NEW ISSUE—FULL BOOK-ENTRY **RATINGS: Standard & Poor's: "AA-"; Moody's: "Aa2"**
(See "MISCELLANEOUS – Ratings" herein)

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

SANTA BARBARA UNIFIED SCHOOL DISTRICT
(Santa Barbara County, California)

$20,680,000	$12,190,000
2017 General Obligation Refunding Bonds, Series A	**2017 General Obligation Refunding Bonds, Series B**

Dated: Date of Delivery **Due: August 1, as shown on inside cover**

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 on this cover page not otherwise defined shall have the meanings set forth herein.

The Santa Barbara Unified School District (Santa Barbara County, California) 2017 General Obligation Refunding Bonds, Series A (the "Series A Bonds") and the Santa Barbara Unified School District (Santa Barbara County, California) 2017 General Obligation Refunding Bonds, Series B (the "Series B Bonds," and together with the Series A Bonds, the "Bonds") are being issued by the Santa Barbara Unified School District (the "District") to refund, on a current and advance basis, certain of the District's Prior Bonds (as defined herein).

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

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

The Bonds will be issued in book-entry form only, and will be initially issued and registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). Purchasers of the Bonds ("Beneficial Owners") will not receive certificates representing their interest in the Bonds, but will instead receive credit balances on the books of their respective nominees.

The Bonds will be issued as current interest bonds such that interest thereon will accrue from the date of delivery of the Bonds (the "Date of Delivery"), and is payable semiannually on February 1 and August 1 of each year, commencing February 1, 2018.

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

The Bonds are subject to optional redemption prior to maturity as further described herein.

Maturity Schedule
(See inside front cover)

The Bonds are offered when, as and if issued, subject to the approval as to their legality by Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California, Bond Counsel and Disclosure Counsel to the District. Certain matters will be passed upon for the Underwriter by Norton Rose Fulbright US LLP, Los Angeles, California. It is anticipated that the Bonds in definitive form will be available for delivery through the facilities of Cede & Co., as nominee of The Depository Trust Company, in New York, New York, on or about November 16, 2017.

Morgan Stanley

Dated: November 2, 2017

MATURITY SCHEDULE

Base CUSIP[1]: 801315

$20,680,000
SANTA BARBARA UNIFIED SCHOOL DISTRICT
(Santa Barbara County, California)
2017 General Obligation Refunding Bonds, Series A

$20,680,000 Serial Bonds

Maturity (August 1)	Principal Amount	Interest Rate	Yield	CUSIP Suffix[1]	Maturity (August 1)	Principal Amount	Interest Rate	Yield	CUSIP Suffix[1]
2018	$935,000	2.000%	0.980%	GR7	2025	875,000	5.000%	1.670%	GY2
2019	700,000	3.000	1.050	GS5	2026	1,105,000	5.000	1.780	GZ9
2020	725,000	3.000	1.140	GT3	2027	1,345,000	5.000	1.900	HA3
2021	750,000	4.000	1.210	GU0	2028	1,605,000	5.000	2.060[1]	HB1
2022	775,000	4.000	1.320	GV8	2029	1,885,000	5.000	2.170[1]	HC9
2023	810,000	4.000	1.450	GW6	2030	3,410,000	4.000	2.510[1]	HD7
2024	835,000	4.000	1.550	GX4	2031	4,925,000	4.000	2.630[1]	HE5

$12,190,000
SANTA BARBARA UNIFIED SCHOOL DISTRICT
(Santa Barbara County, California)
2017 General Obligation Refunding Bonds, Series B

$12,190,000 Serial Bonds

Maturity (August 1)	Principal Amount	Interest Rate	Yield	CUSIP Suffix[1]	Maturity (August 1)	Principal Amount	Interest Rate	Yield	CUSIP Suffix[1]
2018	$750,000	2.000%	0.980%	HF2	2026	$480,000	5.000%	1.780%	HN5
2019	655,000	3.000	1.050	HG0	2027	770,000	5.000	1.900	HP0
2020	690,000	3.000	1.140	HH8	2028	940,000	5.000	2.060[1]	HQ8
2021	735,000	4.000	1.210	HJ4	2029	1,120,000	2.250	2.450	HR6
2022	850,000	4.000	1.320	HK1	2030	1,900,000	4.000	2.510[1]	HS4
2023	990,000	4.000	1.450	HL9	2031	2,130,000	4.000	2.630[1]	HT2
2025	180,000	5.000	1.670	HM7					

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

(2) Yield to call at par on August 1, 2027.

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

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

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

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

The Underwriter has provided the following sentence for inclusion in this Official Statement: The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, 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 PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITER MAY OFFER AND SELL THE BONDS TO CERTAIN DEALERS AND DEALER BANKS AND BANKS ACTING AS AGENT AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED ON THE INSIDE COVER PAGE HEREOF AND SAID PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER.

The District maintains a website. 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.

SANTA BARBARA UNIFIED SCHOOL DISTRICT

Board of Education

Kate Parker, President
Jacqueline Reid, Ph.D., Vice President
Wendy Sims-Moten, Clerk
Laura Capps, Board Member
Ismael Ulloa, Board Member

District Administration

Cary Matsuoka, Superintendent
Meg Jetté, Assistant Superintendent, Business Services
Laci Preston, Director of Fiscal Services

PROFESSIONAL SERVICES

Bond Counsel and Disclosure Counsel

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

Municipal Advisor

KNN Public Finance
Oakland, California

Paying Agent and Escrow Agent

U.S. Bank National Association
Los Angeles, California

Escrow Verification

Causey Demgen & Moore, PC
Denver, Colorado

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SANTA BARBARA UNIFIED SCHOOL DISTRICT
(Santa Barbara County, California)

$20,680,000 2017 General Obligation Refunding Bonds, Series A	$12,190,000 2017 General Obligation Refunding Bonds, Series B

INTRODUCTION

This Official Statement, which includes the cover page, inside cover page and appendices hereto, provides information in connection with the sale of the (i) Santa Barbara Unified School District (Santa Barbara County, California) 2017 General Obligation Refunding Bonds, Series A (the "Series A Bonds"), and (ii) Santa Barbara Unified School District (Santa Barbara County, California) 2017 General Obligation Refunding Bonds, Series B (the "Series B Bonds," and together with the Series A Bonds, the "Bonds").

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

The District

The Santa Barbara Unified School District (the "District") was established on July 1, 2011, upon the unification of the Santa Barbara Elementary School District (the "Elementary School District") and the Santa Barbara Secondary/High School District (the "High School District"). As such, as of July 1, 2011, the Elementary School District and the High School District ceased to exist as separate school districts and were replaced by the District as the successor to each. The boundaries of the District are co-terminus with the former boundaries of the High School District.

The District encompasses approximately 136.4 square miles, which includes the cities of Santa Barbara and Goleta, and certain unincorporated areas of Santa Barbara County (the "County"), including the community of Montecito. The District currently operates 10 elementary schools, three charter schools, one alternative elementary school, one community academy, 15 children's centers, seven after school child care centers, four junior high schools (grades 7-8), one alternative high school (grades 9-12), one continuation high school (grades 9-12) and three high schools (grades 9-12). Enrollment in the District for the 2017-18 school year is projected to be 13,626 students. The District's budgeted average daily attendance ("ADA") for fiscal year 2017-18 is 12,789.

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 personnel. Mr. Cary Matsuoka is currently the Superintendent of the District.

See "TAX BASE FOR PAYMENT OF BONDS" for more information regarding the District's assessed valuation, and "SANTA BARBARA UNIFIED SCHOOL DISTRICT" and "DISTRICT FINANCIAL INFORMATION" herein for more information regarding the District generally. The

District's audited financial statements for fiscal year ending June 30, 2016 are attached hereto as APPENDIX B, and should be read in their entirety.

Purpose of the Bonds

The Bonds are being issued to refund, on a current and advance basis, certain the District's Prior Bonds (as defined herein) and pay the costs of issuing the Bonds. See "THE BONDS – Application and Investment of Bond Proceeds" and "ESTIMATED SOURCES AND USES OF FUNDS" herein.

Authority for Issuance of the Bonds

The Bonds are issued pursuant to certain provisions of the California Government Code and other applicable law, and pursuant to a resolution adopted by the Board on October 10, 2017 (the "Resolution"). See "THE BONDS – Authority for Issuance" herein.

Sources of Payment for the Bonds

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

Series B Bonds. The Series B Bonds are general obligations of the District payable solely from the proceeds of ad valorem property taxes. The County Board is empowered and obligated to levy such ad valorem taxes, without limitation as to rate or amount, upon all property within the former boundaries of the Elementary School District subject to taxation by the District (except certain personal property which is taxable at limited rates), for the payment of principal of and interest on the Series B 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 of the Bonds. See "THE BONDS – General Provisions" and "– Book-Entry Only System" herein. In the event that the book-entry only system described herein is no longer used with respect to the Bonds, the Bonds will be registered in accordance with the Resolution. See "THE BONDS – Discontinuation of Book-Entry Only System; Payment to Beneficial Owners" herein. Purchasers of the Bonds (the "Beneficial Owners") will not receive physical certificates representing their interests in the Bonds, but will instead receive credit balances in the books of their respective nominees.

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

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

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

Payments. The Bonds will be issued as current interest bonds and dated as of the date of their initial execution and issuance (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 February 1, 2018. Principal of the Bonds is payable on August 1 in the amounts and years as set forth on the inside cover page hereof.

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

Offering and Delivery of the Bonds

The Bonds are offered when, as and if issued, subject to approval as to their legality by Bond Counsel. It is anticipated that the Bonds in book-entry form will be available for delivery through the facilities of DTC on or about November 16, 2017.

Bond Owner's Risks

The Bonds are general obligations of the District payable solely from ad valorem taxes which may be levied without limitation as to rate or amount (except with respect to certain personal property which is taxable at limited rates) on all taxable property within the District or the former boundaries of the Elementary School District, as applicable. For more complete information and certain considerations regarding the taxation of property within the District and the former boundaries of the Elementary School District, as well as certain other considerations, see "TAX BASE FOR PAYMENT OF BONDS" and "LIMITATIONS ON REMEDIES; BANKRUPTCY" 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 S.E.C. Rule 15c2-12(b)(5) (the "Rule"). See "LEGAL MATTERS – Continuing Disclosure." 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" herein.

Forward Looking Statements

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "project," "budget," "intend," or other similar words. Such forward-looking statements include, but are not limited to, certain statements contained in the information regarding the District herein.

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE DISTRICT DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THE FORWARD-LOOKING STATEMENTS SET FORTH IN THIS OFFICIAL STATEMENT.

Professionals Involved in the Offering

Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California, is acting as Bond Counsel and Disclosure Counsel to the District with respect to the Bonds. KNN Public Finance, Oakland, California is acting as Municipal Advisor to the District with respect to the Bonds. Bond Counsel, Disclosure Counsel and the Municipal Advisor to the District will receive compensation contingent on the sale and delivery of the Bonds. In addition to acting as Paying Agent, U.S. Bank National Association is acting as Escrow Agent for the Prior Bonds and the Authority Bonds (as defined herein). Causey Demgen & Moore, PC, Denver, Colorado, is acting as Verification Agent for the Prior Bonds and the Authority Bonds. Certain matters will be passed upon for the Underwriter by Norton Rose Fulbright US LLP, Los Angeles, California. From time to time, Bond Counsel represents the Underwriter on matters unrelated to the Bonds.

Other Information

This Official Statement speaks only as of its date, and the information contained herein is subject to change.

Copies of documents referred to herein and information concerning the Bonds are available from the Santa Barbara Unified School District, 720 Santa Barbara Street, Santa Barbara, California 93101, telephone: (805) 963-4338. The District may impose a charge for copying, mailing and handling.

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

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

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

Terms used but not otherwise defined herein shall have the meanings assigned to such terms by 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 Title 5 of the California Government Code (the "Act") and pursuant to the Resolution.

Security and Sources of Payment

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

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

General. Ad valorem property taxes for the payment of the Bonds will be levied annually in addition to all other taxes in an amount sufficient to pay the principal of and interest on the Bonds when due. The levy may include an allowance for an annual reserve, established for the purpose of avoiding fluctuating tax levies. While the County has historically levied ad valorem property taxes to establish such a reserve for other bonds of the District, the County is not obligated to establish or maintain such a reserve for the Bonds, and the District can make no representations that the County will do so in future years. Such taxes, when collected, will be placed by the County in the Debt Service Funds (as defined herein) established by the Resolution, which funds are required to be segregated and maintained by the County and which are designated for the payment of the respective series of the Bonds to which such fund relates and interest thereon when due, and for no other purpose. Pursuant to the Resolution, the District has pledged funds on deposit in each Debt Service Fund to the payment of the respective series of Bonds to which such fund relates. Although the County is obligated to levy ad valorem property taxes for the payment of the Bonds as described above, and will maintain the Debt Service Funds, the Bonds are not a debt of the County.

Pursuant to California Government Code Section 53515, each series of the Bonds will be secured by a statutory lien on all revenues received pursuant to the levy and collection of ad valorem property taxes for the payment thereof. Such liens automatically attach, without further action or authorization by the Board, and are valid and binding from the time the respective series of Bonds are executed and delivered. The revenues received pursuant to the levy and collection of the ad valorem property tax will be immediately subject to the liens, and such liens 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 liens and without the need for physical delivery, recordation, filing or further act.

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

The amount of the annual ad valorem property taxes levied by the County to repay the Bonds as described above will be determined by the relationship between the assessed valuation of taxable property in the District or the former boundaries of the Elementary School District, as applicable, and the amount of debt service due on the Bonds in any year. Fluctuations in the annual debt service on the Bonds and the assessed value of taxable property in the District or the former boundaries of the Elementary School District, as applicable, may cause the respective annual tax rates to fluctuate. Economic and other factors beyond the District's control, such as general market decline in land values, disruption in financial markets that may reduce the availability of financing for purchasers of property, reclassification of property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by the State of California (the "State") and local agencies and property used for qualified education, hospital, charitable or religious purposes), or the complete or partial destruction of the taxable property caused by a natural or manmade disaster, such as earthquake, fire, flood, drought or toxic contamination, could cause a reduction in the assessed value of taxable property within the District or the former boundaries of the Elementary School District and necessitate a corresponding increase in the respective annual tax rates. For further information regarding the assessed valuation of property within the District and the former boundaries of the Elementary School District, 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" herein.

General Provisions

The Bonds will be issued in book-entry form only, and will be initially issued and registered in the name of Cede & Co. as nominee for DTC. See "—Book-Entry Only System" herein. Beneficial Owners will not receive certificates representing their interest in the Bonds, but will instead receive credit balances on the books of their respective nominees. The Bonds will be dated as of the Date of Delivery.

The Bonds will be issued as current interest bonds, such that interest thereon will accrue from the Date of Delivery and be payable semiannually on each Bond Payment Date, commencing February 1, 2018. Interest on the Bonds will be computed on the basis of a 360-day year of twelve, 30-day months. Each Bond shall bear interest from the Bond Payment Date next preceding the date of authentication thereof unless it is authenticated as of a day during the period from the 16th day of the month next preceding any Bond Payment Date to that Bond Payment Date, inclusive, in which event it shall bear interest from such Bond Payment Date, or unless it is authenticated on or before January 15, 2018, in which event it shall bear interest from the Date of Delivery. The Bonds are issuable in denominations of $5,000 principal amount or any integral multiple thereof. The Bonds mature on August 1 in the years and amounts set forth on the inside cover page hereof.

Payment of interest on any Bond on any Bond Payment Date will be made to the person appearing on the registration books of the Paying Agent as the registered Owner thereof as of the 15th day of the month immediately preceding such Bond Payment Date (the "Record Date"), such interest to be paid by wire transfer to the bank and account number on file with the Paying Agent as of the Record Date. The principal of and redemption premiums, if any, payable on the Bonds shall be payable upon maturity upon surrender at the principal office of the Paying Agent. The principal of, and interest, and redemption premiums, if any, on the Bonds shall be payable in lawful money of the United States of America. The Paying Agent is authorized to pay the Bonds when duly presented for payment at maturity, and to cancel all Bonds upon payment thereof. So long as the Bonds are held in the book-entry system of DTC, all payments of principal of and interest on the Bonds will be made by the Paying Agent to Cede & Co. (as a nominee of DTC), as the registered Owner of the Bonds. See "—Book-Entry Only System" herein.

Annual Debt Service

The following table shows the debt service schedule with respect to the Bonds (assuming no optional redemptions are made):

	Series A Bonds		Series B Bonds		
Year Ending August 1	Annual Principal Payment	Annual Interest Payment[1]	Annual Principal Payment	Annual Interest Payment[1]	Total Annual Debt Service
2018	$935,000.00	$610,866.67	$750,000.00	$328,135.41	$2,624,002.08
2019	700,000.00	843,700.00	655,000.00	448,250.00	2,646,950.00
2020	725,000.00	822,700.00	690,000.00	428,600.00	2,666,300.00
2021	750,000.00	800,950.00	735,000.00	407,900.00	2,693,850.00
2022	775,000.00	770,950.00	850,000.00	378,500.00	2,774,450.00
2023	810,000.00	739,950.00	990,000.00	344,500.00	2,884,450.00
2024	835,000.00	707,550.00	—	304,900.00	1,847,450.00
2025	875,000.00	674,150.00	180,000.00	304,900.00	2,034,050.00
2026	1,105,000.00	630,400.00	480,000.00	295,900.00	2,511,300.00
2027	1,345,000.00	575,150.00	770,000.00	271,900.00	2,962,050.00
2028	1,605,000.00	507,900.00	940,000.00	233,400.00	3,286,300.00
2029	1,885,000.00	427,650.00	1,120,000.00	186,400.00	3,619,050.00
2030	3,410,000.00	333,400.00	1,900,000.00	161,200.00	5,804,600.00
2031	4,925,000.00	197,000.00	2,130,000.00	85,200.00	7,337,200.00
Total	$20,680,000.00	$8,642,316.67	$12,190,000.00	$4,179,685.41	$45,692,002.08

(1) Interest payments on Bonds will be made semiannually on February 1 and August 1 of each year, commencing February 1, 2018.

See "SANTA BARBARA UNIFIED SCHOOL DISTRICT – District Debt Structure" herein for a complete debt service schedule of all of the District's outstanding general obligation bond debt.

Application and Investment of Bond Proceeds

The Series A Bonds are being issued to refund the following prior bond issuances of the High School District, and to pay the costs of issuance of the Series A Bonds: (i) on a current basis, the High School District's 2007 General Obligation Refunding Bonds (the "2007 High School District Bonds") and, (ii) on an advance basis, a portion of the High School District's General Obligation Bonds, Election of 2010, Series A (the "2010 High School District Bonds").

The Series B Bonds are being issued to refund the following prior bond issuances of the Elementary School District, and to pay the costs of issuance of the Series B Bonds: (i) on a current basis, the Elementary School District's 2007 General Obligation Refunding Bonds (the "2007 Elementary School District Bonds") and, (ii) on an advance basis, a portion of the Elementary School District's General Obligation Bonds, Election of 2010, Series A (the "2010 Elementary School District Bonds," and together with the 2007 High School District Bonds, the 2010 High School District Bonds, and the 2007 Elementary School District Bonds, the "Prior Bonds").

The following tables show information on the specific maturities of the Prior Bonds to be refunded with proceeds of the Bonds.

PRIOR BONDS
Santa Barbara High School District
2007 General Obligation Refunding Bonds – Current Interest Bond

Maturity Date	CUSIP[(1)]	Initial Principal Amount	Outstanding Principal to be Refunded	Redemption Date	Redemption Price (% of Principal Amount)
8/1/2028	N/A	$22,149,730.14	$15,275,405.85	2/1/2018	103.340

PRIOR BONDS
Santa Barbara High School District
General Obligation Bonds, Election of 2010, Series A – Capital Appreciation Bonds

Maturity Date	CUSIP	Denominational Amount	Accreted Value at Redemption	Redemption Date	Redemption Price (% of Accreted Value)
8/1/2026	801311RAA2	$85,403.70	$168,457.40	8/1/2021	100
8/1/2027	801311RAB0	152,061.00	303,212.00	8/1/2021	100
8/1/2028	801311RAC8	236,536.30	476,329.70	8/1/2021	100
8/1/2029	801311RAD6	796,141.50	1,619,148.75	8/1/2021	100
8/1/2030	801311RAE4	1,179,288.50	2,422,100.00	8/1/2021	100
8/1/2031	801311RAF1	1,475,116.65	3,059,695.80	8/1/2021	100

(1) The 2007 High School District Bonds were purchased by the Santa Barbara Schools Financing Authority ("Authority") with proceeds from the sale of the Authority's 2007 General Obligation Revenue Bonds, Series B (Santa Barbara High School District General Obligation Bond Refunding) (the "Series B Authority Bonds"). The Series B Authority Bonds are secured by a pledge of revenues of the Authority, consisting principally of debt service payments on the 2007 High School District Bonds. Following the redemption of the 2007 High School District Bonds, the Authority, as the holder thereof, will apply the proceeds from such redemption, together with certain additional funds of the Authority, to the redemption of the Series B Authority Bonds on February 1, 2018, such date being the first optional redemption date therefor.

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PRIOR BONDS
Santa Barbara Elementary School District
2007 General Obligation Refunding Bonds – Current Interest Bond

Maturity Date	CUSIP[(1)]	Initial Principal Amount	Outstanding Principal to be Refunded	Redemption Date	Redemption Price (% of Principal Amount)
8/1/2024	N/A	$12,697,108.75	$7,080,767.64	2/1/2018	101.360

PRIOR BONDS
Santa Barbara Elementary School District
General Obligation Bonds, Election of 2010, Series A – Capital Appreciation Bonds

Maturity Date	CUSIP	Denominational Amount	Accreted Value at Redemption	Redemption Date	Redemption Price (% of Accreted Value)
8/1/2022	801257LJ3	$39,483.00	$70,824.75	8/1/2021	100
8/1/2023	801257LK0	84,759.50	155,393.00	8/1/2021	100
8/1/2024	801257LL8	22,044.50	41,510.00	8/1/2021	100
8/1/2025	801257LM6	232,208.80	448,189.20	8/1/2021	100
8/1/2026	801257LN4	337,980.60	666,661.20	8/1/2021	100
8/1/2027	801257LP9	417,750.00	833,000.00	8/1/2021	100
8/1/2028	801257LQ7	433,137.90	872,240.10	8/1/2021	100
8/1/2029	801257LR5	442,457.40	899,845.50	8/1/2021	100
8/1/2030	801257LS3	638,673.75	1,311,750.00	8/1/2021	100
8/1/2031	801257LT1	626,128.65	1,298,719.80	8/1/2021	100

(1) The 2007 Elementary School District Bonds were purchased by the Authority with proceeds from the sale of the Authority's 2007 General Obligation Revenue Bonds, Series A (Santa Barbara Elementary School District General Obligation Bond Refunding) (the "Series A Authority Bonds," and together with the Series B Authority Bonds, the "Authority Bonds"). The Series A Authority Bonds are secured by a pledge of revenues of the Authority, consisting principally of debt service payments on the 2007 Elementary School District Bonds. Following the redemption of the 2007 Elementary School District Bonds, the Authority, as the holder thereof, will apply the proceeds from such redemption, together with certain additional funds of the Authority, to the redemption of the Series A Authority Bonds on February 1, 2018, such date being the first optional redemption date therefor.

A portion of the proceeds of the Bonds will be deposited with U.S. Bank National Association, as escrow agent (the "Escrow Agent") for the 2007 High School District Bonds, 2007 Elementary School District Bonds and the Authority Bonds, to the credit of an escrow fund (the "Authority Bonds Escrow Fund") held pursuant to an escrow agreement by and among the District, the Authority and the Escrow Agent. A portion of the proceeds of the Bonds will be deposited with U.S. Bank National Association, as Escrow Agent for the 2010 High School District Bonds and 2010 Elementary School District Bonds, to the credit of an escrow fund (the "District Bonds Escrow Fund," and together with the Authority Bonds Escrow Fund, the "Escrow Funds"), held pursuant to an escrow agreement by and between the District and the Escrow Agent.

Funds on deposit in each Escrow Fund will be used to purchase certain non-callable direct and general obligations of the United States of America, or non-callable obligations the payment of which is unconditionally guaranteed by the United States of America (collectively, the "Federal Securities"), the principal of and interest on which will be sufficient, together with any monies deposited in the Escrow Funds and held as cash, to (i) pay interest on the Prior Bonds on their respective first optional redemption dates, as described above, and (ii) redeem such Prior Bonds on such redemption dates.

The sufficiency of the amounts on deposit in each Escrow Fund to refund the Prior Bonds and the Authority Bonds as described above will be verified by Causey Demgen & Moore, P.C. (the "Verification Agent"). As a result of the deposit and application of funds of the Bonds as described above, and assuming the accuracy of the Underwriter's and Verification Agent's computations, the Prior Bonds and the Authority Bonds will be defeased and the obligation of the County to levy ad valorem property taxes for payment of the Prior Bonds will terminate.

Any accrued interest and surplus moneys in the Escrow Funds following the redemption of the Prior Bonds will be transferred to and accounted for the debt service funds relating to each series of the Bonds (together, the "Debt Service Funds") established by the Resolution, and used by the District only for payment of principal and interest on the respective series of Bonds to which such Debt Service Fund relates. Any excess proceeds of each series of the Bonds not needed for the authorized purposes for which such Bonds are being issued will be transferred to the respective Debt Service Fund and applied to the payment of principal thereof and interest thereon. If, after payment in full of the Bonds, there remain any such excess proceeds, such amounts will be transferred to the general fund of the District. Moneys in the Debt Service Funds are expected to be invested through the County's pooled investment fund. See "APPENDIX E – SANTA BARBARA COUNTY INVESTMENT POOL."

Redemption

Optional Redemption. The Series A Bonds maturing on or before August 1, 2027 are not subject to redemption prior to their stated maturity dates. The Series A Bonds maturing on or after August 1, 2028 may be redeemed prior to their respective stated maturity dates at the option of the District, from any source of funds, in whole or in part, on any date on or after August 1, 2027, at a redemption price equal to the principal amount of such Bonds called for redemption, together with interest accrued thereon to the date fixed for redemption, without premium.

The Series B Bonds maturing on or before August 1, 2027 are not subject to redemption prior to their stated maturity dates. The Series B Bonds maturing on or after August 1, 2028 may be redeemed prior to their respective stated maturity dates at the option of the District, from any source of funds, in whole or in part, on any date on or after August 1, 2027, at a redemption price equal to the principal amount of such Bonds called for redemption, together with interest accrued thereon to the date fixed for redemption, without premium

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

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

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

"Information Services" means the Municipal Securities Rulemaking Board's Electronic Municipal Market Access.

"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.

Rescission of Notice of Redemption. With respect to any notice of 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 notice will state that such redemption will be conditioned 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 notice shall be of no force and effect, no portion of the Bonds shall not be subject to redemption on such date and the Bonds shall 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 notice in the same manner as such notice was originally provided.

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 amount (which with respect to any outstanding Bonds means the principal amount thereof) 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. If notice of redemption is 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 optional redemption of all the Bonds to be redeemed, together with interest accrued to such redemption date, shall be held in trust so as to be available therefor on such redemption date, and if Redemption Notice thereof shall 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 Bonds will be held in trust for the account of the Owners of the Bonds so to be redeemed.

Bonds No Longer Outstanding. When any Bonds (or portions thereof), which have been duly called for redemption prior to maturity pursuant to the provisions of the Resolution, or with respect to which 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, if applicable, accrued interest thereon the date fixed for redemption, 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 neither the District nor the Underwriter takes any responsibility for the accuracy or completeness thereof. The District and the Underwriter cannot and do not give any assurances that DTC, DTC Direct Participants or Indirect Participants (as defined herein) will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Bonds, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will so do on a timely basis or that DTC, Direct Participants or Indirect Participants will act in the manner described in this Official Statement. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with Participants are on file with DTC.

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

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation, and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of "AA+". The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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

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

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

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

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

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

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

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 due upon the redemption thereof prior to the maturity will be payable in lawful money of the United States of America upon presentation and surrender of the Bonds at the designated corporate trust office of the Paying Agent, initially located in Los Angeles, California. Interest on the Bonds will be paid by the Paying Agent by wire transfer to the bank and account number on file with the Paying Agent as of the Record Date.

Any Bond may be exchanged for Bonds of like series, tenor, maturity and principal amount upon presentation and surrender at the designated corporate trust 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 Bond Register only upon presentation and surrender of the Bond at the designated corporate trust 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 exchange or transfer, the Paying Agent will complete, authenticate and deliver a new Bond or Bonds of like tenor and of any authorized denomination or denominations requested by the Owner equal to the transfer amount of the Bond surrendered and bearing or accruing interest at the same rate and maturing on the same date.

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

Defeasance

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

(a) Cash: by irrevocably depositing with an independent escrow agent selected by the District an amount of cash which, together with any amounts transferred from the respective Debt Service Fund, 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 any amounts transferred from the respective Debt Service Fund, together with any other cash, if required, 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 such maturities of Bonds shall not have been surrendered for payment, all obligations of the District with respect to all such designated outstanding Bonds shall cease and terminate, except only the obligation of the independent escrow agent selected by the District to pay or cause to be paid from funds deposited pursuant to paragraphs (a) or (b) above, to the Owners of such designated Bonds not so surrendered and paid all sums due with respect thereto.

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

ESTIMATED SOURCES AND USES OF FUNDS

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

	Series A Bonds	Series B Bonds
Sources of Funds		
Principal Amount of Bonds	$20,680,000.00	$12,190,000.00
Original Issue Premium	3,229,804.35	1,464,998.70
Total Sources	$23,909,804.35	$13,654,998.70
Uses of Funds		
Deposit to Escrow Funds	$23,700,918.43	13,511,703.26
Costs of Issuance[1]	208,885.92	143,295.44
Total Uses	$23,909,804.35	$13,654,998.70

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

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TAX BASES FOR PAYMENT OF 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 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. Each county levies and collects all property taxes for property falling within that county's taxing boundaries.

The valuation of secured property is established as of January 1 and is subsequently enrolled in August. Property taxes on the secured roll are payable in two installments, due November 1 and February 1 of the calendar year. If unpaid, such taxes become delinquent on December 10 and April 10, respectively, and a 10% penalty attaches to any delinquent installment plus any additional amount determined by the respective Treasurer–Tax Collector of the County. After the second installment of taxes on the secured roll is delinquent, the tax collector shall collect a cost of $10 for preparing the delinquent tax records and giving notice of delinquency. Property on the secured roll with delinquent taxes is declared tax-defaulted on July 1 of the calendar year. Such property may thereafter be redeemed, until the right of redemption is terminated, by payment of the delinquent taxes and the delinquency penalty, plus a $15 redemption fee and a redemption penalty of 1.5% per month to the time of redemption. If taxes are unpaid for a period of five years or more, the property is subject to sale by the treasurer-tax collector.

Property taxes on the unsecured roll as of July 31 become delinquent if they are not paid by August 31 and are thereafter subject to a delinquent penalty of 10%. Taxes added to the unsecure tax roll after July 31, if unpaid are delinquent and subject to a penalty of 10% on the last day of the month succeeding the month of enrollment. In the case of unsecured property taxes, an additional penalty of 1.5% per month begins to accrue when such taxes remain unpaid on the last day of the second month after the 10% penalty attaches. The taxing authority has four ways of collecting unsecured personal property taxes: (1) a civil action against the assessee; (2) filing a certificate in the office of the county clerk specifying certain facts in order to obtain a judgment lien on specific property of the assessee; (3) filing a certificate of delinquency for record in the county recorder's office in order to obtain a lien on specified property of the assessee; and (4) seizure and sale of personal property, improvements or possessory interests belonging or assessed to the assessee. See also "– Tax 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.

Future assessed valuation growth allowed under Article XIIIA (new construction, certain changes of ownership, 2% inflation) will be allocated on the basis of "situs" among the jurisdictions that serve the tax rate area within which the growth occurs. Local agencies and K-14 school districts (as defined herein) will share the growth of "base" revenues from the tax rate area. Each year's growth allocation becomes part of each agency's allocation in the following year.

Assessed Valuation of the District

Historical Assessed Valuation. The following table represents a 10-year history of assessed valuations of property within the District.

ASSESSED VALUATIONS
Santa Barbara Unified School District
Fiscal Years 2008-09 through 2017-18

	Local Secured	Utility	Unsecured	Total	% Change
2008-09	$32,972,728,253	$46,488,978	$1,377,506,495	$34,396,723,726	--
2009-10	33,717,570,746	43,970,978	1,403,972,271	35,165,513,995	2.24%
2010-11	33,797,215,759	45,380,978	1,383,601,297	35,226,198,034	0.17
2011-12	34,246,122,760	45,530,978	1,412,072,328	35,703,726,066	1.36
2012-13	34,690,216,982	8,190,574	1,366,213,338	36,064,620,894	1.01
2013-14	36,522,072,465	8,670,574	1,369,984,396	37,900,727,435	5.09
2014-15	38,427,219,223	10,260,574	1,361,136,760	39,798,616,557	5.01
2015-16	40,392,738,947	7,254,026	1,591,368,270	41,991,361,243	5.51
2016-17	42,501,795,945	10,720,574	1,535,593,345	44,048,109,864	4.90
2017-18	44,894,107,379	10,150,884	1,579,412,625	46,483,670,888	5.53

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, fire, flood, drought or toxic contamination, could cause a reduction in the assessed value of taxable property within the District. Any such reduction would result in a corresponding increase in the annual tax rate levied by the County to pay the debt service with respect to the Series A Bonds.

Assessed Valuation by Jurisdiction. The following table below shows an analysis of the distribution of taxable property in the District by jurisdiction, in terms of its fiscal year 2017-18 assessed valuation.

ASSESSED VALUATION AND PARCELS BY JURISDICTION[1]
Santa Barbara Unified School District
Fiscal Year 2017-18

Jurisdiction:	Assessed Valuation in District	% of District	Assessed Valuation of Jurisdiction	% of Jurisdiction in District
City of Goleta	$6,530,331,676	14.05%	$6,530,331,676	100.00%
City of Santa Barbara	20,046,680,519	43.13	20,046,680,519	100.00
Unincorporated Santa Barbara County	19,906,658,693	42.83	36,676,949,652	54.28
Total District	$46,483,670,888	100.00%		
Santa Barbara County	$46,483,670,888	100.00%	$79,055,403,820	58.80%

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

Assessed Valuation by Land Use. The following table shows the distribution of taxable property within the District by principal use, as measured by assessed valuation and parcels in fiscal year 2017-18.

ASSESSED VALUATION AND PARCELS BY LAND USE
Santa Barbara Unified School District
Fiscal Year 2017-18

Non-Residential:	2017-18 Assessed Valuation[1]	% of Total	No. of Parcels	% of Total
Agricultural/Rural	$518,720,216	1.16%	860	1.62%
Commercial	3,376,476,388	7.52	2,329	4.38
Vacant Commercial	79,117,711	0.18	180	0.34
Industrial	996,091,935	2.22	570	1.07
Vacant Industrial	44,203,652	0.10	115	0.22
Recreational	172,858,291	0.39	433	0.81
Government/Social/Institutional	133,259,107	0.30	287	0.54
Miscellaneous	80,408,083	0.18	439	0.83
Subtotal Non-Residential	$5,401,135,383	12.03%	5,213	9.80%
Residential:				
Single Family Residence	$29,211,708,424	65.07%	32,343	60.80%
Condominium/Townhouse	4,045,979,644	9.01	7,582	14.25
Mobile Home	81,646,265	0.18	1,860	3.50
Mobile Home Park	58,951,532	0.13	22	0.04
2-4 Residential Units	1,977,664,263	4.41	3,397	6.39
5+ Residential Units/Apartments	2,063,837,888	4.60	1,190	2.24
Hotel/Motel	1,388,509,240	3.09	204	0.38
Vacant Residential	664,674,740	1.48	1,381	2.60
Subtotal Residential	$39,492,971,996	87.97%	47,979	90.20%
Total	$44,894,107,379	100.00%	53,192	100.00%

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

Assessed Valuation of Single Family Homes. The following table shows the distribution of single family homes within the District among various fiscal year 2017-18 assessed valuation ranges, as well as the average and median assessed valuation of single family homes within the District.

ASSESSED VALUATION OF SINGLE FAMILY HOMES
Santa Barbara Unified School District
Fiscal Year 2017-18

	No. of Parcels	2017-18 Assessed Valuation	Average Assessed Valuation	Median Assessed Valuation
Single Family Residential	32,343	$29,211,708,424	$903,185	$561,508

2017-18 Assessed Valuation	No. of Parcels[1]	% of Total	Cumulative % of Total	Total Valuation	% of Total	Cumulative % of Total
$0 - $99,999	3,110	9.616%	9.616%	$242,857,864	0.831%	0.831%
100,000 - 199,999	3,539	10.942	20.558	500,354,485	1.713	2.544
200,000 - 299,999	2,487	7.689	28.247	620,136,166	2.123	4.667
300,000 - 399,999	2,996	9.263	37.510	1,053,983,757	3.608	8.275
400,000 - 499,999	2,662	8.231	45.741	1,193,325,485	4.085	12.360
500,000 - 599,999	2,234	6.907	52.648	1,228,848,138	4.207	16.567
600,000 - 699,999	2,100	6.493	59.141	1,366,774,625	4.679	21.246
700,000 - 799,999	2,331	7.207	66.348	1,748,359,892	5.985	27.231
800,000 - 899,999	1,885	5.828	72.176	1,596,490,121	5.465	32.696
900,000 - 999,999	1,390	4.298	76.474	1,317,087,221	4.509	37.205
1,000,000 - 1,099,999	1,054	3.259	79.733	1,101,215,809	3.770	40.975
1,100,000 - 1,199,999	742	2.294	82.027	851,498,529	2.915	43.890
1,200,000 - 1,299,999	619	1.914	83.941	772,370,317	2.644	46.534
1,300,000 - 1,399,999	507	1.568	85.508	682,579,958	2.337	48.870
1,400,000 - 1,499,999	426	1.317	86.826	617,015,322	2.112	50.983
1,500,000 - 1,599,999	389	1.203	88.028	601,876,613	2.060	53.043
1,600,000 - 1,699,999	346	1.070	89.098	570,428,346	1.953	54.996
1,700,000 - 1,799,999	290	0.897	89.995	506,454,829	1.734	56.730
1,800,000 - 1,899,999	261	0.807	90.802	482,903,933	1.653	58.383
1,900,000 - 1,999,999	234	0.723	91.525	455,349,292	1.559	59.941
2,000,000 and greater	2,741	8.475	100.000	11,701,797,722	40.059	100.000
Total	32,343	100.000%		$29,211,708,424	100.000%	

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

Assessed Valuation of the Elementary School District

Historical Assessed Valuation. The following table represents a 10-year history of assessed valuations of property within the former boundaries of the Elementary School District.

ASSESSED VALUATIONS
Former Boundaries of the
Santa Barbara Elementary School District
Fiscal Years 2008-09 through 2017-18

	Local Secured	Utility	Unsecured	Total	% Change
2008-09	$13,298,558,048	$3,571,602	$597,010,343	$13,899,139,993	—
2009-10	13,381,553,468	1,033,602	615,898,322	13,998,485,392	0.71%
2010-11	13,315,279,673	1,033,602	605,557,518	13,921,870,793	(0.55)
2011-12	13,452,231,918	1,033,602	572,781,465	14,026,046,985	0.75
2012-13	13,730,327,687	1,033,602	576,583,855	14,306,911,542	2.00
2013-14	14,351,097,913	—	588,737,993	14,939,835,906	4.42
2014-15	15,055,603,120	—	608,114,866	15,663,717,986	4.85
2015-16	16,011,255,729	—	659,444,648	16,670,700,377	6.43
2016-17	16,993,064,638	—	684,773,287	17,677,837,925	6.04
2017-18	18,047,252,422	—	707,144,911	18,754,397,333	6.09

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, fire, flood, drought or toxic contamination, could cause a reduction in the assessed value of taxable property within the former boundaries of the Elementary School 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 Series B Bonds.

Assessed Valuation by Jurisdiction. The following table below shows an analysis of the distribution of taxable property in the former boundaries of the Elementary School District by jurisdiction, in terms of its fiscal year 2017-18 assessed valuation.

ASSESSED VALUATION AND PARCELS BY JURISDICTION[(1)]
Former Boundaries of the
Santa Barbara Elementary School District
Fiscal Year 2017-18

Jurisdiction:	Assessed Valuation in Former ESD	% of Former ESD	Assessed Valuation of Jurisdiction	% of Jurisdiction in Former ESD
City of Santa Barbara	$17,863,833,725	95.25%	$20,046,680,519	89.11%
Unincorporated Santa Barbara County	890,563,608	4.75	36,676,949,652	2.43%
Total District	$18,754,397,333	100.00%		
Santa Barbara County	$18,754,397,333	100.00%	$79,055,403,820	23.72%

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

Assessed Valuation by Land Use. The following table shows the distribution of taxable property within the former boundaries of the Elementary School District by principal use, as measured by assessed valuation and parcels in fiscal year 2017–18.

ASSESSED VALUATION AND PARCELS BY LAND USE
Former Boundaries of the
Santa Barbara Elementary School District
Fiscal Year 2017–18

Non-Residential:	2017–18 Assessed Valuation[1]	% of Total	No. of Parcels	% of Total
Agricultural/Rural	$4,227,187	0.02%	10	0.04%
Commercial	2,175,731,597	12.06	1,650	6.76
Vacant Commercial	21,210,503	0.12	64	0.26
Industrial	312,687,923	1.73	317	1.30
Vacant Industrial	18,049,384	0.10	46	0.19
Recreational	64,369,431	0.36	167	0.68
Government/Social/Institutional	47,080,864	0.26	508	2.08
Miscellaneous	467,662	0.00	149	0.61
Subtotal Non-Residential	$2,643,824,551	14.65%	2,911	11.93%
Residential:				
Single Family Residence	$10,406,388,709	57.66%	14,403	59.04%
Condominium/Townhouse	1,778,996,527	9.86	2,833	11.61
Mobile Home	1,405,437	0.01	158	0.65
Mobile Home Park	14,895,074	0.08	6	0.02
2-4 Residential Units	1,318,266,268	7.30	2,431	9.96
5+ Residential Units/Apartments	1,048,113,705	5.81	774	3.17
Hotel/Motel	710,508,753	3.94	145	0.59
Vacant Residential	124,853,398	0.69	736	3.02
Subtotal Residential	$15,403,427,871	85.35%	21,486	88.07%
Total	$18,047,252,422	100.00%	24,397	100.00%

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

Assessed Valuation of Single Family Homes. The following table shows the distribution of single family homes within the former boundaries of the Elementary School District among various fiscal year 2017-18 assessed valuation ranges, as well as the average and median assessed valuation of single family homes within the former boundaries of the Elementary School District.

ASSESSED VALUATION OF SINGLE FAMILY HOMES
Former Boundaries of the
Santa Barbara Elementary School District
Fiscal Year 2017-18

	No. of Parcels	2017-18 Assessed Valuation	Average Assessed Valuation	Median Assessed Valuation
Single Family Residential	14,403	$10,406,388,709	$722,515	$551,949

2017-18 Assessed Valuation	No. of Parcels[1]	% of Total	Cumulative % of Total	Total Valuation	% of Total	Cumulative % of Total
$0 - $99,999	1,477	10.255%	10.255%	$110,358,599	1.060%	1.060%
100,000 - 199,999	1,568	10.887	21.141	223,914,482	2.152	3.212
200,000 - 299,999	1,142	7.929	29.070	286,739,570	2.755	5.968
300,000 - 399,999	1,291	8.963	38.034	453,955,395	4.362	10.330
400,000 - 499,999	1,166	8.096	46.129	524,036,007	5.036	15.366
500,000 - 599,999	1,022	7.096	53.225	560,971,457	5.391	20.756
600,000 - 699,999	929	6.450	59.675	603,197,631	5.796	26.553
700,000 - 799,999	991	6.881	66.556	744,062,263	7.150	33.703
800,000 - 899,999	858	5.957	72.513	727,060,754	6.987	40.689
900,000 - 999,999	704	4.888	77.401	667,743,415	6.417	47.106
1,000,000 - 1,099,999	583	4.048	81.448	609,183,402	5.854	52.960
1,100,000 - 1,199,999	399	2.770	84.219	457,893,493	4.400	57.360
1,200,000 - 1,299,999	323	2.243	86.461	403,352,545	3.876	61.236
1,300,000 - 1,399,999	290	2.013	88.475	390,343,287	3.751	64.987
1,400,000 - 1,499,999	223	1.548	90.023	323,308,426	3.107	68.094
1,500,000 - 1,599,999	206	1.430	91.453	318,531,551	3.061	71.155
1,600,000 - 1,699,999	159	1.104	92.557	261,765,297	2.515	73.670
1,700,000 - 1,799,999	132	0.916	93.474	230,571,453	2.216	75.886
1,800,000 - 1,899,999	129	0.896	94.369	238,320,767	2.290	78.176
1,900,000 - 1,999,999	102	0.708	95.077	198,493,157	1.907	80.084
2,000,000 and greater	709	4.923	100.000	2,072,585,758	19.916	100.000
Total	14,403	100.000%		$10,406,388,709	100.000%	

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

Appeals and Adjustments of Assessed Valuations

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

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

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

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

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

Secured Tax Charges and Delinquencies

The District. The following table summarizes the annual secured tax levies for general obligation bonded debt of the District, and associated delinquencies, for fiscal years 2007-08 through 2016-17.

SECURED TAX CHARGES AND DELINQUENCIES
Santa Barbara Unified School District
Fiscal Years 2007-08 through 2016-17

	Secured Tax Charge	Amt. Del. June 30	% Del. June 30
2007-08	$3,859,325.99	$69,223.72	1.79%
2008-09	4,080,957.25	93,170.00	2.28
2009-10	4,159,335.07	78,260.72	1.88
2010-11	4,172,574.64	47,167.00	1.13
2011-12	4,625,689.52	44,280.70	0.96
2012-13	7,127,310.90	51,707.37	0.73
2013-14	10,066,840.39	57,098.02	0.57
2014-15	10,597,133.41	59,103.93	0.56
2015-16	9,808,816.90	15,279.44	0.16
2016-17	6,690,851.96	33,231.07	0.50

Source: California Municipal Statistics, Inc.

Former Boundaries of Elementary School District. The following table summarizes the annual secured tax levies within the former boundaries of the Elementary School District for general obligation bonded debt of the District, and associated delinquencies, for fiscal years 2007-08 through 2016-17.

SECURED TAX CHARGES AND DELINQUENCIES
Former Boundaries of the
Santa Barbara Elementary School District
Fiscal Years 2007-08 through 2016-17

	Secured Tax Charge	Amt. Del. June 30	% Del. June 30
2007-08	$1,729,460	$36,724	2.12%
2008-09	1,820,043	54,210	2.98
2009-10	1,841,043	44,967	2.44
2010-11	1,839,098	27,045	1.47
2011-12	1,865,195	21,257	1.14
2012-13	2,349,689	16,999	0.72
2013-14	2,837,069	16,374	0.58
2014-15	2,979,707	18,558	0.62
2015-16	3,153,061	4,511	0.14
2016-17	3,001,710	15,052	0.50

Source: California Municipal Statistics, Inc.

Alternative Method of Tax Apportionment –"Teeter Plan"

Under the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the "Teeter Plan"), as provided for in Section 4701 et seq. of the State Revenue and Taxation Code, each participating local agency levying property taxes, including school districts, receives from its county the amount of uncollected taxes credited to its fund, in the same manner as if the amount credited had been collected. In return, the county receives and retains delinquent payments, penalties and interest as collected that would have been due the local agency. The Teeter Plan, once adopted by a county, remains in effect unless the county board of supervisors orders its discontinuation or unless, prior to the commencement of any fiscal year, the board of supervisors receives a petition for its discontinuation from two-thirds of the participating revenue districts in the county. A board of supervisors may, after holding a public hearing on the matter, discontinue the procedures under the Teeter Plan with respect to any tax levying agency in the county when delinquencies for taxes levied by that agency exceed 3%.

The Teeter Plan applies to the 1% general purpose property tax levy. Whether or not the Teeter Plan also is applied to other tax levies for local agencies, such as the tax levy for general obligation bonds of a local agency, varies by county.

Under the Teeter Plan, the County funds the District its full tax levy allocation rather than funding only actual collections (levy less delinquencies). In exchange, the County receives the interest and penalties that accrue on delinquent payments, when the late taxes are collected. The County includes the District's general purpose secured property tax levy and the ad valorem property tax levy for the District's general obligation bonds under the Teeter Plan. See " – Ad Valorem Property Taxation" herein.

Tax Rates

A representative tax rate area (a "TRA") located within both the former boundaries of the Elementary School District and the District is TRA 2-001. The following table summarizes the total ad valorem tax rates levied, as a percentage of assessed valuation, by all taxing entities in such TRA from fiscal years 2013-14 through 2017-18.

TYPICAL TOTAL TAX RATES (TRA 2-001)[1]
Santa Barbara Unified School District
Fiscal Years 2013-14 through 2017-18

	2013-14	2014-15	2015-16	2016-17	2017-18
General	1.00000%	1.00000%	1.00000%	1.00000%	1.00000%
Santa Barbara Elementary School District	.01995	.01995	.01995	.01776	.01713
Santa Barbara High School District	.01995	.01995	.01670	.01581	.01543
Santa Barbara Unified School District SFID No. 1	—	—	—	—	.01149
Santa Barbara Community College District	.00850	.00850	.00850	.00731	.00731
Total	1.04840%	1.04840%	1.04515%	1.04088%	1.05136%

(1) The 2017-18 assessed valuation of TRA 2-001 is $12,387,257,774 which represents approximately 66% of the 2017-18 assessed valuation of the former boundaries of the Elementary School District, and approximately 27% of the 2017-18 assessed valuation of the boundaries of the District.

Source: California Municipal Statistics, Inc.

Principal Taxpayers

The more property (by assessed value) which is owned by a single taxpayer within the District or the former boundaries of the Elementary School District, the greater amount of tax collections that are exposed to weaknesses in such a taxpayer's financial situation and ability or willingness to pay property taxes. The following tables list the 20 largest local secured taxpayers in the District and the former boundaries of the Elementary School District in terms of their respective fiscal year 2017-18 secured assessed valuations. Each taxpayer listed below is a name listed on the tax rolls. The District cannot make any representation as to whether individual persons, corporations or other organizations are liable for tax payments with respect to multiple properties held in various names that in aggregate may be larger than is suggested by the table below.

PRINCIPAL TAXPAYERS
Santa Barbara Unified School District
Fiscal Year 2017-18

	Property Owner	Primary Land Use	2017-18 Assessed Valuation	% of Total[1]
1.	1260 BB Property LLC	Hotel	$219,474,853	0.49%
2.	BRS Investment Properties LLC	Hotel	207,279,466	0.46
3.	Regency Tropicana LLC	Apartments	166,297,351	0.37
4.	Fairway BB Property LLC	Residence	157,512,967	0.35
5.	SP Maravilla LLC	Assisted Living Facility	116,743,129	0.26
6.	Tara II LLC	Residence	100,884,089	0.22
7.	Camino Real II LLC	Shopping Center	94,917,605	0.21
8.	Fess Parker Doubletree Hotel	Hotel	92,671,464	0.21
9.	Essex Portfolio LP	Apartments	91,773,527	0.20
10.	El Encanto Inc.	Hotel	90,799,687	0.20
11.	Levon Investments LLC	Shopping Center	86,447,193	0.19
12.	XHR Santa Barbara LLC	Hotel	83,775,260	0.19
13.	Flir Commercial Vision Systems Inc.	Office Building	81,631,825	0.18
14.	Goleta Hollister Apartments LLC	Apartments	80,740,598	0.18
15.	Deckers Cabrillo LLC	Office Building	80,034,630	0.18
16.	Dario Pini	Apartments	71,899,128	0.16
17.	Paseo Nuevo Owner LLC	Shopping Center	70,127,925	0.16
18.	Willow Springs LP	Residential Properties	69,091,679	0.15
19.	Marsupial Properties LLC	Residential Properties	67,397,003	0.15
20.	CHSP Santa Barbara LLC	Hotel	61,938,138	0.14
			$2,091,437,517	4.66%

(1) 2017-18 local secured assessed valuation: $44,894,107,379.
Source: California Municipal Statistics, Inc.

PRINCIPAL TAXPAYERS
Former Boundaries of the
Santa Barbara Elementary School District
Fiscal Year 2017-18

	Property Owner	Primary Land Use	2017-18 Assessed Valuation	% of Total[1]
1.	Fess Parker Doubletree Hotel	Hotel	$92,671,464	0.51%
2.	El Encanto Inc.	Hotel	90,799,687	0.50
3.	XHR Santa Barbara LLC	Hotel	83,775,260	0.46
4.	Levon Investments LLC	Shopping Center	74,662,896	0.41
5.	Paseo Nuevo Owner LLC	Shopping Center	70,127,925	0.39
6.	Dario Pini	Apartments	67,145,867	0.37
7.	CHSP Santa Barbara LLC	Hotel	61,938,138	0.34
8.	HHLP Santa Barbara I Assoc. LLC	Hotel	54,856,124	0.30
9.	Estate of Clark M. Huguette	Residence	49,675,801	0.28
10.	MCC BB Property LLC	Golf Course/Country Club	36,772,971	0.20
11.	Ray Mahboob	Commercial	36,440,123	0.20
12.	Unknown Dream LLC	Apartments	35,456,968	0.20
13.	35 State Street Hotel Partners LLC	Hotel	34,866,141	0.19
14.	Edward St. George	Residential Properties	34,187,264	0.19
15.	Richard V. and Margaret S. Gunner Trust	Hotel	31,361,370	0.17
16.	ESJ Centers	Shopping Center	30,489,124	0.17
17.	Ralphs Grocery Co.	Supermarket	28,797,700	0.16
18.	Alan R. Porter	Office Building	26,230,676	0.15
19.	Ella Paseo LLC	Commercial	24,255,000	0.13
20.	314 State Street LLC	Industrial	22,160,467	0.12
			$986,670,966	5.47%

(1) 2017-18 local secured assessed valuation: $18,047,252,422.
Source: California Municipal Statistics, Inc.

Statement of Direct and Overlapping Debt

Set forth on the following pages are direct and overlapping debt reports (the "Debt Reports") for the District and the former boundaries of the Elementary School District, prepared by California Municipal Statistics, Inc. and effective as of October 1, 2017 for debt issued as of such effective date. The Debt Reports are included for general information purposes only. The District has not reviewed the Debt Reports for completeness or accuracy and makes no representation in connection therewith.

The Debt Reports generally include long-term obligations sold in the public credit markets by public agencies whose boundaries overlap the boundaries of the District or the former boundaries of the Elementary, as applicable, 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 or the former boundaries of the Elementary School District. In many cases long-term obligations issued by a public agency are payable only from the general fund or other revenues of such public agency.

The first column in each table names each public agency which has outstanding debt as of the date of the report and whose territory overlaps the District or the former boundaries of the Elementary School District, as applicable, 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 or the former boundaries of the Elementary School District, as applicable. 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 or the former boundaries of the Elementary School District, as applicable.

STATEMENT OF DIRECT AND OVERLAPPING DEBT
Santa Barbara Unified School District

2017-18 Assessed Valuation: $46,483,670,888

DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:	% Applicable	Debt 10/1/17
Santa Barbara Community College District	87.966%	$53,597,661
Santa Barbara Unified School District/Santa Barbara High School District	100.000	162,606,032(1)(2)
Santa Barbara USD Elementary Schools Facilities Improvement District	100.000	20,000,000(3)
Santa Barbara School District	100.000	49,728,996(3)(4)
Goleta Union School District	100.000	13,785,000
Other School Districts	100.000	19,939,279
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		$319,656,968
OVERLAPPING GENERAL FUND DEBT:		
Santa Barbara County General Fund Obligations	58.799%	$29,511,218
City of Santa Barbara Certificates of Participation	100.000	41,515,000
TOTAL GROSS OVERLAPPING GENERAL FUND DEBT		$71,026,218
Less: Santa Barbara County supported obligations		2,105,004
City of Santa Barbara General Fund Obligations supported by airport revenues		41,515,000
TOTAL NET OVERLAPPING GENERAL FUND DEBT		$27,406,214
OVERLAPPING TAX INCREMENT DEBT (Successor Agencies):		$29,540,000
GROSS COMBINED TOTAL DEBT		$420,223,186(5)
NET COMBINED TOTAL DEBT		$376,603,182

Ratios to 2017-18 Assessed Valuation:
Direct Debt ($232,335,028) 0.50%
Total Direct and Overlapping Tax and Assessment Debt...... 0.69%
Gross Combined Total Debt.. 0.90%
Net Combined Total Debt.. 0.81%

Ratios to Redevelopment Successor Agency Incremental Valuation ($4,210,448,692):
Total Overlapping Tax Increment Debt.......................... 0.70%

(1) Includes the 2007 High School District Bonds and the 2010 High School District Bonds.
(2) Excludes the Bonds.
(3) Proceeds of such bonds to be used to upgrade, acquire or improve elementary school facilities only.
(4) Includes the 2007 Elementary School District Bonds and the 2010 Elementary School District Bonds.
(5) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.
Source: California Municipal Statistics, Inc.

STATEMENT OF DIRECT AND OVERLAPPING DEBT
Former Boundaries of the
Santa Barbara Elementary School District

2017-18 Assessed Valuation: $18,754,397,333

DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:	% Applicable	Debt 10/1/17
Santa Barbara Community College District	35.491%	$21,624,623
Santa Barbara Unified School District/Santa Barbara High School District	40.346	65,605,364(1)(2)
Santa Barbara Unified School District SFID No. 1	100.000	20,000,000(3)
Santa Barbara School District	100.000	49,728,996(3)(4)
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		$156,958,983
OVERLAPPING GENERAL FUND DEBT:		
Santa Barbara County General Fund Obligations	23.723%	$11,906,574
City of Santa Barbara Certificates of Participation	89.111	36,994,432
TOTAL GROSS OVERLAPPING GENERAL FUND DEBT		$48,901,006
Less: Santa Barbara County supported obligations		849,283
City of Santa Barbara General Fund Obligations supported by airport revenues		36,994,432
TOTAL NET OVERLAPPING GENERAL FUND DEBT		$11,057,291
OVERLAPPING TAX INCREMENT DEBT (Successor Agency):		$14,630,000
GROSS COMBINED TOTAL DEBT		$220,489,989(5)
NET COMBINED TOTAL DEBT		$182,646,274

Ratios to 2017-18 Assessed Valuation:
- Direct Debt ($69,728,996) 0.37%
- Total Direct and Overlapping Tax and Assessment Debt 0.84%
- Gross Combined Total Debt 1.18%
- Net Combined Total Debt 0.97%

Ratios to Redevelopment Incremental Valuation ($2,666,996,057):
- Total Overlapping Tax Increment Debt 0.55%

(1) Includes the ratable portions of the 2007 High School District Bonds and 2010 High School District Bonds.
(2) Excludes the Bonds.
(3) Proceeds of such bonds to be used to upgrade, acquire or improve elementary school facilities only.
(4) Includes the 2007 Elementary School District Bonds and the 2010 Elementary School District Bonds.
(5) 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 tax levied by the County for the payment thereof. (See "THE BONDS – Security and Sources of Payment" herein). Articles XIIIA, XIIIB, XIIIC and XIIID of the Constitution, Propositions 98 and 111, and certain other provisions of law discussed below, are included in this section to describe the potential effect of these constitutional and statutory measures on the ability of the County to levy taxes on behalf of the District and to the District to spend tax proceeds for operating and other purposes, and it should not be inferred from the inclusion of such materials that these laws impose any limitation on the ability of the County on behalf of the District to levy taxes for payment of the Bonds.

Article XIIIA of the California Constitution

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

Article XIIIA has been amended to allow for temporary reductions of assessed value in instances where the fair market value of real property falls below the adjusted base year value described above. Proposition 8—approved by the voters in November of 1978—provides for the enrollment of the lesser of the base year value or the market value of real property, taking into account reductions in value due to damage, destruction, depreciation, obsolescence, removal of property, or other factors causing a similar decline. In these instances, the market value is required to be reviewed annually until the market value exceeds the base year value. Reductions in assessed value could result in a corresponding increase in the annual tax rate levied by the County to pay debt service on the Bonds. See "THE BONDS – Security and Sources of Payment" and "TAX BASE FOR 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. In addition, Article XIIIA requires the approval of two-thirds or more of all members of the State legislature to change any State taxes for the purpose of increasing tax revenues.

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.

That portion of annual property tax revenues generated by increases in assessed valuations within each tax rate area within a county, subject to any claims on tax increment and subject to changes in organizations, if any, of affected jurisdictions, is allocated to each jurisdiction within the tax rate area in the same proportion that the total property tax revenue from the tax rate area for the prior year was allocated to such jurisdictions.

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

Beginning in fiscal year 1981-82, assessors in the State no longer record property values on tax rolls at the assessed value of 25% of market value which was expressed as $4 per $100 of assessed value. All taxable property is now shown at 100% of assessed value on the tax rolls. Consequently, the tax rate is expressed as $1 per $100 of taxable value. 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 SBE as part of a "going concern" rather than as individual pieces of real or personal property. Such State-assessed property is allocated to the counties by the SBE, taxed at special county-wide rates, and the tax revenues distributed to taxing jurisdictions (including the District) according to statutory formulae generally based on the distribution of taxes in the prior year. So long as the District is a community funded district, taxes lost through any reduction in assessed valuation will not be compensated by the State as equalization aid under the State's school financing formula. See "DISTRICT FINANCIAL INFORMATION – 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 average daily attendance 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" below.

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 or the former boundaries of the Elementary School District thereby causing such local governments to reduce service levels and possibly adversely affecting the value of property within the District or the former boundaries of the Elementary School 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 1986-87, and (b) the amount actually appropriated to such districts from the State general fund in the previous fiscal year, adjusted for increases in enrollment and changes in the cost of living. The Accountability Act permits the 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, be transferred to K-14 school districts. Any such transfer to K-14 school districts would be excluded from the appropriations limit for K-14 school districts and the K-14 school district appropriations limit for the next year would automatically be increased by the amount of such transfer.

These additional moneys would enter the base funding calculation for K-14 school districts for subsequent years, creating further pressure on other portions of the State budget, particularly if revenues decline in a year following an Article XIIIB surplus. The maximum amount of excess tax revenues which can be transferred to K-14 school districts is 4% of the minimum State spending for education mandated by the Accountability Act.

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

On June 5, 1990, the voters of the State approved Proposition 111 (Senate Constitutional Amendment No. 1) called the "Traffic Congestion Relief and Spending Limit 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 schools' minimum funding level. Also, reversing prior law, any excess State tax revenues transferred to K-14 school districts are not built into the school districts' base expenditures for calculating their entitlement for State aid in the next year, and the State's appropriations limit is not to be increased by this amount.

c. Exclusions from Spending Limit. Two exceptions were added to the calculation of appropriations which are subject to the Article 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 expected to raise over $15 billion in additional taxes from 1990 through 2000 to fund transportation programs.

d. Recalculation of Appropriations Limit. The Article XIIIB appropriations limit for each unit of government, including the State, is to be recalculated beginning in fiscal year

1990–91. It is based on the actual limit for fiscal year 1986–87, adjusted forward to 1990–91 as if Proposition 111 had been in effect.

e. School Funding Guarantee. There is a complex adjustment in the formula enacted in Proposition 98 which guarantees K-14 school districts a certain amount of State general fund revenues. Under prior law, K-14 school districts were guaranteed the greater of (1) 40.9% of State general fund revenues (the "first test") or (2) the amount appropriated in the prior year adjusted for changes in the cost of living (measured as in Article XIIIB by reference to per capita personal income) and enrollment (the "second test"). Under Proposition 111, schools will receive the greater of (1) the first test, (2) the second test, or (3) a third test, which will replace the second test in any year when growth in per capita State general fund revenues from the prior year is less than the annual growth in State per capita personal income. Under the third test, schools will receive the amount appropriated in the prior year adjusted for change in enrollment and per capita State general fund revenues, plus an additional small adjustment factor. If the third test is used in any year, the difference between the third test and the second test will become a "credit" to schools which will be paid in future years when State general fund revenue growth exceeds personal income growth.

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

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 increased the State Sales and Use Tax and personal income tax rates on higher incomes. 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 California Children's Education and Health Care Protection Act of 2016 (also known as "Proposition 55") is a constitutional amendment approved by State voters on November 8, 2016. Proposition 55 extends the increases to personal income tax rates for high-income taxpayers that were approved as part of Proposition 30 through 2030. Proposition 55 did not extend the temporary State Sales and Use Tax rate increase enacted under Proposition 30, which expired as of January 1, 2017.

The revenues generated from the personal income tax increases will be included in the calculation of the Proposition 98 Minimum Funding Guarantee (defined herein) for K-14 school districts. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Propositions 98 and 111" herein. From an accounting perspective, the revenues generated from the personal income tax increases are being deposited into the State account created pursuant to Proposition 30 called the Education Protection Account (the "EPA"). Pursuant to Proposition 30, funds in the EPA will be allocated quarterly, with 89% of such funds provided to schools districts and 11% provided to community college districts. The funds will be distributed to K-14 school districts in the same manner as existing unrestricted per-student funding, except that no school district will receive less than $200 per unit of ADA and no community college district will receive less than $100 per full time equivalent student. The governing board of each school district and community college district is granted sole authority to determine how the moneys received from the EPA are spent, provided that the appropriate governing board is required to make these spending determinations in open session at a public meeting and such local governing board is prohibited from using any funds from the EPA for salaries or benefits of administrators or any other administrative costs.

Proposition 2

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

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

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

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

Proposition 2 also requires the creation of the Public School System Stabilization Account (the "PSSSA") into which transfers will be made in any fiscal year in which a Supplemental BSA Transfer is required (as described above). Such transfer will be equal to the portion of capital gains taxes above the 8% threshold that would be otherwise paid to K-14 school districts as part of the minimum funding guarantee. A transfer to the PSSSA will only be made if certain additional conditions are met, as follows: (i) the minimum funding guarantee was not suspended in the immediately preceding fiscal year, (ii) the operative Proposition 98 formula for the fiscal year in which a PSSSA transfer might be made is "Test 1,"

(iii) no maintenance factor obligation is being created in the budgetary legislation for the fiscal year in which a PSSSA transfer might be made, (iv) all prior maintenance factor obligations have been fully repaid, and (v) the minimum funding guarantee for the fiscal year in which a PSSSA transfer might be made is higher than the immediately preceding fiscal year, as adjusted for ADA growth and cost of living. Proposition 2 caps the size of the PSSSA at 10% of the estimated minimum guarantee in any fiscal year, and any excess funds must be paid to K-14 school districts. Reductions to any required transfer to the PSSSA, or draws on the PSSSA, are subject to the same budget emergency requirements described above. However, Proposition 2 also mandates draws on the PSSSA in any fiscal year in which the estimated minimum funding guarantee is less than the prior year's funding level, as adjusted for ADA growth and cost of living.

Future Initiatives

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

DISTRICT FINANCIAL INFORMATION

The information in this section concerning the State's funding of 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 and 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 the District or in the former boundaries of the Elementary School District, as applicable, 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, as described below. See "—Local Control Funding Formula."

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

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

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

The Base Grants for grades K-3 and 9-12 are subject to adjustments of 10.4% and 2.6%, respectively, to cover the costs of class size reduction in early grades and the provision of career technical education in high schools. 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. AB 97 also provides additional add-ons to school districts that received categorical block grant funding pursuant to the Targeted Instructional Improvement and Home-to-School Transportation programs during fiscal year 2012-13.

School districts that serve students of limited English proficiency ("EL" students), students from low income families that are eligible for free or reduced priced meals ("LI" students) and foster youth are eligible to receive additional funding grants. Enrollment counts are unduplicated, such that students may not be counted as both EL and LI (foster youth automatically meet the eligibility requirements for free or reduced priced meals). AB 97 authorizes a supplemental grant add-on (each, a "Supplemental Grant") for school districts that serve EL/LI students, equal to 20% of the applicable Base Grant multiplied by such districts' percentage of unduplicated EL/LI student enrollment. School districts whose EL/LI populations exceed 55% of their total enrollment are eligible for a concentration grant add-on (each, a "Concentration Grant") equal to 50% of the applicable Base Grant multiplied by the percentage of such district's unduplicated EL/LI student enrollment in excess of the 55% threshold.

The table below shows a breakdown of the District's ADA by grade span, total enrollment, and the percentage of EL/LI student enrollment for fiscal years 2013–14 through 2017–18.

ADA, ENROLLMENT AND EL/LI ENROLLMENT PERCENTAGE
Santa Barbara Unified School District
Fiscal Years 2013–14 through 2017–18

	Average Daily Attendance(1)					Enrollment	
Fiscal Year	K–3	4–6	7–8	9–12	Total ADA	Total Enrollment(2)	% of EL/LI Enrollment(3)
2013–14	2,593	1,763	2,983	6,136	13,476	14,200	54.11%
2014–15	2,600	1,772	2,796	6,347	13,516	14,283	54.38
2015–16	2,439	1,814	2,780	6,287	13,320	14,134	53.07
2016–17	2,346	1,763	2,847	6,138	13,095	13,842	52.63
2017–18(4)	2,263	1,755	2,829	6,033	12,789	13,626	52.23

Note: ADA figures are rounded to the nearest whole number.

(1) Except for fiscal year 2017–18, reflects ADA as of the second principal reporting period (P-2 ADA), ending on or before the last attendance month prior to April 15 of each school year. Includes K-12, home and hospital, special education and community day school, but excludes charter school students. An attendance month is each four-week period of instruction beginning with the first day of school for any school district. ADA figures exclude enrollment from County operated programs.

(2) Reflects certified enrollment as of the fall census day (the first Wednesday in October), which is reported to the California Longitudinal Pupil Achievement Data System ("CALPADS") in each school year and used to calculate each school district's unduplicated EL/LI student enrollment. Adjustments may be made by the California Department of Education. Excludes charter school enrollment.

(3) For purposes of calculating Supplemental and Concentration Grants, a school district's fiscal year 2013–14 percentage of unduplicated EL/LI students was expressed solely as a percentage of its total fiscal year 2013–14 total enrollment. For fiscal year 2014–15, the percentage of unduplicated EL/LI enrollment was based on the two-year average of EL/LI enrollment in fiscal years 2013–14 and 2014–15. Beginning in fiscal year 2015–16, a school district's percentage of unduplicated EL/LI students 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.

(4) Projected.

Source: Santa Barbara Unified School District.

For certain school districts that would have received greater funding levels under the prior revenue limit system, the LCFF provides for a permanent economic recovery target ("ERT") add-on, equal to the difference between the revenue limit allocations such districts would have received under the prior system in fiscal year 2020–21, and the target LCFF allocations owed to such districts in the same year. To derive the projected funding levels, the LCFF assumes the discontinuance of deficit revenue limit funding, implementation of COLAs in fiscal years 2014–15 through 2020–21, and restoration of categorical funding to pre-recession levels. The ERT add-on will be paid incrementally over the 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 Legislature to school districts.

Community Funded District. Certain schools districts, known as "community funded" districts (or alternatively 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. Community funded school districts receive certain other non-LCFF State funding which is deemed to satisfy the "basic aid" requirement guaranteed by Article IX, Section 6 of the State Constitution. The implication for community funded 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 qualifies as a community funded district for the 2017-18 fiscal year, and for such year the District's local property tax receipts are expected to exceed the District's total LCFF allocation by $2,062,771. The District's status as a community funded district in fiscal year 2017-18 results primarily from the receipt of additional, one-time funds from the sale of assets of the Successor Agency to the Santa Barbara Redevelopment Agency. Based on current budgetary projections, which assume a growth in the District's assessed valuation of three percent, the District expects that it will remain a community funded district through the 2019-20 fiscal year. Based on such projections, the District expects to again qualify as a community funded district beginning in the 2021-22 fiscal year and onward.

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

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

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

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

The State Superintendent of Public Instruction (the "State Superintendent") is further authorized, with the approval of the State Board of Education, to intervene in the management of persistently underperforming school districts. The State Superintendent may intervene directly or assign an academic trustee to act on his or her behalf. In so doing, the State Superintendent is authorized 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 school district programs, including specialized programs such as Every Student Succeeds, special education programs, and programs under the Educational Consolidation and Improvement Act. In addition, portions of a school district's budget can come from local sources other than property taxes, including but not limited to interest income, leases and rentals, interagency services, developer fees, foundations, donations and sales of property.

The California lottery is another source of funding for school districts, providing approximately 1% to 3% of a school district's budget. Every school district receives the same amount of lottery funds per pupil from the State; however, these are not categorical funds as they are not for particular programs or children. The initiative authorizing the lottery mandates the funds be used for instructional purposes, and prohibits their use for capital purposes.

State Budget

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 ad valorem taxes required to be levied by the County within the boundaries of the District or the former boundaries of the Elementary School District, as applicable, in an amount sufficient for the payment thereof.

2017-18 Budget. On June 27, 2017, the Governor signed into law the State budget for fiscal year 2017-18 (the "2017-18 Budget"). The following information is drawn from the LAO's preliminary review of the 2017-18 Budget.

For fiscal year 2016-17, the 2017-18 Budget projects total general fund revenues and transfers of \$118.5 billion and total expenditures of \$121.4 billion. The State is projected to end the 2016-17 fiscal year with total available reserves of $7.4 billion, including $642 million in the traditional general fund reserve and $6.7 billion in the BSA. For fiscal year 2017-18, the 2017-18 Budget projects total general fund revenues of $125.9 billion, reflecting a 6% increase over the prior year and driven primarily by a projected 5% increase in personal income, sales and use tax collections. The 2017-18 Budget authorizes expenditures of $125.1 billion. The State is projected to end the 2017-18 fiscal year with total available reserves of $9.9 billion, including $1.4 billion in the traditional general fund reserve and $8.5 billion in the BSA.

With respect to education funding, the 2017-18 Budget revises the Proposition 98 minimum funding guarantees for both fiscal years 2015-16 and 2016-17, as a result of lower-than-estimated general fund revenue collections. The 2017-18 Budget sets the Proposition 98 minimum funding guarantee for fiscal year 2015-16 at $68.7 billion, an decrease of $379 million from the prior year. However, total Proposition 98 funding exceeded the minimum guarantee by $53 million as a result of various adjustments related to the LCFF and community college apportionments. The 2017-18 Budget revises the minimum funding guarantee for fiscal year 2016-17 at $71.3 billion, reflecting a decrease of $558 million from the prior year. Total spending, however, exceed the minimum funding guarantee by approximately $29 million, as a result of a $514 million "settle up" payment related to an obligation created by understating the minimum guarantee in a prior year.

For fiscal year 2017-18, the 2017-18 Budget sets the minimum funding guarantee at $74.5 billion, reflecting an increase of $3.1 billion (or 4.4%) from the revised prior-year level. Fiscal year 2017-18 is projected to be a "Test 2" year, with the change in the minimum funding guarantee attributable to a 3.7% increase in per capita personal income and a projected 0.05% decline in K-12 attendance. With respect to K-12 education, the 2017-18 Budget sets Proposition 98 funding at $64.7 billion, including $45.7 billion from the State general fund, reflecting an increase of $2.7 billion (or 4.3%) from the prior year. Per-pupil spending increases 4.3% to $10,863.

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

- Local Control Funding Formula – approximately $1.4 billion in Proposition 98 funding to continue the implementation of the LCFF. Total LCFF funding for school districts and charter schools is set at $57.4 billion, a 2.7% increase from the prior year. The 2017-18 Budget projects that this funding will bring LCFF implementation to approximately 97%. As a result, the adjusted 2017-18 Base Grants are as follows: (i) $7,941 for grades K-3, (ii) $7,301 for grades 4-6, (iii) $7,518 for grades 7-8, and (iv) $8,939 for grades 9-12. See also "DISTRICT FINANCIAL INFORMATION – State Funding of Education – Local Control Funding Formula" herein

- Discretionary Funding – An increase of $877 million in one-time Proposition 98 funding that local educational agencies may use for any purpose. Similar to features included in prior State budgets, these funds would offset any applicable unpaid reimbursement claims for State-mandated activities.

- Maintenance Factor; Settle Up Payment –The 2017-18 Budget provides for an additional maintenance factor payment of $536 million, after which the State's outstanding obligation would be approximately $900 million. The 2017-18 Budget also provides $603 million to fund a settle-up payment related to an obligation created in fiscal year 2009-10 when revenue estimates understated the minimum funding guarantee. This reduces the State's total settle up obligation to approximately $440 million.

- Career Technical Education (CTE) – The State Budget for fiscal year 2015-16 established the Career Technical Education Incentive Grant Program for local education agencies to establish new or expand high-quality CTE programs. The 2017-18 Budget provides $200 million as the final installment of funding for this program. The 2017-18 Budget also provides the California Department of Education with $15.4 million in on-going Proposition 98 funding to support efforts linking secondary and postsecondary CTE.

- K-12 Educational Mandates – $3.5 million to fund a 1.56% COLA to the block grant program for State mandated K-12 educational programs and activities. The 2017-18 Budget establishes a statutory COLA for these programs moving forward. The 2017-18 Budget also provides $61 million to fund a 1.56% COLA to several other categorical programs.

- Teacher Workforce Initiative – The 2018-17 Budget funds a variety of teacher recruitment and training programs, including (i) $25 million in one-time Proposition 98 funding for grants to assist classified school employees secure bachelor's degrees and teaching credentials; (ii) $11 million in federal Title II funds to establish a program to help local educational agencies attract and support teachers, principals and other school leaders; and (iii) $5 million in one-time Proposition 98 funding for a new program that would encourage teachers to obtain bilingual credentials and teach in bilingual settings.

- 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 allocated to local education agencies to improve energy efficiency and expand the use of alternative energy in public buildings. The 2017-18 Budget allocates $423 million of such funds to support school district and charter school energy efficiency projects in fiscal year 2017-18.

- After School Safety and Education Safety Program – an increase of $50 million in Proposition 98 funding (for a total of $600 million) to increase per-child reimbursement rates for providers of local after school education and enrichment programs.

- Proposition 56 – Passed by voters in November 2016, Proposition 56 increases the per-pack State sales tax on cigarettes by $2, and requires that a portion of the revenue generated be used for school programs designed to prevent and reduce the use of tobacco and nicotine products. The 2017-18 Budget allocates $32 million of Proposition 56 revenues to support these programs.

- Charter School Facility Grant Program – Under this program, the State provides certain charter schools with grants to defray the cost of renting and leasing school facilities. The 2017-18 Budget increases the per-student funding rate to $1,117 and provides an ongoing COLA for the program moving forward.

- Equity and Improvement Program – $2.5 million in one-time Proposition 98 funding for two or more county offices of education to assist local educational agencies in closing achievement gaps in public schools.

- Proposition 51 – The Kindergarten Through Community College Public Education Facilities Bond Act of 2016 (also known as Proposition 51) is a voter initiative approved at the November 8, 2016 election that authorizes the sale and issuance of $9 billion in general obligation bonds for the new construction and modernization of K-14 facilities. The 2017-18 Budget allocates $593 million of such bond funds for K-12 school facility projects.

- Refugee Students – $10 million in one-time Proposition 98 funding for the State Department of Social Services to provide grants to school districts that serve notable numbers of refugee students.

For additional information regarding the 2017-18 Budget, see the State Department of Finance website at www.dof.ca.gov and the LAO's website at www.lao.ca.gov. However, the information presented on such websites is not incorporated herein by reference.

Future Actions. The District cannot predict what actions will be taken in the future by the State legislature and the Governor to address changing State revenues and expenditures. The District also cannot predict the impact such actions will have on State revenues available in the current or future years for education. The State budget will be affected by national and State economic conditions and other factors over which the District will have no control. Certain actions or results could produce a significant shortfall of revenue and cash, and could consequently impair the State's ability to fund schools. 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 or the former boundaries of the Elementary School District, as applicable, for the payment of principal of and interest on the Bonds would not be impaired.

Budget Process

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

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

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

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

Interim Financial Reporting. Under the provisions of A.B. 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 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 subsequent two fiscal years.

The District has never had an adopted budget disapproved by the County Superintendent of Schools, pursuant to A.B. 1200. Within the past five years, the District has submitted, and the County Superintendent of Schools has accepted, positive certifications on all of its interim financial reports.

General Fund Budgeting. The District's general fund adopted budgets for fiscal years 2013-14 through 2017-18, audited actual results for fiscal years 2013-14 through 2015-16, and unaudited results for fiscal year 2016-17 are set forth on the following page.

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GENERAL FUND BUDGETING
Santa Barbara Unified School District
Fiscal Years 2013-14 through 2017-18

	Fiscal Year 2013-14		Fiscal Year 2014-15		Fiscal Year 2015-16		Fiscal Year 2016-17		Fiscal Year 2017-18
REVENUES	Budgeted[1]	Ending[1]	Budgeted[1]	Ending[1]	Budgeted[1]	Ending[1]	Budgeted[2]	Unaudited[3]	Budgeted[3]
LCFF Sources[4]	$96,029,174	$95,313,491	$108,778,965	$108,633,174	$119,093,557	$117,459,771	$120,877,705	$120,686,174	$121,446,512
Federal Sources	7,700,135	7,443,775	7,971,176	6,770,450	6,670,514	6,139,640	6,032,321	6,347,465	6,494,645
Other State Sources	7,182,523	9,429,036	5,403,581	9,673,863	10,730,215	17,342,159	10,043,187	16,198,690	16,201,089
Other Local Sources	9,746,573	10,977,472	10,759,401	12,069,280	8,437,875	11,857,049	7,891,537	13,128,493	5,365,308
TOTAL REVENUES	120,658,405	123,163,774	132,913,123	137,146,767	144,932,161	152,798,619	144,844,750	156,360,821	149,507,554
EXPENDITURES									
Certificated Salaries	61,192,981	60,664,453	63,700,546	64,119,502	65,737,512	67,663,577	67,261,561	69,340,211	72,301,638
Classified Salaries	21,679,809	21,666,749	23,915,566	23,739,332	24,257,418	25,414,458	24,550,466	26,198,890	26,490,920
Employee Benefits	18,682,878	20,671,747	18,706,124	20,924,737	20,267,088	26,118,230	22,696,721	29,917,348	33,159,299
Books and Supplies	7,144,962	5,235,408	7,715,328	5,471,278	6,359,262	6,269,510	9,495,209	6,777,570	7,056,907
Services, Other Operating Expenses	17,977,904	15,713,685	23,187,279	18,391,597	22,039,244	18,975,891	23,356,081	19,713,429	20,837,560
Capital Outlay	1,368,710	1,397,607	530,395	395,715	310,730	1,128,469	346,456	541,323	374,777
Transfers of Indirect Costs	–	–	–	–	–	–	(767,175)	(767,370)	(875,197)
Other Outgo	(316,358)	153,358	(313,521)	(321,835)	(399,173)	(659,898)	119,000	191,882	169,000
TOTAL EXPENDITURES	127,730,886	125,503,007	137,441,717	132,720,326	138,572,081	144,910,237	147,058,319	151,913,283	159,514,904
Excess (Deficiency) of Revenues Over (Under) Expenditures	(7,072,481)	(2,339,233)	(4,528,594)	4,426,441	6,360,080	7,888,382	(2,213,569)	4,447,537	(10,007,350)
OTHER FINANCING SOURCES (USES)									
Operating Transfers In	464,201	2,627	–	213,488	–	–	–	–	–
Operating Transfers Out	(479,387)	(374,680)	(446,669)	(463,645)	(442,054)	(1,476,548)	(1,439,782)	(1,429,561)	(1,456,887)
Other Sources (Uses) – Net	378,593	376,133	–	–	–	218,064	(296,269)	(261,047)	(87,230)
TOTAL OTHER FINANCING SOURCES (USES)	363,407	4,080	(446,669)	(250,157)	(442,054)	(1,258,484)	(1,736,051)	(1,690,608)	(1,544 ,117)
NET CHANGE IN FUND BALANCES	(6,709,074)	(2,335,153)	(4,975,263)	4,176,284	5,918,026	6,629,898	(3,949,620)	2,756,930	(11,551,467)
Beginning Balance, July 1	18,118,114	18,118,114	15,782,961	15,782,961	19,959,245	19,959,245	13,212,429	21,805,856	24,562,786
Fund Balance, June 30	$11,409,040	$15,782,961	$10,807,698	$19,959,245	$25,877,271	$26,589,143	$9,262,809	$24,562,786	$13,011,319

(1) From the District's Comprehensive Audited Financial Statements for fiscal years 2013-14 through 2015-16, respectively. State of California payments to STRS (defined herein) on behalf of the District are included in the Audited revenues and expenditures, but have not been included in the Budgeted revenues and expenditures. In addition, the Special Reserve Fund for Other Than Capital Outlay Projects and the Deferred Maintenance Fund have, for reporting purposes, been consolidated into the Audited revenues and expenditures, however they are not included in the figures for fiscal years 2016-17 or 2017-18.
(2) From the District's adopted budget for fiscal year 2016-17.
(3) From the District's unaudited financials for fiscal year 2016-17.
Source: Santa Barbara Unified School District.

Accounting Practices

The accounting practices of the District conform to generally accepted accounting principles in accordance with policies and procedures of the California School Accounting Manual. This manual, according to Section 41010 of the California Education Code, is to be followed by all California school districts.

The District's expenditures are accrued at the end of the fiscal year to reflect the receipt of goods and services in that year. Revenues generally are recorded on a cash basis, except for items that are susceptible to accrual (measurable and/or available to finance operations). Current taxes are considered susceptible to accrual. Delinquent taxes not received after the fiscal year end are not recorded as revenue until received. Revenues from specific state and federally funded projects are recognized when qualified expenditures have been incurred. State block grant apportionments are accrued to the extent that they are measurable and predictable. The State Department of Education sends the District updated information from time to time explaining the acceptable accounting treatment of revenue and expenditure categories.

The District's accounting is organized on the basis of fund groups, with each group consisting of a separate set of self-balancing accounts containing assets, liabilities, fund balances, revenues and expenditures. The major fund classification is the general fund which accounts for all financial resources not requiring a special type of fund. The District's fiscal year begins on July 1 and ends on June 30.

Comparative Financial Statements

The District's audited financial statements for the year ended June 30, 2016 are included for reference in APPENDIX B hereto. Audited financial statements for the District for the fiscal year ended June 30, 2016, and prior fiscal years are on file with the District and available for public inspection at the Office of the Assistant Superintendent, Business Services of the District, Santa Barbara Unified School District, 720 Santa Barbara Street, Santa Barbara, California 93101, telephone: (805) 963-4338. The following tables reflect the District's revenues, expenditures and fund balances for fiscal years 2011–12 through 2015–16.

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AUDITED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – GENERAL FUND
Santa Barbara Unified School District
Fiscal Years 2011–12 through 2015–16

	Fiscal Year 2011–12	Fiscal Year 2012–13	Fiscal Year 2013–14	Fiscal Year 2014–15	Fiscal Year 2015–16
REVENUES					
Revenue Limit/LCFF Sources	$83,698,956	$95,166,537	$95,313,491	$108,633,174	$117,459,771
Federal Sources	8,851,251	7,627,111	7,443,775	6,770,450	6,139,640
Other State Sources	19,895,682	18,971,881	9,429,036	9,673,863	17,342,159
Other Local Sources	9,139,646	8,880,187	10,977,472	12,069,280	11,857,049
TOTAL REVENUES	121,585,535	130,645,716	123,163,774	137,146,767	152,798,619
EXPENDITURES					
Instruction	74,275,956	70,448,110	70,820,716	77,539,839	82,816,285
Instruction-related Activities:					
Supervision of instruction	5,501,390	6,997,091	6,247,175	7,154,275	7,504,703
Instructional Library, Media, and Technology	1,451,791	1,442,218	1,384,856	1,404,572	1,681,622
School Site Administration	8,729,049	8,690,732	8,940,214	9,218,310	10,316,224
Pupil services:					
Home-to-School Transportation	2,280,629	2,302,305	2,539,297	2,307,327	2,530,060
Food Services	18,923	1,757	2,931	602	33,336
All Other Pupil Services	6,925,795	7,496,807	9,251,634	9,496,754	10,814,966
Administration:					
Data Processing	1,088,287	1,475,934	2,011,928	1,856,505	3,059,290
All Other Administration	4,658,997	5,747,088	6,306,650	4,837,198	5,973,178
Plant Services	12,923,657	13,503,470	13,860,257	14,589,411	16,113,400
Facility Acquisition and Construction	17,601	158,011	385,434	106,607	209,038
Ancillary Services	1,565,023	1,554,685	1,613,815	1,611,318	1,632,706
Community Services	1,517,000	1,474,186	1,648,837	2,272,986	2,012,823
Other Outgo	89,685	25,565	35,290	—	—
Debt Service					
Principal	—	68,601	119,989	256,187	174,085
Interest and other	134,822	165,222	333,984	68,435	38,521
TOTAL EXPENDITURES	121,178,605	121,551,782	125,503,007	132,720,326	144,910,237
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	406,930	9,093,934	(2,339,233)	4,426,441	7,888,382
OTHER FINANCING SOURCES (USES)					
Transfers In	60,100	100,000	2,627	213,488	—
Transfers Out	(267,380)	236,214	(374,680)	(463,645)	(1,476,548)
Other Sources (Uses)	—	(280,649)	376,133	—	218,064
NET FINANCING SOURCES (USES)	(207,280)	55,565	4,080	(250,157)	(1,258,484)
NET CHANGE IN FUND BALANCE	199,650	9,149,499	(2,335,153)	4,176,284	6,629,898
Fund Balance – Beginning	8,768,965	8,968,615	18,118,114	15,782,961	19,959,245
Fund Balance – Ending	$8,968,615	$18,118,114	$15,782,961	$19,959,245	$26,589,143

Source: Santa Barbara Unified School District.

SANTA BARBARA UNIFIED SCHOOL DISTRICT

The information in this section concerning the operations of the District 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 tax required to be levied by the County in the District or the former boundaries of the Elementary School District, as applicable, in an amount sufficient for the payment thereof. See "THE BONDS – Security and Sources for Payment" herein.

Introduction

The District was established on July 1, 2011, upon the unification of the Elementary School District and the High School District. As such, as of July 1, 2011, the Elementary School District and the High School District ceased to exist as separate school districts and were replaced by the District as the successor to each. The boundaries of the District are co-terminus with the former boundaries of the High School District.

The District encompasses approximately 136.4 square miles, which includes the cities of Santa Barbara and Goleta, and certain unincorporated areas of the County, including the community of Montecito. The District currently operates 10 elementary schools, three charter schools, one alternative elementary school, one community academy, 15 children's centers, seven after school child care centers, four junior high schools (grades 7-8), one alternative high school (grades 9-12), one continuation high school (grades 9-12) and three high schools (grades 9-12). Enrollment in the District for the 2017-18 school year is projected to be 13,626 students. The District's budgeted ADA for fiscal year 2017-18 is 12,789.

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 in the following table:

BOARD OF EDUCATION
Santa Barbara Unified School District

Board Member	Office	Term Expires
Kate Parker	President	December 2018
Jacqueline Reid	Vice President	December 2020
Wendy Sims-Moten	Clerk	December 2020
Laura Capps	Board Member	December 2020
Ismael Ulloa	Board Member	December 2018

The Superintendent of the District is responsible for administering the affairs of the District in accordance with the policies of the Board. Mr. Cary Matsuoka is currently the Superintendent of the District. Brief biographies for the Superintendent and Assistant Superintendent, Business Services follow.

Cary Matsuoka, Superintendent. Mr. Cary Matsuoka was appointed Superintendent of the District effective July 1, 2016. Prior thereto, Mr. Matsuoka was Superintendent for four years at the Milpitas Unified School District and Superintendent for five years at Los Gatos-Saratoga Union High School District. Mr. Matsuoka has over 30 years of experience in public education, having served as a high school teacher, assistant principal, principal, coordinator of guidance and assessment, and then Superintendent. Mr. Matsuoka holds a Master of Arts degree in Educational Administration from San Jose State University and Bachelor of Science with Honors in Nutrition Science.

Meg Jetté, Assistant Superintendent, Business Services. Ms. Jetté has served as the Assistant Superintendent of Business Services since October of 2011. Prior thereto she served as the Director of Fiscal Services of the District for three years. Prior to her service with the District, she held the positions of Financial Advisor and Financial Service Manager at the Santa Barbara County Office of Education for five years. She received a Bachelor of Arts in photography from Brooks Institute and a Associates Degree in Accounting from Santa Barbara Community College. She currently holds a chief business official certification from the California Association of School Business Officials. She also received a business certificate from the University of California, Santa Barbara.

Charter Schools

The California Legislature enacted the Charter Schools Act of 1992 (California Education Code Sections 47600-47616.5) to permit teachers, parents, students, and community members to establish schools that would be free from most state and district regulations. Revised in 1998, California's charter school law states that local boards are the primary charter approving agency and that county panels can appeal a denied charter. State education standards apply, and charter schools are required to use the same student assessment instruments. The charter school is exempt from state and local education rules and regulations, except as specified in the legislation.

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

There are two charter schools currently operating within the District, one of which is affiliated (collectively, the "Charter Schools"). The table on the following page shows enrollment figures for the District's Charter Schools for the past nine fiscal years, together with a projection for fiscal year 2017-18.

CHARTER SCHOOL ENROLLMENT
Santa Barbara Unified School District
Fiscal Years 2008-09 through 2017-18

Fiscal Year	Affiliated Charter School	Independent Charter School
2008-09	498	717
2009-10	513	741
2010-11	256	928
2011-12	287	929
2012-13	308	975
2013-14	307	976
2014-15	306	1,008
2015-16	300	1,000
2016-17	300	1,020
2017-18[(1)]	310	1,033

(1) Projected.
Source: Santa Barbara Unified School District.

The District can make no representations regarding how many District students will transfer to charter schools in the future or back to the District from the Charter Schools, and the corresponding financial impact on the District.

Labor Relations

The District currently employs approximately 729 full-time equivalent ("FTE") certificated employees and 661 FTE classified employees. In addition, the District employs 698 part-time faculty and staff. District employees, except management and some part-time employees, are represented by two bargaining units as noted below. Members of these bargaining units are working under the terms of their expired contracts while new agreements are negotiated.

BARGAINING UNITS
Santa Barbara Unified School District

Labor Organization	Number of Employees In Bargaining Unit	Contract Expiration Date
Santa Barbara Teachers Association	729	June 30, 2017
California School Employees Association	661	June 30, 2017

Source: Santa Barbara Unified School District.

Retirement Programs

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, none of the employee, employer nor State contribution rates to the STRS Defined Benefit Program varied annually to make up funding shortfalls or assess credits for actuarial surpluses. In recent years, the combined employer, employee and State contributions to the STRS Defined Benefit Program have not been sufficient to pay actuarially required amounts. As a result, and due to significant investment losses, the unfunded actuarial liability of the STRS Defined Benefit Program has increased significantly in recent fiscal years. In September 2013, STRS projected that the STRS Defined Benefit Program would be depleted in 31 years assuming existing contribution rates continued, and other significant actuarial assumptions were realized. In an effort to reduce the unfunded actuarial liability of the STRS Defined Benefit Program, the State 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 increased over a three-year phase-in period in accordance with the following schedule:

MEMBER CONTRIBUTION RATES
STRS (Defined Benefit Program)

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

Source: AB 1469.

Pursuant to the Reform Act (defined below), the contribution rates for members hired after the Implementation Date (defined below) will be adjusted if the normal cost increases by more than 1% since the last time the member contribution was set. While the contribution rate for employees hired after the Implementation Date will remain unchanged at 9.205% of creditable compensation for fiscal year commencing July 1, 2017, the STRS actuary currently estimates that member contribution rates for such members will have to increase to 10.205% of creditable compensation effective July 1, 2018, based on the new actuarial assumptions discussed below.

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

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

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

Source: AB 1469.

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

The District's contribution to STRS was $4,876,315 in fiscal year 2012-13, $5,006,425 in fiscal year 2013-14, $5,774,116 in fiscal year 2014-15, $7,345,860 in fiscal year 2015-16 and $14,423,943 in fiscal year 2016-17. The District has budgeted $10,639,821 as its contribution to STRS for fiscal year 2017-18.

The State also contributes to STRS, currently in an amount equal to 6.828% of teacher payroll for fiscal year 2016-17. The State's contribution reflects a base contribution rate of 2.017%, and a supplemental contribution rate that will vary from year to year based on statutory criteria. Based upon the recommendation from its actuary, for fiscal year 2017-18 and each fiscal year thereafter, the STRS Board is required, with certain limitations, to increase or decrease the State's contribution rates to reflect the contribution required to eliminate the unfunded actuarial accrued liability attributed to benefits in effect before July 1, 1990.

In addition, the State is currently required to make an annual general fund contribution up to 2.5% of the fiscal year covered STRS member payroll to the Supplemental Benefit Protection Account (the "SBPA"), which was established by statute to provide supplemental payments to beneficiaries whose purchasing power has fallen below 85% of the purchasing power of their initial allowance.

PERS. Classified employees working four or more hours per day are members of the Public Employees' Retirement System ("PERS"). PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the State statutes, as legislatively amended from time to time. PERS operates a number of retirement plans including the Public Employees Retirement Fund ("PERF"). PERF is a multiple-employer defined benefit retirement plan. In addition to the State, employer participants at June 30, 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 13.888% of eligible salary expenditures for fiscal year 2016-17 and will be 15.531% for fiscal year 2017-18. Participants enrolled in PERS prior to January 1, 2013 contribute 7% of their respective salaries in fiscal year 2016-17 and will contribute at the same rate for fiscal year 2017-18, while participants enrolled after January 1, 2013 contribute at an actuarially determined rate, which is 6% of their respective salaries for fiscal year 2016-17 and 6.5% in fiscal year 2017-18. See "—California Public Employees' Pension Reform Act of 2013" herein.

The District's contribution to PERS was $2,715,970 in fiscal year 2012-13, $2,710,351 in fiscal year 2013-14, $3,030,014 in fiscal year 2014-15, $3,255,732 in fiscal year 2015-16 and $3,265,895 in fiscal year 2016-17. The District has budgeted $4,704,333 as its contribution to PERS for fiscal year 2017-18.

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 2015-16

STRS

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

PERS

Fiscal Year	Accrued Liability	Value of Trust Assets (MVA)[(2)]	Unfunded Liability (MVA)[(2)]	Value of Trust Assets (AVA)[(3)]	Unfunded Liability (AVA)[(3)]
2010-11	$58,358	$45,901	$12,457	$51,547	$6,811
2011-12	59,439	44,854	14,585	53,791	5,648
2012-13	61,487	49,482	12,005	56,250	5,237
2013-14	65,600	56,838	8,761	--[(4)]	--[(4)]
2014-15	73,325	56,814	16,511	--[(4)]	--[(4)]
2015-16[(5)]	77,544	55,785	21,759	--[(4)]	--[(4)]

(1) Amounts may not add due to rounding.
(2) Reflects market value of assets, including the assets allocated to the SBPA reserve. Since the benefits provided through the SBPA are not a part of the projected benefits included in the actuarial valuations summarized above, the SBPA reserve is subtracted from the STRS Defined Benefit Program assets to arrive at the value of assets available to support benefits included in the respective actuarial valuations.
(3) Reflects actuarial value of assets.
(4) Effective for the June 30, 2014 actuarial valuation, PERS no longer uses an actuarial value of assets.
(5) On April 18, 2017, the PERS Board of Administration approved the K-14 school district contribution rate for fiscal year 2017-18 and released certain actuarial information to be incorporated into the June 30, 2016 actuarial valuation to be released in summer 2017.

Source: PERS Schools Pool Actuarial Valuation; STRS Defined Benefit Program Actuarial Valuation.

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

Based on the change in actuarial assumptions adopted by the STRS Board, recent investment experience and the insufficiency of the contributions received in fiscal year 2015-16 to cover interest on the unfunded actuarial obligation, the 2016 Actuarial Valuation reports that the unfunded actuarial obligation increased by $20.5 billion since the June 30, 2015 actuarial valuation and the funded ratio decreased by 4.8% to 63.7% over such time period. Had the investment rate of return been lowered to 7.00% for the 2016 Actuarial Valuation, the unfunded actuarial obligation and the funded ratio would have been $105.1 billion and 61.8%, respectively. As a result, it is currently projected that there will be a need for higher contributions from the State, employers and members in the future to reach full funding by 2046.

According to the 2016 Actuarial Valuation, the future revenues from contributions and appropriations for the STRS Defined Benefit Program are projected to be sufficient to finance its obligations, except for a small portion of the unfunded actuarial obligation related to service accrued on or after July 1, 2014 for member benefits adopted after 1990, for which AB 1469 provides no authority to the STRS Board to adjust rates to pay down that portion of the unfunded actuarial obligation. This finding reflects the scheduled contribution rate increases directed by statute, assumes additional increases in the scheduled contribution rates allowed under the current law will be made, and is based on the valuation assumptions and valuation policy adopted by the STRS Board, including a 7.00% investment rate of return assumption.

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

On March 14, 2012, the PERS Board voted to lower the PERS' rate of expected price inflation and its investment rate of return (net of administrative expenses) (the "PERS Discount Rate") from 7.75% to 7.5%. On February 18, 2014, the PERS Board voted to keep the PERS Discount Rate unchanged at 7.5%. On November 17, 2015, the PERS Board approved a new funding risk mitigation policy to incrementally lower the PERS Discount Rate by establishing a mechanism whereby such rate is reduced by a minimum of 0.05% to a maximum of 0.25% in years when investment returns outperform the existing PERS Discount Rate by at least four percentage points. On December 21, 2016, the PERS Board voted to lower the PERS Discount Rate to 7.0% over the next three years in accordance with the following schedule: 7.375% in fiscal year 2017-18, 7.25% in fiscal year 2018-19 and 7.00% in fiscal year 2019-20. The new discount rate went into effect July 1, 2017 for the State and will go into effect July 1, 2018 for K-14 school districts and other public agencies. Lowering the PERS Discount Rate means employers that contract with PERS to administer their pension plans will see increases in their normal costs and unfunded actuarial liabilities. Active members hired after January 1, 2013, under the Reform Act (defined below) will also see their contribution rates rise. The three-year reduction of the discount rate to 7.0% is expected to result in average employer rate increases of approximately 1-3% of normal cost as a percent of payroll for most miscellaneous retirement plans and a 2-5% increase for most safety plans.

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

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

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

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

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

As of June 30, 2016, the District's reported shares of the net pension liabilities for STRS and PERS were $96,079,649 and $34,012,847, respectively. For more information, see "— Existing Indebtedness – District Debt Structure" and "APPENDIX B – 2015-16 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT – Note 10" herein.

Supplemental Early Retirement Plan (SERP). The District has adopted supplemental early retirement plans whereby certain eligible employees are provided an annuity to supplement the retirement benefits they are entitled to through PERS. The annuities offered to the employees are to be paid over a five-year period. The annuities, which were purchased for 42 employees and 39 employees who retired during fiscal years 2011-12 and 2013-14, respectively, were purchased form United Pacific Life Insurance Company. At June 30, 2016, the balance remaining was $2,113,047. Future payments are as follows:

Fiscal Year	Total
2016-17	$1,086,883
2017-18	513,082
2018-19	513,082
Total	$2,113,047

Other Post-Employment Benefits

Plan Description. The District administers a single-employer defined benefit plan (the "Plan") that provides post-employment medical and dental insurance benefits (the "Benefits") to eligible retirees of the District and their beneficiaries. Employees are eligible for the Benefits after reaching the age of 55, and with 10 or more years of service to the District.

Retired Plan members and beneficiaries currently receiving benefits are eligible to retire upon attaining age 55 with 10 or more years of service. The District reimburses certificated and classified retirees for premium cost of medical coverage (employee only) up to a maximum of $1,000 per year until the age of 65. Retirees employed before October 7, 1982 who have twenty or more years of full-time service with the District are also reimbursed up to a maximum of $500 per year after age 65.

Management employees have the option of choosing insurance coverage under the classified selection plan or the certificated composite plan and receive the same health and welfare package as other District employees, plus a $100,000 term life insurance policy. Confidential employees have the option of choosing insurance coverage under the classified selection plan or the certificated composite plan and receive the same health and welfare package as other District employees. The Benefits will not be provided for management or confidential employees hired after May 1, 2010.

Funding Policy. Expenditures for the Benefits are recognized on a pay-as-you-go basis to cover the cost of premiums for current retirees. For fiscal year 2013-14 through 2016-17, the District contributed $789,000, $946,000, $1,005,219 and $950,464 to the Plan, respectively. The District has budgeted $1,055,550 for such expenditures in fiscal year 2017-18. The District has established an irrevocable trust to begin funding its accrued liability for the Benefits but has not yet made a deposit to such irrevocable trust.

Actuarial Study. The District has implemented Governmental Accounting Standards Board Statement #45, Accounting and Financial Reporting by Employers for Postemployment Benefit Plans Other Than Pension Plans ("GASB 45"), pursuant to which the District has commissioned and received an actuarial study of its liability with respect to the Other Post-Employment Benefits. The most recent of these studies was completed by Aon Hewitt in March 2016 (the "Actuarial Study") with respect to its liability in connection with such Post-Employment Benefits. The Actuarial Study, dated as of July 1, 2015, determined that the actuarial accrued liability with respect to the District's Post-Employment Benefits is $17,159,000. The Actuarial Study also concluded that the annual required contribution ("ARC") for the year beginning July 1, 2016 was $1,047,000. The ARC is the annual amount that would be necessary to fund the OPEB in accordance with the Governmental Accounting Standards Board's Statements No. 43 and 45.

Net OPEB Obligation. As of June 30, 2016, the District recognized a net balance sheet asset (the "Net OPEB Asset") of $1,691,036 with respect to its accrued liability for the Post-Employment Benefits. The Net OPEB Asset is based on the District's contributions towards the ARC during fiscal year 2015-16, plus interest on the prior year's Net OPEB Asset and minus any adjustments to reflect the amortization thereof. For further information about the Benefits see "APPENDIX B – 2015-16 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT -Note 12" herein.

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, and natural disasters. During the fiscal year ending June 30, 2016, the District participated in the Self Insured Schools of California II ("SISC II") public entity risk pool for property and liability insurance coverage.

Workers' Compensation. For fiscal year 2015-16, the District participated in the Self-Insured Schools of California I ("SISC I") public entity risk pool. The intent of SISC I is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in SISC I. The workers' compensation experience of the participating districts is calculated and applied to a common premium rate. Each participant pays its workers' compensation premium based on its individual rate.

Employee Medical Benefits. The District has contracted with the Self-Insured Schools of California III ("SISC III") to provide employee health benefits. SISC III is a shared risk pool of local educational agencies. Rates are set through an annual process. The District pays a monthly contribution, which is placed in a common fund from which claim payments are made for all participating members.

District Debt Structure

Short-Term Debt. On July 6, 2017, the District issued $10,000,000 of its Fiscal Year 2017-18 Tax and Revenue Anticipation Notes (the "Notes") to fund seasonal cashflow deficits. The Notes mature on June 30, 2017, and bear interest at a rate of 3.00% with a yield to maturity of 0.87%. The Notes are an obligation of the District payable from any legally available source. The District has pledged a portion of its general fund revenues to the payment of the Notes, in an amount equal to the principal and interest coming due thereon.

Long-Term Debt. A schedule of changes in long-term debt for the year ended June 30, 2016, is shown below:

SCHEDULE OF LONG TERM DEBT
Santa Barbara Unified School District
As of June 30, 2016

	Balance as of July 1, 2015	Additions	Deductions	Balance as of June 30, 2016
General Obligation Bonds	$188,104,541	$3,881,915	$3,870,000	$188,116,456
Premium on issuance	7,822,942	—	436,922	7,386,020
Capital Leases	324,800	218,064	178,175	364,689
Accumulated vacation – net	1,619,581	—	67,071	1,552,510
Career Technical Education Facilities Loan	1,047,215	—	138,466	908,749
Supplemental Early Retirement Plan	3,199,930	—	1,086,883	2,113,047
Totals	$202,119,009	$4,099,979	$5,777,517	$200,441,471

Source: Santa Barbara Unified School District.

General Obligation Bonds. The District has a number of general obligation bond issuances outstanding from several voter-approved authorizations. The proceeds thereof have been used to acquire, construct and equip school sites and facilities within the District, as well as to refinance previously outstanding debt of the Elementary School District and High School District.

General obligations bonds of the District are payable solely from ad valorem property taxes levied on taxable property within the District or the former boundaries of the Elementary School District, as further described herein. The District's general fund is not a source of repayment for such bonds.

The following table summarizes the outstanding general obligation bond issuances of the District, not including the Bonds.

Issuance	Initial Principal Amount	Principal Outstanding[1]	Date of Delivery
Elementary School District Bonds			
2007 General Obligation Refunding Bonds	$13,265,000.00	$7,195,000.00	8/2/2007
General Obligation Bonds, Election of 2010, Series A	14,998,228.70	14,998,228.70	5/18/2011
General Obligation Bonds, Election of 2010, Series B [2]	20,000,000.00	18,890,000.00	9/5/2013
High School District Bonds			
2007 General Obligation Refunding Bonds	23,650,000.00	15,825,000.00	8/2/2007
General Obligation Bonds, Election of 2010, Series A	15,798,210.65	15,798,210.65	5/18/2011
General Obligation Bonds, Election of 2010, Series B, Qualified School Construction Bonds	9,200,000.00	9,155,000.00	5/15/2011
General Obligation Bonds, Election of 2010, Series C[2]	14,997,217.75	14,897,415.00	6/19/2012
General Obligation Bonds, Election of 2010, Series D[2]	35,000,000.00	32,510,000.00	9/5/2013
District Bonds			
2012 General Obligation Refunding Bonds, Series A[3]	16,160,000.00	12,460,000.00	6/19/2012
2012 General Obligation Refunding Bonds, Series B [4]	11,745,000.00	8,760,000.00	6/6/2012
2014 General Obligation refunding Bonds[3]	14,235,000.00	12,510,000.00	12/22/2014
Election of 2016 General Obligation Bonds, Series A[5]	50,000,000.00	50,000,000.00	4/11/2017
Improvement District Bonds			
Election of 2016 General Obligation Bonds, Series A[6]	20,000,000.00	20,000,000.00	4/11/2017

(1) As of August 1, 2017. Includes outstanding principal of the Prior Bonds to be refunded with proceeds of the Bonds.
(2) Issued by the District subsequent to the unification of the Elementary School District and High School District.
(3) Refunded bonds previously issued by the High School District and payable solely from ad valorem taxes levied within the boundaries of the District.
(4) Refunded bonds previously issued by the Elementary School District and payable solely from ad valorem taxes levied within the former boundaries of the Elementary School District.
(5) Payable solely from ad valorem taxes levied within the boundaries of the District.
(6) Payable solely from ad valorem taxes levied within the Improvement District (as defined herein).

Elementary School District Bonds. The Elementary School District previously issued general obligation bonds pursuant to authorizations approved by voters of the Elementary School District in 1995, 1998 and 2010, as well as general obligation refunding bonds to refinance certain of its then-outstanding indebtedness. Following the unification of the Elementary School District and the High School District, the District has also issued general obligation bonds pursuant to a 2010 authorization, as well as general obligation refunding bonds to refinance prior outstanding indebtedness of the Elementary School District. The table on the following page shows the annual debt service requirements of all outstanding bonds previously issued by the Elementary School District and the District pursuant to such authorizations, including the Series B Bonds. All such bonds are payable solely from ad valorem taxes levied within the former boundaries of the Elementary School District. Substantially all of the bonds authorized by voters of the Elementary School District have been issued.

COMBINED GENERAL OBLIGATION BOND[(1)]
DEBT SERVICE SCHEDULE
Santa Barbara Elementary School District

Year Ending August 1	2012 Refunding Bonds Series B	2010 Bond Authorization: 2010 Elementary School District Series A Bonds	2010 Bond Authorization: 2010 Elementary School District Series B Bonds	The Series B Bonds	Total Annual Debt Service
2018	$1,020,206.26	—	$1,317,125.00	$1,078,135.41	$3,415,466.67
2019	1,016,456.26	—	1,403,025.00	1,103,250.00	3,522,731.26
2020	1,018,656.26	—	1,486,525.00	1,118,600.00	3,623,781.26
2021	1,019,656.26	—	1,582,025.00	1,142,900.00	3,744,581.26
2022	1,019,456.26	—	1,601,425.00	1,228,500.00	3,849,381.26
2023	1,015,206.26	—	1,595,675.00	1,334,500.00	3,945,381.26
2024	1,014,206.26	$1,299,551.16	1,589,112.50	304,900.00	4,207,769.92
2025	1,001,206.26	1,299,551.16	1,590,612.50	484,900.00	4,376,269.92
2026	794,506.26	1,299,551.16	1,584,862.50	775,900.00	4,454,819.92
2027	657,318.76	1,299,551.16	1,537,112.50	1,041,900.00	4,535,882.42
2028	657,981.26	1,299,551.16	1,519,362.50	1,173,400.00	4,650,294.92
2029	657,225.00	1,299,551.16	1,510,112.50	1,306,400.00	4,773,288.66
2030	—	1,299,551.16	1,380,268.76	2,061,200.00	4,741,019.92
2031	—	1,299,551.16	1,387,968.76	2,215,200.00	4,902,719.92
2032	—	4,144,551.16	1,357,181.26	—	5,501,732.42
2033	—	4,340,401.16	1,325,700.00	—	5,666,101.16
2034	—	4,548,601.16	1,292,250.00	—	5,840,851.16
2035	—	4,761,351.16	1,255,500.00	—	6,016,851.16
2036	—	4,986,217.83	1,208,000.00	—	6,194,217.83
2037	—	5,225,199.10	1,150,250.00	—	6,375,449.10
2038	—	5,473,669.80	1,002,750.00	—	6,476,419.80
2039	—	5,734,287.00	—	—	5,734,287.00
2040	—	6,007,800.00	—	—	6,007,800.00
2041	—	6,290,000.00	—	—	6,290,000.00
Total	$10,892,081.36	$61,908,487.65	$29,676,843.78	$16,369,685.41	$118,847,098.20

(1) Does not include debt service on the 2007 Elementary School District Bonds and the portion of the 2010 Elementary School District Bonds to be refunded with proceeds of the Series B Bonds.
Source: Santa Barbara Unified School District.

High School District Bonds. The High School District previously issued general obligation bonds pursuant to authorizations approved by voters of the High School District in 2000 and 2010, as well as general obligation refunding bonds to refinance certain of its then-outstanding indebtedness. Following the unification of the Elementary School District and the High School District, the District has also issued general obligation bonds pursuant to the 2010 authorization, as well as general obligation refunding bonds to refinance prior outstanding indebtedness of the High School District. The table on the next page shows the annual debt service requirements of all such outstanding bonds previously issued by the High School District and the District pursuant to such authorizations, including the Series A Bonds. All such bonds are payable solely from ad valorem taxes levied within the former boundaries of the High School District, which boundaries are co-terminus with those of the District. Substantially all of the bonds authorized by voters of the High School District have been issued.

COMBINED GENERAL OBLIGATION BOND DEBT SERVICE SCHEDULE – THE HIGH SCHOOL DISTRICT[1]

Santa Barbara Secondary/High School District

	2000 Bond Authorization		2010 Bond Authorization					
Year Ending August 1	2012 Refunding Bonds Series A	2014 Refunding Bonds	2010 High School District Series A Bonds	2010 High School District Series B Bonds[2]	2010 High School District Series C Bonds	2010 High School District Series D Bonds	The Series A Bonds	Total Annual Debt Service
2018	$1,321,168.76	$1,264,400.00	—	$775,383.16	$135,000.00	$2,180,012.50	$1,545,866.67	$7,221,831.09
2019	1,323,368.76	1,265,400.00	—	986,674.70	145,000.00	2,174,012.50	1,543,700.00	7,438,155.96
2020	1,319,168.76	1,260,200.00	—	1,206,327.00	150,000.00	2,172,012.50	1,547,700.00	7,655,408.26
2021	1,318,768.76	1,261,200.00	—	1,408,305.46	155,000.00	2,173,762.50	1,550,950.00	7,867,986.72
2022	1,321,968.76	1,260,200.00	—	1,627,868.70	165,000.00	2,149,012.50	1,545,950.00	8,069,999.96
2023	1,318,968.76	1,262,200.00	—	1,826,617.36	178,800.00	2,139,012.50	1,549,950.00	8,275,548.62
2024	1,318,718.76	1,261,950.00	—	2,039,913.90	178,800.00	2,128,012.50	1,542,550.00	8,469,945.16
2025	1,320,968.76	1,264,450.00	—	2,236,041.46	178,800.00	2,121,012.50	1,549,150.00	8,670,422.72
2026	1,317,668.76	1,264,450.00	—	—	1,173,800.00	3,307,762.50	1,735,400.00	8,799,081.26
2027	1,320,668.76	1,261,950.00	—	—	1,228,800.00	3,168,800.00	1,920,150.00	8,900,368.76
2028	1,318,168.76	1,256,950.00	—	—	1,286,760.00	3,151,937.50	2,112,900.00	9,126,716.26
2029	1,318,031.26	1,262,450.00	—	—	1,346,040.00	3,140,875.00	2,312,650.00	9,380,046.26
2030	—	1,261,750.00	—	—	1,407,440.00	2,955,087.50	3,743,400.00	9,367,677.50
2031	—	—	—	—	1,470,720.00	2,888,887.50	5,122,000.00	9,481,607.50
2032	—	—	$6,534,495.30	—	1,535,640.00	2,918,862.50	—	10,988,997.80
2033	—	—	6,822,651.60	—	1,606,960.00	2,889,137.50	—	11,318,749.10
2034	—	—	7,130,472.00	—	1,678,460.00	2,850,212.50	—	11,659,144.50
2035	—	—	7,446,480.00	—	1,760,460.00	2,801,375.00	—	12,008,315.00
2036	—	—	7,780,000.00	—	1,837,210.00	2,749,237.50	—	12,366,447.50
2037	—	—	8,071,752.60	—	1,948,710.00	2,723,800.00	—	12,744,262.60
2038	—	—	8,428,450.50	—	2,035,430.10	2,663,550.00	—	13,127,430.60
2039	—	—	8,807,100.00	—	2,130,301.60	—	—	10,937,401.60
2040	—	—	9,200,000.00	—	2,228,310.15	—	—	11,428,310.15
2041	—	—	10,000,000.00	—	2,158,751.25	—	—	12,158,751.25
2042	—	—	—	—	6,862,960.00	—	—	6,862,960.00
2043	—	—	—	—	7,172,960.00	—	—	7,172,960.00
2044	—	—	—	—	7,494,640.00	—	—	7,494,640.00
2045	—	—	—	—	7,831,220.00	—	—	7,831,220.00
Total	$15,837,637.62	$16,407,550.00	$80,221,402.00	$12,107,131.74	$57,481,973.10	$55,446,375.00	$29,322,316.67	$266,824,386.13

(1) Does not include debt service on the 2007 High School District Bonds and the portion of the 2010 High School District Bonds to be refunded with proceeds of the Series A Bonds.

(2) The 2010 High School District Series B Bonds were designated as "Qualified School Construction Bonds" pursuant to an irrevocable election by the District to have Sections 54F and Section 6431 of the Code, 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) the 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 2010 High School District Series B Bonds (each a "QSCB Subsidy"). This table reflects gross debt service payments with respect to the 2010 High School District Series B Bonds and does not reflect the anticipated receipt of the QSCB Subsidy. The QSCB 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 QSCB Subsidy payments by 6.6% during federal fiscal year ending September 30, 2018. In the absence of action by the U.S. Congress, the rate of the Sequestration Reduction is subject to change in the following federal fiscal year. The District cannot predict whether or how subsequent sequestration actions may affect QSCB 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 these bonds. The County will deposit any cash QSCB Subsidy payments received into the debt service fund for the bonds.

Source: Santa Barbara Unified School District.

District Bonds. On November 8, 2016, the voters of the District approved the issuance of up to $135,000,000 of general obligation bonds of the District to finance high school construction and modernization within the District. Such bonds are payable solely from ad valorem taxes levied within the boundaries of the District. The District has issued one series of such bonds in the par amount of $50,000,000, leaving $85,000,000 of unissued bonds. The following table shows the annual debt service requirements of the District's bonds.

GENERAL OBLIGATION BOND DEBT SERVICE SCHEDULE
Santa Barbara Unified School District

Year (Aug. 1)	Election of 2016 Series A Bonds
2018	$7,228,450.00
2019	6,936,050.00
2020	1,947,250.00
2021	2,030,050.00
2022	2,119,250.00
2023	2,204,450.00
2024	2,300,650.00
2025	2,392,250.00
2026	2,487,250.00
2027	2,585,750.00
2028	2,692,250.00
2029	2,801,000.00
2030	2,911,500.00
2031	3,028,250.00
2032	3,150,500.00
2033	3,272,500.00
2034	3,403,750.00
2035	3,543,250.00
2036	3,685,000.00
2037	3,831,600.00
2038	3,982,800.00
2039	4,143,000.00
2040	4,306,400.00
2041	4,482,400.00
Total	$81,465,600.00

Source: Santa Barbara Unified School District

The Improvement District. The District has formed the Santa Barbara Unified School District Elementary Schools Facilities Improvement District (the "Improvement District") pursuant to Section 15300 et seq. of the Education Code. On November 8, 2016, voters of the Improvement District approved the issuance of up to $58,000,000 of general obligation bonds to finance elementary school modernization and construction within the boundaries of the Improvement District. Pursuant to such authorization, the District has issued one series of bonds on behalf of the Improvement District in the par amount of $20,000,000, leaving $38,000,000 of bonds unissued. Bonds of the Improvement District are payable solely from ad valorem taxes levied within the Improvement District, the boundaries of which are co-terminus with the former boundaries of the Elementary School District. The following table shows the annual debt service requirements of the Improvement District bonds.

GENERAL OBLIGATION BOND DEBT SERVICE SCHEDULE
Santa Barbara Unified School District
School Facilities Improvement District No. 1

Year (Aug. 1)	Election of 2016 Series A Bonds
2018	$810,818.76
2019	2,860,818.76
2020	914,318.76
2021	949,368.76
2022	983,218.76
2023	1,020,868.76
2024	1,059,268.76
2025	1,095,668.76
2026	1,135,068.76
2027	1,172,268.76
2028	1,217,268.76
2029	1,258,768.76
2030	1,299,568.76
2031	1,348,568.76
2032	1,394,506.26
2033	1,442,206.26
2034	1,491,325.00
2035	1,546,500.00
2036	1,598,100.00
2037	1,655,900.00
2038	1,714,500.00
2039	1,774,750.00
2040	1,833,500.00
2041	1,900,500.00
Total	$33,477,650.16

Source: Santa Barbara Unified School District

TAX MATTERS

In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California ("Bond Counsel"), under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described herein, interest on the 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 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 of California personal income tax.

Bond Counsel's opinion as to the exclusion from gross income of interest (and original issue discount) on the Bonds is based upon certain representations of fact and certifications made by the District and others and is subject to the condition that the District complies with all requirements of the 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 CHANGES TO OR 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. TAX REFORM LEGISLATION HAS BEEN INTRODUCED AND IS BEING CONSIDERED BY CONGRESS THAT, AMONG OTHER MATTERS, SIGNIFICANTLY ALTERS INCOME TAX RATES AND REPEALS THE ALTERNATIVE MINIMUM TAX. THESE PROPOSED LEGISLATIVE CHANGES OR OTHER CHANGES WHICH MIGHT BE INTRODUCED IN CONGRESS COULD ADVERSELY AFFECT THE MARKET VALUE OR LIQUIDITY OF THE BONDS. IT IS POSSIBLE THAT LEGISLATIVE CHANGES WILL BE INTRODUCED WHICH, IF ENACTED, WOULD RESULT IN ADDITIONAL FEDERAL INCOME OR STATE TAX BEING IMPOSED ON OWNERS OF TAX-EXEMPT STATE OR LOCAL OBLIGATIONS, SUCH AS THE BONDS. NO ASSURANCE CAN BE GIVEN THAT SUBSEQUENT TO THE ISSUANCE OF THE BONDS STATUTORY CHANGES WILL NOT BE INTRODUCED OR ENACTED OR INTERPRETATIONS WILL NOT OCCUR. BEFORE PURCHASING ANY OF THE BONDS, ALL POTENTIAL PURCHASERS SHOULD CONSULT THEIR TAX ADVISORS REGARDING POSSIBLE STATUTORY CHANGES OR JUDICIAL OR REGULATORY CHANGES OR INTERPRETATIONS, AND THEIR COLLATERAL TAX CONSEQUENCES RELATING TO THE BONDS.

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

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

Copies of the proposed forms of opinions of Bond Counsel for the Bonds are attached hereto as APPENDIX A.

LIMITATION ON REMEDIES; BANKRUPTCY

General

State law contains certain safeguards to protect the financial solvency of school districts. See "DISTRICT FINANCIAL INFORMATION – Budget Process" herein. If the safeguards are not successful in preventing a school district from becoming insolvent, the State Superintendent, operating through an administrator appointed thereby, may be authorized under State law to file a petition under Chapter 9 of the United States Bankruptcy Code (the "Bankruptcy Code") on behalf of the school district for the adjustment of its debts, assuming that the school district meets certain other requirements contained in the Bankruptcy Code necessary for filing such a petition. School districts are not themselves authorized to file a bankruptcy proceeding, and they are not subject to involuntary bankruptcy.

Bankruptcy courts are courts of equity and as such have broad discretionary powers. If the District were to become the debtor in a proceeding under Chapter 9 of the Bankruptcy Code, the automatic stay provisions of Bankruptcy Code Sections 362 and 922 generally would prohibit creditors from taking any action to collect amounts due from the District or to enforce any obligation of the District related to such amounts due, without consent of the District or authorization of the bankruptcy court (although such stays would not operate to block creditor application of pledged special revenues to payment of indebtedness secured by such revenues). In addition, as part of its plan of adjustment in a chapter 9 bankruptcy case, the District may be able to alter the priority, interest rate, principal amount, payment terms, collateral, maturity dates, payment sources, covenants (including tax-related covenants), and other terms or provisions of the Bonds and other transaction documents related to the Bonds, as long as the bankruptcy court determines that the alterations are fair and equitable. There also may be other possible effects of a bankruptcy of the District that could result in delays or reductions in payments on the Bonds. Moreover, regardless of any specific adverse determinations in any District bankruptcy proceeding, the fact of a District bankruptcy proceeding could have an adverse effect on the liquidity and market price of the Bonds.

Statutory Lien

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

Special Revenues

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

Possession of Tax Revenues; Remedies

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

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

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

LEGAL MATTERS

Legality for Investment in California

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

Continuing Disclosure

Current Undertaking. In connection with the issuance of the Bonds, the District has covenanted for the benefit of Owners and Beneficial Owners of the Bonds to provide certain financial information and operating data relating to the District (the "Annual Reports") by not later than nine months following the end of the District's fiscal year (which currently ends June 30), commencing with the report for the 2016-17 Fiscal Year, and to provide notices of the occurrence of certain enumerated events. The specific nature of the information to be contained in the Annual Reports or the notices of material 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 failed to file in a timely manner notices of certain events as required by its prior continuing disclosure undertakings pursuant to the Rule.

No 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.

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.

Escrow Verification

Upon delivery of the Bonds, Causey Demgen & Moore, P.C. 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 moneys in the escrow fund to pay (i) the redemption prices of the Prior Bonds and the Authority Bonds, and (ii) interest thereon on the first optional redemption dates therefor, and, and (b) the computations of yield of the Bonds which support Bond Counsel's opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes.

Legal Opinions

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

MISCELLANEOUS

Ratings

Moody's and S&P have assigned ratings of "Aa2" and "AA-" respectively, to each series of the Bonds. Such ratings reflect only the views of Moody's and S&P and any desired explanation of the significance of such ratings should be obtained therefrom. There is no assurance the ratings on the Bonds will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely by Moody's or S&P, as applicable, if, in the judgment of such rating agency, the circumstances so warrant. Any such downward revision or withdrawal of any rating on the Bonds may have an adverse effect on the market price for the Bonds.

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

The District has covenanted in a Continuing Disclosure Certificate to file on the Municipal Securities Rulemaking Board's Electronic Municipal Market Access website ("EMMA") notices of any ratings changes on the Bonds. See "APPENDIX C – FORM OF CONTINUING DISCLOSURE CERTIFICATE" attached hereto. Notwithstanding such covenant, information relating to ratings changes on the Bonds may be publicly available from the rating agencies prior to such information being provided to the District and prior to the date the District is obligated to file a notice of rating change on EMMA.

Purchasers of the Bonds are directed to the ratings agencies and their respective websites and official media outlets for the most current ratings changes with respect to the Bonds after the initial issuance of the Bonds.

Financial Statements

The financial statements with supplemental information for the year ended June 30, 2016, the independent auditor's report of the District, and the related statements of activities and of cash flows for the year then ended, and the report of Chavan & Associates, LLP (the "Auditor"), are included in this Official Statement as APPENDIX B. In connection with the inclusion herein, 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.

Underwriting

The Bonds are being purchased by Morgan Stanley & Co. LLC (the "Underwriter"). The Underwriter has agreed, pursuant to a purchase contract by and between the District and the Underwriter (the "Purchase Contract"), to purchase all of the Series A Bonds for a purchase price of $23,848,675.92 (which is equal to the principal amount of the Series A Bonds of $20,680,000.00, plus original issue premium of $3,229,804.35, less an Underwriter's discount of $61,128.43). Pursuant the Purchase Contract, the Underwriter has also agreed to purchase all of the Series B Bonds for a purchase price of $13,619,506.72 (which is equal to the principal amount of the Series B Bonds of $12,190,000.00, plus net original issue premium of $1,464,998.70, less an Underwriter's discount of $35,491.98)

The Purchase Contract related to the Bonds provides that the Underwriter will purchase all of the Bonds if any are purchased, the obligation to make such purchase being subject to certain terms and conditions set forth therein, 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. The offering prices may be changed from time to time by the Underwriter.

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

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

Additional Information

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

All 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.

SANTA BARBARA UNIFIED SCHOOL DISTRICT

By: /s/ Cary Matsuoka
Superintendent

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APPENDIX A

FORMS OF OPINIONS OF BOND COUNSEL FOR THE BONDS

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

November 16, 2017

Board of Education
Santa Barbara 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 $20,680,000 Santa Barbara Unified School District (Santa Barbara County, California) 2017 General Obligation Refunding Bonds, Series A (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 Government Code of the State of California, and a resolution (the "Resolution") of the Board of Education of the Santa Barbara Unified School District (the "District").

2. The Bonds constitute valid and binding general obligations of the District, payable as to both principal and interest from the proceeds of a levy of ad valorem taxes on all property 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. It should be noted that, with respect to corporations, such interest is may be included as an adjustment in the calculation of alternative minimum taxable income, which may affect the alternative minimum tax liability of corporations.

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

5. The difference between the issue price of a Bond (the first price at which a substantial amount of the Bonds of a maturity is to be sold to the public) and the stated redemption price at maturity with respect to such Bonds constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a Bondowner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by a Bondowner will increase the Bondowner's basis in the applicable Bond. Original issue discount that accrues to the Bondowner is excluded from the gross income of such owner for federal income tax purposes, is not an item of tax preference for purposes of

the federal alternative minimum tax imposed on individuals and corporations, and is exempt from State of California personal income tax.

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

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

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

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

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

Respectfully submitted,

Stradling Yocca Carlson & Rauth

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

November 16, 2017

Board of Education
Santa Barbara 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 $12,190,000 Santa Barbara Unified School District (Santa Barbara County, California) 2017 General Obligation Refunding Bonds, Series B (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 Government Code of the State of California, and a resolution (the "Resolution") of the Board of Education of the Santa Barbara Unified School District (the "District").

2. The Bonds constitute valid and binding general obligations of the District, payable as to both principal and interest from the proceeds of a levy of ad valorem taxes on all property subject to such taxes in the former boundaries of the Santa Barbara Elementary School 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. It should be noted that, with respect to corporations, such interest is may be included as an adjustment in the calculation of alternative minimum taxable income, which may affect the alternative minimum tax liability of corporations.

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

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

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

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

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

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

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

Respectfully submitted,

Stradling Yocca Carlson & Rauth

APPENDIX B

2015-16 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT

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Santa Barbara Unified School District

Excellence for All

Annual Financial Report

June 30, 2016

SANTA BARBARA UNIFIED SCHOOL DISTRICT

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FINANCIAL SECTION

Vavrinek, Trine, Day & Co., LLP
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Governing Board
Santa Barbara Unified School District
Santa Barbara, 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 the Santa Barbara Unified School District (the District) as of and for the year ended June 30, 2016, 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the 2015-2016 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting, issued by the California Education Audit Appeals Panel as regulations. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Santa Barbara Unified School District, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 14, budgetary comparison schedule on page 72, schedule of other postemployment benefits funding progress on page 73, schedule of the District's proportionate share of the net pension liability on page 74, and the schedule of District contributions on page 75, 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 Santa Barbara Unified School District's basic financial statements. The accompanying supplementary information such as the combining and individual non-major fund financial statements and Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the other supplementary information as listed on the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 14, 2016, on our consideration of the Santa Barbara Unified School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Santa Barbara Unified School District's internal control over financial reporting and compliance.

Vavrinek, Trine, Day & Co., LLP

Rancho Cucamonga, California
December 14, 2016

This section of Santa Barbara Unified School District's (the District) annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2016. Please read it in conjunction with the District's financial statements, which immediately follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Financial Statements

The financial statements presented herein include all of the activities of the District and its component units using the integrated approach as prescribed by Governmental Accounting Standards Board (GASB) Statement No. 34.

The Government-Wide Financial Statements present the financial picture of the District from the economic resources measurement focus using the accrual basis of accounting. They present governmental activities separately. These statements include all assets of the District (including capital assets), as well as all liabilities (including long-term obligations). Additionally, certain eliminations have occurred as prescribed by the statement in regards to interfund activity, payables, and receivables.

The Fund Financial Statements include statements for each of the three categories of activities: governmental, proprietary, and fiduciary.

The Governmental Funds are prepared using the current financial resources measurement focus and modified accrual basis of accounting.

The Proprietary Funds are prepared using the economic resources measurement focus and the accrual basis of accounting.

The Fiduciary Funds are prepared using the economic resources measurement focus and the accrual basis of accounting.

Reconciliation of the Fund Financial Statements to the Government-Wide Financial Statements is provided to explain the differences created by the integrated approach.

The Primary unit of the government is the Santa Barbara Unified School District.

REPORTING THE DISTRICT AS A WHOLE

The Statement of Net Position and the Statement of Activities

The Statement of Net Position and the Statement of Activities report information about the District as a whole and about its activities. These statements include all assets and liabilities of the District using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's net position and changes in them. Net position is the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources, which is one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net position will serve as a useful indicator of whether the financial position of the District is improving or deteriorating. Other factors to consider are changes in the District's property tax base and the condition of the District's facilities.

The relationship between revenues and expenses is the District's operating results. Since the governing board's responsibility is to provide services to our students and not to generate profit as commercial entities do, one must consider other factors when evaluating the overall health of the District. The quality of the education and the safety of our schools will likely be an important component in this evaluation.

In the Statement of Net Position and the Statement of Activities, we present the District activities as follows:

Governmental Activities – Most of the District's services are reported in this category. This includes the education of kindergarten through grade twelve students, adult education students, the operation of child development activities, and the on-going effort to improve and maintain buildings and sites. Property taxes, State income taxes, user fees, interest income, Federal, State, and local grants, as well as general obligation bonds, finance these activities.

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds – not the District as a whole. Some funds are required to be established by State law and by bond covenants. However, management establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money that it receives from the U.S. Department of Education.

Governmental Funds –Most of the District's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. The differences of results in the governmental fund financial statements to those in the government-wide financial statements are explained in a reconciliation following each governmental fund financial statement.

Proprietary Funds –When the District charges users for the services it provides, whether to outside customers or to other departments within the District, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Fund Net Position. We use internal service funds to report activities that provide supplies and services for the District's other programs and activities, such as the District's Self-Insurance Fund. The internal service funds are reported with governmental activities in the government-wide financial statements.

THE DISTRICT AS A TRUSTEE

Reporting the Districts Fiduciary Responsibilities

The District is the trustee, or fiduciary, for funds held on behalf of others, like our funds for associated student body activities, payroll taxes and miscellaneous deductions, and deferred payroll. The District's fiduciary activities are reported in the Statement of Fiduciary Net Position. We exclude these activities from the District's other financial statements because the District cannot use these assets to finance its operations. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

FINANCIAL HIGHLIGHTS

The District completed its 2015-2016 fiscal year with an operating surplus of $18,068,840 and an additional $4,897,041 in its Special Reserve Fund for Other Than Capital Outlay Projects – Fund 17. The District was planning to increase its reserve level to prepare for another possible financial crisis and to be able to fund the increase in employees' pension cost. The 2016-2017 interim projects a fund balance in the General Fund that meets the SBUSD's minimum recommended reserve requirement of three percent for the current and two subsequent years. While the state's has not made a deposit into its rainy day fund nor have all the triggers pulled to limit the district's reserve percentage to six percent, the District continues to face challenges of increasing its fund balance in light of the passing of Prop 2. In 2015-2016, the district gave its employees a four percent salary increase which slowed its plans to increase the reserve level, and reductions for the 2017-2018 and 2018-2019 fiscal years will need to be made

THE DISTRICT AS A WHOLE

Net Position

The District's net position was $(30.2) million for the fiscal year ended June 30, 2016. Of this amount, $(120.7) million was unrestricted. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the governing board's ability to use that net position for day-to-day operations. Our analysis below, in summary form, focuses on the net position (Table 1) and change in net position (Table 2) of the District's governmental activities.

Table 1

	Governmental Activities	
	2016	2015
Assets		
Current and other assets	$ 74,674,942	$ 72,278,283
Capital assets	231,655,742	230,285,529
Total Assets	306,330,684	302,563,812
Deferred Outflows of Resources	31,229,630	10,845,991
Liabilities		
Current liabilities	10,488,832	9,509,867
Long-term obligations	200,441,471	202,119,009
Net pension liability	130,092,496	106,029,833
Total Liabilities	341,022,799	317,658,709
Deferred Inflows of Resources	26,712,764	29,913,412
Net Position		
Net investment in capital assets	71,640,446	74,177,917
Restricted	18,834,602	16,231,909
Unrestricted	(120,650,297)	(124,572,144)
Total Net Position	$ (30,175,249)	$ (34,162,318)

The $(120.7) million in unrestricted net position of governmental activities represents the accumulated results of all past years' operations. The reason for the significant change between years was due to the implementation of GASB Statement No. 68, Accounting and Financial Reporting for Pensions, and GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date.

Changes in Net Position

The results of this year's operations for the District as a whole are reported in the Statement of Activities on page 16. Table 2 takes the information from the Statement, rounds off the numbers, and rearranges them slightly so you can see our total revenues for the year.

Table 2

	Governmental Activities	
	2016	2015
Revenues		
Program revenues:		
Charges for services	$ 3,328,252	$ 2,212,981
Operating grants and contributions	20,572,154	18,869,975
Capital grants and contributions	483	309
General revenues:		
Federal and State aid not restricted	22,268,961	12,056,705
Property taxes	122,047,822	117,016,388
Other general revenues	13,431,803	14,534,869
Total Revenues	181,649,475	164,691,227
Expenses		
Instruction-related	113,200,170	107,708,199
Pupil services	21,994,645	19,680,695
Administration	8,645,379	6,944,221
Plant services	16,794,373	15,589,979
Other	17,027,839	16,494,556
Total Expenses	177,662,406	166,417,650
Change in Net Position	$ 3,987,069	$ (1,726,423)

Governmental Activities

As reported in the Statement of Activities on page 16, the cost of all of our governmental activities this year was $177.7 million. However, the amount that our taxpayers ultimately financed for these activities through local taxes was only $122.0 million because the cost was paid by those who benefited from the programs $(3.3 million) or by other governments and organizations who subsidized certain programs with grants and contributions $(20.6 million). We paid for the remaining "public benefit" portion of our governmental activities with $35.7 million in Federal and State funds, and with other revenues, like interest and general entitlements.

In Table 3, we have presented the cost and net cost of each of the District's largest governmental activity functions: instruction, instruction-related activities, home-to-school transportation, food services, other pupil services, administration, plant services, ancillary services, community services, interest on long-term obligations and all other functional expenditures. As discussed above, net cost shows the financial burden that was placed on the District's taxpayers by each of these functions. Providing this information allows our citizens to consider the cost of each function in comparison to the benefits they believe are provided by that function.

Table 3

	Total Cost of Services		Net Cost of Services	
	2016	2015	2016	2015
Instruction	$ 93,467,458	$ 89,487,119	$ 87,503,857	$ 83,887,167
Instruction-related activities	19,732,712	18,221,080	18,447,689	16,108,599
Home-to-school transportation	2,543,308	2,316,744	2,512,135	2,282,474
Food services	8,006,884	7,213,094	1,224,305	1,298,377
Other pupil services	11,444,453	10,150,857	10,043,367	8,905,956
Administration	8,645,379	6,944,221	7,548,292	6,155,186
Plant services	16,794,373	15,589,979	16,537,413	15,315,582
Ancillary services	1,631,425	1,619,517	1,488,909	1,560,686
Community services	5,490,702	5,742,831	1,699,513	1,988,179
Interest on long-term obligations	9,570,409	8,651,225	9,570,409	8,651,225
Other	335,303	480,983	(2,814,372)	(819,046)
Total	$ 177,662,406	$ 166,417,650	$ 153,761,517	$ 145,334,385

THE DISTRICT'S FUNDS

As the District completed this year, our governmental funds reported a combined fund balance of $64.7 million, which is an increase of $1.3 million from last year (Table 4).

Table 4

	Fund Balance			
	July 1, 2015	Revenues	Expenditures	June 30, 2016
General Fund	$ 19,959,245	$ 153,016,683	$ 146,386,785	$ 26,589,143
Building Fund	27,669,142	371,094	8,589,648	19,450,588
Bond Interest and Redemption Fund	11,823,757	10,966,991	9,835,871	12,954,877
Charter School Fund	626,283	2,851,769	2,890,583	587,469
Child Development Fund	106,120	3,614,633	3,598,800	121,953
Cafeteria Fund	769,419	8,201,649	7,907,056	1,064,012
Capital Facilities Fund	2,222,348	2,548,140	1,904,531	2,865,957
County School Facilities Fund	2,357	165,841	95,358	72,840
Special Reserve Fund For Capital Outlay Projects	195,274	2,046,834	1,248,160	993,948
Total	$ 63,373,945	$ 183,783,634	$ 182,456,792	$ 64,700,787

The primary reasons for these increases/decreases are:

- The General Fund is our principal operating fund. The fund balance in the General Fund increased by $6.4 million due to one-time funds not being spent down as planned. The district's special reserve, Fund 17, continues to increase each by $100,000 for the replacement of turf fields.

General Fund Budgetary Highlights

Over the course of the year, the District revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. The final amendment to the budget was adopted on June 28, 2016. (A schedule showing the District's original and final budget amounts compared with amounts actually paid and received is provided in our annual report on page 72.)

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2016, the District had $231.7 million in a broad range of capital assets (net of depreciation), including land, buildings, furniture, and equipment. This amount represents a net increase (including additions, deductions, and depreciation) of $1.4 million, or 0.60 percent, from last year (Table 5).

Table 5

	Governmental Activities	
	2016	2015
Land and construction in process	$ 8,492,286	$ 21,127,663
Buildings and improvements	216,900,450	202,693,407
Furniture and equipment	6,263,006	6,464,459
Total	$ 231,655,742	$ 230,285,529

Several capital projects are planned for the 2016-2017 year. We anticipate capital additions to be $ 16 million for the 2016-2017 year which is mainly the Peabody Stadium at Santa Barbara High School. We present more detailed information about our capital assets in Note 5 to the financial statements.

Long-Term Obligations

At the end of this year, the District had $200.4 million in long-term obligations outstanding versus $202.1 million last year, a decrease of 0.84 percent. Those consisted of:

Table 6

	Governmental Activities	
	2016	2015
General obligation bonds - net (financed with property taxes)	$ 195,502,476	$ 195,927,483
Capitalized lease obligations	364,689	324,800
Compensated absences	1,552,510	1,619,581
Career Technical Education Facilities Loan	908,749	1,047,215
Supplemental Early Retirement Plan (SERP)	2,113,047	3,199,930
Total	$ 200,441,471	$ 202,119,009

The District's general obligation bond rating continues to be "Aa3/AA-" as of December 2014. The State limits the amount of general obligation debt that districts can issue to five percent of the assessed value of all taxable property within the District's boundaries. The unified district's outstanding general obligation debt of $192,430,439 is significantly below the $857,353,592 statutorily-imposed limit and the School Facilities Improvement District #1 (SFID #1) outstanding general obligation debt of 76,395,480 is again significantly below the $340,372,030 statutorily-imposed limit. In November of 2016, the Santa Barbara voters passed a General Obligation Bonds in the amount of $135 million for the unified district and $58 million for the SFID #1 for a total of $193 million. February 2017, the district plans to sell $50 million in the unified district and $30 million in the SFID still well below the statutorily-imposed limit.

Other obligations include compensated absences payable, postemployment benefits (not including health benefits) and other long-term obligations. We present more detailed information regarding our long-term obligations in Note 10 of the financial statements.

Net Pension Liability (NPL)

At year-end, the District had a net pension liability of $130.1 million. The District therefore recorded its proportionate share of net pension liabilities for CalSTRS and CalPERS.

SIGNIFICANT ACCOMPLISHMENTS OF FISCAL YEAR 2015-2016 ARE NOTED BELOW:

The District spent $8,325,000 million on new construction and modernization projects which include following: multipurpose room and playground upgrades, asphalt renovation; roofing replacements; drainage improvements and HVAC replacements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

In considering the District Budget for the 2016-2017 year, the governing board and management used the following criteria:

The key assumptions in our revenue forecast are:

1. The District's Local Control Funding gap was based on the estimate from the state controller's office of 54.84 percent. The adopted budget was based on a decrease in enrollment of 357 however at October's count the decrease was only 266 and was accounted for at first interim. The District reduces its federal revenues by ten percent due to the fact that the federal budget is not released until September. At first interim the actual amounts were adjusted. Staff also accounted for an increase in federal funding due to a new census and for carryover.
2. Interest earnings will remain the same percent due to the averaging of the past four quarters of interest rates.
3. Developer fee collections are based on approximate new housing units to be constructed.
4. Special Education costs continue to increase. The County's SELPA funding is now at 100 percent pay as you go. The special education and the fiscal departments continue to look for ways to control cost by taking back programs from the County Education office.

Expenditures are based on the following forecasts:

The governing board approved a four percent increase for employees in 2015-2016. This had a large impact on the budget and the need to reduce expenses for 2017-2018 in the amount of $2.5 million and $3.5 million in 2018-2019 to meet its state reserve level. Staff did not included an increase in its multi-year projections (2017-2019) however step and column are budgeted.

	Staffing Ratio	Enrollment
Grades kindergarten through three*	25:1	2,458
Grades four through six	33:1	1,843
Grades seven through eight	30:1	2,968
Grades nine through twelve	36:1	6,599

The District has negotiated a 25:1 class size reduction.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, students, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact Meg Jetté, Assistant Superintendent, Business Services, at Santa Barbara Unified School District, 720 Santa Barbara Street, Santa Barbara, California, or e-mail at mjette@sbunified.org.

SANTA BARBARA UNIFIED SCHOOL DISTRICT

STATEMENT OF NET POSITION
JUNE 30, 2016

		Governmental Activities
ASSETS		
Deposits and investments	$	65,190,873
Receivables		7,521,961
Prepaid expenses		189,408
Stores inventories		81,664
Net OPEB asset		1,691,036
Capital assets		
Land and construction in process		8,492,286
Other capital assets		323,288,074
Less: Accumulated depreciation		(100,124,618)
Total Capital Assets		231,655,742
Total Assets		306,330,684
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charges on refunding		1,947,232
Deferred outflows of resources related to pensions		29,282,398
Total Deferred Outflows of Resources		31,229,630
LIABILITIES		
Accounts payable		5,691,344
Accrued interest payable		2,460,088
Unearned revenue		2,337,400
Long-term obligations:		
Current portion of long-term obligations other than pensions		6,047,498
Noncurrent portion of long-term obligations other than pensions		194,393,973
Total Long-Term Obligations		200,441,471
Aggregate net pension liability		130,092,496
Total Liabilities		341,022,799
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows of resources related to pensions		26,712,764
NET POSITION		
Net investment in capital assets		71,640,446
Restricted for:		
Debt service		10,494,789
Capital projects		3,328,576
Educational programs		3,620,394
Other activities		1,390,843
Unrestricted		(120,650,297)
Total Net Position	$	(30,175,249)

The accompanying notes are an integral part of these financial statements.

SANTA BARBARA UNIFIED SCHOOL DISTRICT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016

Functions/Programs	Expenses	Program Revenues: Charges for Services and Sales	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position: Governmental Activities
Governmental Activities:					
Instruction	$ 93,467,458	$ 357,903	$ 5,605,215	$ 483	$ (87,503,857)
Instruction-related activities:					
Supervision of instruction	7,483,794	76,128	1,091,859	-	(6,315,807)
Instructional library, media, and technology	1,679,250	527	11,926	-	(1,666,797)
School site administration	10,569,668	5,723	98,860	-	(10,465,085)
Pupil services:					
Home-to-school transportation	2,543,308	-	31,173	-	(2,512,135)
Food services	8,006,884	1,278,919	5,503,660	-	(1,224,305)
All other pupil services	11,444,453	376,553	1,024,533	-	(10,043,367)
Administration:					
Data processing	2,887,365	32,243	194,116	-	(2,661,006)
All other administration	5,758,014	127,947	742,781	-	(4,887,286)
Plant services	16,794,373	48,354	208,606	-	(16,537,413)
Facility acquisition and construction	293,548	-	-	-	(293,548)
Ancillary services	1,631,425	37,165	105,351	-	(1,488,909)
Community services	5,490,702	224,597	3,566,592	-	(1,699,513)
Interest on long-term obligations	9,570,409	-	-	-	(9,570,409)
Other outgo	41,755	762,193	2,387,482	-	3,107,920
Total Governmental Activities	$ 177,662,406	$ 3,328,252	$ 20,572,154	$ 483	(153,761,517)

General revenues and subventions:	
Property taxes, levied for general purposes	107,622,384
Property taxes, levied for debt service	10,940,574
Taxes levied for other specific purposes	3,484,864
Federal and State aid not restricted to specific purposes	22,268,961
Interest and investment earnings	337,377
Miscellaneous	13,094,426
Subtotal, General Revenues	157,748,586
Change in Net Position	3,987,069
Net Position - Beginning	(34,162,318)
Net Position - Ending	$ (30,175,249)

The accompanying notes are an integral part of these financial statements.

SANTA BARBARA UNIFIED SCHOOL DISTRICT

GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2016

	General Fund	Building Fund	Bond Interest and Redemption Fund
ASSETS			
Deposits and investments	$ 26,288,153	$ 20,377,589	$ 12,954,877
Receivables	6,217,824	-	-
Due from other funds	834,312	-	-
Prepaid expenditures	189,408	-	-
Stores inventories	21,373	-	-
Total Assets	$ 33,551,070	$ 20,377,589	$ 12,954,877
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	$ 4,163,249	$ 926,701	$ -
Due to other funds	461,278	300	-
Unearned revenue	2,337,400	-	-
Total Liabilities	6,961,927	927,001	-
Fund Balances:			
Nonspendable	272,408	-	-
Restricted	3,620,394	19,450,588	12,954,877
Assigned	12,203,329	-	-
Unassigned	10,493,012	-	-
Total Fund Balances	26,589,143	19,450,588	12,954,877
Total Liabilities and Fund Balances	$ 33,551,070	$ 20,377,589	$ 12,954,877

The accompanying notes are an integral part of these financial statements.

Non-Major Governmental Funds		Total Governmental Funds	
$	5,156,087	$	64,776,706
	1,304,137		7,521,961
	461,278		1,295,590
	–		189,408
	60,291		81,664
$	6,981,793	$	73,865,329
$	441,602	$	5,531,552
	834,012		1,295,590
	–		2,337,400
	1,275,614		9,164,542
	60,291		332,699
	4,465,044		40,490,903
	1,180,844		13,384,173
	–		10,493,012
	5,706,179		64,700,787
$	6,981,793	$	73,865,329

SANTA BARBARA UNIFIED SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2016

Total Fund Balance - Governmental Funds		$ 64,700,787
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
The cost of capital assets is:	$ 331,780,360	
Accumulated depreciation is:	(100,124,618)	
Net Capital Assets		231,655,742
The District has refunded debt obligations. The difference between the amounts that were sent to escrow agents for the payment of the old debt and the actual remaining debt obligations will be amortized as an adjustment to interest expense over the remaining life of the refunded debt. This balance represents the unamortized deferred charges on refunding remaining as of June 30, 2016.		1,947,232
In governmental funds, unmatured interest on long-term obligations is recognized in the period when it is due. On the government-wide statements, unmatured interest on long-term obligations is recognized when it is incurred.		(2,460,088)
An Internal Service Fund is used by the District's management to charge the costs of the dental and vision insurance program to the individual funds. The assets and liabilities of the Internal Service Fund are included with governmental activities. Internal Service Fund net assets are:		254,375
Expenditures relating to postemployment benefits were recognized on the modified accrual basis, but contributions made in excess of the annual required contribution (ARC) should be recorded as an asset in the government-wide financial statements.		1,691,036
Expenditures relating to contributions made to pension plans were recognized on the modified accrual basis, but are not recognized on the accrual basis.		10,406,955
The net change in proportionate share of net pension liability as of the measurement date is not recognized as an expenditure under the modified accrual basis, but is recognized on the accrual basis over the expected remaining service life of the members receiving pension benefits.		2,910,834
The difference between projected and actual earnings on pension plan investments are not recognized on the modified accrual basis, but are recognized on the accrual basis as an adjustment to pension expense.		(8,996,681)
The differences between expected and actual experience in the measurement of the total pension liability are not recognized on the modified accrual basis, but are recognized on the accrual basis over the expected average remaining service life of members receiving pension benefits.		338,370

The accompanying notes are an integral part of these financial statements.

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION, (Continued)
JUNE 30, 2016

The changes of assumptions is not recognized as an expenditure under the modified accrual basis, but is recognized on the accrual basis over the expected average remaining service life of members receiving pension benefits.		$ (2,089,844)
Net pension liability is not due and payable in the current period, and is not reported as a liability in the funds.		(130,092,496)
Long-term obligations at year-end consist of:		
Bonds payable	$ 172,753,658	
Accretion of interest on the capital appreciation general obligation bonds	15,362,798	
Unamortized premium on general obligation bonds	7,386,020	
Capital leases obligations	364,689	
Compensated absences (vacations)	1,552,510	
Career Technical Education Facilities Loan	908,749	
Supplemental early retirement plan (SERP)	2,113,047	
Total Long-Term Obligations		(200,441,471)
Total Net Position - Governmental Activities		$ (30,175,249)

The accompanying notes are an integral part of these financial statements.

SANTA BARBARA UNIFIED SCHOOL DISTRICT

GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2016

	General Fund	Building Fund	Bond Interest and Redemption Fund
REVENUES			
Local Control Funding Formula	$ 117,459,771	$ -	$ -
Federal sources	6,139,640	-	-
Other State sources	17,342,159	-	35,338
Other local sources	11,857,049	216,996	10,931,653
Total Revenues	152,798,619	216,996	10,966,991
EXPENDITURES			
Current			
Instruction	82,816,285	-	-
Instruction-related activities:			
Supervision of instruction	7,504,703	-	-
Instructional library, media and technology	1,681,622	-	-
School site administration	10,316,224	-	-
Pupil services:			
Home-to-school transportation	2,530,060	-	-
Food services	33,336	-	-
All other pupil services	10,814,966	-	-
General administration:			
Data processing	3,059,290	-	-
All other general administration	5,973,178	-	-
Plant services	16,113,400	-	-
Facility acquisition and construction	209,038	8,589,648	-
Ancillary services	1,632,706	-	-
Community services	2,012,823	-	-
Debt service			
Principal	174,085	-	3,870,000
Interest and other	38,521	-	5,965,871
Total Expenditures	144,910,237	8,589,648	9,835,871
Excess (Deficiency) of Revenues Over Expenditures	7,888,382	(8,372,652)	1,131,120
Other Financing Sources (Uses):			
Transfers in	-	154,098	-
Other sources - proceeds from capital leases	218,064	-	-
Transfers out	(1,476,548)	-	-
Net Financing Sources (Uses)	(1,258,484)	154,098	-
NET CHANGE IN FUND BALANCES	6,629,898	(8,218,554)	1,131,120
Fund Balances - Beginning	19,959,245	27,669,142	11,823,757
Fund Balances - Ending	$ 26,589,143	$ 19,450,588	$ 12,954,877

The accompanying notes are an integral part of these financial statements.

Non-Major Governmental Funds	Total Governmental Funds
$ 2,160,764	$ 119,620,535
6,464,393	12,604,033
3,807,421	21,184,918
5,673,838	28,679,536
18,106,416	182,089,022
1,965,262	84,781,547
–	7,504,703
–	1,681,622
268,429	10,584,653
13,248	2,543,308
7,460,614	7,493,950
90,292	10,905,258
–	3,059,290
830,748	6,803,926
334,977	16,448,377
3,105,580	11,904,266
–	1,632,706
3,405,491	5,418,314
142,556	4,186,641
27,291	6,031,683
17,644,488	180,980,244
461,928	1,108,778
1,476,548	1,630,646
–	218,064
(154,098)	(1,630,646)
1,322,450	218,064
1,784,378	1,326,842
3,921,801	63,373,945
$ 5,706,179	$ 64,700,787

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2016

Total Net Change in Fund Balances -Governmental Funds		$ 1,326,842
Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:		
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures, however, for governmental activities, those costs are shown in the statement of net assets and allocated over their estimated useful lives as annual depreciation expenses in the Statement of Activities.		
This is the amount by which capital outlays exceeds depreciation in the period.		
Capital outlays	$ 12,580,905	
Depreciation expense	(11,210,692)	
Net Expense Adjustment		1,370,213
Some of the capital assets acquired this year were financed with capital leases. The amount financed by the leases is reported in the governmental funds as a source of financing. On the other hand, the capital leases are not revenues in the Statement of Activities, but rather constitute long-term obligations in the Statement of Net Assets.		(218,064)
In the Statement of Activities, certain operating expenses - compensated absences (vacations) and special termination benefits (supplemental early retirement plan) 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). This year, special termination benefits paid were $1,086,883. Vacation paid was more than the amounts earned by $67,071.		1,153,954
In the governmental funds, pension costs are based on employer contributions made to pension plans during the year. However, in the Statement of Activities, pension expense is the net effect of all changes in the deferred outflows, deferred inflows and net pension liability during the year.		(383,747)
Contributions for postemployment benefits are recorded as an expense in the governmental funds when paid. In the Statement of Activities, OPEB costs are recognized on the accrual basis. This year, the difference between OPEB costs and actual employer contributions was:		130,771
Repayment of bond principal is an expenditure in the governmental funds, but it reduces long-term obligations in the Statement of Net Position and does not affect the Statement of Activities:		
General obligation bonds		3,870,000
Capital lease obligations		178,175
Facilities loan		138,466

The accompanying notes are an integral part of these financial statements.

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES, (Continued)
FOR THE YEAR ENDED JUNE 30, 2016

Under the modified basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the Statement of Activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. This adjustment combines the net changes of the following balances:		
Amortization of debt premium	$ 436,922	
Amortization of deferred charge on refunding	(94,629)	
Combined Adjustment		$ 342,293
Interest on long-term obligations in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. The additional interest reported in the Statement of Activities is the result of two factors. First, accrued interest on the general obligation bonds increased by $40,859, and second, $3,881,915 of additional accumulated interest was accreted on the District's "capital appreciation" general obligation bonds.		(3,922,774)
An Internal Service Fund is used by the District's management to charge the costs of the dental and vision insurance program to the individual funds. The net revenue of the Internal Service Fund is reported with governmental activities.		940
Change in Net Position of Governmental Activities		$ 3,987,069

The accompanying notes are an integral part of these financial statements.

SANTA BARBARA UNIFIED SCHOOL DISTRICT

PROPRIETARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2016

	Governmental Activities – Internal Service Fund
ASSETS	
Current Assets	
Deposits and investments	$ 414,167
LIABILITIES	
Current Liabilities	
Accounts payable	159,792
NET POSITION	
Restricted	254,375
Total Net Position	$ 254,375

The accompanying notes are an integral part of these financial statements.

SANTA BARBARA UNIFIED SCHOOL DISTRICT

PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2016

	Governmental Activities - Internal Service Fund
NONOPERATING REVENUES	
Interest income	$ 940
Total Net Position - Beginning	253,435
Total Net Position - Ending	$ 254,375

The accompanying notes are an integral part of these financial statements.

SANTA BARBARA UNIFIED SCHOOL DISTRICT

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2016

	Governmental Activities – Internal Service Fund
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on investments	$ 1,242
Net Increase in Cash and Cash Equivalents	1,242
Cash and Cash Equivalents – Beginning	412,925
Cash and Cash Equivalents – Ending	$ 414,167

The accompanying notes are an integral part of these financial statements.

SANTA BARBARA UNIFIED SCHOOL DISTRICT

FIDUCIARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2016

		Agency Funds
ASSETS		
Deposits and investments	$	10,496,161
Receivables		43,887
Total Assets	$	10,540,048
LIABILITIES		
Accounts payable	$	73,824
Due to student groups		1,344,750
Due to employees		9,121,474
Total Liabilities	$	10,540,048

The accompanying notes are an integral part of these financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

The Santa Barbara Unified School District (the District) was unified July 1, 2011, under the laws of the State of California. The District operates under a locally elected five-member Board form of government and provides educational services to grades K-12 as mandated by the State and/or Federal agencies. The District operates ten elementary schools, four junior high schools, three high schools, one continuation school, one charter school, and two alternative schools.

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, boards, and agencies that are not legally separate from the District. For Santa Barbara Unified School District, this includes general operations, food service, and student related activities of the District.

Other Related Entities

Charter School The District has approved a Charter for Santa Barbara Charter School pursuant to Education Code Section 47605. The Charter School is operated by the District, and its financial activities are presented in the Charter School Special Revenue Fund.

Basis of Presentation – Fund Accounting

The accounting system is organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The District's funds are grouped into three broad fund categories: governmental, proprietary, and fiduciary.

Governmental Funds Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the District's major and non-major governmental funds:

Major Governmental Funds

General Fund The General Fund is the chief operating fund for all districts. It is used to account for the ordinary operations of the District. All transactions except those accounted for in another fund are accounted for in this fund.

One fund currently defined as a special revenue fund in the California State Accounting Manual (CSAM) does not meet the GASB Statement No. 54 special revenue fund definition. Specifically, Fund 17, Special Reserve Fund for Other Than Capital Outlay Projects, is not substantially composed of restricted or committed revenue sources. While this fund is authorized by statute and will remain open for internal reporting purposes, this fund functions effectively as an extension of the General Fund, and accordingly has been combined with the General Fund for presentation in these audited financial statements.

As a result, the General Fund reflects an increase in fund balance of $4,897,041.

Building Fund The Building Fund exists primarily to account separately for proceeds from the sale of bonds (Education Code Section 15146) and may not be used for any purposes other than those for which the bonds were issued.

Bond Interest and Redemption Fund The Bond Interest and Redemption Fund is used for the repayment of bonds issued for a district (Education Code Sections 15125-15262).

Non-Major Governmental Funds

Special Revenue Funds The Special Revenue funds are established to account for the proceeds from specific revenue sources (other than trusts, major capital projects, or debt service) that are restricted or committed to the financing of particular activities and that compose a substantial portion of the inflows of the fund. Additional resources that are restricted, committed, or assigned to the purpose of the fund may also be reported in the fund.

Charter School Fund This fund may be used by authorizing districts to account separately for the activities of district-operated charter schools that would otherwise be reported in the authorizing District's General Fund.

Child Development Fund The Child Development Fund is used to account separately for Federal, State, and local revenues to operate child development programs and is to be used only for expenditures for the operation of child development programs.

Cafeteria Fund The Cafeteria Fund is used to account separately for Federal, State, and local resources to operate the food service program (Education Code Sections 38090-38093) and is used only for those expenditures authorized by the governing board as necessary for the operation of the District's food service program (Education Code Sections 38091 and 38100).

Capital Project Funds The Capital Project funds are used to account for financial resources that are restricted, committed, or assigned to the acquisition or construction of major capital facilities and other capital assets (other than those financed by proprietary funds and trust funds).

Capital Facilities Fund The Capital Facilities Fund is used primarily to account separately for monies received from fees levied on developers or other agencies as a condition of approving a development (Education Code Sections 17620-17626). Expenditures are restricted to the purposes specified in Government Code Sections 65970-65981 or to the items specified in agreements with the developer (Government Code Section 66006).

County School Facilities Fund The County School Facilities Fund is established pursuant to Education Code Section 17070.43 to receive apportionments from the 1998 State School Facilities Fund (Proposition lA), the 2002 State School Facilities Fund (Proposition 47), the 2004 State School Facilities Fund (Proposition 55), or the 2006 State Schools Facilities Fund (Proposition 1D) authorized by the State Allocation Board for new school facility construction, modernization projects, and facility hardship grants, as provided in the Leroy F. Greene School Facilities Act of 1998 (Education Code Section 17070 et seq.).

Special Reserve Fund for Capital Outlay Projects The Special Reserve Fund for Capital Outlay Projects exists primarily to provide for the accumulation of General Fund monies for capital outlay purposes (Education Code Section 42840).

Proprietary Funds Proprietary funds are used to account for activities that are more business-like than government-like in nature. Business-type activities include those for which a fee is charged to external users or to other organizational units of the local education agency, normally on a full cost-recovery basis. Proprietary funds are generally intended to be self-supporting and are classified as enterprise or internal service. The District has the following proprietary fund:

Internal Service Fund Internal Service funds may be used to account for goods or services provided to other funds of the District on a cost-reimbursement basis. The District operated a self-insurance program for workers' compensation in previous reporting periods. The run-off claims for the program along with dental and vision activity are accounted for in the Internal Service Fund.

Fiduciary Funds Fiduciary funds are used to account for assets held in trustee or agent capacity for others that cannot be used to support the District's own programs. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. The key distinction between trust and agency funds is that trust funds are subject to a trust agreement that affects the degree of management involvement and the length of time that the resources are held.

Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Such funds have no equity accounts since all assets are due to individuals or entities at some future time. The District's agency fund accounts for student body activities (ASB), deferred payroll, payroll related benefits, and voluntary payroll withholdings of District employees.

Basis of Accounting - Measurement Focus

Government-Wide Financial Statements The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the proprietary fund financial statements, but differs from the manner in which governmental fund financial statements are prepared.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each governmental function, and excludes fiduciary activity. Direct expenses are those that are specifically associated with a service, program, or department and are therefore, clearly identifiable to a particular function. The District does not allocate indirect expenses to functions in the Statement of Activities, except for depreciation. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program or business segment is self-financing or draws from the general revenues of the District. Eliminations have been made to minimize the double counting of internal activities.

Net position should be reported as restricted when constraints placed on net position are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The net position restricted for other activities result from special revenue funds and the internal service fund, and the restrictions on their use.

Fund Financial Statements Fund financial statements report detailed information about the District. The focus of governmental and proprietary fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. The internal service fund is presented in a single column on the face of the proprietary fund statements.

Governmental Funds All governmental funds are accounted for using the flow of current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include reconciliations with brief explanations to better identify the relationship between the government-wide financial statements, prepared using the economic resources measurement focus and the accrual basis of accounting, and the governmental fund financial statements, prepared using the flow of current financial resources measurement focus and the modified accrual basis of accounting.

Proprietary Funds Proprietary funds are accounted for using the flow of economic resources measurement focus and the accrual basis of accounting. All assets and all liabilities associated with the operation of this fund are included in the statement of net position. The statement of changes in fund net position presents increases (revenues) and decreases (expenses) in net total assets. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary fund.

Fiduciary Funds Fiduciary funds are accounted for using the flow of economic resources measurement focus and the accrual basis of accounting. Fiduciary funds are excluded from the government-wide financial statements because they do not represent resources of the District.

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 or are expected to be collected soon enough thereafter, to be used to pay liabilities of the current fiscal year. Generally, available is defined as collectible within 45 or 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.

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 restrictions. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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 balance sheet and revenue is recognized.

Certain grants received before the eligibility requirements are met 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.

Expenses/Expenditures On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable, and typically paid within 90 days. Principal and interest on long-term obligations, which has not matured, are recognized when paid in the governmental funds as expenditures. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds but are recognized in the entity-wide statements.

Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Cash equivalents also include cash with county treasury balances for purposes of the statement of cash flows.

Investments

Investments held at June 30, 2016, with original maturities greater than one year are stated at fair value. Fair value is estimated based on quoted market prices at year-end. All investments not required to be reported at fair value are stated at cost or amortized cost. Fair values of investments in county and State investment pools are determined by the program sponsor.

Prepaid Expenditures

Prepaid expenditures (expenses) represent amounts paid in advance of receiving goods or services. The District has the option of reporting an expenditure in governmental funds for prepaid items either when purchased or during the benefiting period. The District has chosen to report the expenditures when incurred.

Stores Inventories

Inventories consist of expendable food and supplies held for consumption. Inventories are stated at cost, on the first-in, first-out basis. The costs of inventory items are recorded as expenditures in the governmental funds and expenses in the fiduciary funds when used.

Capital Assets and Depreciation

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. Capital assets are long-lived assets of the District. The District maintains a capitalization threshold of $5,000. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized, but are expensed as incurred.

When purchased, such assets are recorded as expenditures in the governmental funds and capitalized in the government-wide statement of net position. The valuation basis for capital assets is historical cost, or where historical cost is not available, estimated historical cost based on replacement cost. Donated capital assets are capitalized at estimated fair market value on the date donated.

Capital assets in the proprietary funds are capitalized in the fund in which they are utilized. The valuation basis for proprietary fund capital assets is the same as those used for the capital assets of governmental funds.

Depreciation is computed using the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings, 20 to 50 years; improvements/infrastructure, 5 to 50 years; equipment, 5 to 15 years.

Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables". These amounts are eliminated in the governmental activities columns of the statement of net position.

Compensated Absences

Compensated absences are accrued as a liability as the benefits are earned. The entire compensated absence liability is reported on the government-wide statement of net position. For governmental funds, the current portion of unpaid compensated absences is recognized upon the occurrence of relevant events such as employee resignations and retirements that occur prior to year-end that have not yet been paid with expendable available financial resources. These amounts are reported in the fund from which the employees who have accumulated leave are paid.

Sick leave is accumulated without limit for each employee at the rate of one day for each month worked. Leave with pay is provided when employees are absent for health reasons; however, the employees do not gain a vested right to accumulated sick leave. Employees are never paid for any sick leave balance at termination of employment or any other time. Therefore, the value of accumulated sick leave is not recognized as a liability in the District's financial statements. However, credit for unused sick leave is applicable to all classified school members who retire after January 1, 1999. At retirement, each member will receive .004 year of service credit for each day of unused sick leave. Credit for unused sick leave is applicable to all certificated employees and is determined by dividing the number of unused sick days by the number of base service days required to complete the last school year, if employed full-time.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide and proprietary fund financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the governmental funds.

However, claims and judgments, compensated absences, special termination benefits, and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the governmental fund financial statements only to the extent that they are due for payment during the current year. Bonds, capital leases, and other long-term obligations are recognized as liabilities in the governmental fund financial statements when due.

Debt Premiums and Discounts

In the government-wide financial statements and in the proprietary fund type financial statements, long-term obligations are reported as liabilities in the applicable governmental activities, or proprietary fund Statement of Net Position. Debt premiums and discounts are amortized over the life of the bonds using the straight-line method.

In governmental fund financial statements, bond premiums and discounts, as well as debt issuance costs are recognized in the current period. The face amount of the debt is reported as other financing sources. Premiums received on debt issuance are also reported as other financing sources. Issuance costs whether or not withheld from the actual debt proceeds, are reported as debt service expenditures.

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position also reports deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The District reports deferred outflows of resources for the unamortized loss on the refunding of general obligation bonds and for pension related items.

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The District reports deferred inflows of resources for pension related items.

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 California State Teachers Retirement System (CalSTRS) and the California Public Employees' Retirement System (CalPERS) plan for schools (Plans) and additions 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. Member contributions are recognized in the period in which they are earned. Investments are reported at fair value.

Fund Balances – Governmental Funds

As of June 30, 2016, fund balances of the governmental funds are classified as follows:

Nonspendable – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the District's adopted policy, only the governing board or assistant superintendent of business services may assign amounts for specific purposes.

Unassigned – all other spendable amounts.

Spending Order Policy

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.

Net Position

Net position represents the difference between assets and liabilities. Net position net of investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. The District had no related debt outstanding as of June 30, 2016. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. The government-wide financial statements report $18,834,602 of restricted net position.

Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented in the financial statements. Interfund transfers are eliminated in the governmental columns of the Statement of Activities.

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the District, these revenues are charges to other funds for administration of the workers' compensation, property and liability, and health and welfare programs. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Estimates

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

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 1st 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.

Property Tax

Secured property taxes attach as an enforceable lien on property as of January 1. Taxes are payable in two installments on November 1 and February 1 and become delinquent on December 10 and April 10, respectively. Unsecured property taxes are payable in one installment on or before August 31. The County of Santa Barbara bills and collects the taxes on behalf of the District. Local property tax revenues are recorded when received.

Change in Accounting Principles

In February 2015, the GASB issued Statement No. 72, Fair Value Measurement and Application. This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

The District has implemented the provisions of this Statement as of June 30, 2016.

In June 2015, the GASB issued Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements No. 67 and No. 68. The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency.

This Statement establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, Accounting and Financial Reporting for Pensions, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement No. 68. It also amends certain provisions of Statement No. 67, Financial Reporting for Pension Plans, and Statement No. 68 for pension plans and pensions that are within their respective scopes.

The provisions in this Statement effective as of June 30, 2016, include the provisions for assets accumulated for purposes of providing pensions through defined benefit plans and the amended provisions of Statements No. 67 and No. 68. The District has implemented these provisions as of June 30, 2016. The provisions in this Statement related to defined benefit pensions that are not within the scope of Statement No. 68 are effective for periods beginning after June 15, 2016.

In June 2015, the GASB issued Statement No. 76, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments. The objective of this Statement is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). The "GAAP hierarchy" consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and non-authoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP.

This Statement supersedes Statement No. 55, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments.

The District has implemented the provisions of this Statement as of June 30, 2016.

In December 2015, the GASB issued Statement No. 79, Certain External Investment Pools and Pool Participants. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. An external investment pool qualifies for that reporting if it meets all of the applicable criteria established in this Statement. The specific criteria address (1) how the external investment pool transacts with participants; (2) requirements for portfolio maturity, quality, diversification, and liquidity; and (3) calculation and requirements of a shadow price. Significant noncompliance prevents the external investment pool from measuring all of its investments at amortized cost for financial reporting purposes. Professional judgment is required to determine if instances of noncompliance with the criteria established by this Statement during the reporting period, individually or in the aggregate, were significant.

If an external investment pool does not meet the criteria established by this Statement, that pool should apply the provisions in paragraph 16 of Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools, as amended. If an external investment pool meets the criteria in this Statement and measures all of its investments at amortized cost, the pool's participants also should measure their investments in that external investment pool at amortized cost for financial reporting purposes. If an external investment pool does not meet the criteria in this Statement, the pool's participants should measure their investments in that pool at fair value, as provided in paragraph 11 of Statement No. 31, as amended.

This Statement establishes additional note disclosure requirements for qualifying external investment pools that measure all of their investments at amortized cost for financial reporting purposes and for governments that participate in those pools. Those disclosures for both the qualifying external investment pools and their participants include information about any limitations or restrictions on participant withdrawals.

The District has implemented the provisions of this Statement as of June 30, 2016.

New Accounting Pronouncements

In June 2015, the GASB issued Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency.

This Statement replaces Statements No. 43, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, as amended, and No. 57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans, as amended, Statement No. 43, and Statement No. 50, Pension Disclosures.

The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2016. Early implementation is encouraged.

In June 2015, the GASB issued Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pension. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency.

This Statement replaces the requirements of Statements No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as amended, and No. 57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, for OPEB. Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, establishes new accounting and financial reporting requirements for OPEB plans.

The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2017. Early implementation is encouraged.

In August 2015, the GASB issued Statement No. 77, Tax Abatement Disclosures. This Statement requires governments that enter into tax abatement agreements to disclose the following information about the agreements:

- Brief descriptive information, such as the tax being abated, the authority under which tax abatements are provided, eligibility criteria, the mechanism by which taxes are abated, provisions for recapturing abated taxes, and the types of commitments made by tax abatement recipients
- The gross dollar amount of taxes abated during the period
- Commitments made by a government, other than to abate taxes, as part of a tax abatement agreement

The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2015. Early implementation is encouraged.

In December 2015, the GASB issued Statement No. 78, Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans. The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, Accounting and Financial Reporting for Pensions. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions.

Prior to the issuance of this Statement, the requirements of Statement No. 68 applied to the financial statements of all state and local governmental employers whose employees are provided with pensions through pension plans that are administered through trusts that meet the criteria in paragraph 4 of that Statement.

This Statement amends the scope and applicability of Statement No. 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a state or local governmental pension plan, (2) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (3) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). This Statement establishes requirements for recognition and measurement of pension expense, expenditures, and liabilities; note disclosures; and required supplementary information for pensions that have the characteristics described above.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2015. Early implementation is encouraged.

In January 2016, the GASB issued Statement No. 80, Blending Requirements for Certain Component Units – amendment of GASB Statement No. 14. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, The Financial Reporting Entity, as amended. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, Determining Whether Certain Organizations Are Component Units.

The requirements of this Statement are effective for reporting periods beginning after June 15, 2016. Early implementation is encouraged.

In March 2016, the GASB issued Statement No. 81, Irrevocable Split-Interest Agreements. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement.

This Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. This Statement requires that a government recognize revenue when the resources become applicable to the reporting period.

The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2016, and should be applied retroactively. Early implementation is encouraged.

In March 2016, the GASB issued Statement No. 82, Pension Issues – An Amendment of GASB Statements No. 67, No. 68, and No. 73. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, Financial Reporting for Pension Plans, No. 68, Accounting and Financial Reporting for Pensions, and No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements No. 67 and No. 68. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

The requirements of this Statement are effective for reporting periods beginning after June 15, 2016, except for the requirements of this Statement for the selection of assumptions in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements for the selection of assumptions are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017. Early implementation is encouraged.

NOTE 2 – DEPOSITS AND INVESTMENTS

Summary of Deposits and Investments

Deposits and investments as of June 30, 2016, are classified in the accompanying financial statements as follows:

Governmental activities	$ 65,190,873
Fiduciary funds	10,496,161
Total Deposits and Investments	$ 75,687,034

Deposits and investments as of June 30, 2016, consisted of the following:

Cash on hand and in banks	$ 1,213,442
Cash in revolving	181,627
Investments	74,291,965
Total Deposits and Investments	$ 75,687,034

Policies and Practices

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

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

General Authorizations

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

Authorized Investment Type	Maximum Remaining Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Bonds, Notes, Warrants	5 years	None	None
Registered State Bonds, Notes, Warrants	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Banker's Acceptance	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20% of base	None
Medium-Term Corporate Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Joint Powers Authority Pools	N/A	None	None

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District manages its exposure to interest rate risk by investing in the Santa Barbara County Investment Pool. The pool purchases shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. The District maintains an investment of $74,291,965 with the Santa Barbara County Investment Pool, with an average weighted maturity of 419 days.

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investment in the Santa Barbara County Investment Pool is not required to be rated, nor has been rated as of June 30, 2016.

Custodial Credit Risk – Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the California Government Code requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agency. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2016, the District's bank balance of $1,201,808 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the name of the District.

NOTE 3 – FAIR VALUE MEASUREMENTS

The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value. The following provides a summary of the hierarchy used to measure fair value:

Level 1 – Quoted prices in active markets for identical assets that the District has the ability to access at the measurement date. Level 1 assets may include debt and equity securities that are traded in an active exchange market and that are highly liquid and are actively traded in over-the-counter markets.

Level 2 – Observable inputs other than Level 1 prices such as quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, or other inputs that are observable, such as interest rates and curves observable at commonly quoted intervals, implied volatilities, and credit spreads. For financial reporting purposes, if an asset has a specified term, a Level 2 input is required to be observable for substantially the full term of the asset.

Level 3 – Unobservable inputs should be developed using the best information available under the circumstances, which might include the District's own data. The District should adjust that data if reasonably available information indicates that other market participants would use different data or certain circumstances specific to the District are not available to other market participants.

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

The District's fair value measurements are as follows at June 30, 2016:

Investment Type	Reported Amount	Uncategorized
Santa Barbara County Investment Pool	$ 74,291,965	$ 74,291,965

NOTE 4 – RECEIVABLES

Receivables at June 30, 2016, consisted of intergovernmental grants, entitlements, interest and other local sources. All receivables are considered collectible in full.

	General Fund	Non-Major Governmental Funds	Total Governmental Activities	Fiduciary Fund
Federal Government				
Categorical aid	$ 1,050,315	$ 976,556	$ 2,026,871	$ –
State Government				
LCFF apportionment	–	39,126	39,126	–
Categorical aid	1,162,890	224,764	1,387,654	–
Lottery	1,552,671	–	1,552,671	–
Special Education	486,655	–	486,655	–
Local Government				
Due from Charter Schools	798,035	–	798,035	
Other Local Sources	1,167,258	63,691	1,230,949	43,887
Total	$ 6,217,824	$ 1,304,137	$ 7,521,961	$ 43,887

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2016, was as follows:

	Balance July 1, 2015	Additions	Deductions	Balance June 30, 2016
Governmental Activities				
Capital Assets Not Being Depreciated				
Land	$ 1,537,176	$ -	$ -	$ 1,537,176
Construction in process	19,590,487	12,580,905	25,216,282	6,955,110
Total Capital Assets Not Being Depreciated	21,127,663	12,580,905	25,216,282	8,492,286
Capital Assets Being Depreciated				
Land improvements	16,144,536	2,955,012	-	19,099,548
Buildings and improvements	268,397,018	21,092,608	-	289,489,626
Furniture and equipment	13,530,238	1,168,662	-	14,698,900
Total Capital Assets Being Depreciated	298,071,792	25,216,282	-	323,288,074
Less Accumulated Depreciation				
Land improvements	3,123,656	900,008	-	4,023,664
Buildings and improvements	78,724,491	8,940,569	-	87,665,060
Furniture and equipment	7,065,779	1,370,115	-	8,435,894
Total Accumulated Depreciation	88,913,926	11,210,692	-	100,124,618
Governmental Activities Capital Assets, Net	$ 230,285,529	$ 26,586,495	$ 25,216,282	$ 231,655,742

Depreciation expense was charged to governmental functions as follows:

Governmental Activities	
Instruction	$ 8,968,553
Food services	560,535
All other pupil services	560,535
Data processing	224,214
All other general administration	336,320
Plant services	560,535
Total Depreciation Expenses Governmental Activities	$ 11,210,692

NOTE 6 – INTERFUND TRANSACTIONS

Interfund Receivables/Payables (Due To/Due From)

Interfund receivable and payable balances at June 30, 2016, between major funds and non-major governmental funds are as follows:

	Due To			
Due From	General Fund	Building Fund	Non-Major Governmental Funds	Total
General Fund	$ -	$ 300	$ 834,012	$ 834,312
Non-Major Governmental Funds	461,278	-	-	461,278
Total	$ 461,278	$ 300	$ 834,012	$ 1,295,590

A balance of $334,046 due to the Charter School Non-Major Governmental Fund from the General Fund resulted from in lieu of property taxes.

A balance of $127,232 is due to the Child Development Non-Major Governmental Fund from the General Fund for a program contribution.

The balance of $300 due to the General Fund from the Building Fund is for reimbursement of program costs.

A balance of $242,381 is due to the General Fund from the Charter School Non-Major Governmental Fund for operating and indirect costs.

A balance of $224,823 is due to the General Fund from the Child Development Non-Major Governmental Fund for payroll and indirect costs.

A balance of $366,808 is due to the General Fund from the Cafeteria Non-Major Governmental Fund for indirect costs.

A balance of $300 is due to the General Fund from the Building Fund for the reimbursement of project costs.

Operating Transfers

Interfund transfers for the year ended June 30, 2016, consisted of the following:

	Transfer From		
Transfer To	General Fund	Non-Major Governmental Funds	Total
Building Fund	$ –	$ 154,098	$ 154,098
Non-Major Governmental Funds	1,476,548	–	1,476,548
Total	$ 1,476,548	$ 154,098	$ 1,630,646

The General Fund transferred to the Charter School Non-Major Governmental Fund program funding and parcel tax collections.	$ 121,782
The General Fund transferred to the Child Development Non-Major Governmental Fund a program contribution.	127,232
The General Fund transferred to the Cafeteria Non-Major Governmental Fund their Meals for Needy allocation.	221,000
The General Fund transferred to the Special Reserve Fund for Capital Outlay Projects Non-Major Governmental Fund for the facilities master plan.	1,006,534
The County School Facilities Non-Major Governmental Fund transferred to the Building Fund for reimbursement of capital project costs.	154,098
Total	$ 1,630,646

NOTE 7 – ACCOUNTS PAYABLE

Accounts payable at June 30, 2016, consisted of the following:

	General Fund	Building Fund	Non-Major Governmental Funds	Internal Service Fund	Total Governmental Activities	Fiduciary Fund
LCFF apportionment	$ –	$ –	$ –	$ 159,792	$ 159,792	$ –
Salaries and benefits	394,031	–	55,739	–	449,770	–
Supplies	–	–	113,080	–	113,080	–
Services	1,728,182	30,819	23,994	–	1,782,995	–
Construction	–	895,882	239,739	–	1,135,621	–
Property taxes	1,469,970	–	–	–	1,469,970	–
Vendor payables	571,066	–	9,050	–	580,116	73,824
Total	$ 4,163,249	$ 926,701	$ 441,602	$ 159,792	$ 5,691,344	$ 73,824

NOTE 8 – UNEARNED REVENUE

Unearned revenue at June 30, 2016, consisted of the following:

	General Fund
Federal financial assistance	$ 333,757
State categorical aid	1,409,150
Other local	594,493
Total	$ 2,337,400

NOTE 9 – TAX AND REVENUE ANTICIPATION NOTES (TRANS)

On July 1, 2015, the District issued $11,860,000 of Tax and Revenue Anticipation Notes bearing interest at .32 percent. The notes were issued to supplement cash flows. Interest and principal were due and payable on June 30, 2016. By April 2016, the District had placed 100 percent of principal and interest in an irrevocable trust for the sole purpose of satisfying the notes.

Issue Date	Rate	Outstanding July 1, 2015	Additions	Payments	Outstanding June 30, 2016
July 1, 2015	0.32%	$ –	$ 11,860,000	$ 11,860,000	$ –

NOTE 10 – LONG-TERM OBLIGATIONS

Summary

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

	Balance July 1, 2016	Additions	Deductions	Balance June 30, 2015	Due in One Year
General obligation bonds	$ 188,104,541	$ 3,881,915	$ 3,870,000	$ 188,116,456	$ 4,665,000
Premium on issuance	7,822,942	–	436,922	7,386,020	–
Capital leases	324,800	218,064	178,175	364,689	153,593
Accumulated vacation – net	1,619,581	–	67,071	1,552,510	–
Career Technical Education Facilities Loan	1,047,215	–	138,466	908,749	142,022
Supplemental Early Retirement Plan (SERP)	3,199,930	–	1,086,883	2,113,047	1,086,883
	$ 202,119,009	$ 4,099,979	$ 5,777,517	$ 200,441,471	$ 6,047,498

Payments on the General Obligation Bonds are made by the Bond Interest and Redemption Fund with local revenues. Payments for capital leases are paid by the General Fund, Building Fund, Child Development Fund, and Cafeteria Fund. The accrued vacation will be paid by the fund for which the employee worked. Payments for the Career Technical Education Facilities Loan are made from the County School Facilities Fund. Payments for the supplemental early retirement program are made from the General Fund.

General Obligations Bonds

The outstanding general obligation bonded debt is as follows:

Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2015	Accreted	Redeemed	Bonds Outstanding June 30, 2016
7/18/07	8/1/24	4.00-5.00%	$ 13,265,000	$ 9,650,000	$ –	$ 760,000	$ 8,890,000
7/18/07	8/1/28	4.00-5.00%	23,650,000	18,895,000	–	975,000	17,920,000
5/4/11	8/1/41	5.81-7.39%	14,998,229	19,414,339	1,401,719	–	20,816,058
5/4/11	8/1/41	6.77-10.20%	15,798,211	20,666,344	1,556,371	–	22,222,715
5/4/11	8/1/25	5.17-5.72%	9,200,000	9,200,000	–	–	9,200,000
6/5/12	8/1/45	2.54-12.00%	14,997,218	17,193,858	923,825	–	18,117,683
6/5/12	8/1/45	2.00-5.00%	16,160,000	14,775,000	–	750,000	14,025,000
6/14/12	8/1/29	2.00-5.00%	11,745,000	10,650,000	–	605,000	10,045,000
8/20/13	8/1/38	2.00-5.00%	20,000,000	19,730,000	–	200,000	19,530,000
8/20/13	8/1/38	2.00-5.25%	35,000,000	33,695,000	–	245,000	33,450,000
12/9/14	8/1/30	2.00-3.00%	14,235,000	14,235,000	–	335,000	13,900,000
				$ 188,104,541	$ 3,881,915	$ 3,870,000	$ 188,116,456

2007 General Obligation Refunding Bonds, Series A

In July 2007, the District issued the 2007 General Obligation Refunding Bonds, Series A in the amount of $13,265,000. Proceeds from the bonds were used for the purpose of refunding in full the District's 1998 General Obligation Bonds, Series A. Interest rates vary from 4.00 percent to 5.00 percent, and the bonds have a final maturity to occur August 1, 2024. At June 30, 2016, the principal balance outstanding was $8,890,000.

2007 General Obligation Refunding Bonds, Series B

In July 2007, the District issued the 2007 General Obligation Refunding Bonds, Series B in the amount of $23,650,000. Proceeds from the bonds were used for the purpose of refunding in full the District's 2000 General Obligation Bonds, Series A. Interest rates vary from 4.00 to 5.00 percent, and the bonds have a final maturity to occur August 1, 2028. At June 30, 2016, the principal balance outstanding was $17,920,000.

2010 General Obligation Bonds, Series A

In May 2011, the District issued the 2010 General Obligation Bonds, Series A in the amount of $14,998,229. The bonds were issued as capital appreciation and convertible capital appreciation bonds, which convert to current interest bonds, with the value of the capital appreciation bonds accreting $43,467,727 and maturing to an aggregate principal debt service balance of $58,465,956. The bonds have a final maturity to occur on August 1, 2041, with interest rates ranging from 5.81 to 7.39 percent. Proceeds from the bonds were to be used for the purpose of acquiring, constructing, repairing, renovating, and improving school facilities and to pay issuance costs. At June 30, 2016, the principal balance outstanding was $20,816,058.

2010 General Obligation Bonds, Series A (Secondary)

In May 2011, the District issued the 2010 General Obligation Bonds, Series A in the amount of $15,798,211. The bonds were issued as capital appreciation bonds with the value of the capital appreciation bonds accreting $79,533,191 and maturing to an aggregate principal debt service balance of $95,331,402. The bonds have a final maturity to occur on August 1, 2041, with interest ranging from 6.77 to 10.20 percent. Proceeds from the bonds were to be used for the purpose of acquiring, constructing, repairing, renovating, and improving school facilities and to pay issuance costs. At June 30, 2016, the principal balance outstanding was $22,222,715.

2010 General Obligation Bonds, Series B (Secondary)

In May 2011, the District issued the 2010 General Obligation Bonds, Series B Bonds in the amount of $9,200,000. Proceeds from the bonds were used for the purpose of acquiring, constructing, repairing, renovating, and improving school facilities. Interest rates vary from 5.17 to 5.72 percent, and the bonds have a final maturity to occur August 1, 2025. The bonds are designated as "qualified school construction bonds". The District will be eligible to receive direct payment by the Federal government of the Federal subsidy payments. At June 30, 2016, the outstanding balance was $9,200,000.

2010 General Obligation Bonds, Series C (Secondary)

In June 2012, the District issued the 2010 General Obligation Bonds, Series C in the amount of $14,997,218 to finance the acquisition, construction, repair and equipping of high school District facilities and to pay issuance costs. The bonds were issued as capital appreciation bonds with the value of the capital appreciation bonds accreting $22,367,787 and maturing to an aggregate principal debt service balance of $35,365,000. The bonds have a final maturity to occur on August 1, 2045, with interest rates ranging from 2.54 to 12.00 percent. At June 30, 2016, the principal balance outstanding was $18,117,683.

2012 General Obligation Refunding Bonds, Series A

In June 2012, the District issued the 2012 General Obligation Refunding Bonds, Series A in the amount of $16,160,000. The bonds have a final maturity that occurs August 1, 2045, with interest rates ranging from 2.00 to 5.00 percent. Proceeds were used to advance refund a portion of the District's outstanding 2000 General Obligation Bonds, Series B. At June 30, 2016, the principal balance outstanding on the 2012 General Obligation Refunding Bonds, Series A was $14,025,000.

2012 General Obligation Refunding Bonds, Series B

In June, 2012, the District issued the 2012 General Obligation Refunding Bonds, Series B in the amount of $11,745,000. The bonds have a final maturity that occurs August 1, 2029, with interest rates ranging from 2.00 to 5.00 percent. Proceeds were used to advance refund a portion of the District's outstanding 1998 General Obligation Bonds, Series B and 2004 General Obligation Refunding Bonds, Series A. At June 30, 2016, the principal balance outstanding on the 2012 General Obligation Refunding Bonds, Series B was $10,045,000.

2010 General Obligation Bonds, Series B

In August, 2013, the District issued the 2010 General Obligation Bonds, Series B in the amount of $20,000,000 to finance the acquisition, construction, repair and equipping of District facilities and to pay issuance costs. The bonds have a final maturity to occur on August 1, 2038, with interest rates ranging from 2.00 to 5.00 percent. At June 30, 2016, the principal balance outstanding was $19,530,000.

2010 General Obligation Bonds, Series D (Secondary)

In August, 2013, the District issued the 2010 General Obligation Bonds, Series D in the amount of $35,000,000 to finance the acquisition, construction, repair and equipping of high school District facilities and to pay issuance costs. The bonds have a final maturity to occur on August 1, 2038, with interest rates ranging from 2.00 to 5.25 percent. At June 30, 2016, the principal balance outstanding was $33,450,000.

2014 General Obligation Refunding Bonds

In December 2014, the District issued the 2014 General Obligation Refunding Bonds in the amount of $14,235,000. The bonds have a final maturity that occurs August 1, 2030, with interest rates ranging from two to 3.00 percent. The net proceeds of $16,079,450 from the issuance (issuance of $14,235,000 net of premium received of $1,844,450) were used to advance refund a portion of the District's outstanding 2000 General Obligation Bonds, Series C. At June 30, 2016, the principal balance outstanding on the 2014 General Obligation Refunding Bonds was $13,900,000.

The bonds mature as follows:

Fiscal Year	Principal Including Accreted Interest to Date	Accreted Interest to Maturity	Current Interest to Maturity	Total
2017	$ 4,662,170	$ 2,830	$ 5,812,812	$ 10,477,812
2018	5,144,952	20,048	5,624,973	10,789,973
2019	5,645,294	24,706	5,412,104	11,082,104
2020	6,217,739	12,261	5,160,150	11,390,150
2021	6,801,247	18,753	4,871,792	11,691,792
2022-2026	40,783,273	431,727	22,698,069	63,913,069
2027-2031	40,616,009	10,833,991	20,993,066	72,443,066
2032-2036	36,170,713	32,343,387	15,510,526	84,024,626
2037-2041	27,681,957	56,746,463	6,499,744	90,928,164
2042-2046	14,393,102	28,972,688	3,898,260	47,264,050
Total	$ 188,116,456	$ 129,406,854	$ 96,481,496	$ 414,004,806

Capital Leases

The District has entered into an agreement to lease equipment. Such an agreement is, in substance, a purchase (capital lease) and is reported as a capital lease obligation. The District's liability on lease agreement with the option to purchase is summarized below:

Balance, July 1, 2015	$ 344,026
Additions	240,328
Payments	191,317
Balance, June 30, 2016	$ 393,037

The capital leases have minimum lease payments as follows:

Year Ending June 30,	Lease Payments
2017	$ 167,593
2018	129,312
2019	48,066
2020	48,066
Total	393,037
Less: Amount Representing Interest	28,348
Present Value of Minimum Lease Payments	$ 364,689

Accumulated Unpaid Employee Vacation

The long-term portion of accumulated unpaid employee vacation for the District at June 30, 2016, amounted to $1,552,510.

Career Technical Education Facilities Loan

During 2011-2012 fiscal year, the District entered into an agreement with the State Allocation Board for a loan of $1,442,158 for the purpose of financing a portion of the project costs of the Multimedia Arts and Design Academy Relocation Project at Santa Barbara High School. The loan has a final maturity to occur on July 1, 2021, with an interest rate of 2.568 percent. At June 30, 2016, the principal balance outstanding was $908,749.

Future payments are as follows:

Year Ending June 30,	Principal	Interest	Total
2017	$ 142,022	$ 23,337	$ 165,359
2018	145,669	19,690	165,359
2019	149,410	15,949	165,359
2020	153,247	12,112	165,359
2021	157,182	8,176	165,358
2022	161,219	4,140	165,359
Total	$ 908,749	$ 83,404	$ 992,153

Supplemental Early Retirement Plan (SERP)

The District has adopted supplemental early retirement program plans whereby certain eligible employees are provided an annuity to supplemental the retirement benefits they are entitled to through the California Public Employees' Retirement System. The annuities offered to the employees are to be paid over a five-year period. The annuities, which were purchase for 42 employees, and 39 employees who retired during the 2011-2012 and 2013-2014 school years, respectively, were purchased from United Pacific Life Insurance Company. At June 30, 2016, the balance remaining was $2,113,047.

Future payments are as follows:

Year Ending Balance	
2017	$ 1,086,883
2018	513,082
2019	513,082
Total	$ 2,113,047

NOTE 11 – FUND BALANCES

Fund balances are composed of the following elements:

	General Fund	Building Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total
Nonspendable					
Revolving cash	$ 61,627	$ -	$ -	$ 60,291	$ 121,918
Stores inventories	21,373	-	-	-	21,373
Prepaid expenditures	189,408	-	-	-	189,408
Total Nonspendable	272,408	-	-	60,291	332,699
Restricted					
Legally restricted programs	3,620,394	-	-	1,136,468	4,756,862
Capital projects	-	19,450,588	-	3,328,576	22,779,164
Debt services	-	-	12,954,877	-	12,954,877
Total Restricted	3,620,394	19,450,588	12,954,877	4,465,044	40,490,903
Assigned					
One-time mandate funds	6,566,256	-	-	-	6,566,256
Capital projects	-	-	-	604,169	604,169
Board discretion	4,000,000	-	-	-	4,000,000
Turf replacement	800,000	-	-	-	800,000
Vehicles	97,041	-	-	-	97,041
Parcel tax balance	642,474	-	-	-	642,474
Other program balances	97,558	-	-	576,675	674,233
Total Assigned	12,203,329	-	-	1,180,844	13,384,173
Unassigned					
Reserve for economic uncertainties	4,272,190	-	-	-	4,272,190
Remaining unassigned	6,220,822	-	-	-	6,220,822
Total Unassigned	10,493,012	-	-	-	10,493,012
Total	$ 26,589,143	$ 19,450,588	$ 12,954,877	$ 5,706,179	$ 64,700,787

NOTE 12 – POSTEMPLOYMENT HEALTH CARE PLAN AND OTHER POSTEMPLOYMENT BENEFITS (OPEB) ASSET

Plan Description

The Postemployment Benefits Plan (the Plan) is a single-employer defined benefit healthcare plan administered by the Santa Barbara Unified School District. The Plan provides medical and dental insurance benefits to eligible retirees and their spouses. Membership of the Plan consists of 259 retirees and beneficiaries currently receiving benefits, and 1,040 active Plan members.

Contribution Information

The contribution requirements of plan members and the District are established and may be amended by the District and the Santa Barbara Teachers' Association (SBTA), the local California Service Employees Association (CSEA), and unrepresented groups. The required contribution is based on projected pay-as-you-go financing requirements. For fiscal year 2015-2016, the District contributed $1,005,219 to the Plan, all of which was used for current premiums.

Annual OPEB Cost and Net OPEB Asset

The District's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 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 accrued liabilities (UAAL) (or funding excess) over a period not to exceed 30 years. The following table 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 asset to the Plan:

Annual required contribution	$ 861,000
Interest on net OPEB asset	(46,808)
Adjustment to annual required contribution	60,256
Annual OPEB cost (expense)	874,448
Contributions made	(1,005,219)
Increase in net OPEB asset	(130,771)
Net OPEB asset, beginning of year	(1,560,265)
Net OPEB asset, end of year	$ (1,691,036)

Trend Information

Trend information for annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB asset is as follows:

Year Ended June 30,	Annual OPEB Cost	Actual Employer Contribution	Percentage Contributed	Net OPEB Asset
2014	$ 977,102	$ 789,266	81%	$ (1,480,090)
2015	865,757	945,932	109%	(1,560,265)
2016	874,448	1,005,219	115%	(1,691,036)

Funded Status and Funding Progress

A schedule of funding progress as of the most recent actuarial valuation is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Unprojected Unit Credit (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ([b - a] / c)
July 1, 2015	$ -	$ 17,159,000	$ 17,159,000	0%	$ 95,916,504	18%

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, investment returns, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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 the 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 designed 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.

In the July 1, 2015, actuarial valuation, the entry age normal cost method was used. Currently, the District does not set aside assets in an irrevocable employee benefit trust. The assumptions include a three percent discount rate based on employer assets that are not restricted for other purposes and are expected to be used to finance benefit payments. Healthcare cost trend rates reflected an ultimate rate of five percent. The UAAL is being amortized at a level dollar method. The remaining amortization period at June 30, 2016, was 23 years.

NOTE 13 – 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; and natural disasters. During the fiscal year ending June 30, 2016, the District participated in the Self-Insured Schools of California II (SISC II) public entity risk pool for property and liability insurance coverage. There has not been a significant reduction in coverage from the prior year.

Workers' Compensation

For fiscal year 2016, the District participated in the Self-Insured Schools of California I (SISC I) public entity risk pool. The intent of SISC I is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in SISC I. The workers' compensation experience of the participating districts is calculated and applied to a common premium rate. Each participant pays its workers' compensation premium based on its individual rate.

Employee Medical Benefits

The District has contracted with the Self-Insured Schools of California III (SISC III) to provide employee health benefits. SISC III is a shared risk pool comprised of local educational agencies. Rates are set through an annual process. The District pays a monthly contribution, which is placed in a common fund from which claim payments are made for all participating members.

NOTE 14 – EMPLOYEE RETIREMENT SYSTEMS

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

For the fiscal year ended June 30, 2016, the District reported net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense for each of the above plans as follows:

Pension Plan	Collective Net Pension Liability	Collective Deferred Outflows of Resources	Collective Deferred Inflows of Resources	Collective Pension Expense
CalSTRS	$ 96,079,649	$ 18,083,358	$ 17,007,742	$ 7,913,549
CalPERS	34,012,847	11,199,040	9,705,022	2,877,153
Total	$ 130,092,496	$ 29,282,398	$ 26,712,764	$ 10,790,702

The details of each plan are as follows:

California State Teachers' Retirement System (CalSTRS)

Plan Description

The District contributes to the State Teachers Retirement Plan (STRP) administered by the California State Teachers' Retirement System (CalSTRS). STRP is a cost-sharing multiple-employer public employee retirement system defined benefit pension plan. Benefit provisions are established by State statutes, as legislatively amended, within the State Teachers' Retirement Law.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2014, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publically available reports that can be found on the CalSTRS website under Publications at: http://www.calstrs.com/member-publications.

Benefits Provided

The STRP provides retirement, disability and survivor benefits to beneficiaries. Benefits are based on members' final compensation, age and years of service credit. Members hired on or before December 31, 2012, with five years of credited service are eligible for the normal retirement benefit at age 60. Members hired on or after January 1, 2013, with five years of credited service are eligible for the normal retirement benefit at age 62. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service.

The STRP is comprised of four programs: Defined Benefit Program, Defined Benefit Supplement Program, Cash Balance Benefit Program and Replacement Benefits Program. The STRP holds assets for the exclusive purpose of providing benefits to members and beneficiaries of these programs. CalSTRS also uses plan assets to defray reasonable expenses of administering the STRP. Although CalSTRS is the administrator of the STRP, the state is the sponsor of the STRP and obligor of the trust. In addition, the state is both an employer and nonemployer contributing entity to the STRP.

The District contributes exclusively to the STRP Defined Benefit Program, thus disclosures are not included for the other plans.

The STRP provisions and benefits in effect at June 30, 2016, are summarized as follows:

	STRP Defined Benefit Program	
	On or before	On or after
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 60	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	60	62
Monthly benefits as a percentage of eligible compensation	2.0% - 2.4%	2.0% - 2.4%
Required employee contribution rate	9.20%	8.56%
Required employer contribution rate	10.73%	10.73%
Required state contribution rate	7.12589%	7.12589%

Contributions

Required member, District and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1 percent of applicable member earnings phased over a seven year period. The contribution rates for each plan for the year ended June 30, 2016, are presented above and the District's total contributions were $7,181,223.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2016, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related state support and the total portion of the net pension liability that was associated with the District were as follows:

Total net pension liability, including State share:

District's proportionate share of net pension liability	$	96,079,649
State's proportionate share of the net pension liability associated with the District		50,815,543
Total	$	146,895,192

The net pension liability was measured as of June 30, 2015. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. The District's proportionate share for the measurement period June 30, 2015 and June 30, 2014, respectively, was 0.1427 percent and 0.1374 percent, resulting in a net increase in the proportionate share of 0.0053 percent.

For the year ended June 30, 2016, the District recognized pension expense of $7,913,549. In addition, the District recognized pension expense and revenue of $3,936,235 for support provided by the State. At June 30, 2016, 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	$ 7,181,223	$ –
Net change in proportionate share of net pension liability	3,331,959	–
Difference between projected and actual earnings on pension plan investments	7,570,176	15,402,228
Differences between expected and actual experience in the measurement of the total pension liability	–	1,605,514
Total	$ 18,083,358	$ 17,007,742

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year.

The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2017	$ (3,241,532)
2018	(3,241,532)
2019	(3,241,532)
2020	1,892,543
Total	$ (7,832,053)

The deferred outflows/(inflows) of resources related to the net change in proportionate share of net pension liability and differences between expected and actual experience in the measurement of the total pension liability will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the 2014-2015 measurement period is 7 years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2017	$ 287,741
2018	287,741
2019	287,741
2020	287,741
2021	287,741
Thereafter	287,740
Total	$ 1,726,445

Actuarial Methods and Assumptions

Total pension liability for STRP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2014, and rolling forward the total pension liability to June 30, 2015. The financial reporting actuarial valuation as of June 30, 2014, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2014
Measurement date	June 30, 2015
Experience study	July 1, 2006 through June 30, 2010
Actuarial cost method	Entry age normal
Discount rate	7.60%
Investment rate of return	7.60%
Consumer price inflation	3.00%
Wage growth	3.75%

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.

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. Based on the model for CalSTRS consulting actuary's investment practice, a best estimate range was determined by assuming the portfolio is re-balanced annually and that the 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 is based on Teachers' Retirement Board of the California State Teachers' Retirement System (board) policy for target asset allocation in effect on February 2, 2012, the date the current experience study was approved by the board. Best estimates of 10-year geometric real rates of return and the assumed asset allocation for each major asset class used as input to develop the actuarial investment rate of return are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global equity	47%	4.50%
Private equity	12%	6.20%
Real estate	15%	4.35%
Inflation sensitive	5%	3.20%
Fixed income	20%	0.20%
Cash/liquidity	1%	0.00%

Discount Rate

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 the contributions from plan members and employers will be made at statutory contribution rates. 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 occurred midyear. Based on these 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 total pension liability.

The following presents the District's proportionate share of the net pension liability calculated using the current discount rate as well as what the net pension liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

Discount Rate	Net Pension Liability
1% decrease (6.60%)	$ 145,072,791
Current discount rate (7.60%)	96,079,649
1% increase (8.60%)	55,362,394

California Public Employees Retirement System (CalPERS)

Plan Description

Qualified employees are eligible to participate in the School Employer Pool (SEP) 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 are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2013 annual actuarial valuation report, Schools Pool Actuarial Valuation, 2013. This report and CalPERS audited financial information are publically available reports that can be found on the CalPERS website under Forms and Publications at: https://www.calpers.ca.gov/page/forms-publications.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of service credit, a benefit factor and the member's final compensation. Members hired on or before December 31, 2012, with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. Members hired on or after January 1, 2013, with five years of total service are eligible to retire at age 52 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after five years of service. The Basic Death Benefit is paid to any member's beneficiary if the member dies while actively employed. An employee's eligible survivor may receive the 1957 Survivor Benefit if the member dies while actively employed, is at least age 50 (or 52 for members hired on or after January 1, 2013), and has at least five years of credited service. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The CalPERS provisions and benefits in effect at June 30, 2016, are summarized as follows:

	School Employer Pool (CalPERS)	
	On or before	On or after
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.000%	6.000%
Required employer contribution rate	11.847%	11.847%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2016, are presented above and the total District contributions were $3,225,732.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

As of June 30, 2016, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $34,012,847. The net pension liability was measured as of June 30, 2015. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2015 and June 30, 2014, respectively was 0.2308 percent and 0.2268 percent, resulting in a net increase in the proportionate share of 0.0040 percent.

For the year ended June 30, 2016, the District recognized pension expense of $2,877,153. At June 30, 2016, 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	$ 3,225,732	$ -
Net change in proportionate share of net pension liability	443,176	864,301
Difference between projected and actual earnings on pension plan investments	5,586,248	6,750,877
Differences between expected and actual experience in the measurement of the total pension liability	1,943,884	-
Changes of assumptions	-	2,089,844
Total	$ 11,199,040	$ 9,705,022

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year.

The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2017	$ (853,730)
2018	(853,730)
2019	(853,730)
2020	1,396,561
Total	$ (1,164,629)

The deferred outflows/(inflows) of resources related to the net change in proportionate share of net pension liability, changes of assumptions, and differences between expected and actual experience in the measurement of the total pension liability will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the 2014-2015 measurement period is 3.9 years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2017	$ (329,662)
2018	(329,663)
2019	92,240
Total	$ (567,085)

Actuarial Methods and Assumptions

Total pension liability for the SEP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2014, and rolling forward the total pension liability to June 30, 2015. The financial reporting actuarial valuation as of June 30, 2014, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2014
Measurement date	June 30, 2015
Experience study	July 1, 1997 through June 30, 2011
Actuarial cost method	Entry age normal
Discount rate	7.65%
Investment rate of return	7.65%
Consumer price inflation	2.75%
Wage growth	Varies by entry age and service

Mortality assumptions are based on mortality rates resulting from the most recent CalPERS experience study adopted by the CalPERS Board. For purposes of the post-retirement mortality rates, those revised rates include five years of projected ongoing mortality improvement using Scale AA published by the Society of Actuaries.

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

Asset Class	Assumed Asset Allocation	Long-term Expected Real Rate of Return
Global equity	51%	5.25%
Global fixed income	19%	0.99%
Private equity	10%	6.83%
Real estate	10%	4.50%
Inflation sensitive	6%	0.45%
Infrastructure and Forestland	2%	4.50%
Liquidity	2%	-0.55%

Discount Rate

The discount rate used to measure the total pension liability was 7.65 percent. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Based on these assumptions, the School Employer Pool 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 total pension liability.

The following presents the District's proportionate share of the net pension liability calculated using the current discount rate as well as what the net pension liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

Discount rate	Net Pension Liability
1% decrease (6.65%)	$ 55,358,742
Current discount rate (7.65%)	34,012,847
1% increase (8.65%)	16,262,309

On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS in the amount of $4,376,722 (7.12589 percent of annual payroll). Contributions are no longer appropriated in the annual Budget Act for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements.

NOTE 15 – COMMITMENTS AND CONTINGENCIES

Grants

The District received financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2016.

Litigation

The District is involved in various litigations arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District at June 30, 2016.

Operating Leases

The District is obligated under certain leases accounted for as operating leases. Operating leases do not give rise to property rights or lease obligations. These leases, therefore, have not been accounted for as capital leases.

The following is a schedule, by years, for future minimum rental payments required under operating leases that have remaining non-cancelable lease terms in excess of one year, as of June 30, 2016.

Year Ending June 30,	Lease Payment
2017	$ 53,694
2018	19,823
2019	19,823
2020	9,992
Total	$ 103,332

Rental expenditures for the year ended June 30, 2016 amounted to $88,737.

Construction Commitments

As of June 30, 2016, the District had the following commitments with respect to the unfinished capital projects:

CAPITAL PROJECT	Remaining Construction Commitment	Expected Date of Completion
Adelante Charter School – Classroom Relocation	$ 6,279	09/30/16
Adelante Charter School – Clean Energy Project	52,866	09/30/16
District Office – Clean Energy Project	40,275	09/30/16
Dos Pueblos High School – Performing Art Center	22,650	09/30/16
Goleta Valley Junior High School – Locks & Keys Project	975	09/30/16
La Colina Junior High School – Roofing Phase I & II	1,766,266	09/30/16
La Colina Junior High School – Locks & Keys Project	975	09/30/16
La Cumbre Junior High School – Parking Lot Lighting	112,605	09/30/16
San Marcos High School – Locks & Keys Project	816	09/30/16
Santa Barbara High School – Green Shade Project	57,796	09/30/16
District-wide Wireless Access	13,050	09/30/16
Adams Elementary School – Library Replacement & Portables	36,605	12/31/16
Dos Pueblos High Schools – Building Climate Control Study	7,000	12/31/16
Dos Pueblos High School – Sawdust Collection Project	5,240	12/31/16
Franklin Elementary School – Building Exterior Rehabilitation	904,767	12/31/16
Goleta Valley Junior High School – Building Climate Control Study	7,000	12/31/16
La Colina Junior High School – Building Climate Control Study	6,999	12/31/16
La Cumbre Junior High School – PE Building Painting Upgrades	263,800	12/31/16
Washington Elementary School – Library Office Replacement	40,482	12/31/16
Dos Pueblos High School – Revised A.D.A. Restroom Signage	1,650	03/31/17
Las Flores Preschool & SBUSD Parent Resource Center Conceptual Design Studies	27,180	03/31/17
McKinley Elementary School – New Site Fencing Project	13,400	03/31/17
Santa Barbara High School – Peabody Stadium Storm Drain Project	10,081	03/31/17
Santa Barbara High School – Peabody Stadium	652,911	06/30/17
Total	$ 4,051,668	

NOTE 16 – PARTICIPATION IN PUBLIC ENTITY RISK POOLS

The District is a member of the Self-Insured Schools of California I (SISC I), Self-Insured Schools of California II (SISC II), and the Self-Insured Schools of California III (SISC III) public entity risk pools. The District pays an annual premium to the SISC I, SISC II, and SISC III, for workers' compensation, property and liability coverage and health benefits, respectively. The relationships between the District and the pools are such that they are not component units of the District for financial reporting purposes.

These entities have budgeting and financial reporting requirements independent of member units and their financial statements are not presented in these financial statements; however, fund transactions between the entities and the District are included in these statements. Audited financial statements are generally available from the respective entities.

During the year ended June 30, 2016, the District made payments of $1,611,192, $691,054, and $13,721,258 to the Self-Insured Schools of California I (SISC I), Self-Insured Schools of California II (SISC II), and Self-Insured Schools of California III (SISC III), respectively, for the services noted above.

NOTE 17 – SUBSEQUENT EVENTS

The District issued $11,725,000 of Tax and Revenue Anticipation Notes dated July 6, 2016. The notes mature on June 2017, and yield an interest rate of 0.76 percent. The notes were sold to supplement cash flow. Repayment requirements are that a percentage of principal and interest be deposited with the Fiscal Agent each month beginning January 2017, until 100 percent of principal and interest due is on account in April 2017.

REQUIRED SUPPLEMENTARY INFORMATION

SANTA BARBARA UNIFIED SCHOOL DISTRICT

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts		Actual	Variances – Positive (Negative)
	Original	Final	(GAAP Basis)	Final to Actual
REVENUES				
Local Control Funding Formula	$ 119,093,557	$ 117,796,158	$ 117,459,771	$ (336,387)
Federal sources	6,670,514	6,959,897	6,139,640	(820,257)
Other State sources	10,730,215	13,432,022	17,342,159	3,910,137
Other local sources	8,437,875	10,593,191	11,857,049	1,263,858
Total Revenues [1]	144,932,161	148,781,268	152,798,619	4,017,351
EXPENDITURES				
Current				
Certificated salaries	65,737,512	67,370,148	67,663,577	(293,429)
Classified salaries	24,257,418	25,652,519	25,414,458	238,061
Employee benefits	20,267,088	22,388,968	26,118,230	(3,729,262)
Books and supplies	6,359,262	8,810,436	6,269,510	2,540,926
Services and operating expenditures	22,039,244	24,674,609	18,975,891	5,698,718
Capital outlay	310,730	925,746	1,128,469	(202,723)
Other outgo	(399,173)	(484,723)	(659,898)	175,175
Total Expenditures [1]	138,572,081	149,337,703	144,910,237	4,427,466
Excess (Deficiency) of Revenues Over Expenditures	6,360,080	(556,435)	7,888,382	8,444,817
Other Financing Sources (Uses)				
Transfers in	–	70,000	–	(70,000)
Other sources	–	–	218,064	218,064
Transfers out	(442,054)	(1,450,907)	(1,476,548)	(25,641)
Net Financing Sources (Uses)	(442,054)	(1,380,907)	(1,258,484)	122,423
NET CHANGE IN FUND BALANCES	5,918,026	(1,937,342)	6,629,898	8,567,240
Fund Balances – Beginning	19,959,245	19,959,245	19,959,245	–
Fund Balances – Ending	$ 25,877,271	$ 18,021,903	$ 26,589,143	$ 8,567,240

[1] On behalf payments of $4,376,722 are included in the actual revenues and expenditures, but have not been included in the budgeted amounts. In addition, Fund 17, Special Reserve Fund for Other Than Capital Outlay Projects, has, for reporting purposes been consolidated into the General Fund, with additional revenues and expenditures pertaining to this fund included in the Actual (GAAP Basis) revenues and expenditures, however they are not included in the original and final General Fund budgets
.

See accompanying note to required supplementary information.

SANTA BARBARA UNIFIED SCHOOL DISTRICT

SCHEDULE OF OTHER POSTEMPLOYMENT BENEFITS (OPEB) FUNDING PROGRESS
FOR THE YEAR ENDED JUNE 30, 2016

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) – Unprojected Unit Credit (b)	Unfunded AAL (UAAL) (b – a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ([b – a] / c)
July 1, 2011	$ –	$ 16,695,000	$ 16,695,000	0%	$ 84,371,674	20%
July 1, 2013	–	14,889,000	14,889,000	0%	90,730,932	16%
July 1, 2015	–	17,159,000	17,159,000	0%	95,916,504	18%

See accompanying note to required supplementary information.

SANTA BARBARA UNIFIED SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2016

	2016	2015
CalSTRS		
District's proportion of the net pension liability	0.1427%	0.1374%
District's proportionate share of the net pension liability	$ 96,079,649	$ 80,277,613
State's proportionate share of the net pension liability associated with the District	50,815,543	48,475,089
Total	$ 146,895,192	$ 128,752,702
District's covered -employee payroll	$ 65,023,829	$ 60,683,934
District's proportionate share of the net pension liability as a percentage of its covered -employee payroll	148%	132%
Plan fiduciary net position as a percentage of the total pension liability	74%	77%
CalPERS		
District's proportion of the net pension liability	0.2308%	0.2268%
District's proportionate share of the net pension liability	$ 34,012,847	$ 25,752,220
District's covered -employee payroll	$ 25,741,347	$ 23,687,741
District's proportionate share of the net pension liability as a percentage of its covered -employee payroll	132%	109%
Plan fiduciary net position as a percentage of the total pension liability	79%	83%

Note: In the future, as data become available, ten years of information will be presented.

See accompanying note to required supplementary information.

SCHEDULE OF DISTRICT CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2016

	2016	2015
CalSTRS		
Contractually required contribution	$ 7,181,223	$ 5,774,116
Contributions in relation to the contractually required contribution	(7,181,223)	(5,774,116)
Contribution deficiency (excess)	$ –	$ –
District's covered-employee payroll	$ 66,926,589	$ 65,023,829
Contributions as a percentage of covered-employee payroll	10.73%	8.88%
CalPERS		
Contractually required contribution	$ 3,225,732	$ 3,030,014
Contributions in relation to the contractually required contribution	(3,225,732)	(3,030,014)
Contribution deficiency (excess)	$ –	$ –
District's covered-employee payroll	$ 27,228,260	$ 25,741,347
Contributions as a percentage of covered-employee payroll	11.85%	11.77%

Note: In the future, as data become available, ten years of information will be presented.

See accompanying note to required supplementary information.

NOTE 1 – PURPOSE OF SCHEDULES

Budgetary Comparison Schedule

This schedule presents information for the original and final budgets and actual results of operations, as well as the variances from the final budget to actual results of operations.

Schedule of Other Postemployment Benefits (OPEB) Funding Progress

This schedule is intended to show trends about the funding progress of the District's actuarially determined liability for postemployment benefits other than pensions.

Schedule of the District's Proportionate Share of the Net Pension Liability

This schedule presents information on the District's proportionate share of the net pension liability (NPL), the plans' fiduciary net position and, when applicable, the State's proportionate share of the NPL associated with the District. In the future, as data becomes available, ten years of information will be presented.

Schedule of District Contributions

This schedule presents information on the District's required contribution, the amounts actually contributed, and any excess or deficiency related to the required contribution. In the future, as data becomes available, ten years of information will be presented.

NOTE 2 – CHANGES IN BENEFIT TERMS AND ASSUMPTIONS

Changes in Benefit Terms

There were no changes in benefit terms since the previous valuation for either CalSTRS and CalPERS.

Changes in Assumptions

The CalSTRS plan rate of investment return assumption was not changed from the previous valuation. The CalPERS plan rate of investment return assumption was changed from 7.50 percent to 7.65 percent since the previous valuation.

SUPPLEMENTARY INFORMATION

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2016

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	CFDA Number	Pass-Through Entity Identifying Number	Program Expenditures
U.S. DEPARTMENT OF EDUCATION			
Passed through California Department of Education (CDE):			
Title I, Part A - Basic Grants, Low Income and Neglected - Reallocation Funds	84.010	14981	$ 2,004,518
Title I, Part G - Advanced Placement Test Fee Reimbursement Program	84.330B	14831	12,587
Title II, Part A - Improving Teacher Quality	84.367	14341	372,296
Title III - Limited English Proficiency	84.365	14346	207,867
Vocational Education Grants			
Applied Technology - Secondary Education	84.048	14894	110,989
Passed through Santa Barbara County SELPA:			
Special Education (IDEA) Cluster:			
Local Assistance	84.027	13379	2,380,880
Preschool Local Assistance	84.027A	13682	154,576
Federal Preschool	84.173	13430	65,100
Quality Assurance and Focused Monitoring	84.027A	13693	500
Subtotal for Special Education (IDEA) Cluster			2,601,056
Passed through Department of Rehabilitation:			
Workability II, Transition Partnership	84.126	CNTR - 28854	290,144
Total U.S. Department of Education			5,599,457
U.S. DEPARTMENT OF AGRICULTURE			
Passed through CDE:			
Child Nutrition Cluster:			
Basic Breakfast	10.553	13525	24,781
Especially Needy Breakfast	10.553	13526	1,953,952
National School Lunch Program	10.555	13524	2,738,517
Meal Supplements	10.555	13392	154,008
Food Distribution	10.555	13524	399,663
Summer Food Program	10.559	13004	346,734
Subtotal for Child Nutrition Cluster			5,617,655
Child and Adult Care Food Program	10.558	13529	487,943
Passed through Santa Barbara County Office of Education:			
Forest Reserve	10.665	10044	14,470
Total U.S. Department of Agriculture			6,120,068

See accompanying note to supplementary information.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, (Continued)
FOR THE YEAR ENDED JUNE 30, 2016

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	CFDA Number	Pass-Through Entity Identifying Number	Program Expenditures
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed through California Department of Health and Human Services:			
Medical Assistance Program			
Medi-Cal Billing Option	93.778	10013	$ 137,006
Medi-Cal Administrative Activities Program	93.778	10060	153,635
Subtotal for Medicaid Cluster			290,641
Passed through CDE:			
Child Development - Federal Child Care, Center Based	93.596	13609, 15136	312,076
Total U.S. Department of Health and Human Services			602,717
Total Expenditures of Federal Awards			$ 12,322,242

See accompanying note to supplementary information.

SANTA BARBARA UNIFIED SCHOOL DISTRICT

LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE
JUNE 30, 2016

ORGANIZATION

The Santa Barbara Unified School District was unified July 1, 2011 and consists of an area comprising approximately 136.4 square miles. The District operates ten elementary schools, four junior high schools, three high schools, one continuation school, one charter school, and two alternative schools. There were no boundary changes during the year.

GOVERNING BOARD

MEMBER	OFFICE	TERM EXPIRES
Pedro Paz, Ph.D.	President	2016
Gayle Eidelson	Vice President	2016
H. Edward Heron	Member	2016
Monique Limon	Member	2018
Kate Parker	Member	2018

ADMINISTRATION

David E. Cash, Ed.D.	Superintendent
Meg Jetté	Assistant Superintendent, Business Services
Mitch Torina	Assistant Superintendent, Human Resources
Frann Wageneck	Assistant Superintendent, Student Services
Ben Drati	Assistant Superintendent, Secondary Education
Raul Ramirez	Assistant Superintendent, Elementary Education
Helen Rodriguez	Assistant Superintendent, Special Education
Todd Ryckman	Chief Education Technology Officer

See accompanying note to supplementary information.

SANTA BARBARA UNIFIED SCHOOL DISTRICT

SCHEDULE OF AVERAGE DAILY ATTENDANCE
FOR THE YEAR ENDED JUNE 30, 2016

	Final Report: Amended Second Period Report	Final Report: Annual Report
Regular ADA		
Transitional kindergarten through third	2,435.71	2,438.71
Fourth through sixth	1,810.38	1,812.51
Seventh and eighth	2,778.09	2,781.03
Ninth through twelfth	6,275.93	6,247.31
Total Regular ADA	13,300.11	13,279.56
Extended Year Special Education		
Transitional kindergarten through third	2.85	2.85
Fourth through sixth	3.46	3.46
Seventh and eighth	2.01	2.01
Ninth through twelfth	6.89	6.89
Total Extended Year Special Education	15.21	15.21
Special Education, Nonpublic, Nonsectarian Schools		
Seventh and eighth	0.13	0.09
Ninth through twelfth	3.80	3.46
Total Special Education, Nonpublic, Nonsectarian Schools	3.93	3.55
Extended Year Special Education, Nonpublic, Nonsectarian Schools		
Seventh and eighth	0.02	0.02
Ninth through twelfth	0.82	0.82
Total Extended Year Special Education, Nonpublic, Nonsectarian Schools	0.84	0.84
Total ADA	13,320.09	13,299.16

	Final Report: Second Period Report	Final Report: Annual Report
CHARTER SCHOOL		
Regular ADA		
Transitional kindergarten through third	173.00	173.95
Fourth through sixth	104.78	105.21
Seventh and eighth	9.42	9.57
Total Regular ADA	287.20	288.73
Classroom based ADA (included in Regular ADA)		
Transitional kindergarten through third	141.60	141.31
Fourth through sixth	85.60	85.69
Total Regular ADA	227.20	227.00

See accompanying note to supplementary information.

SCHEDULE OF INSTRUCTIONAL TIME FOR THE YEAR ENDED JUNE 30, 2016

Grade Level	1986-87 Minutes Requirement	2015-16 Actual 8	Number of Days Traditional Calendar	Number of Days Multitrack Calendar	Status
Kindergarten	36,000	44,489	180	–	Complied
Grades 1 - 3	50,400				
Grade 1		50,795	180	–	Complied
Grade 2		50,795	180	–	Complied
Grade 3		50,795	180	–	Complied
Grades 4 - 6	54,000				
Grade 4		54,200	180	–	Complied
Grade 5		54,200	180	–	Complied
Grade 6		54,200	180	–	Complied
Grades 7 - 8	54,000				
Grade 7		55,566	180	–	Complied
Grade 8		55,566	180	–	Complied
Grades 9 - 12	64,800				
Grade 9		64,829	180	–	Complied
Grade 10		64,829	180	–	Complied
Grade 11		64,829	180	–	Complied
Grade 12		64,829	180	–	Complied

SANTA BARBARA CHARTER SCHOOL

Grade Level	1986-87 Minutes Requirement	2015-16 Actual Minutes	Number of Days Traditional Calendar	Number of Days Multitrack Calendar	Status
Kindergarten	36,000	46,715	175	–	Complied
Grades 1 - 3	50,400				
Grade 1		54,200	175	–	Complied
Grade 2		54,200	175	–	Complied
Grade 3		54,200	175	–	Complied
Grades 4 - 6	54,000				
Grade 4		54,200	175	–	Complied
Grade 5		54,200	175	–	Complied
Grade 6		54,200	175	–	Complied

See accompanying note to supplementary information.

RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

Summarized below are the fund balance reconciliations between the Unaudited Actual Financial Report and the audited financial statements.

	Building Fund	Cafeteria Fund Non-Major Governmental	County School Facilities Fund – Non-Major Governmental
FUND BALANCE			
Balance, June 30, 2016, Unaudited Actuals	$ 19,711,764	$ 768,133	$ 2,840
Decrease in:			
Accounts receivable	–	274,470	–
Store inventory	–	21,409	–
Accounts payable	–	–	70,000
Increase in:			
Accounts payable	(261,176)	–	–
Balance, June 30, 2016, Audited Financial Statement	$ 19,450,588	$ 1,064,012	$ 72,840

See accompanying note to supplementary information.

SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2016

	(Budget) 2017 [1]	2016	2015	2014
GENERAL FUND [4]				
Revenues	$ 144,844,750	$ 152,783,218	$ 137,129,224	$ 123,147,575
Other sources	–	245,897	–	378,936
Total Revenues and Other Sources	144,844,750	153,029,115	137,129,224	123,526,511
Expenditures	147,058,319	144,910,237	132,720,326	125,503,007
Other uses and transfers out	1,736,051	1,576,548	563,646	474,680
Total Expenditures and Other Uses	148,794,370	146,486,785	133,283,972	125,977,687
INCREASE (DECREASE) IN FUND BALANCE	$ (3,949,620)	$ 6,542,330	$ 3,845,252	$ (2,451,176)
ENDING FUND BALANCE	$ 17,742,482	$ 21,692,102	$ 15,149,772	$ 11,304,520
AVAILABLE RESERVES [2]	$ 7,483,850	$ 10,493,012	$ 11,016,004	$ 7,345,652
AVAILABLE RESERVES AS A PERCENTAGE OF TOTAL OUTGO [3]	5.03%	7.16%	8.42%	5.95%
LONG-TERM OBLIGATIONS	N/A	$ 200,441,471	$ 202,119,009	$ 204,705,747
K-12 AVERAGE DAILY ATTENDANCE AT P-2	13,044	13,320	13,516	13,476

The General Fund balance has increased by $10,387,582 over the past two years. The fiscal year 2016-2017 budget projects a decrease of $3,949,620 (18.2 percent). For a district this size, the State recommends available reserves of at least three percent of total General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred operating surpluses in two of the past three years but anticipates incurring an operating deficit during the 2016-2017 fiscal year. Total long-term obligations have decreased by $4,264,276 over the past two years.

Average daily attendance has decreased by 156 over the past two years. Additional decline of 276 ADA is anticipated during fiscal year 2016-2017.

[1] Budget 2017 is included for analytical purposes only and has not been subjected to audit.
[2] Available reserves consist of all unassigned fund balances including all amounts reserved for economic uncertainties contained with the General Fund and the Special Reserve Fund for Other Than Capital Outlay Projects.
[3] On behalf payments of $2,522,089 and $2,548,835, have been excluded from the calculation of available reserves for the fiscal years ending June 30, 2015 and 2014.
[4] General Fund amounts do not include activity related to the consolidation of the Fund 17, Special Reserve Fund for Other Than Capital Outlay Projects as required by GASB Statement No. 54.

See accompanying note to supplementary information.

SANTA BARBARA UNIFIED SCHOOL DISTRICT

SCHEDULE OF CHARTER SCHOOLS
FOR THE YEAR ENDED JUNE 30, 2016

Name of Charter School	Included in Audit Report
Santa Barbara Charter (Charter Number 6111603)	Yes
Adelante (Charter Number 6118202)	No
Peabody (Charter Number 6045918)	No

See accompanying note to supplementary information.

SANTA BARBARA UNIFIED SCHOOL DISTRICT

NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2016

	Charter School Fund	Child Development Fund	Cafeteria Fund
ASSETS			
Deposits and investments	$ 438,248	$ 147,164	$ 398,191
Receivables	111,624	115,743	1,076,770
Due from other funds	334,046	127,232	-
Stores inventories	-	-	60,291
Total Assets	$ 883,918	$ 390,139	$ 1,535,252
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	$ 54,068	$ 43,363	$ 104,432
Due to other funds	242,381	224,823	366,808
Total Liabilities	296,449	268,186	471,240
Fund Balances:			
Nonspendable	-	-	60,291
Restricted	114,364	121,953	900,151
Assigned	473,105	-	103,570
Total Fund Balances	587,469	121,953	1,064,012
Total Liabilities and Fund Balances	$ 883,918	$ 390,139	$ 1,535,252

See accompanying note to supplementary information.

Capital Facilities Fund	County School Facilities Fund	Special Reserve Fund For Capital Outlay Projects	Total Non-Major Governmental Funds
$ 3,051,525	$ 72,840	$ 1,048,119	$ 5,156,087
–	–	–	1,304,137
–	–	–	461,278
–	–	–	60,291
$ 3,051,525	$ 72,840	$ 1,048,119	$ 6,981,793
$ 185,568	$ –	$ 54,171	$ 441,602
–	–	–	834,012
185,568	–	54,171	1,275,614
–	–	–	60,291
2,865,957	72,840	389,779	4,465,044
–	–	604,169	1,180,844
2,865,957	72,840	993,948	5,706,179
$ 3,051,525	$ 72,840	$ 1,048,119	$ 6,981,793

SANTA BARBARA UNIFIED SCHOOL DISTRICT

NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2016

	Charter School Fund	Child Development Fund	Cafeteria Fund
REVENUES			
Local Control Funding Formula	$ 2,160,764	$ -	$ -
Federal sources	46,719	312,076	6,105,598
Other State sources	364,746	2,359,048	416,606
Other local sources	157,758	816,277	1,458,445
Total Revenues	2,729,987	3,487,401	7,980,649
EXPENDITURES			
Current			
Instruction	1,965,262	-	-
Instruction-related activities:			
School site administration	268,429	-	-
Pupil services:			
Home-to-school transportation	13,248	-	-
Food services	-	38,989	7,421,625
All other pupil services	90,292	-	-
Administration:			
All other administration	242,381	224,803	363,564
Plant services	101,433	41,919	119,753
Facility acquisition and construction	94,761	-	-
Community services	114,777	3,290,714	-
Debt service			
Principal	-	2,164	1,926
Interest and other	-	211	188
Total Expenditures	2,890,583	3,598,800	7,907,056
Excess (Deficiency) of Revenues Over Expenditures	(160,596)	(111,399)	73,593
Other Financing Sources			
Transfers in	121,782	127,232	221,000
Transfers out	-	-	-
Net Financing Sources (Uses)	121,782	127,232	221,000
NET CHANGE IN FUND BALANCES	(38,814)	15,833	294,593
Fund Balances - Beginning	626,283	106,120	769,419
Fund Balances - Ending	$ 587,469	$ 121,953	$ 1,064,012

See accompanying note to supplementary information.

Capital Facilities Fund	County School Facilities Fund	Special Reserve Fund For Capital Outlay Projects	Total Non-Major Governmental Funds
$ –	$ –	$ –	$ 2,160,764
–	–	–	6,464,393
–	154,098	512,923	3,807,421
2,548,140	165,841	527,377	5,673,838
2,548,140	319,939	1,040,300	18,106,416
–	–	–	1,965,262
–	–	–	268,429
–	–	–	13,248
–	–	–	7,460,614
–	–	–	90,292
–	–	–	830,748
71,872	–	–	334,977
1,832,659	(70,000)	1,248,160	3,105,580
–	–	–	3,405,491
–	138,466	–	142,556
–	26,892	–	27,291
1,904,531	95,358	1,248,160	17,644,488
643,609	224,581	(207,860)	461,928
–	–	1,006,534	1,476,548
–	(154,098)	–	(154,098)
–	(154,098)	1,006,534	1,322,450
643,609	70,483	798,674	1,784,378
2,222,348	2,357	195,274	3,921,801
$ 2,865,957	$ 72,840	$ 993,948	$ 5,706,179

NOTE 1 - PURPOSE OF SCHEDULES

Schedule of Expenditures of Federal Awards

The accompanying Schedule of Expenditures of Federal Awards includes the Federal grant activity of the District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements. The District has not elected to use the ten percent de minimis cost rate as covered in Section 200.414 Indirect (F&A) costs of the Uniform Guidance.

The following schedule provides reconciliation between revenues reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances, and the related expenditures reported on the Schedule of Expenditures of Federal Awards. The reconciling amounts consist of Medi-Cal Billing Option funds that have been recorded in the current period as revenues that have not been expended as of June 30, 2016. These unspent balances are reported as legally restricted ending balances within the General Fund.

	CFDA Number	Amount
Total Federal Revenues From the Statement of Revenues, Expenditures, and Changes in Fund Balances:		$ 12,604,033
Medi-Cal Billing Option	93.778	(281,791)
Total Schedule of Expenditures of Federal Awards		$ 12,322,242

Local Education Agency Organization Structure

This schedule provides information about the District's boundaries and schools operated, members of the governing board, and members of the administration.

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 received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day. 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 1986-87 requirements, as required by Education Code Section 46201. The District neither met nor exceeded its target funding.

The Charter School is required to comply with the provisions of Education Code Sections 47612 and 47612.5, if applicable. The Charter School neither met nor exceeded its target funding.

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 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.

Schedule of Charter Schools

This schedule lists all Charter Schools chartered by the District, and displays information for each Charter School on whether or not the Charter School is included in the District audit.

Non-Major Governmental Funds - Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances

The Non-Major Governmental Funds Combining Balance Sheet and Combining Statement of Revenues, Expenditures, and Changes in Fund Balances are included to provide information regarding the individual funds that have been included in the Non-Major Governmental Funds column on the Governmental Funds Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances.

INDEPENDENT AUDITOR'S REPORTS

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

Governing Board
Santa Barbara Unified School District
Santa Barbara, 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 Santa Barbara Unified School District (the District) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Santa Barbara Unified School District's basic financial statements, and have issued our report thereon dated December 14, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Santa Barbara 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 Santa Barbara Unified School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Santa Barbara 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs that we considered to be a significant deficiency as item 2016-001.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether Santa Barbara Unified School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, 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.

We noted certain matters that we reported to management of Santa Barbara Unified School District in a separate letter dated December 14, 2016.

Santa Barbara Unified School District's Response to Findings

Santa Barbara Unified School District's response to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Santa Barbara Unified School District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 result 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.

Vavrinek, Trine, Day & Co., LLP

Rancho Cucamonga, California
December 14, 2016

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Governing Board
Santa Barbara Unified School District
Santa Barbara, California

Report on Compliance for Each Major Federal Program

We have audited Santa Barbara Unified School District's (the District) compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of Santa Barbara Unified School District's major Federal programs for the year ended June 30, 2016. Santa Barbara Unified School District's major Federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Santa Barbara 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 the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about Santa Barbara 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 Santa Barbara Unified School District's compliance.

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Basis for Qualified Opinion on Title I, Part A Program (CFDA 84.010)

As described in the accompanying schedule of findings and questioned costs, Santa Barbara Unified School District did not comply with requirements regarding the Title I, Part A Program as described in items 2016-004 for Activities Allowed or Unallowed/Allowable Costs/Cost Principles, and as described in items 2016-002, 2016-003, 2016-005, 2016-006, 2016-007, 2016-008, and 2016-009 for Special Tests and Provisions. Compliance with such requirements is necessary, in our opinion, for Santa Barbara Unified School District to comply with the requirements applicable to that program.

Qualified Opinion on Title I, Part A Program (CFDA 84.010)

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, Santa Barbara 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 Title I, Part A Program for the year ended June 30, 2016.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, Santa Barbara 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 other major Federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2016.

Other Matters

The results of our auditing procedures disclosed other instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2016-002, 2016-003, 2016-005, 2016-006, 2016-007, 2016-008, and 2016-009. Our opinion on each of the other major federal programs is not modified with respect to these matters.

Santa Barbara Unified School District's response to the noncompliance compliance findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs and/or corrective action plan. Santa Barbara Unified School District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of Santa Barbara 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 Santa Barbara 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 the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Santa Barbara Unified School District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a Federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is 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 preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2016-002, 2016-003, 2016-004, 2016-005, 2016-006, 2016-007, 2016-008, and 2016-009 that we consider to be significant deficiencies.

Santa Barbara Unified School District's response to the internal control over compliance findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs and/or corrective action plan. Santa Barbara Unified School District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

Vavrinek, Trine, Day & Co., LLP

Rancho Cucamonga, California
December 14, 2016

Vavrinek, Trine, Day & Co., LLP
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

Governing Board
Santa Barbara Unified School District
Santa Barbara, California

Report on State Compliance

We have audited Santa Barbara Unified School District's (the District) compliance with the types of compliance requirements as identified in the 2015-2016 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 Santa Barbara Unified School District's State government programs as noted below for the year ended June 30, 2016.

Management's Responsibility

Management is responsible for compliance with the requirements of State laws, regulations, and the terms and conditions of its State awards applicable to its State programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance of each of the Santa Barbara Unified School District's State programs based on our audit of the types of compliance requirements referred to above. 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 2015-2016 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting. These standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a material effect on the applicable government programs noted below. An audit includes examining, on a test basis, evidence about Santa Barbara 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 opinions. Our audit does not provide a legal determination of Santa Barbara Unified School District's compliance with those requirements.

Unmodified Opinion

In our opinion, Santa Barbara Unified School District complied, in all material respects, with the compliance requirements referred to above that are applicable to the government programs noted below that were audited for the year ended June 30, 2016.

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

	Procedures Performed
LOCAL EDUCATION AGENCIES OTHER THAN CHARTER SCHOOLS	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	Yes
Continuation Education	Yes, see below
Instructional Time	Yes
Instructional Materials	Yes
Ratios of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	No, see below
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	No, see below
Middle or Early College High Schools	No, see below
K-3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	Yes
SCHOOL DISTRICTS, COUNTY OFFICES OF EDUCATION, AND CHARTER SCHOOLS	
Educator Effectiveness	Yes
California Clean Energy Jobs Act	Yes
After School Education and Safety Program:	
General Requirements	Yes
After School	Yes
Before School	No, see below
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control Accountability Plan	Yes
Independent Study - Course Based	No, see below
Immunizations	Yes, see below
CHARTER SCHOOLS	
Attendance	Yes
Mode of Instruction	Yes
Non Classroom-Based Instruction/Independent Study for Charter Schools	Yes
Determination of Funding for Non Classroom-Based Instruction	Yes
Annual Instruction Minutes Classroom-Based	Yes
Charter School Facility Grant Program	No, see below

The District does not offer a Work Experience Program; therefore, we did not perform procedures related to the Work Experience Program within the Continuation Education Attendance Program.

The District did not offer an Early Retirement Incentive during the current year; therefore, we did not perform procedures related to the Early Retirement Incentive Program.

The District does not have any Juvenile Court Schools; therefore, we did not perform any procedures related to Juvenile Court Schools.

The District does not have a Middle or Early College High School Program; therefore, we did not perform procedures related to the Middle or Early College High School Program.

The District does not offer a Before School Education and Safety Program; therefore, we did not perform any procedures related to the Before School Education and Safety Program.

The District did not offer a Course Based Independent Study Program; therefore, we did not perform any procedures related to the Independent Study – Course Based Program.

The District did not have any schools listed on the immunization assessment reports; therefore, we did not perform the remaining procedures.

The District did not participate in the Charter School Facility Grant Program; therefore, we did not perform any procedures for the Charter School Facility Grant Program.

Vavrinek, Trine, Day & Co, LLP

Rancho Cucamonga, California
December 14, 2016

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

SUMMARY OF AUDITOR'S RESULTS
FOR THE YEAR ENDED JUNE 30, 2016

FINANCIAL STATEMENTS

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness identified?	No
Significant deficiency identified?	Yes
Noncompliance material to financial statements noted?	No

FEDERAL AWARDS

Internal control over major Federal programs:	
Material weakness identified?	No
Significant deficiency identified?	Yes
Type of auditor's report issued on compliance for major Federal programs:	Unmodified

Unmodified for all major programs except for the following Federal program which was qualified:

84.010	Title I, Part A - Basic Grants, Low Income and Neglected - Reallocation Funds

Any audit findings disclosed that are required to be reported in accordance with Section 200.516(a) of the Uniform Guidance?	Yes

Identification of major Federal programs:

CFDA Numbers	Name of Federal Program or Cluster
84.010	Title I, Part A - Basic Grants, Low Income and Neglected - Reallocation Funds
84.027, 84.027A, 84.173	Special Education (IDEA) Cluster

Dollar threshold used to distinguish between Type A and Type B programs:	$ 750,000
Auditee qualified as low-risk auditee?	Yes

STATE AWARDS

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

FINANCIAL STATEMENT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2016

The following findings represent significant deficiencies, material weaknesses, and/or instances of noncompliance related to the financial statements that are required to be reported in accordance with Government Auditing Standards. The findings have been coded as follows:

Five Digit Code	AB 3627 Finding Type
30000	Internal Control

2016-001 Code 30000
Fund 90 – Payroll Related Withholdings Fund (Significant Deficiency)

Criteria or Specific Requirements

Education Code Section 41001 requires all school districts to deposit all receipts and collections of monies with the County Treasury to be placed to the credit of the proper fund of the district. As such, the District is then required to reconcile and balance all of the individual funds. Fund 90 accounts for the district's activities related to deferred payroll, payroll related benefits, and voluntary payroll withholdings of District employees. The District has not been able to fully reconcile Fund 90 since the transition of the financial accounting systems.

Condition

As noted in prior years, the District is currently reconciling the in-house financial system, Munis, with the county system for all but one of its funds. The District has not reconciled Fund 90 between the Munis Accounting System and the County System resulting in large variances between the County Treasury balance and object 9110 in Munis.

Questioned costs

There were no questioned costs associated with this condition.

Effect

The nature and purpose of the amounts recorded in the fund have not been identified, resulting in unavailable funds to the District. While in the current year there does not appear to be any financial statement adjustments required with Fund 90, there were other audit adjustments noted in three district funds.

Cause

The condition identified above appears to be the result of insufficient resources available to ensure the timely reconciliation of Fund 90.

Recommendation

It is recommended that the district reconcile Fund 90 object 9110 to the County Treasury and clearly investigate and document with detail explanations all reconciling items noted on the monthly reconciliation in a timely manner. Also, any necessary adjustments for activity not properly accounted for should be made immediately so the correct amount is reported on the District's general ledger. Reconciling this fund is important as the District continues to update their financial reporting system to ensure all activity is setup and accounted for correctly in the system.

Corrective Action Plan

The plan is to eliminate the cause, which is a lack of sufficient resources able to perform higher level accounting processes. This will be accomplished by hiring a qualified accounting professional to perform the necessary and ongoing reconciliations. This position has been approved by Cabinet and is pending Board approval.

FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2016

The following findings represent significant deficiencies, material weaknesses, and/or material instances of noncompliance including questioned costs that are required to be reported by the Uniform Guidance. The findings have been coded as follows:

Five Digit Code	AB 3627 Finding Type
50000	Federal Compliance

2016-002 Code 50000

Federal Program Affected

Program Name: Title I, Part A – Low-Income and Neglected
CFDA Number: 84.010
Pass-Through Entity: California Department of Education
Federal Agency: U.S. Department of Education

Criteria or Specific Requirements

Per Title 34, Code of Federal Regulations, Part 200, Subpart A, Section 200.45 & 200.46, an LEA that has schools in Program Improvement (PI) must spend an amount equal to 20 percent of its Title I, Part A allocation on public school choice-related transportation costs and/or Supplemental Education Services (SES) unless a lesser amount is needed and if an LEA with one or more schools in PI spends less than an amount equal to 20 percent of its Title I, Part A allocation on public school choice-related transportation costs and/or SES, the LEA must meet, at a minimum, the following reallocation criteria before spending any remaining funds of the 20 percent obligation on other allowable Title I activities: (a) partner, to the extent practicable, with outside groups, such as faith-based organizations, other community-based organizations, and business groups, to help inform eligible students and their families of opportunities to transfer or to receive SES; (b) ensure that eligible students and their parents have a genuine opportunity to sign up to transfer or to obtain SES by (1) providing timely, accurate notice as required in 34 CFR §§ 200.36 and 200.37, (2) ensuring that sign-up forms for SES are distributed directly to all eligible students and their parents and are made widely available and accessible through broad means of dissemination, and (3) providing a minimum of two enrollment windows, at separate points in the school year, that are of sufficient length to enable parents of eligible students to make informed decisions about requesting SES and selecting an SES provider; and (c) ensure that eligible SES providers are given equal access to school facilities, using a fair, open, and objective process, on the same basis and terms as are available to other groups that seek access to school facilities. Also, the LEA must maintain records demonstrating that it has met the criteria in funding for public school choice-related transportation and SES.

Condition

The California Department of Education (CDE) Federal Program Monitoring Office (FPMO) conducted a Federal Program Monitoring (FPM) audit of the Santa Barbara Unified School District for fiscal year of 2015-2016. Based on the audit conducted, the District reported an unspent allocation of $134,696 at the end of 2014-2015 for SES; yet, the District could not provide evidence that all the reallocation criteria had been met. In addition, there will be unspent 2015-2016 SES funds due to not meeting all legal requirements in CE 22.5.

Questioned Costs

There were no questioned costs identified.

Context

The condition was identified as a result of the auditor's review of correspondence from the California Department of Education, dated April 15, 2016, summarizing the result of the audit conducted by FPMO.

Effect

The District was not in compliant with Title 34, Code of Federal Regulations, Part 200, Subpart A, Section 200.45 & 200.46.

Cause

The condition identified appears to have materialized due to the District's lack of awareness of requirements under Title 34, Code of Federal Regulations, Part 200, Subpart A, Section 200.45 and 200.46.

Recommendation

As stated on the correspondence from the California Department of Education, the District must spend unexpended SES funds from 2015-2016 school year (and 2014-2015 of $81,268) to serve the students that generated the funds during 2015-2016 with activities such as summer school or summer bridge and provide evidence of implementation and completion of such activities.

Corrective Action Plan

This finding was cleared by California Department Education (CDE) on October 3, 2016. Per CDE, our 2015-2016 Supplemental Educational Services (SES) allocation was revised to show carry over of $134,696 from 2014-2015 added to 15 percent mandatory set aside. To avoid future findings, the District made sure to budget carry-over from 2015-2016 to 2016-2017 for the 15 percent set aside.

2016-003 Code 50000

Federal Program Affected

Program Name: Title I, Part A, Basic Grants Low-Income and Neglected
CFDA Number: 84.010
Pass-Through Entity: California Department of Education
Federal Agency: U.S. Department of Education

Criteria or Specific Requirements

Per Title 34, Code of Federal Regulations, Part 200, Subpart A, Section 200.78(a)(1), an LEA must allocate funds to school attendance areas and schools, identified as eligible and selected to participate under section 1113(a) or (b) of the ESEA, in rank order on the basis of the total number of children from low-income families in each area or school.

Condition

The California Department of Education (CDE) Federal Program Monitoring Office (FPMO) conducted a Federal Program Monitoring (FPM) audit of the Santa Barbara Unified School District for fiscal year of 2015-2016. Based on the audit conducted, the District's eligibility allocation under Consolidated Application Reporting System (CARS) for La Cumbre Junior High School, Santa Barbara High School, and Dos Pueblos Senior High were stated to be $74,773, $206,622, and $141,983, respectively yet the School Plan for Student Achievement (SPSA) included activities totaling only $63,286, $157,059, and $107,924 respectively, thus the school site allocation reported in CARS and the actions/activities in the SPSA were not equal.

Questioned Costs

There were no questioned costs identified.

Context

The condition was identified as a result of the auditor's review of correspondence from the California Department of Education, dated April 15, 2016, summarizing the result of the audit conducted by FPMO.

Effect

The District was not in compliance with Title 34, Code of Federal Regulations, Part 200, Subpart A, Section 200.78(a)(1).

Cause

The condition identified appears to have materialized due to the District's lack of awareness of requirements under Title 34, Code of Federal Regulations, Part 200, Subpart A, Section 200.78.

Recommendation

The District should review requirements stated under Title 34, Code of Federal Regulations, Part 200, Subpart A, Section 200.78 and implement a review procedures to ensure CARS document and activities in the SPSA all match one allocation from Title I, Part A funds.

Corrective Action Plan

This finding was cleared by CDE on November 22, 2016. For 2016-2017, the District implemented a more aligned budget process. In the past, the District held back 10 percent until final entitlement was received. This year the Consolidated Application Reporting System (CARS) allocation was distributed in full to sites based on preliminary allocation from CDE. After approval, budget documents were uploaded to Document Tracking System (DTS) for review and approval for compliance by Assistant Superintendents of Education as well as by the budget technician for input into financial system. The Single Plan for School Achievement (SPSA) was submitted to the board for approval. The budget technician confirmed CARS, SPSA and budget were all in balance.

2016-04 Code 50000

Federal Program Affected

Title: Title 1, Part A–Basic Grants, Low Income and Neglected
CFDA: 84.010
Pass-Through Agency: California Department of Education
Federal Agency: U.S. Department of Education

Criteria or Specific Requirements

Per Title 2, Code of Federal Regulations, Part 200, Subpart E, Section 200.430(i)(1)(vii), Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one Federal award; a Federal award and non-Federal award; an indirect cost activity and a direct cost activity; two or more indirect activities which are allocated using different allocation bases; or an unallowable activity and a direct or indirect cost activity.

Condition

The California Department of Education (CDE) Federal Program Monitoring Office (FPMO) conducted a Federal Program Monitoring (FPM) audit of Santa Barbara Unified School District for the fiscal year 2015-2016. Based on the audit conducted, Santa Barbara Unified School District did not have sufficient controls in place to ensure that employees working on multiple activities or cost objectives maintain time accounting documentation in accordance with federal requirements. Specifically, the District's time accounting documentation reported budgeted hours, rather than actual hours worked, and did not consistently identify the employees' activities.

Questioned Costs

There were no direct questioned costs associated with the condition identified. The salary for the employee in question was less than $2,000, which is significantly below the questioned cost threshold of $25,000. In addition, the District subsequently transferred this cost out of the program to correct the issue.

Context

The condition was identified as a result of the auditor's review of correspondence from the California Department of Education, dated April 15, 2016, summarizing the result of the audit conducted by FPMO.

Effect

The District has not complied with the requirements identified in Title 2, Code of Federal Regulations, Part 200, Subpart E, Section 200.430 (i)(1)(vii).

Cause

The condition identified appears to have materialized due to the District's lack of awareness of the requirements under Title 2, Code of Federal Regulations, Part 200, Subpart E, Section 200.430 (i)(1)(vii).

Recommendation

The District should review the requirements stated in Title 2, Code of Federal Regulations, Part 200, Subpart E, Section 200.430 (i)(1)(vii) and implement a procedure to address the control deficiency currently identified with the District's time accounting documentation as it relates to employees working on multiple activities or cost objectives.

Corrective Action Plan

The finding was cleared by CDE on September 14, 2016. The District staff created a Personnel Accountability Report (PAR) guide in order to provide guidance to district and school-based staff. The guide has been disseminated to provide clarity about allowable expenses, as well as time-reporting documentation and protocols. Additionally, staff created district-level controls through a "budget/actuals reconciliation" protocol in order to ensure time reporting at both district and site level is implemented.

2016-05 Code 50000

Federal Program Affected

Title: Title 1, Part A – Basic Grants, Low Income and Neglected
CFDA: 84.010
Pass-Through Agency: California Department of Education
Federal Agency: U.S. Department of Education

Criteria or Specific Requirements

Per Title 34, Code of Regulations, Part 200, Subpart A, Section 200.28(b)(3), A schoolwide program must ensure instruction by highly qualified teachers and provide ongoing professional development. The schoolwide program must devote sufficient resources to carry out effectively the professional development activities.

Condition

The California Department of Education (CDE) Federal Program Monitoring Office (FPMO) conducted a Federal Program Monitoring (FPM) audit of the Santa Barbara Unified School District for fiscal year of 2015-2016. Based on the review of the single plan for student achievement (SPSA), budget documents, and interviews with administrative staff, it was determined that sufficient funds for high-quality and ongoing professional development for staff and parents have not been included in the 2015-2016 SPSA for Dos Pueblos Senior High School and La Cumbre Junior High School.

Questioned Costs

There were no direct questioned costs associated with the condition identified.

Context

The condition was identified as a result of the auditor's review of correspondence from the California Department of Education, dated April 15, 2016, summarizing the result of the audit conducted by FPMO.

Effect

The District has not complied with the requirements identified in Per Title 34, Code of Regulations, Part 200, Subpart A, Section 200.28(b)(3).

Cause

The condition identified appears to have materialized due to the District's lack of awareness of the requirements under Title 34, Code of Regulations, Part 200, Subpart A, Section 200.28(b)(3).

Recommendation

The District should review requirements stated under Title 34, Code of Regulations, Part 200, Subpart A, Section 200.28(b)(3) and implement a review procedures over SPSA to ensure all the required components are included on the plan before being approved for use.

Corrective Action Plan

The finding was cleared by CDE on November 22, 2016. The District staff in both educational services and fiscal services developed an adoption timeline for 2016-2017 Single Plan for Student Achievement (SPSA) at all schools in the district. Fiscal services provided school sites with a final budget allocation that identified the minimum resource amounts to carry out effective professional development. A more robust SPSA budget guide will be made available to schools in Spring 2017 for SPSA adoption during 2017-2018 cycle.

2016-06 Code 50000

Federal Program Affected

Title: Title 1, Part A – Basic Grants, Low Income and Neglected
CFDA: 84.010
Pass-Through Agency: California Department of Education
Federal Agency: U.S. Department of Education

Criteria or Specific Requirements

Per Title 34, Code of Regulations, Part 200, Subpart A, Section 200.26(c)(2), A school operating a schoolwide program must determine whether the schoolwide program has been effective in increasing the achievement of students in meeting the State's academic standards, particularly for those students who had been furthest from achieving the standards.

Condition

The California Department of Education (CDE) Federal Program Monitoring Office (FPMO) conducted a Federal Program Monitoring (FPM) audit of the Santa Barbara Unified School District for fiscal year of 2015-2016. A review of the documents provided did not show that the local governing board has conducted the annual evaluation of activities (Parent Involvement, SES, Homeless, Summer School, or Professional Development) funded by Title I, Part A.

Questioned Costs

There were no direct questioned costs associated with the condition identified.

Context

The condition was identified as a result of the auditor's review of correspondence from the California Department of Education, dated April 15, 2016, summarizing the result of the audit conducted by FPMO.

Effect

The District has not complied with the requirements identified in Per Title 34, Code of Regulations, Part 200, Subpart A, Section 200.26(c)(2).

Cause

The condition identified appears to have materialized due to the District's lack of awareness of the requirements under Title 34, Code of Regulations, Part 200, Subpart A, Section 200.26(c)(2).

Recommendation

The District should review requirements stated under Title 34, Code of Regulations, Part 200, Subpart A, Section 200.26(c)(2) and implement an annual process to evaluate the effectiveness of activities funded by Title I, Part A and use the evaluation to improve the educational programs.

Corrective Action Plan

The finding was cleared by CDE on November 22, 2016. As a component of the adoption cycle for 2016-2017 Single Plans for Student Achievement, schools submitted an annual evaluation of activities funded by Title I, Part A. The annual evaluation identified whether the activity cited in the prior year's plan would be continued, continued with modifications or discontinued on the basis of student achievement outcomes and input from local stakeholders. Annual evaluations will continue for the 2017-2018 SPSA adoption cycle.

2016-07 Code 50000

Federal Program Affected

Program Name: Title I, Part A – Low-Income and Neglected
CFDA Number: 84.010
Pass-Through Entity: California Department of Education
Federal Agency: U.S. Department of Education

Criteria or Specific Requirements

Per Title 34, Code of Federal Regulations, Part 200, Subpart A, Section 200.51(c), local education agencies (LEAs) identified for program improvement must promptly provide to the parents of each student enrolled in a school served by the LEA the reasons for the program improvement identification and an explanation of how parents can participate in improving the LEA.

Condition

The California Department of Education (CDE) Federal Program Monitoring Office (FPMO) conducted a Federal Program Monitoring (FPM) audit of Santa Barbara Unified School District for the 2015-2016 fiscal year. Based on the audit conducted, the FPMO disclosed that the District did not provide evidence to show that parents were notified of the District's placement in Program Improvement Year 1 status.

Questioned Costs

There were no questioned costs identified.

Context

The condition was identified as a result of the auditor's review of correspondence from the California Department of Education, dated April 15, 2016, summarizing the result of the audit conducted by the FPMO.

Effect

The District was not in compliance with Title 34, Code of Federal Regulations, Part 200, Subpart A, Section 200.51(c).

Cause

The condition identified appears to have materialized due to the District's lack of awareness of requirements under Title 34, Code of Federal Regulations, Part 200, Subpart A, Section 200.51(c).

Recommendation

As stated on the correspondence from the California Department of Education, the District must upload evidence to show that parents have been notified of the District's Program Improvement Year 1 status and how parents can participate in upgrading the quality of the LEA.

Corrective Action Plan

The finding was cleared by CDE on November 7, 2016. The District staff collaborated with CDE staff to ensure all appropriate components were documented in the annual notification of program improvement identification Year I status. Specifically, the letter notified parents of the means by which they could participate in improving the LEA.

2016-08 Code 50000

Federal Program Affected

Program Name: Title I, Part A –Low-Income and Neglected
CFDA Number: 84.010
Pass-Through Entity: California Department of Education
Federal Agency: U.S. Department of Education

Criteria or Specific Requirements

Per Title 34, Code of Federal Regulations, Part 200, Subpart A, Section 200.37(a) and Section 200.37(b), if an LEA identifies a school for improvement, the LEA must promptly notify the parent or parents of each child enrolled in the school of this identification and the notification must include the program improvement elements identified in Section 200.37(b)(1) – (5).

Condition

The California Department of Education (CDE) Federal Program Monitoring Office (FPMO)conducted a Federal Program Monitoring (FPM) audit of Santa Barbara Unified School District for the 2015-2016 fiscal year. Based on the audit conducted, the FPMO disclosed that the Dos Pueblos Senior High School and Santa Barbara High School program improvement letters sent to parents do not include all required program improvement elements identified in Title 34, Code of Federal Regulations, Part 200, Subpart A, Section 200.37(b)(1) – (5).

Questioned Costs

There were no questioned costs identified.

Context

The condition was identified as a result of the auditor's review of correspondence from the California Department of Education, dated April 15, 2016, summarizing the result of the audit conducted by the FPMO.

Effect

The District was not in compliance with Title 34, Code of Federal Regulations, Part 200, Subpart A, Section 200.37 (b).

Cause

The condition identified appears to have materialized due to the District's lack of awareness of requirements under Title 34, Code of Federal Regulations, Part 200, Subpart A, Section 200.37 (b).

Recommendation

As stated on the correspondence from the California Department of Education, the District must upload evidence of mailing for Dos Pueblos Senior High School and Santa Barbara High School dated and mailed at least 14 days before school begins, and the letters must include all required elements outlined in Title 34, Code of Federal Regulations, Part 200, Subpart A, Section 200.37 (b)(1) – (5).

Corrective Action Plan

This finding was cleared by the California Department of Education (CDE) on October 24, 2016. Copies of the letters mailed for Dos Pueblos High School and Santa Barbara High School included all elements required per Title 34, Code of Federal Regulations, Part 200, Subpart A, Section 200.37 (b)(1)-(5).

2016-09 Code 50000

Federal Program Affected

Program Name: Title I, Part A – Low-Income and Neglected
CFDA Number: 84.010
Pass-Through Entity: California Department of Education
Federal Agency: U.S. Department of Education

Criteria or Specific Requirements

Per Title 34, Code of Federal Regulations, Part 200, Subpart A, Section 200.34(a), if a school continues to fail to make adequate yearly progress (AYP) after one full school year of corrective action, the LEA must prepare a restructuring plan, including the selection of an alternative governance structure, for the school and make arrangements to implement the plan.

Condition

The California Department of Education (CDE) Federal Program Monitoring Office (FPMO)conducted a Federal Program Monitoring (FPM) audit of Santa Barbara Unified School District for the 2015-2016 fiscal year. Based on the audit conducted, the FPMO disclosed that the District had not provided evidence to show that an alternative governance structure had been selected for schools that had failed to make AYP after one full school year of correction action.

Questioned Costs

There were no questioned costs identified.

Context

The condition was identified as a result of the auditor's review of correspondence from the California Department of Education, dated April 15, 2016, summarizing the result of the audit conducted by the FPMO.

Effect

The District was not in compliance with Title 34, Code of Federal Regulations, Part 200, Subpart A, Section 200.34(a).

Cause

The condition identified appears to have materialized due to the District's lack of awareness of requirements under Title 34, Code of Federal Regulations, Part 200, Subpart A, Section 200.34(a).

Recommendation

As stated on the correspondence from the California Department of Education, the District must upload evidence to show that teachers and parents have been given an opportunity to participate or comment on the alternative governance selected by the LEA and the parent notification letter sent at least 14 days before school begins includes the alternative governance selected for implementation during the 2016-2017 school year.

Corrective Action Plan

This finding is still in the process of being cleared by the California Department of Education (CDE). Based on the audit conducted by the CDE Federal Program Monitoring Office, the District had not provided evidence to show that an alternative governance structure had been selected for schools that failed to make AYP after one school year of corrective action. As a result, the district has been working to remediate these findings through the following actions during the 2016-2017 school year:

- Provide PI Notification Letters with appropriate school choice options and evidence of alternative governance structures at schools in PI Years 4 and 5. In August, 2016, the families of all students attending schools in PI status received proper notification within the correct timeline. Proper notification included information regarding Alternative Governance structure for schools in PI Year 4 or 5. This evidence was submitted to the CDE in September 30, 2016.

- Formation of Alternative Governance Boards at all schools in Years and 4 and 5 of Program Improvement.

STATE AWARDS FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2016

None reported.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2016

Except as specified in previous sections of this report, summarized below is the current status of all audit findings reported in the prior year's schedule of financial statement findings.

State Awards Findings

2015-001 40000

Criteria or Specific Requirements

In accordance with Education Code sections 2574(b)(3)(c), 42238.02(b)(3)(B), and 41020, the District is required to maintain supporting documentation such as a Free and Reduce Price Meal (FRPM) eligibility application or an alternative household income data collection form that indicates the student was eligible for the designation reported on the California Longitudinal Pupil Achievement Data System (CALPADS).

Condition

The District did not have supporting documentation for 25 of the 120 students selected from Washington Elementary, La Colina Junior High, Dos Pueblos High, and Santa Barbara Charter School who had a status designation of Free or Reduced on the "1.18 – FRPM/English Learner/Foster Youth – Student List" CALPADS report. It appears the District did not receive a current year application for these students, and the 1.18 report was not updated. Discrepancies were noted for thirteen schools, resulting in reviewing the entire population to determine who were reported as "free" or "reduced".

Questioned Costs

The questioned costs associated with this condition resulted in a decrease of $80,183 in Local Control Formula Funding.

Context

The condition was identified as a result of selecting a sample of students from the "1.18 – FRPM/English Learner/Foster Youth – Student List" CALPADS report. The "1.18 – FRPM/English Learner/Foster Youth – Student List" was agreed to "1.17 – FRPM/English Learner/Foster Youth Count" certified CALPADS report to ensure the correct 1.18 report was used. The initial sample was selected from four school sites, which resulted in exceptions noted for sites. Out of 120 students initially selected from Washington Elementary, La Colina Junior High, Dos Pueblos High, and Santa Barbara Charter, 25 did not have a current year eligibility application or other alternative household income data. Additional testing was then performed on the remaining population of students. It was determined that 362 students did not have a current year application.

Effect

As a result of our testing, it appears that the District did not update the "1.18 – FRPM/English Learner/Foster Youth – Student List" CALPADS report for pupils that did not have documentation supporting a Free or Reduce designation on the "1.18 – FRPM/English Learner/Foster Youth – Student List" CALPADS report.

School Name	Total Enrollment	Unduplicated FRPM/EL/Foster Youth Total	Adjustment by Auditor	Adjusted total unduplicated pupil count
Adams Elementary	569	418	(2.00)	416
Alta Vista Alternative High	152	69	(18.00)	51
Cleveland Elementary	379	356	–	356
Dos Pueblos Senior High	2,213	730	(81.00)	649
Franklin Elementary	593	577	–	577
Goleta Valley Junior High	763	345	(7.00)	338
Harding University Partnership	416	374	–	374
La Colina Junior High	833	207	(19.00)	188
La Cuesta Continuation High	136	112	–	112
La Cumbre Junior High	483	395	–	395
McKinley Elementary	412	386	–	386
Monroe Elementary	512	366	(6.00)	360
NPS School Group for Santa Barbara Unified	3	1	–	1
Open Alternative	168	95	–	95
Roosevelt Elementary	613	253	(3.00)	250
San Marcos Senior High	2,084	925	(102.00)	823
Santa Barbara Community Academy	300	277	(2.00)	275
Santa Barbara Junior High	820	416	(24.00)	392
Santa Barbara Senior High	2,240	1,027	(82.00)	945
Washington Elementary	626	215	(8.00)	207
	14,315	7,544	(354.00)	7,190

School Name	Total Enrollment	Unduplicated FRPM/EL/Foster Youth Total	Adjustment by Auditor	Adjusted total unduplicated pupil count
Adelante Charter	254	197	–	197
Peabody Charter	749	350	(5.00)	345
Santa Barbara Charter	301	63	(3.00)	60
	1,304	610	(8.00)	602

Cause

It appears the cause was due to District personnel being uncertain about the meal verification timeline. Meal applications were not collected for students because District personnel were under the impression that there was a 30-day grace period for meal application collection.

Recommendation

The District should adhere to applicable regulations for all school sites. This includes the collection of meal applications for all students every year.

Current Status

Implemented.

Vavrinek, Trine, Day & Co., LLP
Certified Public Accountants

Governing Board
Santa Barbara Unified School District
Santa Barbara, California

In planning and performing our audit of the financial statements of Santa Barbara Unified School District (the District), for the year ended June 30, 2016, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit we noted matters that are opportunities 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 December 14, 2016 on the government-wide financial statements of the District.

ASSOCIATED STUDENT BODY (ASB)

Deficit Account Balances

Observation

In reviewing the financial statements for the student body accounts we noted various trust/club accounts and the general ASB account ended the year with a negative balances: La Cumbre Junior High School with $(9,597); Santa Barbara Junior High with $(10,170); Santa Barbara High School with $(20,536); and Dos Pueblos High School with $(207,349). Since the student body accounts represent individual portions of the cash and asset pool, by some having negative balances, they have in actuality spent the available funds of other accounts. A key control in any internal control system is the control of expenditures by ensuring the expenditure is allowable and that the account requesting the expenditure has the funds to cover it. This control feature has not been sufficiently followed.

Recommendation

By allowing certain clubs to spend in excess of their available reserves, the ASB is not meeting their responsibility to the other clubs and organizations. Request for disbursements from student groups should be reviewed for appropriateness and also to ensure that funds are available in the group's account.

10681 Foothill Blvd., Suite 300 Rancho Cucamonga, CA 91730 Tel: 909.466.4410 www.vtdcpa.com Fax: 909.466.4431

La Cumbre Junior High School

Observations

During the audit of student body funds, we noted the following issues:

1. Cash collections are not accounted for properly as receipts are not consistently being issued when cash is collected. In addition, 28 of 59 receipts selected for testing were not deposited in a timely manner. The number of days between receipt date and deposit date ranged from 11 to 63 days.

2. Based on the review of the disbursement procedures:
   a. Five out of 21 disbursements selected for testing did not contain an invoice and/or proof of payment.
   b. Twelve out of 21 disbursements did not have receiving documentation (i.e. receiving signature or packing slip).

3. Revenue potential forms are not completed for fundraisers held. Based on the review of the funding raising event, it was noted that the event was not approved prior to the event taking place using a fundraiser request form.

4. An inventory count of the Physical Education clothes is not performed on a regular basis.

Recommendations

1. Pre-numbered triplicate receipts, logs, or tally sheets should be utilized when collecting money for all ASB events and transactions. If utilizing a log, the receipt date, student's name, and amount being receipted should be documented. If using a receipt book, the receipts should be issued in sequential order to all individuals turning in monies for ASB events. Teachers and administrators who collect monies should be equipped with a triplicate receipts book or log sheet. The white copy of the receipt should be issued to the person turning in the monies, the yellow receipt or log sheet should be utilized for deposit back-up, and the pink copy should be retained in the receipt book for audit purposes. At a minimum, deposits should be made weekly to minimize the amount of cash held at the site. During weeks of high cash activity there may be a need to make more than one deposit. The District should communicate guidelines for this procedure including the maximum cash on hand that should be maintained at the site.

2. All supporting documentation should be maintained for cash disbursements. A purchase requisition, invoice, receiving documentation, and check request form should be available to support each disbursement. This reduces the risk of unauthorized spending, and items being paid for and not received. Purchase orders provide clubs with documentation of items requested that can then be checked to the receiving documentation for accuracy and completeness, giving the clubs better control over their spending.

3. As the revenue potential form is a vital internal control tool, it should be used to document revenues, expenditures, potential revenue and actual revenue. This allows an analysis of the fundraiser to be conducted, indicating to the staff the success or failure of the completed project. The revenue potential also indicates weak control areas in the fund-raising procedures at the site, including lost or stolen merchandise, problems with collecting all moneys due and so forth. Fundraisers should be approved by ASB and the appropriate administrator prior to its engagement. This is essential as ASB can evaluate whether or not there is sufficient funds to support the fundraiser and if it is appropriate.

4. We recommend that physical inventory be taken every semester and reconciled to P.E. clothes sales to ensure all merchandise has been accounted for.

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

Vavrinek, Trine, Day & Co., LLP

Rancho Cucamonga, California
December 14, 2016

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APPENDIX C

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Santa Barbara Unified School District (the "District") in connection with the issuance of the District's 2017 General Obligation Refunding Bonds, Series A (the "Series A Bonds") and 2017 General Obligation Refunding Bonds, Series B (the "Series B Bonds," and together with the Series A Bonds, the "Bonds"). The Bonds are being issued pursuant to a Resolution of the District dated October 10, 2017. The District covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the District for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with S.E.C. Rule 15c2-12(b)(5).

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

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

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

"Dissemination Agent" shall mean initially KNN Public Finance, 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.

"Elementary School District" means the former Santa Barbara Elementary School District.

"Holder" shall mean the registered owner of the Bonds.

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

"Official Statement" means the official statement dated as of November 2, 2017 and relating the primary offering and sale of the Bonds.

"Participating Underwriter" shall mean Morgan Stanley & Co. LLC, or any other original underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

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

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

"State" shall mean the State of California.

SECTION 3. Provision of Annual Reports.

(a) The District shall, or shall cause the Dissemination Agent to, not later than nine months after the end of the District's fiscal year (presently ending June 30), commencing with the report for the 2016-17 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 timely notice in a timely manner to the Repository in substantially the form attached as Exhibit A with a copy to the Dissemination Agent. The Dissemination Agent shall not be required to file a Notice to Repository of Failure to File an Annual Report.

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

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

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

2. 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 and property tax revenues 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) the assessed value of taxable property in the District (as long as the Series A Bonds are outstanding) and the former boundaries of the Elementary School District (as long as the Series B Bonds are outstanding), as shown on the most recent equalized assessment roll for the then-current fiscal year; and

(f) secured property tax charges and corresponding delinquencies for the District (so long as the Series A Bonds are outstanding) and the former boundaries of the Elementary School District (so long as the Series B Bonds are outstanding) for the most recently completed fiscal year, except to the extent the Teeter Plan, as adopted by Santa Barbara County, applies to the tax levy for general obligation bonds of the District.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the District or related public entities, which have been submitted to the Repository or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The District shall clearly identify each such other document so included by reference.

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

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

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

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

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

SECTION 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the District chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure

Certificate, the District shall have no obligation under this Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

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

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

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

Dated: November 16, 2017

SANTA BARBARA UNIFIED SCHOOL DISTRICT

By: ______________________________

Assistant Superintendent, Business Services

EXHIBIT A

NOTICE TO REPOSITORY OF FAILURE TO FILE ANNUAL REPORT

Name of District: SANTA BARBARA UNIFIED SCHOOL DISTRICT

Name of Bond Issue: 2017 General Obligation Refunding Bonds, Series A

2017 General Obligation Refunding Bonds, Series B

Date of Issuance: November 16, 2017

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:________________________

SANTA BARBARA UNIFIED SCHOOL DISTRICT

By ____[form only; no signature required]______

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APPENDIX D

ECONOMIC AND DEMOGRAPHIC PROFILE OF THE CITY OF GOLETA, THE CITY OF SANTA BARBARA AND SANTA BARBARA COUNTY

The following economic data for Santa Barbara County (the "County") and the Cities of Goleta ("Goleta") and Santa Barbara ("Santa Barbara," and together with Goleta, the "Cities") is presented for informational purposes only. The Bonds are not a debt or obligation of either the County or the Cities. This material has been prepared by or excerpted from the sources noted herein and has not been reviewed for accuracy by the District or the Underwriter.

General

The City of Goleta. Goleta was incorporated in 2002 and it is a General Law City with a Council-Manager form of government. The City Council consists of five members who are elected at large to staggered four-year terms. The Mayor and Mayor Pro Tempore are selected by the Council from among its members to serve one-year terms. Approximately 90 miles from Los Angeles, Goleta is adjacent to Santa Barbara and encompasses approximately 8 square miles. Its main economic activity is in the form of educational services, intellectual services, tourism, retail and manufacturing.

The City of Santa Barbara. Santa Barbara was incorporated in 1850 and is a Charter City. The government is headed by the City Council, composed of a Mayor and six Council Members, each elected to four-year staggered terms of office. Located between the Santa Ynez Mountains and the Pacific Ocean, with miles of beaches, a rich heritage and fine year-round weather, it is a globally recognized tourist destination. As such, its second and third largest revenue streams are derived from lodging and retail establishments, which, combined with other tax revenues, make up almost 70% of the total city General Fund.

Santa Barbara County. One of the original 27 California counties, Santa Barbara County was incorporated in 1850. Policymaking and legislative authority is vested in the elected supervisors from each of five districts who make up the County Board of Supervisors. Each supervisor serves a four-year staggered term. Located approximately 300 miles south of San Francisco and 100 miles north of Los Angeles, the County's largest employment categories include services, wholesale and retail trade, public administration and manufacturing. Spanning over 2,700 square miles, the County is also a picturesque tourist and recreational area.

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Population

The following table shows historical population figures for the Cities, the County and the State of California from 2008 through 2017.

POPULATION ESTIMATES
2008 through 2017
City of Goleta, City of Santa Barbara, Santa Barbara County and the State of California

Year[(1)]	City of Goleta	City of Santa Barbara	Santa Barbara County	State of California
2008	29,273	88,337	418,309	36,704,375
2009	29,266	88,265	421,197	36,966,713
2010[(2)]	29,888	88,410	423,895	37,253,956
2011	29,855	88,837	424,610	37,536,835
2012	29,896	89,568	428,584	37,881,357
2013	29,992	90,923	433,117	38,238,492
2014	30,288	91,950	438,578	38,572,211
2015	30,817	92,791	443,143	38,915,880
2016	31,431	93,092	447,295	39,189,035
2017	31,760	93,063	450,663	39,523,613

(1) Except as otherwise noted, as of January 1.
(2) As of April 1.
Source: California Department of Finance.

Income

The following table shows the per capita personal income for the County, the State of California and the United States for 2006 through 2015.

PER CAPITA PERSONAL INCOME
2006 through 2015
Santa Barbara County, the State of California, and the United States

Year	Santa Barbara County	State of California	United States
2006	$45,615	$41,693	$38,144
2007	46,373	43,182	39,821
2008	46,237	43,786	41,082
2009	44,587	41,588	39,376
2010	45,198	42,411	40,277
2011	48,421	44,852	42,453
2012	50,530	47,614	44,266
2013	49,864	48,125	44,438
2014	51,835	49,985	46,049
2015	54,428	52,651	47,669

Note: Per capita personal income is the total personal income divided by the total mid-year population estimates of the U.S. Bureau of the Census. All dollar estimates are in current dollars (not adjusted for inflation).
Source: U.S. Department of Commerce, Bureau of Economic Analysis.

Principal Employers

The following tables show information on principal employers within the Cities and the County.

PRINCIPAL EMPLOYERS
As of June 30, 2016
City of Goleta

Employer	Industry	Number of Employees
Raytheon	Electronic Components	1,150
Sansum Clinic	Health Services	1,020
Bacara Resorts	Services: Hotels	600
Citrix Online	Computer Related Services	600
Tecolote Research	Computer Related Services	570
Goleta Unified School District	Education Services	565
Jordano's	Wholesale Trade-non-durable Goods	561
Deckers Outdoors	Education Services	545
Yardi Systems	Computer Related Services	535
FLIR Commercial Vision Systems	Photographic Equipment and Supplies	450

Source: City of Goleta Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2016.

PRINCIPAL EMPLOYERS
As of June 30, 2016
City of Santa Barbara

Employer	Industry	Number of Employees
University of California, Santa Barbara	Educational Services	10,827
County of Santa Barbara	Public Administration	4,945
Cottage Health System	Health Services	3,760
Santa Barbara City College	Educational Services	2,348
Santa Barbara Unified School District	Educational Services	2,000
City of Santa Barbara	Public Administration	1,619
Raytheon Electronic Systems	Electronic Components	1,100
Sansum Medical Foundation Clinic	Health Services	1,002
Santa Barbara County Education	Educational Services	875
Goleta Union School District	Educational Services	625

Note: for updated District employee counts, see "SANTA BARBARA UNIFIED SCHOOL DISTRICT – Labor Relations" in the front part of this Official Statement.
Source: City of Santa Barbara Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2016.

PRINCIPAL EMPLOYERS
As of June 30, 2016
Santa Barbara County

Employer	Industry	Number of Employees
University of California, Santa Barbara	Educational Services	10,827
Vandenberg Air Force Base	National Security	6,800
County of Santa Barbara	Public Administration	4,945
Santa Barbara Cottage Hospital	Health Services	3,760
Santa Barbara City College	Educational Services	2,348
Santa Barbara Unified School District	Educational Services	2,000
City of Santa Barbara	Public Administration	1,768
Marian Medical Center	Health Services	1,734
Chumash Casino Resort	Services: Casino Hotels	1,673
Santa Maria-Bonita School District	Educational Services	1,560

Note: for updated District employee counts, see "SANTA BARBARA UNIFIED SCHOOL DISTRICT – Labor Relations" in the front part of this Official Statement.
Source: County of Santa Barbara Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2016.

Industry

The County is included in the Santa Maria-Santa Barbara Metropolitan Statistical Area (the "MSA"). The distribution of employment in the MSA is presented in the following table for the past five years. These figures may be multi county-wide statistics and may not necessarily accurately reflect employment trends in the County.

INDUSTRY EMPLOYMENT & LABOR FORCE ANNUAL AVERAGES
2012 through 2016
Santa Maria-Santa Barbara MSA

	2012	2013	2014	2015	2016
Total Farm	18,800	19,300	21,000	21,000	20,700
Mining, Logging and Construction	8,100	8,500	8,700	9,000	9,200
Manufacturing	12,000	12,100	12,300	13,000	13,400
Wholesale Trade	4,200	4,600	4,600	4,800	4,800
Retail Trade	18,500	18,900	19,300	19,500	19,200
Transportation, Warehousing and Utilities	3,000	3,300	3,300	3,300	3,200
Information	4,200	4,300	4,400	4,500	5,000
Financial Activities	6,500	6,500	6,400	6,400	6,500
Professional and Business Services	22,500	23,300	22,700	22,300	21,800
Education and Health Services	24,000	24,600	25,100	25,700	26,500
Leisure and Hospitality	22,900	24,400	25,500	26,500	27,300
Other Services	5,300	5,500	5,700	5,900	6,000
Government	37,700	37,900	38,300	38,700	38,100
Total All Industries	187,700	193,000	197,300	200,400	201,600

Source: California Employment Development Department, Labor Market Information Division. March 2016 Benchmark.

Employment

The following table summarizes the labor force, employment and unemployment figures for the years 2012 through 2016 for the Cities, the County, the State of California and the United States.

CIVILIAN LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT
2012 through 2016(1)
City of Goleta, City of Santa Barbara, Santa Barbara County, the State of California, and the United States

Year	Area	Labor Force	Employment(2)	Unemployment(3)	Unemployment Rate (%)
2012	City of Goleta	16,800	15,900	800	5.0
	City of Santa Barbara	50,400	47,000	3,400	6.7
	Santa Barbara County	216,000	197,900	18,100	8.4
	State of California	18,523,800	16,602,700	1,921,100	10.4
2013	City of Goleta	17,000	16,200	700	4.3
	City of Santa Barbara	50,800	47,900	2,900	5.8
	Santa Barbara County	217,300	201,700	15,600	7.2
	State of California	18,624,300	16,958,700	1,665,600	8.9
2014	City of Goleta	17,100	16,500	600	3.6
	City of Santa Barbara	51,100	48,600	2,500	4.9
	Santa Barbara County	218,200	204,900	13,300	6.1
	State of California	18,755,000	17,348,600	1,406,400	7.5
2015	City of Goleta	17,100	16,600	500	3.1
	City of Santa Barbara	51,100	49,000	2,100	4.2
	Santa Barbara County	217,800	206,300	11,500	5.3
	State of California	18,893,200	17,723,300	1,169,900	6.2
2016	City of Goleta	17,100	16,600	500	3.0
	City of Santa Barbara	50,900	48,800	2,000	4.0
	Santa Barbara County	216,600	205,800	10,800	5.0
	State of California	19,102,700	18,065,000	1,037,700	5.4

Note: Data is not seasonally adjusted.
Source: State of California Employment Development Department. March 2016 Benchmark.

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Commercial Activity

Summaries of annual taxable sales for the Cities and the County from 2011 through 2015 are shown in the following tables.

ANNUAL TAXABLE SALES
2011 through 2015
City of Goleta
(Dollars in Thousands)

Year	Retail Permits	Retail Stores Taxable Transactions	Total Permits	Total Taxable Transactions
2011	733	$550,019	1,249	$710,240
2012	690	577,563	1,216	759,307
2013	676	584,909	1,177	774,618
2014	673	592,929	1,168	776,527
2015	654	570,409	1,249	774,886

Note: Beginning in 2015, the outlet counts in these reports show the number of outlets that were active during the reporting period. Retailers that operate part-time are now tabulated with store retailers. Industry-level data for 2015 are not comparable to that of prior years. Data not available for 2016.
Source: "Taxable Sales in California (Sales & Use Tax)," California State Board of Equalization.

ANNUAL TAXABLE SALES
2011 through 2015
City of Santa Barbara
(Dollars in Thousands)

Year	Retail Permits	Retail Stores Taxable Transactions	Total Permits	Total Taxable Transactions
2011	2,890	$1,305,577	4,409	$1,635,606
2012	2,926	1,401,960	4,447	1,724,681
2013	3,023	1,458,195	4,492	1,786,141
2014	3,023	1,527,442	4,501	1,875,121
2015	2,872	1,530,853	4,839	1,891,549

Note: Beginning in 2015, the outlet counts in these reports show the number of outlets that were active during the reporting period. Retailers that operate part-time are now tabulated with store retailers. Industry-level data for 2015 are not comparable to that of prior years. Data not available for 2016.
Source: "Taxable Sales in California (Sales & Use Tax)," California State Board of Equalization.

ANNUAL TAXABLE SALES
2011 through 2015
Santa Barbara County
(Dollars in Thousands)

Year	Retail and Food Permits	Retail and Food Taxable Transactions	Total Permits	Total Taxable Transactions
2011	7,814	$4,014,173	12,302	$5,716,474
2012	7,862	4,302,083	12,400	6,051,129
2013	8,244	4,533,338	12,708	6,332,059
2014	8,492	4,733,311	12,989	6,613,353
2015	8,179	4,804,407	14,095	6,767,900

Note: Beginning in 2015, the outlet counts in these reports show the number of outlets that were active during the reporting period. Retailers that operate part-time are now tabulated with store retailers. Industry-level data for 2015 are not comparable to that of prior years. Data not available for 2016.
Source: "Taxable Sales in California (Sales & Use Tax)," California State Board of Equalization.

Construction Activity

The annual building permit valuations and number of permits for new dwelling units issued from 2012 through 2016 for the Cities and the County are shown in the following tables.

BUILDING PERMITS AND VALUATIONS
2012 through 2016
City of Goleta
(Dollars in Thousands)

	2012	2013	2014	2015	2016
Valuation					
Residential	$15,271	$21,075	$51,587	$10,763	$59,883
Non-Residential	22,256	11,595	61,734	49,739	37,716
Total	$37,528	$32,670	$113,321	$60,502	$97,599
Units					
Single Family	16	22	4	1	23
Multiple Family	0	96	316	27	213
Total	16	118	320	28	236

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

BUILDING PERMITS AND VALUATIONS
City of Santa Barbara
2012 through 2016
(Dollars in Thousands)

	2012	2013	2014	2015	2016
Valuation					
Residential	$35,812	$38,858	$43,252	$81,857	$84,464
Non-Residential	37,830	62,411	37,005	77,546	88,780
Total	$73,642	$101,269	$80,257	$159,403	$173,244
Units					
Single Family	31	23	12	20	28
Multiple Family	54	19	0	156	196
Total	85	42	12	176	224

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

BUILDING PERMITS AND VALUATIONS
Santa Barbara County
2012 through 2016
(Dollars in Thousands)

	2012	2013	2014	2015	2016
Valuation					
Residential	$207,708	$204,288	$290,490	$350,587	$343,379
Non-Residential	114,149	185,127	183,825	228,961	260,239
Total	$321,857	$389,415	$474,315	$579,548	$603,618
Units					
Single Family	251	307	369	377	367
Multiple Family	245	119	552	694	550
Total	496	426	921	1,071	917

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

APPENDIX E

SANTA BARBARA COUNTY INVESTMENT POOL

The following information concerning the Santa Barbara County Investment Pool (the "Investment Pool") has been provided by the Treasurer, and has not been confirmed or verified by the District, the Municipal Advisor or the Underwriter. None of the District, the Municipal Advisor or the Underwriter have made an independent investigation of the investments in the Investment Pool or made an assessment of the current County investment policy. The value of the various investments in the Investment Pool will fluctuate on a daily basis as a result of a multitude of factors, including generally prevailing interest rates and other economic conditions. Additionally, the Treasurer, with the consent of the County Board of Supervisors may change the County investment policy at any time. Therefore, there can be no assurance that the values of the various investments in the Investment Pool will not vary significantly from the values described herein. Finally, none of the District, the Municipal 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 Treasurer Pool may be obtained from the Treasurer at http://cosb.countyofsb.org/ttcpapg/investment-reports.asp; however, the information presented on such website is not incorporated herein by any reference.

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BOARD OF SUPERVISORS AGENDA LETTER

Agenda Number:

Clerk of the Board of Supervisors
105 E. Anapamu Street, Suite 407
Santa Barbara, CA 93101
(805) 568-2240

Department Name:	Treasurer - Tax Collector
Department No.:	065
For Agenda Of:	8/22/17
Placement:	Administrative
Estimated Tme:	
Continued Item:	No
If Yes, date from:	
Vote Required:	Majority

TO:	Board of Supervisors	
FROM:	Department Director(s)	Harry E. Hagen, CPA, CPFO, ACPFIM, CFIP, Treasurer - Tax Collector 568-2490
		JC for Harry Hagen
	Contact Info:	Jennifer C. Christensen, JD MBA CPFO CFIP, Chief Investment Officer 568-2925
SUBJECT:	**Treasurer's Investment Pool, FY 2016-2017 Fourth Quarter (Apr - Jun 2017)**	

County Counsel Concurrence
As to form: N/A

Auditor-Controller Concurrence
As to form: N/A

Other Concurrence:
As to form: N/A

Recommended Actions:

That the Board of Supervisors:

A. Accept for filing the Fiscal Year 2016-2017 Fourth Quarter (April - June 2017) report on the Treasurer's Investment Pool, pursuant to Government Code section 53646(b).

B. Review and approve the Investment Policy Statement and authorize the County Treasurer to manage the investment pool in accordance with the policy, pursuant to section 53646(a) and 53607 of the Government Code.

Summary Text:

The value of the Treasurer's Investment Pool at principal cost on June 30, 2017, was $1,407,761,635. Market value of the investment pool was $1,407,007,004. The weighted average days-to-maturity (WAM) for the investment pool was 405 days.

The Treasurer's Investment Pool earned $3,247,471 for the quarter ending June 30, 2017, an annualized return of 0.869%. The net yield earned over the past year is 0.749%. Per Government Code Section 53600.5, the Santa Barbara County Treasurer has a mandated responsibility to manage and invest public funds with the primary objective of safeguarding principal, the secondary objective of meeting the liquidity needs of pool participants, and thirdly, the objective of attaining a market average rate of return, consistent with the primary objectives of safety and liquidity.

For the quarter ending June 30, 2017, the Treasurer's Investment Pool anticipated and met all liquidity requirements, precluding any need to sell holdings unexpectedly at a potential loss in order to meet cash flow demands.

All investments purchased, met or exceeded state and local policy requirements for credit quality. Credit quality of assets held in the Treasurer's Investment Pool is monitored on an ongoing basis.

The Santa Barbara County Treasurer conforms to all applicable State statutes and County resolutions that govern the investment of public funds.

Background:

This quarterly report is being submitted to you pursuant to California Government Code section 53646 (b). In addition, California Government Code section 53646 (b) (3) requires the Treasurer-Tax Collector to include a statement in the Treasurer's Report affirming the ability of the Santa Barbara County Investment Pool to meet expenditure requirements for the next six months.

This report was reviewed and discussed by the Treasury Oversight Committee at its quarterly meeting. The Treasury Oversight committee promotes the public interest and is governed by California Government Code sections 27130 through 27133.

The Treasurer's Investment Pool is managed by the County Treasurer's office on behalf of the County, local community colleges, local school districts, and other districts and agencies. Government Code Section 53646 provides that the County Treasurer may annually present to the Board of Supervisors a statement of investment policy for review and approval. The attached investment policy was last approved by the Board in February 2017. The proposed changes are consistent with state code and the investment objectives of safety, liquidity and yield for the portfolio. The Treasury Oversight Committee reviewed the Treasurer's Investment Policy Statement at its quarterly meeting in July 2017 and approved it. The policy meets or exceeds the requirements of laws and regulations governing the pool.

Government Code section 53607 provides that a County Board of Supervisors may delegate the authority to invest and reinvest funds of the County to the County Treasurer for a one-year period. The government code further provides that this delegation may be made only to the Treasurer of the County. Additionally, pursuant to the government code, the transactions related to the investment and reinvestment of funds are included with this quarterly report and are filed monthly with the Clerk of the Board.

Performance Measure:

To ensure the financial stability of the County, monitor and project liquidity requirements as evidenced by zero securities sold at a loss to meet cash flow needs of pool participants: Accomplished.

To ensure the financial stability of the County and secure public agency funds, all investments stay within compliance 100% of the time with the Government Code and the Treasurer's Investment Policy: Accomplished.

Fiscal and Facilities Impacts:

Budgeted: Yes

Fiscal Analysis:

For the quarter ending June 30, 2017, net investment earnings achieved by the Treasurer's Investment Pool were $3,247,471, with the County receiving 40%, Schools 52%, and Special Districts the balance of 8%. The net yield earned for the quarter on an annualized basis is 0.869% and over the past year is 0.749%.

Attachments:

1. Treasurer's Fourth Quarter Investment Pool Report (April – June 2017)
2. Santa Barbara County Treasurer Investment Policy Statement

Authored by:

Jennifer C. Christensen, JD MBA CPFO CFIP, Chief Investment Officer

SANTA BARBARA COUNTY

TREASURER'S REPORT TO THE BOARD OF SUPERVISORS AND THE TREASURY OVERSIGHT COMMITTEE

FOR THE QUARTER ENDED June 30, 2017

ECONOMIC TREND

- The Federal Open Market Committee (Committee) decided to raise the target federal funds rate to a range of 1.00% to 1.25% at its June meeting. They noted that the stance of monetary policy remained accommodative, thereby supporting some further strengthening in labor market conditions and a sustained return to 2 percent inflation.

- As summarized in the Beige Book issued July 12, 2017, economic activity expanded across all twelve Federal Reserve Districts ("Districts") in June with the pace of growth ranging from slight to moderate. In addition, the majority of Districts expected modest to moderate gains in the months ahead.

- Employment across most of the nation maintained a modest to moderate pace of expansion. Labor markets tightened further for both low- and high-skilled positions. Contacts across a broad range of industries reported a shortage of qualified workers which had limited hiring.

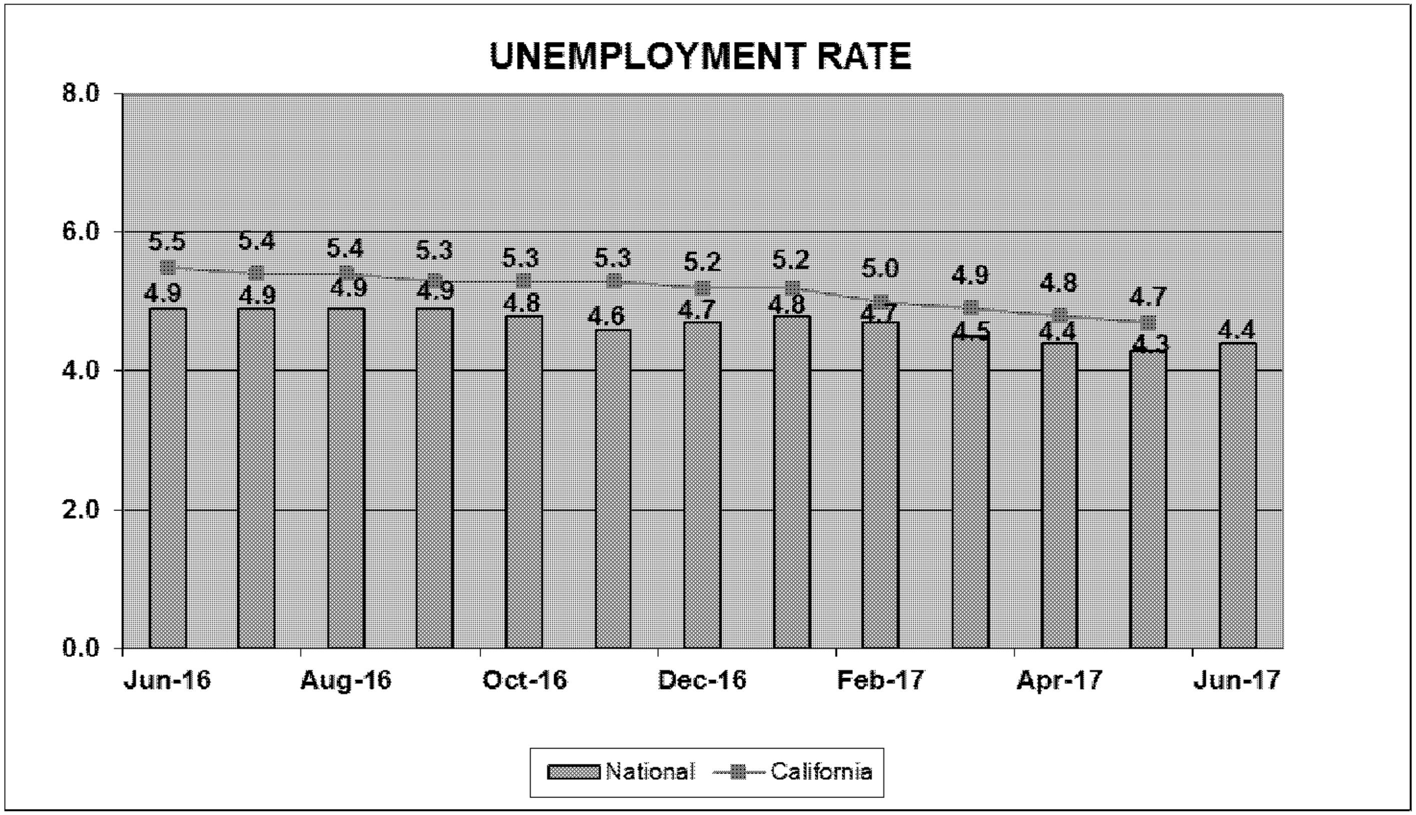
INVESTMENT ACTIVITIES

- The investment portfolio is in compliance with the Government Code and the Treasurer's Investment Policy.

- The Treasurer's Investment Pool has sufficient cash flow available to meet all budgeted expenditures for the next six months.

ECONOMIC TREND: Unemployment Rate

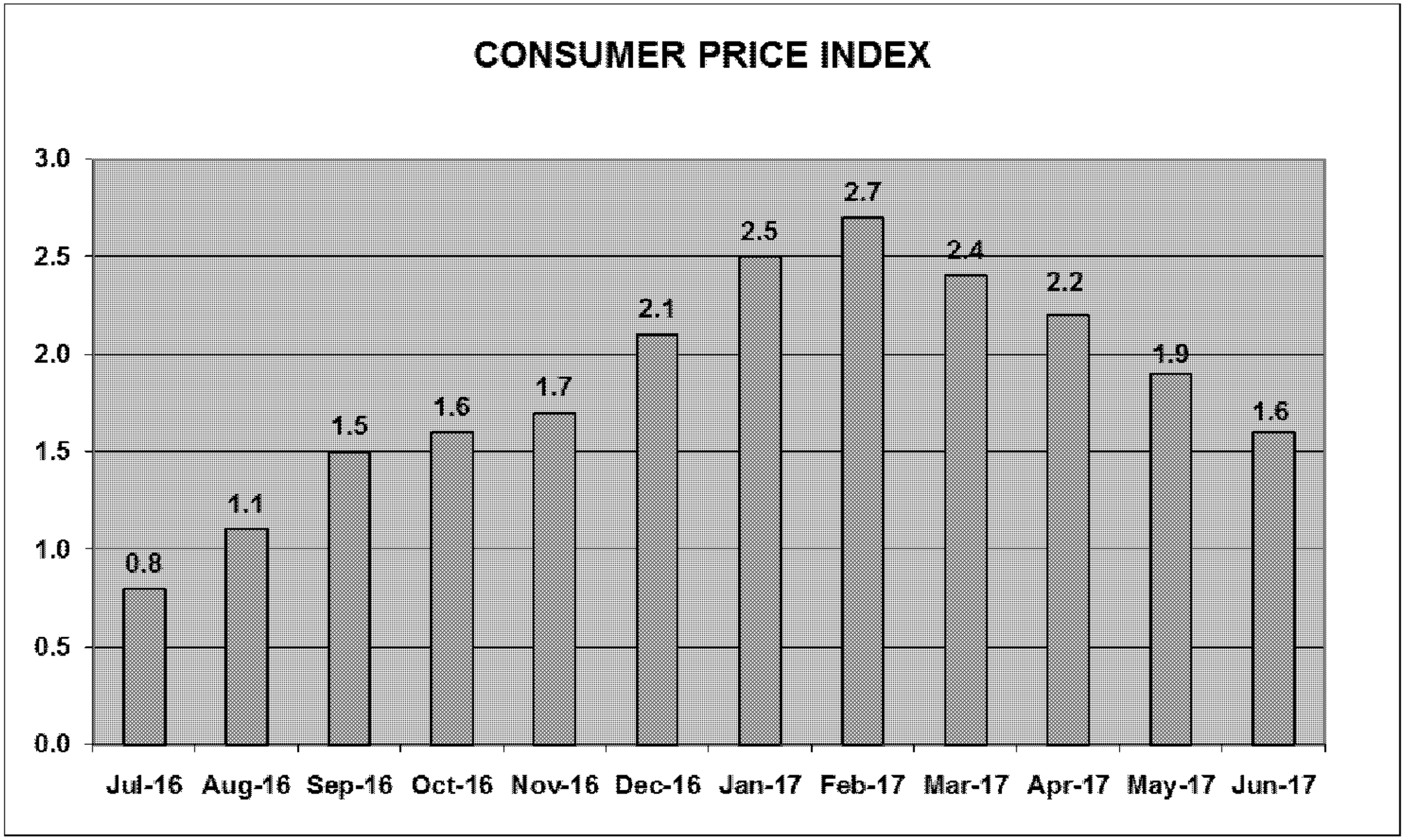
The unemployment rate represents the number of unemployed persons as a percent of the labor force. The sampling used each month to calculate the rate is approximately 60,000 households. The national unemployment rate began the quarter at 4.5% and ended the quarter at 4.4%. California's preliminary unemployment rate was 4.7% in May.



Source: Bureau of Labor Statistics

ECONOMIC TREND: Inflation

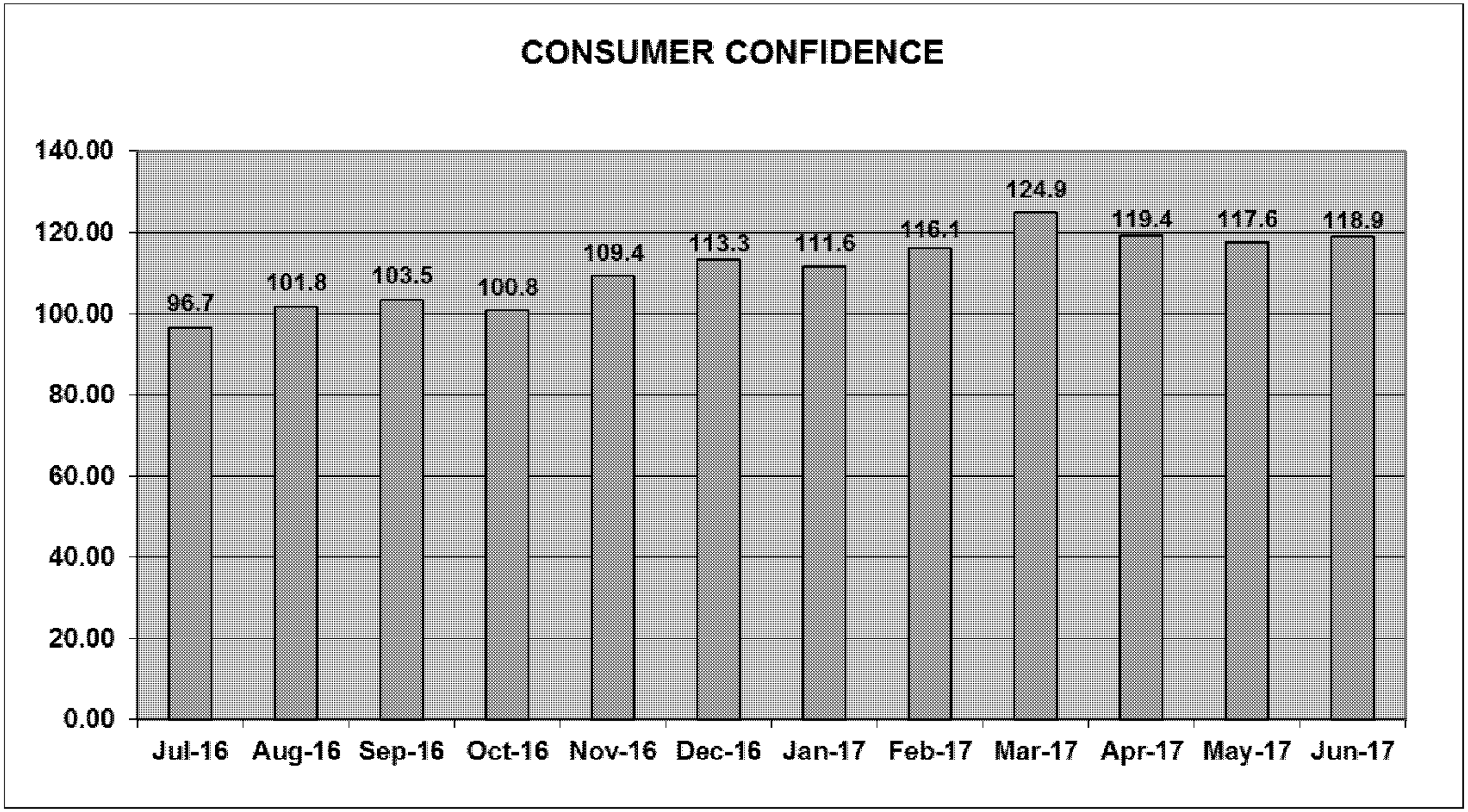
The Consumer Price Index (CPI) represents changes in prices of all goods and services purchased for consumption by urban households. CPI was 1.6 at the end of June. The Core CPI, which excludes food and energy, was 1.7 at the end of June.



Source: Bureau of Labor Statistics

ECONOMIC TREND: Consumer Confidence

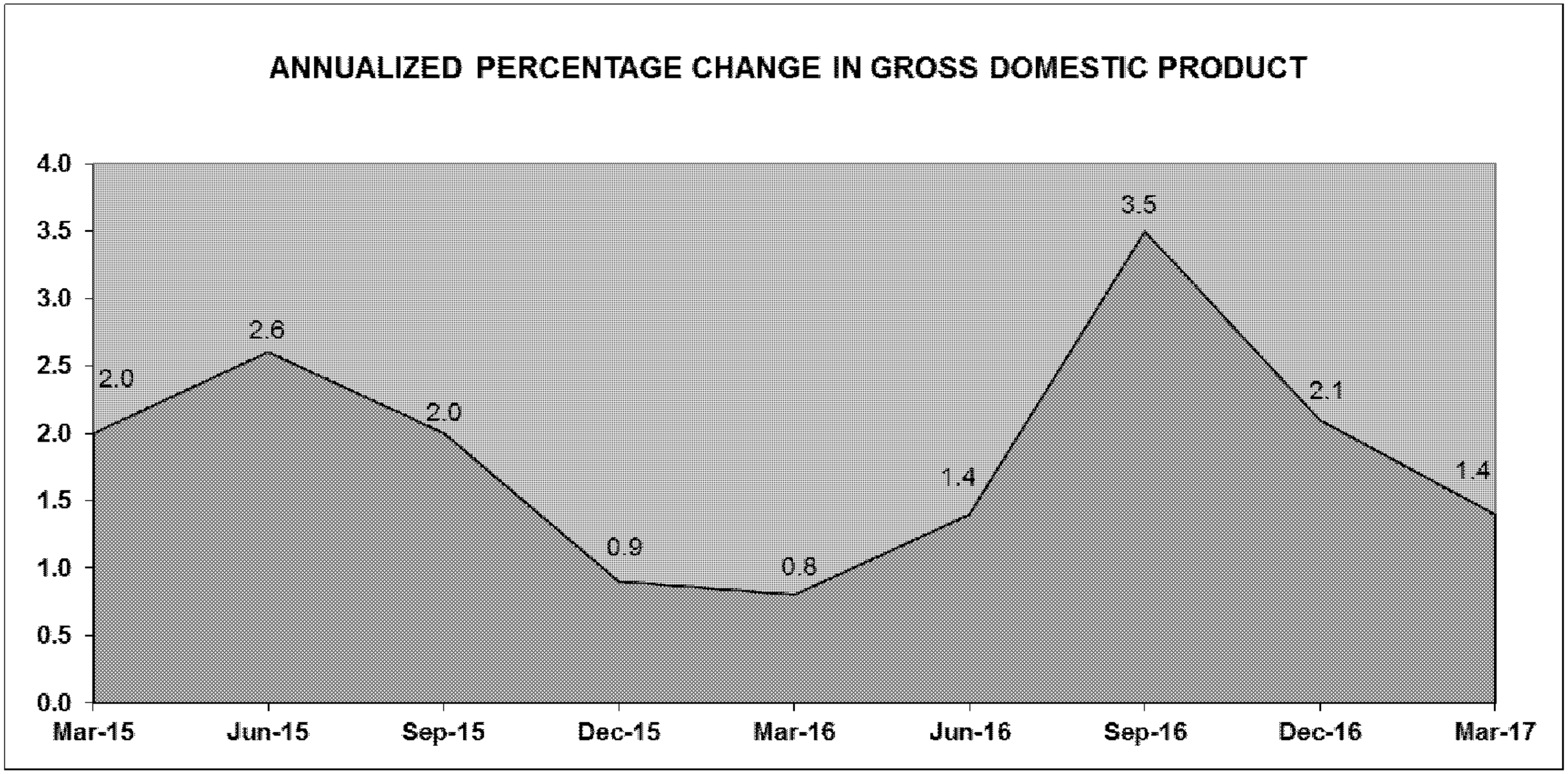
Consumer Confidence is the average of responses to current business and employment conditions and responses to six-month future expectations for business conditions, employment conditions, and total family income. It began the quarter at 124.9 and ended at 118.9.



Source: Conference Board

ECONOMIC TREND: GDP (Gross Domestic Product)

Gross domestic product is the value of all goods and services produced. After eighteen consecutive quarters of growth, the economy experienced its first quarter in negative territory ending March 2014 at -0.9%. Subsequently, the economy continued to recover. For the most recent quarter ending March 2017, the economy reported GDP at 1.4%.



Source: Bureau of Economic Analysis

Santa Barbara County Treasurer's Investment Pool
Statement of Assets
As of June 30, 2017

Asset Description	Cost	Net Unrealized Holding Gains /(Losses)	Fair Value* 6/30/2017	Percent of Portfolio	Yield to Maturity	Weighted Average Days to Maturity	Fair Value* 3/31/2017	Net Change
Cash	$ 70,127,483	$ -	$ 70,127,483	4.98	0.370	1	$ 62,493,782	$ 7,633,701
California Asset Management Program (CAMP)	75,000,000	-	75,000,000	5.33	1.000	1	65,000,000	10,000,000
Local Agency Investment Fund (LAIF)	65,000,000	-	65,000,000	4.62	0.910	1	65,000,000	-
U.S. Treasury Bills	4,959,444	8,806	4,968,250	0.35	0.964	215	9,954,450	(4,986,200)
U.S. Treasury Notes	233,134,395	337,080	233,471,475	16.59	1.132	462	278,594,605	(45,123,130)
Government Agency Bonds	184,079,344	(94,811)	183,984,533	13.08	1.165	466	169,142,885	14,841,648
Government Agency Discount Notes	405,825,831	1,035,311	406,861,142	28.92	0.877	112	360,989,498	45,871,644
Government Agency Bonds -Callable	369,635,138	(2,041,017)	367,594,121	26.13	1.440	891	341,188,022	26,406,099
Total	$ 1,407,761,635	$ (754,631)	$ 1,407,007,004	100.00	1.088	405	$ 1,352,363,242	$ 54,643,762

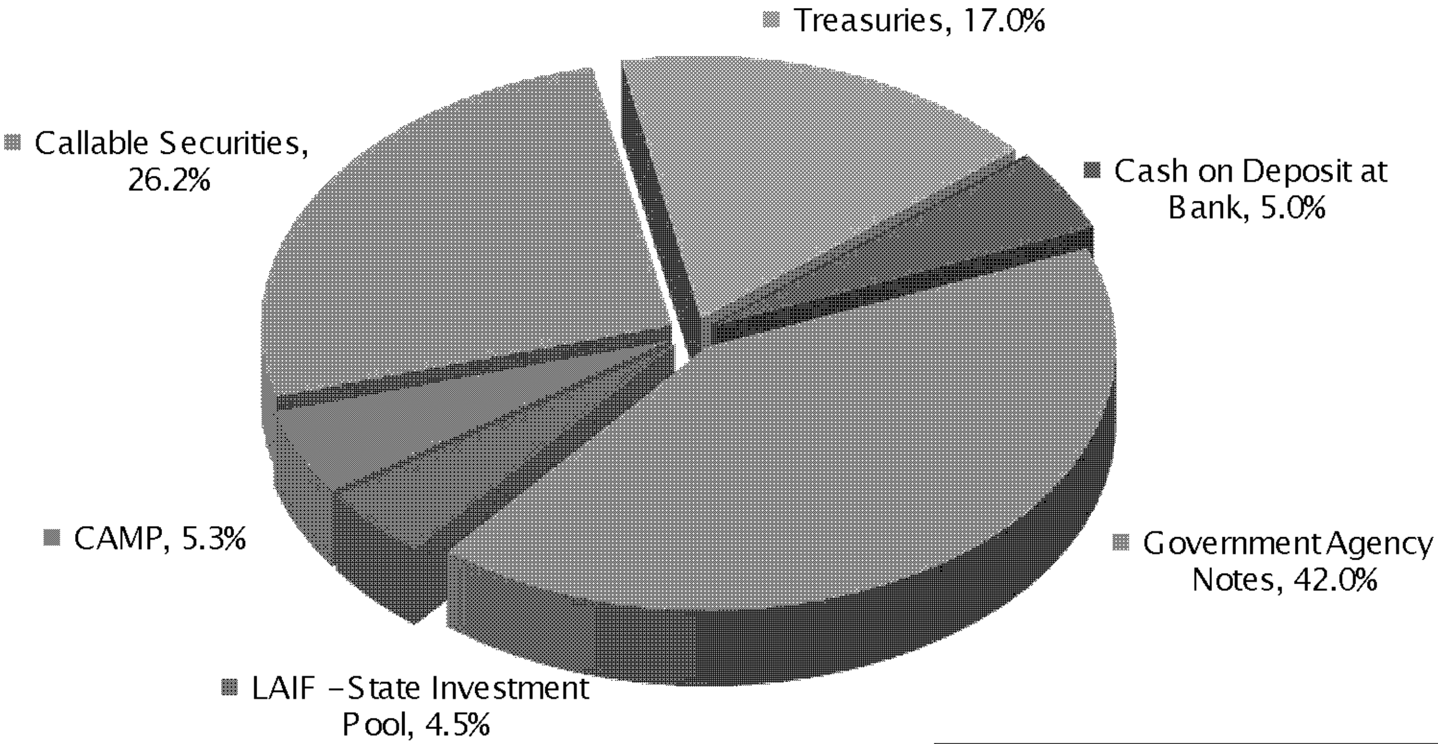
*Provided by Union Bank

Treasurer's Pool Earnings Summary:

Total Net Earnings on the Treasurer's Pool**	$ 3,247,471
Average Daily Balance on the Treasurer's Pool	$ 1,498,068,113
Net Interest Rate on the Treasurer's Pool	0.869%

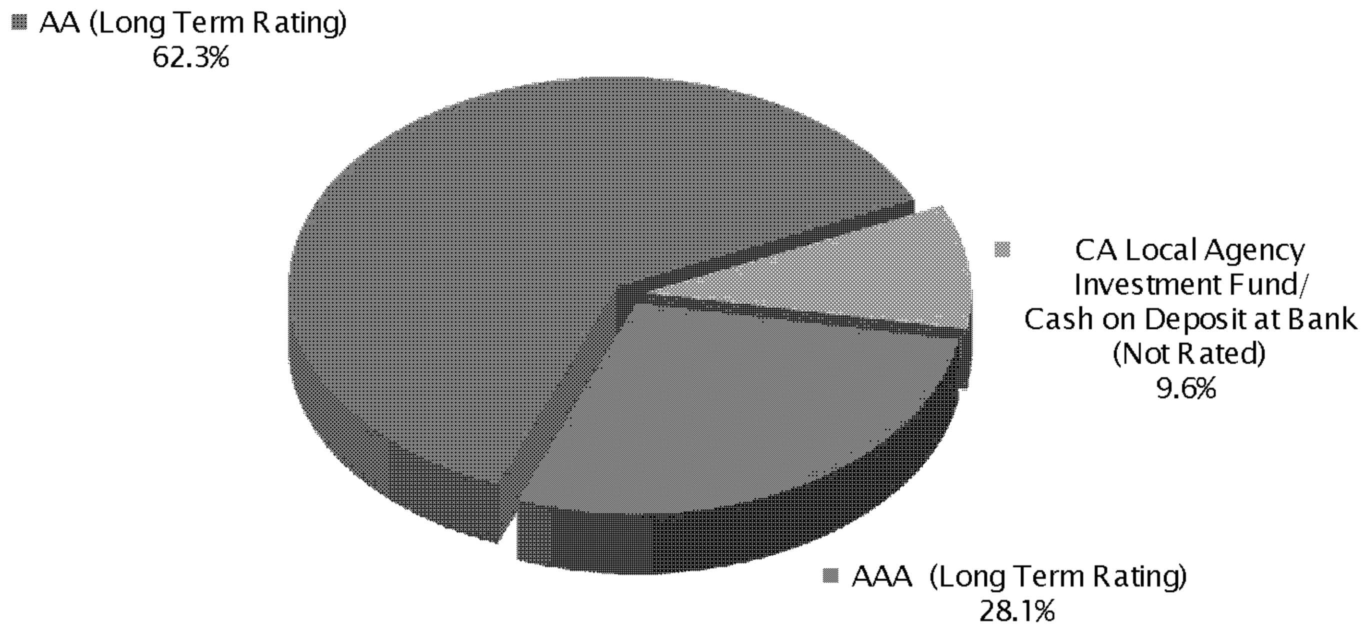
**Total net earnings including earned interest, amortization and realized gains and losses on investments.

TREASURER'S INVESTMENT POOL
ASSET DISTRIBUTION BY SECTOR (PAR VALUE)
6/30/2017

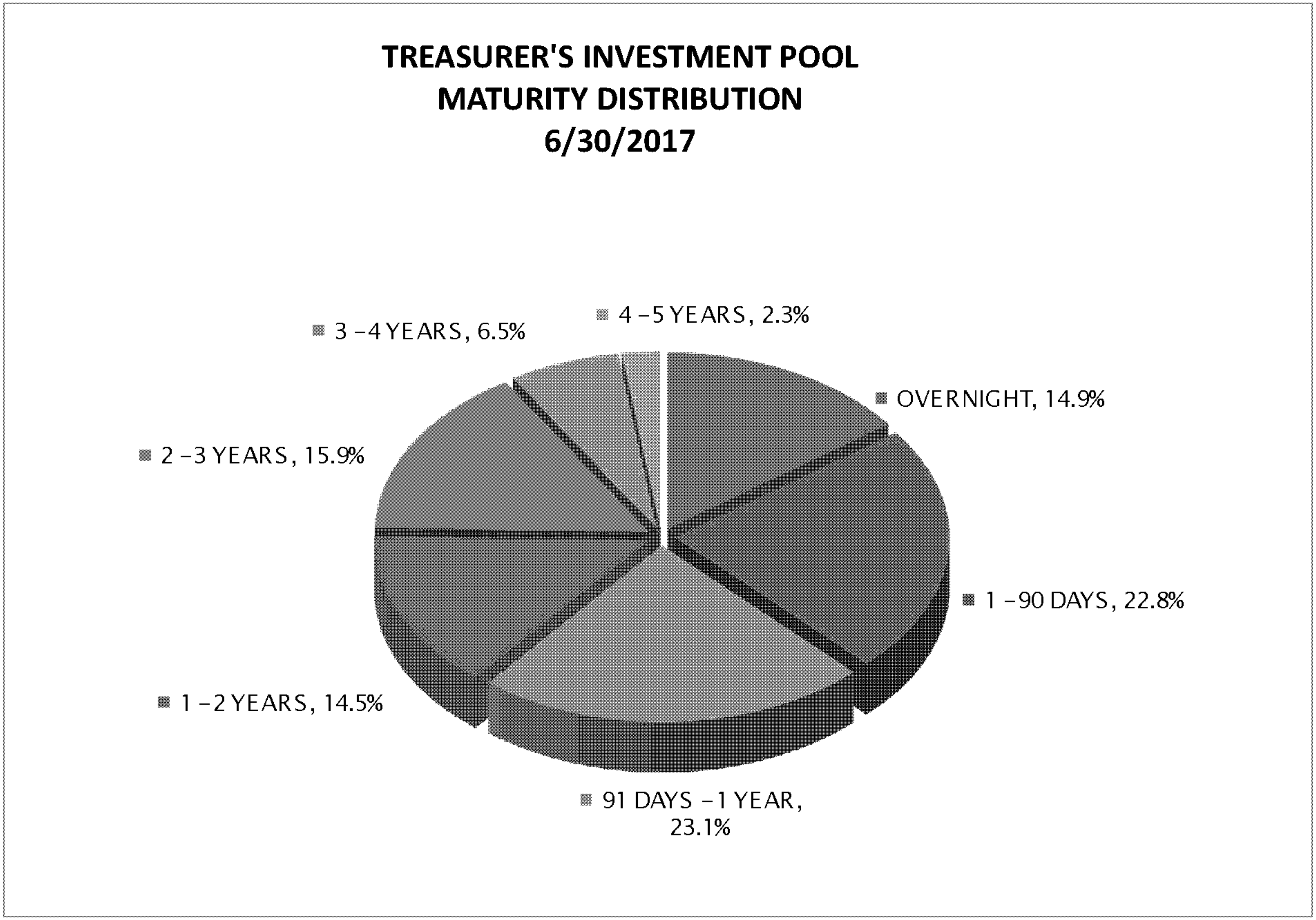


Treasuries	$ 239,500,000
Cash on Deposit at Bank	$ 70,127,483
Government Agency Notes	$ 592,824,000
LAIF - State Investment Pool	$ 65,000,000
CAMP	$ 75,000,000
Callable Securities	$ 369,833,000
TOTAL	$1,412,284,483

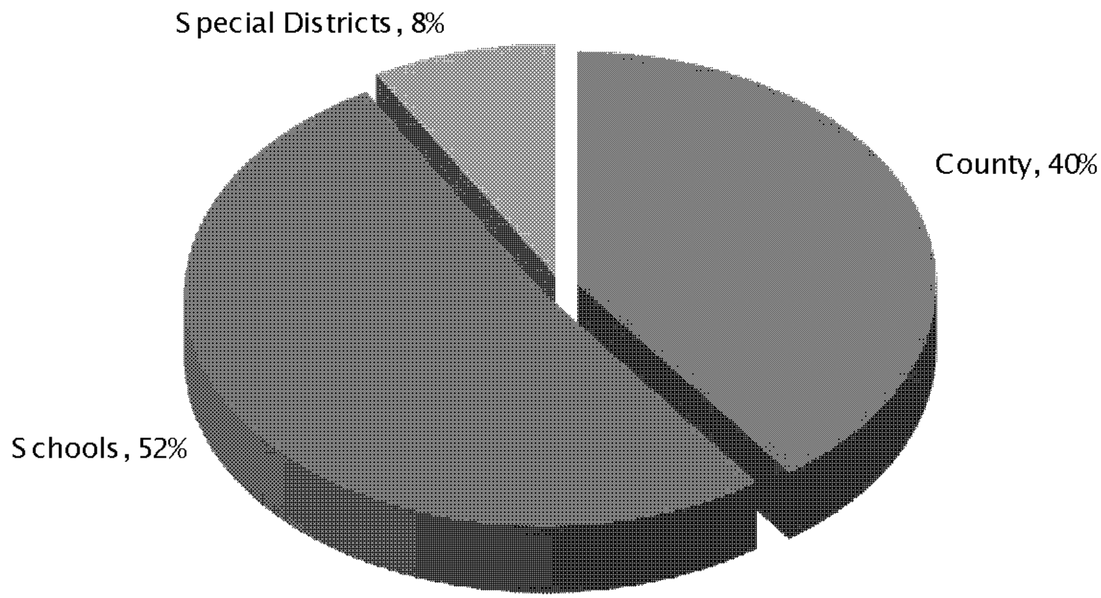
S&P CREDIT RATING AT TIME OF PURCHASE
BY PERCENT OF BOOK VALUE
6/30/2017



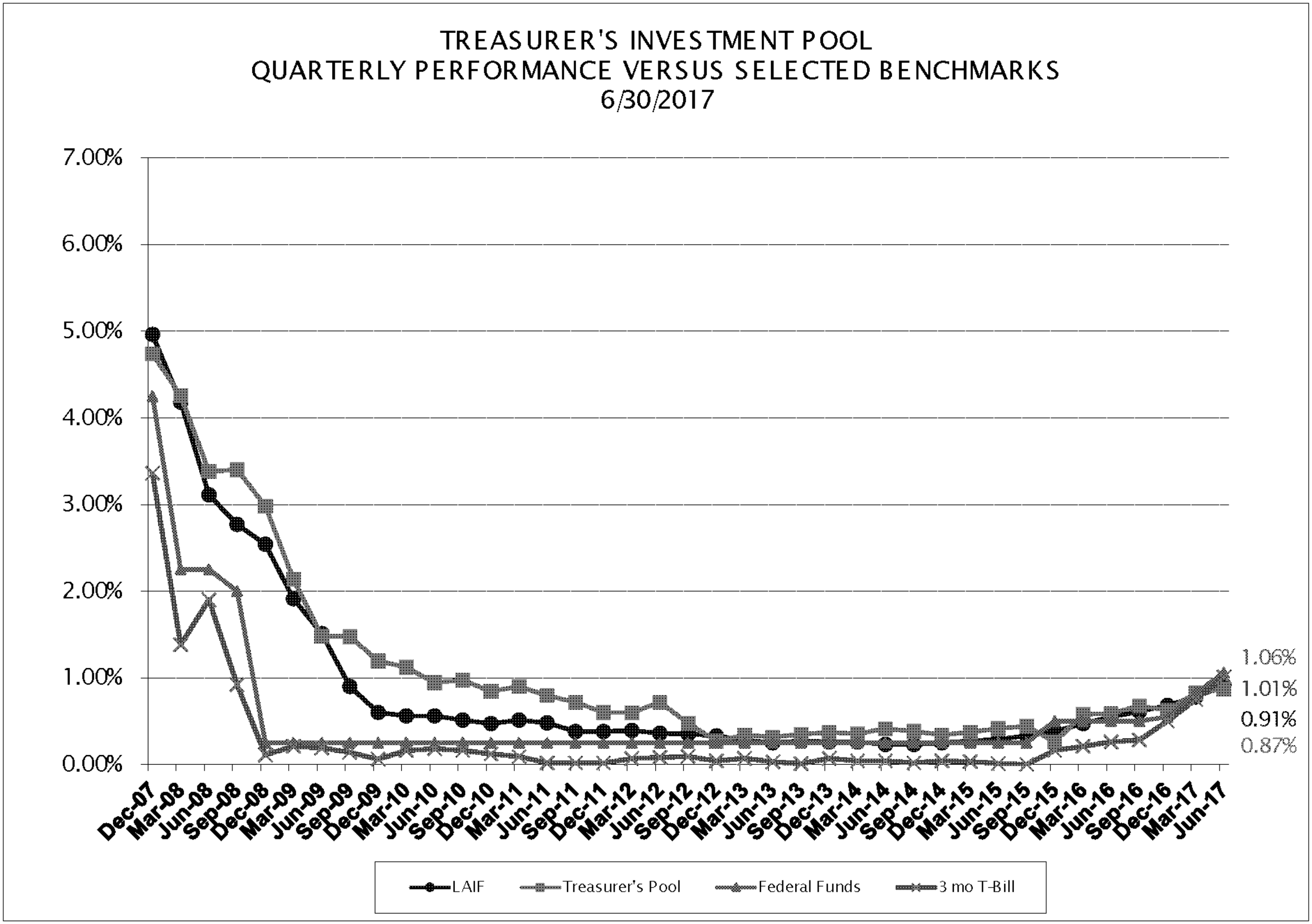
Investment Policy Requirements:
—US Treasuries: N/A
—Agency of the Federal Government/US Government Sponsored: N/A
—Commercial Paper of US Corporations, Assets Greater Than $500 million: A1, P1, F1 (by two of the three rating agencies)
—State of California -LAIF/Managed Investment Pools: N/A
—Negotiable CD's: A1, P1, F1 (by two of the three rating agencies)
—Medium Term Notes/Corporate Notes of US Corporations: Up to three years: AA- by at least two of the three rating agencies. Greater than three years: AA by at least two of the three rating agencies.


TREASURER'S INVESTMENT POOL
MATURITY DISTRIBUTION
6/30/2017
4 - 5 YEARS, 2.3%
3 - 4 YEARS, 6.5%
OVERNIGHT, 14.9%
2 - 3 YEARS, 15.9%
1 - 90 DAYS, 22.8%
1 - 2 YEARS, 14.5%
91 DAYS - 1 YEAR, 23.1%

TREASURER'S INVESTMENT POOL
AVERAGE DAILY CASH BALANCE & INCOME DISTRIBUTION
FOR THE QUARTER ENDED 6/30/2017



The average daily cash balance of all entities in the pool during the quarter was $1,498,068,113.
Aggregate interest earnings of $3,247,471 was distributed to pool participants.


TREASURER'S INVESTMENT POOL
QUARTERLY PERFORMANCE VERSUS SELECTED BENCHMARKS
6/30/2017
7.00%
6.00%
5.00%
4.00%
3.00%
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0.91%
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LAIF
Treasurer's Pool
Federal Funds
3 mo T-Bill

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CUSIP	Investment #	Issuer	Par Value	Stated Rate	Maturity Date	Purchase Date	Term	Days to Maturity	Market Value	Accrued Interest At Purchase	Current Principal	Book Value
Cash												
SYS5495	5495	BAC	70,127,483.00	0.370			1	1	70,127,483.00		70,127,483.00	70,127,483.00
		Cash Totals	70,127,483.00				1	1	70,127,483.00	0.00	70,127,483.00	70,127,483.00
FICA												
SYS6255	6255	FICA	0.00	0.600		03/07/2017	1	1	0.00		0.00	0.00
		FICA Totals	0.00				0	0	0.00	0.00	0.00	0.00
CAMP												
SYS5272	5272	CAMP	75,000,000.00	1.000			1	1	75,000,000.00		75,000,000.00	75,000,000.00
		CAMP Totals	75,000,000.00				1	1	75,000,000.00	0.00	75,000,000.00	75,000,000.00
Local Agency Investment Funds												
SYS1009	1009	LAIF	65,000,000.00	0.910			1	1	65,000,000.00		65,000,000.00	65,000,000.00
		Local Agency Investment Funds Totals	65,000,000.00				1	1	65,000,000.00	0.00	65,000,000.00	65,000,000.00
Federal Agency Coupon Securities												
3133EEDF4	5864	FFCB	1,500,000.00	0.850	07/28/2017	12/04/2014	967	27	1,499,790.00	Received	1,498,800.00	1,499,966.04
3133EFSH1	5998	FFCB	5,000,000.00	1.170	06/14/2018	12/14/2015	913	348	4,994,400.00		4,998,650.00	4,999,485.50
3133EFZN0	6040	FFCB	4,000,000.00	1.030	02/12/2019	02/12/2016	1,096	591	3,977,680.00		4,000,000.00	4,000,000.00
3133EFD87	6046	FFCB	5,000,000.00	0.875	06/25/2018	02/25/2016	851	359	4,984,050.00		4,997,500.00	4,998,946.43
3133EGFQ3	6100	FFCB	5,000,000.00	0.875	09/14/2018	06/14/2016	822	440	4,972,300.00		5,000,000.00	5,000,000.00
3133EGG33	6163	FFCB	5,000,000.00	0.730	05/14/2018	11/17/2016	543	317	4,981,900.00	Received	4,982,500.00	4,989,799.81
3133EG2S3	6227	FFCB	5,000,000.00	1.280	01/03/2019	01/03/2017	730	551	4,990,900.00		4,997,850.00	4,998,381.53
3133EG3X1	6235	FFCB	5,000,000.00	1.250	01/17/2019	01/17/2017	730	565	4,987,700.00		5,000,000.00	5,000,000.00
3133EG5Q4	6270	FFCB	5,300,000.00	1.300	02/01/2019	03/29/2017	674	580	5,287,651.00	11,100.56	5,297,244.00	5,297,627.01
3133EHHB2	6355	FFCB	5,000,000.00	1.450	04/27/2020	04/27/2017	1,096	1,031	4,972,600.00		4,991,000.00	4,991,533.33
3133EHJG9	6375	FFCB	5,000,000.00	1.400	05/15/2019	05/15/2017	730	683	4,993,550.00		4,999,500.00	4,999,531.94
3133EHKH5	6392	FFCB	5,000,000.00	1.570	07/23/2020	05/23/2017	1,157	1,118	4,987,200.00		4,997,400.00	4,997,486.67
3133EHMR1	6422	FFCB	5,000,000.00	1.375	06/12/2019	06/12/2017	730	711	4,997,300.00		5,000,000.00	5,000,000.00
313380EC7	5975	FHLB	5,000,000.00	0.750	09/08/2017	11/12/2015	666	69	4,997,050.00	Received	4,988,500.00	4,998,825.46
3130A6UX3	6004	FHLB	5,000,000.00	1.500	06/28/2019	12/28/2015	1,278	727	4,994,800.00		5,000,000.00	5,000,000.00
3130A62S5	6016	FHLB	10,000,000.00	0.750	08/28/2017	12/30/2015	607	58	9,994,500.00	Received	9,947,000.00	9,994,948.16
3130A7CX1	6043	FHLB	5,000,000.00	0.875	03/19/2018	02/23/2016	755	261	4,987,250.00	Received	4,999,500.00	4,999,827.08
3130A8PK3	6120	FHLB	5,000,000.00	0.625	08/07/2018	07/08/2016	760	402	4,961,250.00		4,989,600.00	4,994,501.47

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Federal Agency Coupon Securities												
3130A8TZ6	6133	FHLB	5,000,000.00	0.625	07/25/2017	07/25/2016	365	24	4,998,700.00		4,998,350.00	4,999,890.00
3130A9K59	6146	FHLB	5,000,000.00	0.680	09/21/2017	09/21/2016	365	82	4,994,850.00		5,000,000.00	5,000,000.00
3130AAJ33	6222	FHLB	5,000,000.00	0.875	12/27/2017	12/27/2016	365	179	4,991,350.00		4,997,200.00	4,998,631.11
3130AAVV7	6250	FHLB	5,000,000.00	0.875	03/01/2018	03/01/2017	365	243	4,990,750.00		4,998,250.00	4,998,833.33
3130AAUP1	6251	FHLB	5,000,000.00	1.250	02/25/2019	03/02/2017	725	604	4,986,100.00	1,388.89	4,986,900.00	4,989,086.40
3137EADK2	5971	FHLMC	5,000,000.00	1.250	08/01/2019	11/06/2015	1,364	761	4,980,050.00	Received	4,960,300.00	4,977,862.45
3137EADK2	5984	FHLMC	5,000,000.00	1.250	08/01/2019	12/01/2015	1,339	761	4,980,050.00	Received	4,952,850.00	4,973,210.23
3137EADX4	5997	FHLMC	5,000,000.00	1.000	12/15/2017	12/14/2015	732	167	4,996,200.00	Received	4,998,500.00	4,999,658.81
3137EADJ5	6017	FHLMC	10,000,000.00	1.000	07/28/2017	12/30/2015	576	27	9,999,700.00	Received	9,992,800.00	9,999,657.75
3137EADM8	6030	FHLMC	5,000,000.00	1.250	10/02/2019	01/27/2016	1,344	823	4,972,500.00	Received	4,988,500.00	4,992,961.13
3137EADV8	6091	FHLMC	5,000,000.00	0.750	07/14/2017	05/24/2016	416	13	4,999,500.00	Received	4,998,900.00	4,999,965.12
3134G34G2	6165	FHLMC	3,750,000.00	1.000	07/25/2018	11/18/2016	614	389	3,734,662.50	Received	3,750,000.00	3,750,000.00
3136G1CL1	6187	FNMA	5,000,000.00	1.500	02/20/2020	12/07/2016	1,170	964	4,984,150.00	Received	4,999,650.00	4,999,711.93
3135G0J20	6190	FNMA	5,000,000.00	1.375	02/26/2021	12/09/2016	1,540	1,336	4,938,650.00	Received	4,923,100.00	4,933,339.82
3135G0P49	6206	FNMA	5,000,000.00	1.000	08/28/2019	12/16/2016	985	788	4,951,150.00	Received	4,925,450.00	4,940,406.02
3135G0TG8	6282	FNMA	5,000,000.00	0.875	02/08/2018	04/06/2017	308	222	4,990,250.00	7,048.61	4,993,150.00	4,995,077.98
3135G0P49	6294	FNMA	5,000,000.00	1.000	08/28/2019	04/11/2017	869	788	4,951,150.00	5,833.33	4,947,000.00	4,951,947.49
3135G0WJ8	6413	FNMA	5,000,000.00	0.875	05/21/2018	06/02/2017	353	324	4,982,900.00	1,336.81	4,983,400.00	4,984,779.37
	Federal Agency Coupon Securities Totals		184,550,000.00				787	466	183,984,533.50	26,708.20	184,079,344.00	184,245,879.37
Federal Agency Disc. -Amortizing												
313313JA7	6125	FCDN	5,000,000.00	0.610	07/12/2017	07/14/2016	363	11	4,998,750.00		4,969,245.83	4,999,068.06
313313HU5	6129	FCDN	5,000,000.00	0.610	07/06/2017	07/15/2016	356	5	4,999,600.00		4,969,838.89	4,999,576.39
313313JC3	6130	FCDN	5,000,000.00	0.620	07/14/2017	07/15/2016	364	13	4,998,450.00		4,968,655.56	4,998,880.56
313313KC1	6144	FCDN	5,000,000.00	0.680	08/07/2017	09/13/2016	328	37	4,995,050.00		4,969,022.22	4,996,505.56
313313KU1	6150	FCDN	5,000,000.00	0.680	08/23/2017	10/05/2016	322	53	4,992,800.00		4,969,588.89	4,994,994.44
313313NU8	6159	FCDN	5,000,000.00	0.700	11/03/2017	11/04/2016	364	125	4,981,700.00		4,964,611.11	4,987,847.22
313313JG4	6162	FCDN	5,000,000.00	0.680	07/18/2017	11/16/2016	244	17	4,997,900.00		4,976,955.56	4,998,394.44
313313NB0	6169	FCDN	5,000,000.00	0.800	10/17/2017	11/23/2016	328	108	4,984,400.00		4,963,555.56	4,988,000.00
313313KD9	6170	FCDN	5,000,000.00	0.710	08/08/2017	11/23/2016	258	38	4,994,900.00		4,974,558.33	4,996,252.78
313313LJ5	6174	FCDN	5,000,000.00	0.790	09/06/2017	11/30/2016	280	67	4,990,700.00		4,969,277.78	4,992,648.61
313313LY2	6175	FCDN	5,000,000.00	0.800	09/20/2017	11/30/2016	294	81	4,988,700.00		4,967,333.33	4,991,000.00
313313NS3	6179	FCDN	5,000,000.00	0.840	11/01/2017	12/02/2016	334	123	4,982,000.00		4,961,033.33	4,985,650.00
313313PY8	6180	FCDN	5,000,000.00	0.840	12/01/2017	12/02/2016	364	153	4,976,500.00		4,957,533.33	4,982,150.00
313313LQ9	6196	FCDN	5,000,000.00	0.800	09/12/2017	12/13/2016	273	73	4,989,850.00		4,969,666.67	4,991,888.89

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Federal Agency Disc. -Amortizing												
313313QJ0	6199	FCDN	5,000,000.00	0.920	12/11/2017	12/14/2016	362	163	4,974,950.00		4,953,744.44	4,979,172.22
313313RJ9	6228	FCDN	10,000,000.00	0.930	01/04/2018	01/04/2017	365	187	9,941,900.00		9,905,708.33	9,951,691.66
313313LX4	6231	FCDN	5,000,000.00	0.730	09/19/2017	01/11/2017	251	80	4,988,850.00		4,974,551.39	4,991,888.89
313313RR1	6232	FCDN	5,000,000.00	0.880	01/11/2018	01/12/2017	364	194	4,969,850.00		4,955,511.11	4,976,288.89
313313RQ3	6233	FCDN	5,000,000.00	0.870	01/10/2018	01/13/2017	362	193	4,970,050.00		4,956,258.33	4,976,679.16
313313RG5	6234	FCDN	5,000,000.00	0.870	01/02/2018	01/13/2017	354	185	4,971,300.00		4,957,225.00	4,977,645.83
313313RR1	6236	FCDN	5,000,000.00	0.860	01/11/2018	01/17/2017	359	194	4,969,850.00		4,957,119.44	4,976,827.78
313313RZ3	6238	FCDN	5,000,000.00	0.860	01/19/2018	01/20/2017	364	202	4,968,600.00		4,956,522.22	4,975,872.22
313313SN9	6266	FCDN	5,000,000.00	1.080	02/01/2018	03/10/2017	328	215	4,966,300.00		4,950,800.00	4,967,750.00
313313SG4	6268	FCDN	5,000,000.00	1.030	01/26/2018	03/28/2017	304	209	4,967,500.00		4,956,511.11	4,970,101.39
313313ST6	6269	FCDN	5,000,000.00	1.040	02/06/2018	03/28/2017	315	220	4,965,500.00		4,954,500.00	4,968,222.22
313313SE9	6274	FCDN	5,000,000.00	1.040	01/24/2018	03/30/2017	300	207	4,967,850.00		4,956,666.67	4,970,100.00
313313SE9	6292	FCDN	5,000,000.00	1.050	01/24/2018	04/10/2017	289	207	4,967,850.00		4,957,854.17	4,969,812.50
313313TQ1	6314	FCDN	5,000,000.00	1.060	02/27/2018	04/18/2017	315	241	4,962,150.00		4,953,625.00	4,964,519.44
313313KD9	6322	FCDN	5,000,000.00	0.860	08/08/2017	04/19/2017	111	38	4,994,900.00		4,986,741.67	4,995,461.11
313313XC7	6419	FCDN	5,000,000.00	1.200	05/22/2018	06/08/2017	348	325	4,945,250.00		4,942,000.00	4,945,833.33
313313YQ5	6434	FCDN	5,000,000.00	1.250	06/27/2018	06/28/2017	364	361	4,938,150.00		4,936,805.56	4,937,326.39
313313JX7	6435	FCDN	5,000,000.00	0.990	08/02/2017	06/28/2017	35	32	4,995,750.00		4,995,187.50	4,995,600.00
313313HR2	6443	FCDN	15,000,000.00	0.750	07/03/2017	06/30/2017	3	2	15,000,000.00		14,999,062.50	14,999,375.00
313313MM7	6151	FFCBDN	5,000,000.00	0.710	10/03/2017	10/14/2016	354	94	4,986,450.00		4,965,091.67	4,990,730.56
313313MP0	6160	FFCBDN	5,000,000.00	0.680	10/05/2017	11/04/2016	335	96	4,986,150.00		4,968,361.11	4,990,933.33
313313NR5	6161	FFCBDN	5,000,000.00	0.690	10/31/2017	11/04/2016	361	122	4,982,350.00		4,965,404.17	4,988,308.33
313313QK7	6210	FFCBDN	5,000,000.00	0.920	12/12/2017	12/20/2016	357	164	4,974,800.00		4,954,383.33	4,979,044.44
313313RP5	6230	FFCBDN	5,000,000.00	0.880	01/09/2018	01/10/2017	364	192	4,970,200.00		4,955,511.11	4,976,533.33
313313JY5	6280	FFCBDN	5,000,000.00	0.810	08/03/2017	04/05/2017	120	33	4,995,600.00		4,986,500.00	4,996,287.50
313385JB3	6121	FHDN	5,000,000.00	0.600	07/13/2017	07/13/2016	365	12	4,998,600.00		4,969,583.33	4,999,000.00
313385HV1	6123	FHDN	5,000,000.00	0.600	07/07/2017	07/14/2016	358	6	4,999,450.00		4,970,166.67	4,999,500.00
313385LH7	6145	FHDN	5,000,000.00	0.680	09/05/2017	09/15/2016	355	66	4,990,850.00		4,966,472.22	4,993,766.67
313385PY6	6189	FHDN	5,000,000.00	0.850	12/01/2017	12/09/2016	357	153	4,976,500.00		4,957,854.17	4,981,937.50
313385QU3	6213	FHDN	5,000,000.00	0.920	12/21/2017	12/22/2016	364	173	4,973,400.00		4,953,488.89	4,977,894.44
313385SU1	6242	FHDN	5,000,000.00	0.835	02/07/2018	02/07/2017	365	221	4,965,350.00		4,957,670.14	4,974,370.14
313385TX4	6253	FHDN	5,000,000.00	0.980	03/06/2018	03/06/2017	365	248	4,960,350.00		4,950,319.44	4,966,244.44
313385TW6	6263	FHDN	3,000,000.00	1.050	03/05/2018	03/08/2017	362	247	2,976,330.00		2,968,325.00	2,978,387.50
313385HR0	6334	FHDN	5,000,000.00	0.780	07/03/2017	04/20/2017	74	2	5,000,000.00		4,991,983.33	4,999,783.33
313385HR0	6346	FHDN	5,000,000.00	0.800	07/03/2017	04/24/2017	70	2	5,000,000.00		4,992,222.22	4,999,777.78

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Federal Agency Disc. -Amortizing												
313385HT6	6378	FHDN	5,000,000.00	0.830	07/05/2017	05/17/2017	49	4	4,999,700.00		4,994,351.39	4,999,538.89
313385KF2	6381	FHDN	5,000,000.00	0.925	08/10/2017	05/17/2017	85	40	4,994,600.00		4,989,079.86	4,994,861.11
313385LB0	6382	FHDN	5,000,000.00	0.950	08/30/2017	05/18/2017	104	60	4,991,800.00		4,986,277.78	4,992,083.33
313385JH0	6402	FHDN	5,000,000.00	0.930	07/19/2017	05/30/2017	50	18	4,997,800.00		4,993,541.67	4,997,675.00
313385XL5	6404	FHDN	5,000,000.00	1.230	05/30/2018	05/30/2017	365	333	4,943,900.00		4,937,645.83	4,943,112.50
313385JF4	6409	FHDN	5,000,000.00	0.935	07/17/2017	06/01/2017	46	16	4,998,050.00		4,994,026.39	4,997,922.22
313385JP2	6412	FHDN	5,000,000.00	0.950	07/25/2017	06/01/2017	54	24	4,996,950.00		4,992,875.00	4,996,833.33
313385HZ2	6429	FHDN	5,000,000.00	0.950	07/11/2017	06/22/2017	19	10	4,998,900.00		4,997,493.06	4,998,680.56
313385JZ0	6430	FHDN	5,000,000.00	1.010	08/04/2017	06/23/2017	42	34	4,995,450.00		4,994,108.33	4,995,230.55
313385LD6	6438	FHDN	5,000,000.00	1.010	09/01/2017	06/29/2017	64	62	4,991,400.00		4,991,022.22	4,991,302.78
313385KK1	6439	FHDN	5,000,000.00	0.980	08/14/2017	06/29/2017	46	44	4,994,050.00		4,993,738.89	4,994,011.11
313385MD5	6441	FHDN	5,000,000.00	1.020	09/25/2017	06/29/2017	88	86	4,988,000.00		4,987,533.33	4,987,816.66
313385ME3	6442	FHDN	5,000,000.00	1.020	09/26/2017	06/29/2017	89	87	4,987,850.00		4,987,391.67	4,987,675.00
313385YR1	6444	FHDN	4,274,000.00	1.210	06/28/2018	06/30/2017	363	362	4,221,002.40		4,221,853.64	4,221,997.29
313385HY5	6122	FHLB	1,000,000.00	0.600	07/10/2017	07/14/2016	361	9	999,810.00		993,983.33	999,850.00
313385JN7	6171	FHLB	5,000,000.00	0.650	07/24/2017	11/29/2016	237	23	4,997,100.00		4,978,604.15	4,997,923.61
313385KG0	6194	FHLB	5,000,000.00	0.730	08/11/2017	12/12/2016	242	41	4,994,500.00		4,975,463.89	4,995,843.06
313385KV7	6220	FHLB	1,500,000.00	0.775	08/24/2017	12/23/2016	244	54	1,497,795.00		1,492,120.83	1,498,256.25
313385SN7	6243	FHLB	5,000,000.00	0.835	02/01/2018	02/07/2017	359	215	4,966,300.00		4,958,365.97	4,975,065.97
313385SV9	6244	FHLB	5,000,000.00	0.840	02/08/2018	02/09/2017	364	222	4,965,150.00		4,957,533.33	4,974,100.00
313385JR8	6335	FHLB	5,000,000.00	0.830	07/27/2017	04/20/2017	98	26	4,996,650.00		4,988,702.78	4,997,002.78
313385LR5	6336	FHLB	5,000,000.00	0.900	09/13/2017	04/21/2017	145	74	4,989,700.00		4,981,875.00	4,990,750.00
313385LW4	6337	FHLB	5,000,000.00	0.900	09/18/2017	04/21/2017	150	79	4,989,000.00		4,981,250.00	4,990,125.00
313385WH5	6360	FHLB	5,000,000.00	1.150	05/03/2018	05/04/2017	364	306	4,948,500.00		4,941,861.11	4,951,125.00
313385KV7	6361	FHLB	3,500,000.00	0.910	08/24/2017	05/05/2017	111	54	3,494,855.00		3,490,179.58	3,495,222.50
313385KS4	6364	FHLB	5,000,000.00	0.910	08/21/2017	05/05/2017	108	51	4,993,050.00		4,986,350.00	4,993,554.17
313385JW7	6137	FHLBDN	5,000,000.00	0.650	08/01/2017	08/09/2016	357	31	4,995,900.00		4,967,770.83	4,997,201.39
313385SF4	6245	FHLBDN	5,000,000.00	0.840	01/25/2018	02/14/2017	345	208	4,967,650.00		4,959,750.00	4,975,733.33
313397TK7	6254	FMCDN	5,000,000.00	0.980	02/22/2018	03/07/2017	352	236	4,962,950.00		4,952,088.89	4,967,877.78
313397LK5	6341	FMCDN	5,000,000.00	0.860	09/07/2017	04/21/2017	139	68	4,990,550.00		4,983,397.22	4,991,877.78
313589LD3	6155	FNMA	5,000,000.00	0.610	09/01/2017	11/04/2016	301	62	4,991,400.00		4,974,498.61	4,994,747.22
313589ML4	6156	FNMA	5,000,000.00	0.640	10/02/2017	11/04/2016	332	93	4,986,600.00		4,970,488.89	4,991,733.33
Federal Agency Disc. -Amortizing Totals			408,274,000.00				253	112	406,861,142.40	0.00	405,825,831.10	407,062,253.77

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Treasury Coupon Securities												
912828UR9	5803	US TR	2,500,000.00	0.750	02/28/2018	03/06/2014	1,455	242	2,492,375.00	Received	2,459,863.28	2,493,324.34
912828TM2	5861	US TR	15,000,000.00	0.625	08/31/2017	12/02/2014	1,003	61	14,990,700.00	Received	14,909,765.63	14,994,512.17
912828TM2	5888	US TR	10,000,000.00	0.625	08/31/2017	03/02/2015	913	61	9,993,800.00	Received	9,942,187.50	9,996,137.39
912828TG5	5948	US TR	5,000,000.00	0.500	07/31/2017	10/02/2015	668	30	4,998,550.00	Received	4,991,992.19	4,999,640.37
912828UR9	5956	US TR	5,000,000.00	0.750	02/28/2018	10/14/2015	868	242	4,984,750.00	Received	4,999,218.75	4,999,782.19
912828TS9	5961	US TR	5,000,000.00	0.625	09/30/2017	10/21/2015	710	91	4,994,450.00	Received	4,999,609.38	4,999,949.93
912828TG5	5962	US TR	5,000,000.00	0.500	07/31/2017	10/21/2015	649	30	4,998,550.00	Received	4,993,164.06	4,999,684.01
912828TC4	5964	US TR	5,000,000.00	1.000	06/30/2019	10/28/2015	1,341	729	4,962,900.00	Received	4,981,250.00	4,989,807.05
912828TR1	5965	US TR	5,000,000.00	1.000	09/30/2019	10/28/2015	1,433	821	4,953,500.00	Received	4,964,843.75	4,979,858.14
912828TH3	5966	US TR	5,000,000.00	0.875	07/31/2019	10/28/2015	1,372	760	4,946,900.00	Received	4,950,781.25	4,972,735.97
912828L40	5968	US TR	5,000,000.00	1.000	09/15/2018	10/30/2015	1,051	441	4,981,250.00	Received	4,998,437.50	4,999,344.37
912828XK1	5969	US TR	5,000,000.00	0.875	07/15/2018	10/30/2015	989	379	4,978,150.00	Received	4,987,500.00	4,995,209.81
912828XA3	5972	US TR	5,000,000.00	1.000	05/15/2018	11/10/2015	917	318	4,987,900.00	Received	4,985,156.25	4,994,852.44
912828SD3	5973	US TR	5,000,000.00	1.250	01/31/2019	11/10/2015	1,178	579	4,991,200.00	Received	4,985,937.50	4,993,088.13
912828VE7	5978	US TR	10,000,000.00	1.000	05/31/2018	11/20/2015	923	334	9,973,800.00	Received	9,978,125.00	9,992,084.24
912828XP0	5982	US TR	10,000,000.00	0.625	07/31/2017	11/30/2015	609	30	9,998,000.00	Received	9,964,062.50	9,998,229.68
912828UJ7	6007	US TR	10,000,000.00	0.875	01/31/2018	12/29/2015	764	214	9,982,500.00	Received	9,953,906.25	9,987,088.92
912828WT3	6012	US TR	5,000,000.00	0.875	07/15/2017	12/30/2015	563	14	5,000,000.00	Received	4,991,601.56	4,999,791.16
912828D98	6013	US TR	5,000,000.00	1.000	09/15/2017	12/30/2015	625	76	4,999,250.00	Received	4,997,265.63	4,999,667.50
912828D49	6014	US TR	5,000,000.00	0.875	08/15/2017	12/30/2015	594	45	4,999,500.00	Received	4,989,453.13	4,999,200.99
912828H37	6023	US TR	5,000,000.00	0.875	01/15/2018	01/11/2016	735	198	4,992,200.00	Received	4,986,328.13	4,996,316.97
912828TS9	6149	US TR	5,000,000.00	0.625	09/30/2017	10/05/2016	360	91	4,994,450.00	Received	4,996,875.00	4,999,210.07
912828L65	6167	US TR	5,000,000.00	1.375	09/30/2020	11/18/2016	1,412	1,187	4,962,900.00	Received	4,964,062.50	4,969,789.08
912828L65	6168	US TR	5,000,000.00	1.375	09/30/2020	11/18/2016	1,412	1,187	4,962,900.00	Received	4,964,062.50	4,969,789.08
912828UA6	6181	US TR	5,000,000.00	0.625	11/30/2017	12/05/2016	360	152	4,989,700.00	Received	4,987,890.63	4,994,887.15
912828J84	6191	US TR	5,000,000.00	1.375	03/31/2020	12/09/2016	1,208	1,004	4,981,450.00	Received	4,984,375.00	4,987,013.66
912828XE5	6192	US TR	5,000,000.00	1.500	05/31/2020	12/09/2016	1,269	1,065	4,992,600.00	Received	4,993,750.00	4,994,754.73
912828R44	6197	US TR	5,000,000.00	0.875	05/15/2019	12/13/2016	883	683	4,953,700.00	Received	4,954,687.50	4,964,950.81
912828SX9	6198	US TR	5,000,000.00	1.125	05/31/2019	12/13/2016	899	699	4,976,750.00	Received	4,984,375.00	4,987,851.08
912828S27	6216	US TR	10,000,000.00	1.125	06/30/2021	12/23/2016	1,650	1,460	9,759,800.00	Received	9,626,562.50	9,669,564.39
912828XH8	6217	US TR	5,000,000.00	1.625	06/30/2020	12/23/2016	1,285	1,095	5,008,800.00	Received	4,985,156.25	4,987,351.05
9128282C3	6218	US TR	5,000,000.00	0.750	08/31/2018	12/23/2016	616	426	4,967,200.00	Received	4,965,820.31	4,976,362.75
912828S68	6219	US TR	5,000,000.00	0.750	07/31/2018	12/23/2016	585	395	4,970,700.00	Received	4,970,312.50	4,979,954.59
912828R85	6221	US TR	5,000,000.00	0.875	06/15/2019	12/27/2016	900	714	4,951,150.00	Received	4,938,671.88	4,951,346.36
912828H94	6262	US TR	2,000,000.00	1.000	02/15/2018	03/08/2017	344	229	1,997,200.00	1,160.22	1,998,750.00	1,999,167.88

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Treasury Coupon Securities												
912828Q94	6271	USTR	5,000,000.00	0.750	04/30/2018	03/29/2017	397	303	4,978,150.00	Received	4,980,273.44	4,984,944.21
912828R77	6284	USTR	5,000,000.00	1.375	05/31/2021	04/06/2017	1,516	1,430	4,930,650.00	Received	4,919,531.25	4,924,096.10
912828P53	6290	USTR	5,000,000.00	0.750	02/15/2019	04/10/2017	676	594	4,951,750.00	5,593.92	4,952,343.75	4,958,124.54
912828SD3	6291	USTR	5,000,000.00	1.250	01/31/2019	04/10/2017	661	579	4,991,200.00	11,912.98	4,998,046.88	4,998,289.17
9128282C3	6295	USTR	5,000,000.00	0.750	08/31/2018	04/11/2017	507	426	4,967,200.00	4,279.89	4,970,117.19	4,974,891.37
912828K82	6296	USTR	5,000,000.00	1.000	08/15/2018	04/11/2017	491	410	4,983,000.00	7,596.69	4,988,281.25	4,990,214.49
	Treasury Coupon Securities Totals		234,500,000.00				910	462	233,471,475.00	30,543.70	233,134,394.57	233,642,858.33
Treasury Discounts -Amortizing												
912796LJ6	6272	US	5,000,000.00	0.945	02/01/2018	03/29/2017	309	215	4,968,250.00		4,959,443.75	4,971,781.25
	Treasury Discounts -Amortizing Totals		5,000,000.00				309	215	4,968,250.00	0.00	4,959,443.75	4,971,781.25
Federal Agency Coupon - Callables												
3133EFWX1	6033	FFCB	5,000,000.00	1.270	01/28/2019	01/28/2016	1,096	576	4,975,800.00		4,996,250.00	4,998,031.25
3133EF2L0	6063	FFCB	5,000,000.00	1.400	04/13/2020	04/13/2016	1,461	1,017	4,955,300.00		5,000,000.00	5,000,000.00
3133EF3P0	6067	FFCB	6,003,000.00	1.490	07/20/2020	04/20/2016	1,552	1,115	5,869,133.10		6,000,538.77	6,001,232.10
3133EGAE5	6088	FFCB	5,000,000.00	1.360	02/18/2020	05/18/2016	1,371	962	4,957,350.00		4,995,000.00	4,996,492.59
3133EGDW2	6099	FFCB	5,000,000.00	1.520	06/08/2020	06/08/2016	1,461	1,073	4,909,050.00		5,000,000.00	5,000,000.00
3133EGEU5	6101	FFCB	5,000,000.00	1.540	12/14/2020	06/14/2016	1,644	1,262	4,960,700.00		5,000,000.00	5,000,000.00
3133EGHP3	6112	FFCB	5,000,000.00	1.420	06/29/2020	06/29/2016	1,461	1,094	4,948,400.00		5,000,000.00	5,000,000.00
3133EGJR7	6118	FFCB	5,000,000.00	1.020	07/05/2019	07/05/2016	1,095	734	4,958,550.00		5,000,000.00	5,000,000.00
3133EGA70	6153	FFCB	5,000,000.00	0.970	11/01/2018	11/01/2016	730	488	4,969,750.00		4,997,000.00	4,998,000.00
3133EGA62	6158	FFCB	5,000,000.00	1.160	11/01/2019	11/04/2016	1,092	853	4,955,850.00	Received	4,996,750.00	4,997,465.18
3133EGR98	6184	FFCB	5,000,000.00	2.020	09/07/2021	12/07/2016	1,735	1,529	4,989,200.00		5,000,000.00	5,000,000.00
3133EG4F9	6237	FFCB	5,000,000.00	1.930	01/19/2021	01/19/2017	1,461	1,298	5,001,250.00		4,999,500.00	4,999,556.25
3133EHEJ8	6313	FFCB	5,000,000.00	1.625	01/03/2020	04/18/2017	990	916	4,992,550.00	3,385.42	5,000,000.00	5,000,000.00
3130A7RA5	6068	FHLB	5,000,000.00	1.650	01/22/2021	04/22/2016	1,736	1,301	4,895,200.00		5,000,000.00	5,000,000.00
3130A8Z30	6142	FHLB	5,000,000.00	0.875	05/25/2018	08/25/2016	638	328	4,978,700.00		5,000,000.00	5,000,000.00
3130AAM47	6239	FHLB	5,000,000.00	1.200	10/26/2018	01/26/2017	638	482	4,993,250.00		5,000,000.00	5,000,000.00
3130AANA2	6240	FHLB	5,000,000.00	1.750	07/30/2020	01/30/2017	1,277	1,125	4,997,400.00		5,000,000.00	5,000,000.00
3130AB3T1	6342	FHLB	5,000,000.00	1.750	07/24/2020	04/24/2017	1,187	1,119	4,989,300.00		5,000,000.00	5,000,000.00
3130ABNQ5	6440	FHLB	5,000,000.00	1.625	06/26/2020	06/29/2017	1,093	1,091	4,988,750.00	677.08	4,992,500.00	4,992,513.93
3134G3Y79	5643	FHLMC	5,000,000.00	1.000	11/28/2017	11/28/2012	1,826	150	4,997,800.00		5,000,000.00	5,000,000.00
3134G8KC2	6045	FHLMC	5,000,000.00	1.100	08/24/2018	02/24/2016	912	419	4,981,600.00		5,000,000.00	5,000,000.00
3134G8L98	6048	FHLMC	5,000,000.00	1.050	02/26/2018	02/26/2016	731	240	4,990,700.00		5,000,000.00	5,000,000.00

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Federal Agency Coupon - Callables												
3134G8VN6	6056	FHLMC	1,000,000.00	1.600	03/29/2021	03/31/2016	1,824	1,367	981,470.00	Received	1,000,000.00	1,000,000.00
3134G8TV1	6057	FHLMC	2,000,000.00	1.220	03/29/2019	03/31/2016	1,093	636	1,986,120.00	Received	2,000,000.00	2,000,000.00
3134G8W21	6059	FHLMC	7,000,000.00	1.375	12/30/2019	04/08/2016	1,361	912	6,932,380.00		7,000,000.00	7,000,000.00
3134G9AP2	6069	FHLMC	4,540,000.00	1.200	07/26/2019	04/26/2016	1,186	755	4,481,116.20		4,540,000.00	4,540,000.00
3134G8WH8	6070	FHLMC	5,250,000.00	1.400	04/27/2020	04/27/2016	1,461	1,031	5,186,737.50		5,250,000.00	5,250,000.00
3134G9AH0	6072	FHLMC	5,000,000.00	1.300	01/27/2020	04/27/2016	1,370	940	4,951,150.00		5,000,000.00	5,000,000.00
3134G9AH0	6073	FHLMC	4,000,000.00	1.300	01/27/2020	04/27/2016	1,370	940	3,960,920.00		4,000,000.00	4,000,000.00
3134G9BA4	6074	FHLMC	4,250,000.00	1.370	07/28/2020	04/28/2016	1,552	1,123	4,166,785.00		4,250,000.00	4,250,000.00
3134G9DF1	6080	FHLMC	5,000,000.00	1.410	02/04/2020	05/04/2016	1,371	948	4,937,950.00		5,000,000.00	5,000,000.00
3134G9HJ9	6082	FHLMC	5,000,000.00	1.000	08/10/2018	05/10/2016	822	405	4,982,250.00		5,000,000.00	5,000,000.00
3134G9JL2	6090	FHLMC	5,000,000.00	1.250	05/23/2019	05/23/2016	1,095	691	4,981,600.00		5,000,000.00	5,000,000.00
3134G9GS0	6093	FHLMC	5,000,000.00	1.250	08/26/2019	05/26/2016	1,187	786	4,941,150.00		5,000,000.00	5,000,000.00
3134G9VF1	6108	FHLMC	5,000,000.00	1.060	06/22/2018	06/22/2016	730	356	4,987,350.00		5,000,000.00	5,000,000.00
3134G9UY1	6111	FHLMC	5,000,000.00	1.000	06/29/2018	06/29/2016	730	363	4,985,900.00		5,000,000.00	5,000,000.00
3134G9UM7	6113	FHLMC	5,000,000.00	1.500	06/30/2021	06/30/2016	1,826	1,460	4,929,600.00		5,000,000.00	5,000,000.00
3134G92B2	6139	FHLMC	5,000,000.00	0.950	01/30/2019	08/18/2016	895	578	4,961,500.00	Received	4,993,750.00	4,995,967.97
3134G94C8	6140	FHLMC	5,000,000.00	0.800	08/22/2019	08/22/2016	1,095	782	4,994,050.00		5,000,000.00	5,000,000.00
3134GAAP9	6141	FHLMC	5,000,000.00	1.000	11/23/2018	08/23/2016	822	510	4,965,850.00		5,000,000.00	5,000,000.00
3134GANJ9	6147	FHLMC	5,000,000.00	0.750	03/27/2019	09/27/2016	911	634	4,992,400.00		5,000,000.00	5,000,000.00
3134GATV6	6154	FHLMC	5,000,000.00	0.875	10/28/2019	11/01/2016	1,091	849	4,988,700.00	Received	5,000,000.00	5,000,000.00
3134G92B2	6182	FHLMC	5,000,000.00	0.950	01/30/2019	12/07/2016	784	578	4,961,500.00	Received	4,967,500.00	4,976,076.97
3134GA3Q5	6248	FHLMC	1,840,000.00	2.050	02/28/2022	02/28/2017	1,826	1,703	1,838,123.20		1,840,000.00	1,840,000.00
3134GA4V3	6249	FHLMC	5,000,000.00	1.750	02/28/2022	02/28/2017	1,826	1,703	4,978,750.00		5,000,000.00	5,000,000.00
3134GA5Z3	6264	FHLMC	5,750,000.00	1.250	08/28/2020	03/08/2017	1,269	1,154	5,739,707.50	1,996.53	5,741,950.00	5,742,677.72
3134GA7A6	6265	FHLMC	5,000,000.00	1.500	09/09/2019	03/09/2017	914	800	4,992,050.00		5,000,000.00	5,000,000.00
3134GBAG7	6297	FHLMC	5,000,000.00	1.750	06/29/2020	04/11/2017	1,175	1,094	4,993,450.00	2,916.67	5,000,000.00	5,000,000.00
3134GBFV9	6354	FHLMC	5,000,000.00	1.250	04/27/2020	04/27/2017	1,096	1,031	4,993,400.00		5,000,000.00	5,000,000.00
3134GBJF0	6357	FHLMC	5,000,000.00	1.800	07/27/2021	04/27/2017	1,552	1,487	4,971,000.00		5,000,000.00	5,000,000.00
3134GBHF2	6358	FHLMC	5,000,000.00	1.800	04/28/2020	04/28/2017	1,096	1,032	4,988,850.00		5,000,000.00	5,000,000.00
3134GBJL7	6393	FHLMC	5,000,000.00	2.000	08/10/2021	05/24/2017	1,539	1,501	4,983,900.00	3,888.89	5,000,000.00	5,000,000.00
3135G0UE1	5685	FNMA	5,000,000.00	1.000	02/14/2018	02/14/2013	1,826	228	4,993,250.00		4,993,750.00	4,999,225.69
3136G2WV5	6034	FNMA	5,000,000.00	1.220	01/25/2019	01/29/2016	1,092	573	4,980,800.00		5,000,000.00	5,000,000.00
3135G0J38	6049	FNMA	5,000,000.00	1.250	02/26/2019	02/26/2016	1,096	605	4,986,700.00		5,000,000.00	5,000,000.00
3136G3MG7	6085	FNMA	5,000,000.00	1.500	05/18/2020	05/18/2016	1,461	1,052	4,959,650.00		5,000,000.00	5,000,000.00
3136G3MN2	6092	FNMA	5,000,000.00	0.750	05/24/2019	05/24/2016	1,095	692	4,985,350.00		5,000,000.00	5,000,000.00

County Pool 2016-2017
Portfolio Management
Investment Status Report - Investments
June 30, 2017

CUSIP	Investment #	Issuer	Par Value	Stated Rate	Maturity Date	Purchase Date	Term	Days to Maturity	Market Value	Accrued Interest At Purchase	Current Principal	Book Value
Federal Agency Coupon - Callables												
3136G3MH5	6098	FNMA	5,000,000.00	1.250	05/30/2019	06/07/2016	1,087	698	4,936,400.00	Received	5,000,000.00	5,000,000.00
3136G3TN5	6114	FNMA	5,000,000.00	1.210	12/30/2019	06/30/2016	1,278	912	4,935,200.00		5,000,000.00	5,000,000.00
3136G3F59	6135	FNMA	5,000,000.00	1.060	04/26/2019	07/26/2016	1,004	664	4,946,950.00		5,000,000.00	5,000,000.00
3136G3ZT5	6136	FNMA	5,000,000.00	0.750	07/26/2019	07/26/2016	1,095	755	4,964,000.00		5,000,000.00	5,000,000.00
3135G0M91	6138	FNMA	5,000,000.00	1.125	07/26/2019	08/10/2016	1,080	755	4,956,800.00	Received	4,995,700.00	4,996,994.84
3136G3U86	6143	FNMA	5,000,000.00	1.300	08/25/2020	08/25/2016	1,461	1,151	4,936,750.00		5,000,000.00	5,000,000.00
3135G0L68	6148	FNMA	5,000,000.00	0.750	07/27/2018	10/04/2016	661	391	4,972,200.00	Received	4,985,850.00	4,991,635.68
3136G4DR1	6152	FNMA	5,000,000.00	1.100	10/17/2019	10/17/2016	1,095	838	4,956,200.00		4,992,500.00	4,994,263.89
3136G4GU1	6177	FNMA	5,000,000.00	1.400	11/25/2019	11/30/2016	1,090	877	4,976,750.00	Received	4,983,000.00	4,986,336.74
3136G3K53	6178	FNMA	5,000,000.00	1.260	08/02/2019	12/02/2016	973	762	4,971,450.00	Received	4,972,500.00	4,978,486.98
3135G0L68	6188	FNMA	5,000,000.00	0.750	07/27/2018	12/08/2016	596	391	4,972,200.00	Received	4,971,500.00	4,981,322.58
3136G4JR5	6223	FNMA	5,000,000.00	1.625	03/27/2020	12/27/2016	1,186	1,000	4,994,900.00		5,000,000.00	5,000,000.00
3136G4KD4	6224	FNMA	5,000,000.00	1.750	06/29/2020	12/29/2016	1,278	1,094	4,993,050.00		5,000,000.00	5,000,000.00
3136G4KD4	6225	FNMA	5,000,000.00	1.750	06/29/2020	12/29/2016	1,278	1,094	4,993,050.00		4,995,000.00	4,995,722.22
3136G4LC5	6241	FNMA	5,000,000.00	2.300	01/31/2022	01/31/2017	1,826	1,675	5,000,300.00		5,000,000.00	5,000,000.00
3136G4LE1	6246	FNMA	5,000,000.00	2.250	02/14/2022	02/14/2017	1,826	1,689	5,000,000.00		5,000,000.00	5,000,000.00
3136G4KW2	6247	FNMA	3,200,000.00	1.650	02/14/2020	02/14/2017	1,095	958	3,195,328.00		3,200,000.00	3,200,000.00
3136G4KQ5	6252	FNMA	5,000,000.00	1.650	01/17/2020	03/03/2017	1,050	930	5,001,400.00	10,541.67	4,990,850.00	4,991,894.20
3136G2YL5	6285	FNMA	5,000,000.00	1.125	02/26/2021	04/06/2017	1,422	1,336	4,994,150.00	6,250.00	4,993,750.00	4,994,129.46
Federal Agency Coupon - Callables Totals			369,833,000.00				1,215	891	367,594,120.50	29,656.26	369,635,138.77	369,688,026.24
Investment Totals			1,412,284,483.00				646	405	1,407,007,004.40	86,908.16	1,407,761,635.19	1,409,738,281.96

Santa Barbara County

Monthly
Purchases Report
Sorted by Fund - Fund
April 1, 2017 - June 30, 2017

CUSIP	Investment #	Fund	Sec. Type	Issuer	Original Par Value	Purchase Date	Payment Periods	Principal Purchased	Accrued Interest at Purchase	Rate at Purchase	Maturity Date	YTM	Ending Book Value
Treasurer's Pooled Investments													
313589DX8	6275	1	AFD	FNMA	10,000,000.00	04/03/2017	04/04 - At Maturity	9,999,805.56		0.700	04/04/2017	0.710	0.00
313385DY9	6277	1	AFD	FHLBDN	5,000,000.00	04/04/2017	04/05 - At Maturity	4,999,905.56		0.680	04/05/2017	0.689	0.00
313589DY6	6276	1	AFD	FNDN	20,000,000.00	04/04/2017	04/05 - At Maturity	19,999,611.11		0.700	04/05/2017	0.710	0.00
313313JY5	6280	1	AFD	FFCBDN	5,000,000.00	04/05/2017	08/03 - At Maturity	4,986,500.00		0.810	08/03/2017	0.823	4,996,287.50
3130A9WE7	6279	1	MC1	FHLB	5,000,000.00	04/05/2017	05/23 - Final Pmt.	4,998,800.00	Sold	0.625	11/23/2018	1.901	0.00
313589DZ3	6278	1	AFD	FNDN	10,000,000.00	04/05/2017	04/06 - At Maturity	9,999,805.56		0.700	04/06/2017	0.710	0.00
313385EA0	6281	1	AFD	FHDN	20,000,000.00	04/06/2017	04/07 - At Maturity	19,999,611.11		0.700	04/07/2017	0.710	0.00
313589EA7	6283	1	AFD	FNDN	10,000,000.00	04/06/2017	04/07 - At Maturity	9,999,805.56		0.700	04/07/2017	0.710	0.00
313589EA7	6286	1	AFD	FNDN	10,000,000.00	04/06/2017	04/07 - At Maturity	9,999,805.56		0.700	04/07/2017	0.710	0.00
3135G0TG8	6282	1	FAC	FNMA	5,000,000.00	04/06/2017	08/08 - 02/08	4,993,150.00	7,048.61	0.875	02/08/2018	1.039	4,995,077.98
3136G2YL5	6285	1	MC1	FNMA	5,000,000.00	04/06/2017	08/26 - 02/26	4,993,750.00	6,250.00	1.125	02/26/2021	2.390	4,994,129.46
912828R77	6284	1	TRC	USTR	5,000,000.00	04/06/2017	05/31 - 11/30	4,919,531.25	Received	1.375	05/31/2021	1.779	4,924,096.10
313385ED4	6288	1	AFD	FHDN	20,000,000.00	04/07/2017	04/10 - At Maturity	19,998,800.00		0.720	04/10/2017	0.730	0.00
313589ED1	6287	1	AFD	FNDN	20,000,000.00	04/07/2017	04/10 - At Maturity	19,998,833.33		0.700	04/10/2017	0.710	0.00
313313SE9	6292	1	AFD	FCDN	5,000,000.00	04/10/2017	01/24 - At Maturity	4,957,854.17		1.050	01/24/2018	1.072	4,969,812.50
313589EE9	6289	1	AFD	FNDN	20,000,000.00	04/10/2017	04/11 - At Maturity	19,999,611.11		0.700	04/11/2017	0.710	0.00
912828P53	6290	1	TRC	USTR	5,000,000.00	04/10/2017	08/15 - 02/15	4,952,343.75	5,593.92	0.750	02/15/2019	1.273	4,958,124.54
912828SD3	6291	1	TRC	USTR	5,000,000.00	04/10/2017	07/31 - 01/31	4,998,046.88	11,912.98	1.250	01/31/2019	1.272	4,998,289.17
313313EF1	6298	1	AFD	FCDN	20,000,000.00	04/11/2017	04/12 - At Maturity	19,999,600.00		0.720	04/12/2017	0.730	0.00
3134GBAG7	6297	1	MC1	FHLMC	5,000,000.00	04/11/2017	09/29 - 03/29	5,000,000.00	2,916.67	1.750	06/29/2020	1.750	5,000,000.00
313589EF6	6293	1	AFD	FNDN	20,000,000.00	04/11/2017	04/12 - At Maturity	19,999,611.11		0.700	04/12/2017	0.710	0.00
3135G0P49	6294	1	FAC	FNMA	5,000,000.00	04/11/2017	08/28 - 02/28	4,947,000.00	5,833.33	1.000	08/28/2019	1.456	4,951,947.49
9128282C3	6295	1	TRC	USTR	5,000,000.00	04/11/2017	08/31 - 02/28	4,970,117.19	4,279.89	0.750	08/31/2018	1.186	4,974,891.37
912828K82	6296	1	TRC	USTR	5,000,000.00	04/11/2017	08/15 - 02/15	4,988,281.25	7,596.69	1.000	08/15/2018	1.176	4,990,214.49
313385EG7	6300	1	AFD	FHDN	25,000,000.00	04/12/2017	04/13 - At Maturity	24,999,500.00		0.720	04/13/2017	0.730	0.00
313589EG4	6299	1	AFD	FNDN	20,000,000.00	04/12/2017	04/13 - At Maturity	19,999,611.11		0.700	04/13/2017	0.710	0.00
313313EL8	6302	1	AFD	FCDN	5,000,000.00	04/13/2017	04/17 - At Maturity	4,999,577.78		0.760	04/17/2017	0.771	0.00
313589EL3	6301	1	AFD	FNDN	20,000,000.00	04/13/2017	04/17 - At Maturity	19,998,444.44		0.700	04/17/2017	0.710	0.00
912796KU2	6303	1	ATD	US	5,000,000.00	04/13/2017	05/04 - At Maturity	4,997,841.67		0.740	05/04/2017	0.751	0.00
912796JP5	6304	1	ATD	US	10,000,000.00	04/13/2017	04/27 - At Maturity	9,997,083.33		0.750	04/27/2017	0.761	0.00
912796LA5	6305	1	ATD	US	5,000,000.00	04/13/2017	06/01 - At Maturity	4,995,100.00		0.720	06/01/2017	0.731	0.00
313313EM6	6307	1	AFD	FCDN	20,000,000.00	04/17/2017	04/18 - At Maturity	19,999,600.00		0.720	04/18/2017	0.730	0.00

Received = Accrued Interest at Purchase was received by report ending date.

Monthly
Purchases Report
April 1, 2017 - June 30, 2017

CUSIP	Investment #	Fund	Sec. Type	Issuer	Original Par Value	Purchase Date	Payment Periods	Principal Purchased	Accrued Interest at Purchase	Rate at Purchase	Maturity Date	YTM	Ending Book Value
Treasurer's Pooled Investments													
313385EM4	6306	1	AFD	FHDN	20,000,000.00	04/17/2017	04/18 - At Maturity	19,999,600.00		0.720	04/18/2017	0.730	0.00
313385HB5	6308	1	AFD	FHDN	5,000,000.00	04/17/2017	06/19 - At Maturity	4,993,218.75		0.775	06/19/2017	0.787	0.00
313385FU5	6309	1	AFD	FHDN	5,000,000.00	04/17/2017	05/19 - At Maturity	4,996,600.00		0.765	05/19/2017	0.776	0.00
313313EN4	6312	1	AFD	FCDN	20,000,000.00	04/18/2017	04/19 - At Maturity	19,999,600.00		0.720	04/19/2017	0.730	0.00
313313TQ1	6314	1	AFD	FCDN	5,000,000.00	04/18/2017	02/27 - At Maturity	4,953,625.00		1.060	02/27/2018	1.082	4,964,519.44
3133EHEJ8	6313	1	MC1	FFCB	5,000,000.00	04/18/2017	07/03 - 01/03	5,000,000.00	3,385.42	1.625	01/03/2020	1.625	5,000,000.00
313385GA8	6310	1	AFD	FHDN	5,000,000.00	04/18/2017	05/25 - At Maturity	4,996,043.06		0.770	05/25/2017	0.781	0.00
313385EN2	6311	1	AFD	FHDN	20,000,000.00	04/18/2017	04/19 - At Maturity	19,999,600.00		0.720	04/19/2017	0.730	0.00
313385HC3	6315	1	AFD	FHDN	5,000,000.00	04/18/2017	06/20 - At Maturity	4,993,087.50		0.790	06/20/2017	0.802	0.00
313313EP9	6318	1	AFD	FCDN	15,000,000.00	04/19/2017	04/20 - At Maturity	14,999,687.50		0.750	04/20/2017	0.760	0.00
313313KD9	6322	1	AFD	FCDN	5,000,000.00	04/19/2017	08/08 - At Maturity	4,986,741.67		0.860	08/08/2017	0.874	4,995,461.11
313385EP7	6316	1	AFD	FHDN	20,000,000.00	04/19/2017	04/20 - At Maturity	19,999,583.33		0.750	04/20/2017	0.760	0.00
313385EP7	6317	1	AFD	FHDN	5,000,000.00	04/19/2017	04/20 - At Maturity	4,999,895.83		0.750	04/20/2017	0.760	0.00
313385EU6	6319	1	AFD	FHDN	10,000,000.00	04/19/2017	04/25 - At Maturity	9,998,750.00		0.750	04/25/2017	0.761	0.00
313385EV4	6320	1	AFD	FHDN	10,000,000.00	04/19/2017	04/26 - At Maturity	9,998,541.67		0.750	04/26/2017	0.761	0.00
313385FJ0	6323	1	AFD	FHDN	5,000,000.00	04/19/2017	05/09 - At Maturity	4,997,888.89		0.760	05/09/2017	0.771	0.00
313385FM3	6324	1	AFD	FHDN	5,000,000.00	04/19/2017	05/12 - At Maturity	4,997,572.22		0.760	05/12/2017	0.771	0.00
313385FX9	6325	1	AFD	FHDN	5,000,000.00	04/19/2017	05/22 - At Maturity	4,996,470.83		0.770	05/22/2017	0.781	0.00
313385FY7	6326	1	AFD	FHDN	5,000,000.00	04/19/2017	05/23 - At Maturity	4,996,363.89		0.770	05/23/2017	0.781	0.00
313385HK5	6327	1	AFD	FHDN	5,000,000.00	04/19/2017	06/27 - At Maturity	4,992,429.17		0.790	06/27/2017	0.802	0.00
313385HL3	6328	1	AFD	FHDN	5,000,000.00	04/19/2017	06/28 - At Maturity	4,992,319.44		0.790	06/28/2017	0.802	0.00
313385HM1	6321	1	AFD	FHLBDN	5,000,000.00	04/19/2017	06/29 - At Maturity	4,992,209.72		0.790	06/29/2017	0.802	0.00
313313EQ7	6329	1	AFD	FCDN	10,000,000.00	04/20/2017	04/21 - At Maturity	9,999,794.44		0.740	04/21/2017	0.750	0.00
313385EQ5	6330	1	AFD	FHDN	10,000,000.00	04/20/2017	04/21 - At Maturity	9,999,794.44		0.740	04/21/2017	0.750	0.00
313385EQ5	6331	1	AFD	FHDN	20,000,000.00	04/20/2017	04/21 - At Maturity	19,999,588.89		0.740	04/21/2017	0.750	0.00
313385HK5	6333	1	AFD	FHDN	5,000,000.00	04/20/2017	06/27 - At Maturity	4,992,633.33		0.780	06/27/2017	0.792	0.00
313385HR0	6334	1	AFD	FHDN	5,000,000.00	04/20/2017	07/03 - At Maturity	4,991,983.33		0.780	07/03/2017	0.792	4,999,783.33
313385HJ8	6332	1	AFD	FHLB	5,000,000.00	04/20/2017	06/26 - At Maturity	4,992,741.67		0.780	06/26/2017	0.792	0.00
313385JR8	6335	1	AFD	FHLB	5,000,000.00	04/20/2017	07/27 - At Maturity	4,988,702.78		0.830	07/27/2017	0.843	4,997,002.78
313313ET1	6339	1	AFD	FCDN	10,000,000.00	04/21/2017	04/24 - At Maturity	9,999,383.33		0.740	04/24/2017	0.750	0.00
313385ET9	6338	1	AFD	FHDN	10,000,000.00	04/21/2017	04/24 - At Maturity	9,999,383.33		0.740	04/24/2017	0.750	0.00
313385ET9	6340	1	AFD	FHDN	20,000,000.00	04/21/2017	04/24 - At Maturity	19,998,766.67		0.740	04/24/2017	0.750	0.00
313385LR5	6336	1	AFD	FHLB	5,000,000.00	04/21/2017	09/13 - At Maturity	4,981,875.00		0.900	09/13/2017	0.916	4,990,750.00
313385LW4	6337	1	AFD	FHLB	5,000,000.00	04/21/2017	09/18 - At Maturity	4,981,250.00		0.900	09/18/2017	0.916	4,990,125.00
313397LK5	6341	1	AFD	FMCDN	5,000,000.00	04/21/2017	09/07 - At Maturity	4,983,397.22		0.860	09/07/2017	0.875	4,991,877.78
313313EU8	6343	1	AFD	FCDN	15,000,000.00	04/24/2017	04/25 - At Maturity	14,999,687.50		0.750	04/25/2017	0.760	0.00

Monthly
Purchases Report
April 1, 2017 - June 30, 2017

CUSIP	Investment #	Fund	Sec. Type	Issuer	Original Par Value	Purchase Date	Payment Periods	Principal Purchased	Accrued Interest at Purchase	Rate at Purchase	Maturity Date	YTM	Ending Book Value
Treasurer's Pooled Investments													
313385EU6	6344	1	AFD	FHDN	5,000,000.00	04/24/2017	04/25 - At Maturity	4,999,895.83		0.750	04/25/2017	0.760	0.00
313385EU6	6345	1	AFD	FHDN	20,000,000.00	04/24/2017	04/25 - At Maturity	19,999,583.33		0.750	04/25/2017	0.760	0.00
313385HR0	6346	1	AFD	FHDN	5,000,000.00	04/24/2017	07/03 - At Maturity	4,992,222.22		0.800	07/03/2017	0.812	4,999,777.78
3130AB3T1	6342	1	MC1	FHLB	5,000,000.00	04/24/2017	10/24 - 04/24	5,000,000.00		1.750	07/24/2020	1.750	5,000,000.00
313313EV6	6348	1	AFD	FCDN	10,000,000.00	04/25/2017	04/26 - At Maturity	9,999,791.67		0.750	04/26/2017	0.760	0.00
313385EV4	6349	1	AFD	FHDN	20,000,000.00	04/25/2017	04/26 - At Maturity	19,999,583.33		0.750	04/26/2017	0.760	0.00
313385EV4	6350	1	AFD	FHDN	10,000,000.00	04/25/2017	04/26 - At Maturity	9,999,791.67		0.750	04/26/2017	0.760	0.00
313385HJ8	6347	1	AFD	FHLB	5,000,000.00	04/25/2017	06/26 - At Maturity	4,993,197.22		0.790	06/26/2017	0.802	0.00
313313EW4	6353	1	AFD	FCDN	10,000,000.00	04/26/2017	04/27 - At Maturity	9,999,791.67		0.750	04/27/2017	0.760	0.00
313385EW2	6351	1	AFD	FHLB	20,000,000.00	04/26/2017	04/27 - At Maturity	19,999,583.33		0.750	04/27/2017	0.760	0.00
313385EW2	6352	1	AFD	FHLB	10,000,000.00	04/26/2017	04/27 - At Maturity	9,999,791.67		0.750	04/27/2017	0.760	0.00
3133EHHB2	6355	1	FAC	FFCB	5,000,000.00	04/27/2017	10/27 - 04/27	4,991,000.00		1.450	04/27/2020	1.512	4,991,533.33
313313EX2	6356	1	AFD	FFCBDN	20,000,000.00	04/27/2017	04/28 - At Maturity	19,999,583.33		0.750	04/28/2017	0.760	0.00
3134GBFV9	6354	1	MC1	FHLMC	5,000,000.00	04/27/2017	10/27 - 04/27	5,000,000.00		1.250	04/27/2020	1.910	5,000,000.00
3134GBJF0	6357	1	MC1	FHLMC	5,000,000.00	04/27/2017	07/27 - 01/27	5,000,000.00		1.800	07/27/2021	1.800	5,000,000.00
3134GBHF2	6358	1	MC1	FHLMC	5,000,000.00	04/28/2017	10/28 - 04/28	5,000,000.00		1.800	04/28/2020	1.800	5,000,000.00
313385FE1	6359	1	AFD	FHDN	20,000,000.00	05/04/2017	05/05 - At Maturity	19,999,583.33		0.750	05/05/2017	0.760	0.00
313385WH5	6360	1	AFD	FHLB	5,000,000.00	05/04/2017	05/03 - At Maturity	4,941,861.11		1.150	05/03/2018	1.176	4,951,125.00
313313FH6	6363	1	AFD	FCDN	10,000,000.00	05/05/2017	05/08 - At Maturity	9,999,375.00		0.750	05/08/2017	0.760	0.00
313385KV7	6361	1	AFD	FHLB	3,500,000.00	05/05/2017	08/24 - At Maturity	3,490,179.58		0.910	08/24/2017	0.925	3,495,222.50
313385FH4	6362	1	AFD	FHLB	10,000,000.00	05/05/2017	05/08 - At Maturity	9,999,375.00		0.750	05/08/2017	0.760	0.00
313385KS4	6364	1	AFD	FHLB	5,000,000.00	05/05/2017	08/21 - At Maturity	4,986,350.00		0.910	08/21/2017	0.925	4,993,554.17
313313FJ2	6366	1	AFD	FCDN	10,000,000.00	05/08/2017	05/09 - At Maturity	9,999,794.44		0.740	05/09/2017	0.750	0.00
313385FJ0	6365	1	AFD	FHDN	10,000,000.00	05/08/2017	05/09 - At Maturity	9,999,794.44		0.740	05/09/2017	0.750	0.00
313313FK9	6367	1	AFD	FCDN	10,000,000.00	05/09/2017	05/10 - At Maturity	9,999,791.67		0.750	05/10/2017	0.760	0.00
313385FK7	6368	1	AFD	FHDN	5,000,000.00	05/09/2017	05/10 - At Maturity	4,999,895.83		0.750	05/10/2017	0.760	0.00
313385FK7	6369	1	AFD	FHDN	5,000,000.00	05/09/2017	05/10 - At Maturity	4,999,895.83		0.750	05/10/2017	0.760	0.00
313313FL7	6371	1	AFD	FCDN	5,000,000.00	05/10/2017	05/11 - At Maturity	4,999,895.83		0.750	05/11/2017	0.760	0.00
313385FL5	6370	1	AFD	FHDN	10,000,000.00	05/10/2017	05/11 - At Maturity	9,999,791.67		0.750	05/11/2017	0.760	0.00
313313FM5	6373	1	AFD	FCDN	5,000,000.00	05/11/2017	05/12 - At Maturity	4,999,895.83		0.750	05/12/2017	0.760	0.00
313385FM3	6372	1	AFD	FHDN	10,000,000.00	05/11/2017	05/12 - At Maturity	9,999,791.67		0.750	05/12/2017	0.760	0.00
3133EHJG9	6375	1	FAC	FFCB	5,000,000.00	05/15/2017	11/15 - 05/15	4,999,500.00		1.400	05/15/2019	1.405	4,999,531.94
313385FR2	6374	1	AFD	FHLBDN	15,000,000.00	05/15/2017	05/16 - At Maturity	14,999,687.50		0.750	05/16/2017	0.760	0.00
313313FS2	6376	1	AFD	FCDN	5,000,000.00	05/16/2017	05/17 - At Maturity	4,999,895.83		0.750	05/17/2017	0.760	0.00
313385FS0	6377	1	AFD	FHLBDN	15,000,000.00	05/16/2017	05/17 - At Maturity	14,999,687.50		0.750	05/17/2017	0.760	0.00
313313FT0	6379	1	AFD	FFCBDN	5,000,000.00	05/17/2017	05/18 - At Maturity	4,999,895.83		0.750	05/18/2017	0.760	0.00

Monthly
Purchases Report
April 1, 2017 - June 30, 2017

CUSIP	Investment #	Fund	Sec. Type	Issuer	Original Par Value	Purchase Date	Payment Periods	Principal Purchased	Accrued Interest at Purchase	Rate at Purchase	Maturity Date	YTM	Ending Book Value
Treasurer's Pooled Investments													
313385HT6	6378	1	AFD	FHDN	5,000,000.00	05/17/2017	07/05 - At Maturity	4,994,351.39		0.830	07/05/2017	0.842	4,999,538.89
313385KF2	6381	1	AFD	FHDN	5,000,000.00	05/17/2017	08/10 - At Maturity	4,989,079.86		0.925	08/10/2017	0.940	4,994,861.11
313385FT8	6380	1	AFD	FHLBDN	15,000,000.00	05/17/2017	05/18 - At Maturity	14,999,687.50		0.750	05/18/2017	0.760	0.00
313313FU7	6383	1	AFD	FCDN	5,000,000.00	05/18/2017	05/19 - At Maturity	4,999,895.83		0.750	05/19/2017	0.760	0.00
313385LB0	6382	1	AFD	FHDN	5,000,000.00	05/18/2017	08/30 - At Maturity	4,986,277.78		0.950	08/30/2017	0.966	4,992,083.33
313385FU5	6384	1	AFD	FHDN	10,000,000.00	05/18/2017	05/19 - At Maturity	9,999,791.67		0.750	05/19/2017	0.760	0.00
313313FX1	6385	1	AFD	FCDN	5,000,000.00	05/19/2017	05/22 - At Maturity	4,999,687.50		0.750	05/22/2017	0.760	0.00
313385FX9	6386	1	AFD	FHDN	10,000,000.00	05/19/2017	05/22 - At Maturity	9,999,375.00		0.750	05/22/2017	0.760	0.00
313385FX9	6387	1	AFD	FHDN	10,000,000.00	05/19/2017	05/22 - At Maturity	9,999,375.00		0.750	05/22/2017	0.760	0.00
313313FY9	6389	1	AFD	FCDN	5,000,000.00	05/22/2017	05/23 - At Maturity	4,999,895.83		0.750	05/23/2017	0.760	0.00
313385FY7	6388	1	AFD	FHDN	5,000,000.00	05/22/2017	05/23 - At Maturity	4,999,895.83		0.750	05/23/2017	0.760	0.00
3133EHKH5	6392	1	FAC	FFCB	5,000,000.00	05/23/2017	07/23 - 01/23	4,997,400.00		1.570	07/23/2020	1.587	4,997,486.67
313313FZ6	6391	1	AFD	FFCBDN	5,000,000.00	05/23/2017	05/24 - At Maturity	4,999,895.83		0.750	05/24/2017	0.760	0.00
313385FZ4	6390	1	AFD	FHLBDN	10,000,000.00	05/23/2017	05/24 - At Maturity	9,999,791.67		0.750	05/24/2017	0.760	0.00
313313GA0	6395	1	AFD	FCDN	5,000,000.00	05/24/2017	05/25 - At Maturity	4,999,895.83		0.750	05/25/2017	0.760	0.00
313385GA8	6394	1	AFD	FHDN	10,000,000.00	05/24/2017	05/25 - At Maturity	9,999,791.67		0.750	05/25/2017	0.760	0.00
3134GBJL7	6393	1	MC1	FHLMC	5,000,000.00	05/24/2017	08/10 - 02/10	5,000,000.00	3,888.89	2.000	08/10/2021	2.000	5,000,000.00
313313GB8	6397	1	AFD	FCDN	5,000,000.00	05/25/2017	05/26 - At Maturity	4,999,895.83		0.750	05/26/2017	0.760	0.00
313385GB6	6396	1	AFD	FHLB	15,000,000.00	05/25/2017	05/26 - At Maturity	14,999,687.50		0.750	05/26/2017	0.760	0.00
313385GB6	6398	1	AFD	FHLB	5,000,000.00	05/25/2017	05/26 - At Maturity	4,999,895.83		0.750	05/26/2017	0.760	0.00
313313GF9	6400	1	AFD	FFCBDN	5,000,000.00	05/26/2017	05/30 - At Maturity	4,999,594.44		0.730	05/30/2017	0.740	0.00
313385GF7	6399	1	AFD	FHDN	20,000,000.00	05/26/2017	05/30 - At Maturity	19,998,377.78		0.730	05/30/2017	0.740	0.00
313313GG7	6403	1	AFD	FCDN	5,000,000.00	05/30/2017	05/31 - At Maturity	4,999,898.61		0.730	05/31/2017	0.740	0.00
313385GG5	6401	1	AFD	FHDN	20,000,000.00	05/30/2017	05/31 - At Maturity	19,999,594.44		0.730	05/31/2017	0.740	0.00
313385JH0	6402	1	AFD	FHDN	5,000,000.00	05/30/2017	07/19 - At Maturity	4,993,541.67		0.930	07/19/2017	0.944	4,997,675.00
313385XL5	6404	1	AFD	FHDN	5,000,000.00	05/30/2017	05/30 - At Maturity	4,937,645.83		1.230	05/30/2018	1.259	4,943,112.50
313313GH5	6406	1	AFD	FCDN	5,000,000.00	05/31/2017	06/01 - At Maturity	4,999,902.78		0.700	06/01/2017	0.710	0.00
313385HF6	6405	1	AFD	FHDN	10,000,000.00	05/31/2017	06/23 - At Maturity	9,995,112.50		0.765	06/23/2017	0.776	0.00
313313GJ1	6411	1	AFD	FCDN	5,000,000.00	06/01/2017	06/02 - At Maturity	4,999,895.83		0.750	06/02/2017	0.760	0.00
313385JF4	6409	1	AFD	FHDN	5,000,000.00	06/01/2017	07/17 - At Maturity	4,994,026.39		0.935	07/17/2017	0.949	4,997,922.22
313385GJ9	6410	1	AFD	FHDN	20,000,000.00	06/01/2017	06/02 - At Maturity	19,999,583.33		0.750	06/02/2017	0.760	0.00
313385JP2	6412	1	AFD	FHDN	5,000,000.00	06/01/2017	07/25 - At Maturity	4,992,875.00		0.950	07/25/2017	0.965	4,996,833.33
313385GM2	6414	1	AFD	FHDN	20,000,000.00	06/02/2017	06/05 - At Maturity	19,998,783.33		0.730	06/05/2017	0.740	0.00
3135G0WJ8	6413	1	FAC	FNMA	5,000,000.00	06/02/2017	11/21 - 05/21	4,983,400.00	1,336.81	0.875	05/21/2018	1.220	4,984,779.37
313385GN0	6415	1	AFD	FHLBDN	20,000,000.00	06/05/2017	06/06 - At Maturity	19,999,594.44		0.730	06/06/2017	0.740	0.00
313385GP5	6416	1	AFD	FHDN	10,000,000.00	06/06/2017	06/07 - At Maturity	9,999,797.22		0.730	06/07/2017	0.740	0.00

Monthly
Purchases Report
April 1, 2017 - June 30, 2017

CUSIP	Investment #	Fund	Sec. Type	Issuer	Original Par Value	Purchase Date	Payment Periods	Principal Purchased	Accrued Interest at Purchase	Rate at Purchase	Maturity Date	YTM	Ending Book Value
Treasurer's Pooled Investments													
313385GQ3	6417	1	AFD	FHLBDN	10,000,000.00	06/07/2017	06/08 - At Maturity	9,999,797.22		0.730	06/08/2017	0.740	0.00
313313XC7	6419	1	AFD	FCDN	5,000,000.00	06/08/2017	05/22 - At Maturity	4,942,000.00		1.200	05/22/2018	1.227	4,945,833.33
313385GR1	6418	1	AFD	FHDN	15,000,000.00	06/08/2017	06/09 - At Maturity	14,999,687.50		0.750	06/09/2017	0.760	0.00
313313GU6	6420	1	AFD	FCDN	5,000,000.00	06/09/2017	06/12 - At Maturity	4,999,695.83		0.730	06/12/2017	0.740	0.00
313385GU4	6421	1	AFD	FHLB	5,000,000.00	06/09/2017	06/12 - At Maturity	4,999,695.83		0.730	06/12/2017	0.740	0.00
3133EHMR1	6422	1	FAC	FFCB	5,000,000.00	06/12/2017	12/12 - 06/12	5,000,000.00		1.375	06/12/2019	1.375	5,000,000.00
313385GY6	6423	1	AFD	FHLB	10,000,000.00	06/15/2017	06/16 - At Maturity	9,999,763.89		0.850	06/16/2017	0.862	0.00
313385HB5	6424	1	AFD	FHDN	10,000,000.00	06/16/2017	06/19 - At Maturity	9,999,183.33		0.980	06/19/2017	0.994	0.00
313385HC3	6425	1	AFD	FHDN	15,000,000.00	06/19/2017	06/20 - At Maturity	14,999,595.83		0.970	06/20/2017	0.983	0.00
313313HD3	6426	1	AFD	FCDN	10,000,000.00	06/20/2017	06/21 - At Maturity	9,999,722.22		1.000	06/21/2017	1.014	0.00
313313HE1	6427	1	AFD	FCDN	15,000,000.00	06/21/2017	06/22 - At Maturity	14,999,583.33		1.000	06/22/2017	1.014	0.00
313313HF8	6428	1	AFD	FCDN	20,000,000.00	06/22/2017	06/23 - At Maturity	19,999,444.44		1.000	06/23/2017	1.014	0.00
313385HZ2	6429	1	AFD	FHDN	5,000,000.00	06/22/2017	07/11 - At Maturity	4,997,493.06		0.950	07/11/2017	0.964	4,998,680.56
313313HJ0	6431	1	AFD	FCDN	20,000,000.00	06/23/2017	06/26 - At Maturity	19,998,383.33		0.970	06/26/2017	0.984	0.00
313385JZ0	6430	1	AFD	FHDN	5,000,000.00	06/23/2017	08/04 - At Maturity	4,994,108.33		1.010	08/04/2017	1.025	4,995,230.55
313385HK5	6432	1	AFD	FHDN	30,000,000.00	06/26/2017	06/27 - At Maturity	29,999,191.67		0.970	06/27/2017	0.983	0.00
313313HL5	6433	1	AFD	FCDN	30,000,000.00	06/27/2017	06/28 - At Maturity	29,999,208.33		0.950	06/28/2017	0.963	0.00
313313YQ5	6434	1	AFD	FCDN	5,000,000.00	06/28/2017	06/27 - At Maturity	4,936,805.56		1.250	06/27/2018	1.280	4,937,326.39
313313JX7	6435	1	AFD	FCDN	5,000,000.00	06/28/2017	08/02 - At Maturity	4,995,187.50		0.990	08/02/2017	1.005	4,995,600.00
313385HM1	6436	1	AFD	FHLBDN	40,000,000.00	06/28/2017	06/29 - At Maturity	39,999,000.00		0.900	06/29/2017	0.913	0.00
313313HN1	6437	1	AFD	FCDN	30,000,000.00	06/29/2017	06/30 - At Maturity	29,999,250.00		0.900	06/30/2017	0.913	0.00
313385LD6	6438	1	AFD	FHDN	5,000,000.00	06/29/2017	09/01 - At Maturity	4,991,022.22		1.010	09/01/2017	1.026	4,991,302.78
313385KK1	6439	1	AFD	FHDN	5,000,000.00	06/29/2017	08/14 - At Maturity	4,993,738.89		0.980	08/14/2017	0.995	4,994,011.11
313385MD5	6441	1	AFD	FHDN	5,000,000.00	06/29/2017	09/25 - At Maturity	4,987,533.33		1.020	09/25/2017	1.037	4,987,816.66
313385ME3	6442	1	AFD	FHDN	5,000,000.00	06/29/2017	09/26 - At Maturity	4,987,391.67		1.020	09/26/2017	1.037	4,987,675.00
3130ABNQ5	6440	1	MC1	FHLB	5,000,000.00	06/29/2017	12/26 - 06/26	4,992,500.00	677.08	1.625	06/26/2020	1.677	4,992,513.93
313313HR2	6443	1	AFD	FCDN	15,000,000.00	06/30/2017	07/03 - At Maturity	14,999,062.50		0.750	07/03/2017	0.760	14,999,375.00
313385YR1	6444	1	AFD	FHDN	4,274,000.00	06/30/2017	06/28 - At Maturity	4,221,853.64		1.210	06/28/2018	1.238	4,221,997.29
				Subtotal	1,652,774,000.00			1,651,748,592.34	60,720.29				267,064,789.78
				Total Purchases	1,652,774,000.00			1,651,748,592.34	60,720.29				267,064,789.78

Santa Barbara County

Monthly
Maturity Report
Sorted by Maturity Date
Amounts due during April 1, 2017 - June 30, 2017

CUSIP	Investment #	Fund	Sec. Type	Issuer	Par Value	Maturity Date	Purchase Date	Rate at Maturity	Book Value at Maturity	Interest	Maturity Proceeds	Net Income
3130A7P25	6058	1	FAC	FHLB	5,000,000.00	04/04/2017	04/04/2016	0.625	5,000,000.00	15,625.00	5,015,625.00	15,625.00
313589DX8	6275	1	AFD	FNMA	10,000,000.00	04/04/2017	04/03/2017	0.700	10,000,000.00	0.00	10,000,000.00	0.00
313385DY9	6277	1	AFD	FHLBDN	5,000,000.00	04/05/2017	04/04/2017	0.680	5,000,000.00	0.00	5,000,000.00	0.00
313589DY6	6276	1	AFD	FNDN	20,000,000.00	04/05/2017	04/04/2017	0.700	20,000,000.00	0.00	20,000,000.00	0.00
313589DZ3	6278	1	AFD	FNDN	10,000,000.00	04/06/2017	04/05/2017	0.700	10,000,000.00	0.00	10,000,000.00	0.00
313385EA0	6281	1	AFD	FHDN	20,000,000.00	04/07/2017	04/06/2017	0.700	20,000,000.00	0.00	20,000,000.00	0.00
313589EA7	6283	1	AFD	FNDN	10,000,000.00	04/07/2017	04/06/2017	0.700	10,000,000.00	0.00	10,000,000.00	0.00
313589EA7	6286	1	AFD	FNDN	10,000,000.00	04/07/2017	04/06/2017	0.700	10,000,000.00	0.00	10,000,000.00	0.00
313385ED4	6288	1	AFD	FHDN	20,000,000.00	04/10/2017	04/07/2017	0.720	20,000,000.00	0.00	20,000,000.00	0.00
313589ED1	6287	1	AFD	FNDN	20,000,000.00	04/10/2017	04/07/2017	0.700	20,000,000.00	0.00	20,000,000.00	0.00
313589EE9	6289	1	AFD	FNDN	20,000,000.00	04/11/2017	04/10/2017	0.700	20,000,000.00	0.00	20,000,000.00	0.00
313313EF1	6298	1	AFD	FCDN	20,000,000.00	04/12/2017	04/11/2017	0.720	20,000,000.00	0.00	20,000,000.00	0.00
313589EF6	6293	1	AFD	FNDN	20,000,000.00	04/12/2017	04/11/2017	0.700	20,000,000.00	0.00	20,000,000.00	0.00
313385EG7	6300	1	AFD	FHDN	25,000,000.00	04/13/2017	04/12/2017	0.720	25,000,000.00	0.00	25,000,000.00	0.00
313589EG4	6299	1	AFD	FNDN	20,000,000.00	04/13/2017	04/12/2017	0.700	20,000,000.00	0.00	20,000,000.00	0.00
313313EL8	6302	1	AFD	FCDN	5,000,000.00	04/17/2017	04/13/2017	0.760	5,000,000.00	0.00	5,000,000.00	0.00
313589EL3	6301	1	AFD	FNDN	20,000,000.00	04/17/2017	04/13/2017	0.700	20,000,000.00	0.00	20,000,000.00	0.00
313313EM6	6307	1	AFD	FCDN	20,000,000.00	04/18/2017	04/17/2017	0.720	20,000,000.00	0.00	20,000,000.00	0.00
313385EM4	6306	1	AFD	FHDN	20,000,000.00	04/18/2017	04/17/2017	0.720	20,000,000.00	0.00	20,000,000.00	0.00
313313EN4	6312	1	AFD	FCDN	20,000,000.00	04/19/2017	04/18/2017	0.720	20,000,000.00	0.00	20,000,000.00	0.00
313385EN2	6311	1	AFD	FHDN	20,000,000.00	04/19/2017	04/18/2017	0.720	20,000,000.00	0.00	20,000,000.00	0.00
313313EP9	6318	1	AFD	FCDN	15,000,000.00	04/20/2017	04/19/2017	0.750	15,000,000.00	0.00	15,000,000.00	0.00
313385EP7	6316	1	AFD	FHDN	20,000,000.00	04/20/2017	04/19/2017	0.750	20,000,000.00	0.00	20,000,000.00	0.00
313385EP7	6317	1	AFD	FHDN	5,000,000.00	04/20/2017	04/19/2017	0.750	5,000,000.00	0.00	5,000,000.00	0.00
313313EQ7	6329	1	AFD	FCDN	10,000,000.00	04/21/2017	04/20/2017	0.740	10,000,000.00	0.00	10,000,000.00	0.00
313385EQ5	6330	1	AFD	FHDN	10,000,000.00	04/21/2017	04/20/2017	0.740	10,000,000.00	0.00	10,000,000.00	0.00
313385EQ5	6331	1	AFD	FHDN	20,000,000.00	04/21/2017	04/20/2017	0.740	20,000,000.00	0.00	20,000,000.00	0.00
313313ET1	6339	1	AFD	FCDN	10,000,000.00	04/24/2017	04/21/2017	0.740	10,000,000.00	0.00	10,000,000.00	0.00
313385ET9	6338	1	AFD	FHDN	10,000,000.00	04/24/2017	04/21/2017	0.740	10,000,000.00	0.00	10,000,000.00	0.00
313385ET9	6340	1	AFD	FHDN	20,000,000.00	04/24/2017	04/21/2017	0.740	20,000,000.00	0.00	20,000,000.00	0.00
313313EU8	6343	1	AFD	FCDN	15,000,000.00	04/25/2017	04/24/2017	0.750	15,000,000.00	0.00	15,000,000.00	0.00
313385EU6	6319	1	AFD	FHDN	10,000,000.00	04/25/2017	04/19/2017	0.750	10,000,000.00	0.00	10,000,000.00	0.00
313385EU6	6344	1	AFD	FHDN	5,000,000.00	04/25/2017	04/24/2017	0.750	5,000,000.00	0.00	5,000,000.00	0.00
313385EU6	6345	1	AFD	FHDN	20,000,000.00	04/25/2017	04/24/2017	0.750	20,000,000.00	0.00	20,000,000.00	0.00
313313EV6	6348	1	AFD	FCDN	10,000,000.00	04/26/2017	04/25/2017	0.750	10,000,000.00	0.00	10,000,000.00	0.00

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313385EV4	6320	1	AFD	FHDN	10,000,000.00	04/26/2017	04/19/2017	0.750	10,000,000.00	0.00	10,000,000.00	0.00
313385EV4	6349	1	AFD	FHDN	20,000,000.00	04/26/2017	04/25/2017	0.750	20,000,000.00	0.00	20,000,000.00	0.00
313385EV4	6350	1	AFD	FHDN	10,000,000.00	04/26/2017	04/25/2017	0.750	10,000,000.00	0.00	10,000,000.00	0.00
313313EW4	6353	1	AFD	FCDN	10,000,000.00	04/27/2017	04/26/2017	0.750	10,000,000.00	0.00	10,000,000.00	0.00
313385EW2	6351	1	AFD	FHLB	20,000,000.00	04/27/2017	04/26/2017	0.750	20,000,000.00	0.00	20,000,000.00	0.00
313385EW2	6352	1	AFD	FHLB	10,000,000.00	04/27/2017	04/26/2017	0.750	10,000,000.00	0.00	10,000,000.00	0.00
912796JP5	6304	1	ATD	US	10,000,000.00	04/27/2017	04/13/2017	0.750	10,000,000.00	0.00	10,000,000.00	0.00
313313EX2	6356	1	AFD	FFCBDN	20,000,000.00	04/28/2017	04/27/2017	0.750	20,000,000.00	0.00	20,000,000.00	0.00
313385EX0	6173	1	AFD	FHLB	5,000,000.00	04/28/2017	11/29/2016	0.550	5,000,000.00	0.00	5,000,000.00	0.00
912828K66	5977	1	TRC	USTR	5,000,000.00	04/30/2017	11/20/2015	0.500	5,000,000.00	12,500.00	5,012,500.00	12,500.00
313385FA9	6078	1	AFD	FHLB	5,000,000.00	05/01/2017	05/03/2016	0.635	5,000,000.00	0.00	5,000,000.00	0.00
313385FA9	6116	1	AFD	FHLB	3,340,000.00	05/01/2017	07/05/2016	0.500	3,340,000.00	0.00	3,340,000.00	0.00
313385FB7	6079	1	AFD	FHDN	5,000,000.00	05/02/2017	05/03/2016	0.635	5,000,000.00	0.00	5,000,000.00	0.00
313385FC5	6077	1	AFD	FHDN	10,000,000.00	05/03/2017	05/03/2016	0.635	10,000,000.00	0.00	10,000,000.00	0.00
912796KU2	6303	1	ATD	US	5,000,000.00	05/04/2017	04/13/2017	0.740	5,000,000.00	0.00	5,000,000.00	0.00
313385FE1	6359	1	AFD	FHDN	20,000,000.00	05/05/2017	05/04/2017	0.750	20,000,000.00	0.00	20,000,000.00	0.00
313313FH6	6193	1	AFD	FCDN	5,000,000.00	05/08/2017	12/12/2016	0.630	5,000,000.00	0.00	5,000,000.00	0.00
313313FH6	6363	1	AFD	FCDN	10,000,000.00	05/08/2017	05/05/2017	0.750	10,000,000.00	0.00	10,000,000.00	0.00
313385FH4	6084	1	AFD	FHLB	1,400,000.00	05/08/2017	05/12/2016	0.610	1,400,000.00	0.00	1,400,000.00	0.00
313385FH4	6362	1	AFD	FHLB	10,000,000.00	05/08/2017	05/05/2017	0.750	10,000,000.00	0.00	10,000,000.00	0.00
313313FJ2	6366	1	AFD	FCDN	10,000,000.00	05/09/2017	05/08/2017	0.740	10,000,000.00	0.00	10,000,000.00	0.00
313385FJ0	6323	1	AFD	FHDN	5,000,000.00	05/09/2017	04/19/2017	0.760	5,000,000.00	0.00	5,000,000.00	0.00
313385FJ0	6365	1	AFD	FHDN	10,000,000.00	05/09/2017	05/08/2017	0.740	10,000,000.00	0.00	10,000,000.00	0.00
313313FK9	6367	1	AFD	FCDN	10,000,000.00	05/10/2017	05/09/2017	0.750	10,000,000.00	0.00	10,000,000.00	0.00
313385FK7	6368	1	AFD	FHDN	5,000,000.00	05/10/2017	05/09/2017	0.750	5,000,000.00	0.00	5,000,000.00	0.00
313385FK7	6369	1	AFD	FHDN	5,000,000.00	05/10/2017	05/09/2017	0.750	5,000,000.00	0.00	5,000,000.00	0.00
313313FL7	6371	1	AFD	FCDN	5,000,000.00	05/11/2017	05/10/2017	0.750	5,000,000.00	0.00	5,000,000.00	0.00
313385FL5	6370	1	AFD	FHDN	10,000,000.00	05/11/2017	05/10/2017	0.750	10,000,000.00	0.00	10,000,000.00	0.00
313313FM5	6373	1	AFD	FCDN	5,000,000.00	05/12/2017	05/11/2017	0.750	5,000,000.00	0.00	5,000,000.00	0.00
313385FM3	6324	1	AFD	FHDN	5,000,000.00	05/12/2017	04/19/2017	0.760	5,000,000.00	0.00	5,000,000.00	0.00
313385FM3	6372	1	AFD	FHDN	10,000,000.00	05/12/2017	05/11/2017	0.750	10,000,000.00	0.00	10,000,000.00	0.00
912828WH9	5986	1	TRC	USTR	5,000,000.00	05/15/2017	12/04/2015	0.875	5,000,000.00	21,875.00	5,021,875.00	21,875.00
313385FR2	6087	1	AFD	FHLBDN	5,000,000.00	05/16/2017	05/18/2016	0.640	5,000,000.00	0.00	5,000,000.00	0.00
313385FR2	6374	1	AFD	FHLBDN	15,000,000.00	05/16/2017	05/15/2017	0.750	15,000,000.00	0.00	15,000,000.00	0.00
313313FS2	6376	1	AFD	FCDN	5,000,000.00	05/17/2017	05/16/2017	0.750	5,000,000.00	0.00	5,000,000.00	0.00
313385FS0	6086	1	AFD	FHLBDN	5,000,000.00	05/17/2017	05/18/2016	0.640	5,000,000.00	0.00	5,000,000.00	0.00
313385FS0	6377	1	AFD	FHLBDN	15,000,000.00	05/17/2017	05/16/2017	0.750	15,000,000.00	0.00	15,000,000.00	0.00
313313FT0	6127	1	AFD	FFCBDN	5,000,000.00	05/18/2017	07/15/2016	0.560	5,000,000.00	0.00	5,000,000.00	0.00
313313FT0	6379	1	AFD	FFCBDN	5,000,000.00	05/18/2017	05/17/2017	0.750	5,000,000.00	0.00	5,000,000.00	0.00

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313385FT8	6089	1	AFD	FHLBDN	5,000,000.00	05/18/2017	05/19/2016	0.640	5,000,000.00	0.00	5,000,000.00	0.00
313385FT8	6380	1	AFD	FHLBDN	15,000,000.00	05/18/2017	05/17/2017	0.750	15,000,000.00	0.00	15,000,000.00	0.00
313313FU7	6383	1	AFD	FCDN	5,000,000.00	05/19/2017	05/18/2017	0.750	5,000,000.00	0.00	5,000,000.00	0.00
313385FU5	6309	1	AFD	FHDN	5,000,000.00	05/19/2017	04/17/2017	0.765	5,000,000.00	0.00	5,000,000.00	0.00
313385FU5	6384	1	AFD	FHDN	10,000,000.00	05/19/2017	05/18/2017	0.750	10,000,000.00	0.00	10,000,000.00	0.00
313313FX1	6385	1	AFD	FCDN	5,000,000.00	05/22/2017	05/19/2017	0.750	5,000,000.00	0.00	5,000,000.00	0.00
313385FX9	6325	1	AFD	FHDN	5,000,000.00	05/22/2017	04/19/2017	0.770	5,000,000.00	0.00	5,000,000.00	0.00
313385FX9	6386	1	AFD	FHDN	10,000,000.00	05/22/2017	05/19/2017	0.750	10,000,000.00	0.00	10,000,000.00	0.00
313385FX9	6387	1	AFD	FHDN	10,000,000.00	05/22/2017	05/19/2017	0.750	10,000,000.00	0.00	10,000,000.00	0.00
313313FY9	6389	1	AFD	FCDN	5,000,000.00	05/23/2017	05/22/2017	0.750	5,000,000.00	0.00	5,000,000.00	0.00
313385FY7	6326	1	AFD	FHDN	5,000,000.00	05/23/2017	04/19/2017	0.770	5,000,000.00	0.00	5,000,000.00	0.00
313385FY7	6388	1	AFD	FHDN	5,000,000.00	05/23/2017	05/22/2017	0.750	5,000,000.00	0.00	5,000,000.00	0.00
313313FZ6	6391	1	AFD	FFCBDN	5,000,000.00	05/24/2017	05/23/2017	0.750	5,000,000.00	0.00	5,000,000.00	0.00
313385FZ4	6390	1	AFD	FHLBDN	10,000,000.00	05/24/2017	05/23/2017	0.750	10,000,000.00	0.00	10,000,000.00	0.00
313313GA0	6395	1	AFD	FCDN	5,000,000.00	05/25/2017	05/24/2017	0.750	5,000,000.00	0.00	5,000,000.00	0.00
313385GA8	6310	1	AFD	FHDN	5,000,000.00	05/25/2017	04/18/2017	0.770	5,000,000.00	0.00	5,000,000.00	0.00
313385GA8	6394	1	AFD	FHDN	10,000,000.00	05/25/2017	05/24/2017	0.750	10,000,000.00	0.00	10,000,000.00	0.00
912796JT7	6214	1	ATD	US	5,000,000.00	05/25/2017	12/22/2016	0.610	5,000,000.00	0.00	5,000,000.00	0.00
313313GB8	6397	1	AFD	FCDN	5,000,000.00	05/26/2017	05/25/2017	0.750	5,000,000.00	0.00	5,000,000.00	0.00
313385GB6	6396	1	AFD	FHLB	15,000,000.00	05/26/2017	05/25/2017	0.750	15,000,000.00	0.00	15,000,000.00	0.00
313385GB6	6398	1	AFD	FHLB	5,000,000.00	05/26/2017	05/25/2017	0.750	5,000,000.00	0.00	5,000,000.00	0.00
313589GB3	6102	1	AFD	FNDN	5,000,000.00	05/26/2017	06/14/2016	0.570	5,000,000.00	0.00	5,000,000.00	0.00
313313GF9	6119	1	AFD	FFCBDN	5,000,000.00	05/30/2017	07/08/2016	0.530	5,000,000.00	0.00	5,000,000.00	0.00
313313GF9	6400	1	AFD	FFCBDN	5,000,000.00	05/30/2017	05/26/2017	0.730	5,000,000.00	0.00	5,000,000.00	0.00
313385GF7	6094	1	AFD	FHDN	5,000,000.00	05/30/2017	06/01/2016	0.730	5,000,000.00	0.00	5,000,000.00	0.00
313385GF7	6399	1	AFD	FHDN	20,000,000.00	05/30/2017	05/26/2017	0.730	20,000,000.00	0.00	20,000,000.00	0.00
3130A5EP0	6010	1	FAC	FHLB	5,000,000.00	05/30/2017	12/30/2015	0.625	5,000,000.00	15,625.00	5,015,625.00	15,625.00
313313GG7	6403	1	AFD	FCDN	5,000,000.00	05/31/2017	05/30/2017	0.730	5,000,000.00	0.00	5,000,000.00	0.00
313385GG5	6095	1	AFD	FHDN	1,700,000.00	05/31/2017	06/01/2016	0.730	1,700,000.00	0.00	1,700,000.00	0.00
313385GG5	6401	1	AFD	FHDN	20,000,000.00	05/31/2017	05/30/2017	0.730	20,000,000.00	0.00	20,000,000.00	0.00
912828SY7	5851	1	TRC	USTR	5,000,000.00	05/31/2017	11/07/2014	0.625	5,000,000.00	15,625.00	5,015,625.00	15,625.00
912828SY7	5863	1	TRC	USTR	15,000,000.00	05/31/2017	12/02/2014	0.625	15,000,000.00	46,875.00	15,046,875.00	46,875.00
313313GH5	6406	1	AFD	FCDN	5,000,000.00	06/01/2017	05/31/2017	0.700	5,000,000.00	0.00	5,000,000.00	0.00
313589GH0	6106	1	AFD	FNDN	5,000,000.00	06/01/2017	06/17/2016	0.600	5,000,000.00	0.00	5,000,000.00	0.00
912796LA5	6305	1	ATD	US	5,000,000.00	06/01/2017	04/13/2017	0.720	5,000,000.00	0.00	5,000,000.00	0.00
313313GJ1	6411	1	AFD	FCDN	5,000,000.00	06/02/2017	06/01/2017	0.750	5,000,000.00	0.00	5,000,000.00	0.00
313385GJ9	6410	1	AFD	FHDN	20,000,000.00	06/02/2017	06/01/2017	0.750	20,000,000.00	0.00	20,000,000.00	0.00
313385GM2	6414	1	AFD	FHDN	20,000,000.00	06/05/2017	06/02/2017	0.730	20,000,000.00	0.00	20,000,000.00	0.00
313385GN0	6107	1	AFD	FHLBDN	5,000,000.00	06/06/2017	06/21/2016	0.630	5,000,000.00	0.00	5,000,000.00	0.00

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313385GN0	6415	1	AFD	FHLBDN	20,000,000.00	06/06/2017	06/05/2017	0.730	20,000,000.00	0.00	20,000,000.00	0.00
313385GP5	6416	1	AFD	FHDN	10,000,000.00	06/07/2017	06/06/2017	0.730	10,000,000.00	0.00	10,000,000.00	0.00
313313GQ5	6103	1	AFD	FCDN	5,000,000.00	06/08/2017	06/14/2016	0.640	5,000,000.00	0.00	5,000,000.00	0.00
313385GQ3	6417	1	AFD	FHLBDN	10,000,000.00	06/08/2017	06/07/2017	0.730	10,000,000.00	0.00	10,000,000.00	0.00
313385GR1	6418	1	AFD	FHDN	15,000,000.00	06/09/2017	06/08/2017	0.750	15,000,000.00	0.00	15,000,000.00	0.00
313313GU6	6420	1	AFD	FCDN	5,000,000.00	06/12/2017	06/09/2017	0.730	5,000,000.00	0.00	5,000,000.00	0.00
313385GU4	6421	1	AFD	FHLB	5,000,000.00	06/12/2017	06/09/2017	0.730	5,000,000.00	0.00	5,000,000.00	0.00
313313GV4	6195	1	AFD	FCDN	5,000,000.00	06/13/2017	12/13/2016	0.660	5,000,000.00	0.00	5,000,000.00	0.00
313313GX0	6128	1	AFD	FCDN	5,000,000.00	06/15/2017	07/15/2016	0.590	5,000,000.00	0.00	5,000,000.00	0.00
912828WP1	6011	1	TRC	USTR	10,000,000.00	06/15/2017	12/30/2015	0.875	10,000,000.00	43,750.00	10,043,750.00	43,750.00
313385GY6	6423	1	AFD	FHLB	10,000,000.00	06/16/2017	06/15/2017	0.850	10,000,000.00	0.00	10,000,000.00	0.00
313385HB5	6308	1	AFD	FHDN	5,000,000.00	06/19/2017	04/17/2017	0.775	5,000,000.00	0.00	5,000,000.00	0.00
313385HB5	6424	1	AFD	FHDN	10,000,000.00	06/19/2017	06/16/2017	0.980	10,000,000.00	0.00	10,000,000.00	0.00
313385HC3	6315	1	AFD	FHDN	5,000,000.00	06/20/2017	04/18/2017	0.790	5,000,000.00	0.00	5,000,000.00	0.00
313385HC3	6425	1	AFD	FHDN	15,000,000.00	06/20/2017	06/19/2017	0.970	15,000,000.00	0.00	15,000,000.00	0.00
313313HD3	6426	1	AFD	FCDN	10,000,000.00	06/21/2017	06/20/2017	1.000	10,000,000.00	0.00	10,000,000.00	0.00
313379DD8	6015	1	FAC	FHLB	10,000,000.00	06/21/2017	12/30/2015	1.000	10,000,000.00	50,000.00	10,050,000.00	50,000.00
313313HE1	6427	1	AFD	FCDN	15,000,000.00	06/22/2017	06/21/2017	1.000	15,000,000.00	0.00	15,000,000.00	0.00
313385HE9	6273	1	AFD	FHLB	5,526,000.00	06/22/2017	03/29/2017	0.770	5,526,000.00	0.00	5,526,000.00	0.00
313313HF8	6428	1	AFD	FCDN	20,000,000.00	06/23/2017	06/22/2017	1.000	20,000,000.00	0.00	20,000,000.00	0.00
313385HF6	6405	1	AFD	FHDN	10,000,000.00	06/23/2017	05/31/2017	0.765	10,000,000.00	0.00	10,000,000.00	0.00
313313HJ0	6431	1	AFD	FCDN	20,000,000.00	06/26/2017	06/23/2017	0.970	20,000,000.00	0.00	20,000,000.00	0.00
313385HJ8	6332	1	AFD	FHLB	5,000,000.00	06/26/2017	04/20/2017	0.780	5,000,000.00	0.00	5,000,000.00	0.00
313385HJ8	6347	1	AFD	FHLB	5,000,000.00	06/26/2017	04/25/2017	0.790	5,000,000.00	0.00	5,000,000.00	0.00
313385HK5	6327	1	AFD	FHDN	5,000,000.00	06/27/2017	04/19/2017	0.790	5,000,000.00	0.00	5,000,000.00	0.00
313385HK5	6333	1	AFD	FHDN	5,000,000.00	06/27/2017	04/20/2017	0.780	5,000,000.00	0.00	5,000,000.00	0.00
313385HK5	6432	1	AFD	FHDN	30,000,000.00	06/27/2017	06/26/2017	0.970	30,000,000.00	0.00	30,000,000.00	0.00
313313HL5	6433	1	AFD	FCDN	30,000,000.00	06/28/2017	06/27/2017	0.950	30,000,000.00	0.00	30,000,000.00	0.00
313385HL3	6328	1	AFD	FHDN	5,000,000.00	06/28/2017	04/19/2017	0.790	5,000,000.00	0.00	5,000,000.00	0.00
313313HM3	6124	1	AFD	FCDN	5,000,000.00	06/29/2017	07/14/2016	0.600	5,000,000.00	0.00	5,000,000.00	0.00
313385HM1	6115	1	AFD	FHLBDN	10,000,000.00	06/29/2017	07/01/2016	0.550	10,000,000.00	0.00	10,000,000.00	0.00
313385HM1	6321	1	AFD	FHLBDN	5,000,000.00	06/29/2017	04/19/2017	0.790	5,000,000.00	0.00	5,000,000.00	0.00
313385HM1	6436	1	AFD	FHLBDN	40,000,000.00	06/29/2017	06/28/2017	0.900	40,000,000.00	0.00	40,000,000.00	0.00
313313HN1	6437	1	AFD	FCDN	30,000,000.00	06/30/2017	06/29/2017	0.900	30,000,000.00	0.00	30,000,000.00	0.00
912828TB6	5852	1	TRC	USTR	5,000,000.00	06/30/2017	11/07/2014	0.750	5,000,000.00	18,750.00	5,018,750.00	18,750.00
912828TB6	5862	1	TRC	USTR	15,000,000.00	06/30/2017	12/02/2014	0.750	15,000,000.00	56,250.00	15,056,250.00	56,250.00
912828TB6	5889	1	TRC	USTR	10,000,000.00	06/30/2017	03/02/2015	0.750	10,000,000.00	37,500.00	10,037,500.00	37,500.00
			Total Maturities		1,591,966,000.00				1,591,966,000.00	334,375.00	1,592,300,375.00	334,375.00

Santa Barbara County

Monthly
Sales/Call Report
Sorted by Maturity Date - Fund
April 1, 2017 - June 30, 2017

CUSIP	Investment #	Fund	Issuer Sec. Type	Purchase Date	Redem. Date Matur. Date	Par Value	Rate at Redem.	Book Value at Redem.	Redemption Principal	Redemption Interest	Total Amount	Net Income
11/23/2018												
3130A9WE7	6279	1	FHLB MC1	04/05/2017	05/23/2017 11/23/2018	5,000,000.00	0.625 V	4,998,897.96	5,000,000.00	15,625.00	5,015,625.00 Call	16,727.04
					Subtotal	5,000,000.00		4,998,897.96	5,000,000.00	15,625.00	5,015,625.00	16,727.04
06/07/2019												
3134G9LF2	6097	1	FHLMC MC1	06/07/2016	06/07/2017 06/07/2019	3,750,000.00	0.750 V	3,750,000.00	3,750,000.00	14,062.50	3,764,062.50 Call	14,062.50
					Subtotal	3,750,000.00		3,750,000.00	3,750,000.00	14,062.50	3,764,062.50	14,062.50
06/14/2021												
3133EHCE1	6267	1	FFCB MC1	03/21/2017	06/14/2017 06/14/2021	5,000,000.00	2.190	4,999,290.87	5,000,000.00	27,375.00	5,027,375.00 Call	28,084.13
					Subtotal	5,000,000.00		4,999,290.87	5,000,000.00	27,375.00	5,027,375.00	28,084.13
06/16/2021												
3136G3PH2	6104	1	FNMA MC1	06/16/2016	06/16/2017 06/16/2021	5,000,000.00	1.000 V	5,000,000.00	5,000,000.00	25,000.00	5,025,000.00 Call	25,000.00
					Subtotal	5,000,000.00		5,000,000.00	5,000,000.00	25,000.00	5,025,000.00	25,000.00
12/30/2021												
3130AACK2	6226	1	FHLB MC1	12/30/2016	06/30/2017 12/30/2021	5,000,000.00	2.000 V	5,000,000.00	5,000,000.00	50,000.00	5,050,000.00 Call	50,000.00
					Subtotal	5,000,000.00		5,000,000.00	5,000,000.00	50,000.00	5,050,000.00	50,000.00
					Total Sales	23,750,000.00		23,748,188.83	23,750,000.00	132,062.50	23,882,062.50	133,873.67

V - Security with variable rate change.