subject to reduction (the "Sequestration Reduction") pursuant to the federal Balanced Budget and Emergency Deficit Control Act of 1985, as amended, which currently includes provisions reducing the Subsidy Payments by 6.8% through the end of the current federal fiscal year (September 30, 2016). In the absence of action by the United States Congress, the rate of the Sequestration Reduction is subject to change in the following federal fiscal year. The District cannot predict whether or how subsequent sequestration actions may affect Subsidy Payments currently scheduled for receipt in future federal fiscal years. However, notwithstanding any such reduction, the County Board of Supervisors is empowered and obligated to levy *ad valorem* property taxes in an amount sufficient to pay the principal of and interest on the 2008 Series A-1 Bonds and 2008 Series B-1 Bonds. The County will deposit any cash Subsidy Payments received into the respective debt service fund for such bonds.

Source: Bonita Unified School District.

Certificates of Participation. On June 14, 1993 the District executed and delivered its Certificates of Participation (1993 Refunding Project) in the aggregate principal amount of $9,558,832.35 (the "1993 Certificates"). The 1993 Certificates were executed and delivered in the form of current interest certificates (the "1993 Current Interest Certificates") and capital appreciation certificates (the "1993 Capital Appreciation Certificates"). On July 29, 2003, the District executed and delivered its Refunding Certificates of Participation (Series 2003) in the aggregate principal amount of $5,020,000 (the "2003 Certificates"), the proceeds of which were used to prepay the 1993 Current Interest Certificates. The 2003 Certificates have since matured. The following table summarizes the District's annual payment obligations with regard to the outstanding 1993 Capital Appreciation Certificates.

Year Ending May 1	Annual Principal Payment	Annual Accreted Interest Payment	Total Annual Debt Service
2016	$211,971.60	$635,634.00	$847,605.60
2017	199,214.05	647,123.40	846,337.45
2018	187,437.85	658,596.65	846,034.50
2019	176,643.00	670,455.00	847,098.00
2020	166,829.50	683,170.50	850,000.00
Total	$942,096.00	$3,294,979.55	$4,237,075.55

Source: Bonita Unified School District.

Capital Leases. The District has entered into lease agreements to obtain copiers valued at $126,185 (the "Capital Leases"). The Capital Leases provide for title to pass upon expiration of the lease period and where the lease term is most of the equipment's full life. Future minimum lease payments for the Capital Leases are as shown in the following table.

Fiscal Year	Principal	Interest	Total
2015-16	$80,478	$15,383	$95,861
2016-17	80,685	10,014	90,699
2017-18	76,333	4,744	81,077
2018-19	35,651	983	36,634
2019-20	6,364	46	6,410
Total	$279,511	$31,170	$310,681

Source: Bonita Unified School District.

New Clean Renewable Energy Bond. The District has submitted an application to the Internal Revenue Service for a New Clean Renewable Energy Bond ("CREB") allocation pursuant to Section 54C(a) of the Internal Revenue Code of 1986, as amended. If granted the CREB allocation, the District expects to enter into a lease agreement in an aggregate principal amount not-to-exceed $15,000,000 to finance solar energy projects at the District.

TAX MATTERS

In the opinion of Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described herein, interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals and corporations. In the further opinion of Bond Counsel, interest on the Bonds is exempt from State personal income tax. Bond Counsel notes that, with respect to corporations, 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 corporations.

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

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

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

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

SUBSEQUENT TO THE ISSUANCE OF THE BONDS, THERE MIGHT BE FEDERAL, STATE OR LOCAL STATUTORY CHANGES (OR JUDICIAL OR REGULATORY INTERPRETATIONS OF FEDERAL, STATE OR LOCAL LAW) THAT AFFECT THE FEDERAL, STATE OR LOCAL TAX TREATMENT OF THE INTEREST ON THE BONDS OR THE MARKET VALUE OF THE BONDS. LEGISLATIVE CHANGES HAVE BEEN PROPOSED IN CONGRESS, WHICH, IF ENACTED, WOULD RESULT IN ADDITIONAL FEDERAL INCOME TAX BEING IMPOSED ON CERTAIN OWNERS OF TAX-EXEMPT STATE OR LOCAL OBLIGATIONS, SUCH AS THE BONDS. THE INTRODUCTION OR ENACTMENT OF ANY SUCH CHANGES COULD

ADVERSELY AFFECT THE MARKET VALUE OR LIQUIDITY OF THE BONDS. NO ASSURANCE CAN BE GIVEN THAT, SUBSEQUENT TO THE ISSUANCE OF THE BONDS, SUCH CHANGES (OR OTHER CHANGES) WILL NOT BE INTRODUCED OR ENACTED OR INTERPRETATIONS WILL NOT OCCUR. BEFORE PURCHASING ANY OF THE BONDS, ALL POTENTIAL PURCHASERS SHOULD CONSULT THEIR TAX ADVISORS REGARDING POSSIBLE STATUTORY CHANGES OR JUDICIAL OR REGULATORY CHANGES OR INTERPRETATIONS, AND THEIR COLLATERAL TAX CONSEQUENCES RELATING TO THE BONDS.

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

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

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

LEGAL MATTERS

Legality for Investment in California

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

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 Internal Revenue Code of 1986, 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 effective date of this provision is for interest paid after December 31, 2005, regardless of when the tax-exempt obligations were issued. The purpose of this change was to assist in relevant information gathering for the IRS relating to other applicable tax provisions. TIPRA provides that backup withholding may apply to such interest payments made after March 31, 2007 to any bondholder who fails to file an accurate Form W-9 or who meets certain other criteria. The information reporting and backup withholding requirements of TIPRA do not affect the excludability of such interest from gross income for federal income tax purposes.

Continuing Disclosure

Current Undertaking. In connection with the issuance of the Bonds, the District has covenanted for the benefit of bondholders (including the Beneficial Owners of the Bonds) to provide certain financial information and operating data relating to the District (the "Annual Reports") by not later than 270 days following the end of the District's fiscal year (which currently ends June 30), commencing with the report for the 2015-16 fiscal year, and to provide notices of the occurrence of certain listed events. The Annual Reports and notices of listed events will be filed by the District in accordance with the requirements of the Rule. The specific nature of the information to be contained in the Annual Reports or the notices of listed events is included in "APPENDIX C – FORM OF CONTINUING DISCLOSURE CERTIFICATE" attached hereto. These covenants have been made in order to assist the Underwriter in complying with the Rule.

***Prior Undertakings*.** Within the past five years, the District has failed to file in a timely manner certain notices of listed events, as required by its prior continuing disclosure undertakings. The District has retained Keygent LLC as its dissemination agent to assist it in preparing and filing the annual reports and notices of listed events required under its existing continuing disclosure obligations, as well as the continuing disclosure undertaking entered into in connection with 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 or to collect other revenues or contesting the District's ability to issue and retire the Bonds.

Financial Statements

The District's audited financial statements with supplemental information for the year ended June 30, 2015, 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 October 20, 2015 of Nigro & Nigro PC, A Professional Accountancy Corporation (the "Auditor"), are attached hereto as APPENDIX B. In connection with the inclusion of the financial statements and the report of the Auditor thereon as APPENDIX B to this Official Statement, the District did not request the Auditor to, and the Auditor has not undertaken to, update its report or to take any action intended or likely to elicit information concerning the accuracy, completeness or fairness of the statements made in this Official Statement, and no opinion is expressed by the Auditor with respect to any event subsequent to the date of its report.

Legal Opinion

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

Escrow Verification

Upon delivery of the Bonds, the Verification Agent will deliver a report on the mathematical accuracy of certain computations based upon certain information and assertions provided to them by the Underwriter 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 the redemption price of and interest on the Refunded Bonds, 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.

MISCELLANEOUS

Rating

The Bonds have been assigned a rating of "AA-" by S&P. The rating reflects only the views of the rating agency, and any explanation of the significance of such rating should be obtained from the rating agency at the following address: Standard & Poor's, a Division of The McGraw-Hill Companies, 55 Water Street, 45th Floor, New York, NY 10041. Generally, rating agencies base their ratings on information and materials furnished to them (which may include information and material from the District which is not included in this Official Statement) and on investigations, studies and assumptions by the rating agencies. There is no assurance that the rating will be retained for any given period of time or that the same will not be revised downward or withdrawn entirely by the rating agency if, in the judgment of the rating agency, circumstances so warrant. The District undertakes no responsibility to oppose any such revision or withdrawal. Any such downward revision or withdrawal of the rating obtained may have an adverse effect on the market price of the Bonds.

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

Underwriting

Stifel, Nicolaus & Company, Incorporated (the "Underwriter") has agreed, pursuant to a purchase contract by and between the District and the Underwriter, to purchase all of the Bonds for a purchase price of $19,825,598.00, which is equal to the initial principal amount of the Bonds of $19,315,000.00, plus net original issue premium of $573,371.75, and less an underwriting discount of $62,773.75.

The purchase contract for 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 such purchase contract, the approval of certain legal matters by Bond Counsel and certain other conditions. The initial offering prices stated on the 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.

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 the 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.

BONITA UNIFIED SCHOOL DISTRICT

By: /s/ Ann Sparks
Assistant Superintendent, Business Services

APPENDIX A

FORM OF OPINION OF BOND COUNSEL

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

March 1, 2016

Board of Education
Bonita Unified School District

Members of the Board of Education:

We have examined a certified copy of the record of the proceedings relative to the issuance and sale of $19,315,000 Bonita Unified School District (Los Angeles County, California) 2016 General Obligation Refunding Bonds (the "Bonds"). As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

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

1. Such proceedings and proofs show lawful authority for the issuance and sale of the Bonds pursuant to Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, and a resolution (the "Resolution") adopted by the Board of Education of the Bonita Unified School District (the "District") on May 6, 2015.

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

3. Under existing statutes, regulations, rulings and judicial decisions, interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals 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 Internal Revenue Code of 1986, as amended (the "Code"); such amortizable Bond premium reduces the Bondowner's basis in the applicable Bond (and the amount of tax-exempt interest received), and is not deductible for federal income tax purposes. The basis reduction as a result of the amortization of Bond premium may result in a Bondowner realizing a taxable gain when a Bond is sold by the Bondowner for an amount equal to or less (under certain circumstances) than the original cost of the Bond to the Bondowner. Purchasers of the Bonds should consult their own tax advisors as to the treatment, computation and collateral consequences of amortizable Bond premium.

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

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

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

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

Respectfully submitted,

Stradling Yocca Carlson & Rauth

APPENDIX B

THE 2014-15 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT

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BONITA UNIFIED
SCHOOL DISTRICT

AUDIT REPORT

For the Fiscal Year Ended
June 30, 2015

BONITA UNIFIED SCHOOL DISTRICT
For the Fiscal Year Ended June 30, 2015
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Financial Section

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INDEPENDENT AUDITORS' REPORT

Board of Education
Bonita Unified School District
San Dimas, California

Report on the Financial Statements
We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Bonita Unified School District, as of and for the fiscal year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

Auditors' 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, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *2014-15 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting.* Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Bonita Unified School District, as of June 30, 2015, and the respective changes in financial position thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Jeff Nigro, CPA, CFE | Elizabeth Nigro, CPA | CJ Gaunder Singh, CPA | Kevin Brejnak, CPA, CFE | James Whittington, CPA, CFE, CGFM

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Emphasis of Matter

As discussed in Note 1.I. to the basic financial statements, the District has changed its method for accounting and reporting for pensions during fiscal year 2014-15 due to the adoption of Governmental Accounting Standards Board Statement No. 68, *"Accounting and Financial Reporting for Pensions-An Amendment of GASB Statement No. 27"* and No. 71, *"Pension Transition for Contributions Made Subsequent to the Measurement Date-An Amendment of GASB Statement No. 68"*. The adoption of these standards required retrospective application resulting in a $76,381,453 reduction of previously reported net position at July 1, 2014. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 10, budgetary comparison information on page 47, schedule of funding progress on page 48, schedule of proportionate share of the net pension liability on page 49, and schedule of contributions on page 50 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. The supplementary information on pages 53 to 56 and the schedule of expenditures of federal awards on page 57 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole. The information on page 52 has not been subjected to the auditing procedures applied in the audit of the basic financial statements and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated October 20, 2015 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Nigro & Nigro, PC

Murrieta, California
October 20, 2015

This discussion and analysis of Bonita Unified School District's financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2015. Please read it in conjunction with the District's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

- The District's financial status decreased overall as a result of this year's operations. Net position of governmental activities decreased by $1.3 million, or 9.5%.
- Governmental expenses were approximately $107.3 million. Revenues were approximately $106.0 million.
- The District spent more than $5.8 million on new capital assets during the year, much of which was for the San Dimas High School gymnasium.
- The District decreased its outstanding long-term debt by $16.2 million, primarily due to the reduction of the net pension liability during the year.
- Grades K-12 average daily attendance (ADA) increased by 154, or 1.6%.

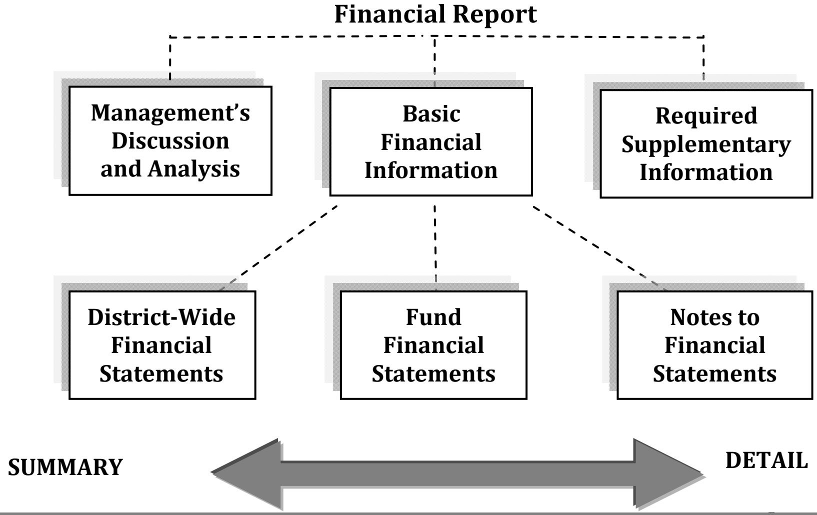
OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts – management discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *district-wide financial statements* that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are *fund financial statements* that focus on individual parts of the District, reporting the District's operations in more detail than the district-wide statements.
  - The *governmental funds* statements tell how basic services like regular and special education were financed in the short term as well as what remains for future spending.
  - *Fiduciary funds* statement provides information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others to whom the resources belong.

The financial statements also include *notes* that explain some of the information in the statements and provide more detailed data. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

Figure A-1. Organization of Bonita Unified School District's Annual Financial Report



OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

Figure A-2. Major Features of the District-Wide and Fund Financial Statements

Type of Statements	District-Wide	Governmental Funds	Fiduciary Funds
Scope	Entire District, except fiduciary activities	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Instances in which the district administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required financial statements	• Statement of Net Position • Statement of Activities	• Balance Sheet • Statement of Revenues, Expenditures & Changes in Fund Balances	• Statement of Fiduciary Net Position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both short-term and long-term; The District's funds do not currently contain nonfinancial assets, though they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid

The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

District-Wide Statements

The district-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two district-wide statements report the District's net position and how it has changed. Net position – the difference between the District's assets and deferred outflows of resources and liabilities and deferred inflows of resources – is one way to measure the District's financial health, or *position*.

- Over time, increases and decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.

- To assess the overall health of the District, you need to consider additional nonfinancial factors such as changes in the District's demographics and the condition of school buildings and other facilities.

- In the district-wide financial statements, the District's activities are categorized as *Governmental Activities*. Most of the District's basic services are included here, such as regular and special education, transportation, and administration. Property taxes and state aid finance most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's most significant funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by State law and by bond covenants.

- The District establishes other funds to control and manage money for particular purposes (like repaying its long-term debt) or to show that it is properly using certain revenues.

The District has two kinds of funds:

- *Governmental funds* – Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, we provide additional information on a separate reconciliation page that explains the relationship (or differences) between them.

- *Fiduciary funds* – The District is the trustee, or fiduciary, for assets that belong to others, such as the student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position. We exclude these activities from the district-wide financial statements because the District cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position. The District's combined net position was lower on June 30, 2015, than it was the year before – decreasing 9.5% to $(14.9) million (See Table A-1).

Table A-1

	Governmental Activities (In millions)		Variance Increase (Decrease)
	2015	2014*	
Current assets	$ 66.9	$ 68.8	$ (1.9)
Capital assets	144.8	145.6	(0.8)
Total assets	211.7	214.4	(2.7)
Total deferred outflows	11.0	7.0	4.0
Current liabilities	7.6	5.9	1.7
Long-term liabilities	212.8	229.0	(16.2)
Total liabilities	220.4	234.9	(14.5)
Total deferred inflows	17.2	-	17.2
Net position			
Net investment in capital assets	48.0	49.2	(1.2)
Restricted	11.7	11.3	0.4
Unrestricted	(74.6)	(74.1)	(0.5)
Total net position	$ (14.9)	$ (13.6)	$ (1.3)

* As restated

Changes in net position, governmental activities. The District's total revenues increased 12.0% to $106.0 million (See Table A-2). The increase is due primarily to federal and state aid.

The total cost of all programs and services increased 12.0% to $107.3 million. The District's expenses are predominantly related to educating and caring for students, 75.5%. The purely administrative activities of the District accounted for just 5.9% of total costs. A significant contributor to the increase in costs was due to increase in compensation to district personnel.

Table A-2

	Governmental Activities (In millions)		Variance Increase (Decrease)
	2015	2014	
Total Revenues	$ 106.0	$ 94.7	$ 11.3
Total Expenses	107.3	99.6	7.7
Increase (decrease) in net position	$ (1.3)	$ (4.9)	$ 3.6

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed this year, its governmental funds reported a combined fund balance of $61.5 million, which is below last year's ending fund balance of $64.9 million. The primary cause of the decreased fund balance is increased spending in the General Fund.

General Fund Budgetary Highlights

Over the course of the year, the District revised the annual operating budget several times. The major budget amendments fall into these categories:

- Revenues – increased by $4.2 million primarily to reflect changes in federal and state funding.
- Salaries and benefits costs – increased $1.4 million due to negotiated increases with district personnel.
- Books and supplies – increased $1.7 million to re-budget carryover funds from the previous year.

While the District's final budget for the General Fund anticipated that expenditures would exceed revenues by about $7.9 million, the actual results for the year show that revenues fell short of expenditures by roughly $2.5 million. Actual revenues were $0.1 million less than anticipated, and expenditures were $5.6 million less than budgeted. That amount consists primarily of restricted categorical program dollars that were not spent as of June 30, 2015, that will be carried over into the 2015-16 budget.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

By the end of 2014-15 the District had invested $5.8 million in new capital assets, related to the construction of the San Dimas High School gymnasium. (More detailed information about capital assets can be found in Note 5 to the financial statements). Total depreciation expense for the year exceeded $6.5 million.

Table A-3: Capital Assets at Year-End, Net of Depreciation

	Governmental Activities (In millions)		Variance Increase
	2015	2014	(Decrease)
Land	$ 1.7	$ 1.7	$ -
Improvement of sites	19.9	8.7	11.2
Buildings	84.8	89.7	(4.9)
Equipment	3.3	2.7	-
Construction in progress	35.1	42.8	(7.7)
Total	$ 144.8	$ 145.6	$ (0.8)

CAPITAL ASSET AND DEBT ADMINISTRATION (continued)

Long-Term Debt
At year-end the District had $212.8 million in general obligation bonds, certificates of participation, capital leases, compensated absences, early retirement incentives, pension liabilities, and other postemployment benefits – a decrease of 7.0% from last year – as shown in Table A-4. (More detailed information about the District's long-term liabilities is presented in Note 6 to the financial statements).

Table A-4: Outstanding Long-Term Debt at Year-End

	Governmental Activities (In millions)		Variance Increase (Decrease)
	2015	2014*	
General obligation bonds	$ 136.1	$ 137.0	$ (0.9)
Certificates of participation	2.0	2.5	(0.5)
Capital leases	0.3	0.3	-
Compensated absences	1.4	1.3	0.1
Early retirement incentive	1.4	1.0	0.4
Other postemployment benefits	6.8	5.9	0.9
Net pension liability	64.8	81.0	(16.2)
Total	$ 212.8	$ 229.0	$ (16.2)

* As restated

FACTORS BEARING ON THE DISTRICT'S FUTURE

Overview

On June 16, 2015, the Governor, the Senate President pro Tempore, and the Speaker of the Assembly announced a budget agreement. The Legislature passed the budget bill and related legislation on Friday, June 19. The budget agreement relies on the administration's May 2015 estimates of (1) General Fund revenues, (2) the Proposition 98 minimum guarantee for schools and community colleges, and (3) budget reserve and debt payment requirements under Proposition 2. School and community college funding is the centerpiece of the agreement, as administration estimates of the Proposition 98 minimum guarantee have increased substantially over June 2014 levels. With savings resulting from (1) rejection of various administration proposals, (2) an error in the administration's Medi-Cal estimates, (3) legislative changes made to the Middle-Class Scholarship Program, and (4) other legislative actions, the agreement makes modest augmentations outside of Proposition 98 above May Revision levels.

2015-16 to End With $4.6 Billion in Estimated Total Reserves
The budget agreement assumes $115 billion in revenues, a 3.3 percent increase over 2014-15. (This total is net of the $1.9 billion deposit in the Proposition 2 Budget Stabilization Account [BSA].) The state's "big three" General Fund taxes—the personal income tax, sales and use tax, and corporation tax—are estimated to increase at a slightly higher rate (4 percent). General Fund revenue growth was much higher in 2014-15, increasing at a very healthy 7.7 percent rate. General Fund spending is largely flat across 2014-15 and 2015-16, increasing at only 0.8 percent. Growth in ongoing programmatic spending, however, is masked by various one-time actions, including one-time spending in 2014-15 on debt payments and mandate backlog claims, and the end of the "triple flip" mechanism used to finance the state's prior deficit financing bonds. The budget ends 2015-16 with $4.6 billion in estimated total reserves, including $1.1 billion in the Special Fund for Economic Uncertainties—the state's traditional budget reserve—and $3.5 billion in the BSA.

FACTORS BEARING ON THE DISTRICT'S FUTURE (continued)

Proposition 98

Substantial Upward Revisions to Estimates of Proposition 98 Minimum Guarantee
State budgeting for preschool, elementary and secondary schools, and the California Community Colleges (CCC) is based primarily on Proposition 98, approved by voters in 1988. Proposition 98 established a minimum funding requirement commonly called the minimum guarantee. The estimate of the 2013-14 and 2014-15 minimum guarantees have increased $612 million and $5.4 billion, respectively from the June 2014 estimates. The estimate of the 2015-16 minimum guarantee is $7.6 billion (12 percent) higher than the *2014-15 Budget Act* level. These increases in the guarantee are due primarily to state revenues being higher than assumed in last year's budget package. The budget package funds at these latest estimates of the minimum guarantees.

Large Upward 2014-15 Adjustments Result in Relatively Modest Year-Over-Year Growth
Growth from the revised 2014-15 level to 2015-16 is $2.1 billion (3 percent). This relatively modest growth is due to the large upward revision to 2014-15 noted above. In 2015-16, total Proposition 98 funding is $68.4 billion. Of this amount, $49.4 billion is General Fund and $19 billion is local property tax revenue. The notable increase in local property tax revenue from 2014-15 to 2015-16 ($2.3 billion, 14 percent) is due in large part to the end of the triple flip and the shift of associated local property tax revenue back from cities, counties, and special districts to school and community college districts. Growth in local property tax revenue is slightly greater than growth in the Proposition 98 minimum guarantee, resulting in a slight reduction in Proposition 98 General Fund from 2014-15 to 2015-16.

Per-Student Funding Increases Significantly
Under the budget package, K-12 per-student funding increases from the *2014-15 Budget Act* level of $8,931 to $9,942 in 2015-16—an increase of $1,011 (11 percent).

Budget Package Contains Many Spending Changes
For 2013-14, the budget accounts for higher Local Control Funding Formula (LCFF) costs and uses the remaining funding increase for paying down the K-14 mandate backlog. In addition to these changes, the budget package includes a $256 million settle-up payment related to meeting the Proposition 98 minimum guarantee for 2006-07 and 2009-10 and $207 million in unspent prior-year Proposition 98 funds that have been repurposed.

Package Notably Reduces Outstanding K-14 Obligations
The budget package includes the following K-14 actions, all of which reduce the state's outstanding K-14 obligations.

- ***Pays Down Mandate Backlog.*** The budget package includes $3.8 billion to pay down the K-14 mandate backlog ($3.2 billion is for the K-12 backlog and $632 million for the CCC backlog). After accounting for these payments, the LAO estimates the outstanding K-14 mandate backlog to be $1.5 billion ($1.2 billion for schools and about $300 million for community colleges).
- ***Retires All K-14 Payment Deferrals.*** As required by trailer legislation enacted last year, the budget package provides $992 million to eliminate all remaining K-14 payment deferrals. The budget year will be the first fiscal year since 2000-01 that the state is set to make all K-14 payments on time.
- ***Pays Off Emergency Repair Program (ERP) Obligation.*** The budget includes $273 million for the final ERP payment. Statute requires the state to provide a total of $800 million to school districts for emergency facility repairs, and the state has provided $527 million to date. (Of the $273 million, $145 million comes from a settle-up payment and $128 million comes from unspent prior-year Proposition 98 funds.)

FACTORS BEARING ON THE DISTRICT'S FUTURE (continued)

K-12 Education

Large Increase for Local Control Funding Formula (LCFF)
The largest single augmentation in the state budget is $6.0 billion for implementing the LCFF for school districts and charter schools—bringing total LCFF funding to $52 billion. This reflects a 13 percent year-over-year increase in LCFF funding. The administration estimates this funding will close 52 percent of the remaining gap to LCFF target rates. The budget funds 90 percent of the estimated statewide full LCFF implementation cost. School districts and charter schools may use LCFF monies for any educational purpose, including implementation of their Local Control and Accountability Plans.

New Secondary School Career Technical Education (CTE) Competitive Grant Program
The budget package includes $900 million in one-time funding for a three-year competitive grant program to promote high-quality CTE. Of this amount, $400 million is provided in 2015-16, $300 million in 2016-17, and $200 million in 2017-18. School districts, county offices of education (COEs), charter schools, and Regional Occupational Centers and Programs operated by joint powers agencies (JPAs) may apply for grants, individually or in consortia. The program provides separate pools of funding for large, medium-sized, and small applicants, based on applicants' average daily attendance (ADA) in grades 7-12. Specifically, 88 percent of the funding is reserved for applicants with ADA greater than 550, 8 percent is reserved for applicants with ADA between 140 and 550, and 4 percent is reserved for applicants with less than 140 ADA. The Superintendent of Public Instruction (SPI), in collaboration with the executive director of the State Board of Education (SBE), will determine the number of grants to be awarded and specific grant amounts.

Package of Special Education Actions
The budget includes $67 million for a package of special education-related activities. Of the $67 million, $52 million is ongoing and $15 million is one time. The largest ongoing augmentation in this package is for expanding services for infants, toddlers, and preschoolers with disabilities as well as requiring preschool staff training and parent education relating to identifying and meeting preschoolers' special needs. The largest one-time augmentation is for one or two COEs to develop statewide resources and training opportunities for addressing students' diverse instructional and behavioral needs.

Second Round of Internet Infrastructure Grants
The budget includes $50 million in one-time funding for the second round of Broadband Internet Infrastructure Grants. The K-12 High Speed Network is to award grants to schools that cannot administer online tests or can only administer the tests by shutting down other essential online activities such as email. Grants may be used to purchase Internet infrastructure. The Department of Finance (DOF) must approve projects resulting in costs exceeding $1,000 per test-taking pupil.

All of these factors were considered in preparing the Bonita Unified School District budget for the 2015-16 fiscal year.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and 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, contact the District's Business Office at (909) 971-8320.

BONITA UNIFIED SCHOOL DISTRICT
Statement of Net Position
June 30, 2015

	Total Governmental Activities
ASSETS	
Cash	$ 62,200,610
Investments	970,580
Accounts receivable	3,667,024
Inventories	66,692
Non-depreciable assets	36,773,521
Depreciable assets	172,964,958
Less accumulated depreciation	(64,912,079)
Total assets	211,731,306
DEFERRED OUTFLOWS OF RESOURCES	
Pension contributions subsequent to the measurement date	7,717,451
Deferred amounts on refunding	3,253,665
Total deferred outflows of resources	10,971,116
LIABILITIES	
Accounts payable	7,630,067
Unearned revenue	3,161
Long-term liabilities:	
Due or payable within one year	4,942,819
Due or payable after one year	207,821,257
Total liabilities	220,397,304
DEFERRED INFLOWS OF RESOURCES	
Net differences between projected and actual earnings on plan investments	17,203,328
NET POSITION	
Net investment in capital assets	47,958,771
Restricted for:	
Capital projects	3,127,896
Debt service	7,339,781
Categorical programs	1,246,183
Unrestricted	(74,570,841)
Total net position	$ (14,898,210)

BONITA UNIFIED SCHOOL DISTRICT

Statement of Activities

For the Fiscal Year Ended June 30, 2015

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
Governmental Activities:				
Instructional services:				
Instruction	$ 61,955,016	$ 1,835,870	$ 9,566,715	$ (50,552,431)
Instruction-related services:				
Supervision of instruction	2,809,293	38,358	1,325,642	(1,445,293)
Instructional library, media and technology	678,367	11,185	5,628	(661,554)
School site administration	5,837,379	141,627	110,587	(5,585,165)
Pupil support services:				
Home-to-school transportation	1,669,822	140	335,131	(1,334,551)
Food services	2,286,503	722,012	1,627,939	63,448
All other pupil services	5,799,825	171,434	2,193,368	(3,435,023)
General administration services:				
Data processing services	2,032,948	8,679	-	(2,024,269)
Other general administration	4,266,187	84,259	737,917	(3,444,011)
Plant services	9,198,480	-	792,459	(8,406,021)
Ancillary services	1,211,854	24,168	4,899	(1,182,787)
Community services	1,895,010	3,882	787	(1,890,341)
Interest on long-term debt	6,745,321	-	-	(6,745,321)
Other outgo	981,034	223	441,648	(539,163)
Total Governmental Activities	$ 107,367,039	$ 3,041,837	$ 17,142,720	(87,182,482)

General Revenues:	
Property taxes	21,884,612
Federal and state aid not restricted to specific purpose	59,475,050
Interest and investment earnings	132,619
Interagency revenues	166,507
Miscellaneous	4,205,884
Total general revenues	85,864,672
Change in net position	(1,317,810)
Net position - July 1, 2014, as originally stated	62,801,053
Adjustments for restatements (Note 1.I.)	(76,381,453)
Net position - July 1, 2014, as restated	(13,580,400)
Net position - June 30, 2015	$ (14,898,210)

BONITA UNIFIED SCHOOL DISTRICT

Balance Sheet – Governmental Funds

June 30, 2015

	General Fund	Building Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS					
Cash	$ 12,388,300	$ 36,446,924	$ 7,339,781	$ 6,025,605	$ 62,200,610
Investments	-	-	-	970,580	970,580
Accounts receivable	3,076,176	119,349	-	56,546	3,252,071
Inventories	28,850	-	-	37,842	66,692
Total Assets	$ 15,493,326	$ 36,566,273	$ 7,339,781	$ 7,090,573	$ 66,489,953
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	$ 4,272,573	$ 191,687	$ -	$ 548,391	$ 5,012,651
Unearned revenue	3,161	-	-	-	3,161
Total Liabilities	4,275,734	191,687	-	548,391	5,015,812
Fund Balances					
Nonspendable	118,850	-	-	37,842	156,692
Restricted	1,067,708	36,374,054	7,339,781	6,046,247	50,827,790
Assigned	2,573,304	532	-	458,093	3,031,929
Unassigned	7,457,730	-	-	-	7,457,730
Total Fund Balances	11,217,592	36,374,586	7,339,781	6,542,182	61,474,141
Total Liabilities and Fund Balances	$ 15,493,326	$ 36,566,273	$ 7,339,781	$ 7,090,573	$ 66,489,953

BONITA UNIFIED SCHOOL DISTRICT

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2015

Total fund balances - governmental funds		$ 61,474,141
Capital assets used in governmental *activities* are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is $209,738,479 and the accumulated depreciation is $64,912,079.		144,826,400
In governmental funds, interest subsidies received from Build America Bonds (BABs) and Qualified School Construction Bonds (QSCBs) are recognized in the period that they are received. In the government-wide statements, they are recognized in the period that they are earned. The federal interest subsidies included in accounts receivable in the government-wide statements were:		414,953
Deferred amounts on refunding represent amounts paid to an escrow agent in excess of the outstanding debt at the time of the payment for refunded bonds which have been defeased. In the government-wide statements it is recognized as deferred outflow of resources. The remaining deferred amounts on refunding at the end of the period were:		3,253,665
In governmental funds, interest on long term debt is not recognized until the period in which it matures and is paid. In the government-wide statement of activities, it is recognized in the period that it is incurred. The additional liability for unmatured interest owing at the end of the period was:		(2,617,416)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds. Long-term liabilities at year-end consist of:		
Net pension liability	64,803,124	
General obligation bonds	136,049,194	
Certificates of participation	2,021,553	
Capital leases	279,511	
Compensated absences	1,356,741	
Early retirement incentive	1,419,541	
Other postemployment benefits	6,834,412	(212,764,076)
In governmental funds, deferred outflows and inflows of resources relating to pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions are reported. Deferred inflows and outflows relating to pensions for the period were:		
Deferred outflows		7,717,451
Deferred inflows		(17,203,328)
Total net position - governmental activities		$ (14,898,210)

BONITA UNIFIED SCHOOL DISTRICT

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
For the Fiscal Year Ended June 30, 2015

	General Fund	Building Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
REVENUES					
LCFF sources	$ 69,456,250	$ -	$ -	$ -	$ 69,456,250
Federal sources	3,513,838	-	982,744	1,610,232	6,106,814
Other state sources	6,069,577	-	73,607	124,108	6,267,292
Other local sources	11,765,817	255,831	7,423,208	4,343,597	23,788,453
Total Revenues	90,805,482	255,831	8,479,559	6,077,937	105,618,809
EXPENDITURES					
Current:					
Instruction	55,625,016	-	-	-	55,625,016
Instruction-Related Services:					
Supervision of instruction	2,791,291	-	-	64,278	2,855,569
Instructional library, media and technology	686,953	-	-	-	686,953
School site administration	5,952,605	-	-	-	5,952,605
Pupil Support Services:					
Home-to-school transportation	1,696,753	-	-	-	1,696,753
Food services	19,771	-	-	2,310,934	2,330,705
All other pupil services	5,906,330	-	-	9,840	5,916,170
Ancillary services	1,224,728	-	-	-	1,224,728
Community services	60,345	-	-	1,863,627	1,923,972
General Administration Services:					
Data processing services	2,475,196	-	-	-	2,475,196
Other general administration	4,216,518	-	-	535	4,217,053
Plant services	8,351,366	53,887	-	812,190	9,217,443
Transfers of indirect costs	(65,000)	-	-	65,000	-
Capital Outlay	2,415,693	2,573,248	-	13,248	5,002,189
Intergovernmental Transfers	981,034	-	-	-	981,034
Debt Service:					
Issuance costs	-	-	248,565	-	248,565
Principal	295,699	-	2,050,000	-	2,345,699
Interest	642,009	-	6,028,148	-	6,670,157
Total Expenditures	93,276,307	2,627,135	8,326,713	5,139,652	109,369,807
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,470,825)	(2,371,304)	152,846	938,285	(3,750,998)
OTHER FINANCING SOURCES (USES)					
Proceeds from capital leases	88,209	-	-	-	88,209
Proceeds from refunding bonds	-	-	25,255,000	-	25,255,000
Premiums from issuance of debt	-	-	2,194,674	-	2,194,674
Transfer to escrow agent for defeased debt	-	-	(27,201,109)	-	(27,201,109)
Total Other Financing Sources and Uses	88,209	-	248,565	-	336,774
Net Change in Fund Balances	(2,382,616)	(2,371,304)	401,411	938,285	(3,414,224)
Fund Balances, July 1, 2014	13,600,208	38,745,890	6,938,370	5,603,897	64,888,365
Fund Balances, June 30, 2015	$ 11,217,592	$ 36,374,586	$ 7,339,781	$ 6,542,182	$ 61,474,141

BONITA UNIFIED SCHOOL DISTRICT

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities

For the Fiscal Year Ended June 30, 2015

Total net change in fund balances - governmental funds		$ (3,414,224)
Amounts reported for governmental *activities* in the statement of activities are different because:		
In governmental funds, the costs of capital assets are reported as expenditures in the period when the assets are acquired. In the statement of activities, costs of capital assets are allocated over their estimated useful lives as depreciation expense. The difference between capital outlay expenditures and depreciation expense for the period is:		
Expenditures for capital outlay	5,757,666	
Depreciation expense	(6,502,751)	
Net:		(745,085)
Repayment of principal on long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		27,370,699
In governmental funds, proceeds from issuance of long-term debt are reported as other financing sources. In the government wide statements, proceeds from debt are reported as increases to liabilities. Amounts recognized in governmental funds as proceeds from debt, net of issue premium, were:		(27,537,883)
Deferred amounts on refunding represent amounts paid to an escrow agent in excess of the outstanding debt at the time of the payment for refunded bonds which have been defeased. In governmental funds these amounts are recognized as an expenditure. However, in the statement of activities, these amounts are amortized over the life of the refunded debt. The difference between current year amounts and the current year amortization is:		821,026
In governmental funds, accreted interest is not recorded as an expenditure from current resources. In the government-wide statement of activities, however, this is recorded as interest expense for the period. The difference between accreted interest accrued during the year and accreted interest paid is:		(44,257)
In governmental funds, if debt is issued at a premium, the premium is recognized as an Other Financing Source in the period it is incurred. In the government-wide statements, the premium is amortized as interest over the life of the debt. Amortization of premium for the period is:		1,646,483
In governmental funds, other postemployment benefits (OPEB) costs are recognized when employer contributions are made. In the statement of activites, OPEB costs are recognized on the accrual basis. This year, the difference between OPEB costs and actual employer contributions was:		(929,507)
In governmental funds, interest on long-term debt is recognized in the period that it becomes due. In the government-wide statement of activities, it is recognized in the period that it is incurred. Unmatured interest owing at the end of the period, less matured interest paid during the period, but owing from the prior period, is:		(73,742)
In governmental funds, interest subsidies received from Build America Bonds are recognized in the period that they are received. In the government-wide statements, they are recognized in the period that they are earned.		(26,531)
In the statement of activities, certain operating expenses - such as compensated absences and early retirement incentives, for example, are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). The difference between compensated absenses and early retirement incentives paid and earned was:		(477,241)
In government funds, pension costs are recognized when employer contributions are made. in the statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual-basis pension costs and actual employer contributions was:		2,092,452
Change in net position of governmental activities		$ (1,317,810)

BONITA UNIFIED SCHOOL DISTRICT
Statement of Fiduciary Net Position
June 30, 2015

	Agency Funds		
	Payroll Clearance Fund	Student Body Funds	Total
ASSETS			
Cash	$ 701,211	$ 705,124	$ 1,406,335
Inventories - supplies and materials	-	37,819	37,819
Total assets	$ 701,211	$ 742,943	$ 1,444,154
LIABILITIES			
Due to regulatory agencies	$ 701,211	$ -	$ 701,211
Due to student groups	-	742,943	742,943
Total liabilities	$ 701,211	$ 742,943	$ 1,444,154

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Bonita Unified School District (the "District") accounts for its financial transactions in accordance with the policies and procedures of the California Department of Education's *California School Accounting Manual*. The accounting policies of the District conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board. The following is a summary of the more significant policies:

A. Reporting Entity

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

Component units are legally separate organizations for which the District is financially accountable. Component units may also include organizations that are fiscally dependent on the District, in that the District approves their budget, the issuance of their debt or the levying of their taxes. In addition, component units are other legally separate organizations for which the District is not financially accountable but the nature and significance of the organization's relationship with the District is such that exclusion would cause the District's financial statements to be misleading or incomplete.

The District has identified no organizations that are required to be reported as component units.

B. Basis of Presentation, Basis of Accounting

1. Basis of Presentation

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the primary government (the District). These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements

The fund financial statements provide information about the District's funds, including its fiduciary funds (and blended component units). Separate statements for each fund category - *governmental* and *fiduciary* - are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation, Basis of Accounting (continued)

1. Basis of Presentation (continued)

Major Governmental Funds
The District maintains the following major governmental funds:

General Fund: This fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

Building Fund: This fund is used to account for the acquisition of major governmental capital facilities and buildings from the sale of general obligation bonds.

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

Non-Major Governmental Funds
The District maintains the following non-major governmental funds:

Special Revenue Funds:

Child Development Fund: This fund is used to account for resources committed to child development programs maintained by the District.

Cafeteria Fund: This fund is used to account for revenues received and expenditures made to operate the District's food service operations.

Capital Projects Funds:

Capital Facilities Fund: This fund is used to account for resources received from developer impact fees assessed under provisions of the California Environmental Quality Act.

Special Reserve Fund for Capital Outlay Projects: This fund is used to account for funds set aside for Board designated construction projects.

Capital Projects Funds for Blended Component Units: This fund is used to account for the activity of the maintenance assessment district.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation, Basis of Accounting (continued)

1. Basis of Presentation (continued)

Fiduciary Funds (continued)
The District maintains the following fiduciary funds:

Agency Funds: These funds are used to account for assets of others for which the District acts as an agent. The "due to regulatory agencies" account within the payroll clearing fund is used to record dedicated funds for payroll and related expenses. The District also maintains student body funds, which are used to account for the raising and expending of money to promote the general welfare, morale, and educational experience of the student body. The amounts reported for student body funds represent the combined totals of all schools within the District that maintain a student body fund.

2. Measurement Focus, Basis of Accounting

Government-Wide and Fiduciary Fund Financial Statements
The government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements
Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and financing from capital leases are reported as other financing sources.

3. Revenues - Exchange and Non-Exchange Transactions
Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year. Generally, available is defined as collectible within 60 days. However, to achieve comparability of reporting among California districts and so as not to distort normal revenue patterns, with specific respect to reimbursement grants and corrections to state-aid apportionments, the California Department of Education has defined available for districts as collectible within one year. The following revenue sources are considered to be both measurable and available at fiscal year-end: State apportionments, interest, certain grants, and other local sources.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation, Basis of Accounting (continued)

3. Revenues - Exchange and Non-Exchange Transactions (continued)
Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, certain grants, entitlements, and donations. Revenue from property taxes is recognized in the fiscal year in which the taxes are 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. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

C. Budgetary Data
The budgetary process is prescribed by provisions of the California *Education Code* and requires the governing board to hold a public hearing and adopt an operating budget no later than July 1 of each year. The District governing board satisfied these requirements. The adopted budget is subject to amendment throughout the year to give consideration to unanticipated revenue and expenditures primarily resulting from events unknown at the time of budget adoption with the legal restriction that expenditures cannot exceed appropriations by major object account.

The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts after all budget amendments have been accounted for. For budget purposes, on behalf payments have not been included as revenue and expenditures as required under generally accepted accounting principles.

D. Encumbrances
Encumbrance accounting is used in all budgeted funds to reserve portions of applicable appropriations for which commitments have been made. Encumbrances are recorded for purchase orders, contracts, and other commitments when they are written. Encumbrances are liquidated when the commitments are paid. All encumbrances are liquidated as of June 30.

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position

1. Cash and Cash Equivalents
The District considers cash and cash equivalents to be cash on hand and demand deposits. In addition, because the Treasury Pool is sufficiently liquid to permit withdrawal of cash at any time without prior notice or penalty, equity in the pool is also deemed to be a cash equivalent.

2. Inventories
Inventories are valued at cost using the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased.

3. Capital Assets
Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated fixed assets are recorded at their estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (continued)

3. Capital Assets (continued)

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Asset Class	Examples	Estimated Useful Life in Years
Land		N/A
Site improvements	Paving, flagpoles, retaining walls, sidewalks, fencing, outdoor lighting	20
School buildings		50
Portable classrooms		25
HVAC systems	Heating, ventilation, and air conditioning systems	20
Roofing		20
Interior construction		25
Carpet replacement		7
Electrical/plumbing		30
Sprinkler/fire system	Fire suppression systems	25
Outdoor equipment	Playground, radio towers, fuel tanks, pumps	20
Machinery & tools	Shop & maintenance equipment, tools	15
Kitchen equipment	Appliances	15
Custodial equipment	Floor scrubbers, vacuums, other	15
Science & engineering	Lab equipment, scientific apparatus	10
Furniture & accessories	Classroom & other furniture	20
Business machines	Fax, duplicating & printing equipment	10
Copiers		5
Communication equipment	Mobile, portable radios, non-computerized	10
Computer hardware	PCs, printers, network hardware	5
Computer software	Instructional, other short-term	5 to 10
Computer software	Administrative or long-term	10 to 20
Audio visual equipment	Projectors, cameras (still & digital)	10
Athletic equipment	Gymnastics, football, weight machines, wrestling mats	10
Musical instruments	Pianos, strings, bass, percussion	10
Library books	Collections	5 to 7
Licensed vehicles	Buses, other on-road vehicles	8
Contractors equipment	Major off-road vehicles, front-end loaders, large tractors, mobile air compressor	10
Grounds equipment	Mowers, tractors, attachments	15

4. Unearned Revenue

Unearned 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 unearned revenue is removed from the combined balance sheet and revenue is recognized.

Certain grants received that have not met eligibility requirements are recorded as unearned revenue. On the governmental fund financial statements, receivables that will not be collected within the available period are also recorded as unearned revenue.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (continued)

5. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has two items that qualify for reporting in this category. The first item is to recognize contributions made to the pension plan after the measurement date of the net pension liability. The second is deferred amount on refunding, which resulted from the difference in the carrying value of refunded debt and its reacquisition price. This amount is shown as deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. The District has one item that is reported as deferred inflows of resources. That item is to recognize the District's proportionate share of the deferred inflows of resources related to its pension plans as more fully described in the footnote entitled "Pension Plans".

6. Compensated Absences

Accumulated unpaid vacation benefits are accrued as a liability on the government-wide statement of net assets as the benefits are earned. For governmental funds, unpaid compensated absences are recognized as a fund liability only upon the occurrence of relevant events such as employee resignation and retirements that occur prior to year end that have not yet been paid with expendable available financial resources. These amounts are recorded as accounts payable in the fund from which the employees who have accumulated leave are paid.

Accumulated sick leave benefits are not recognized as liabilities of the District. The District's policy is to record sick leave as an operating expense in the period taken because such benefits do not vest, nor is payment probable. Unused sick leave is added to the creditable service period for calculation of retirement benefits when the employee retires.

7. Pensions

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

8. Fund Balances

The fund balance for governmental funds is reported in classifications based on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (continued)

8. Fund Balances (continued)

Nonspendable: Fund balance is reported as nonspendable when the resources cannot be spent because they are either in a nonspendable form or legally or contractually required to be maintained intact. Resources in nonspendable form include inventories and prepaid assets.

Restricted: Fund balance is reported as restricted when the constraints placed on the use of resources are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provision or by enabling legislation.

Committed: The District's highest decision-making level of authority rests with the District's Board. Fund balance is reported as committed when the Board passes a resolution that places specified constraints on how resources may be used. The Board can modify or rescind a commitment of resources through passage of a new resolution.

Assigned: Resources that are constrained by the District's intent to use them for a specific purpose, but are neither restricted nor committed, are reported as assigned fund balance. Intent may be expressed by either the Board, committees (such as budget or finance), or officials to which the Board has delegated authority.

Unassigned: Unassigned fund balance represents fund balance that has not been restricted, committed, or assigned and may be utilized by the District for any purpose. When expenditures are incurred, and both restricted and unrestricted resources are available, it is the District's policy to use restricted resources first, then unrestricted resources in the order of committed, assigned, and then unassigned, as they are needed.

9. Net Position

Net position is classified into three components: net investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:

- **Net investment in capital assets -** This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.
- **Restricted -** This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted net position -** This component of net position consists of net position that does not meet the definition of "net investment in capital assets" or "restricted".

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Minimum Fund Balance Policy

During the 2010-11 fiscal year, pursuant to GASB Statement No. 54, the District adopted a minimum fund balance policy for the General Fund in order to protect the District against revenue shortfalls or unpredicted expenditures. The policy requires a Reserve for Economic Uncertainties consisting of equal to no less than three percent of total General Fund expenditures and other financing uses.

The Fund Balance Policy establishes a minimum Unassigned Fund Balance equal to 7% of total General Fund expenditures. In the event that the balance drops below the established minimum level, the District's Board of Education will develop a plan to replenish the fund balance to the established minimum level.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed unless the governing board has provided otherwise in its commitment or assignment actions.

G. Property Tax Calendar

The County is responsible for the assessment, collection, and apportionment of property taxes for all jurisdictions including the schools and special districts within the County. The Board of Supervisors levies property taxes as of September 1 on property values assessed on July 1. Secured property tax payments are due in two equal installments. The first is generally due November 1 and is delinquent with penalties on December 10, and the second is generally due on February 1 and is delinquent with penalties on April 10. Secured property taxes become a lien on the property on January 1.

H. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reported period. Actual results could differ from those estimates.

I. New GASB Pronouncements

During the 2014-15 fiscal year, the following GASB Pronouncements became effective:

1. **Statement No. 68, *Accounting and Financial Reporting for Pensions - An Amendment of GASB Statement No. 27 (Issued 06/12)***
   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 interperiod equity, and creating additional transparency.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. New GASB Pronouncements (continued)

1. Statement No. 68 (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.

This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

Cost-Sharing Employers
In financial statements prepared using the economic resources measurement focus and accrual basis of accounting, a cost-sharing employer that does not have a special funding situation is required to recognize a liability for its proportionate share of the net pension liability (of all employers for benefits provided through the pension plan)—the collective net pension liability. An employer's proportion is required to be determined on a basis that is consistent with the manner in which contributions to the pension plan are determined, and consideration should be given to separate rates, if any, related to separate portions of the collective net pension liability. The use of the employer's projected long-term contribution effort as compared to the total projected long-term contribution effort of all employers as the basis for determining an employer's proportion is encouraged.

A cost-sharing employer is required to recognize pension expense and report deferred outflows of resources and deferred inflows of resources related to pensions for its proportionate shares of collective pension expense and collective deferred outflows of resources and deferred inflows of resources related to pensions.

2. Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - An Amendment of GASB Statement No. 68 (Issued 11/13)*
The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

Statement 68 requires a state or local government employer (or nonemployer contributing entity in a special funding situation) to recognize a net position liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year. If a state or local government employer or nonemployer contributing entity makes a contribution to a defined benefit pension plan between the measurement date of the reported net pension liability and the end of the government's reporting period, Statement 68 requires that the government recognize its contribution as a deferred outflow of resources. In addition, Statement 68 requires recognition of deferred outflows of resources and deferred inflows of resources for changes in the net pension liability of a state or local government employer or nonemployer contributing entity that arise from other types of events.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. New GASB Pronouncements (continued)

2. Statement No. 71 (continued)
At transition to Statement 68, if it is not practical for an employer or nonemployer contributing entity to determine the amounts of *all* deferred outflows of resources and deferred inflows of resources related to pensions, paragraph 137 of Statement 68 required that beginning balances for deferred outflows of resources and deferred inflows of resources not be reported.

Consequently, if it is not practical to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, contributions made after the measurement date of the beginning net pension liability could not have been reported as deferred outflows of resources at transition. This could have resulted in a significant understatement of an employer or nonemployer contributing entity's beginning net position and expense in the initial period of implementation.

This Statement amends paragraph 137 of Statement 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Statement 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts.

The provisions of this Statement are required to be applied simultaneously with the provisions of Statement 68.

3. Cumulative Effect of Change in Accounting Principle
Accounting changes adopted to conform to the provisions of these statements should be applied retroactively. The result of the implementation of these standards was to decrease the net position at July 1, 2014, by $76,381,453, which is the amount of net pension liability, net of the deferred outflows of resources related to pensions at July 1, 2014.

NOTE 2 – CASH AND INVESTMENTS

Cash and investments at June 30, 2015, are reported at fair value and consisted of the following:

	Rating	Governmental Activities/Funds	Fiduciary Funds
Pooled Funds:			
Cash in County Treasury		$ 62,084,957	$ 701,211
Deposits:			
Cash on hand and in banks		25,653	705,124
Cash in revolving fund		90,000	-
Total deposits		115,653	705,124
Total cash		$ 62,200,610	$ 1,406,335
Investments:			
U.S. Bank First American Treasury Obligations	AA	$ 970,580	

Investment security ratings reported as of June 30, 2015, are defined by Standard and Poors.

Pooled Funds
In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the County Treasury. The County pools and invests the cash. These pooled funds are carried at cost which approximates fair value. Interest earned is deposited annually to participating funds. Any investment losses are proportionately shared by all funds in the pool.

Because the District's deposits are maintained in a recognized pooled investment fund under the care of a third party and the District's share of the pool does not consist of specific, identifiable investment securities owned by the District, no disclosure of the individual deposits and investments or related custodial credit risk classifications is required.

In accordance with applicable state laws, the County Treasurer may invest in derivative securities with the State of California. However, at June 30, 2015, the County Treasurer has represented that the Pooled Investment Fund contained no derivatives or other investments with similar risk profiles.

Custodial Credit Risk – Deposits
Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. Cash balances held in banks are insured up to $250,000 by the Federal Depository Insurance Corporation (FDIC) and are collateralized by the respective financial institutions. In addition, 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.

NOTE 2 – CASH AND INVESTMENTS (continued)

Custodial Credit Risk – Deposits (continued)
As of June 30, 2015, $105,573 of the District's bank balance was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agency, but not in the name of the District.

Investments - Interest Rate Risk
The District's investment policy limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District's investment policy limits investment purchases to investments with a term not to exceed three years. Investments purchased with maturity terms greater than three years require approval by the Board of Education. Investments purchased with maturities greater than one year require written approval by the Superintendent prior to commitment. Maturities of investments held at June 30, 2015, consist of the following:

		Maturity	
	Fair Value	Less Than One Year	One Year Through Five Years
Investment maturities:			
U.S. Bank First American Treasury Obligations	$ 970,580	$ 970,580	$ -

Investments - Credit Risk
The District's investment policy limits investment choices to obligations of local, state and federal agencies, commercial paper, certificates of deposit, repurchase agreements, corporate notes, banker acceptances, and other securities allowed by State Government Code Section 53600. At June 30, 2015, all investments represented governmental securities which were issued, registered and held by the District's agent in the District's name.

Investments - Concentration of Credit Risk
The District does not place limits on the amount it may invest in any one issuer. At June 30, 2015, the District had the following investments that represents more than five percent of the District's net investments.

First America Treasury Obligations	
U.S. Bank First American Treasury Obligations	100%

NOTE 3 – ACCOUNTS RECEIVABLE

Accounts receivable as of June 30, 2015, consisted of the following:

	General Fund	Building Fund	Non-Major Governmental Funds	Total
Federal Government:				
Categorical aid programs	$ 1,428,009	$ -	$ 31,092	$ 1,459,101
State Government:				
Lottery	889,057	-	-	889,057
Categorical aid programs	338,020	-	2,426	340,446
Local:				
Interest	34,565	119,349	17,500	171,414
Special education	35,105	-	-	35,105
Miscellaneous	351,420	-	5,528	356,948
Total	$ 3,076,176	$ 119,349	$ 56,546	$ 3,252,071

NOTE 4 – FUND BALANCES

At June 30, 2015, fund balances of the District's governmental funds are classified as follows:

	General Fund	Building Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total
Nonspendable:					
Revolving cash	$ 90,000	$ -	$ -	$ -	$ 90,000
Stores inventories	28,850	-	-	37,842	66,692
Total Nonspendable	118,850	-	-	37,842	156,692
Restricted:					
Categorical programs	1,067,708	-	-	178,475	1,246,183
Capital projects	-	36,374,054	-	5,867,772	42,241,826
Debt service	-	-	7,339,781	-	7,339,781
Total Restricted	1,067,708	36,374,054	7,339,781	6,046,247	50,827,790
Assigned:					
Future text book adoption	256,718	-	-	-	256,718
Future district facilities	-	532	-	-	532
Medi-Cal	4,077	-	-	-	4,077
Deferred maintenance program	604,681	-	-	-	604,681
Routine maintenance account	294,417	-	-	-	294,417
School site carryovers	613,411	-	-	-	613,411
Technology	500,000	-	-	-	500,000
SELPA	300,000	-	-	-	300,000
Child development program	-	-	-	451,340	451,340
Cafeteria program	-	-	-	6,753	6,753
Total Assigned	2,573,304	532	-	458,093	3,031,929
Unassigned:					
Reserve for economic uncertainties	2,730,835	-	-	-	2,730,835
Remaining unassigned balances	4,726,895	-	-	-	4,726,895
Total Unassigned	7,457,730	-	-	-	7,457,730
Total	$ 11,217,592	$ 36,374,586	$ 7,339,781	$ 6,542,182	$ 61,474,141

NOTE 5 – CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended June 30, 2015, was as follows:

	Balance, July 1, 2014	Additions	Retirements	Balance, June 30, 2015
Capital assets not being depreciated:				
Land	$ 1,711,208	$ -	$ -	$ 1,711,208
Construction in progress	42,826,906	3,675,267	11,439,860	35,062,313
Total capital assets not being depreciated	44,538,114	3,675,267	11,439,860	36,773,521
Capital assets being depreciated:				
Improvement of sites	13,894,905	12,297,903	-	26,192,808
Buildings	136,313,518	57,514	-	136,371,032
Equipment	9,246,288	1,166,842	12,012	10,401,118
Total capital assets being depreciated	159,454,711	13,522,259	12,012	172,964,958
Accumulated depreciation for:				
Improvement of sites	(5,154,238)	(1,155,571)	-	(6,309,809)
Buildings	(46,703,720)	(4,815,449)	-	(51,519,169)
Equipment	(6,563,382)	(531,731)	(12,012)	(7,083,101)
Total accumulated depreciation	(58,421,340)	(6,502,751)	(12,012)	(64,912,079)
Total capital assets being depreciated, net	101,033,371	7,019,508	-	108,052,879
Governmental activity capital assets, net	$ 145,571,485	$ 10,694,775	$ 11,439,860	$ 144,826,400

Depreciation expense is allocated to the following functions in the statement of activities:

Instruction	$ 6,083,179
School Site Administration	6,841
Home-to-School Transportation	146,494
Food Services	7,332
All Other Pupil Services	793
Ancillary Services	823
Community Services	4,898
All Other General Administration	80,542
Centralized Data Processing	56,040
Plant Services	115,809
Total	$ 6,502,751

NOTE 6 – GENERAL LONG-TERM DEBT

Changes in long-term debt for the year ended June 30, 2015, were as follows:

	Balance, July 1, 2014*	Additions	Deductions	Balance, June 30, 2015	Amount Due Within One Year
General Obligation Bonds:					
Principal payments	$ 129,392,395	$ 25,255,000	$ 27,075,000	$ 127,572,395	$ 2,710,000
Accreted interest	988,682	299,987	-	1,288,669	-
Unamortized issuance premium	6,639,939	2,194,674	1,646,483	7,188,130	458,072
Total - General Obligation Bonds	137,021,016	27,749,661	28,721,483	136,049,194	3,168,072
Certificates of Participation:					
Principal payments	1,167,806	-	225,711	942,095	211,971
Accreted interest	1,335,188	368,053	623,783	1,079,458	635,634
Total - COPs	2,502,994	368,053	849,494	2,021,553	847,605
Capital leases	261,290	88,209	69,988	279,511	80,478
Compensated absences	1,295,732	61,009	-	1,356,741	-
Early retirement incentive	1,003,309	1,045,048	628,816	1,419,541	846,664
Other postemployment benefits	5,904,905	929,507	-	6,834,412	-
Net pension liability	80,988,961	-	16,185,837	64,803,124	-
Totals	$ 228,978,207	$ 30,241,487	$ 46,455,618	$ 212,764,076	$ 4,942,819

*The beginning balance has been restated for the Net Pension Liability in accordance with GASB 68.

Payments for general obligation bonds are made by the Bond Interest and Redemption Fund. Certificates of participation payments are made by the General Fund. Capital leases payments are made by the General Fund. Accumulated vacation will be paid for by the fund for which the employee worked.

A. General Obligation Bonds

Measure "C"
These bonds were authorized at an election of the registered voters of the District held on March 2, 2004, at which more than 55% of the voters authorized the issuance and sale of $56,360,000 general obligation bonds. The bonds are general obligations of the District. The County is obligated to levy ad valorem taxes upon all property within the District for the payment of interest on and principal of the bonds. The bonds were issued to renovate and modernize school facilities within the District.

Measure "AB"
These bonds were authorized at an election of the registered voters of the District held on November 4, 2008, at which more than 55% of the voters authorized the issuance and sale of $83,560,000 general obligation bonds. The bonds are general obligations of the District. The County is obligated to levy ad valorem taxes upon all property within the District for the payment of interest on and principal of the bonds. The bonds were issued to renovate and modernize school facilities and to pay costs of issuance associated with the bonds.

A portion of the Measure AB bonds is designated “Build America Bonds” for purposes of the American Recovery and Reinvestment Act of 2009 (the “Recovery Act”). Pursuant to the Recovery Act, the District expects to receive a cash subsidy payment from the United States Treasury equal to 35% of the interest payable on the Bonds on or about each interest payment date. The cash payment does not constitute a full faith and credit guarantee of the United States Government, but is required to be paid by the Treasury under the Recovery Act. The District is obligated to deposit any cash subsidy payments it receives into the debt service fund for the Bonds.

Another portion of the Measure AB bonds is designated as "Qualified School Construction Bonds" for purposes of the Recovery Act.

NOTE 6 – GENERAL LONG-TERM DEBT (continued)

A. General Obligation Bonds (continued)

Measure "AB" (continued)
With respect to the bonds, the District expects to receive, on or about each bond payment date for the bonds, a cash subsidy payment from the United States Treasury equal to the lesser of a) the interest payable on such bond payment date or b) the amount of interest that would have been payable on such bond payment date on such bonds if such interest were determined at a federal tax credit rate applicable to the bonds, which Tax Credit Rate is published by the Treasury and determined under Section 54A(b)(3) of the Code. Prior to each such bond payment date for the bonds, the District will submit or cause to be submitted to the Treasury a subsidy reimbursement request in accordance with applicable Federal regulations.

Upon receipt of such Subsidy Payment, the District shall deposit or cause to be deposited any such cash Subsidy Payment into the Debt Service Fund for the bonds maintained by the County. The Subsidy Payment does not constitute a full faith and credit guarantee of the United States Government, but is required to be paid by the United States Treasury under the HIRE Act.

2012 General Obligation Refunding Bonds
On March 21, 2012, the District issued $22,530,000 of General Obligation Refunding Bonds. The Bonds consist of serial bonds bearing fixed rates ranging from 2.0% to 5.0% with annual maturities from August 2012 through August 2028. The net proceeds of $26,006,991 (after issuance costs and underwriter's discount of $194,131 and original issue premium of $3,671,122) were used to refund a portion of the District's outstanding General Obligation Bonds, Election of 2004, Series A. Deferred amounts on refunding as of June 30, 2015, of $2,270,463 remain to be amortized.

2014 General Obligation Refunding Bonds
On October 2, 2014, the District issued $25,255,000 of General Obligation Refunding Bonds. The bonds bear fixed interest rates ranging between 2.0% and 5.0% with annual maturities from August 1, 2015 through August 1, 2031. The net proceeds of $27,201,109 (after premiums of $2,194,674 and issuance costs of $248,565) were used to advance refund a portion of the District's outstanding General Obligation Bonds Series, Election of 2004, Series B.

The net proceeds were used to purchase U.S. government securities. Those securities were deposited into an irrevocable trust with an escrow agent to provide for future debt service payments on the refunded bonds. As a result, the refunded bonds are considered to be defeased, and the related liability for the bonds has been removed from the District's liabilities. Amounts paid to the escrow agent in excess of the outstanding debt at the time of payment are recorded as deferred amounts on refunding on the statement of net position and are amortized to interest expense over the life of the liability. Deferred amounts on refunding as of June 30, 2015, of $983,202 remain to be amortized. As of June 30, 2015, the principal balance outstanding on the defeased debt amounted to $25,025,000.

The refunding decreased the District's total debt service payments by $3,102,004. The transaction resulted in an economic gain (difference between the present value of the debt service on the old and the new bonds) of $2,382,110.

NOTE 6 – GENERAL LONG-TERM DEBT (continued)

A. General Obligation Bonds (continued)

A summary of general obligation bonds issued by the District is shown below:

Series	Issue Date	Maturity Date	Interest Rate	Original Issue	Balance, July 1, 2014	Additions	Deductions	Balance, June 30, 2015
Election of 2004 (Measure C)								
2004 A	7/22/2004	8/1/2028	5.0%-5.48%	$ 29,999,790	$ 999,790	$ -	$ 775,000	$ 224,790
2004 B	12/20/2006	8/1/2031	3.625%-5.0%	26,360,000	25,875,000	-	25,225,000	650,000
Election of 2008 (Measure AB)								
2008 A	9/23/2009	8/1/2021	4.0%-5.0%	5,400,000	2,990,000	-	200,000	2,790,000
2008 A-1	9/23/2009	8/1/2034	6.0%-6.93%	24,600,000	24,600,000	-	-	24,600,000
2008 B	5/26/2011	8/1/2037	3.0%-5.25%	16,802,605	16,292,605	-	300,000	15,992,605
2008 B-1	5/26/2011	8/1/2025	5.06%-5.56%	9,455,000	9,045,000	-	575,000	8,470,000
2008 C	3/27/2014	8/1/2038	4.0%-5.0%	27,300,000	27,300,000	-	-	27,300,000
Refunding Bonds								
2012 Ref.	3/21/2012	8/1/2028	2.0%-5.0%	22,530,000	22,290,000	-	-	22,290,000
2014 Ref.	10/2/2014	8/1/2031	2.0%-5.0%	25,255,000	-	25,255,000	-	25,255,000
				$ 187,702,395	$ 129,392,395	$ 25,255,000	$ 27,075,000	$ 127,572,395

Accreted Interest	Balance, July 1, 2014	Additions	Deductions	Balance, June 30, 2015
2004 A	$ 181,450	$ 26,038	$ -	$ 207,488
2008 A	558,398	168,352	-	726,750
2008 B	248,834	105,597	-	354,431
	$ 988,682	$ 299,987	$ -	$ 1,288,669

The annual requirements to amortize general obligation bonds outstanding as of June 30, 2015, were as follows:

Fiscal Year	Principal	Interest	Total
2015-2016	$ 2,710,000	$ 6,266,223	$ 8,976,223
2016-2017	2,350,000	6,191,823	8,541,823
2017-2018	2,625,000	6,128,423	8,753,423
2018-2019	2,930,000	6,058,048	8,988,048
2019-2020	2,645,910	5,963,098	8,609,008
2020-2025	20,504,090	27,377,735	47,881,825
2025-2030	34,209,790	20,769,298	54,979,088
2030-2035	31,227,605	15,119,550	46,347,155
2035-2039	28,370,000	3,232,913	31,602,913
Total	$ 127,572,395	$ 97,107,111	$ 224,679,506

B. Certificates of Participation

On June 1, 1993 the District issued $9,558,832 Certificates of Participation pursuant to a lease agreement with the California School Boards Association Finance Corporation for the purposes of redeeming outstanding revenue bonds, to fund a project fund for $450,000, and to pay issuance costs. The certificates were issued as follows: Serial Certificates of $3,735,000 with stated interest rates ranging between 2.80% and 5.25% and maturing between May 1, 1994 and 2007, Term Certificates of $3,605,000 with a stated interest rate of 5.625% and due May 1, 2010, and Term Capital Appreciation Certificates of $2,218,832 with a stated interest rate of 6.15% and due May 1, 2020.

On July 2, 2003, the District issued $5,020,000 Refunding Certificates of Participation through the California School Boards Association Finance Corporation. The certificates were issued primarily to refund the outstanding balance on the 1993 certificates. Of the proceeds of the refunding certificates, the trustee placed $5,020,452 into an account to prepay the outstanding $4,800,000 of Current Interest 1993 Certificates on August 15, 2007.

NOTE 6 – GENERAL LONG-TERM DEBT (continued)

B. Certificates of Participation (continued)

The refunding certificates had interest rates ranging between 2.5% and 4.5% and fully matured on May 1, 2010. At June 30, 2015, the principal balance outstanding on the capital appreciation component of the 1993 certificates was $942,095, in addition to $1,079,458 of accreted interest.

The annual requirements to amortize certificates of participation outstanding as of June 30, 2015, were as follows:

Fiscal Year	Principal	Interest	Total
2015-2016	$ 211,971	$ 635,634	$ 847,605
2016-2017	199,214	647,123	846,337
2017-2018	187,438	658,597	846,035
2018-2019	176,643	670,455	847,098
2019-2020	166,829	683,171	850,000
Total	$ 942,095	$ 3,294,980	$ 4,237,075

C. Capital Leases

The District has entered into lease agreements to obtain copiers valued at $407,151 which provide for title to pass upon expiration of the lease period and where the lease term is most of the equipment's full life. Future minimum lease payments are as follows:

Fiscal Year	Principal	Interest	Total
2015-2016	$ 80,478	$ 15,383	$ 95,861
2016-2017	80,685	10,014	90,699
2017-2018	76,333	4,744	81,077
2018-2019	35,651	983	36,634
2019-2020	6,364	46	6,410
Total	$ 279,511	$ 31,170	$ 310,681

The District will receive no sublease rental revenues nor pay any contingent rentals for the copiers.

D. Early Retirement Incentives

Employees who reach qualifying age and have performed 10 years of service for the District are entitled to an annual payment for 10 years or until Medicare of Social Security retirement age is reached, whichever comes first. The amount is prorated based upon the percentage of full time employment. Previously the amount was $2,000 for certificated employees and $2,200 per year for classified employees. In 2007-2008, certificated employees were offered an additional $4,000 per year (for a total of $6,000), and classified employees were offered an additional $1,000 per year (for a total of $3,200).

In 2008-09, certificated employees were offered one of two retirement incentives: a) $6,000 per year for no more than 10 years or b) a one-time cash payment of 20% of their annual contracted salary to be paid in fiscal year 2009-10, plus $2,000 per year for a maximum of 10 years or to age 65. Five employees chose to receive $6,000 per year; fifteen chose to receive 20% of their annual salary for one year plus $2,000 per year. During 2009-10, the District extended the same offer as in the previous year. Twelve employees chose to receive $6,000 per year, six chose to receive a one-time payment of 20% of their annual salary plus the $2,000 per year.

NOTE 6 – GENERAL LONG-TERM DEBT (continued)

D. Early Retirement Incentives (continued)

In 2008-09, eleven classified employees accepted a one time retirement incentive of 10% of their base salary. Eight of these employees will receive the $2,200 per year for a maximum of 10 years or until they are eligible to receive full Social Security benefits. This incentive was also offered during 2009-10. Thirteen employees signed up for this incentive, of which four will receive only the incentive equal to 10% of their base salary because they already reached full retirement age.

In 2013-14, certificated and classified employees were offered a retirement incentive of up to 25% of employee's contracted base salary. Payments will be made in two installments; one in October 2014 and one in March 2015. Additionally, certificated employees who elected to retire will also receive $2,000 per year, and classified employees will receive $2,200 per year until the employee is eligible for social security. In total, 26 employees elected to take the incentive.

Currently, 115 retirees are receiving benefits under these programs. Expenditures are recognized on a pay-as-you-go basis, as employees are paid. During the year, expenditures of $628,816 were incurred for retiree incentives.

The estimated future liability at June 30, 2015, is $1,419,541. This was estimated by multiplying the number of retirees receiving benefits by the annual payment for each retiree and by the number of years remaining of eligibility.

NOTE 7 – JOINT VENTURES

The Bonita Unified School District participates in joint ventures under a joint powers agreement (JPA) with the Alliance of Schools for Cooperative Insurance Program (ASCIP) and Valley Insurance Programs (VIP). The relationships between the Bonita Unified School District and the JPAs are such that the JPA's are not a component unit of the District for financial reporting purposes.

The JPA's provide for property, liability and workers' compensation insurance for its member districts. The JPA's are governed by a board consisting of a representative from each member district. The governing board controls the operations of its JPA's independent of any influence by the member districts beyond their representation on the governing board. Each member district pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionately to its participation in the JPA's.

Condensed audited financial information for the year ended June 30, 2014 for ASCIP and VIP is as follows:

	ASCIP	VIP
Total Assets	$ 338,924,559	$ 23,710,532
Total Liabilities	192,528,306	16,871,761
Fund Equity	$ 146,396,253	$ 6,838,771
Total Revenues	$ 211,469,096	$ 5,392,716
Total Expenses	199,817,601	3,137,296
Net Increase in Fund Equity	$ 11,651,495	$ 2,255,420

NOTE 8 – RISK MANAGEMENT

Property and Liability
The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year ending June 30, 2015, the District participated in the ASCIP public entity risk pool for property and liability insurance coverage. 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.

Workers' Compensation
For fiscal year 2015, the District participated in the VIP JPA for workers compensation up to $750,000 per claim self insured retention, with excess coverage provided by the JPA's excess coverage insurance carrier, Hanover. The workers' compensation rate as a percent of salary is determined annually based on an actuarial study.

Employee Medical Benefits
For fiscal year 2015, the District had a cap of $7,000 on employer paid health and welfare benefits. The District has contracted with the California Public Employment Retirement System (CalPERS) Health Plan and with Kaiser Permanente to provide medical and surgical benefits, and with Delta Care, Delta Dental, and United Concordia for dental benefits. Vision benefits are provided through Vision Service Plan. Disability insurance, cancer insurance, and accident insurance are also options available to employees.

NOTE 9 – COMMITMENTS AND CONTINGENCIES

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

B. Construction Commitments
As of June 30, 2015, the District had commitments with respect to unfinished capital projects of approximately $1.9 million to be paid from bond funds and other funds.

C. Litigation
The District is involved in various legal matters. In the opinion of legal counsel, the District does not anticipate that the outcome of any of the matters will have a material impact on the financial statements.

NOTE 10 – PENSION PLANS

Qualified employees are covered under multiple-employer defined benefit pension 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 California Public Employees' Retirement System (CalPERS).

A. General Information about the Pension Plans

Plan Descriptions
The District contributes to the California State Teachers' Retirement System (CalSTRS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalSTRS. Benefit provisions under the Plan are established by State statute and District resolution. CalSTRS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions, and membership information that can be found on the CalSTRS website.

NOTE 10 - PENSION PLANS (continued)

A. General Information about the Pension Plans (continued)

Plan Descriptions (continued)
The District also contributes to the School Employer Pool under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. Benefit provisions under the Plan are established by State statute and District resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions, and membership information that can be found on the CalPERS website.

Benefits Provided
CalSTRS provides retirement, disability, and death benefits. Retirement benefits are determined as 2 percent of final compensation for each year of credited service at age 60 for members under *CalSTRS 2% at 60*, or age 62 for members under *CalSTRS 2% at 62*, increasing to a maximum of 2.4 percent at age 63 for members under *CalSTRS 2% at 60*, or age 65 for members under *CalSTRS 2% at 62*. The normal retirement eligibility requirements are age 60 for members under *CalSTRS 2% at 60*, or age 62 for members under *CalSTRS 2% at 62*, with a minimum of five years of service credited under the Defined Benefit Program, which can include service purchased from teaching in an out-of-state or foreign public school. Employees are eligible for service-related disability benefits after five years of service, unless the member is disabled due to an unlawful act of bodily injury committed by another person while working in CalSTRS covered employment, in which case the minimum is one year. Disability benefits are equal to fifty percent of final compensation regardless of age and service credit. Designated recipients of CalSTRS retired members receive a $6,163 lump-sum death payment. There is a 2 percent simple increase each September 1 following the first anniversary of the date on which the monthly benefit began to accrue. The annual 2 percent increase is applied to all continuing benefits other than Defined Benefit Supplement annuities. However, if the member retires with a Reduced Benefit Election, the increase does not begin to accrue until the member reaches age 60 and is not payable until the member receives the full benefit. This increase is also known as the improvement factor.

CalPERS also provides retirement, disability, and death benefits. Retirement benefits are determined as 1.1 percent of final compensation for each year of credited service at age 50 for members under *2% at 55*, or 1.0 percent at age 52 for members under *2% at 62*, increasing to a maximum of 2.5 percent at age 63 for members under *2% at 55*, or age 67 for members under *2% at 62*. To be eligible for service retirement, members must be at least age 50 and have a minimum of five years of CalPERS-credited service. Members joining on or after January 1, 2013 must be at least age 52. Disability retirement has no minimum age requirement and the disability does not have to be job related. However, members must have a minimum of five years of CalPERS service credit.

Pre-retirement death benefits range from a simple return of member contributions plus interest to a monthly allowance equal to half of what the member would have received at retirement paid to a spouse or domestic partner. To be eligible for any type of monthly pre-retirement death benefit, a spouse or domestic partner must have been either married to the member or legally registered before the occurrence of the injury or the onset of the illness that resulted in death, or for at least one year prior to death. Cost-of-living adjustments are provided by law and are based on the Consumer Price Index for all United States cities. Cost-of-living adjustments are paid the second calendar year of the member's retirement on the May 1 check and then every year thereafter. The standard cost-of-living adjustment is a maximum of 2 percent per year.

NOTE 10 - PENSION PLANS (continued)

A. General Information about the Pension Plans (continued)

Contributions
Active CalSTRS plan members were required to contribute 8.15% of their salary in 2014-15. The required employer contribution rate for fiscal year 2014-15 was 8.88% of annual payroll. The contribution requirements of the plan members are established by State statute. Active CalPERS plan members are required to contribute 7.0% of their salary and the District is required to contribute an actuarially determined rate. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The required employer contribution for fiscal year 2014-15 was 11.771%. The contribution requirements of the plan members are established by State statute.

For the fiscal year ended June 30, 2015, the contributions recognized as part of pension expense for each Plan were as follows:

	CalSTRS	CalPERS
Employer contributions	$ 6,106,396	$ 1,611,055
Employee contributions paid by employer	$ -	$ -

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2015, the District reported net pension liabilities for its proportionate shares of the net pension liability of each Plan as follows:

	Proportionate Share of Net Pension Liability
CalSTRS	$ 52,008,930
CalPERS	12,794,194
Total Net Pension Liability	$ 64,803,124

The District's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2014, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013 rolled forward to June 30, 2014 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The District's proportionate share of the net pension liability for each Plan as of June 30, 2013 and 2014 was as follows:

	CalSTRS	CalPERS
Proportion - June 30, 2013*	0.089%	0.113%
Proportion - June 30, 2014	0.089%	0.113%
Change - Increase (Decrease)	0.0%	0.0%

* The District's proportionate share percentage was not separately determined for June 30, 2013, so the June 30, 2014 percentage was used to calculate the beginning amounts.

NOTE 10 - PENSION PLANS (continued)

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)

For the year ended June 30, 2015, the District recognized pension expense of $5,627,193. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 7,717,451	$ -
Net differences between projected and actual earnings on plan investments	-	(17,203,328)
	$ 7,717,451	$ (17,203,328)

The total amount of $7,717,451 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30,	Amount
2016	$ (3,660,477)
2017	(3,660,477)
2018	(3,660,477)
2019	-
2020	-
Thereafter	-

Actuarial Assumptions – The total pension liabilities in the June 30, 2013, actuarial valuations were determined using the following actuarial assumptions:

	CalSTRS	CalPERS
Valuation Date	June 30, 2013	June 30, 2013
Measurement Date	June 30, 2014	June 30, 2014
Actuarial Cost Method	Entry age normal	Entry age normal
Actuarial Assumptions:		
Discount Rate	7.60%	7.50%
Inflation	3.00%	2.75%
Wage Growth	3.75%	3.00%
Post-retirement Benefit Increase	2.00%	-
Investment Rate of Return	7.60%	7.50%

NOTE 10 - PENSION PLANS (continued)

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)

CalSTRS uses custom mortality tables to best fit the patterns of mortality among its members. These custom tables are based on RP2000 series tables adjusted to fit CalSTRS experience. RP2000 series tables are an industry standard set of mortality rates published by the Society of Actuaries. See CalSTRS July 1, 2006 - June 30, 2010 Experience Analysis for more information. The underlying mortality assumptions and all other actuarial assumptions used in the CalPERS June 30, 2013 valuation were based on the results of a January 2014 actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can found on the CalPERS website.

Discount Rate – for CalSTRS
The discount rate used to measure the total pension liability was 7.60 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at statutory contribution rates in accordance with the rate increase per Assembly Bill 1469. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.60 percent) and assuming that contributions, benefit payments, and administrative expense occur midyear. Based on those assumptions, the STRP's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members.

Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Discount Rate – for CalPERS
The discount rate used to measure the total pension liability was 7.50% for CalPERS. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.50 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. he long term expected discount rate of 7.50 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65 percent. Using this lower discount rate has resulted in a slightly higher Total Pension Liability and Net Pension Liability. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference. CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management (ALM) review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as we have changed our methodology.

NOTE 10 - PENSION PLANS (continued)

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)

Discount Rate – for CalPERS (continued)
The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best-estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant (Pension Consulting Alliance-PCA) as an input to the process. Based on the model from CalSTRS consulting actuary's (Milliman) investment practice, a best estimate range was determined by assuming the portfolio is re-balanced annually and that annual returns are lognormally distributed and independent from year to year to develop expected percentiles for the long-term distribution of annualized returns. The assumed asset allocation by PCA is based on board policy for target asset allocation in effect on February 2, 2012, the date the current experience study was approved by the board.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund.

The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

	Target Allocation		Long-Term Expected Rate of Return	
Asset Class	CalSTRS	CalPERS	CalSTRS	CalPERS
Global Equity	47%	47%	4.5%	5.7%
Global Fixed Income	N/A	19%	N/A	2.4%
Inflation Sensitive	5%	6%	3.2%	3.4%
Private Equity	12%	12%	6.2%	7.0%
Real Estate	15%	11%	4.4%	5.1%
Infrastructure and Forestland	N/A	3%	N/A	5.1%
Fixed Income	20%	N/A	0.2%	N/A
Liquidity	1%	2%	0.0%	-1.1%
	100%	100%		

NOTE 10 - PENSION PLANS (continued)

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate
The following presents the District's proportionate share of the net pension liability for each Plan, calculated using the discount rate for each Plan, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	CalSTRS	CalPERS
1% Decrease	6.60%	6.50%
Net Pension Liability	$ 81,068,320	$ 22,443,937
Current Discount Rate	7.60%	7.50%
Net Pension Liability	$ 52,008,930	$ 12,794,194
1% Increase	8.60%	8.50%
Net Pension Liability	$ 27,778,680	$ 4,730,861

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

C. Payable to the Pension Plans
At June 30, 2015, the District reported a payable of $341,952 and $108,259 for the outstanding amount of contributions to the CalSTRS and CalPERS pension plans, respectively, required for the fiscal year ended June 30, 2015.

NOTE 11 – OTHER POSTEMPLOYMENT BENEFITS

Bonita Unified School District administers a single-employer defined benefit other postemployment benefit (OPEB) plan that provides medical, dental and vision insurance benefits to eligible retirees and their spouses. The District implemented Governmental Accounting Standards Board Statement #45, *Accounting and Financial Reporting by Employers for Postemployment Benefit Plans Other Than Pension Plans*, in 2008-09.

Plan Descriptions and Contribution Information
Membership in the plan consisted of the following:

Retirees and beneficiaries receiving benefits*	154
Active plan members*	593
Total	747

** As of July 1, 2014, actuarial valuation*

Retirees age 55 with at least 10 years of service, who were designated as teachers or management (certificated) and enrolled in one of the CalPERS health plans at retirement will be offered a lifetime subsidy of $115 per month ($119 in 2014) from the District. Retirees age 50 with at least 10 years of service, who were designated as classified or management (non-teaching) and enrolled in one of the CalPERS health plans at retirement will be offered a lifetime subsidy of $115 per month ($119 in 2014) from the District.

NOTE 11 – OTHER POSTEMPLOYMENT BENEFITS (continued)

Special Arrangements for Contract Employees
Select retirees receive a lifetime subsidy equal to the actual cost of his/her healthcare benefits. As of the valuation date, there is one retiree receiving this subsidy, with a commitment to one additional employee at retirement.

The District's funding policy is based on the projected pay-as-you-go financing requirements, with additional amounts to prefund benefits as determined annually by the governing board. For fiscal year 2014-15, the District contributed $189,307.

Annual OPEB Cost and Net OPEB Obligation
The District's annual OPEB cost is calculated based on the Annual Required Contribution (ARC), an amount 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 each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The table on the next page shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the District's net OPEB obligation:

Annual required contribution (ARC)	$ 1,198,434
Interest on net OPEB obligation	295,245
Adjustment to annual required contribution	(374,865)
Annual OPEB cost (expense)	1,118,814
Contributions made: Pay-as-you-go costs	(189,307)
Increase (decrease) in net OPEB obligation	929,507
Net OPEB obligation, beginning of year	5,904,905
Net OPEB obligation, end of year	$ 6,834,412

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2014-15 and the preceding two years are as follows:

Year Ended June 30,	Annual OPEB Cost	Percentage Contributed	Net OPEB Obligation
2015	$ 1,118,814	16.9%	$ 6,834,412
2014	$ 1,231,087	7.6%	$ 5,904,905
2013	$ 1,173,596	15.8%	$ 4,767,356

Funded Status and Funding Progress – OPEB Plans
As of July 1, 2014, the most recent actuarial valuation date, the District did not have a funded plan. The actuarial accrued liability (AAL) for benefits was $10.8 million and the unfunded actuarial accrued liability (UAAL) was $10.8 million.

Actuarial valuations of an ongoing plan involve estimates of the value of 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 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.

NOTE 11 – OTHER POSTEMPLOYMENT BENEFITS (continued)

Actuarial Methods and Assumptions
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.

Additional information as of the latest actuarial valuation follows:

Valuation date	July 1, 2014
Actuarial cost method	Unit credit
Amortization method	Level dollar method
Remaining amortization period	30 years
Asset valuation	N/A
Actuarial assumptions:	
Healthcare cost trend rate	7.0%
Discount rate	5.0%

Required Supplementary Information

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BONITA UNIFIED SCHOOL DISTRICT

Budgetary Comparison Schedule – General Fund

For the Fiscal Year Ended June 30, 2015

	Budgeted Amounts		Actual*	Variance with
	Original	Final	(Budgetary Basis)	Final Budget - Pos (Neg)
Revenues				
LCFF Sources	$ 68,521,228	$ 69,456,250	$ 69,456,250	$ -
Federal	2,878,288	3,603,674	3,513,838	(89,836)
Other State	2,636,962	3,767,300	3,821,098	53,798
Other Local	10,457,971	11,860,620	11,765,817	(94,803)
Total Revenues	84,494,449	88,687,844	88,557,003	(130,841)
Expenditures				
Current:				
Certificated Salaries	44,262,836	44,051,614	43,630,845	420,769
Classified Salaries	13,205,484	14,055,865	13,625,351	430,514
Employee Benefits	15,566,610	16,340,751	14,990,409	1,350,342
Books and Supplies	3,283,623	4,953,987	3,421,105	1,532,882
Services and Other Operating Expenditures	10,321,113	12,217,817	10,409,740	1,808,077
Capital Outlay	551,240	3,321,480	3,096,636	224,844
Intergovernmental Transfers	1,614,692	1,660,236	1,853,742	(193,506)
Total Expenditures	88,805,598	96,601,750	91,027,828	5,573,922
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,311,149)	(7,913,906)	(2,470,825)	5,443,081
Other Financing Sources and Uses				
Interfund Transfers In	500,000	500,000	-	(500,000)
All Other Financing Sources	-	-	88,209	88,209
Total Other Financing Sources and Uses	500,000	500,000	88,209	(411,791)
Net Change in Fund Balances	(3,811,149)	(7,413,906)	(2,382,616)	5,031,290
Fund Balances, July 1, 2014	9,765,100	13,600,208	13,600,208	-
Fund Balances, June 30, 2015	$ 5,953,951	$ 6,186,302	$ 11,217,592	$ 5,031,290

*On-behalf payments of $2,248,479 have been included in the Statement of Revenues, Expenditures, and Changes in Fund Balances but are not included in the actual amounts above.

BONITA UNIFIED SCHOOL DISTRICT
Schedule of Funding Progress
For the Fiscal Year Ended June 30, 2015

Actuarial Valuation Date	Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
July 1, 2010	$ -	$ 10,504,116	$ 10,504,116	0.0%	$ 49,285,873	21.3%
July 1, 2012	$ -	$ 10,702,324	$ 10,702,324	0.0%	$ 46,817,107	22.9%
July 1, 2014	$ -	$ 10,805,523	$ 10,805,323	0.0%	$ 55,133,792	19.6%

BONITA UNIFIED SCHOOL DISTRICT
Schedule of Proportionate Share of the Net Pension Liability
For the Fiscal Year Ended June 30, 2015

Last Ten Fiscal Years*

	2014
District's proportion of the net pension liability (asset):	
CalSTRS	0.0890%
CalPERS	0.1127%
District's proportionate share of the net pension liability (asset):	
CalSTRS	$ 52,008,930
CalPERS	$ 12,794,194
District's covered-employee payroll:	
CalSTRS	$ 39,697,515
CalPERS	$ 11,907,236
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll:	
CalSTRS	131.0%
CalPERS	107.4%
Plan fiduciary net position as a percentage of the total pension liability:	
CalSTRS	76.5%
CalPERS	83.4%

* *This schedule is required to show information for ten years; however, until a full ten year trend is compiled, information is presented for those years for which information is available.*

Last Ten Fiscal Years*

	2014
Actuarially determined contribution:	
CalSTRS	$ 6,106,396
CalPERS	$ 1,611,055
Contributions in relation to the actuarially determined contribution:	
CalSTRS	$ 6,106,396
CalPERS	$ 1,611,055
Contribution deficiency (excess):	
CalSTRS	$ -
CalPERS	$ -
District's covered-employee payroll:	
CalSTRS	$ 39,697,515
CalPERS	$ 11,907,236
Contributions as a percentage of covered-employee payroll:	
CalSTRS	8.25%
CalPERS	11.442%

* *This schedule is required to show information for ten years; however, until a full ten year trend is compiled, information is presented for those years for which information is available.*

NOTE 1 – PURPOSE OF SCHEDULES

Budgetary Comparison Schedule
This schedule is required by GASB Statement No. 34 as required supplementary information (RSI) for the General Fund and for each major special revenue fund that has a legally adopted annual budget. The budgetary comparison schedule presents both (a) the original and (b) the final appropriated budgets for the reporting period as well as (c) actual inflows, outflows, and balances, stated on the District's budgetary basis. A separate column to report the variance between the final budget and actual amounts is also presented, although not required.

Schedule of Funding Progress
This schedule is required by GASB Statement No. 45 for all sole and agent employers that provide other postemployment benefits (OPEB). The schedule presents, for the most recent actuarial valuation and the two preceding valuations, information about the funding progress of the plan, including, for each valuation, the actuarial valuation date, the actuarial value of assets, the actuarial accrued liability, the total unfunded actuarial liability (or funding excess), the actuarial value of assets as a percentage of the actuarial accrued liability (funded ratio), the annual covered payroll, and the ratio of the total unfunded actuarial liability (or funding excess) to annual covered payroll.

Schedule of Proportionate Share of the Net Pension Liability
This schedule is required by GASB Statement No. 68 and is required for all employers in a cost-sharing pension plan. The schedule reports the following information:

- The proportion (percentage) of the collective net pension liability (similar to the note disclosure)
- The proportionate share (amount) of the collective net pension liability
- The employer's covered-employee payroll
- The proportionate share (amount) of the collective net pension liability as a percentage of the employer's covered-employee payroll
- The pension plan's fiduciary net position as a percentage of the total pension liability

Schedule of Contributions
This schedule is required by GASB Statement No. 68 and is required for all employers in a cost-sharing pension plan. The schedule reports the following information:

- If an employer's contributions to the plan are actuarially determined or based on statutory or contractual requirements: the employer's actuarially determined contribution to the pension plan (or, if applicable, its statutorily or contractually required contribution), the employer's actual contributions, the difference between the actual and actuarially determined contributions (or statutorily or contractually required), and a ration of the actual contributions divided by covered-employee payroll.

NOTE 2 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS

At June 30, 2015, the District incurred the following excess of expenditures over appropriations in individual major funds presented in the Budgetary Comparison Schedule:

Appropriations Category	Excess Expenditures
Intergovernmental Transfers	$ 193,506

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Supplementary Information

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The Bonita Unified School District was formed on December 10, 1957, and is comprised of an area of approximately 49 square miles located in the eastern part of Los Angeles County. There were no changes in the boundaries of the District during the current year. The District is currently operating eight elementary schools, two middle schools, two comprehensive high schools for grades 9-12, and one continuation high school.

BOARD OF EDUCATION

Member	Office	Term Expires
Diane Koach	President	November, 2015
Jim Elliot	Vice-President	November, 2015
Patti Latourelle	Member	November, 2017
Chuck Coyne	Member	November, 2017
Glenn Creiman	Member	November, 2015

DISTRICT ADMINISTRATORS

Gary Rapkin, Ph.D.,[1]
Superintendent

Curtis Frick,
Assistant Superintendent, Human Resources Development

Nanette Hall,
Assistant Superintendent, Educational Services

Ann Sparks,
Assistant Superintendent, Business Services

[1] As of July 1, 2015, Kurt Madden became the Superintendent.

BONITA UNIFIED SCHOOL DISTRICT
Schedule of Average Daily Attendance
For the Fiscal Year Ended June 30, 2015

	Second Period Report Certificate No. (4F3AADAB)	Annual Report Certificate No. (4C039B32)
Regular ADA:		
Transitional Kindergarten through Third	2,816.51	2,822.07
Fourth through Sixth	2,099.44	2,098.61
Seventh through Eighth	1,518.00	1,515.41
Ninth through Twelfth	3,296.24	3,282.63
Total Regular ADA	9,730.19	9,718.72
Special Education, Nonpublic, Nonsectarian Schools:		
Transitional Kindergarten through Third	6.23	6.32
Fourth through Sixth	9.40	9.68
Seventh through Eighth	13.10	14.63
Ninth through Twelfth	44.11	45.24
Total Special Education, Nonpublic, Nonsectarian Schools	72.84	75.87
Total ADA	9,803.03	9,794.59

BONITA UNIFIED SCHOOL DISTRICT

Schedule of Instructional Time

For the Fiscal Year Ended June 30, 2015

	1986-87 Minutes		2014-15	Number of Days	
Grade Level	Previously Required	Reduced*	Actual Minutes	Traditional Calendar	Status
Kindergarten	36,000	35,000	46,960	180	Complied
Grade 1	50,400	49,000	50,630	180	Complied
Grade 2	50,400	49,000	50,630	180	Complied
Grade 3	50,400	49,000	50,630	180	Complied
Grade 4	54,000	52,500	56,615	180	Complied
Grade 5	54,000	52,500	56,615	180	Complied
Grade 6	54,000	52,500	58,534	180	Complied
Grade 7	54,000	52,500	58,534	180	Complied
Grade 8	54,000	52,500	58,534	180	Complied
Grade 9	64,800	63,000	65,130	180	Complied
Grade 10	64,800	63,000	65,130	180	Complied
Grade 11	64,800	63,000	65,130	180	Complied
Grade 12	64,800	63,000	65,130	180	Complied

* Amounts reduced as permitted by Education Code Section 46201.2 (a).

BONITA UNIFIED SCHOOL DISTRICT
Schedule of Financial Trends and Analysis
For the Fiscal Year Ended June 30, 2015

General Fund	(Budget)[2] 2016	2015 [5]	2014	2013
Revenues and other financing sources	$ 99,592,076	$ 90,893,691	$ 81,375,286	$ 74,185,850
Expenditures	95,024,753	93,276,307	81,756,012	75,846,125
Change in fund balance (deficit)	4,567,323	(2,382,616)	(380,726)	(1,660,275)
Ending fund balance	$ 15,784,915	$ 11,217,592	$ 13,600,208	$ 13,980,934
Available Reserves[1]	$ 6,964,410	$ 7,457,730	$ 10,333,429	$ 11,762,615
Available Reserves as a percentage of Total Outgo	7.3%	8.0%	12.6%	15.5%
Total Long-Term Debt [4]	$ 207,821,257	$ 212,764,076	$ 228,978,207	$ 120,989,411
Average Daily Attendance at P-2[3]	9,813	9,803	9,649	9,527

The General Fund balance has decreased by $ 2,763,342 over the past two years. The fiscal year 2015-16 adopted budget projects an increase of $4,567,323. For a district of this size, the state recommends available reserves of at least 3% of total general fund expenditures, transfers out, and other uses (total outgo).

The District has incurred operating deficits in each of the past three years, but anticipates incurring an operating surplus during the 2015-16 fiscal year. Total long-term debt has increased by $91,774,665 over the past two years.

Average daily attendance has increased by 276 over the past two years. An increase of 10 ADA is anticipated during fiscal year 2015-16.

[1] Available reserves consist of all unassigned fund balances in the General Fund.

[2] As of September, 2015.

[3] Excludes Adult Education and ROC/P ADA.

[4] As restated

[5] On-behalf payments of $2,248,479 have been included in the Statement of Revenues, Expenditures, and Changes in Fund Balances but are not included in the actual amounts above.

There were no differences between the Annual Financial and Budget Report and the Audited Financial Statements in any funds.

BONITA UNIFIED SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2015

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Cluster Expenditure	Federal Expenditures
Federal Programs:				
U.S. Department of Agriculture:				
Passed through California Dept. of Education (CDE):				
Child Nutrition Cluster				
School Breakfast Program	10.553	13390	$ 3,647	
Especially Needy Breakfast	10.553	13390	258,259	
National School Lunch Program	10.555	13391	1,178,809	
USDA - Donated Foods	10.555	N/A	169,517	
Subtotal Child Nutrition Cluster				1,610,232
National School Lunch Program Equipment Assistance Grant	10.579	14906		19,771
Forest Reserve	10.665	10044		18,135
Total U.S. Department of Agriculture				1,648,138
U.S. Department of Education:				
Passed through California Dept. of Education (CDE):				
No Child Left Behind Act (NCLB):				
Title I, Part A, Low-Income	84.010	14329		881,187
Title II, Part A, Improving Teacher Quality Local Grants	84.367	14341		222,739
English Language Acquisition Cluster				
Title III, Limited English Proficient (LEP) Program	84.365	14346	70,292	
Title III, Immigrant Education Program	84.365	15146	8,359	
Subtotal English Language Acquisition Cluster				78,651
Vocational & Applied Tech Secondary II, Carl Perkins Act	84.048	14894		51,213
Passed through SELPA:				
Individuals with Disabilities Education Act (IDEA):				
Special Education (IDEA) Cluster				
Basic Local Assistance Entitlement, Part B	84.027	13379	1,499,193	
Preschool Grants, Part B	84.173	13430	39,999	
Preschool Local Entitlement, Part B	84.027A	13682	56,028	
Mental Health Allocation Plan, Part B	84.027	14468	284,478	
Preschool Staff Development, Part B	84.173A	13431	403	
Subtotal Special Education (IDEA) Cluster				1,880,101
Total U.S. Department of Education				3,113,891
U.S. Department of Health & Human Services:				
Medicaid Cluster				
Medi-Cal Billing Option	93.778	10013	205,825	
Medi-Cal Administrative Activities (MAA)	N/A	10060	153,885	
Subtotal Medicaid Cluster				359,710
Total U.S. Department of Health & Human Services				359,710
Total Expenditures of Federal Awards				$ 5,121,739

NOTE 1 – PURPOSE OF SCHEDULES

Schedule of Average Daily Attendance (ADA)

Average daily attendance (ADA) is a measurement of the number of pupils attending classes of the District. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of State funds are made to school districts. This schedule provides information regarding the attendance of students at various grade levels and in different programs.

Schedule of Instructional Time

The District has participated in the Incentives for Longer Instructional Day and Longer Instructional Year. The District has not met its target funding. This schedule presents information on the amount of instructional time offered by the District and whether the District complied with the provisions of Education Code Sections 46200 through 46206.

Districts must maintain their instructional minutes at the 1986-87 requirement, as reduced by Education Code Section 46201.2(a).

Schedule of Financial Trends and Analysis

This schedule discloses the District's financial trends by displaying past years' data along with current year budget information. These financial trend disclosures are used to evaluate the District's ability to continue as a going concern for a reasonable period of time.

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

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

Schedule of Expenditures of Federal Awards

The schedule of expenditures of Federal awards includes the Federal grant activity of the District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the United States of America Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.

Subrecipients

Of the Federal expenditures presented in the schedule, the District provided no Federal awards to subrecipients.

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Other Independent Auditors' Reports

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

Board of Education
Bonita Unified School District
San Dimas, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Bonita Unified School District as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Bonita Unified School District's basic financial statements, and have issued our report thereon dated October 20, 2015.

Internal Control Over Financial Reporting

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

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

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

Jeff Nigro, CPA, CFE | Elizabeth Nigro, CPA | CJ Gaunder Singh, CPA | Kevin Brejnak, CPA, CFE | James Whittington, CPA, CFE, CGFM

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Compliance and Other Matters
As part of obtaining reasonable assurance about whether Bonita Unified School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

Nigro & Nigro, PC

Murrieta, California
October 20, 2015

INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

Board of Education
Bonita Unified School District
San Dimas, California

Report on State Compliance
We have audited Bonita Unified School District's compliance with the types of compliance requirements described in the *2014-15 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* that could have a direct and material effect on each of the Bonita Unified School District's state government programs as noted on the following page for the fiscal year ended June 30, 2015.

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

Auditors' Responsibility
Our responsibility is to express an opinion on compliance for each of Bonita Unified School District's State programs based on our audit of the types of compliance requirements referred to below. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *2014-15 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to below occurred. An audit includes examining, on a test basis, evidence about Bonita Unified School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Jeff Nigro, CPA, CFE | Elizabeth Nigro, CPA | CJ Gaunder Singh, CPA | Kevin Brejnak, CPA, CFE | James Whittington, CPA, CFE, CGFM

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

Description	Procedures Performed
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	No (see below)
Continuation Education	Yes
Instructional Time	Yes
Instructional Materials	Yes
Ratio of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	Not Applicable
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	Not Applicable
Middle or Early College High Schools	Not Applicable
K-3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	Yes
Regional Occupation Centers or Programs Maintenance of Effort	Yes
Adult Education Maintenance of Effort	Yes
California Clean Energy Jobs Act	Yes
After School Education and Safety Program	Not Applicable
Proper Expenditure of Education Protection Account Funds	Yes
Common Core Implementation Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Charter Schools:	
Attendance	Not Applicable
Mode of Instruction	Not Applicable
Nonclassroom-Based Instruction/Independent Study	Not Applicable
Determination of Funding for Nonclassroom-Based Instruction	Not Applicable
Annual Instructional Minutes – Classroom Based	Not Applicable
Charter School Facility Grant Program	Not Applicable

We did not perform testing for independent study because the ADA was under the level that requires testing.

Unmodified Opinion on Compliance with State Programs
In our opinion, Bonita Unified School District complied, in all material respects, with the types of compliance requirements referred to above for the year ended June 30, 2015.

Other Matter
The results of our auditing procedures disclosed an instance of noncompliance with the compliance requirements referred to above, which is required to be reported in accordance with *2014-15 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting,* and which is described in the accompanying schedule of findings and questioned costs as Finding 2015-1.

District's Response to Finding
Bonita Unified School District's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures in the audit of compliance and, accordingly, we express no opinion on the response.

Nigro & Nigro, PC

Murrieta, California
October 20, 2015

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Board of Education
Bonita Unified School District
San Dimas, California

Report on Compliance for Each Major Federal Program
We have audited Bonita Unified School District's compliance with the types of compliance requirements described in the OMB Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of Bonita Unified School District's major federal programs for the year ended June 30, 2015. Bonita Unified School District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

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

Auditors' Responsibility
Our responsibility is to express an opinion on compliance for each of Bonita Unified School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Bonita Unified School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program
In our opinion, Bonita Unified School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Jeff Nigro, CPA, CFE | Elizabeth Nigro, CPA | CJ Gaunder Singh, CPA | Kevin Brejnak, CPA, CFE | James Whittington, CPA, CFE, CGFM
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Report on Internal Control Over Compliance

Management of Bonita Unified School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Bonita Unified School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Nigro & Nigro, PC

Murrieta, California
October 20, 2015

Findings and Questioned Costs

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SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(s) identified not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(s) identified not considered to be material weaknesses?	None reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)	No

Identification of major programs:

CFDA Numbers	Name of Federal Program or Cluster
84.027	Special Education Cluster (IDEA)
93.778	Medicaid Cluster

Dollar threshold used to distinguish between Type A and Type B programs:	$ 300,000
Auditee qualified as low-risk auditee?	Yes

State Awards

Type of auditor's report issued on compliance for state programs:	Unmodified

SECTION II - FINANCIAL STATEMENT FINDINGS

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards.* Pursuant to Assembly Bill (AB) 3627, all audit findings must be identified as one or more of the following categories:

Five Digit Code	AB 3627 Finding Types
10000	Attendance
20000	Inventory of Equipment
30000	Internal Control
40000	State Compliance
42000	Charter School Facilities Programs
50000	Federal Compliance
60000	Miscellaneous
61000	Classroom Teacher Salaries
62000	Local Control Accountability Plan
70000	Instructional Materials
71000	Teacher Misassignments
72000	School Accountability Report Card

There were no financial statement findings in 2014-15.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

This section identifies the audit findings required to be reported by Circular A-133, Section .510(a) (e.g., significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs).

There were no federal award findings or questioned costs in 2014-15.

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

This section identifies the audit findings pertaining to noncompliance with state program rules and regulations.

Finding 2015-1: CALPADS Unduplicated Pupil Counts (40000)

Criteria: Supplemental and concentration grant amounts are calculated based on the percentage of "unduplicated pupils" enrolled in the LEA on Census Day (first Wednesday in October). The percentage equals:

- Unduplicated count of pupils who (1) are English learners, (2) meet income or categorical eligibility requirements for free or reduced-price meals under the National School Lunch Program, or (3) are foster youth. "Unduplicated count" means that each pupil is counted only once even if the pupil meets more than one of these criteria (*EC* sections 2574(b)(2) and 42238.02(b)(1)).
- Divided by total enrollment in the LEA (*EC* sections 2574(b)(1) and 42238.02(b)(5)). All pupil counts are based on Fall 1 certified enrollment reported in the CALPADS as of Census Day.

Condition: During our testing of the free and reduced price meal eligible students reported in the CALPADS 1.17 and 1.18 reports, we noted twenty-two students that were reported as qualifying for free or reduced priced meals who did not have an application on file for the 2014-15 fiscal year. This is due to the fact that the District applied the local "grace period" to the CALPADS reporting and as a result, many students in the CALPADS system are reported based on 2013-14 application data instead of 2014-15 application data. Additionally, we noted students that were incorrectly reported as qualifying for free or reduced priced meals due to the student information system not being updated to match the Child Nutrition Services internal system.

Context: We noted errors in each of the five schools we tested, for a total of 22 exceptions.

Questioned Costs: $10,081. This amount was determined by calculating the difference between the District's original total LCFF revenues and the LCFF revenues adjusted for the decrease in the unduplicated pupil counts.

Effect: The unduplicated pupil counts reported in the CALPADS 1.17 and 1.18 reports should be adjusted for the following changes as a result of the procedures performed:

School Site:	CALPADS Reported	Adjusted based on FRPM eligibility	Adjusted Total
Gladstone Elementary	184	(3)	181
J. Marion Roynon Elementary	452	(4)	448
Lone Hill Middle	371	(5)	366
Bonita High	544	(7)	537
Chaparral High	62	(3)	59
Agregate of remaining schools	2,182	-	2,182
District-wide	3,795	(22)	3,773

The enrollment count of 10,159 was not impacted as a result of the procedures performed.

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

Finding 2015-1 : CALPADS Unduplicated Pupil Counts (40000) (continued)

Recommendation: We recommend that the District work with the Child Nutrition Services department to update the CALPADS system once all applications are received. Although there is a grace period recognized at a local level, the District should update CALPADS retroactively to reflect the current year application information in the reporting software. We also recommend that procedures are established to ensure that the student information system which is used for CALPADS reporting, is updated to reflect the changes made in the Child Nutrition Services internal system prior to the submission of the CALPADS report.

District Response: The food services and computer information system departments found what was causing the errors in the pupil counts. They are now in sync with having the same numbers that will be reported in CALPADS.

There were no findings or questioned costs in 2013-14.

To the Board of Education
Bonita Unified School District
San Dimas, California

In planning and performing our audit of the basic financial statements of Bonita Unified School District for the year ending June 30, 2015, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide assurance on the internal control structure.

However, during our audit we noted matters that are an opportunity for strengthening internal controls and operating efficiency. The following items represent conditions noted by our audit that we consider important enough to bring to your attention. This letter does not affect our report dated October 20, 2015, on the financial statements of Bonita Unified School District.

ASSOCIATED STUDENT BODY (ASB) FUNDS

Observation: During our cash receipts testing at **San Dimas High** we found that two of ten deposits tested lacked sufficient supporting documentation such as: tally sheets, ticket sales logs, cash receipts, and/or point of sale documentations should have been maintained for the transactions. Without these documents, we could not verify whether all cash collected had been deposited intact and into the correct ASB account.

Recommendation: Sound internal controls for handling cash discourage theft of ASB funds and protect those who handle the cash. It is important to tie all proceeds to the specific fundraiser from which they were generated and to ensure that all proceeds from an event are turned in and properly accounted for. We recommend that before any events are held, control procedures should be established that will allow for the reconciliation between money collected and fundraiser sales.

Observation: During our testing of cash disbursements at **Lone Hill Middle**, our sample included disbursements that appear to be missing support proof of receipt of goods or okay to pay. Issuing payment for purchases without proper supporting documentation can provide the opportunity for the misappropriation of student funds.

Recommendation: We recommend that the site require all appropriate supporting documentation prior to issuing disbursements to ensure that student funds are being properly spent.

Observation: Through inquiry and testing of cash disbursements at **Lone Hill Middle** and **San Dimas High** we noted that the sites are purchasing Lowe's gift cards and issuing cash awards. ASB funds are considered public funds because they are raised through the District's tax identification number and receive the benefit of nontaxable status. Anything that is purchased must be for goods and services that promote the students' general welfare, morale, and educational experiences.

Recommendation: We recommend that the site discontinue issuing such payments from ASB and that the site be reminded of allowable and prohibited purchases with ASB funds.

Jeff Nigro, CPA, CFE | Elizabeth Nigro, CPA | CJ Gaunder Singh, CPA | Kevin Brejnak, CPA, CFE | James Whittington, CPA, CFE, CGFM

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We will review the status of the current year comments during our next audit engagement.

Nigro & Nigro, PC

Murrieta, California
October 20, 2015

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APPENDIX C

FORM OF CONTINUING DISCLOSURE CERTIFICATE

The Bonita Unified School District will execute a Continuing Disclosure Certificate in substantially the following form in connection with the issuance of the $19,315,000 Bonita Unified School District (Los Angeles County, California) 2016 General Obligation Refunding Bonds.

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Bonita Unified School District (the "District") in connection with the issuance of $19,315,000 of the District's 2016 General Obligation Refunding Bonds (the "Bonds"). The Bonds are being issued pursuant to a Resolution of the District dated May 6, 2015. 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 Securities and Exchange Commission Rule 15c2-12(b)(5).

SECTION 2. Definitions. In addition to the definitions set forth in the Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the District pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Beneficial Owner" shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

"Dissemination Agent" shall mean initially Keygent LLC, or any successor Dissemination Agent designated in writing by the District (which may be the District) and which has filed with the District a written acceptance of such designation.

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

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

"Official Statement" means that certain official statement, dated February 2, 2016, relating to the offering and sale of the Bonds.

"Participating Underwriter" shall mean Stifel, Nicolaus & Company, Incorporated, as the original underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

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

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

"State" shall mean the State of California.

SECTION 3. Provision of Annual Reports.

(a) The District shall, or shall cause the Dissemination Agent to, not later than 270 days after the end of the District's fiscal year (presently ending June 30), commencing with the report for the 2015-16 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(c).

(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 in a timely manner to the Repository in substantially the form attached as Exhibit A hereto with a copy to the Dissemination Agent. The Dissemination Agent shall not be required to file a Notice to Repository of Failure to File an Annual Report.

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

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

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

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

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

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

(c) outstanding District indebtedness;

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

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

(f) secured *ad valorem* tax charges and delinquencies within the District for the last completed fiscal year; and

(g) the 20 largest local secured taxpayers 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, 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 attorney's fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's 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: March 1, 2016

BONITA UNIFIED SCHOOL DISTRICT

By: ____

Assistant Superintendent, Business Services

EXHIBIT A

NOTICE TO REPOSITORY OF FAILURE TO FILE ANNUAL REPORT

Name of District: BONITA UNIFIED SCHOOL DISTRICT

Name of Bond Issue: 2016 General Obligation Refunding Bonds

Date of Issuance: March 1, 2016

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:_______________________

BONITA UNIFIED SCHOOL DISTRICT

By ____[form only; no signature required]_____

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APPENDIX D

CITIES OF LA VERNE AND SAN DIMAS AND LOS ANGELES COUNTY GENERAL AND ECONOMIC DATA

The following information concerning the Cities of La Verne and San Dimas and Los Angeles County is included only for the purpose of supplying general information regarding the community.

City of La Verne

The City of La Verne ("La Verne") is located in the foothills of the San Gabriel-Pomona Valleys, about 35 miles east of downtown Los Angeles. La Verne was founded in 1887 and incorporated in 1906. La Verne has a council-manager form of government and is governed by four city council members and a mayor who are elected at large. The La Verne City Manager is appointed by the city council and is responsible for the day-to-day business of La Verne.

City of San Dimas

The City of San Dimas ("San Dimas," and together with La Verne, the "Cities") is located in the foothills of the San Gabriel Mountains, about 28 miles east/northeast of downtown Los Angeles. Several freeways run through San Dimas connecting it with the Los Angeles and San Bernardino County areas, including U.S. Route 66, which runs southward, the Arrow Highway, which runs east-west and San Dimas Avenue, which runs north-south. The Foothill Freeway (I-210) connects San Dimas to Pasadena and the San Fernando Valley, and the San Bernardino Freeway (I-10) connects San Dimas to downtown Los Angeles to the west and San Bernardino to the east.

San Dimas was incorporated in 1960 and has a council-manager form of government. The city council is composed of a mayor and four city council members elected at large. Members of the city council serve four-year terms and the mayor serves a two-year term. The city council acts as the legislative body for the establishment of laws, policies and programs.

Los Angeles County

Los Angeles County (the "County"), which is located along the southern coast of California (the "State") encompasses an area of 4,080 miles. Approximately half of the County is mountainous and 14 percent is a coastal plain known as the Los Angeles Basin.

The 88 cities within the County encompass about 35% of the County, while more than 65% of the County remains unincorporated. The County has the largest population of any county in the nation with more than 10.1 million inhabitants as of 2015. The County is bordered on the east and the south by Orange and San Bernardino Counties, on the north by Kern County, and on the west by Ventura County and the Pacific Ocean.

Population

The following table represents historical population estimates for the Cities as well as for the County and the State.

POPULATION ESTIMATES
2001 through 2015
City of La Verne, City of San Dimas, Los Angeles County and State of California

Year[1]	City of La Verne	City of San Dimas	Los Angeles County	State of California
2001	31,745	35,115	9,590,080	34,256,789
2002	31,875	35,194	9,679,212	34,725,516
2003	31,944	35,274	9,756,914	35,163,609
2004	31,916	35,166	9,806,944	35,570,847
2005	31,702	34,906	9,816,153	35,869,173
2006	31,333	34,516	9,798,609	36,116,202
2007	31,035	34,153	9,780,808	36,399,676
2008	31,449	33,789	9,785,474	36,704,375
2009	31,234	33,596	9,801,096	36,966,713
2010	31,120	33,434	9,822,121	37,223,900
2011	31,122	33,431	9,847,712	37,427,946
2012	31,527	33,571	9,908,030	37,680,593
2013	32,096	33,745	9,980,432	38,030,609
2014	32,241	34,086	10,054,852	38,357,121
2015	33,042	34,713	10,136,559	38,714,725

(1) January 1 data.
Source: State of California, Department of Finance, Population Estimates for Cities, Counties and the State.

Personal Income

The following tables summarize personal income and per capita personal income for the County, the State and United States from 2005 through 2014.

PERSONAL INCOME
2005 through 2014
Los Angeles County, State of California, and United States

Year	Los Angeles County	State of California	United States
2005	$363,023,600	$1,398,952,578	$10,610,320,000
2006	392,696,751	1,501,831,207	11,381,350,000
2007	409,232,169	1,565,343,003	11,995,419,000
2008	424,773,112	1,602,748,801	12,492,705,000
2009	408,269,611	1,537,136,355	12,079,444,000
2010	418,046,367	1,583,446,730	12,459,613,000
2011	441,724,254	1,691,002,503	13,233,436,000
2012	475,931,985	1,812,314,643	13,904,485,000
2013	478,371,346	1,849,505,496	14,064,468,000
2014	499,767,889	1,939,527,656	14,683,147,000

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

PER CAPITA PERSONAL INCOME(1)
2005 through 2014
Los Angeles County, State of California, and United States

Year	Los Angeles County	State of California	United States
2005	$37,095	$39,046	$35,904
2006	40,326	41,693	38,144
2007	42,187	43,182	39,821
2008	43,633	43,786	41,082
2009	41,714	41,588	39,376
2010	42,540	42,411	40,277
2011	44,627	44,852	42,453
2012	47,713	47,614	44,266
2013	47,580	48,125	44,438
2014	49,400	49,985	46,049

(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 County's civilian labor force reached an annual average of 5,025,900 in 2014. The tables below set forth the recent civilian labor force, employment and unemployment figures for the County and the Cities from 2010 through 2014.

CIVILIAN LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT
Annual Averages
2010 through 2014
Los Angeles County

	2010	2011	2012	2013	2014
Civilian Labor Force(1)	4,917,400	4,929,500	4,914,500	4,982,300	5,025,900
Employment	4,302,300	4,326,100	4,378,800	4,495,700	4,610,800
Unemployment	615,100	603,400	535,800	486,600	415,100
Unemployment Rate(2)	12.5%	12.2%	10.9%	9.8%	8.3%

(1) Based on place of residence.
(2) The unemployment rate is calculated using unrounded data.
Source: California Employment Development Department. March 2014 Benchmark.

CIVILIAN LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT
Annual Averages
2010 through 2014
City of La Verne

	2010	2011	2012	2013	2014
Civilian Labor Force(1)	14,900	15,000	15,000	15,300	15,400
Employment	13,500	13,600	13,700	14,100	14,500
Unemployment	1,400	1,400	1,300	1,100	1,000
Unemployment Rate(2)	9.7%	9.5%	8.4%	7.5%	6.3%

(1) Based on place of residence.
(2) The unemployment rate is calculated using unrounded data.
Source: California Employment Development Department. March 2014 Benchmark.

CIVILIAN LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT
Annual Averages
2010 through 2014
City of San Dimas

	2010	2011	2012	2013	2014
Civilian Labor Force[1]	17,000	17,100	17,100	17,400	17,600
Employment	15,300	15,400	15,600	16,000	16,400
Unemployment	1,700	1,700	1,500	1,300	1,100
Unemployment Rate[2]	10.0%	9.8%	8.7%	7.8%	6.5%

(1) Based on place of residence.
(2) The unemployment rate is calculated using unrounded data.
Source: California Employment Development Department. March 2014 Benchmark.

Industry Employment

The Cities are included in the Los Angeles-Long Beach-Glendale Metropolitan Statistical Area. These figures are multi-county-wide statistics and may not necessarily accurately reflect employment trends in the Cities.

INDUSTRY EMPLOYMENT & LABOR FORCE
2010 through 2014
Los Angeles-Long Beach-Glendale Metropolitan Division by Annual Average

Category	2010	2011	2012	2013	2014
Total Farm	6,200	5,600	5,400	5,500	5,300
Total Nonfarm	3,890,000	3,911,600	4,010,500	4,129,800	4,226,400
Total Private	3,310,500	3,346,200	3,453,700	3,578,500	3,669,700
Goods Producing	482,000	476,000	480,800	488,900	489,700
Natural Resources and Mining	4,100	4,100	4,300	4,600	4,700
Construction	104,500	105,100	109,200	116,200	120,200
Manufacturing	373,300	366,900	367,400	368,200	364,900
Durable Goods	207,100	204,200	204,300	204,300	203,100
Nondurable Goods	166,300	162,800	163,100	163,800	161,800
Service Providing	3,408,100	3,435,600	3,529,700	3,640,800	3,736,700
Private Service Providing	2,828,500	2,870,100	2,972,900	3,089,600	3,180,000
Trade, Transportation and Utilities	740,400	750,700	767,500	782,200	800,700
Wholesale Trade	203,400	205,800	211,900	218,700	223,500
Retail Trade	386,500	393,000	401,000	406,000	414,500
Transportation, Warehousing and Utilities	150,600	151,800	154,500	157,500	162,700
Information	191,600	192,000	191,500	196,400	195,900
Financial Activities	209,600	208,600	211,000	211,700	209,700
Professional and Business Services	528,100	544,000	571,600	594,700	609,400
Educational and Health Services	637,300	643,200	674,300	719,400	748,000
Leisure and Hospitality	384,800	394,700	415,400	439,300	464,600
Other Services	136,700	137,000	141,700	145,700	151,700
Government	579,600	565,500	556,800	551,200	556,700
Total, All Industries	3,896,300	3,917,200	4,015,900	4,135,200	4,231,700

Note: The “Total, All Industries” data is not directly comparable to the employment data found herein.
Source: State of California, Employment Development Department, Labor Market Information Division, Los Angeles MSA Annual Average Labor Force and Industry Employment, March 2014 Benchmark.

Largest Employers

The following tables rank the largest employers in the County by number of employees.

LARGEST PRIVATE-SECTOR EMPLOYERS
2014
Los Angeles County

Rank	Company	Employees	Description
1.	Kaiser Permanente	35,991	Non-profit health plan
2.	Northrop Grumman Corp.	17,000	Systems and products in aerospace, electronics and information systems
3.	Target Corp.	15,000	Retailer
4.	Providence Health & Services Southern California	15,000	Health care
5.	University of Southern California	14,722	Private university
6.	Bank of America Corp.	13,500(1)	Banking and financial services
7.	Ralphs/Food 4 Less (Kroger Co. division)	13,500(1)	Grocery retailer
8.	Home Depot	10,600(1)	Home improvement specialty retailer
9.	Boeing Co.	10,500(1)	Aerospace and defense contractor
10.	Cedars-Sinai Medical Center	10,243	Medical center
11.	Walt Disney Co.	10,200(2)	Entertainment
12.	Wells Fargo	10,000(1)	Diversified financial services
13.	UPS	8,984	Logistics, transportation and freight
14.	AT&T Inc.	8,900	Telecommunications
15.	ABM Industries Inc.	8,400(1)	Facility services, energy solutions, commercial cleaning, maintenance and repair
16.	California Institute of Technology	8,094	Private university, operator of Jet Propulsion Laboratory
17.	Vons	7,781	Retail grocer
18.	Edison International	7,700(1)	Electric utility
19.	FedEx Corp.	7,600(1)	Shipping and logistics
20.	Warner Brothers. Entertainment Inc.	7,400(2)	Entertainment

(1) Business Journal estimate.
(2) Information provided by the City of Burbank.
Source: Los Angeles Business Journal, The Lists 2015 (originally published September 1, 2014).

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LARGEST PUBLIC-SECTOR EMPLOYERS
2014
Los Angeles County

Rank	Company	Employees	Description
1.	Los Angeles County	103,678	10 million residents
2.	Los Angeles Unified School District	60,139	907,019 students
3.	U.S. Government – Federal Executive Board[(1)]	46,500	United States residents
4.	Los Angeles[(2)]	31,893	3.9 million residents
5.	University of California, Los Angeles	31,889	42,190 students
6.	State of California[(3)]	29,400	State of California
7.	Metro	9,162	10 million residents
8.	LADWP	8,889	Los Angeles residents
9.	Los Angeles Community College District	6,492	Nine community colleges; 154,078 students
10.	Long Beach Unified School District	6,365	80,874 students
11.	Long Beach	5,097	468,000 residents
12.	California State University, Long Beach	4,026	35,586 students
13.	California State University, Northridge	3,708	38,310 students
14.	LAWA	3,535	Los Angeles International, Van Nuys, Ontario airports
15.	Santa Monica	2,179	89,736 residents
16.	Pasadena	2,145	140,879 residents
17.	California State Polytechnic University, Pomona	2,071	22,501 students
18.	California State University, Los Angeles	2,054	23,258 students
19.	Santa Monica Community College District	1,883	31,993 students
20.	Mt. San Antonio Community College District	1,882	34,364 students

(1) Excludes law enforcement and judiciary employees.
(2) Excludes proprietary departments (LADWP, LAWA).
(3) Excludes education employees.
Source: Los Angeles Business Journal, The Lists 2015 (originally published September 1, 2014).

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Commercial Activity

Taxable sales in the County from 2005 through 2013 are shown in the following table.

TAXABLE SALES
2005 through 2013
Los Angeles County
(Dollars in Thousands)

Year	Retail Permits	Retail Stores Taxable Transactions	Total Permits	Total Outlets Taxable Transactions
2005	139,641	$92,271,155	298,083	$130,722,373
2006	142,512	95,554,193	295,701	136,162,552
2007	142,380	96,095,711	290,344	137,820,418
2008	146,999	89,810,309	289,802	131,881,744
2009	175,461	78,444,115	264,928	112,744,727
2010	182,491	82,175,416	271,293	116,942,334
2011	179,872	89,251,447	266,868	126,440,737
2012	180,359	95,318,603	266,414	135,295,582
2013	179,370	99,641,174	263,792	140,079,708

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

Taxable sales in La Verne from 2005 through 2013 are shown in the following table.

TAXABLE SALES
2005 through 2013
City of La Verne
(Dollars in Thousands)

Year	Retail Permits	Retail Stores Taxable Transactions	Total Permits	Total Outlets Taxable Transactions
2005	371	$240,929	829	$328,871
2006	380	245,504	835	338,730
2007	364	258,490	804	372,382
2008	403	260,183	820	366,387
2009	475	234,727	772	299,181
2010	469	241,192	761	314,959
2011	482	267,307	761	337,135
2012	517	271,239	798	343,984
2013	466	267,115	727	341,525

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

Taxable sales in San Dimas from 2005 through 2013 are shown in the following table.

TAXABLE SALES
2005 through 2013
City of San Dimas
(Dollars in Thousands)

Year	Retail Permits	Retail Stores Taxable Transactions	Total Permits	Total Outlets Taxable Transactions
2005	476	$356,587	1,142	$519,860
2006	482	356,174	1,101	561,234
2007	478	350,041	1,061	563,612
2008	507	348,724	1,100	551,249
2009	545	325,608	980	500,424
2010	572	339,080	988	511,079
2011	578	360,190	982	532,923
2012	597	381,080	984	501,380
2013	606	392,976	992	489,112

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 2010 through 2014 in the County and the Cities are shown in the following tables.

BUILDING PERMITS AND VALUATIONS
2010 through 2014
Los Angeles County

	2010	2011	2012	2013	2014
Valuation ($000's)					
Residential	$2,824,463	$3,415,434	$3,821,324	$4,743,955	$5,509,418
Non-Residential	2,699,913	3,126,956	3,682,730	4,326,366	6,657,571
Total	$5,494,375	$6,542,390	$7,504,054	$9,070,321	$12,166,989
Units					
Single Family	2,417	2,370	2,820	3,607	4,358
Multiple Family	5,056	8,098	8,895	13,243	14,349
Total	7,473	10,468	11,715	16,850	18,707

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

BUILDING PERMIT VALUATIONS
2010 through 2014
City of La Verne

	2010	2011	2012	2013	2014
Valuation ($000's)					
Residential	$4,731	$2,344	$3,042	$34,843	$20,003
Non-Residential	6,652	22,197	12,922	15,522	15,612
Total	$11,382	$24,541	$15,964	$50,365	$35,615
Units					
Single Family	2	2	1	55	42
Multiple Family	0	0	0	164	36
Total	2	2	1	219	78

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

BUILDING PERMIT VALUATIONS
2010 through 2014
City of San Dimas

	2010	2011	2012	2013	2014
Valuation ($000's)					
Residential	$2,735	$4,019	$6,643	$37,527	$5,220
Non-Residential	7,179	4,182	2,373	11,414	11,502
Total	$9,914	$8,201	$9,016	$48,941	$16,722
Units					
Single Family	1	6	14	43	3
Multiple Family	0	0	0	156	0
Total	1	6	14	199	3

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

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APPENDIX E

LOS ANGELES COUNTY TREASURY POOL

The following information concerning the Los Angeles County Treasury Pool (the "Treasury Pool") has been provided by the Treasurer and Tax Collector (the "Treasurer") of Los Angeles County (the "County"), and has not been confirmed or verified by the District, the Financial Advisor or the Underwriter. The District, the Financial Advisor and the Underwriter have not made an independent investigation of the investments in the 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 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, none of the District, the Financial Advisor or the Underwriter make any representation as to the accuracy or adequacy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof, or that the information contained or incorporated hereby by reference is correct as of any time subsequent to its date. Additional information regarding the Treasury Pool may be obtained from the Treasurer at www.ttc.lacounty.gov; however, the information presented on such website is not incorporated herein by any reference.

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THE LOS ANGELES COUNTY POOLED SURPLUS INVESTMENTS

The Treasurer and Tax Collector (the Treasurer) of Los Angeles County has the delegated authority to invest funds on deposit in the County Treasury (the Treasury Pool). As of December 31, 2015, investments in the Treasury Pool were held for local agencies including school districts, community college districts, special districts and discretionary depositors such as cities and independent districts in the following amounts:

Local Agency	Invested Funds (in billions)
County of Los Angeles and Special Districts	$13.809
Schools and Community Colleges	11.438
Discretionary Participants	2.136
Total	$27.383

The Treasury Pool participation composition is as follows:

Non-discretionary Participants	92.20%
Discretionary Participants:	
Independent Public Agencies	6.72%
County Bond Proceeds and Repayment Funds	1.08%
Total	100.00%

Decisions on the investment of funds in the Treasury Pool are made by the County Investment Officer in accordance with established policy, with certain transactions requiring the Treasurer's prior approval. In Los Angeles County, investment decisions are governed by Chapter 4 (commencing with Section 53600) of Part 1 of Division 2 of Title 5 of the California Government Code, which governs legal investments by local agencies in the State of California, and by a more restrictive Investment Policy developed by the Treasurer and adopted by the Los Angeles County Board of Supervisors on an annual basis. The Investment Policy adopted on March 31, 2015, reaffirmed the following criteria and order of priority for selecting investments:

1. Safety of Principal
2. Liquidity
3. Return on Investment

The Treasurer prepares a monthly Report of Investments (the Investment Report) summarizing the status of the Treasury Pool, including the current market value of all investments. This report is submitted monthly to the Board of Supervisors. According to the Investment Report dated February 1, 2016, the December 31, 2015 book value of the Treasury Pool was approximately $27.383 billion and the corresponding market value was approximately $27.318 billion.

An internal controls system for monitoring cash accounting and investment practices is in place. The Treasurer's Compliance Auditor, who operates independently from the Investment Officer, reconciles cash and investments to fund balances daily. The Compliance Auditor's staff also reviews each investment trade for accuracy and compliance with the Board adopted Investment Policy. On a quarterly basis, the County's outside independent auditor (External Auditor) reviews the cash and investment reconciliations for completeness and accuracy. Additionally, the External Auditor reviews investment transactions on a quarterly basis for conformance with the approved Investment Policy and annually accounts for all investments.

The following table identifies the types of securities held by the Treasury Pool as of December 31, 2015:

Type of Investment	% of Pool
U.S. Government and Agency Obligations	60.70
Certificates of Deposit	11.24
Commercial Paper	27.71
Bankers Acceptances	0.00
Municipal Obligations	0.17
Corporate Notes & Deposit Notes	0.18
Asset Backed Instruments	0.00
Repurchase Agreements	0.00
Other	0.00
	100.00

The Treasury Pool is highly liquid. As of December 31, 2015, approximately 46.66% of the investments mature within 60 days, with an average of 513 days to maturity for the entire portfolio.

TreasPool Update
12/31/2015